

Meeting record

Date: 18 March 2021

Time: 1.00 to 2.00 pm

Purpose: Sixth meeting of the **Investor Reference Group** for the 2022 rate of return instrument

Present: Global Infrastructure Partners – Veeral Kanji
Morgan Stanley – Rob Koh
OMERS – John Mailo
QTC – David Johnston
SP Group – Mike Williamson
Spark Infrastructure – Sally McMahon
State Grid International – Sandeep Kumar
AER – Warwick Anderson, Steve Williams, Shaun Collard, Conor McSween, Wei Ji
Consumer Reference Group – Bev Hughson

Apologies: AMP Capital – Stasha Prnjatovic
Australian Super – Daniel Walters, Paul Dawson
Ausbil - Paul Johnston
ATCO Australia– John Ivulich, Hugh Smith
IFM – Josh Crane
Magellan – David Costello
State Grid International – Albert Tse

Meeting notes

- AER staff went through the list of actions from the last IRG meeting, all are complete.
- AER staff informed IRG members of internal team changes. Ben Stonehouse has moved to the ACCC on a 12-month secondment. Steve Williams has joined the team as a director and Shaun Collard is acting in the position of director.
- A CRG representative attended the meeting to inform IRG members of the CRG’s purpose and goals. IRG members were asked to reach out to the CRG if they wished to collaborate.
- AER staff provided an update on the working paper program for 2021:
 - The program is close to being finalised. A notice is to be published with the confirmed schedule on the AER website shortly. The program is likely to include 2 papers in the first half of 2021 and 3 papers in the second half.
 - The first two papers will examine the rate of return and cashflows in a low interest rate environment, and the term of the rate of return.
 - Working papers in in the second half of 2021 will more broadly examine issues relating to equity, debt and the overall rate of return – the latter will include topics such as gearing, cross-checks and imputation credits.

- At the end of 2021, an information paper will be published that will pull information from all working papers. This will lay the foundation for the expert sessions at the start of 2022 and outline key issues for stakeholder submissions next year.
- IRG members asked what informed the AER's decision to continue the working paper series and noted a concern that the papers required time and resources to respond. AER staff advised that the assessment was based on feedback from stakeholders and the progress made so far on advancing issues for the 2022 Instrument. In response to the concern raised, AER staff noted that the three papers to be published in the second half of 2021 will be broad and span the full spectrum of rate of return issues.
- AER staff advised that just because a topic is being considered in a working paper it does not mean that the AER is looking to make changes.
- IRG members asked whether there will be a working paper on the long term interest of consumers. AER staff advised that this is not currently intended to be a working paper, but the AER is considering this topic internally.

Meeting action items

- AER staff to:
 - Publish meeting record on AER website.
 - Organise next meeting and distribute invitations (tentatively scheduled for end of April).
- IRG members to:
 - Reach out to the CRG (via AER staff if needed) if they wish to collaborate.