

Decision on Amendment to Water Corporation's Operating Licence no.32

13 July 2007

Economic Regulation Authority



WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority web site at www.era.wa.gov.au.

For further information, contact:

Economic Regulation Authority
Perth, Western Australia
Phone: (08) 9213 1900

© Economic Regulation Authority 2007

The copying of this document in whole or part for non-commercial purposes is permitted provided that appropriate acknowledgment is made of the Economic Regulation Authority and the State of Western Australia. Any other copying of this document is not permitted without the express written consent of the Authority.

DECISION

1. On the 15th May 2007 the Water Corporation applied to the Economic Regulation Authority for an amendment to its water services Operating Licence 32 to extend the Capel Sewerage Services Operating Area to accommodate a new housing development in Goodwood Rd Capel and to replace both the Capel and Boyanup sewerage services operating areas with an expanded operating area.
2. The application for this licence amendment was made pursuant to section 31 of the *Water Services Licensing Act 1995* (Act).
3. Pursuant to section 31 of the Act, the Authority approves the amendment of the Water Corporation's licence.
4. The Authority designates the Capel Sewerage Services Operating Area as non-exclusive.

REASONS

1. Following receipt of the application for licence amendment, a notice regarding receipt of the application was published on the Authority's web site on 31st May 2007 requesting comment from stakeholders and interested parties.
2. The Authority received one submission from the Department of Water (DoW) concerning the proposed amendment of the applicant's licence. DoW raised three issues concerning the request.
3. DoW indicated that the local consultation process was not defined and planning approvals were incomplete for the Goodwood Road development. The Authority concludes that the project developer is responsible for undertaking appropriate local consultations on the project and for acquiring all planning approvals prior to commencing construction.
4. DoW did not support the expansion of the Water Corporation's sewerage operating areas to align with Shire of Capel boundaries and the Bunbury and Dalyellup sewerage operating area boundaries without specific plans on where sewerage services would operate in this expanded area. The Authority concludes that the Act (section 18(2)) does not require licensees to specify a particular water services works to be undertaken in an operating area as a precondition to having this operating area identified in its licence.
5. DoW did not support the expansion of the Water Corporation's sewerage operating area beyond the Goodwood Road development because of the potential impact on future opportunities for competition. The Authority concludes that as a consequence of the Water Corporation's Metropolitan Operating boundary amendment in June 2005 to grant all subsequent amendments for licensees on a non-exclusive basis, the decision to rationalise the Water Corporation's boundaries on this occasion does not prevent new entrants entering the market.
6. In its consideration of the application for licence amendment, the Authority considered the public interest as required by section 31(1a) of the Act. The Authority is satisfied that approval of the applicant's request for a licence amendment would not be contrary to the public interest.
7. The Authority has therefore decided to amend the Water Corporation's Operating Licence 32 by extending the Capel Sewerage Services Operating Area to accommodate a new housing development in Goodwood Rd Capel and to replace both the Capel and Boyanup sewerage services operating areas with an expanded operating area.

8. As required under section 31(4b) of the Act, the Authority will publish a notice of its approval of the licence amendment in the *Government Gazette* as soon as is practicable.

LYNDON ROWE
CHAIRMAN