



INFORMATION

Inquiry into the Efficient Costs and Tariffs of the Water Corporation, Aqwest and the Busselton Water Board

FINAL REPORT

The Treasurer has released the Economic Regulation Authority's final report on its Inquiry into the Efficient Costs and Tariffs of the Water Corporation, Aqwest and the Busselton Water Board.

The inquiry, requested by the Treasurer on 10 January 2012, required the Authority to establish the efficient costs and tariffs of the Water Corporation, Aqwest and the Busselton Water Board for the three year period commencing in 2013/14 and ending 2015/16. The Authority was also required to make recommendations on the most appropriate level, and structure of water storage charges to the South West Irrigation Management Cooperative (Harvey Water).

The impacts of the Authority's recommendations on different customer groups are summarised below.

Water Corporation Metropolitan Residential Customers

If implemented, the tariff recommendations contained in the final report will bring about a reduction in the aggregate payment for water and wastewater services that is made by most metropolitan households. The amount of the reduction will depend on the volume of water that is consumed and the Gross Rental Value of the property in question. For a household serviced by the Water Corporation in the Perth metropolitan area with an annual water consumption of 250 kilolitres, and an average gross rental value, the aggregate water and wastewater bill payable will reduce by 8.2 per cent or \$100 in 2013/14 (in nominal terms).

The reduction in the aggregate amount payable by metropolitan residential customers is a product of an increase in the charges for water services that is, for most customers, offset by a larger decrease in charges for wastewater services. For example:

- A household in the Perth metropolitan areas with an annual water consumption of 250 kilolitres will face a 6.9 per cent (\$38) increase in its 2013/14 water bill (relative to 2012/13).
- Assuming that same household had the metropolitan average Gross Rental Value of approximately \$17,000 per year then it would benefit from a 20.7 per cent (\$138) decrease in its 2013/14 wastewater bill (relative to 2012/13).
- From 2013/14 onwards, price increases for water and wastewater services are driven predominantly by inflation; there are no bill increases in excess of five per cent per annum.

Water Corporation Country Residential Customers

Under the Authority's recommendations, the average country residential customer serviced by the Water Corporation will face an increase in their combined water and wastewater bill of 5.8 per cent in each year of the three year review period. The 5.8 per cent increase is equivalent to an increase of \$70 in 2013/14. The increase in charges payable by country residential customers is the result of a transition towards greater cost-reflectivity. This transition commenced after the 2009 inquiry and is expected to be completed by 2016.

Aqwest and Busselton Water Residential Customers

Under the Authority's recommendations, residential customers with an average level of water consumption in Bunbury (serviced by Aqwest) and Busselton (serviced by Busselton Water) would face increases in their water bills of 12.3 per cent (\$39), and 6.8 per cent (\$27) in 2013/14 respectively. Annual percentage increases of similar magnitudes apply in each of the remaining two years of the price review period.

Water Corporation Commercial Customers

Under the Authority's recommendations, commercial customers in both metropolitan and country areas will face higher water charges and lower wastewater charges. Metropolitan and country commercial customers will, in net terms, be better off in 2013/14.

An average commercial customer in the metropolitan area will benefit from a 7.7 per cent decrease in its combined water and wastewater bill in 2013/14 (relative to 2012/13).

An average commercial customer in the country will benefit from a 1.3 per cent decrease in its combined water and wastewater bill in 2013/14 (relative to 2012/13).

From 2013/14 onwards, price increases for (metropolitan and country) commercial water and wastewater services are driven predominantly by inflation; there are no price increases in excess of four per cent per annum.

Aqwest and Busselton Water Commercial Customers

Under the Authority's recommendations, commercial customers in Bunbury (serviced by Aqwest) and Busselton (serviced by Busselton Water) would face increases in their water bills of 12.3 per cent (\$424) and 6.7 per cent (\$216) in 2013/14 respectively. Annual percentage increases of similar magnitudes apply in each of the remaining two years of the price review period.

Harvey Water

The Authority recommends that the fixed annual charge paid by Harvey Water to the Water Corporation be set at \$1.90 million in 2013/14, and that this charge only increase with inflation thereafter. The existing (2012/13) charge to Harvey Water is \$1.96 million.

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

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