



Attachment 25

Proposed user and government cost shares

30 September 2024

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Contents

1. Introduction.....	4
1.1 IPART’s cost shares framework	7
2. Customer engagement on cost shares.....	8
2.1 Engagement with our customers has informed our proposed cost share	8
3. Cost shares for the 2025-30 Determination Period in our Alternative Scenarios	10
3.1 Detail on WaterNSW activities, cost shares and rationale	10
3.1.1 Dam safety compliance.....	10
3.1.2 Environmental planning and protection	10
3.2 Dam safety compliance	10
3.3 Environmental planning and protection.....	12
3.4 Flood mitigation adjustments.....	12
Appendix 1: Cost Shares for the 2025-30 Determination for our Cost Reflective Base Case	14
A.1.1 Customer support.....	14
A.1.2 Customer billing.....	14
A.1.3 Metering and compliance.....	14
A.1.4 Water delivery and other operations.....	14
A.1.5 Flood operations.....	14
A.1.6 Hydrometric monitoring	15
A.1.7 Water quality monitoring	15
A.1.8 Direct insurances.....	15
A.1.9 Corrective maintenance	15
A.1.10 Routine maintenance.....	16
A.1.11 Asset management planning.....	16
A.1.12 Dam safety compliance pre-1997 capital projects	16
A.1.13 Corporate systems	16
A.1.14 Irrigation Corporation District (ICD) rebates.....	16
A.1.15 Renewals and Replacements	16
A.1.16 Risk Transfer Product.....	17

List of tables

Table 1 – Cost Shares	5
Table 2 – Flood mitigation capacity analysis.....	12

List of figures

Figure 1 – Flow Chart - engagement	8
Figure 2 – Results of WaterNSW’s engagement with customer on bulk water service cost shares related to dam safety compliance and environmental planning and protection	9

1. Introduction

This Attachment describes how costs will be shared between water customers and the NSW Government (on behalf of other users and the broader community). This will support the Independent Pricing and Regulatory Tribunal (IPART) in setting maximum prices for WaterNSW's rural bulk water services.

IPART reviewed its cost shares framework in 2019 and made further revisions to its framework as part of its review of the Water Administration Ministerial Corporation's (WAMC) and WaterNSW's rural prices in 2021.¹ For our Cost Reflective Base Case (CRBC) for bulk water activities, we are proposing the same customer cost shares as outlined in IPART's 2019 decision.

WaterNSW has also provided Alternative Scenarios to recognise that, in a high inflationary and cost of living environment, all stakeholders may need to absorb some level of cost or price adjustment, preferably without a significant increase in WaterNSW's borrowings, which creates risk to WaterNSW's financial sustainability. These scenarios present the basis upon which a 'balanced' outcome is more likely to be found.

For Alternative Scenarios 1-3, the 2019 IPART cost shares are maintained for the majority of the activities. The only exceptions are activities related to dam safety compliance and environmental planning and protection. We are proposing **50% customer cost share** for these activities, which is a **reduction from the 80% customer cost share** approved in the 2021-25 price determination. We have also proposed valley specific cost shares to account for flood operations (based on an adjustment of total valley cost) in the Hunter and Macquarie Valleys.

This is based on our initial analysis of the cost shares for different activities at WaterNSW. It should be noted that further analysis will need to be undertaken by WaterNSW to determine whether any other cost shares should be changed in the future.

This Attachment details WaterNSW's proposed cost shares and explains how these are consistent with IPART's cost sharing framework and principles. The purpose of this attachment is to:

- Demonstrate how WaterNSW has sought to address any issues with the cost shares identified in previous reviews.
- Outline and explain any further proposed changes to the cost shares.
- Describe how our customers have helped shape and inform our proposed cost shares.

WaterNSW is proposing the following cost shares (see table below).²

¹ IPART, *Review of WaterNSW's rural bulk water prices – Final Report*, September 2021.

² Note: Proposed and approved 2021-25 price determination cost share are based on the Rural Water Cost Shares report (2019).

Table 1 – Cost Shares

Activity	2017-21 price determination customer cost share – approved (%)	2021-25 price determination customer cost share – approved (%) & proposed 2025-30 under CRBC	2025-30 proposed customer cost share (%) – alternative scenarios 1-3	Rationale
Dam safety compliance	50%	80%	50%	<p>Approved 2021-25 price determination customer cost share was based on an assessment that this activity was driven by consumptive users.</p> <p>For the 2025-30 price determination, WaterNSW proposes that the customer cost share should be 50% for the alternative scenarios, which is equivalent to the original proposal made by WaterNSW for the 2017-21 price determination. This decision is based on the customer and community feedback and the underlying premise that our dams also serve a flood management function.</p> <p>Dam safety compliance includes dam surveillance and dam safety inspections, reviews, audits and associated risk assessments. The compliance framework has also changed with the commencement of the Dams Safety Act 2015 and the subsequent Regulation, which did not commence until 2019 and was not factored into our previous cost estimates.</p> <p>There is a potential inconsistency between the IPART and Dams Safety NSW Regulatory frameworks, in that the objective of the Dams Safety regulator is that the dam owner must ‘identify risk reduction measures to be implemented to eliminate or reduce dam safety risks but only in So Far As Is Reasonably Practicable (SFAIRP)’. To demonstrate SFAIRP, Dams Safety NSW has published a guidance note on interpreting SFAIRP and recommends “community” consultation on the risk. Dams Safety NSW draft guidance note³ on SFAIRP defines “community” as “...to be the diverse population of individuals and entities affected by a decision on a dam risk reduction measure. This would include those at risk from a dam failure, the wider community who may have to bear the cost of the risk reduction measure, and other people affected. the community”. In WaterNSW context, this is almost always broader than just the water users who extract water from river systems downstream.</p>

³ https://www.damsafety.nsw.gov.au/__data/assets/pdf_file/0009/619434/SFAIRP-draft-guidance-note-consultation-draft.pdf

Activity	2017-21 price determination customer cost share – approved (%)	2021-25 price determination customer cost share – approved (%) & proposed 2025-30 under CRBC	2025-30 proposed customer cost share (%) – alternative scenarios 1-3	Rationale
				<p>To the extent investment is needed to maintain regulatory compliance, including for dam upgrades, then it is the whole community that is required to inform those actions, not just water users.</p> <p>All of this is in line with the Objective 3(a) of the Dams Safety Act 2015, which requires dam safety risk to be reduced to a level that is acceptable to the community and thus, “the community” is the impactor of this cost. It is reasonable therefore to support a greater sharing of the costs of Dam Safety Compliance between water users and the broader community given this is the basis of the Dams Safety regulatory framework.</p>
Environmental planning and protection	50%	80%	50%	<p>Approved 2021-25 price determination customer cost share was based on an assessment that this activity was driven by consumptive users. This is because of the regulatory and compliance standards which WaterNSW must meet to provide necessary services to customers.</p> <p>For 2025-30 price determination, WaterNSW proposes that the customer cost share should be 50%, which is equivalent to the original proposal made by WaterNSW for the 2021-25 price determination. This decision is based on the customer and community feedback.</p>
Customer support	100%	100%	100%	No change
Customer billing	100%	100%	100%	No change
Metering and compliance	100%	100%	100%	No change
Water delivery and other operations	100%	95%	95%	No change
Flood operations	50%	80%	Valley Specific Cost Shares for Macquarie and Hunter Valleys (applying to total costs) 80% for other valleys	<p>For Alternative Scenarios 1-3, WaterNSW is proposing specific additional cost share adjustments to total valley costs to account for flood operation functions in the Macquarie and Hunter valleys. Storages in these valleys have a secondary purpose to provide flood mitigation benefits to the broader population.</p>
Hydrometric monitoring	90%	90%	90%	No change

Activity	2017-21 price determination customer cost share – approved (%)	2021-25 price determination customer cost share – approved (%) & proposed 2025-30 under CRBC	2025-30 proposed customer cost share (%) – alternative scenarios 1-3	Rationale
Water quality monitoring	50%	80%	80%	No change
Director insurances	100%	100%	100%	No change
Corrective maintenance	100%	95%	95%	No change
Routine maintenance	100%	95%	95%	No change
Asset management planning	100%	95%	95%	No change
Dam safety compliance pre-1997 capital projects	0%	0%	0%	This activity is a legacy cost and therefore excluded from the impactor pays principle. The costs would be allocated to the NSW Government. No change
Corporate systems	100%	80%	80%	No change
Irrigation Corporation District (ICD) rebates	100%	100%	100%	This is not covered by the cost sharing framework. No change
Renewals and Replacement	90%	95%	95%	Impactors include consumptive users and the NSW Government on behalf of recreational users or basic land holder rights. No change
Risk Transfer Product	100%	100%	100%	Risk Transfer Product has been discontinued. No change.

1.1 IPART's cost shares framework

IPART's framework (as stated in the 3Cs Handbook) is based on an impactor pays approach. It uses the following hierarchy to determine who should pay WAMC's and WaterNSW's efficient costs:

1. Preferably, the party that creates the need to incur the cost should pay in the first instance.
2. If that is not possible, the party that benefits should pay.
3. When it is not feasible to charge the above parties (e.g. because of social welfare policy, public goods, externalities, or an administrative or legislative impracticality of charging), the NSW Government (taxpayers) should pay.

The impactor pays approach means that those who create the need for the cost to be incurred should pay for the cost. This aligns with the National Water Initiative Pricing Principles, which set out the types of water planning and management costs that are recoverable from water customers under the impactor pays approach.

Customers should only pay for the share of forward-looking costs that are required to service their water use. This means that they should not pay for the following costs⁴:

- Unavoidable legacy costs caused by past users and activities which are unrelated to the efficient, forward-looking cost of providing services to current and future customers.
- Costs created by other impactors.

In applying the impactor pays approach, IPART considers current and proposed water management services and costs in comparison to a world without a high level of consumptive use of water. This means that IPART will need to distinguish between the costs that customers impose on the businesses and the costs imposed by other users to determine the activities that should only exist under high level of consumptive use of water. Potential impactors may include:

- Private irrigators and irrigation companies (rural water customers).
- Local water utilities (rural water customers).
- Holder of basic landholder rights (non-customers).
- Tourism and recreational water users. (non-customers).

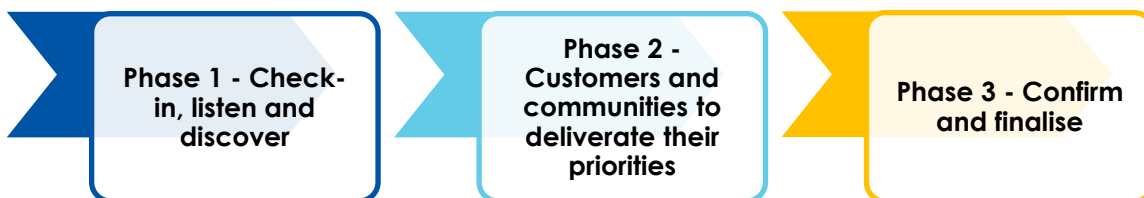
2. Customer engagement on cost shares

We have listened to our customers’ concerns and have responded by providing suggested changes to our Alternative Scenarios for IPART’s consideration proposing some adjustments to the current cost shares that reduce the component of costs funded by users. The proposed adjustments are based on the current cost share arrangements that received the highest votes from customers indicating a need for modification. For the avoidance of doubt, our Cost Reflective Base Case – our complying proposal – has adopted the cost shares contained in IPART’s 2019 decision.

2.1 Engagement with our customers has informed our proposed cost share

WaterNSW has engaged with customers, the community and its stakeholders to find out what matter to them through the following process.

Figure 1 – Flow Chart - engagement



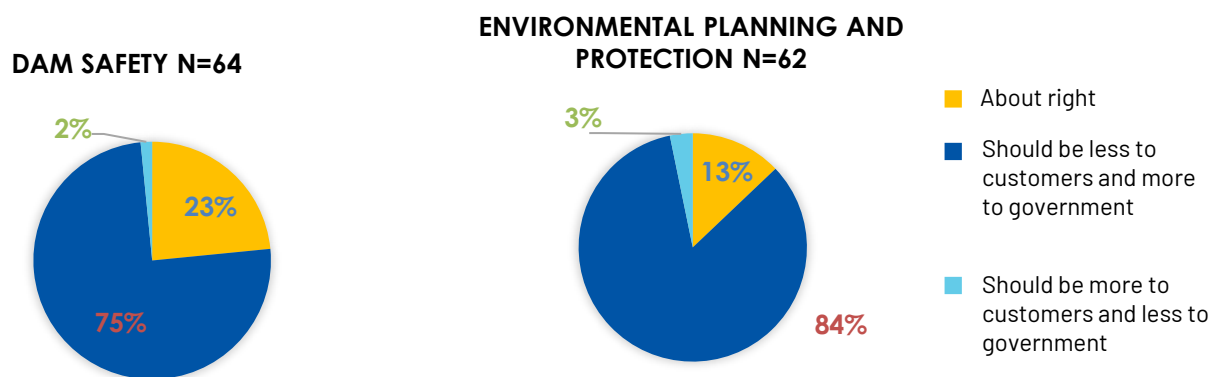
The above process includes the following three phases:

⁴ IPART Rural Water Cost Shares report (2019)

- Phase 1 – Check-in, listen and discover. In Phase 1 of our engagement, we asked for big picture thinking to learn what matters to our customers, community and stakeholders. Cost shares were not discussed in detail in this phase, however customers did highlight it was a key concern that should be investigated during the Customer Advisory Group (CAG) discussion in February/March 2023.
- Phase 2 – Customers and communities deliberated on their priorities. In Phase 2 of our engagement, our Water Working Groups met 5 times across 6 months (beginning in September 2023). The Water Working Groups are made up to representatives from water user groups, customers and community members to explore a range of preferences for water planning and delivery. During the Water Working Groups, attendees were specifically asked about their views on the current cost share arrangements between customers and the government and whether they thought the share was about right or how it should be adjusted.
- Phase 3 – Confirm and finalise. During Phase 3 of our engagement, our regular Customer Advisory Group meetings occurred during the period between February and March 2024. In this period, we have reported back the outcomes to customer and community groups and deliberate on price and affordability. A scorecard has been co-developed with industry experts.

Customers agreed that we should amend our cost shares arrangements as they are concerned about equity and fairness in sharing funding. In particular they requested increased government funding and responsibility for water management and water infrastructure.

Figure 2 – Results of WaterNSW’s engagement with customer on bulk water service cost shares related to dam safety compliance and environmental planning and protection



For both dam safety compliance and environmental planning and protection, a strong majority of participants thought that government should take on a greater share of costs. WaterNSW customers have also expressed concern around the gradual increase in user-share of cost allocations between water customers and the NSW Government. This is evident in the increase in the customer cost share for dam safety compliance activity in the 2019 IPART Cost Share Report⁵ between proposal and approval.

Based on the outcomes above, WaterNSW has only proposed changes to the customer cost shares for the following activities:

- Dam safety compliance.
- Environmental planning and protection.

⁵ IPART Rural Water Cost Shares report (2019)

3. Cost shares for the 2025–30 Determination Period in our Alternative Scenarios

3.1 Detail on WaterNSW activities, cost shares and rationale

The user shares of cost drivers for operating and capital expenditures arising from the 2019 IPART Cost Share Report⁶ are shown below and have been applied to calculate the user and government revenue requirement for three alternative scenarios for the rural valleys. Under the IPART Report, most costs are allocated to customers. The key exceptions are the pre-1997 dam safety legacy costs which are 100 % borne by NSW government, and some environmental costs (for instance, fish passages, carbon neutrality, cold water pollution) and dam safety costs, which are split between customers (80%) and the government (20%).

However, for the 2025–30 determination period, WaterNSW proposes changes to the customer cost shares for dam safety compliance and environmental planning and protection for the three alternative scenarios based on customer and community feedback. Detailed information on WaterNSW activities, cost shares and rationale including information provided by IPART in its 2019 Cost Share Report⁷ are described below for the activities that have proposed cost share allocation changes. Information on the remainder of the activities can be found in Appendix 1.

3.1.1 Dam safety compliance

WaterNSW proposes a cost share allocation of 50 per cent customer share for the alternative scenarios based on customer and community feedback and other rationale described in section 3.2 below. The main reason for this update is based on a rationale that cost drivers of the purpose of dams extend beyond the customer and into the community, for example in relation to flood management. The proposed cost share allocation is equivalent to the proposed 2021–25 price determination cost share allocation to customers submitted by WaterNSW.

This activity provides dam surveillance and dam safety inspections, reviews, audits and associated risk assessment. This activity relates to both operating and capital expenditure. This also reflects the implementation of new obligations under the Dams Safety Act 2015 and the associated Dams Safety Regulation 2019, which were implemented subsequent to the preparation of our submission to the 2021 Price Determination.

3.1.2 Environmental planning and protection

WaterNSW proposes a cost share allocation of 50 per cent customer share for the alternative scenarios based on customer and community feedback and other rationale described in section 3.3 below. This is equivalent to the proposed 2021–25 price determination cost share allocation to customers submitted by WaterNSW.

This activity provides the environmental management which includes strategic and specific planning and assessment, fish passages, carbon neutrality and cold-water pollution. This activity relates to operating and capital expenditure.

3.2 Dam safety compliance

The community recognises the multifaceted purpose of dams and therefore the importance of dam safety. Indeed, a high proportion of customer and community members in WaterNSW's Customer Advisory Groups and the Water Working Groups (the latter established to inform our 2025–30 pricing proposal) agree that the value and purpose of dam safety is a value and cost driver that is shared by customers and the community alike.

⁶ IPART Rural Water Cost Shares report (2019)

⁷ IPART Rural Water Cost Shares report (2019)

Dams and weirs are not only there to provide a catchment and water storage for our direct customers who use that water for irrigation or drinking water purposes. Dams and weirs also provide:

- Significant flood management risk mitigation for downstream communities and their roads, infrastructure, residential or commercial landholdings through either active or passive flood management.
- Important recreational purposes, providing areas for recreational water sports, camping, picnicking and fishing.
- Important environmental purposes, by regulating major river systems through the provision of regular environmental releases during periods of drought or when there is high environmental value water, and by reducing the impact on downstream flora and fauna due to major flooding, which can cause major water quality related incidents due to poor quality water returning to the river from floodplains.

IPART has long recognised that the costs of providing bulk water infrastructure and the associated activities, including dam safety activities, should be shared between rural bulk water customers and the community. However, the user-share of these costs has changed significantly over time.

In recent stakeholder engagement, WaterNSW customers expressed concern around the gradually increasing user-share of cost allocations between water customers and the NSW Government. A recurring question heard by WaterNSW was, “why are customers being required to pay for activities that are substantially for the greater public benefit?”. Noting that the activities they questioned included dam safety and compliance activities.

For example, in 1997, the dam owners’ costs for activities that ensured the safety of their dams were fully recoverable from government, with a 100% government share of dam safety costs. Twenty-years later in the 2017 Cost Share Review, IPART determined that 50% of the costs for dam owners to ensure dam safety would be recoverable from customers, with the remaining 50% to be recovered through government funding. More recently, however, in their 2019 Cost Share Review, IPART determined the customer share should increase to 80%, reducing the government share of WaterNSW’s dam safety costs to 20%.

These changes occurred inconsistently with the Dams Safety Act 2015, which now includes Objective 3(a), which was not in the previous Act. This objective states that the dam safety risks should be reduced to a level that is acceptable to the community. Thus placing the community as the impactor associated with dam safety costs. The Dam Safety Regulation 2019 also came into effect subsequent to the cost share review and in light of its new obligations, there is a strong justification for the cost share for this activity to again be examined.

WaterNSW understands the cost shares determined between customers and the community (i.e. government) will vary over time and are specific to the costs and activities of WaterNSW. However, this variation gives rise to concern that there could be potential disparity in outcomes between dam owners and their customers if IPART were to calculate the user share for each individual dam owner. It could also result in significant inefficiencies if IPART were to undertake multiple reviews for each dam owner. In other words, it would be inefficient for IPART to determine the appropriate cost share for each dam owner that is regulated by Dams Safety NSW.

WaterNSW understands that the current WaterNSW user-cost share may be reviewed, and could be revised, as part of our 2025 Determination, although this does not apply to other dam owners. WaterNSW note that this user-share is the user-cost share of a dam owner’s activities for dam safety and do not include or represent the appropriate cost-share for the regulator’s costs.

WaterNSW also notes that the regulator’s costs have been a 100% government share since the creation of the Dams Safety Committee under the Dams Safety Act 1978 and now, Dams Safety NSW under the Dams Safety Act 2015. Therefore, WaterNSW recommends that IPART determines an appropriate user share of the regulator’s costs at the organisational level, for all dam owners, upfront. This requires IPART to calculate an appropriate cost share, as opposed to adopting the 80% user cost share that is currently set for WaterNSW’s dam safety activities. We have raised this issue separately as part of our submissions to IPART’s review into the proposed Dam Safety Levy earlier in 2024.

For the 2025-30 price determination Alternative Scenarios 1-3, WaterNSW will propose a customer cost share of 50%, which is equivalent to the proposed customer cost share for the 2021-25 price determination.

3.3 Environmental planning and protection

For the 2025-30 price determination, WaterNSW will propose a customer cost share of 50% for alternative scenarios 1-3, which is a reduction from a customer cost share of 80% in the 2021-25 price determination. This reduction is to reflect what WaterNSW has heard regarding the fairness and equity of customers funding certain policy-driven environmental investments in addition to other minor adjustments for dam flood mitigation in two valleys. WaterNSW has also considered the impact on capitalised overheads based on a scenario that specific projects might not go ahead.

3.4 Flood mitigation adjustments

Under Alternative Scenario 1 & 2, WaterNSW propose to allocate 50% of the cost of dam safety and environmental works to the Government.

All of WaterNSW's dams are authorised to undertake flood management. In addition, the Hunter and Macquarie valleys contain dams (Glenbawn and Burrendong) which were constructed to provide a specific flood mitigation function and this is recognised in specific conditions on our water supply work approvals for those dams.

Consistent with these additional functions, WaterNSW also proposes to allocate an additional:

- 11% of the Total Cost of the Hunter to the Government; and
- 24% of the Total Cost of the Macquarie to the Government.

The derivation of the additional Government allocation respectively is shown below and is derived by the pro rata of additional airspace capacity at Glenbawn (Hunter) and Burrendong Dam (Macquarie):

Table 2 – Flood mitigation capacity analysis

Valley	Dam	Total Capacity (ML)	Total flood mitigation capacity (ML)	Extra Govt share (%)
Border	Pindari Dam	312,000		
Gwydir	Copeton Dam	1,346,000		
Namoi	Keepit Dam	419,000		
Namoi	Split Rock Dam	394,000		
Peel	Chaffey Dam	101,000		
Macquarie	Burrendong	1,678,000	489,000	24%**
Macquarie	Windamere	368,120		
Hunter	Glenbawn	749,000	120,000	11%*
Hunter	Lostock	20,000		
Hunter	Glennies Creek	282,000		
North Coast	Toonumbar Dam	11,000		
Northern Region		5,680,120	609,000	11%
Lachlan	Carcoar Dam	36,000		
Lachlan	Wyangala Dam	1,217,000		
Murray	Menindee Lakes	1,731,000		
Murrumbidgee	Blowering Dam	1,604,000		
Murrumbidgee	Burrinjuck Dam	1,025,000		
Lowbidgee				
South Coast	Brogo Dam	9,000		
Southern Region		5,622,000	0	0%

*as a % of total capacity in the Hunter Valley. **as a % of total capacity in the Macquarie Valley.

For Alternative Scenario 3, WaterNSW propose to allocate 50% of the cost of dam safety and environmental works to the Government.

As indicated above, Glenbawn and Burrendong dams are in the Northern Region. Alternative Scenario 3 differs from Alternative Scenarios 1 and 2 in that instead of adjusting the cost share in the Hunter and Macquarie specifically, the average adjustment of 11% (as shown in Table 2) is made to the whole of the Northern Region.

Appendix 1: Cost Shares for the 2025–30 Determination for our Cost Reflective Base Case

A.1.1 Customer support

WaterNSW will make no change to cost share allocations as approved in the 2012–2025 determination of 100 % customer share.

This activity provides the management and administration of the CAG's, customer education and support materials. This activity relates to operating expenditure.

A.1.2 Customer billing

WaterNSW will make no change to cost share allocations as approved in the 2012–2025 determination allocation of 100 per cent customer share.

This activity deals with customer enquiries, transaction and complaints services (Helpdesk), invoicing, receipting, debtor management, system administration, postage to collect regulated revenue. This activity related to operating expenditure.

A.1.3 Metering and compliance

WaterNSW will make no change to cost share allocations as approved in the 2012–2025 determination of 100 per cent customer share.

This activity deals with customer water ordering, customer water accounting management, customer site surveillance, compliance reporting, meter reading, system management and usage apportionment and licensing issues resolution. This activity relates to operating expenditure.

A.1.4 Water delivery and other operations

WaterNSW will make no change to cost share allocations as approved in the 2012–2025 determination of 95 per cent customer share.

This activity provides services related to water release from dams to customers, works approval and other compliance reporting and use of SCADA and manual work required to release water from dams, weir and regulators. Water release from dams to customers could include normal environment and system flows (includes supplementary flow management), short-term and long-term demand forecasting and resource assessment. This activity relates to both operating and capital expenditure.

A.1.5 Flood operations

WaterNSW will make no change to the cost share allocation as approved in the 2012–2025 determination of 80 per cent customer share.

This activity provides flood staff training and onsite works required for flood operations. This activity relates to both operating and capital expenditure.

Please note, this is not the case with Alternative Scenarios 1, 2 and 3, as detailed in the "Flood Mitigation" section above.

A.1.6 Hydrometric monitoring

WaterNSW will make no change to cost share allocations as approved in the 2012-2025 determination of 90 per cent customer share.

This activity provides the monitoring of the availability and condition of surface water by measuring water level, stream flow, rainfall and key water quality indicators. This activity relates to both operating and capital expenditure.

A.1.7 Water quality monitoring

WaterNSW will make no change to cost share allocations as approved in the 2012-2025 determination of 80 per cent customer share.

This activity provides the water quality monitoring and reporting for storage water. This includes the Fish River water quality management plan. This activity relates to both operating and capital expenditure.

Having said that, and as indicated in our main submission document, customers also raised issues relating to cost splitting for several of the new obligations in our new operating licence. This is not a cost sharing between government and customers per se, but rather splitting between customer groups. There are several key new obligations which will drive costs, where the impactor may be considered to be local water utilities, specifically:

- Increased scope of water quality management system to include local water utilities in non-declared catchments;
- Raw water quality policy for drinking water suppliers, which will specify the roles and responsibilities of WaterNSW and drinking water suppliers in improving water quality monitoring, improving the quality of water made available to drinking water suppliers, identifying and reducing hazards and risks and education. The policy will also specify WaterNSW's processes for the early warning system, the quantity and quality parameters to include in the early warning system, water quality monitoring, engagement and providing data.
- Water quality monitoring enhancements program requirements which includes determining which parameters should be monitored in the raw water for drinking water suppliers and the environment with a need to also consider the 'Roadmap to an improved regulatory framework for local water utilities';
- Early warning system to provide advanced notification of significant changes to flow, water source offtake levels that impact water characteristics and exceedances of water quantity or water quality parameters;

We have suggested in our main submission that this issue of cost splitting between customer groups should be included in IPART's Issues Paper.

A.1.8 Direct insurances

WaterNSW will make no change to cost shares allocation as approved in the 2012-2025 determination of 100 per cent customer share.

This activity provides insurances such as public liability and building and other asset insurance. This activity relates to both operating and capital expenditure.

A.1.9 Corrective maintenance

WaterNSW will make no change to cost share allocations as approved in the 2012-2025 determination of 95 per cent customer share.

This activity includes the breakdown maintenance of assets which provide services to customers and other water users. This activity relates to both operating and capital expenditure.

A.1.10 Routine maintenance

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 95 per cent customer share.

This activity includes the planned or condition-based maintenance of assets which provide services to customers and other water users. This activity relates to both operating and capital expenditure.

A.1.11 Asset management planning

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 95 per cent customer share.

This activity provides asset planning, including safety and maintenance planning, asset condition auditing, operational risk and incident management. It also includes the related procurement, dam safety compliance and operations. This activity relates to both operating and capital expenditure.

A.1.12 Dam safety compliance pre-1997 capital projects

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 0 per cent customer share.

This activity provides the dam surveillance and dam safety inspections, reviews, audits and associated risk assessment based on 1997 standards of service. This activity relates to capital expenditure. This activity is a legacy cost and therefore IPART does not apply the impactor pays principle. The cost is allocated to the NSW Government instead.

A.1.13 Corporate systems

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 80 per cent customer share. This activity relates to the operating and capital expenditure.

This activity is responsible for the delivery of information services, major projects and improvement initiatives. Some systems provide services to customers and stakeholders. This activity relates to both operating and capital expenditure.

A.1.14 Irrigation Corporation District (ICD) rebates

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 100 per cent customer share.

This activity is a rebate paid to ICDs based on avoided cost incurred in relation to activity 'customer billing and metering and compliance'. This activity relates to both operating and capital expenditure.

A.1.15 Renewals and Replacements

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determinations of 95 per cent customer share.

This activity includes repairs for expected wear and tear and usage of water infrastructure. This activity relates to both operating and capital expenditure.

A.1.16 Risk Transfer Product

WaterNSW will make no change to cost allocations as approved in the 2012-2025 determination of 100 per cent customer share.

This activity includes cost of insurance product to manage revenue volatility arising from tariff structure. This activity relates to the operating expenditure. The Risk Transfer Product has been discontinued.