

BUNBURY AND BUSSELTON WATER BOARD -INQUIRY INTO TARIFFS

TERMS OF REFERENCE

I, ERIC RIPPER, Treasurer, pursuant to Section 32(1) of the Economic Regulation Authority Act 2003, request that the Economic Regulation Authority (the Authority) undertake an annual inquiry into the tariffs of the Bunbury (Aqwest) and Busselton Water Board (as established by the Water Boards Act 1904).

While a major review of tariffs is envisaged, perhaps once every three years, this annual review under these Terms of Reference would be more limited and may focus on particular issues of relevance at the time.

The inquiry is to make recommendations on the appropriate tariff levels and structures for both Water Boards based on:

- the previous work of the Authority in its 2005 "Inquiry into Urban Water Tariffs"; and
- subsequent information provided by the Water Boards.

The Authority must give consideration to, but will not be limited to, the following matters:

- the current structure and level of water prices;
- the legitimate business interests of the Boards;
- considerations of demand management and long term resource sustainability;
- the impact of the inquiry's recommendations on customers, on borrowing and capital, and on payments to Government.

In developing its recommendations the Authority is to have regard to the Government's social, economic and environmental policy objectives and to the pricing principles of the 1994 Council of Australian Governments water reform agreement and the National Water Initiative.

The Authority is to consult with the Water Boards as part of this inquiry.

The Authority will make available to the Treasurer a final report before close of business on 8 February 2007.

ERIC RIPPER MLA

TREASURER