

Addendum to Previous Submission

Since writing this submission <http://www.icrc.act.gov.au/wp-content/uploads/2016/09/Submission-10-07-September-2016-White-Label-Personal-Clouds.pdf> I have come to a better understanding of the ICRC draft report and the reasons for tariff changes.

The economic efficiency issue driving the ICRC submission is the threat of losing high volume users of ICON water and pressure from other large users to receive bulk discounts. If large users leave ICON Water then to maintain the same level of profit other users will need to pay more.

An alternative using Water Rewards

The large users of water who wish to move off ICON water need to invest in recycling and use of non-potable water infrastructure. ICON Water can keep these customers and can reduce prices for large customers with Water Rewards and do it in a politically acceptable way. ICON Water can fund and operate the infrastructure for these projects and charge abstraction and operating fees. ICON Water can sell more Water Rewards to fund these projects.

Obtaining funds this way does not affect profit made by ICON Water as the funds are on the balance sheet and there are no interest charges. The price paid by the large customers will include the cost of future discounts received by Rewards holders. The profits from the retained customers cover the cost of discounts.

Similarly, other large users, such as hotels, can benefit by ICON Water funding water saving and reuse services in their premises and by promoting Canberra through issuing interstate and overseas visitors with Rights to Buy Water Rewards.

Issuing Rights to buy Water Rewards to those in the community who save water or use less or who have fewer resources addresses the social charter of ICON Water. Increasing the cost of water to the Canberra community who responded well to reducing water consumption sends the wrong message and will face fierce opposition.

Selling Water Rewards increases ICON Water profit by \$70M by retiring the debt. The balance sheet stays the same. What is different is that future income, and with it, future profit will drop depending on when people use their ICON Water Rewards Discounts. Because the Rewards are a high-value investment, this is likely to be well into the future and ICON Water can monitor and control the use of discounts.

The government can use the extra profits to invest in other profitable infrastructure and so more than cover the reduction of income from the use of the discounts.

Here is a five-minute explanation of how Water Rewards works and how it redirects interest payments to ICON customers. <https://youtu.be/Gr1HfQ5FW4I>

Background to Water Rewards

Water Rewards is an off-shoot of a ten-year research and development effort into identification for the Internet of Things. The approach has proven to be commercially successful with the implementation and deployment of Edentiti. Edentiti is a verification of identity product and is marketed under the name VixVerify. It is the market leader in Australia for verification of personal identity.

White Label Personal Clouds was formed to take the idea underlying Edentiti to the Internet of Things. One of the Internet of Things is the Internet of Money. Water Rewards is a practical example of the Internet of Money.

The underlying idea is that we can create low-cost systems for a group of autonomous entities to arrive at a consensus. In nature, we see this in the way ants and bees find food through cooperation and sharing information between individuals. Supply and demand markets are an example in economics where the market of autonomous buyers and sellers determine the price of a product. Water Rewards uses the same principles to establish the lowest cost or most economically efficient method of pricing water where there is one supplier of a product.

As demonstrated in this submission Water Rewards will increase the profit of ICON Water by \$70M by removing interest charges from the balance sheet and without changing the amount of balance sheet liabilities.

To read more visit <https://kevinrosscox.me/2016/10/23/new-money-means-new-finance/>

To read more on using consensus or "swarm intelligence" to solve other hard problems visit <https://kevinrosscox.me/2016/10/12/making-decisions-by-consensus/>

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