

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
WA Branch

Registered Office 61 Thomas Street, Subiaco WA 6008
Postal Address PO Box 414, Subiaco WA 6904

President Nina Devlin
Secretary David Kelly
Assistant Secretaries Sue Lines, Carolyn Smith

ABN 82 525 323 080

31st August 2007

Att: Lyndon Rowe

Chairperson
Inquiry on Competition in the Water and Wastewater Services Sector
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Lyndon,

These comments are made in response to your request for submissions following the release of the issues paper as part of the Inquiry on Competition in the Water and Wastewater Services Sector.

The terms of reference formulated by the Treasurer ask that *'advice on possible competitive enhancements'* be provided *'with a view to making recommendations for providing these services in the most efficient, effective and sustainable way'*.

Firstly, the issues paper does not contain any discussion of Climate Change. Climate Change is one of the key challenges facing our society into the future. Clearly water management will be a key aspect of facing this challenge. Any move to introduce private operators into a system that is largely managed by Government authorities must take into account the uncertainty over the future of our water supplies and potential new directions that will be dictated by a need to respond to Climate Change. Many of these new directions are currently unknown.

One example of the impact of Climate Change could be the way we view *'wastewater'*. Wastewater is likely to significantly increase in value as other water sources become scarce. A long term private sector contract for the treatment of wastewater could seriously impede the use of this resource into the future. The value of wastewater into the future is a great unknown.

Secondly, the issues paper gives consideration to approaches taken in other countries, specifically New Zealand and the UK, as well as changes made in other Australian States. The issues paper does not, however, give any detailed consideration to whether or not these approaches have resulted in any net benefit to those states and countries.

Competition is not an end in itself. As indicated by the Treasurer's terms of reference any changes must result in services being provided in a more efficient, effective and sustainable way. There are a range of opinions as to the success or otherwise of water privatisation in other states or countries. The issues paper does not attempt to deal with this issue.

Thirdly, the Treasurer's terms of reference asked that the authority have regard to '*any impact that these reforms on the Government social, economic and environmental policy objectives*'. The issues paper does not seem to deal with this part of the Treasurer's terms of reference. Given the importance of water services to the community alterations to service delivery have the potential to impact on the economic and social wellbeing of the community.

Yours sincerely,

Dave Kelly
Secretary