

Independent Competition and Regulatory Commission (Regulated Water and Sewerage Services) Terms of Reference Determination 2016

Disallowable instrument DI2016-297

made under the

Independent Competition and Regulatory Commission Act 1997 ('the Act'),
Section 15 (Nature of industry references) and Section 16 (Terms of industry references).

Reference for investigation under s. 15

Pursuant to subsection 15(1)(a) of the Act, I refer to the Independent Competition and Regulatory Commission (the 'Commission') the matter of an investigation into, and the making of a price direction for regulated water and sewerage services provided by Icon Water Limited.

The price direction will be for the period of 1 July 2018 to 30 June 2023.

Terms of Reference for investigation under s. 16

1. The Commission must consider:
 - a. the objectives of the Commission outlined within section 7 of the Act;
 - b. the objective related to price directions outlined in section 19L of the Act;
 - c. the legislative requirements outlined in section 20(2) of the Act;
 - d. the policies of the ACT Government as they relate to the supply and use of water and sewerage services, including the *ACT Water Strategy - Striking the Balance 2014-2044*;
 - e. the National Water Initiative, Murray-Darling Basin Plan commitments and associated policies and agreements; and
 - f. any other matters considered to be directly relevant to the pricing investigation.
2. The Commission should consider:
 - a. continuing to use the current regulatory model, and, where identified, implement improvements to particular aspects of the methodology;
 - b. appropriate mechanisms to ensure the recovery of the prudent and efficient costs of Icon Water Limited during the regulatory period, while minimising the potential for significant price fluctuations; and
 - c. whether there is potential for the implementation of incentive schemes for service levels, operating expenditure or capital expenditure for Icon Water Limited in the future.

3. As part of its investigation, the Commission should outline its intended approach to achieving its various regulatory objectives within its decision making process.
4. The Commission should identify, in the draft and final reports of the investigation, the incremental impact on prices associated with:
 - a. any changes to the total allowed revenue for Icon Water Limited;
 - b. any changes to the water demand forecasts used in the regulatory model; and
 - c. the implementation of any reforms to the tariff structure arising from the Commission's review of Icon Water Limited's regulated water and sewerage services tariffs.
5. In accordance with subsection 16(2)(d) of the Act, the Commission must make available a draft report for public inspection within the period of 1 September 2017 to 12 December 2017.
6. In accordance with subsection 16(2)(a) of the Act, the Commission must submit its final report to the referring authority within the period of 1 March 2018 to 1 May 2018.

Andrew Barr MLA
Treasurer
13 December 2016