

ATTACHMENT 1: TERMS OF REFERENCE

INQUIRY INTO THE EFFICIENT COSTS AND TARIFFS OF THE WATER CORPORATION, AQWEST AND BUSSELTON WATER TERMS OF REFERENCE

I, Dr Michael Dennis Nahan, Treasurer and pursuant to section 32(1) of the *Economic Regulation Authority Act 2003*, request that the Economic Regulation Authority (the ERA) undertake an inquiry into the efficient costs and tariffs for the services of the Water Corporation, Aqwest and Busselton Water for the five year period commencing 2018-19.

The ERA must give consideration to the following:

- the efficient costs of providing services, with a focus on:
 - cost effectiveness in the supply of services, including the services funded by operating subsidies;
 - resources necessary to meet the service standards;
 - operating efficiency targets appropriate for the growth scenarios expected over the regulatory period;
 - the impact of environmental and health regulations on efficient costs;
 - the Water Corporation's country schemes;
- a recommended approach for managing material variations in capital or operating expenditure that may be encountered over a five year regulatory period;
- the revenue requirement of each service provider for the five year period commencing 2018-19; and
- the efficient tariffs of each service provider for the five year period commencing 2018-19.

The ERA will release an issues paper as soon as possible after receiving this terms of reference. The paper is to facilitate public consultation on the basis of invitations for written submissions from government, industry, and all other stakeholder groups, including the general community.

A draft report is to be made available for further public consultation on the basis of invitations for written submissions. The ERA will complete a final report, including recommendations, no later than the close of business on 10 November 2017.


HON DR. MICHAEL DENNIS NAHAN MLA
TREASURER, MINISTER FOR ENERGY; CITIZENSHIP AND MULTICULTURAL
INTERESTS