

CHANGING HISTORICAL EXCESS RETURNS' SAMPLE PERIODS & AUSTRALIAN TREASURY ADVICE

The EUAA supports the recommendation of the AER Consumer Reference Group that the sample period for estimating Historical Excess Returns should run to the 31st December 2022.

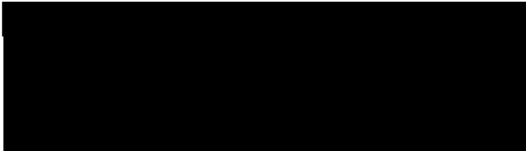
This is consistent with:

- The AER's delay in the publication of the final Rate of Return Instrument until February 2023
- Our support for the CRG's view of an unconditional HER estimate requiring the longest possible sample period
- Consistent with the Treasury advice that the sample period should be extended to include as much as possible of 2022 to account for central bank tightening of monetary policy to balance the easy monetary policy during COVID
- The AER's view that the sample period should be reflective of recent market structure, conditions and expectations

We also agree with the CRG's view that the three stage Dividend Growth Model data shows this measure is too volatile to be used to set the rate of return.

Thank you for the opportunity to make a submission. Do not hesitate to be in contact should you have any questions.

Regards,



Andrew Richards
Chief Executive Officer