

## Final Report on sharing the future costs of rural water released

The Independent Pricing and Regulatory Tribunal (IPART) has today released its Final Report on how the costs of providing rural bulk water services and other related services would be shared in the future between water customers and the NSW Government.

The costs associated with both WaterNSW's storage and delivery of bulk water to irrigators and other licence holders, and the Water Administration Ministerial Corporation's (WAMC's) management of water access licences and associated planning and compliance services have been examined.

IPART has undertaken extensive consultation with water users and other stakeholders to determine a fair allocation of costs for the future. Cost shares have been determined using the impactor pays principle. Under this approach, costs are allocated between water customers and the NSW Government (on behalf of the broader community) on the basis of whichever party created the need for an activity (and its associated costs) to be incurred.

Based on current costs, the customer share of efficient costs across all valleys and water sources would increase, on average, by 1% for WaterNSW customers and 8% for WAMC customers.

However, IPART Chair Dr Peter Boxall said the current costs faced by rural water customers will not be impacted by these changes. The size of any impact will be determined as part of the next price reviews scheduled for 2019-20 (WAMC) and 2020-21 (WaterNSW Rural).

Dr Boxall said any change in customer shares would not necessarily mean a corresponding change in prices, as the total efficient costs and what customers can afford to pay will be reviewed by IPART in the upcoming price reviews.

"This cost shares review has enabled 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.

"During the upcoming WAMC and WaterNSW price reviews, we will further investigate whether there is a case for valley-specific cost share ratios on an exception basis and whether different groups of customers have different impacts on the costs of WAMC and WaterNSW services."