

**Feedback to the Industry Panel reviewing the Australian Capital Territory (ACT) Independent Competition and Regulation Commission's (ICRC's) water and sewerage price determination for the 20132019 regulatory period**

I commend the Panel for endeavouring to proceed with the review in a helpful way and hope that the ICRC, ACTEW Corporation Limited (ACTEW) and the ACT's government will endeavour to work amicably and professionally to enable a satisfactory review outcome that best serves the long-term interests of the ACT community's current and future members.

On corresponding risks, I note the ACT's climate and its residents' consequent seasonal water use patterns/tendencies relative to other Australian capital cities would impact on the ACT's relative water security (at least for its residents' discretionary/outdoor residential water use) and its infrastructure (think dams etc) expenditure and development patterns/tendencies.

If it is desirable for the ACT to have a single water and sewerage price direction capable of lasting five or six years to lower sovereign risk and avoid too-frequent and expensive price reviews, but the ACT is subject from time to time to wild swings in annual rainfall levels, it is perhaps best to further build sufficient flexibility into the ACT's water and sewerage price structure so a single water and sewerage price direction can effectively last for six years.

This may mean it is appropriate for the ACT to have less (maybe even in general terms no) reliance on residential water use restrictions and/or a more complicated (but better-fitting) water and sewerage pricing structure. Such a pricing structure may have to account in some way and to some extent for dwelling-specific factors (such as variations in the number of residents in different dwellings, differences in water use characteristics for people of different ages etc, and infrastructure (e.g. dam) cost differences between inside-the-dwelling water uses (which vary less between seasons) and outside-the-dwelling water uses (which tend to increase in the ACT's warmer months, especially in times of drought)), and may or may not have to allow ACTEW some defined pricing flexibility under certain circumstances, to help the ACT and ACTEW cope better with certain occurrences (perhaps such as population size, dam water storage level, inflation, interest rate and ACT government ~dividend requirement shocks/changes).

It looks to me as if there is a lot of scope to improve the ACT's residential water and sewerage price structure. See for example Scott Crawford's April 2013 submission to the ICRC's water and wastewater price review for 20132018.

So the timelines the Panel sets may ideally allow for time [for ACTEW?] to cost different types and quantities of inputs (e.g. ACT dam storage requirements to cope with ACT winter residential water consumption if it is assumed each current ACT dwelling has only one usual resident versus ACT dam storage requirements to cope with ACT summer residential water consumption for the current (maybe even the future) ACT population) for alternative ACT water and sewerage pricing structures in time for inclusion in the Panel's draft report. I wonder if the Panel's current indicative guide to the timing of key review milestones allows sufficient time for the production of such costings, especially if ACTEW is not used to produce such costings.

Scott Crawford