

**NOTICE OF REFERRAL FOR AN INQUIRY INTO
WASTEWATER PRICING PURSUANT TO PART 7 OF THE
ESSENTIAL SERVICES COMMISSION ACT 2002**

FROM: The Hon Kevin Foley, Treasurer

TO: The Essential Services Commission of South Australia

RE: Wastewater Prices from 1 July 2004

BACKGROUND:

1. Pursuant to section 35(1) of the *Essential Services Commission Act, 2002* (**the Act**), the Commission must conduct an inquiry into any matter that the Minister, by written notice, refers to the Commission.
2. The Act is committed to the Treasurer by way of *Gazettal* notice dated 12 September 2002 (p. 3393).
3. The South Australian Government proposes to publish a Transparency Statement each year on SA Water's water and sewerage prices. The Government has prepared its first Transparency Statement on wastewater prices (i.e. 2004/05).
4. The Transparency Statement links Cabinet's decision on wastewater prices to CoAG pricing principles, provides information on SA Water's financial performance in the context of pricing decisions and past and future expenditures, and addresses details of estimates of revenues, community service obligations, capital expenditure program, profit and its distribution.
5. SA Water is to meet the reasonable costs of the Commission in undertaking the inquiry.

REFERRAL:

I, Kevin Foley, Treasurer, refer to the Commission the matter described in paragraph (a) of the Terms of Reference for inquiry, in accordance with those matters in paragraphs (b) and (c) of the Terms of Reference and subject to the Directions set out in this Notice.

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 the processes undertaken in the preparation of advice to Cabinet, resulting in Cabinet making its decision on the level and structure of SA Water's wastewater prices for 2004-05, with respect to the adequacy of the application of CoAG pricing principles;
- (b) In undertaking this inquiry, the Commission is to consider the "Transparency Statement - (Part A) Wastewater Prices in South Australia 2004-05" dated June 2004;
- (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 CoAG principles was made available to Cabinet.

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 both myself and the Minister for Administrative Services by no later than 30 September 2004;
- (b) I require that the Commission submit a Final Report on the inquiry to both myself and the Minister for Administrative Services by no later than 14 October 2004;
- (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 14 days from the date of publication of the Notice of Inquiry as required pursuant to section 36 of the Act;

- (d) If the Commission wishes to seek further information or guidance in relation to the conduct of this inquiry, it may contact the Director, Infrastructure, Microeconomic Reform and Infrastructure Branch, Department of Treasury and Finance.

DIRECTIONS:

The following direction is made pursuant to section 35(5)(f) of the Act:

I direct that in undertaking its enquiry the Commission must preserve the confidentiality of any information, material or documentation provided by Government to enable the Commission to undertake its enquiry and stamped "Strictly Confidential".



Kevin Foley MP
TREASURER

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