



Department of Water
Government of Western Australia

Our ref: CEOW0382/08
Enquiries: Shane O'Donohue, ph 6364 6814

Mr Lyndon Rowe
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Dear Mr Rowe

INQUIRY ON DEVELOPER CONTRIBUTIONS TO THE WATER CORPORATION

I refer to the draft report of the Economic Regulation Authority (ERA) on the above Inquiry, released for comment on 14 April 2008.

As a general comment, the Department of Water (DoW) supports the recommendations and general directions of inquiry in the draft report.

The draft report and public submissions have not revealed any significant industry or community concerns with the current arrangements for developer charges. Nevertheless, the DoW is supportive of the Inquiry as a review process and sees the draft report as laying a sound foundation for further work in the area. In particular, it is noted that the ERA intends to determine an appropriate level of developer charges and the DoW looks forward to the inclusion of a quantitative analysis of the options to guide decision-making, including the relationship, if any, between developer charges and the uniform pricing policy. As it stands the draft report has insufficient information to evaluate the impact of the proposed options.

Regulatory arrangements

The proposed regulatory arrangements are unclear and the DoW encourages the ERA to give considerable attention to this issue in the final report. There are some sound elements in the current regulatory framework in that the arrangements are generally transparent, well understood and effective. In the draft report, the ERA is arguing for developer charges to be subject to public consultation, independent regulatory authority, transparency and an appeals mechanism against the charges and their coverage. How such arrangements would work, especially in the context of commercial contractual arrangements and proposed Ministerial authority under the new legislation, requires an explanation. Also, the proposed arrangements appear to be a far more complex regulatory framework which could impede good governance.

The DoW looks forward to the final report of the ERA.

Should you have any queries in regard to this matter please contact Mr Shane O'Donohue, Industry Development, Policy and Planning, the Department of Water, on telephone (08) 6364 6814.

Yours sincerely

Kim Taylor
DIRECTOR GENERAL

16 May 2008