

INQUIRY ON WATER CORPORATION'S TARIFFS

TERMS OF REFERENCE

I, ERIC RIPPER, Treasurer, pursuant to section 32(1) of the Economic Regulation Authority Act 2003 (the ERA Act), request that the Economic Regulation Authority (the Authority) undertake an annual inquiry and make recommendations on the most appropriate level of tariffs for the Water Corporation's (as established by the Water Corporation Act 1995) customers.

While a major review of tariffs is envisaged, perhaps once every three years, the annual reviews under these Terms of Reference would be more limited and may focus on particular issues of relevance at the time. The Authority is to investigate and report on the following matters:

- 1) Based on the Water Corporation's fees and charges submission to Government, the Authority is to provide advice on an annual basis, on the appropriate tariff levels for the Water Corporation's services (residential and non residential);
- 2) The impact on the Water Corporation's customers associated with the recommended tariff levels; and
- 3) The impact on the State Government's net financial position associated with the recommended tariff levels.

In developing its recommendations the Authority is to have regard to the Government's social, economic and environmental policy objectives and to the following policies:

- the pricing principles of the 1994 Council of Australian Governments water reform agreement and the National Water Initiative;
- the Western Australian State Government's Uniform Pricing Policy;
- the Western Australian State Government's Sustainability Policy;
- the Western Australian State Government's Community Service Obligations Policy; and
- the pricing mechanisms available to the Water Corporation through the Water Agencies (Powers) Act 1984.

The Authority will make available to the Treasurer a draft report before close of business on the third Friday in February each year and a final report as soon as practicable thereafter.

Eric Ripper MLA
Treasurer