



Economic Regulation Authority

Decision on water services licence application

Bwater Pty Ltd (trading as ABCO Water Systems)

7 November 2024

Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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1. Introduction

Bwater Pty Ltd (trading as ABCO Water Systems) recently entered an agreement to take over the provision of sewerage services and non-potable water at The Green Retirement Village in Gnangara. ABCO subsequently [applied](#) to the Economic Regulation Authority (ERA) for a water services licence.

In accordance with section 26(1)(g) of the *Economic Regulation Authority Act 2003*, this document sets out the ERA's decision on the licence application and the matters it considered in making its decision.

1.1 Decision

Pursuant to section 11(1) of the *Water Services Act 2012*, the ERA has granted water services licence WL54 to ABCO.

Subject to its terms and conditions, the licence authorises ABCO to provide sewerage services and non-potable water in operating area OWR-OA-321.

The term of the licence is 25 years, which is the maximum period allowed under section 14 of the *Water Act*.

As required by section 47(2) of the *Water Act*, the ERA will publish a notice of the grant of the licence in the *Government Gazette* as soon as practicable.

2. Background

The Green Retirement Village in Gnangara is currently provided with sewerage services by Aquasol Pty Ltd under water licence WL42. Aquasol operates the wastewater treatment plant at the village and provides the treated wastewater to the adjacent Lakelands Country Club golf course, which is used for irrigation.

ABCO recently entered an agreement to take over the provision of sewerage services and non-potable water at The Green Retirement Village in Gnangara and subsequently applied to the ERA for a water services licence.

2.1 Licence

Section 5 of the Water Act requires a person to hold a licence to provide a water service.

2.2 Water ombudsman scheme

The grant of a licence is conditional on an applicant agreeing to become a member of the [Energy and Water Ombudsman Western Australia](#) (Ombudsman).¹ The Ombudsman can assist with resolving complaints from customers of water licensees that are members of the ombudsman scheme. The Ombudsman can also assist with resolving complaints about a licensee by a person affected by the provision of the water service by the licensee. The Ombudsman cannot process a membership application until the licence is granted.

The ERA is satisfied that ABCO will become a member of the ombudsman scheme due to the commitment provided by ABCO in its licence application.

2.3 Public consultation

On 31 July 2024, the ERA [sought public comment](#) on the licence application. The period for submissions closed on 20 August 2024. The ERA received 13 submissions, which were [published](#) on 22 August 2024.

Most of the submissions were from residents of the retirement village who were supportive of a new provider taking over the management of the assets.

One submission recommended that the proposed service provider should be “trading for a minimum of 10 years with adequate profit results and surplus of assets over liabilities in line with this proposal of at least 2 years income”. The corporate entity that will be holding the licence (Bwater Pty Ltd) was established in March 2022 when ABCO was acquired by Bwater. ABCO has been involved with wastewater treatment in Western Australia since the 1970s. In addition, the financial assessment found that ABCO has the relevant capability to operate under a water services licence.

2.4 Financial and technical assessment

The ERA must grant a licence if it is satisfied that the applicant has or will acquire within a reasonable time after the grant, and is then likely to retain, the financial and technical ability

¹ Section 70 of the Water Act.

to provide the service in the operating area to be specified for the licence, in accordance with section 11(1)(a) of the Water Act.

The ERA engaged financial and technical consultants to examine the ability of ABCO to provide the services. The financial and technical consultants concluded that ABCO complies with the financial and technical requirements of section 11(1)(a) of the Water Act.

Based on the information provided in its licence application and the assessments by the consultants, the ERA is satisfied that ABCO has, and is likely to retain, the financial and technical ability to provide the services.

2.5 Assessment of public interest

The ERA has considered the matters set out in section 46 of the Water Act, the matters set out in section 26(1) of the ERA Act, the information provided in ABCO's application on its ability to provide the services, the reports of the financial and technical consultants and the public submissions received during consultation.

The ERA is satisfied that granting a water services licence to ABCO would not be contrary to the public interest because:

- The interests of the residents of The Green Retirement Village are best served by ABCO being licensed so it can maintain sewerage services to those residents and supply non-potable water for irrigation of the golf course (section 26(1)(a) and (b) of the ERA Act and section 46(b) of the Water Act).
- As the water licence regulates certain performance and service standards and provides consumer protections to customers, the Secretariat is satisfied that the grant of the licence will promote regulatory outcomes in the long-term interests of consumers (section 26(1)(a) and (b) of the ERA Act).
- The ERA conducted public consultation on the licence application and will state in its decision the reasons for granting the licence (section 26(1)(g) of the ERA Act).

The remainder of this section sets out factors the ERA considered when making its decision.

2.5.1 Water Services Act 2012

The ERA must grant a licence if it is satisfied that it would not be contrary to the public interest to do so (section 11(1)(b) of the Water Act). In determining whether the grant would not be contrary to the public interest, the ERA must take into account the matters referred to in section 46 of the Water Act:

- a. Environmental considerations, including the value of ecologically sustainable development.
- b. Public health considerations relating to the provision of reliable water services.

2.5.2 Economic Regulation Authority Act 2003

When making its decision, the ERA must have regard to the matters set out in section 26(1) of the *Economic Regulation Authority Act*:

- a. The need to promote regulatory outcomes that are in the public interest.

- b. The long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets.
- c. The need to encourage investment in relevant markets.
- d. The legitimate business interests of investors and service providers in relevant markets.
- e. The need to promote competitive and fair market conduct.
- f. The need to prevent abuse of monopoly or market power.
- g. The need to promote transparent decision-making processes that involve public consultation.