



INQUIRY ON COUNTRY WATER & WASTEWATER PRICING FINDING no. 25

Consider the proposition that:

All country water and wastewater supplies should be provided at a wholesale level to the respective Shire or group of shires, and then that community should determine the carrier for retail delivery, and the pricing mix at the retail level for its constituents.

WA is basically the only State with a near statewide monopoly water and wastewater service environment. Many country communities in other states have their water and wastewater needs met by local government or regional water authority, at least at the retail level.

The advantage of the distributed approach is that local communities can influence the extent of residential, commercial and industrial development by pricing water and wastewater in conjunction with other services, thus making it attractive or otherwise by consciously subsidising services at the expense of something else, or applying time based payment to recover costs.

The broader economic view of the assessed benefits of a proposed project can be lost through the prohibitive financial cost of water and wastewater. The ability to make economic trade-offs needs to rest with the local stakeholder community so that the potential benefits and costs can be negotiated to an acceptable outcome.

In WA, most local governments and their constituent communities, have almost no influence over the extent to which their region is commercially attractive or not for would-be developers of residential, commercial or industrial undertakings.

Planning and development by country shires is severely limited by the reality that they have little influence over key input elements such as water and wastewater, because these services are provided through the entirely separate statewide planning agenda of the respective utility agency.

In essence this approach to this proposition would involve:

- The Water Corporation (or other service provider) negotiating wholesale pricing with the respective shire or regional council.
- The shire making arrangements for service delivery at the retail level, either by itself, by the Water Corporation, or by another service provider contracted by tender.
- The shire setting retail rates and charges to reflect their current and future development intentions
- The government CSO contribution being applied at either the wholesale or retail level

The advantages are:

- The local community has far greater influence on the attractiveness of their location for living, working and future development
- The local community can make decisions about cross subsidies and time/equity issues at a more local level where agreement is more likely to be reached
- The way is opened for competitive service delivery by companies wishing to provide retail services on behalf of the Local Government Authority.

Clearly this proposition brings to the surface a range of issues which require thorough investigation and debate. We offer this submission in the interests of generating such debate, and illustrating that there are other service delivery paradigms than could exist, such that the need to engage in the issues raised in findings 1 – 20 is reduced.

Paul Taplin
Director
Australian Performance Associates

Noel Blandford
Managing Director
Vorán