



ICRC

independent competition and regulatory commission

Media Release

COSTS OF THE BIENNIAL RECALIBRATION

The Commission notes that Icon Water has applied to the Industry Panel for a suspension of those parts on the Commission's price direction for water and sewerage services that require the Commission to undertake a biennial recalibration of prices. Making a decision on this application is entirely a matter for the Panel.

The letter of application from Icon Water however, contains an estimate of the costs likely to be incurred in continuing the biennial recalibration process until the Panel issues its final report. The Commission wishes to make clear that it has no knowledge of the process by which this estimate was arrived at, was not consulted about it and that the estimate is wildly at variance with the Commission's own estimates of the costs of completing the process.

The estimate provided by Icon Water is \$1 million. The Commission estimates that its costs of completing the process will amount to less than \$250,000. The Commission does not expect to require any more of Icon Water than that it answer a few straightforward questions about the information it has already provided to the Commission. It is difficult to see how performing these simple tasks could incur a cost in excess of \$750,000. The Commission does not, therefore, understand how Icon Water could have arrived at so large an estimate for the costs of completing the biennial recalibration.

Senior Commissioner Malcolm Gray said, "The Commission has been concerned for some time that the costs of the biennial recalibration are being wildly exaggerated. It is regrettable that, in an otherwise unremarkable application to the Panel, Icon Water has seen fit to continue this practice."

ENDS

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