

**Water Services Licensing (Water Conservation Target)
Amendment Bill 2007**

Explanatory Memorandum

General

The purpose of this Bill is to promote water conservation by:

- amending relevant legislation to make clear that water suppliers can also provide water conservation services; and
- establishing water conservation targets for the operators of specified water supply schemes.

This Bill seeks to amend:

- the *Water Services Licensing Act 2005*, which establishes a system of licences for the providers of water services;
- the *Water Corporation Act 1995*, which establishes the Water Corporation;
- the *Water Boards Act 1904*, which establishes Water Boards including the Bunbury and Busselton Water Boards.

The Bill applies initially to the holders of operating licences (water supply services) for three water supply schemes:

- The Integrated Water Supply Scheme, which services Perth and the Goldfields and is administered by the Water Corporation;
- Bunbury's water supply scheme, which is administered by the Bunbury Water Board (otherwise known as AqWest); and
- Busselton's water supply scheme, which is administered by the Busselton Water Board.

Regulations can extend the application of the Bill to other water supply schemes.

The Bill puts in place water conservation targets for each water scheme, based on per capita water consumption. The default position is that per capita consumption must be reduced by 1.5 per cent each year to 2020. This target can be changed by regulation.

The Bill provides that it is a condition of the relevant operating licences that the licensee must, in each year in which the licensee holds a licence, take action to achieve water consumption less than or equal to the water conservation target for that year.

The licensee must also submit two reports to the Economic Regulation Authority each year:

- A *water conservation target statement*, which reports on how a licensee has performed against its water conservation target; and
- A *demand management strategy*, which outlines the water utility's plan for water conservation.

As with other licence conditions relating to matters such as water quality, the Economic Regulation Authority may order a water utility to pay a monetary penalty of up to \$100,000 for failing to meet its obligations to meet the water conservation target or submit water conservation target statements or demand management strategies. The Bill provides that the ERA must have regard to a range of matters in deciding whether a monetary penalty should be imposed for a failure to meet a water conservation target, including the effects of weather on water usage.

Clauses

Clause 1

Describes the short title of the Bill.

Clause 2

Provides that the Act comes into operation on Royal Assent.

Clause 3

Provides that the amendments in Part 2 of the Bill are to the *Water Services Licensing Act 1995*.

Clause 4

Inserts definitions of "prescribed operating licence", "water conservation services" and "water conservation target".

Clause 5

Proposed section 24A imposes an obligation for licensees to meet a water conservation target. The baseline for the target is average per capita water consumption for the year from 1 July 2006 to 30 June 2007. The target for 2008-9 is 1.5% less than this baseline, and the target for following financial years is progressively reduced by 1.5% per annum. The section also provides that different water conservation targets may be prescribed by regulation for particular operating licences.

Proposed section 24B imposes an obligation for licensees to submit a "water conservation target statement" as soon as practicable after 1 July of each year. The

purpose of this statement is to provide a measure of how the licensee has performed against its target.

Proposed section 24C imposes an obligation for licensees to submit a demand management strategy implementation report by 1 September each year. The main purpose of this report is to identify water conservation measures to achieve the water conservation target.

Clause 6

Section 39 of the *Water Services Licensing Act 2005* sets out the ERA's powers and procedures concerning breaches of licence conditions. The proposed amendment to section 39 relates to the ERA's discretion to order a licensee to pay a monetary penalty. The amendment sets out the factors that the ERA must take into account, including the effects of weather on water usage, in deciding whether a monetary penalty is appropriate.

Clause 7

Proposed new section 63 provides for a review of the water conservation target scheme as soon as practicable after 31 December 2010. A report based on the review is to be tabled in Parliament.

Clause 8

Provides that the amendments in this Part are to the *Water Corporation Act 1995*.

Clause 9

Inserts a definition of "water conservation services".

Clause 10

This clause seeks to amend section 27 of the *Water Corporation Act 1995*, which sets out the functions of the Water Corporation. Section 27(1) of the Act would read as follows if amended by this clause:

27. Functions

(1) The functions of the corporation are —

(a) to acquire, store, treat, distribute, market and otherwise supply water for any purpose;

(b) to collect, store, treat, market and dispose of wastewater and surplus water;

(ba) to promote water conservation and provide, or cause to be provided, water conservation services;

(c) to undertake, maintain and operate any works, system, facilities, apparatus or equipment required for any purpose referred to in paragraph (a) or (b);

(d) to use its expertise and resources to provide consultative, advisory or other services for profit;

(e) to develop and turn to account any technology, software or other intellectual property that relates to a function referred to in paragraph (a), (b) or (c);

(f) to manufacture and market any product or by-product that relates to a function referred to in paragraph (a), (b), (c) or (e).

(emphasis added)

Clause 11

This clause seeks to amend section 6 of the *Water Boards Act 1904*, which provides for the creation of water boards. The amendment provides that it is a function of every water board to promote water conservation and provide, or cause to be provided, water conservation services.