

21 November 2014

Ms Mary Ann Hartley Q.C.
President, Industry Panel
GPO Box 158
CANBERRA ACT 2601

Dear Ms Hartley

A handwritten signature in black ink, appearing to read 'Mary Ann Hartley', written over the typed name.

Cardno report and confidential information

Thank you for your letter dated 13 November 2014, which provides Icon Water (Icon) with the opportunity to review material prepared by Cardno for the Industry Panel (Panel) to identify any data or information that Icon considers to be confidential and which should not be made publicly available.

Icon can confirm that there is no data or information in the material provided with your letter that it considers to be confidential.

In the process of checking this material, Icon has identified some errors of fact. While recognising that your letter did not explicitly afford Icon the opportunity to identify such errors, Icon's strong preference is that these errors be corrected before the material is made publicly available.

On Page 32, Cardno makes a number of statements that relate to the completion of capital expenditure initiation documentation. These statements were based on a spreadsheet that was provided by Icon Water that was only able to be partially completed due to the time constraints given in the data request. By 25 November, Icon Water will provide a revised spreadsheet for Cardno consideration that could be used to correct these statements.

On page 92, Cardno states that Icon spent \$420 million on the Enlarged Cotter Dam and \$150 million on the Murrumbidgee to Googong pipeline. These numbers are incorrect. The correct amounts are \$410 million and \$140 million, respectively.

In Section 6 of the report, Cardno indicates that information it required to progress 'alternative (a)' from the Panel's terms of reference has not been provided (pp 92, 98). Cardno also indicates that Icon's water security benefit model had not been made available (pp 94, 98). Icon is not aware of requests from Cardno for this information and rejects the implication that information was withheld. Icon would have been willing to work with Cardno on these matters.

In relation to other matters raised in the report, Icon will respond as appropriate in its response to the Panel's Draft Report. However, I would like to draw your attention to the fact that Icon is very concerned with some of the statements made and conclusions drawn by

Cardno in Section 6 of its report regarding the regulatory treatment of the water security projects. In particular, Icon takes issue with Cardno's misinterpretation and what we believe is a cursory dismissal of detailed and sophisticated hydrological and economic analysis undertaken over several years and supported by subsequent expert review and research. If the Panel were of a view to accept the advice provided by Cardno in this section of its report, considerably more analysis would be required to support Cardno's position. Icon would be pleased to explain and discuss these issues in more detail if Panel deems this to be warranted.

If you would like to discuss any of these matters further, please contact Dr Ben McNair, Principal Economist, on 02 6248 3386.

Yours sincerely



John Knox
Managing Director