

## **Submission to the Industry Panel in response to the Industry Panel's December 2014 draft report**

Thank you for this opportunity to make a submission in response to the 'Industry Panel Review of the Independent Competition and Regulatory Commission's 2013 Price Direction for Regulated Water and Sewerage Services in the ACT: Draft Report – December 2014'.

### CPI<sub>t</sub> definition

The CPI<sub>t</sub> definition on page 5 of the Draft substituted price direction (towards the end of the draft report) does not seem to produce the result I think the Panel is looking for and should be replaced with a relevant definition. As it currently stands for that page 5, CPI<sub>t</sub>'s value for any given constant rate of inflation (be it 2.5%, 10% or some other constant rate) would appear to be 1.0. In producing its CPI<sub>t</sub> definition, the Panel should be aware of and understand why adding up four consecutive quarters' worth of 'percentage change from previous quarter' Consumer Price Index (CPI) values does not always produce an accurate 'percentage change from previous year' CPI value for the entire relevant year.

### Further CPI distinctions and the fixtures charge

Also on page 5 of the Draft substituted price direction, the Panel may wish to confirm if:

- 1) its CPI measure relates to the All Groups CPI for 'Canberra' or to the All Groups CPI for 'Weighted average of eight capital cities'; and
- 2) the 'Fixtures charge' in Table 15.7 relates to 'non-residential' only.

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23 January 2015