

Economic Regulation Authority (Water and Wastewater Services Reference) Notice 2007

Published by the Economic Regulation Authority under the *Economic Regulation Authority Act 2003* section 34(1).

1. Citation

This notice is the *Economic Regulation Authority (Water and Wastewater Services Reference) Notice 2007*.

2. Terms used in this notice

- (1) In this notice —
“Act” means the *Economic Regulation Authority Act 2003*.
- (2) If a term is given a meaning in the Act, it has the same meaning in this notice.

3. Reference on competition in the delivery of water and wastewater services

- (1) Under the Act section 32(1) the Minister has referred to the Authority for inquiry matters relating to competition in the delivery of water and wastewater services.
- (2) The terms of reference for the inquiry are set out in Schedule 1.

4. Period of inquiry

The period of the inquiry is the day after this notice is published in the *Gazette* to 31 March 2008.

5. Public submissions

- (1) Members of the public and other interested parties may make written submissions to the Authority on any matter that —
 - (a) is dealt with in the issues paper or draft report mentioned in the terms of reference; or
 - (b) is otherwise relevant to the terms of reference.
- (2) Submissions in response to the issues paper or draft report may be made within 4 weeks after the release of the relevant document or any longer period allowed by the Authority.
- (3) Submissions may be sent —
 - (a) by post to the Economic Regulation Authority, GPO Box 8469, Perth Business Centre WA 6849; or
 - (b) by email to the address set out on the Authority's website at <http://www.era.wa.gov.au>.

6. Further information

Further information about matters relating to the inquiry is available on the Authority's website at <http://www.era.wa.gov.au>.

Schedule 1 — Inquiry into competition in the water and waste water services sector — terms of reference

[cl. 3(2)]

I, ERIC RIPPER, Treasurer, pursuant to section 32(1) of the *Economic Regulation Authority Act 2003* (the ERA Act), request that the Economic Regulation Authority (the Authority) undertake an inquiry into, and provide advice on possible competitive enhancements for the delivery of water and wastewater services, with a view to making recommendations for providing these services in the most efficient, effective and sustainable way.

Key area of focus will include:

- enhancing the efficiency of future water source procurement (and other significant capital investment) processes, including issues associated with current market structures and mechanisms, such as competitive tendering models, and determining in the trigger conditions for committing to the acquisition of a new source;
- opportunities for enhanced competition by introducing third party access regimes to existing water and waste water-related infrastructure, including identifying appropriate principles and mechanisms to implement efficient and effective regimes; and
- Other reforms to the water and wastewater market which may enhance competition, including the establishment of water trading mechanisms and the benefits, costs and issues associated with them (e.g. inter-regional trades, market dominance and water hoarding) and arrangements for community service obligations paid by the State Government to service providers.

In conducting the inquiry and developing recommendations, the Authority is to have regard to:

- the roles and responsibilities of participants in the industry, both Government and private sector recognising that certain services (e.g. water transmission and distribution) have strong natural monopoly characteristics;
- approaches taken in other jurisdictions;

- the costs and benefits of alternative industry structures, including transitional costs that may be incurred in changing to a new structure;
- any impacts, including service provision, operational or financial impacts, on existing asset owners and operators; and
- any impact of these reforms on the Government's social, economic and environmental policy objectives, including ensuring environmental and social criteria are taken into account in market structures, tendering processes and access regimes; commitments to the *National Water Initiative* and the Government's response to *A Blueprint For Water Reform in Western Australia* compiled by the Water Reform Implementation Committee.

In undertaking the inquiry, the Authority is to recognise section 26 of the Act, which requires the Authority to have regards to:

- the need to promote regulatory outcomes that are in the public interest;
- the long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets;
- the need to encourage investment in relevant markets;
- the legitimate business interests of investors and service providers in relevant markets;
- the need to promote competitive and fair market conduct;
- the need to prevent abuse of monopoly or market power; and
- the need to promote transparent decision making processes that involve public consultation.

The Authority will release an issues paper as soon as possible after receiving the reference. The paper is to facilitate public consultation on the basis of invitations for written submissions from industry, government and all other stakeholder groups, including the general community.

A draft report is to be made available for further public consultation on the basis of invitations for written submissions.

A final report is to be completed by no later than 31 March 2008.

Eric Ripper

**ERIC RIPPER MLA
DEPUTY PREMIER; TREASURER;
MINISTER FOR STATE DEVELOPMENT**

**LYNDON ROWE
CHAIRMAN
ECONOMIC REGULATION AUTHORITY**