



# ICRC

independent competition and regulatory commission

Regulated water and sewerage  
services

**2020–21 price adjustment**

Report 8 of 2020, June 2020



The Independent Competition and Regulatory Commission is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (the ICRC Act). The Commission is constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. Joe Dimasi is the current Senior Commissioner who constitutes the Commission and takes direct responsibility for delivery of the outcomes of the Commission.

The Commission has responsibilities for a broad range of regulatory and utility administrative matters. The Commission has responsibility under the ICRC Act for regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, and providing advice on competitive neutrality complaints and government-regulated activities. The Commission also has responsibility for arbitrating infrastructure access disputes under the ICRC Act.

The Commission is responsible for managing the utility licence framework in the ACT, established under the *Utilities Act 2000* (Utilities Act). The Commission is responsible for the licence determination process, monitoring of licensees' compliance with their legislative and licence obligations, and determination of utility industry codes.

The Commission's objectives are set out in section 7 and 19L of the ICRC Act and section 3 of the Utilities Act. In discharging its objectives and functions, the Commission provides independent robust analysis and advice.

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# 1 Introduction

The *Price Direction for Regulated Water and Sewerage Services 1 July 2018 to 30 June 2023* (the price direction) requires the Independent Competition and Regulatory Commission (the Commission) to undertake a price adjustment process to determine the maximum prices that Icon Water Limited (Icon Water) can charge for its regulated water, sewerage and miscellaneous services in 2019–20, 2020–21, 2021–22, and 2022–23.<sup>1</sup>

This report sets out outcomes of the Commission’s adjustments to the maximum prices for regulated water, sewerage and miscellaneous services to apply in 2020–21, as specified in the price direction.

The price direction adjusts water, sewerage and miscellaneous prices to account for three cost variations. The first is to update prices for inflation, which is the change in the consumer price index (CPI). The second is to update the cost of debt using the trailing average approach outlined in the final report on regulated water and sewerage services prices 2018–2023.<sup>2</sup> The third is to incorporate approved pass-through events into Icon Water’s costs and adjust prices accordingly.

On 1 May 2020, Icon Water gave the Commission a submission that estimated the 2020–21 CPI adjustment, estimated the X factor adjustment to reflect an update to the trailing average cost of debt, and applied for a pass-through adjustment to be incorporated in Icon Water’s regulated charges from 1 July 2020.

Icon Water also gave the Commission a submission that updated the Precinct Map for the calculation of the Class 2 Infrastructure Charge for 2020–21. Icon Water provided a proposed Precinct Charge and the financial model used to determine the Precinct Charge.

The remainder of the report is structured as follows:

- Chapter 2 illustrates the impact of the 2020–21 price adjustments on ACT customers’ annual bills for water and sewerage services;
- Chapter 3 describes the price adjustment calculations and sets out the adjusted maximum prices to apply from 1 July 2020; and
- Appendix 1 presents the detailed schedule of maximum water, sewerage and miscellaneous service charges for 2020–21.

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<sup>1</sup> ICRC Report 2 of 2018. Available at: [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0020/1250237/Report-2-of-2018-Price-Direction-Regulated-WSS-201823-1.pdf).

<sup>2</sup> The methodology for updating the trailing average cost of debt as part of the annual price reset is described in ICRC Report 1 (2018), in sections 2.4.2.4 and 6.1.6. Available at: [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf).





## 2 Impact of the 2020–21 price adjustment on customers

This chapter outlines the financial impact on ACT consumers of the Commission’s adjustments to determine the maximum water and sewerage service prices that will apply for 2020–21. It does this by illustrating the impact of the change in water and sewerage service prices in 2020–21 on annual water charges, sewerage charges and combined water and sewerage services bills. Chapter 3 contains details about the prices and information about the price changes.

### 2.1 Combined water and sewerage bills

Table 2.1 shows the change from 2019–20 to 2020–21 in the combined water and sewerage services bill for residential customers. A typical customer consuming 200 kL of water per year will see an increase in their combined annual bill of 1.5 per cent or \$18. This is less than the 2.1 per cent increase that was forecast in the final report on regulated water and sewerage services prices 2018–2023.<sup>3</sup> The increase in the combined bill in 2020–21 follows an increase of 1.9 per cent in 2019–20.

**Table 2.1** Change in annual combined water and sewerage services bill for residential customers from 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)

Annual water consumption (kL)	Annual 2019–20 combined bill (\$)	Annual 2020–21 combined bill (\$)	Change in combined bill (%)	Change in combined bill (\$)
0	667	681	2.07%	14
50	790	805	1.87%	15
100	913	929	1.73%	16
150	1,036	1,053	1.62%	17
<b>200</b>	<b>1,180</b>	<b>1,198</b>	<b>1.52%</b>	<b>18</b>
250	1,406	1,426	1.41%	20
300	1,653	1,675	1.32%	22
350	1,900	1,924	1.25%	24
400	2,147	2,173	1.20%	26
500	2,641	2,671	1.13%	30
750	3,876	3,916	1.03%	40

Table 2.2 shows the change from 2019–20 to 2020–21 in the combined annual water and sewerage services bill for non-residential customers. Bill changes range from decreases of \$546 to increases of \$361 per year. The bill decreases are larger for

<sup>3</sup> ICRC Report 1 (2018), in sections 2.4.2.4 and 6.1.6. Available at: [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf).

non-residential customers with a higher number of fixtures; this is because the sewerage supply charge that applies per fixture is lower (discussed below).

**Table 2.2** Change in annual combined water and sewerage services bill for non-residential customers from 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)

Annual water consumption (kL)	Number of fixtures (#)	Annual 2019–20 combined bill (\$)	Annual 2020–21 combined bill (\$)	Change in combined bill (%)	Change in combined bill (\$)
1,000	10	9,237	9,238	0.01%	1
	50	29,867	29,625	-0.81%	-242
	100	55,654	55,108	-0.98%	-546
2,000	10	14,177	14,218	0.29%	41
	50	34,807	34,605	-0.58%	-202
	100	60,594	60,088	-0.84%	-506
5,000	10	28,997	29,158	0.56%	161
	50	49,627	49,545	-0.17%	-82
	100	75,414	75,028	-0.51%	-386
10,000	10	53,697	54,058	0.67%	361
	50	74,327	74,445	0.16%	118
	100	100,114	99,928	-0.19%	-186

## 2.2 Water charges

Table 2.3 shows the change in annual water charges from 2019–20 to 2020–21 for residential customers at different consumption levels. It shows that for a typical customer consuming 200 kilolitres (kL) per year, their annual water charge will increase by about 3.7 per cent or \$24.<sup>4</sup>

<sup>4</sup> The calculations include the application of daily pricing consistent with historical water use in each quarter. This means that 200 kL per year customers pay for a small amount of water at the tier 2 price in some quarters.

**Table 2.3** Change in annual water charges for residential customers from 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)

Annual water consumption (kL)	Annual 2019–20 water charge (\$)	Annual 2020–21 water charge (\$)	Change in water charge (%)	Change in water charge (\$)
0	140	160	14.29%	20
50	263	284	7.98%	21
100	386	408	5.70%	22
150	509	532	4.52%	23
<b>200</b>	<b>653</b>	<b>677</b>	<b>3.70%</b>	<b>24</b>
250	879	905	2.96%	26
300	1,126	1,154	2.49%	28
350	1,373	1,403	2.18%	30
400	1,620	1,652	1.98%	32
500	2,114	2,150	1.70%	36
750	3,349	3,395	1.37%	46

Table 2.4 shows the change in annual water charges for non-residential customers. It shows that annual water charges will increase by between 0.85 per cent and 1.22 per cent for non-residential customers. Increases range from \$56 to \$416 per year, depending on consumption level.

**Table 2.4** Change in annual water charges for non-residential customers from 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)

Annual water consumption (kL)	Annual 2019–20 water charge (\$)	Annual 2020–21 water charge (\$)	Change in water charge (%)	Change in water charge (\$)
1,000	4,584	4,640	1.22%	56
2,000	9,524	9,620	1.01%	96
5,000	24,344	24,560	0.89%	216
10,000	49,044	49,460	0.85%	416

## 2.3 Sewerage charges

Table 2.5 presents sewerage services prices for 2020–21. It shows that for a residential customer, their annual sewerage charge will decrease by 1.18 per cent or \$6. The charge per fixture for non-residential customers will decrease by the same amount.

**Table 2.5** Sewerage services prices, 2019–20 to 2020–21 (\$, current prices)

	2019–20	2020–21	Change (%)	Change (\$)
Supply charge (\$/year)	527.34	521.13	-1.18	-6
Fixture charge non-residential customers (\$/year) <sup>a</sup>	515.74	509.66	-1.18	-6

<sup>a</sup> For every additional flushing fixture greater than two.



## 3 2020-21 price adjustment

This chapter describes the price adjustment calculations that have been made in accordance with the price direction and sets out the adjusted maximum prices to apply from 1 July 2020.

### 3.1 Consumer price index adjustment

Clause 5.1 of the price direction requires the Commission to calculate the maximum prices for regulated water, sewerage and miscellaneous services for each regulatory year on the basis set out in clauses 6, 7 and 8 of the price direction. Clause 5.1 requires the Commission to provide Icon Water with notice of the adjusted prices on or before 1 June each year. The Commission is also required to provide Icon Water with details of the Commission's calculations of the adjusted prices, including the values of the change in the CPI used in the calculations.

The CPI adjustment formula used by the Commission, as set out in clause 6 of the price direction, is<sup>5</sup>:

$$P_t = P_{t-1} \times \left( \frac{CPI_{June(t-2)} + CPI_{Sept(t-1)} + CPI_{Dec(t-1)} + CPI_{March(t-1)}}{CPI_{June(t-3)} + CPI_{Sept(t-2)} + CPI_{Dec(t-2)} + CPI_{March(t-2)}} \right)$$

The CPI adjustment for 2020–21 is:

$$CPI_{2020-21} = \frac{114.8 + 115.4 + 116.2 + 116.6}{113 + 113.5 + 114.1 + 114.1} - 1 = 1.825379\%$$

### 3.2 Cost of debt update

The Commission's final report for regulated water and sewerage services from 1 July 2018 to 30 June 2023 included an annual update to the 'smoothing factor' that is used to smooth price changes over the regulatory period. This 'smoothing factor' – known as the X factor – is adjusted annually to account for an update of the weighted average cost of capital (WACC) to reflect an update to the trailing average cost of debt.

As discussed in the Commission's final report, the trailing average cost of debt is calculated by re-pricing 10 per cent of the cost of debt each year.<sup>6</sup> The re-pricing of 10 per cent of the cost of debt for 2020–21 has resulted in a slight reduction in the cost of

<sup>5</sup> The CPI adjustment for 2019–20 prices is not a forecast of inflation in that year but rather is based on historical changes in the CPI up to March 2019 from June 2017 based on quarterly figures, using the 'four quarter on four quarter' approach. The CPI data (weighted average of eight capital cities) are available from the Australian Bureau of Statistics website at <http://www.abs.gov.au/ausstats/abs@.nsf/0/938DA570A34A8EDACA2568A900139350>.

<sup>6</sup> ICRC Report 1 (2018). Available at: [https://www.icrc.act.gov.au/\\_data/assets/pdf\\_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf](https://www.icrc.act.gov.au/_data/assets/pdf_file/0019/1250236/Report-1-of-2018-Final-Report-Water-Sewerage-Services-2018-23.pdf)

debt for 2020–21. This reduction has resulted in the X factors being updated from -1.54 in 2019-20, to -2.14 in 2020-21 for water; and from -2.45 in 2019-20, to -2.82 in 2020-21 for sewerage services. This indicates that prices would be lower as a result of the cost of debt update, before accounting for any pass-through adjustments. The cost of debt decreased because of a decrease in corporate borrowing rates over the last 12 months (as measured by Australian Corporate Bond yields).

### **3.3 Pass-through adjustment**

#### **3.3.1 General provisions**

Clauses 9 and 10 of the price direction set out the process for incorporating the effect of any approved pass-through events on Icon Water's costs in prices in the following year.

The price direction allows for seven pass-through events, three of which have been triggered for the 2020–21 price adjustment. These are events associated with the ACT Government's Water Abstraction Charge (WAC), Utilities Network Facilities Tax (UNFT) and Commonwealth subvention payment events.

Clause 10.2 of the price direction provides for Icon Water to submit a pass-through application to the Commission. Icon Water is required to make the submission by 1 May each year of the regulatory period with the Commission required to make a decision and advise Icon Water by 30 May. In the event that Icon Water does not lodge a submission, Clause 10.2.4 of the price direction allows the Commission to initiate a pass-through adjustment.

#### **3.3.2 Pass-throughs for 2020–21 prices**

##### **Icon Water submission**

Icon Water provided a pass-through submission to the Commission on 1 May 2020 for consideration in determining 2020–21 prices. Icon Water sought to incorporate four pass-throughs in its adjusted prices for 2020-21. These relate to the WAC, UNFT and subvention payments occurring in 2018-19, which is typically the latest year for which the costs are available. Due to the ACT Government freezing the 2019-20 UNFT rate at the previous level of \$1,265/km, Icon Water is also seeking a negative pass-through adjustment for the 2019-20 UNFT.

Typically, the pass-through for the 2019-20 UNFT would be included in the 2021-22 price reset. This is because the UNFT tax rate, and hence the UNFT amount, is not usually known in time for it to be included in the 2020-21 reset. However, as the ACT Government has frozen this tax rate for 2019-20, the difference between the forecast and actual UNFT rate for 2019-20 is already known. Details on the Government's decision on the 2019-20 UNFT are at <https://www.covid19.act.gov.au/economic-support/economic-survival-package/families-and-households>.

Icon Water’s submission asked that pass-through amounts of positive \$2,261,384 for water and negative \$140,177 for sewerage (in 2020–21 dollars) be taken into consideration. These amounts represent the difference between actual and forecast amounts that were already included in 2019–20 prices, as well as the difference between the actual and forecast UNFT amount that was to be included in 2020–21 prices.

### **Commission’s decision**

When setting prices in advance of a regulatory period, a forecast is required of the amount of the WAC and UNFT to be recovered from customers by Icon Water and paid to the ACT Government in any particular year. In the case of the Commonwealth subvention payment, the forecast amount is subtracted from Icon Water’s revenue requirement and therefore reduces customer charges. Any difference between the forecast and actual amounts is then subject to an annual pass-through adjustment, which can be positive or negative. Positive pass-throughs raise prices while negative pass-throughs bring prices down.

The pass-through amounts for the 2020–21 price adjustment of positive \$2,261,384 (in 2020–21 dollars) for water is mainly driven by a divergence between the WAC amount estimated for the 2019–20 price adjustment and the actual amount collected and paid in 2018–19. The WAC was higher than forecast because of higher than forecast water consumption due to the drought. The small negative pass-through for sewerage of \$140,177 is mainly attributed to the UNFT freeze, which resulted in the forecast UNFT for 2019–20 being lower than forecast.

A breakdown of the pass-through amounts is provided in Table 3.1 (noting that these amounts are in nominal terms).

**Table 3.1 Pass-through amounts to be included in water and sewerage services prices in 2020-21 (nominal dollar terms)**

	2019–20 estimate	Actual	Difference
<b>Water</b>			
WAC	29,443,230	31,481,748	2,038,518
UNFT (2018-19)	5,667,081	5,777,255	110,174
UNFT (2019-20)	6,016,062	5,880,985	-135,077
Subvention payment	-1,116,241	-1,116,273	-32
<b>Total</b>			<b>2,013,583</b>
<b>Sewerage</b>			
UNFT (2018-19)	4,654,155	4,704,535	50,380
UNFT (2019-20)	4,939,350	4,753,870	-185,480
Subvention payment	-11,162,413	-11,162,727	-314
<b>Total</b>			<b>-135,414</b>
<b>Total pass-through adjustment</b>			<b>1,878,169</b>

Source: Icon Water's Submission (2020).

In accordance with clause 10.2 of the price direction, the Commission's decision is that the pass-through events specified in the submission occurred and fall within the scope of clause 9 and the Commission approves the pass-through amounts proposed by Icon Water.

In calculating the pass-through price adjustment, in conformity with the post-tax model used to calculate the price path in the price direction, account has been taken of the time value of money (at the weighted average cost of capital) and its effect on the return to shareholders (tax equivalent payments and imputation credits).

The pass-through price adjustment to account for the pass-through amounts, which is applied in addition to the CPI adjustment and the change in the X factor due to updated cost of debt, is calculated, consistent with the approach applied by the Commission in determining adjusted prices for 2019–20 and based on the post-tax model used to calculate the price path in the price direction,<sup>7</sup> as:

- positive 2.160165 per cent for water; and
- negative 0.131114 per cent for sewerage.

<sup>7</sup> The methodology is described in ICRC Report 1 and 2 (2018).



### 3.4 2020–21 maximum water prices

The CPI and pass-through adjustments, as well the change in the X factor due to the updated cost of debt, have been applied to the two volumetric charges, as per the formula below, with prices rounded to the nearest cent:

$$P_{2020-21} = P_{2019-20} \times (1 + \text{CPI}_{2020-21}) \times (1 + X_{2020-21}) \times (1 + \text{PT adj water}_{2020-21})$$

The water prices determined by the Commission for 2020–21 are shown in Table 3.2. The fixed charge has increased in line with the price direction. The volumetric charges have increased by approximately 0.8 per cent from 2019–20. This increase reflects changes in the CPI and the positive pass-through adjustment set out in section 3.3, which more than offset the lower cost of debt and the negative pass-through from the 2019-20 UNFT (set out in Table 3.1).

**Table 3.2** Water prices, 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)

	2019–20	2020–21	Change (%)
Fixed (\$/year)	140	160	14.29
Tier 1 (0–200 kL/a) (\$/kL)	2.46	2.48	0.81
Tier 2 (200 kL/a+) (\$/kL)	4.94	4.98	0.81

### 3.5 2020–21 maximum sewerage services prices

Maximum sewerage services prices for 2020–21 have been calculated to account for CPI and pass-through adjustments, as well as the updated X factor, using the following formula, with prices rounded to the nearest cent:

$$P_{2020-21} = P_{2019-20} \times (1 + \text{CPI}_{2020-21}) \times (1 + X_{2020-21}) \times (1 + \text{PT adj sewerage}_{2020-21})$$

The sewerage services prices determined by the Commission for 2020–21 are shown in Table 3.3. Prices have decreased by 1.2 per cent from 2019–20. The negative pass-throughs from the 2019-20 UNFT (set out in Table 3.1) and the smoothing factor more than offset the small positive pass-through adjustment for the 2018-19 UNFT and the CPI adjustment (set out in section 3.1), resulting in a decrease in prices.

**Table 3.3 Sewerage services prices, 2019–20 to 2020–21 (\$, current prices, percentages to two decimal places)**

	2019–20	2020–21	Change (%)
Supply charge (\$/year)	527.34	521.13	-1.18
Fixture charge non-residential customers (\$/year) <sup>a</sup>	515.74	509.66	-1.18

<sup>a</sup> For every additional flushing fixture greater than two.

### 3.6 2020–21 maximum charges for miscellaneous services

Maximum charges for miscellaneous services for 2020–21 have been calculated using the following formula, with charges rounded to the nearest dollar for the GST-inclusive price:

$$P_{2020-21} = P_{2019-20} \times (1 + CPI_{2020-21})$$

The full list of calculated maximum miscellaneous services charges for 2020–21 is provided in Appendix 1.

### 3.7 Class 2 Infrastructure Charge – inside a Precinct

#### 3.7.1 General provisions

Clause 11 of the price direction sets out the process for updating the Precinct Charge and Precinct Map that are used to calculate the Class 2 infrastructure charge for developments within a precinct under the Utilities (Water and Sewerage Capital Contribution Code) Determination 2017.

The Class 2 Infrastructure Charge (C2IC) payable for a Development inside a Precinct is calculated as the product of the net increase in Equivalent Population (EP) and Precinct Charge (C), in accordance with the formula<sup>8</sup>:

$$C2IC = (\text{net increase in EP}) \times C$$

#### 3.7.2 Precinct Charge for 2020–21

##### Icon Water submission

On 1 May 2020, Icon Water provided the Commission with a submission that proposed a Precinct Charge and contained the financial model used in estimating the charge. It also provided an updated Precinct Map to incorporate recently connected developments for 2020–21.

In its submission, Icon Water proposed a Precinct Charge for 2020–21 of \$1,200 per equivalent population. Icon Water acknowledged that the proposed Precinct Charge is

<sup>8</sup> The methodology is described in ICRC Report 10 (2017).

higher than the charge calculated by the financial model, which would have resulted in the charge decreasing from the previous year if it was simply rounded down to the nearest \$100. Icon Water made an on-balance assessment to maintain the Precinct Charge at the same rate as 2019-20 to be consistent with the Code’s original intent to minimise volatility of developer level charges.

### **Commission’s decision**

The Commission considered Icon Water’s proposal to maintain the Precinct Charge at \$1,200. As part of its consideration, the Commission noted that the charge estimated by Icon Water’s financial model is based on forecasts of inflation and future capital expenditure, which can change as a result of changing expectations about future population growth and economic and other conditions.

The Commission recognised that the stability of the Precinct Charge is a relevant consideration in determining the charge because this can improve certainty for developers. The Commission noted that any difference between the Precinct Charge and estimated charge determined by the model would result in an adjustment (or true-up) in the next year’s pricing model; that is, downward pressure would be placed on the 2021-22 Precinct Charge if it were to remain at \$1,200 in 2020-21. The Commission recognised that this would create a buffer against future increases in the charge caused by higher inflation or higher capital expenditure.

However, the Commission did not receive any evidence from Icon Water that the cost inputs to its financial model for 2021-22 would lead to the Precinct Charge increasing back to \$1,200 in 2021-22 should it be set at \$1,100 for 2020-21.

The Commission considered that setting the charge at \$1,200 would represent a move away from the established methodology of rounding the charge calculated by Icon Water’s financial model to the nearest \$100. The Commission considered that, given the potential impacts from COVID-19 restrictions, the benefits from decreasing the charge may outweigh any potential uncertainty for developers arising from changing the charge.

The Commission has therefore decided that the Precinct Charge for 2020-21 is \$1,100 per equivalent population.

The updated approved Precinct Map is provided in Appendix 1 and on the Commission’s website.



# Appendix 1    Water, sewerage and miscellaneous service charges 2020–21

Icon Water has split the schedule of charges into two sub-schedules to differentiate the charges that are covered by the Standard Customer Contract (SCC) and those that are not covered.

- **Schedule A: Standard water and sewerage services charges** – this schedule contains the standard water and sewerage charges, Class 1 through Class 6 land category charges (except for the metered hydrant standpipe water charge) and items 1 and 2 from the current miscellaneous charges schedule.
- **Schedule B: Miscellaneous fees and charges** – this schedule contains the metered hydrant standpipe water charge and the remainder of the miscellaneous charges.

In addition, Icon Water has submitted an updated Precinct Map. The schedules below represent the charges included in Schedule A and Schedule B. The map below is the updated Precinct Map, which is also available on the Commission’s website.

## A. Standard Water and Sewerage Services Charges, Icon Water 2020-21

The following charges apply from 1 July 2020 for, or in connection with, the provision of water services and sewerage services.

This schedule includes other fees and charges associated with these services.

Where water services are provided to any class of land in a meter reading period that ends after 30 June:

- the supply charge will be the charge applicable at the date of the account; and
- water consumption charges are determined based on average daily usage. The 2020–21 charges will apply to average consumption on and from 1 July 2020. The 2019–20 charges will apply to average consumption prior to 1 July 2020.

GST does not apply to water services and sewerage services unless otherwise stated.

In this Schedule of Charges:

- a “flushing fixture” means a flushing cistern or flush valve.
- a “parcel of land” includes leased and unleased parcels of National land and Territory land.
- a “subsidiary building” means a building that is only used for purposes connected with the use of the main building.

### Standard Charges

#### Standard Water Charges

	2019-20	2020-21
The standard water charge is:		
• the Standard Water Supply Charge – a supply charge to each parcel of land; plus	\$140.00	\$160.00
• The Standard Water Consumption Charge, being:		
o consumption charge for the first 0.548 kilolitres supplied on average per day of the billing period; plus	\$2.46 per kL	\$2.48 per kL
o for all water supplied in excess of 0.548 kilolitres on average per day of the billing period.	\$4.94 per kL	\$4.98 per kL

#### Standard Sewerage Charge

	2019-20	2020-21
The Standard Sewerage Charge is:	\$527.34	\$521.08

### Charges for categories of land

#### Class 1 – Single residential

This class applies to a parcel of land:

- with a single residential dwelling (with or without a granny flat) and no other building is erected on the land; or
- with more than one building on the land if one is a single residential dwelling (or a single residential dwelling and granny flat) and any other buildings are subsidiary buildings.

Charges	2019-20	2020-21
Water charge (where the parcel of land is connected to the water network and metered):		
• water supply charge; plus	Standard Water Supply Charge	Standard Water Supply Charge
• water consumption charge.	Standard Water Consumption Charge	Standard Water Consumption Charge
Sewerage charge (where the parcel of land is connected to the sewerage network):		
• Sewerage supply charge	Standard Sewerage Charge	Standard Sewerage Charge

#### Class 2 - Multiple residential (not unit title or community title)

This class applies to a parcel of land:

- with more than one residential dwelling (for example, flats, dual occupancy or multiple residential buildings), and no other building is erected on the land other than subsidiary buildings,

but excludes:

- any parcel of land included in Class 1 Single residential; and
- any parcel of land included in Class 3 Unit title or community title.

Charges	2019-20	2020-21
Water charge (where the parcel of land is connected to the water network and metered):		
• water supply charge; plus	Standard Water Supply Charge (calculated based on the number of residential dwellings – see below)	Standard Water Supply Charge (calculated based on the number of residential dwellings – see below)
• water consumption charge.	Standard Water Consumption Charge (calculated based on the number of residential dwellings – see below)	Standard Water Consumption Charge (calculated based on the number of residential dwellings – see below)
Sewerage charge (where the parcel of land is connected to the sewerage network):		
• sewerage supply charge.	Standard Sewerage Charge (calculated based on the number of residential dwellings – see below)	Standard Sewerage Charge (calculated based on the number of residential dwellings – see below)

Note:

- For a complex in this class which is not sub-divided into units under unit titles legislation or is included in a community title scheme under community title legislation (for example, ‘dual occupancy’):

o there is a single parcel of land; and

o the water supply charge and sewerage supply charge are each calculated based on the number of residential dwellings. For example, if a complex contains 4 units the water supply charge and the sewerage supply charge are the relevant standard charge x 4; and

o in determining water consumption charges under this class, each residential dwelling is given a daily allowance in relation to the volume of water supplied at the lower consumption charge rate. For example, if a complex contains 4 units the daily allowance would be 0.548 kilolitres x 4, being charged at the lower rate with any consumption in excess of that being charged at the higher rate.

## Appendix 1 – Water, sewerage and miscellaneous charges 2020–21

### Class 3 – Unit title or community title

Where a parcel of land is sub-divided into units under unit titles legislation or is included in a community title scheme under community title legislation:

- (a) each unit or community title lot (which is not common property) is a separate parcel of land in this class; and
- (b) each common property is a separate parcel of land in this class.

Charges	2019-20	2020-21
Water charge for each parcel which is a unit or community title lot:		
· water supply charge (including for a parcel of land for which services are available but the parcel is not connected to the water network); plus	Standard Water Supply Charge	Standard Water Supply Charge
· water consumption charge (where the parcel of land is connected to the water network and separately metered).	Standard Water Consumption Charge	Standard Water Consumption Charge
Water charge for each parcel which is common property:		
· water supply charge; plus	Nil	Nil
· water consumption charge (where the parcel of land is connected to the water network and separately metered) and the units or community title lots are each separately metered; or	Standard Water Consumption Charge	Standard Water Consumption Charge
· water consumption charge (where the parcel of land is connected to the water network and separately metered) and the units or community title lots are not each separately metered.	Standard Water Consumption Charge (calculated based on the number of residential dwellings – see below)	Standard Water Consumption Charge (calculated based on the number of residential dwellings – see below)
Sewerage charge for each parcel which is a unit or community title lot (where the parcel of land is connected to the sewerage network):		
· sewerage supply charge; plus	Standard Sewerage Charge	Standard Sewerage Charge
· (where the parcel of land permits any use other than residential purposes only) charge for each flushing fixture in excess of two flushing fixtures.	\$515.74	\$509.61
Sewerage charge for each parcel which is common property:		
· sewerage supply charge for any common property parcel where there is no flushing fixture; or	Nil	Nil
· sewerage supply charge for all other parcels of land in this class which are common property; plus	Standard Sewerage Charge	Standard Sewerage Charge
· charge for each flushing fixture in excess of two flushing fixtures.	\$515.74	\$509.61

Note:

- In determining water consumption charges under this category, each unit is given a daily allowance in relation to the volume of water supplied at the lower consumption charge rate. For example, if a complex contains 4 units and a common property the daily allowance would be 0.548 kilolitres x 5, being charged at the lower rate with any consumption in excess of that being charged at the higher rate.

### Class 4 - Community institutions

This class applies to a parcel of land:

- (a) with a building used for the purpose of a church or other religious establishment, hospital, benevolent institution or charitable institution, and no other building is erected on the land other than subsidiary buildings; or
- (b) that is occupied by or used in connection with a school that is registered (or provisionally registered) under the Education Act 2004 (ACT) including grounds belonging to or used in connection with such a school.

Charges	2019-20	2020-21
Water charge (where the parcel of land is connected to the water network and metered):		
· water supply charge; plus	Standard Water Supply Charge	Standard Water Supply Charge
· Water consumption charge for a parcel of land used for:		
o the purpose of a church or other religious establishment under paragraph (a) above; or	\$2.46 per kL	\$2.48 per kL
o a school under paragraph (b) above; or		
· water consumption charge for all other parcels of land in this class.	Standard Water Consumption Charge	Standard Water Consumption Charge
Sewerage charge (where the parcel of land is connected to the sewerage network):		
· sewerage supply charge; plus	Standard Sewerage Charge	Standard Sewerage Charge
· charge for each flushing fixture in excess of two flushing fixtures.	\$257.87	\$254.81

### Class 5 – Commercial and other non-residential

This class applies to all other parcels of land which are not covered by Classes 1-4 above, including but not limited to:

- (a) the Australian National University; and
- (b) commercial and retail premises.

Charges	2019-20	2020-21
Water charges (where the parcel of land is connected to the water network and metered):		
· water supply charge; plus	Standard Water Supply Charge	Standard Water Supply Charge
· water consumption charge.	Standard Water Consumption Charge	Standard Water Consumption Charge
Sewerage charge (where the parcel of land is connected to the sewerage network):		
· sewerage supply charge; plus	Standard Sewerage Charge	Standard Sewerage Charge
· charge for each flushing fixture in excess of two flushing fixtures.	\$515.74	\$509.61

## Appendix 1 – Water, sewerage and miscellaneous service charges 2020–21

### Class 6 - Unmetered, unconnected and metered standpipe charges

#### Unmetered water charges

This charge applies to a parcel of land that is connected to the water supply network, but which is not metered. This charge does not apply to a parcel of land in Class 3 Unit title or community title.

Charges	2019-20	2020-21
Water supply charge	\$595.51	\$606.38

#### Unconnected Water & Sewerage Charges

This charge applies to a parcel of land that is not connected to:

- (a) the water network but water supply infrastructure has been installed and is available to the land; and/or
  - (b) the sewerage network, but sewerage supply infrastructure has been installed and is available to the land,
- including but not limited to a vacant parcel of land or carpark.

This charge does not apply to a parcel of land in Class 3 Unit title or community title which is common property.

Charges	2019-20	2020-21
Water supply charge (where the parcel of land is not connected to the water network)	Standard Water Supply Charge	Standard Water Supply Charge
Sewerage supply charge (where the parcel of land is not connected to the sewerage network)	Standard Sewerage Charge	Standard Sewerage Charge

Other fees and charges	2019-20	2020-21
Special reading of a water meter	\$43.00	\$44.00
Testing a standard 20 mm water meter	\$276.00	\$281.00
Notes: 1. Testing fees for meters larger than 20mm are by individual quote.		
2. Meter testing fees are refundable where a test shows a meter to be defective as defined in the Water Metering Code.		
Fee payable upon request for a certificate showing the amount of charges payable in respect of a quantity of water or of a parcel of land.	\$39.00	\$40.00
Attendance (debt collection or disconnection / restriction):		
• first visit in a 12 month period (in office hours)	\$66.00	\$67.00
• within a year of a previous visit (in office hours).	\$91.00	\$93.00
Reconnection fee (following disconnection / restriction for non-payment).	\$62.00	\$63.00
Dishonoured cheque and credit card reversal (admin charge). The greater of:	\$15.00 per account or	\$15.00 per account or
	\$40.00 per cheque for multiple accounts	\$41.00 per cheque for multiple accounts
Direct debit reject	\$8.00 per reject	\$8.00 per reject

### Payments

#### Account payments

Annual charges for water services and sewerage services are billed quarterly, unless agreed otherwise with you.

The due date for payments is the date shown in the account issued to you.

#### Interest

Where you fail to pay by the due date, and the amount remains unpaid for a further 14 days, Icon Water may levy interest at the prescribed rate on the amount outstanding for each month or part of a month that the amount remains unpaid, calculated from the day on which the payment became due.

The amount of interest calculated and levied will be included on the next account issued to you.

#### Payment assistance

Icon Water offers a range of flexible payment options. If you would like information on these or if you need payment assistance, please call us on 02 6248 3111. If you are having difficulty paying your account and we are unable to assist, you may also apply to the ACT Civil and Administrative Tribunal (ACAT) for assistance by calling (02) 6207 7740.



## B. Miscellaneous Fees and Charges, Icon Water 2020-21

The following fees and charges apply from 1 July 2020 for miscellaneous services associated with water and sewerage services.

Drawings	2019-20	2020-21
<b>1. Work-as-executed drawings</b>		
Work-as-executed drawings resubmission fee (for the third and any subsequent submission of drawings that have already been rejected twice as incorrect or not compliant with standards).	\$659.00	<b>\$671.00</b>
Work-as-executed drawings non-compliance fee (for drawings that are submitted and do not comply with Icon Water electronic file standards).	\$331.00	<b>\$337.00</b>
<b>Water main connections</b>	<b>2019-20</b>	<b>2020-21</b>
<b>2. Tapping into water main</b>		
<b>100mm diameter main</b>		
20mm main cock	\$792.00	<b>\$806.00</b>
25mm main cock	\$903.00	<b>\$919.00</b>
32mm main cock	\$949.00	<b>\$966.00</b>
40mm main cock	\$971.00	<b>\$989.00</b>
50mm main cock	\$1,015.00	<b>\$1,034.00</b>
<b>150mm diameter main</b>		
20mm main cock	\$810.00	<b>\$825.00</b>
25mm main cock	\$924.00	<b>\$941.00</b>
32mm main cock	\$981.00	<b>\$999.00</b>
40mm main cock	\$1,002.00	<b>\$1,020.00</b>
50mm main cock	\$1,041.00	<b>\$1,060.00</b>
<b>225mm diameter main</b>		
20mm main cock	\$876.00	<b>\$892.00</b>
25mm main cock	\$936.00	<b>\$953.00</b>
32mm main cock	\$988.00	<b>\$1,006.00</b>
40mm main cock	\$1,002.00	<b>\$1,020.00</b>
50mm main cock	\$1,055.00	<b>\$1,074.00</b>
<b>300mm diameter main</b>		
20mm main cock	\$947.00	<b>\$964.00</b>
25mm main cock	\$964.00	<b>\$982.00</b>
32mm main cock	\$1,015.00	<b>\$1,034.00</b>
40mm main cock	\$1,036.00	<b>\$1,055.00</b>
50mm main cock	\$1,076.00	<b>\$1,096.00</b>
<b>3. Temporary Water Connection</b>	By quote	By quote
The price for a temporary water connection will include connection, disconnection and surveillance costs.		

<b>7. Cut in stop valve</b>		
100mm main	\$2,083.00	<b>\$2,121.00</b>
150mm main	\$2,177.00	<b>\$2,217.00</b>
225mm main	\$3,259.00	<b>\$3,318.00</b>
300mm main	by quote	<b>by quote</b>
<b>8. Supply and fix stop valve locking cover</b>		
This charge includes the installation and removal at a later date	\$672.00	<b>\$684.00</b>
<b>9. Disconnection of water service</b>		
Service 20mm to 32mm diameter (cap main cock)	\$713.00	<b>\$726.00</b>
Service 40mm to 150mm diameter (cap main cock / blank flanged tee)	\$936.00	<b>\$953.00</b>
<b>10. Relocation of 20mm and 25mm stop cock and meter</b>		
Where no shutdown is required	\$737.00	<b>\$750.00</b>
Where additional excavation is required	\$1,041.00	<b>\$1,060.00</b>
Where shutdown of main is required	\$1,768.00	<b>\$1,800.00</b>
<b>11. Sewer main connections</b>	<b>2019-20</b>	<b>2020-21</b>
100mm diameter junction into 150mm diameter main	\$1,779.00	<b>\$1,811.00</b>
100mm diameter junction into 225mm diameter main	\$1,923.00	<b>\$1,958.00</b>
100mm diameter junction into 300mm diameter main	\$2,072.00	<b>\$2,110.00</b>
Break out existing 150mm, 225mm or 300mm diameter main to a new manhole	\$1,489.00	<b>\$1,516.00</b>
Connection to existing standard manhole without drop, 100mm, 150mm or 225mm diameter	\$2,981.00	<b>\$3,035.00</b>
150mm connection to existing standard manhole including external drop of up to 2 metres	\$7,844.00	<b>\$7,987.00</b>
Charge for each additional metre of drop	\$283.00	<b>\$288.00</b>
225mm connection to existing standard manhole including external drop of up to 2 metres	\$7,844.00	<b>\$7,987.00</b>
Charge for each additional metre of drop	\$283.00	<b>\$288.00</b>
Provide 100mm or 150mm diameter collar out of existing standard sewer manhole for house connection without drop	\$3,242.00	<b>\$3,301.00</b>
Connecting main to end of existing main or collar out of existing manhole, 150mm or 225mm	\$2,438.00	<b>\$2,483.00</b>
100mm diameter PVC temporary connection to standard sewer manhole including removal of PVC pipe from manhole at completion of project	\$2,438.00	<b>\$2,483.00</b>
Alterations to height of manhole. Raise or lower manhole up to 300mm where the only alteration is to the neck of the manhole and the total length of neck and ring	\$1,088.00	<b>\$1,108.00</b>
Supply and fit “gatic” type cover to an existing manhole	\$1,383.00	<b>\$1,408.00</b>
Disconnection (temporary cap off) of sewer tie for non-compliance	\$971.00	<b>\$989.00</b>
Permanent disconnection of sewer connection to a main 150 or 225 mm	\$971.00	<b>\$989.00</b>
Note: This price does not include excavation works which are commonly carried out by the project contractor (or by Icon Water at a negotiated price).		
Rebuild sewer manhole	\$7,187.00	<b>\$7,318.00</b>
Gatic (if required)	\$549.00	<b>\$559.00</b>

12. Hydrants (metered standpipes)	2019-20	2020-21
<b>32mm hydrant (metered standpipe):</b>		
• annual hire	\$409.00	<b>\$416.00</b>
• quarterly hire	\$146.00	<b>\$149.00</b>
• short-term hire (14 days maximum)	\$79.00	<b>\$80.00</b>
<b>65mm hydrant (metered standpipe):</b>		
• annual hire	\$556.00	<b>\$566.00</b>
• quarterly hire	\$186.00	<b>\$189.00</b>
• short-term hire (14 days maximum)	\$79.00	<b>\$80.00</b>
<b>Metered standpipe water charges</b>		
Water consumption charge for consumption of water through a metered hydrant standpipe	\$4.94 per kL	<b>\$4.98 per kL</b>

**Note:**

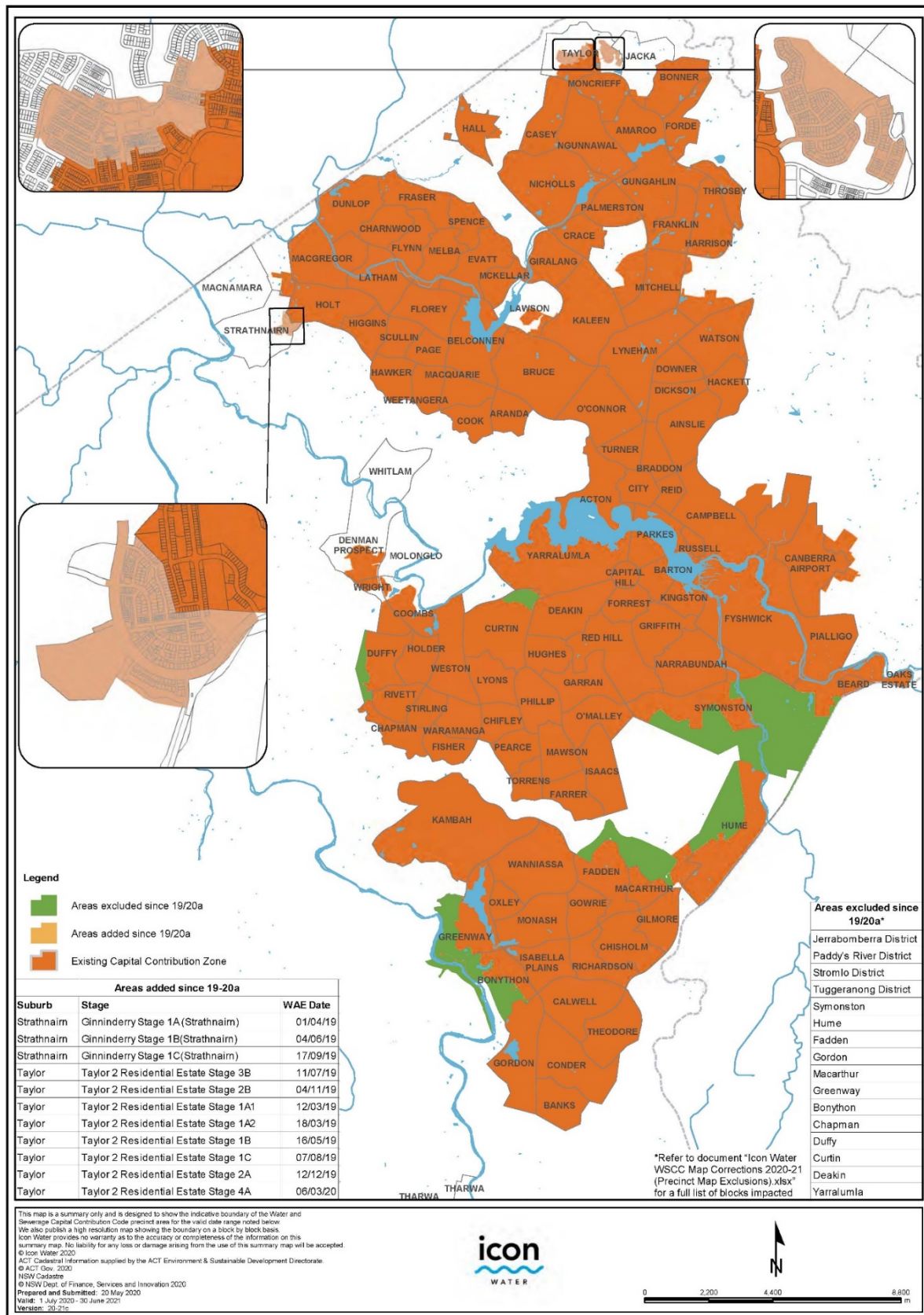
- The above charges relating to (non-contestable) water main connections, hydrants and sewer main connections apply to basic installations only. Additional charges will apply to non-standard components, work of unusual complexity or work that is necessary outside of normal business hours. Estimates can be supplied on request.
- Only property owners or their authorised agents are entitled to apply to Icon Water for the (non-contestable) works listed in this schedule.
- It is the responsibility of the lease owner (or authorised agent) to meet the costs of Icon Water charges together with all internal and external works which may be necessary to carry out a connection or disconnection to Icon Water's water and sewerage network.
- Where the site is not ready at the nominated time to allow Icon Water to commence work, additional charges will apply for rescheduled works.

**Payments**

**Interest**

Where you fail to pay by the due date, and the amount remains unpaid for a further 14 days, Icon Water may levy interest at the prescribed rate on the amount outstanding for each month or part of a month that the amount remains unpaid, calculated from the day on which the payment became due.

The amount of interest calculated and levied will be included on the next account issued to you.



## Abbreviations and acronyms

Commission	Independent Competition and Regulatory Commission
CPI	Consumer price index
GST	Goods and services tax
ICRC	Independent Competition and Regulatory Commission
ICRC Act	<i>Independent Competition and Regulatory Commission Act 1997 (ACT)</i>
kL	kilolitre
price direction	<i>Price Direction for Water and Sewerage Services 1 July 2018 to 30 June 2023</i>
SCC	Standard customer contract
UNFT	Utilities Network Facilities Tax
WAC	Water abstraction charge



## References

- Icon Water (2020) *Regulated water and sewerage services price adjustment for 2020–21: Proposed prices and pass-through adjustment*, Icon Water, Canberra.
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- ICRC Report 1 (2018) *Final Report: Regulated Water and Sewerage Services 2018–23*, Independent Competition and Regulatory Commission, Canberra. May 2018.
- ICRC Report 2 (2018) *Price Direction: Regulated water and sewerage services 1 July 2018 to 30 June 2023*, Independent Competition and Regulatory Commission, Canberra. May 2018.
- Industry Panel (2015a) *Substituted Price Direction: Regulated water and sewerage services 1 July 2013 to 30 June 2018 2013*, Industry Panel, Canberra. April 2015.
- Industry Panel (2015b) *Review of the Independent Competition and Regulatory Commission's 2013 Price Direction for regulated water and sewerage services in the ACT: Final report*, Industry Panel, Canberra. April 2015.
- ICRC Report 10 (2017) *Final Determination: Water and Sewerage Capital Contribution Code*, Independent Competition and Regulatory Commission, Canberra. December 2017.