



Economic Regulation Authority

 WESTERN AUSTRALIA

Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth Western Australia 6000

GPO Box 8469
Perth Business Centre
Western Australia 6849

Telephone 61 8 9213 1900
Facsimile 61 8 9213 1999
Website www.era.wa.gov.au

Promoting fair prices, quality services and choice.

NOTICE

Inquiry into Tariffs of the Water Corporation, Aqwest and Busselton Water

FINAL REPORT TABLED IN PARLIAMENT

The Treasurer Mr Troy Buswell has released the Economic Regulation Authority's [final report](#) on its inquiry into the tariffs of the Water Corporation, Aqwest and Busselton Water.

The Authority's Chairman, Mr Lyndon Rowe, said that the report contained the recommended tariffs for the water, wastewater and drainage services provided by the Water Corporation, and the water services provided by Aqwest and Busselton Water, for a three-year period beginning on 1 July 2010.

"The recommended tariffs follow an assessment of the value of water in Perth and how to reflect that value in water prices. They also follow an assessment of the operating and capital costs of each of the service providers," he said.

The Authority recommended a five per cent increase in the average household bill in Perth for each of the next three years – a combination of a 10 per cent increase in the water bill and a two per cent increase in the wastewater bill (in addition to an adjustment for inflation).

"Low water users will have lower increases in their water bills than high water users," he said.

Busselton and Bunbury households would each see their water bills increase by four per cent for each of the next three years.

The Authority accepted a proposal by the Water Corporation to replace the current wastewater pricing approach, which is based on gross rental values, with an average fixed charge.

Under the gross rental value method, there is little if any relationship between the price charged and the cost of the service. The correlation between property values and income is not strong because 25 per cent of lower-income households are in above-average valued properties.

Mr Rowe said a transition period of three years was recommended to minimise financial impacts on customers living in lowly-valued properties.

The average Perth household which uses a drainage service provided by the Water Corporation will pay an additional \$17 in 2010/11 under the recommendations.

For the Water Corporation's country water customers, the Authority recommended that towns that have lower costs than Perth (on a per kL basis) be grouped together and residents in those towns charged less than the charge that applies in Perth. It also recommended there should be an adjustment to the level of water use, above which fully cost reflective prices

would apply. In the southern part of the State, this level would be 550 kL (down from 950 kL) and in the north 750 kL (down from 1150 kL).

The Authority has recommended that all small use water customers throughout the State (both households and small businesses) pay the same annual fixed charge, which will significantly lower the annual fixed charges for small business customers of the Water Corporation, Aqwest and Busselton Water.

Another recommendation is that tariffs be set for a three-year period, and no longer be revised on an annual basis (other than to adjust for inflation) to provide greater certainty for customers and service providers.

The inquiry was undertaken in response to a request by the Treasurer in July 2008. It is the second such inquiry that the Authority has undertaken. The previous inquiry was completed in 2005.

In preparing the final report, the Authority conducted two rounds of public consultation, held a roundtable, and received 14 submissions. The Authority would like to thank all those who have participated in the development of the Authority's final report and recommendations.

A copy of the final report is available on the Authority's [web site](#).

For further information contact:

General enquiries

Mr Greg Watkinson
Director, References and Research
Ph: + 61 8 9213 1900
Fax: + 61 8 9213 1999

Media enquiries

Ms Sue McKenna
Ms Joanne Fowler
The Communications Branch PL
Ph: + 61 8 9472 4411
Mb: 0424 196 771 (Sue)
0408 878 817 (Joanne)

LYNDON ROWE
CHAIRMAN

16 September 2009