

Shire of Bridgetown- Greenbushes

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Inquiry on Country Water and Wastewater Pricing
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Sir/Madam

INQUIRY ON COUNTRY WATER AND WASTEWATER PRICING

I refer to the Issues Paper release for the above Inquiry.

Two issues that the Shire of Bridgetown-Greenbushes wishes to raise for consideration are:

- Removal of water headworks subsidy for new lots over 1ha in size.
- Change of method of calculating country commercial wastewater tariffs from a GRV valuation methodology to a volumetric methodology.

Removal of Water Headworks Subsidy for New Lots Over 1ha in Size

The existing Water Corporation Standard Headworks Contribution (SHC) charge of approximately \$2,700 per rural subdivision (of less than one hectare) is subsidised by the State Government through a Community Service Obligation (CSO). For subdivisions greater than one hectare however, the Water Corporation charges full cost recovery with a SHC of over \$8500. For many rural communities the costs associated with subdivision exceed the value of the land thus making subdivision unviable. This obviously has severe consequences to the economic development of those rural communities. The real concern this Shire has is the lack of justification for selecting the lot size of 1ha as the "cut-off" for subsidization of the SHC. It appears that this figure has been selected in an ad-hoc manner with no justification being provided by the Water Corporation.

This practice has had significant implications to the orderly development of Bridgetown as there are many areas of the townsite connected to reticulated water with lot sizes in excess of 2ha. The Western Australian Planning Commission has established a minimum lot size of 1ha for these areas and will not generally entertain applications to create lots less than that size. With the additional costs of approximately \$12,000 for a subdivision of one lot into three 1ha+ sized lots (\$6,000 x 2 additional lots) solely for water headworks charges the viability of the subdivision is compromised. When the applicant

queries with the Water Corporation the reason for the increased headworks charges a satisfactory response has never been provided.

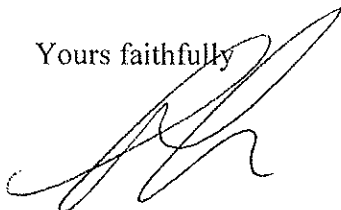
The Shire requests the Inquiry consider this issue and determine whether the removal of the subsidization of water headworks for lots over 1ha in size is consistent with the community service obligation of the Water Corporation. If it is determined to be consistent it is requested that the Water Corporation provide some justification for the selection of the 1ha lot size as the "cut-off" for removal of the subsidization.

Change of Method of Calculating Country Commercial Wastewater Tariffs from a GRV Valuation Methodology to a Volumetric Methodology

The Shire supports the change to a volumetric methodology but is concerned about the proposal to phase the new charging system in over a period of six years. Commercial landowners in Bridgetown have for many years been concerned about the higher wastewater tariffs charged by the Water Corporation. A comparison with similar businesses in the Perth Metropolitan Area indicated that the Bridgetown tariffs were approximately double that of the Perth properties. This is obviously an impediment to regional economic development and is contrary to most of the regional development policies of the State Government.

I hope the above two issues can be considered by the Inquiry and I look forward to publication of the draft report later this month.

Yours faithfully



TIM CLYNCH
CHIEF EXECUTIVE OFFICER

6th January 2006