

NOTICE

Inquiry into the Water Corporation's Tariffs

The Economic Regulation Authority's final report on its inquiry into the Water Corporation's tariffs for 2008/09 was released today by the Treasurer, the Hon Eric Ripper MLA.

The inquiry was a result of a written request by the Treasurer for the Authority to consider appropriate tariff levels for the Corporation's services and the impact that its recommended tariffs would have on customers and State Government finances. The report's recommendations will help inform the Government's decisions on the Water Corporation's tariffs for the 12 months from 1 July 2008.

The Authority's recommendations were that:

- Volumetric charges in 2008/09 be increased to reflect a higher estimate of long run marginal cost (LRMC).
- The increased estimate of LRMC be adopted as the new target for 2013/14 volumetric charges for consumption above 550 kL per year for residential customers and as a single volumetric charge for non-residential customers.
- A minor adjustment in revenue be made to compensate for an inconsistency in the adjustment for inflation in 2007/08. Future tariff revenue should therefore be adjusted downwards by the equivalent of 0.35 per cent of tariff revenue in 2007/08.

Mr Lyndon Rowe, the Authority's Chairman, said the inquiry was not a major review (which was expected to occur every three years) but provided advice on the Corporation's annual Budget submission to the Department of Treasury and Finance.

The next major review is expected to be undertaken during 2008/09.

Mr Rowe said the inquiry was consistent with the Government's commitment to implement the National Water Initiative, which required an independent regulator to either set or review water prices.

The Authority's advice incorporates Government decisions made in response to the Authority's recommendations in its inquiries on Urban Water and Wastewater Pricing (completed on 4 November 2005) and on Country Water and Wastewater Pricing (completed on 23 June 2006).

The Authority's inquiry was conducted under provisions of the *Economic Regulation Authority Act 2003*.

A copy of the final report is available on the Authority's [web site](#).

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