



Western Australia

Economic Regulation Authority

NOTICE

Inquiry on Urban Water and Wastewater Pricing

CALL FOR SUBMISSIONS ON THE DRAFT REPORT

The Economic Regulation Authority (Authority) is conducting an inquiry into urban water and wastewater (sewerage) prices in Western Australia. The inquiry is focussed on the Water Corporation's services in Perth and the services provided by AQWEST and Busselton Water.

A draft report has now been released and can be downloaded from the Authority website at www.era.wa.gov.au. The water businesses' submissions and reports by the Authority's consultants can also be found on the website. Printed copies of the draft report are available from the Authority on request at a cost of \$25.00 by telephoning the Authority on (08) 9213 1900.

Authority Chairman Mr Lyndon Rowe said, "The draft report provides the Authority's preliminary findings from Western Australia's first independent inquiry into urban water and wastewater pricing and I encourage those interested to lodge a submission and contribute to the inquiry. The Authority is very keen to receive feedback on the draft report prior to finalising its recommendations to the Government in August."

The Authority's preliminary findings include:

- In the southwest region, water is not scarce in a physical sense, but could be better managed through open and competitive means to ensure that the available resources are allocated to their highest value.
- The Water Corporation, AQWEST and Busselton Water are meeting their mandatory performance targets in an efficient way and are investing in levels of service that meet the requirements of their operating licences.
- The Water Corporation has not, however, conclusively demonstrated that the community would be better off from proceeding with a desalination plant rather than deferring it until less expensive options, such as the Southwest Yarragadee Aquifer option, have been fully considered. The community may be prepared to accept the risk of sprinkler bans in return for the prospect of lower prices.
- Residential water charges can be restructured to reflect more accurately the future costs of overcoming supply constraints and to give consumers a greater financial benefit from saving water.
- The social implications of restructuring water prices, under one option identified in the draft report, include a reduction in water bills for the 30 per cent of households that consume less than 230 kL per annum (an average household consumes around 250 kL per annum).
- The Water Corporation can make cost savings to reduce its cost projections by up to about five per cent.

- AQWEST and Busselton Water are operating efficiently, but there is scope for a reduction in their prices, given the amount of investment income and developers' contributions that they receive and because they do not pay dividends to the State Government.

The Authority invites submissions on the Draft Report which must be received by Friday 29 April 2005. Submissions should be in written and electronic form (where possible) and addressed to:

**Inquiry on Urban Water and Wastewater Pricing
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000**

**E-mail: watersubmissions@era.wa.gov.au
Fax: (08) 9213 1999**

Submissions made to the Authority will be treated as in the public domain and placed on the Authority website unless confidentiality is claimed in respect of the submission or part of the submission and the issues or parts of the submission in relation to which confidential treatment is sought are clearly marked. Any claim of confidentiality will be considered in accordance with the provisions of section 55 of the *Economic Regulation Authority Act 2003*.

The Final Report, including recommendations, will be submitted to the Minister by 12 August 2005, who will have 28 days to table the report in Parliament. The Government will take the recommendations into account in determining water and wastewater prices to apply from July 2006.

**LYNDON ROWE
CHAIRMAN**

18 March 2005

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