



ICRC

independent competition and regulatory commission

Media Release

RELEASE OF REPORT ON INDUSTRY PANEL OUTCOMES

On 5 May 2015, the Treasurer tabled the final report and price direction of the Industry Panel review of the Commission's price direction for water and sewerage services issued on 28 June 2013. The Panel was established by the Treasurer following an application for review by Icon Water. Under section 24N of the *Independent Competition and Regulatory Commission Act (ICRC Act)*, the Panel's price direction substitutes for the Commission's price direction with effect from 19 May 2015. The substitute price direction establishes a regulatory period extending to 30 June 2018.

This means that from 19 May 2015 to 30 June 2018, the Commission will be responsible for implementing a price direction it did not issue. This situation has never occurred before. The purpose of this statement is to establish the basis on which the Commission will discharge the responsibilities that situation now places upon us.

This situation is made more difficult by the concerns the Commission has about the implications of the substitute price direction for the welfare of the ACT community. These concerns are detailed in a report the Commission is releasing today: *The Industry Panel process: Outcomes and prospects*. The Commission was denied the opportunity to participate in the process by which the substitute price direction was developed and has not, therefore, had any previous opportunity to articulate these concerns.

Senior Commissioner Gray said, "Our concerns have caused us to consider carefully whether there are any options available to us that could ameliorate the negative consequences that we consider will flow from the implementation of the substitute price direction. Unfortunately, we haven't been able to identify any means by which we can do that."

"In spite of our concerns," Mr Gray said, "the ICRC Act requires that we implement the substitute price direction as it stands and that we will do."

That the Commission is not the author of the price direction has certain implications for the Commission's role through the rest of the current regulatory period. While the Commission will be able to explain the mechanics of the operation of the price direction, the Commission's ability to explain why the provisions of the price direction are as they are will be limited to directing attention to the relevant parts of the Panel's reports.

Mr Gray said, "We do not consider that the Commission can be held responsible for any consequences that flow from the operation of the substitute price direction. We do, however, consider that the Commission has a responsibility to inform the ACT community of what we consider those consequences will be. The report we are releasing today discharges that responsibility."

The introduction to the report provides a summary of its principal conclusions.

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