

PUBLIC NOTICE

INQUIRY INTO POTABLE WATER AND SEWERAGE PRICES (SA WATER CHARGES FOR 2010-11)

The Treasurer of South Australia has referred to the Essential Services Commission (the Commission) an Inquiry into the processes that led to Cabinet deciding on the prices that SA Water will charge for water and sewerage services in 2010-11. The Commission is to examine the “pricing processes” in relation to the Government’s obligations under certain CoAG agreements and the National Water Initiative, as set out below.

The Commission now calls for submissions from any person on these matters.

The Commission will conduct the inquiry as per the following requirements set out by the Treasurer (as per Part 7 of the Essential Services Commission Act 2002 (the Act)):

TERMS OF REFERENCE

The following are the Terms of Reference for the inquiry referred pursuant to section 35(1) of the Act:

- a) The Commission is to inquire into price setting processes undertaken in the preparation of advice to Cabinet, resulting in Cabinet making its decision on the level and structure of SA Water’s 2010-11 potable water and sewerage prices having regard to the adequacy of the application:
 - a. the 1994 CoAG pricing principles;
 - b. the National Water Initiative, specifically, Clause 65 on pricing principles for urban areas, Clause 66(i) on pricing in the metropolitan area and Clause 66(v) on pricing in regional areas; and
 - c. the National Water Initiative Pricing Principles for the recovery of capital expenditure and urban water tariffs.
- b) In undertaking this inquiry, the Commission is to take into account:
 - a. to the National Water Commission Second Biennial Assessment of Progress in Implementation with respect to Clauses 65, 66(i) and 66(v); and
 - b. the attached Transparency Statement - Part A – 2010-11 Potable Water and Sewerage Prices South Australia dated May 2010.
- c) In considering the processes undertaken for the preparation of advice to Cabinet, the Commission is to advise on the extent to which information relevant to the 1994 CoAG pricing principles, the National Water Initiative and the National Water Initiative Pricing Principles was made available to Cabinet.
- d) These terms of reference specifically do not extend to additional information on alternative approaches to setting prices.

REQUIREMENTS FOR INQUIRY:

The following requirements are made pursuant to section 35(5) of the Act:

- a) I require that the Commission undertake its inquiry and submit a Draft Report to the Treasurer and the Minister for Water by no later than three months after receipt of these Terms of Reference;
- b) I require that the Commission submit a Final Report on the inquiry to the Treasurer and the Minister for Water by no later than six weeks after submitting the Draft Report;
- c) In conducting the inquiry, the Commission is not required to hold public hearings, public seminars or workshops but may receive and consider any written submissions as it thinks appropriate and it must advertise to call for written submissions to be lodged no later than 28 days from the date of publication of the Notice of Inquiry; and
- d) SA Water is to meet the reasonable costs of the Commission in undertaking the inquiry

If the Commission requires further information in relation to this inquiry, it may contact the Director, Regulatory Policy, Revenue and Economics Branch, Department of Treasury and Finance.

DIRECTIONS:

The following directions are made pursuant to section 35(5)(f) of the Act:

I direct that in undertaking its inquiry the Commission must preserve the confidentiality of any information, material or documentation provided by the Government to enable the Commission to undertake its inquiry, and to that end must enter into a Deed of Non-Disclosure with the Crown in right of the State of South Australia. I hereby authorise the Under Treasurer to act as agent for and on behalf of the Crown for that purpose. Further, the Commission must require any consultant firm or person providing consultancy services to the Commission in relation to the inquiry to be made a party to that Deed. A copy of the Deed will be made available to the Commission for comment.

CALL FOR SUBMISSIONS:

The *Transparency Statement – Part A – 2010-11 Potable Water and Sewerage Prices South Australia* is available from the Commission's website at www.escosa.sa.gov.au.

Anyone can make a submission. Written submissions are due Wednesday 28 July 2010.

Interested parties are invited to make written submissions. Submissions should address the Terms of Reference and, where possible, should contain relevant data, documentation and explanation to support the views expressed.

Please send written submissions to the Commission via mail or electronically to:

Essential Services Commission of SA
GPO Box 2605
ADELAIDE SA 5001
E-mail: escosa@escosa.sa.gov.au
Fax: (08) 8463 4449

All submissions received may be made publicly available via the Commission website except where a particular submission or part of a submission contains information provided on a confidential basis and about which notification has been given.