

Inquiry on Country Water and Wastewater Pricing
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Sir/Madam

Issues Paper: Inquiry on Country Water and Wastewater Pricing in Western Australia

Thank you for the opportunity to provide comment on the above-mentioned Issues Paper.

The undertaking of an inquiry, with direct input from the public, into the Water Corporation's country potable water and wastewater (sewerage) prices, is commended. The fact that it is the first independent evaluation of the State's country water prices is noted and applauded.

There is one particular issue that the South West Development Commission would like to raise at this stage, that is, the capital cost of water connections. It is the Commission's belief that any consideration of water and wastewater pricing needs to be within the context of the associated capital costs. It is the latter which are stifling development as pricing bears no relation to the required volumes to be used or to the actual cost of connections.

The Water Corporation makes an estimate of the cost of infrastructure that may not necessarily bear a relationship to the depreciated value of the infrastructure and cost of replacement, and uses it as a basis for charging headworks. The foundation for how headworks charges are arrived at also needs to be independently reviewed. With that in mind the Commission strongly recommends that the current Inquiry be broadened to include consideration of capital contributions and connection costs.

While not in a position to provide detailed feedback on the Issues Paper, due to the tight timeframe allowed, the Commission would very much like to receive a copy of the draft report when it is available and be notified of the forthcoming public forums.

Thank you again for the opportunity to be involved in this inquiry.

Yours faithfully



DON PUNCH
CHIEF EXECUTIVE OFFICER

11 January 2006

