

Decision on Moore River Water Services Pty Ltd's water licence application and financial hardship policy

17 October 2018

Economic Regulation Authority

WESTERN AUSTRALIA

D193696

Decision

1. Pursuant to section 11 of the *Water Services Act 2012* (Act), the Economic Regulation Authority grants Moore River Water Services Pty Ltd (Applicant) water services licence WL48 to provide sewerage, potable and non-potable water services to the operating area set out in the licence.
2. The grant is subject to and in accordance with the terms and conditions in the licence for a period of 25 years.
3. Pursuant to clause 29 of the *Water Services Code of Conduct (Customer Services Standards) 2018* (Code), the ERA approves the Applicant's financial hardship policy for WL48.

Reasons

Licence

4. On 11 May 2018, the Applicant [applied](#) for a water services licence to provide sewerage, potable and non-potable water services to a new mixed urban development south of Moore River near Guilderton in the Shire of Gingin (known as the 'Moore River South' development).
5. Under section 11(1)(a) of the Act, the ERA must grant a licence if it is satisfied that the Applicant:
 - has, and is likely to retain;
 - or will acquire within a reasonable time after the grant, and is then likely to retain, the financial and technical ability to provide the services authorised under the licence.
6. The ERA engaged financial and technical consultants to examine the financial and technical ability of the Applicant to provide the proposed water services. Following the assessment of the licence application:
 - The financial consultant concluded that the Applicant complies with the financial requirements set out under section 11(1)(a) of the Act.
 - The technical consultant concluded that the Applicant complies with the technical requirements set out under section 11(1)(a) of the Act.
7. The ERA has considered the licence application and the consultants' assessments and is satisfied that the Applicant meets the requirements of section 11(1)(a) of the Act.
8. Section 11(1)(b) of the Act states that the ERA must grant a licence if it is satisfied that it would not be contrary to the public interest to do so. Section 46 of the Act specifies what matters the ERA must take into account (to the extent it considers them relevant) when considering section 11(1)(b). These matters are environmental and public health considerations.
9. On 30 July 2018, the ERA sought public comment on the licence application. The ERA received [submissions](#) from the Department of Health and Ms Linda Johnson.

10. The department made the following statement in its submission:

The Department of Health (DOH) does not object to this licence application, provided that any potable water supply licence that is granted incorporates provisions requiring the licensee to enter a Memorandum of Understanding (MOU) with the DOH about drinking water, and that those provisions are consistent with the content of other potable water supply licenses previously granted by the Economic Regulation Authority.

11. A standard licence condition requires a licensee that supplies potable water to enter into an MOU on drinking water quality with the department. The Applicant has confirmed in its application that it will sign an MOU with the department once it obtains a licence.¹
12. Ms Johnson submitted that it is not in the public interest for the ERA to approve the Applicant's water licence application until the Moore River South development is imminent. Ms Johnson also noted that the project requires substantial capital expenditure that should be well proven before a licence is granted.
13. Ms Johnson submitted that the development should be a recreational zone for Perth's northern residents and the areas surrounding the land owned by Moore River Company is in forestry and conservation areas. Ms Johnson noted that the planning approvals given over the last 25 years in this area do not make this development economically viable.
14. Planning approvals are not in the ERA's remit. The Moore River South subdivision received planning approval prior to the Applicant applying for a water licence.
15. In relation to Ms Johnson's comments about capital expenditure, as mentioned in points 5 and 6, a consultant was engaged to assess the Applicant's financial ability to provide the proposed water services. The Applicant was found to meet the requirements of the Act.
16. The ERA has considered section 11(1)(b) of the Act, including the matters set out in section 46 of the Act, the public submissions received, and the Applicant's ability to undertake the activities to be authorised by the licence.
17. The ERA is satisfied that granting a water licence to the Applicant would not be contrary to the public interest.

Financial hardship policy

18. The Applicant submitted a financial hardship policy with its licence application. Clause 29(2) of the Code requires a licensee to have a financial hardship policy approved by the ERA. A financial hardship policy assists residential customers who are unable to pay for their water services because of financial hardship.
19. The ERA reviewed the Applicant's financial hardship policy as part of the licence application assessment process. Pursuant to clause 29(2), the ERA approves the Applicant's [financial hardship policy](#) for WL48.

¹ See page 12 of the [Application Summary](#).