



2015

**THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**Government Response to the Standing Committee on Public Accounts Report No. 7:
Review of Auditor-General's Report No. 2 of 2014 - The Water and Sewerage Pricing
Process**

Introduction

The Standing Committee on Public Accounts, on 19 March 2015 tabled in the Legislative Assembly its *Report No. 7: Review of Auditor-General's Report No. 2 of 2014: The Water and Sewerage Pricing Process*.

The Government's response to each of the five recommendations of the report is provided below.

Government Response to Recommendations

Recommendation 1

The Committee recommends that ACT Government directorates and agencies should ensure complete compliance in accordance with the reporting requirements as prescribed under Section C.5—Auditor-General and Ombudsman's reports—of the 2013–14 Annual Report Directions.

Government Response

Agreed.

The Government will seek to ensure that in future, complete compliance is achieved in relation to reporting requirements regarding Auditor-General and Ombudsman's reports.

Recommendation 2

The Committee recommends that the Treasurer inform the ACT Legislative Assembly by the last sitting day in May 2015 on progress regarding the Review of the ACT's Water and Sewerage Pricing Framework.

Government Response

Noted.

The final report of the Review of the ACT's Water and Sewerage Pricing Framework undertaken by Mr Peter Grant PSM was publicly released on 4 June 2015. The Government is continuing to consider the findings and recommendations of the report, and will publicly release a Government response in due course.

Recommendation 3

The Committee recommends that the ACT Government report to the ACT Legislative Assembly, by the last sitting day in October 2015, on the progress and effectiveness of the Government's implementation of the recommendations, made in Auditor-General's Report No. 2 of 2014: The Water and Sewerage Pricing Process. This should include: (i) a summary of action to date, either completed or in progress (including milestones completed); and (ii) the proposed action (including timetable), for implementing recommendations (or parts thereof), where action has not yet commenced.

Government Response

Agreed.

The Government will provide an update to the Legislative Assembly, by the last sitting day in October 2015, on the progress made to implement improvements to the ACT's water and sewerage pricing framework.

Recommendation 4

The Committee recommends that the Treasurer inform the ACT Legislative Assembly by the last sitting day in May 2015 on progress regarding the Industry Panel's consideration of the ACTEW Corporation's application for a review of the price direction of 26 June 2013 for regulated water and sewerage services for the period from 1 July 2013 to 30 June 2019.

Government Response

Noted.

The Industry Panel's final report and substitute price direction were tabled in the ACT Legislative Assembly on 5 May 2015.

The tabling of the report represented the completion of the Industry Panel's Review of the Independent Competition and Regulatory Commission's price direction for regulated water and sewerages services for the period from 1 July 2013.

Recommendation 5

The Committee recommends that the ACT Government ensure that the reporting timeframe for the review of the ACT's Water and Sewerage Pricing Framework permit consideration of the outcomes of an evaluation of the current review process and suitability of the provisions under Part 4C of the Independent Competition and Regulatory Commission Act 1997 (post reporting by the Industry Panel).

Government Response

Noted.

As outlined in the Government's response to Recommendation 2, the review of the ACT's Water and Sewerage Pricing Framework was publicly released on 4 June 2015.

The Terms of Reference for the Water and Sewerage Pricing Framework Review issued in November 2014 did not incorporate an ex-post evaluation of the recently completed Industry Panel process.

The review did however examine in depth the current review provisions within Part 4C of the *Independent Competition and Regulatory Commission Act 1997*. The final report of the review incorporates a number of recommendations that propose significant changes to these provisions, following consultation undertaken as part of the review with all relevant key stakeholders, including the members of the Industry Panel.