

1 July 2019

## WHAT

The *Water Industry Competition Act 2006* (WIC Act) supports private sector participation and competition in the NSW water and wastewater industry.

Under the WIC Act, infrastructure services can be 'declared', and a third party must be granted access to these services subject to certain criteria and the establishment of an access agreement or determination. 'Third party access' can allow new entrants to compete with incumbent suppliers to provide water and/or wastewater services to end use customers.

Sydney Water, as a provider of a declared service, must develop a cost allocation manual (**CAM**) and submit it to IPART for approval. The CAM sets out how it will establish and maintain separate cost accounts for each of its declared services.

Sydney Water submitted its CAM to IPART for assessment in July 2018, and this was released on IPART's website for stakeholder comments.

Following our initial assessment, Sydney Water submitted a revised CAM in May 2019. As part of this assessment process, we are now seeking stakeholder feedback on Sydney Water's revised May 2019 CAM.

## WHO

Key stakeholders in our review of Sydney Water's CAM include potential access seekers, other utilities subject to the WIC Act and new suppliers of water and wastewater services.

## WHY

To assist service providers in preparing a CAM, we published a Cost Allocation Guide (**CAG**) on our [website](#).

As outlined in our CAG, the purpose of the CAM includes:

- improving transparency and helping overcome information asymmetry between the service provider and potential access seekers, to facilitate negotiations on access terms
- supporting access prices that would promote efficient new entry and competition in the supply of water and/or wastewater services, and be in the long-term interest of end-use customers, and
- assisting an arbitrator (eg, IPART) if requested to arbitrate a dispute over access terms.

## WHAT NEXT

We invite stakeholders to comment on Sydney Water's CAM by **23 August 2019**. You can find details on how to make a submission on the next page.

After considering submissions, we will assess Sydney Water's CAM, and decide whether amendments are required prior to IPART's approval.

## Enquiries in relation to Sydney Water's cost allocation manual

Enquiries about IPART's assessment of Sydney Water's cost allocation manual should be directed to one of the following staff members:

Anthony Rush (02) 9113 7790

Regina Choi (02) 9019 1942

## Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

### Submissions are due by 23 August 2019.

We would prefer to receive them electronically via our online submission form [www.ipart.nsw.gov.au/Home/Consumer\\_Information/Lodge\\_a\\_submission](http://www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission).

You can also send comments by mail to:

**WIC Act Cost Allocation Guide**  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

or via email to [WICA\\_CostAllocation@ipart.nsw.gov.au](mailto:WICA_CostAllocation@ipart.nsw.gov.au).

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our website [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the IPART staff members listed above.

We may choose not to publish a submission - for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009 (NSW)* or the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)*, or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.