

CLAUSE NOTES

Water and Sewerage Legislation *(Corporate Governance and Pricing) Amendment Bill 2018*

- Clause 1 Short title.
- Clause 2 This clause provides that the Act will commence on a day or day to be proclaimed.
- PART 2 WATER AND SEWERAGE CORPORATION ACT 2012**
- Clause 3 The *Water and Sewerage Corporation Act 2012* is the Principal Act for this Part.
- Clause 4 Amends section 6(l)(c)(ii) of the Principal Act to provide that the corporation's objective, as it applies to returns to its members, relates to council members only.
- Clause 5 Amends section 7(1)(b) of this Act to use the term 'member' to refer to all shareholders of the corporation, including the Crown, for this sub-section which relates to the corporation's liability to pay taxes and other charges.
- Clause 6 Amends section 10(1) to include the Crown, to provide that only the Crown and councils may own one or more shares in the corporation.
- Repeals sub-section (2) of section 10 to remove the requirement that each member of the corporation is to hold an equal number of shares or other securities in the corporation.
- Amends section 10(4) to provide that the corporation may offer shares, securities or options only to existing members pro rata to their existing shareholding, or to the Crown.
- Clause 7 Amends section 14 to provide that any person who is an employee of the Crown is not eligible to be appointed as a director of the corporation or any subsidiary of the corporation.
- Clause 8 Amends section 21(2) to provide that, in respect of any dividend policy of the corporation, dividends are payable to council members of the corporation only and not to the Crown.
- Includes a new sub-section (4) in section 21 to provide that the constitution of the corporation must not include any provision that entitles the Crown to receive dividends from the corporation.
- Clause 9 Repeals sections 22 and 23, which removes the obligation of the corporation to pay loan guarantee fees and income tax equivalents or to councils.
- Clause 10 Repeals section 42, which relates to the staged repeal of the *Water and Sewerage Corporations Act 2008*, which is no longer on the statute books.
- PART 3 WATER AND SEWERAGE INDUSTRY ACT 2008**
- Clause 11 In this Part, the *Water and Sewerage Industry Act 2008* is the Principal Act.

Clause 12 Inserts subsection 6A of section 65 of the Principal Act to provide that a regulated entity may amend its prices or revenue, in its price and service plan, provided that the amended prices or revenue do not exceed the maximum in the relevant Price Determination and without requiring the approval of the Economic Regulator.

Clause 13 This clause amends section 66 of the Act to provide that the prices, or revenue, in the Regulator's price determination are to be maximum prices or maximum price increases, or maximum revenues only. The clause prevents the price determination from including fixed prices or minimum prices, or minimum revenues.

Clause 14 Repeals Part 6 of the Act, which establishes interim price orders and interim licences for entities in the water and sewerage industry.

PART 4 CONCLUDING PROVISION

Clause 15 Repeals the Act one year after its commencement.