

Independent Panel questions to the AER

Date of correspondence: 5 -7 July 2022

Please note the Panel's requests/comments are in black text and the AER's responses in blue.

The Independent Panel (**Panel**) wrote to the AER regarding the following

The paper by Frontier Economics called 'Analysis of RAB multiples' dated 27 May 2022 refers, on its first page, to a 'Grant Samuel expert report'.

I can't find the Grant Samuel document.

Grateful for your help in locating it

Regards

Dear Independent Panel,

The Grant Samuel (2021), Independent Expert's Report has been published by Ausnet Services on its [website](#). Please refer to page 90 onwards.

We have attached a copy for your convenience and included it in your document folder.

Thanks

- what, if anything, AER has done in the past in terms of communication of its Rate of Return Instrument decisions specifically for consumers and other audiences who may not have knowledge of regulatory finance (for example on AER's website, via the media, or through a tailored summary document)?

- In the past we have published fact sheets along with our 2013 Rate of Return Guideline and 2018 Rate of Return Instrument to communicate in simple terms what the rate of return is and how we determine the rate of return. We are preparing a similar fact sheet to explain the 2022 draft rate of return instrument.
- As part of our process to develop our 2022 Rate of Return Instrument, we established the Consumer Reference Group (CRG) to actively engage with consumers and provide us with consumer perspectives on the rate of return. We appointed a highly capable group with a breadth of consumer experience. We have relied on the CRG's expertise and their engagement activities to both inform consumers and to gather and report their views. We have provided the CRG with significant resources

to undertake this task. We have relied on the CRG's activities rather than reaching out to consumers directly ourselves so there is a single point of contact with consumers and to make best use of the expertise of the CRG.

- The CRG's activities have included:
 - Preparation of fact sheets and bulletins
 - Surveys of consumer and small and medium enterprises
 - Interviews and workshops with consumer representatives and investment advisors
 - Outlining consumer views in submissions to us..
- Material from the CRG can be found at <https://www.aer.gov.au/about-us/stakeholder-engagement/consumer-reference-group> and <https://www.aer.gov.au/about-us/stakeholder-engagement/consumer-reference-group/statements-and-advice>.
- A report on the CRG's activities can be found in their submission to the AER's overall rate of return working paper (https://www.aer.gov.au/system/files/CRG%20-%20Submission%20-%20Overall%20rate%20of%20return%2C%20Equity%20and%20Debt%20-%20Volume%202%20-%203%20September%202021_0.pdf) and in Appendix C (page 138) of their submission to the AER's information paper (<https://www.aer.gov.au/system/files/CRG%20-%20Advice%20to%20the%20AER%20re%20Information%20paper%20and%20call%20for%20submissions%20%2811%20Mar%202022%20-%20Rev%202022%20Mar%202022%29.pdf>)
- We have provided the CRG with resources to reach out to consumers to inform them about the draft rate of return instrument and seek their views to inform our final decision.

- does AER have any plans to accompany the publication of its final 2022 Rate of Return Instrument with any materials geared towards these audiences?

- Yes – consistent with the [2013 Rate of Return Guideline](#) and [2018 Rate of Return Instrument](#), we plan to publish an accompanying fact sheet along with our 2022 Rate of Return Instrument final decision to better engage with non-technical audiences.
- In addition, compared to the 2018 Rate of Return Instrument explanatory statement, our 2022 explanatory statement will contain an executive summary for ease of access for non-technical audiences.