

Proposed changes to rural water cost shares

The Independent Pricing and Regulatory Tribunal (IPART) has released a draft report outlining proposed changes to the way costs of providing rural bulk water services are shared between rural water customers and the NSW Government. This is the first comprehensive review of rural bulk water cost shares since 2001.

The scope of this review includes the activities associated with the Water Administration Ministerial Corporation's (WAMC's) water management functions and WaterNSW's bulk water storage and delivery functions. The outcomes of the review will be an input into the pricing of WAMC's water management services to apply from 1 July 2020 and WaterNSW's bulk water prices to apply from 1 July 2021.

IPART Chair Dr Peter Boxall said the costs faced by rural water customers will not be immediately impacted by these changes, and the scale of any impact would not be determined until the next price reviews scheduled for 2019 (WAMC) and 2020 (WaterNSW Rural).

"The purpose of this review is to enable us to consider and consult with water users on common issues and ensure consistency of approach to how the costs of rural water services are shared between customers and the NSW Government on behalf of the broader community," Dr Boxall said.

"We are now seeking input from interested stakeholders on our application of the impactor pays principle, to ensure that those who create the need for an activity that incurs a cost, pay for that cost."

"We believe our proposed cost sharing framework best achieves our aims of being transparent, practical, and cost-reflective and we are interested to receive feedback from others."

Under the draft changes, the customer share of efficient costs across all valleys and water sources would increase by 1% for WaterNSW customers and 7% for WAMC customers.

Dr Boxall said this would not necessarily mean a corresponding increase in prices, as the total efficient costs and what customers can afford to pay would be considered by IPART in the upcoming pricing reviews.

The draft report is available on IPART's website. Workshops on the proposals will be held during November, with submissions closing on 27 November 2018. A final report will be released in early February 2019.