

16 October 2018

WHAT

IPART is reviewing the framework for sharing the efficient costs of the Water Administration Ministerial Corporation's (WAMC's) water management services and WaterNSW's rural bulk water services between customers and the NSW Government.

WHY

We are undertaking this review now to consider cost shares for both WAMC and WaterNSW outside a live price review.

The outcomes of this review will not affect current prices, but will feed into the next price reviews for WAMC (2019-20) and WaterNSW (2020-21).

HOW

We have made draft decisions to:

- ▼ Clarify our cost sharing principles
- ▼ Maintain our activity-based cost sharing framework and not adopt an alternative service-based framework.
- ▼ Revise cost share ratios for several activities based on our application of the impactor pays principle (ie, those that create the need to incur a cost should pay for that cost).
- ▼ Consider further improvements to the cost share framework, including valley-specific cost share ratios and consolidating the number of activities costs are allocated to at the next price reviews for WAMC and WaterNSW.

Based on the existing allocation of costs to activities over the current determination periods, our revisions to cost share ratios are expected to:

- ▼ Increase the customer share of WAMC's costs from 76% to 84%.
- ▼ Increase the customer share of WaterNSW's costs from 83% to 84%.

WHEN

Key dates for this review

16 Oct 2018	Release Draft Report
Nov 2018	Stakeholder workshops
27 Nov 2018	Submissions to Draft Report due
Early Feb 2019	Release Final Report

We will publish a Final Report on the cost share framework in early February 2019, which will inform our 2020 WAMC and 2021 WaterNSW - Rural price reviews.

WHAT NEXT

Submissions on the Draft Report are due by **27 November 2018**.

We prefer submissions via our online form, which is available on our webpage www.ipart.nsw.gov.au. You can also send comments by mail to:

Review of rural water cost shares

Independent Pricing and Regulatory Tribunal
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Haymarket Post Shop NSW 1240

Unless identified as confidential, we plan to publish all submissions on our website soon after the closing date.