



4 June 2018

Review of Water Cost Shares
Independent Pricing and Regulatory Tribunal
PO BOX K35
Haymarket Post Shop NSW 1240

Re Submission on Review of Rural Water Cost Shares.

Thank you for the opportunity to comment on the issues paper on the review of rural water cost shares.

Council is a customer of the of the Water Administration Ministerial Corporation for water extracted from a number of unregulated surface water and groundwater sources on the Central Coast.

Please find attached comments on the questions raised in section 1.6 of the issues paper. Please note that as Council does not source any water from WaterNSW dams or weirs the following submission is in relation to only those monopoly water services under the Water Administration Ministerial Corporation (WAMC).

Yours sincerely,



Táss Meli
Unit Manager - Water Planning and Development
Central Coast Council

Trim Folder F2004/06782



Wyong Office: 2 Hely St / PO Box 20 Wyong NSW 2259 | **P** 02 4350 5555

Gosford Office: 49 Mann St / PO Box 21 Gosford NSW 2250 | **P** 02 4325 8222

E ask@centralcoast.nsw.gov.au | **W** centralcoast.nsw.gov.au | ABN 73 149 644 003

CENTRAL COAST COUNCIL RESPONSES

No	Question	Response
1	Do you agree that WaterNSW and WAMC's costs should be allocated between water customers and the Government (on behalf of the broader community) using the impactor pays principle – ie those that create the need for the cost to be incurred should pay the cost?	Yes
2	Do you agree that the NSW Government's share of WaterNSW and WAMC's regulated costs should be limited to where:- <ul style="list-style-type: none"> • there are genuine legacy costs (ie costs that are unavoidable regardless of the ongoing provision of services to current and future customers? and or • it is not practical or cost-effective to recover costs from the other users (ie, impactors other than water customers subject to regulated prices)? 	Agreed Agreed
3	Do you agree with the current cost share ratios listed in Appendix C) Should the list or activities and/or cost shares be amended? If so, how and why?	Council does not have sufficient information to provide specific advice on the customer share ratios.
4	Do you agree with the issues identified with the current cost sharing framework?	Generally we agree with the issues.
5	Are there any issues with the current cost sharing framework that should be considered in this review?	At times Council has needed to fund activities which are arguably responsibilities of the WAMC. This included funding for:- <ul style="list-style-type: none"> • the ongoing operation and maintenance of stream gauges used for water planning and water quantity monitoring. • groundwater modelling of the Kulnura Mangrove Mountain (KMM) groundwater system to augment the limited analysis undertaken during the development of the initial Water Sharing Plan (WSP). This modelling and assessment of sustainable yields was subsequently a key input to the replacement WSP covering that groundwater system. It is noted that Council relies on some groundwater system flow into local streams within our catchment.

		<ul style="list-style-type: none"> extensive environmental flow studies that were key inputs to the development of the Water Sharing Plan for the Central Coast Unregulated Water Sources 2009. <p>This series of events has arguably shifted substantial costs from the WAMC to one of its customers (ie: Central Coast Council) which has no mechanism to distribute these costs across the other relevant water users.</p> <p>IPART may wish to explore this issue further if it is also experienced by other organisations.</p>
6	Do you agree with our proposed approach to reviewing the current cost sharing framework?	Yes
7	What are the potential challenges and barriers to moving to a service-based approach?	The principal challenge would likely be the costs, administrative effort and change management issues incurred by the WAMC to transition to a service based approach.
8	Are the benefits of moving to a service-based approach likely to exceed costs?	We suggest it is unlikely that the benefits would justify the costs. There may be more benefit directing resources into improving the application of the activity based approach. In particular focussing on ensuring the activities are fit for purpose and undertaken efficiently.
9	Would there be merit in transitioning to the service-based approach over time?	We suggest not. Rather than incur the costs and disruption of changing approaches, refining the current approach should result in improved water administration outcomes.
10	Are there alternative cost sharing frameworks that could better achieve our objectives or could achieve them at a lower cost? If so how would they operate?	We have not identified any alternative frameworks.
11	Is there any other information we should consider in our review and assessment of the current activity based- cost sharing framework?	<p>IPART could investigate how the WAMC applies entitlement charges for unregulated rivers where the water licence holder has a meter and sources water from integrated multiple sources.</p> <p>Council sources all its surface water from streams contained in the Water Sharing Plan for the Central Coast Unregulated Water Sources Plan 2009 (CCUWSP).</p> <p>Council operates an integrated water supply system that transfers water between several water source catchments.</p>



		<p>Elements of the system provide different functionality during varying weather/ climatic conditions. As an example Mangrove Creek Dam is topped up with water from Wyong River and Ourimbah Creek during wet years but provides the bulk of the water during extended dry periods. As such extractions from each of the various sources can vary dramatically year to year.</p> <p>To ensure there is sufficient flexibility to operate the system, the entitlement for each source is set at each source's highest annual operating level.</p> <p>Council's combined entitlement for all individual water sources under the WSP for the CCUWSP is 105,800ML/year.</p> <p>Notwithstanding the combined entitlement from all sources is 105,800ML/year, both the WSP for the CCUWSP and associated water licences place a cap of 36,750ML/yr on the Central Coast's consumptive use of water from the combined sources.</p> <p>The WAMC charges Council for the combined entitlement from all sources (ie for 105,800ML) even though Council is only permitted to consume 36,750ML on average from those sources.</p> <p>Council would request that IPART consider how the entitlement charges are applied to integrated water supply systems with multiple sources and overall consumptive caps less than the sum of the individual source entitlements.</p>
12	Is there any other information we should consider in our review and assessment of the proposed service based cost sharing framework?	We have not identified any additional information.

