

MINUTES

Meeting no.	02
Date/time	11 August 2016, 9 am
Location	Jim Service Room, ActewAGL House
Attendees	<p><u>Forum members</u></p> <p>John Knox, Managing Director Icon Water</p> <p>Jane Breaden, General Manager Business Services (Chair)</p> <p>Kanchan Dutt, Community Participation Group</p> <p>Jenny Mobbs, Council of the Ageing</p> <p>Leon Arundell, North Canberra Community Council</p> <p>Mark Spain, SEE-Change</p> <p>Kevin Cox, Gungahlin Community Council</p> <p>Glenys Patulny, Tuggeranong Community Council</p> <p>Susan Helyar, ACT Council of Social Services;</p> <p><u>Icon Water representatives</u></p> <p>Sam Sachse, General Manager Finance</p> <p>Ben McNair, Principal Economist, Regulatory Affairs and Pricing</p> <p>Phillip Deamer, Manager Water Price Regulation, Regulatory Affairs and Pricing</p> <p>Lisa Quinn, Manager Customer and Community Affairs</p> <p>Erin Jones, Executive Assistant (minutes)</p>
Apologies	<p>Merlin Kong, ACT Property Council;</p> <p>Nicole Moore, Community Participation Group</p> <p>Megan Dixon, Molonglo Catchment Group;</p> <p>Robyn Hendry, Canberra Business Chamber;</p> <p>Robert Altamore, People with Disabilities ACT</p> <p>Emma Robertson, ACT Youth Coalition</p> <p>Professor Ross Thompson, University of Canberra</p>

1. Welcome and introductions

- The Chair welcomed attendees to the Icon Water Community Consultative Forum and noted the housekeeping and emergency procedures for the Jim Service Room located in ActewAGL House.
- The Chair noted the apologies and welcomed Kanchan Dutt representing the Community Participation Group in Nicole Moore's absence and Icon Water representative Phillip Deamer, Manager Water Pricing Regulation.

2. Minutes and actions from previous meeting

- The Forum noted and confirmed the minutes and actions arising from meeting 01-2016 held 09 June 2016.
- The Chair confirmed that actions 1.1 to 1.4 were closed.
- The Chair confirmed that minutes are approved out of session (rather than at the next meeting) due to the time period between meetings.

3. Presentation and forum discussion: Regulatory pricing and submission process

- Mr McNair provided an overview of Icon Water's tariff structure review which included:
 - information on the current tariff structure for water and sewerage
 - Icon Water's objectives during the review
 - comparison of the current cost structure with the proposed cost structure
 - the possible impacts to customers based on the different pricing options.
- The Forum discussed the following matters during the presentation:

Review process

- The ICRC does not regulate non-potable water supply.
- Icon Water noted that the tariff structure only includes the ACT and not the surrounding region. However, Queanbeyan Palerang Regional Council (QPRC) has a bulk water supply agreement with Icon Water.
- Mr Cox suggested that the end consumer or their characteristics are not taken into account in the current tariff structure.
- Ms Helyar noted that averages are not very useful when comparing statistics in the Canberra community because it has one of the highest levels of economic inequity in the country. Ms Helyar highlighted that Canberra does not have a bell curve for income distribution, it has an M-curve.
- Mr McNair noted that Icon Water is looking at utility concession holders separately; as they were the highest number of respondents to the survey.
- Mr McNair noted that the tariff review did not relate to rates and land tax.

Current tariff

- Mr McNair noted that the current tariff structure applies to both residential and non-residential customers and explained how connections to multi complex dwellings operate.
- Ms Helyar suggested that future tariff structure options might be presented by a distribution analysis on income level.
- Mr Cox suggested that the current tariff structure does not reflect the needs of the user, for instance households who have a large number of occupants.
- Mr Cox noted that Icon Water's water security strategy has worked very well in recent years.

Cost structure

- Mr McNair provided an overview of the economic theory that the ICRC have based the marginal cost on. Noting that the marginal cost suggested by the ICRC would be in combination with the fixed charge and the calculation provided by the ICRC is based on information supplied to them by Icon Water.
- Mr Cox commented that the structure should not be solely based on economic theory but also consider consumption practices and preserving supply.
- Ms Patulny suggested that if all utilities communicated similar messages to their Regulators the ICRC would listen and consider change.
- Members discussed the pro's and con's to large usage customers moving to reuse schemes. For example, there could be benefits to the environment if they choose to disconnect from the main water supply but there might also be a negative impact on the price of water as fewer remaining customers have to pay for the existing infrastructure.

Tariff review survey results and process

- Mr Knox commented that the role of the Forum is to bring a community perspective to the classic economic view of the ICRC, which will provide the opportunity to move the spectrum.
- Mr McNair noted that the survey was about tariff structure not what drives people's usage.
- Forum members provided the following feedback on the survey, including different options for presenting the results:
 - Members had the overall view that the survey questions may have been misleading or confusing to respondents.
 - Mr Spain commented in looking at the survey results it would appear that the respondents did not have enough knowledge to answer the questions. The results of the survey questions are not helping to provide answers to Icon Water problems.
 - Ms Helyar suggested less surveys and more dialogue with the community would provide more valuable feedback.
 - Mr Cox suggested that conducting in depth interviews (maximum 5) with a cross section of customers would provide Icon Water with more valuable insight in to what the community needs and understands about water. Mr Cox has found that these types of interviews will provide more detailed feedback than online surveys.
 - Members discussed a range of competing imperatives: economic efficiency, affordability, conservation/environmental and liveability. Members noted that tariff structure is not the only mechanism for managing behaviour and outcomes in regard to these imperatives.
 - Members indicated a method of mapping a range of customer types against proposed tariff structures might better help the Forum visualise and understand the impact on the community of the various options.
 - Ms Patulny suggested providing cost scenarios based on the same amount of water usage for a household.

Action 1. Icon Water to develop a suitable map/model to help the Forum understand competing imperatives, different types of customers and their characteristics; and the impact of proposed tariff options. To be distributed to members out of session for discussion at the next meeting.

Proposed direction for tariff reform

- Mr McNair provided an overview of Icon Water's proposed direction for tariff reform which includes a single usage price, separate tariffs for residential and non-residential customers, charging regime for liquid trade waste and drought pricing arrangements.
- Icon Water representatives explained the impact of liquid trade waste users on the network (businesses without grease traps installed who continue to dispose of liquid waste down the drain).

- Ms Helyar suggested that it would be useful to understand the cost impact that the large consumers (top 10%) have across the entire network of customers.
- Ms Patulny suggested that the warnings communicated on roadsides during the drought were the most cost effective conservation messages. Noting that her concerns include having enough supply if the population exceeds the expected growth forecast so that we don't have to purchase additional water licenses to cope with the increase in demand.
- The Forum agreed that Icon Water should be continuing to encourage customers to conserve water outside of periods of drought; the objective should be to put in place a structure that works through a drought period.
- Members discussed the pros and cons of smart meters which include water conservation advantages and disadvantages for low income households who may stop usage due to affordability.
- Mr McNair raised the question 'What is the fairest way to share the cost above the fixed charge?' Comments included:
 - Vary the cost by connection size.
 - Model it on usage.
 - Sewerage needs to be included in discussions.
 - Educate the community on what the basis of cost calculations (what the cost takes into account) and it will lead to acceptance because ultimately it 'costs what it costs'.
 - The cost and impact of increases which are passed on to tenants by landlords will not be known by Icon Water.
 - Mr Spain raised the concept of Icon Water adopting the idea of a Citizen's Jury who act as an advocate for the rest of the community. Noting that Scottish Water set their water pricing that way and it would be hard for the ICRC not to take into account the outcomes of the Jury.
 - Mr Spain noted he is a member of the Canberra Alliance for Participatory Democracy which is another forum that could be useful to Icon Water.
 - Mr Spain noted that if Icon Water participated in off-grid and ecosystem initiatives it would place Icon Water in high standing in the community and on the cutting edge.
- Mr Knox agreed that Icon Water is interested in these concepts and that there are pilots underway in the community. However, success will be dependent on the take-up rate.

Tariff review process and timeline

- Mr Deamer provided an overview of the ICRC tariff review timeline noting that solid community engagement is a clear principle of Icon Water's submission. The new tariff structure would not be set and implemented until the middle of 2018. Icon Water's draft pricing submission is due to the ICRC in July 2017.
- Members discussed how the Forum could help with Icon Water's final submission to the Regulator. Comments included:
 - Noting that the ICRC is looking for submissions from the public, Ms Helyar suggested that Forum members should be communicating with the Regulator and be on the mailing list.
 - Winners and losers should be mapped so that people can see that Icon Water have considered the common good.
 - Don't just fix issues through the tariff structure, include other mechanisms.
- Ms Helyar highlighted that it was important to include in the submission the position of low income households' incapacity to pay.

4. Forum discussion: review of member topics from meeting 01/2016 and prioritisation for future discussion

- Discussion on item was agreed to be deferred. The Chair noted that this discussion was not time critical and priorities for discussion topics would be required in time for March 2017, following the completion of the tariff review and ICRC submission.

5. General business

- The meeting agreed the following:
 - Icon Water to establish an issues register to capture and prioritise issues that arise.
 - Mr Cox requested the inclusion (on the issues register) of a smart meter presentation.
 - Future meetings to be held at Icon Water's Mitchell premise and are to be scheduled no earlier than 9.30 am.
 - When considering the date for the next meeting, please schedule outside school holiday period.

Action 2. Icon Water to establish a Forum issues register to record issues raised for discussion by members.

Action 3. Icon Water to resend meeting schedule with updated dates, times and location.

6. Meeting close

- The Chair noted that the stand out message from this meeting was the matter of competing imperatives which members sought to balance, noting that price is not the only mechanisms for influencing outcomes for these.
- Mr Knox noted that the approach to the tariff structure needs to be re-baselined through consideration of first principles and bottom-up discussion.
- Forum members concluded with the following messages:
 - Icon Water's needs also should be considered, the Forum needs to be beneficial to both parties.
 - Don't try and solve all the problems through water pricing, look to use other strategies.

Meeting closed 12.00pm

ACTION ITEMS

Open actions

#=Meeting number.action number

#	Action	Responsible	Due date	Revised due date
2.1	<i>Icon Water to develop a suitable map/model to help the Forum understand competing imperatives, different types of customers and their characteristics; and the impact of proposed tariff options. To be distributed to members out of session for discussion at the next meeting.</i>	Ms Quinn	09 Sep 2016	
2.2	<i>Icon Water to establish a Forum issues register, record issues raised for discussion by members.</i>	Ms Quinn	31 Aug 2016	
2.3	<i>Icon Water to resend meeting schedule with updated dates, times and location.</i>	Ms Quinn	31 Aug 2016	

Closed actions

#	Action	Responsible	Due date	Closed
1.1	Distribute proposed organisational and member profiles to members for review.	Ms Quinn	16 Jun 2016	✓
1.2	Provide forum members with draft minutes within 7 days of the meeting.	Ms Quinn	16 Jun 2016	✓
1.3	Provide forum members with a one page summary of the forum following approval of the minutes.	Ms Quinn	01 Jul 2016	✓
1.4	Provide a proposed meeting schedule.	Ms Quinn	16 Jun 2016	✓