



*Our Ref:* GH: P12404

*Your Ref:* ERA-WD//2/R-03

*Enquiries:* Gary Hallsworth  
☎ (08) 9780 9512

23 July 2008

Economic Regulation Authority  
GPO Box 8469  
PERTH BC WA 6849

**ATTENTION: MR PAUL KELLY – EXECUTIVE DIRECTOR LICENSING,  
MONITORING AND CUSTOMER PROTECTION.**

Dear Paul,

**RE: REQUEST TO CHANGE AQWEST LICENCE BOUNDARY – LICENCE  
REGISTRATION NUMBER 2**

Further to your letter 9 April 2008 regarding a water mains extension within the Water Corporations Operating Area, Aqwest hereby request that the Economic Regulation Authority consider changes to the existing Aqwest operating boundary as per that plan attached.

Aqwest have conducted negotiations with the Water Corporation regarding this proposal and have received in principle support from the Corporation as detailed in their letter 10 July 2008 (Attached).

The key points relating to this request are set out below:

1. Aqwest have received an application from a developer for the supply of potable water to Lot 1 Temple Road, Picton.
2. The existing Aqwest water supply infrastructure is located some 3 kilometres from the application location.
3. Due to the current location of the existing operating boundary, Aqwest do not have a suitable corridor to allow a mains extension to proceed.
4. The matter can be easily resolved with a minor adjustment to the existing operating licence boundaries of both Water Corporation and Aqwest to a position north of the South Western Highway. This will create a corridor for Aqwest to progress the expansion of its services to the development site, but also allow for it to further expand into the Preston Industrial Area in the future.
5. The Water Corporation supports the amendment to the licence boundary on the grounds that it is a reasonable request and that it provides a practical solution to the matter.

Further to this Aqwest understand from discussion with your office that a change to the licence boundary would subsequently invoke the deletion of Schedule 1 "Sole Provider Operating Areas" from the existing licence conditions.

Aqwest's Board and the Water Corporation have been clearly informed of this situation (Attached letter to Water Corporation).

I trust that the information provided is sufficient for this application to be processed by the Economic Regulation Authority.

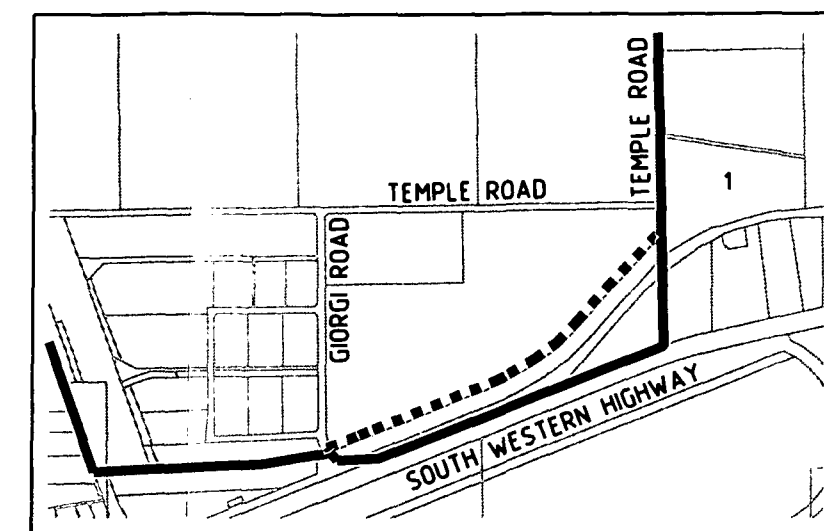
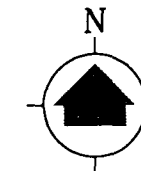
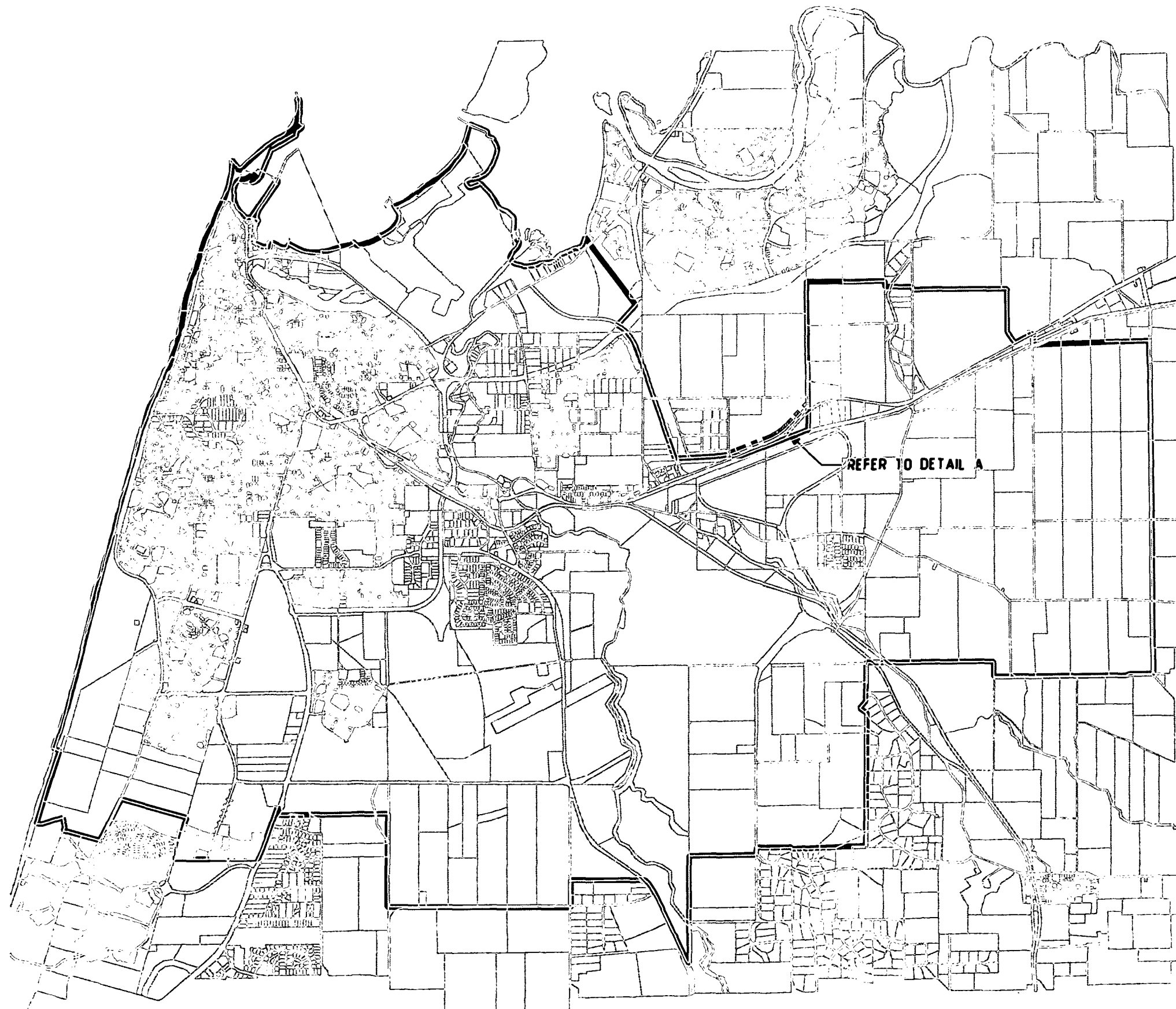
We look forward to a favourable and expeditious outcome on this matter given that the developer is well advanced in their other planning for this site.

If you require further information regarding this application please contact me directly on 9780 9512 or [gary.hallsworth@aqwest.wa.gov.au](mailto:gary.hallsworth@aqwest.wa.gov.au).

Yours faithfully,

Gary Hallsworth  
**ACTING CHIEF EXECUTIVE OFFICER**

Enc.



DETAIL A (NTS)

**LEGEND:**

EXISTING OPERATING LICENCE  
PROPOSED OPERATING LICENCE



REVISIONS						REF DOCS			
NO.	DATE	BY	PM	APP	DESCRIPTION	DRAWING NO.	DESCRIPTION	REVN	DATE
A	23/07/2008	MW	GH	GH	FOR REVIEW	XX	XXX	0	XX/XX/XX

**BUNBURY WATER BOARD  
OPERATING LICENCE CHANGE PROPOSAL**

DRAWING NO. LCE_BDY_PROPOSAL.DGN				DRAWN BY MW		
PROJ MANAGER GH	APPROVED BY GH	DATE 23/07/2008	REV A	SCALE 1:60000	A3	

Your Ref: KD: P12404  
Our Ref: BY1 2004 00715 V01  
Enquiries: Garry Crowd  
Telephone: 9791 0423



10 July 2008

Manager Water Services  
Aqwest  
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BUNBURY WA 6231

South West Region  
3rd Floor, Bunbury Tower  
61 Victoria Street, Bunbury 6230

PO Box 305  
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Dear Gary

Thank you for your letter of 03 July 2008 regarding our water supply operating area boundaries in the East Picton locality.

The Corporation offers in principle support for the Aqwest proposal to amend the Water Corporation and Aqwest water supply operating boundaries as proposed in the Aqwest letter to the Corporation dated 3 July 2008 and the plan attached to that letter.

The amendments as proposed are understood to satisfy practical infrastructure provision through the Aqwest operating area and are not seen to limit Water Corporation future servicing options which are not planned to follow the South West Highway.

The request by Aqwest in this matter is reasonable and the Corporation appreciates the direct approach by Aqwest and the opportunity to comment.

Yours sincerely

Garry Crowd  
Team Leader, Property Services



03 July 2008

*Our Ref:* KD: P12404

*Your Ref:*

*Enquiries:* Gary Hallsworth

☎ (08) 9780 9511

Water Corporation  
PO Box 305  
**BUNBURY WA 6231**

**ATTENTION: PETER SPENCER**  
**ACTING REGIONAL BUSINESS MANAGER**

Dear Peter,

#### **CHANGE TO OPERATING LICENCE BOUNDARY**

During the past few months there have been ongoing discussions between our organisations and the Economic Regulation Authority (ERA) regarding Aqwests ability to service Lot 1 Temple Road in Picton.

Attached for your information are three (3) letters dealing with the matter of servicing the lot with respect to operating licence boundaries.

Also attached is a plan that details the existing operating licence boundary line and the proposed boundary. This plan also shows the lot in question.

As per the advice contained within the above mentioned correspondence Aqwest intends to proceed with an application to the ERA to have the boundary amended as shown on the attached plan.

The change will allow Aqwest to install a trunk main along South West Highway to initially service Lot 1 Temple Road and moreover supply water to the remaining Preston Industrial Park lots in the future.

Advice from the ERA indicates that any change to the licence boundary will invoke changes to the respective operating licences as defined in the Recommendation Report -Review of Water Licences March 2008.

The changes would relate to the current "Sole Provider" status as described below in an excerpt from the recommendation report.

### **5.3 (Sole provider) operating areas<sup>36</sup>**

#### **Summary**

*This clause specifies that the licensee is the only authorised provider for designated water services within the areas identified as sole provider operating areas. Review of Water Services Licences 22*

#### **Discussion**

*At present, there are some licences with sole provider operating areas.*

*Part 4 of the Economic Regulation Act 2003 states that the Authority must have regard to certain matters including the need to promote:*

- regulatory outcomes that are in the public interest; and*
- competitive and fair market conduct.*

*In August 2005, the Authority determined that the Water Corporation's metropolitan operating area become non-exclusive. In its decision (45-2005 published on the Authority's web site), the Authority was mindful of the importance of competition in water services industry markets. Sole provider status restricts opportunities for competition in the provision of water services and is not considered to be in the public interest. This decision was consistent with the directions provided for in Part 111A of the Trade Practices Act 1974 (Cwlth).*

*The Authority also considered whether other operating licences with 'sole provider' operating areas should be amended to a non-exclusive basis and decided that it was not necessary to implement this change at that stage. However, it decided future applications for an amendment would be considered on the same basis as the Water Corporation's metropolitan operating area application. As a result all subsequent new applications and amendment decisions by the Authority determined operating areas to be non-exclusive.*

*The Authority proposes that all licence operating areas become non-exclusive. Hence, differentiation between "non-exclusive" and "sole provider" operating areas will no longer be required. It is proposed to delete this clause.*

#### **Recommendation 3**

*Delete.*

Given that the above amendment and others are recommended as changes to the Operating Licences in the near future, the implications of these changes are only a matter of timing and will ultimately occur regardless of this matter.

Based on our understanding of the Water Corporations position I seek your support for Aqwests application to the ERA to amend the licence boundaries.

Following receipt of your written confirmation of the Water Corporations position on the matter, Aqwest will write to the ERA and formally request a licence amendment.

Given the well advanced consultation between us on this matter I trust that we can resolve the situation with some expedience so as not to impair the progress of the development of Lot 1 Temple Road and the wider ongoing development of the Preston Industrial Park.

Should you have any further queries regarding this matter please contact Mr Gary Hallsworth, Manager Water Services, on 97809512.

Yours faithfully

Brad Bevis  
**CHIEF EXECUTIVE OFFICER**