



Economic Regulation Authority

Western Australia

**Decision on the Shire of Denmark's
application for a non-potable water
supply operating licence**

ECONOMIC REGULATION AUTHORITY

February 2005

DECISION

1. On 8 December 2004, the Shire of Denmark made application to the Economic Regulation Authority (**Authority**) for the grant of a water services operating licence to cover an existing non-potable water supply servicing the leasehold area within part of reserve 24510 Peaceful Bay, Shire of Denmark (**Application**).
2. The application was made pursuant to section 22(1) of the *Water Services Licensing Act 1995 (Act)*.
3. The Authority consulted upon the proposed grant of the licence in accordance with the 'Application Guide for a Water Services Operating Licence'.
4. Pursuant to section 23 of the Act, the Authority approves the grant of a water service operating licence (**Licence**) to the Shire of Denmark (**Applicant**) subject to, and in accordance with, the terms set out in the attachment to the Licence.

STATEMENT OF REASONS

5. Section 23 of the Act sets out the factors governing the Authority's decision to grant a water service licence. Section 23 is reproduced below:

23. Matters relevant to grant a licence

The Authority is not to grant a licence unless the Authority is satisfied that —

- (a) the applicant has, and is likely to continue to have, the financial and technical ability to provide the water services that will be covered by the licence; and
- (b) it would not be contrary to the public interest to grant the licence.

6. The Authority consults with financial and technical experts before it makes a decision under section 23 of the Act on an application to grant a licence.
7. The Authority engaged consultants **2020 Global** to examine the financial ability and **GHD Pty Ltd** to examine the technical ability of the Applicant to provide the water services that will be covered by the licence.
8. The Authority's consultants concluded that the Applicant met the requirements imposed by section 23 (a) of the Act.
9. The Authority has also consulted with the Minister for Health, Department of Health, Minister for the Environment, Office of Water Policy, Peaceful Bay Progress Association and the Shire on issues relevant to the Application including the risks associated with a non-potable water supply being used as a potable supply.
10. Following the above consultation, a set of non-potable water service licence terms and conditions were proposed which were considered appropriate for the unique non-potable water supply service at Peaceful Bay.

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11. The Department of Health and the Office of Water Policy have endorsed these terms and conditions of the non-potable licence for the Shire of Denmark and the Minister for Health has endorsed the approach taken by the Authority to license the Shire for a non-potable water supply service.
12. The Authority has considered the Application, the consultants' and advisers' reports, the arguments made by various stakeholders and concluded that it is satisfied that the requirements of section 23 have been met by the Applicant.
13. The Authority has therefore decided to issue a decision to grant a non-potable water supply licence to the Shire of Denmark to cover an existing non-potable water supply service to the leasehold area within part of reserve 24510 Peaceful Bay.
14. As required by section 26(1) of the Act, the Authority will publish notice of its approval of the Application in the *Government Gazette* as soon as is practicable.



28/04/05.