

17 July 2014

The President  
Industry Panel  
GPO 158  
Canberra  
ACT 2601

Dear Madam President

**Re: Review of ICRC Price Direction for Regulated Water and Sewerage**

Thank you for your letter of invitation to provide feedback on the proposed approach to the Review of the ICRC's Price Directions for Water and Sewerage requested by Actew in September 2013. Our feedback will only consider issues surrounding water pricing.

We, the Executive Committee, write on behalf of the Owners Corporation, Units Plan 999 that represents 35 dwellings owned by ACT rate and tax payers. We made submissions to the ICRC reviews of 2007-08 and 2013 and were invited to participate in the Public Hearings each time. Our submissions have been based on our comprehensive records of water pricing and usage.

Our submissions and presentations represent a unique perspective of how ordinary residential ACT tax and rate payers have been adversely affected by water pricing decisions that have imposed a 300% rise in their water bills over the last 13 years – about ten times the CPI increase over the same period.

At this point we provide the following feedback on the Approach Paper of issues of concern to us:

- The Industry Panel's (IP) Approach Paper does not appear to provide details of how ordinary ratepayers will be given access to Actew's promised supporting documentation of its reasons for a review of the ICRC Determination of June 2013.
- The IP Approach Paper also does not define how it will engage with ordinary ratepayers and stakeholders and how it will encourage their input in the review process.
- Issues that also arise from a reading of the IP Approach Paper and Actew's application of September 2013 are:
  - Actew's application only responds and refers to (d), (e), and (i) of Section 20(2) of the Act and seems to ignore its position as a publicly funded utility in a monopoly environment. The application does not consider Actew's responsibilities to and impact on tax and rate payers and consumers (i.e., Section 20(2) (a), (c) and (j)).
  - The IP Approach Paper does not appear to require Actew to substantiate the case presented in their application of 26 September 2013, including how the Industry Panel will challenge the benchmark used by Actew against unspecified

businesses (i.e., are these entities appropriate to benchmark against this publicly owned water utility which has a monopoly?).

- The Approach Paper does not specify how Actew's case for a review will be challenged. Actew's case appears to be based on the views of an 'internationally recognised expert'. This 'expert' is an economist from London whose CV indicates familiarity with advising on litigation and meta business models but no apparent relevant experience in managing public utilities.
- The IP must pay attention to all the matters listed in Section 20(2) of the Act; particularly Section 20 (2) (c) in the Act that specifies reducing costs to consumers and taxpayers.
- The Approach Paper does not specify that the Review will examine the *Price Direction for Regulated Water and Sewerage Services* in the context of a publicly owned utility (i.e., Actew WATER) and not that of a private sector corporation (i.e., ActewAGL).
- The IP also must take into account the difference between a pricing review for a private sector company and one that applies to a publicly owned utility. The Review must pay attention to all the matters in Section 20 (2) of the Act, most particularly those that relate to ACT ratepayers and tax payers, namely (a), (c) and (j).

We look forward to receiving your advice on how we can contribute to and participate further in this review process.

Yours faithfully



Marisa Gerussi

Chair

Executive Committee UP999