



ICRC

independent competition and regulatory commission

Media Release

COMMISSION PROPOSES 2018–23 WATER AND SEWERAGE PRICES

The ACT Independent Competition and Regulatory Commission (the Commission) today released its draft decision and proposed price direction for regulated water and sewerage services prices. This draft decision proposes the amount of revenue Icon Water can earn, and what prices it can charge, over the period 1 July 2018 to 30 June 2023.

"As a result of Icon Water's operational savings, and the Commission's review of tariff structures, nearly all Canberra consumers will see immediate falls in their water bills", said Senior Commissioner Joe Dimasi.

"The Commission's draft report estimates that a typical Canberra household consuming 200kL per year will see a fall of 1.2 per cent (or about \$14) in their annual bill in 2018–19 compared to 2017–18", Mr Dimasi said. "After this initial fall in 2018–19, prices are expected to increase by around 2 per cent each year of the rest of the regulatory period, or approximately in line with inflation."

Estimated bill impacts for non-residential customers over the regulatory period range from -0.1 per cent to 3.6 per cent depending on water usage and the number of billable fixtures.

The key drivers of the proposed fall in water and sewerage services prices include decreases in Icon Water's forecast operational expenditure, with projected costs nominally flat across the forward period. The Commission's independent review of Icon Water's capital expenditure program also reduced the allowance for capital expenditure. This along with the current low interest-rate environment has also contributed to limiting tariff increases.

The Commission's draft decision on regulated water and sewerage services prices to apply from 1 July 2018 is for lower prices than proposed by Icon Water. The difference reflects the Commission's proposal to decrease the parameters for rate of return and imputed tax values from Icon Water's proposed values, and decrease Icon Water's proposed operating and capital expenditure based on the independent review.

The Commission is seeking comment on the draft report, and its findings and recommendations. A copy of the draft report and proposed price direction are available on the Commission's website at www.icrc.act.gov.au or can be obtained by either contacting the Commission on (02) 6205 0799 or via email at icrc@act.gov.au. The draft report is open for comment until 23 February 2018. Submissions can be sent to the Commission by post at GPO Box 161, Civic Square, ACT 2608; via email at icrc@act.gov.au; or lodged at the Commission's offices at Level 8, 221 London Circuit, Canberra City.

The Commission proposes to hold a public hearing in February 2018 at the Waldorf on London located at 2 Akuna Street, Canberra City. Persons wishing to appear at the hearing are invited to contact the Commission to register.

Table of proposed prices compared to Icon's and the current water and sewerage services prices.

Current tariffs, Icon Water's proposed tariffs and the Commission's draft decision for 2018–19

	Current prices, 2017–18	Icon Water proposed 2018–19	Commission's draft decision 2018–19
Water Prices			
Supply charge (\$/pa)	104.21	120.00	120.00
Tier 1 price (\$/kL)	2.68	2.73	2.55
Tier 2 price (\$/kL)	5.38	4.95	4.95
Sewerage services prices			
Sewerage services charge (\$/pa)	537.34	541.84	536.51
Sewerage fixtures (\$/pa)	525.51	529.92	524.70

Sources: Commission's calculations and Icon Water (2017).

Table of indicative bill impacts for residential customers.

Change in residential water and sewerage services bill at two levels of consumption 2018–23

			2017–18*	2018–19	2019–20	2020–21	2021–22	2022–23
Icon Water proposal	200kL	\$/year	1,200	1,227	1,257	1,286	1,316	1,346
		\$ change		27	29	30	30	30
		Percentage change		2.3	2.4	2.4	2.3	2.3
	400kL	\$/year	2,254	2,199	2,228	2,258	2,288	2,318
		\$ change		-55	30	30	30	30
		Percentage change		-2.4	1.4	1.3	1.3	1.3
Commission's draft decision	200kL	\$/year	1,200	1,186	1,210	1,234	1,259	1,283
		\$ change		-14	24	24	24	24
		Percentage change		-1.20	2.00	2.00	2.00	1.90
	400kL	\$/year	2,254	2,156	2,189	2,223	2,256	2,290
		\$ change		-97	33	33	34	34
		Percentage change		-4.3	1.5	1.5	1.5	1.5

Sources: Commission's calculations and Icon Water (2017).

Notes: *Data for 2017–18 (last year of the current regulatory period) are presented for comparison purposes. Actual bill impacts from 2019–20 to 2022–23 could differ from the indicative impacts in this table if actual inflation differs from forecast inflation or if the cost pass through mechanism is triggered.

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To contact the Commission, please visit www.icrc.act.gov.au.

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