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1 February 2008

Mr Lyndon Rowe
Inquiry on Competition in the Water and Wastewater Service Sector
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Via email: watercompetition@era.wa.gov.au

Dear Mr Rowe

RE: INQUIRY INTO COMPETITION IN WA'S WATER AND WASTEWATER SERVICES SECTOR

The Urban Development Institute of Australia (UDIA) (WA) is pleased to offer the following comments on the ERA draft report, *Inquiry into Competition in WA's Water and Wastewater Services Sector* (the report). UDIA (WA) is the peak body representing the property industry in Western Australia and our members have an interest in developing innovative water supply solutions to new residential developments.

Overall, UDIA members have offered their in principle support for the ERA's draft recommendations. These recommendations signal a move toward positive reform within the water and wastewater services sector and the impact may benefit customers significantly, including those in the property industry.

UDIA supports the ERA's proposed model which emphasises an options approach to planning. This model offers a more flexible approach to water source planning than the current system and may provide more opportunity for the implementation of innovative water solutions within new residential developments. The establishment of an Independent Procurement Entity (IPE) is also supported as part of this model, however UDIA members have expressed the need for more detail on how the entity would operate before it is progressed.

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The suggested access regime to allow the private sector to develop projects outside the formal procurement process is also supported. It is important to note here that third party access can only be sustained if it genuinely delivers a cheaper alternative to customers.

UDIA believes that the introduction of Community Service Obligation (CSO) payments in the South West to the private sector will assist in the development of competition in the market and will ensure equity, particularly in regional areas.

Non disaggregation of the Corporation's Perth operations is supported and in this regard a review of the Bunbury and Busselton Water Board services would be appropriate. This review should be undertaken with a view to cost efficiency, customer pricing and service delivery and will be beneficial to the key growth areas in the South West region. This review should also include drainage services.

Overall, UDIA supports the ERA's draft recommendations in relation to WA's water and wastewater services. UDIA members believe that it is important to allow private industry involvement in the potential development of alternative water sources and cost efficient water provision.

Thank you for the opportunity to provide feedback on the draft report.

Yours sincerely

Debra Goostrey
CEO UDIA(WA)