

Review of Local Government Rating System  
Independent Pricing and Regulatory Tribunal  
By online submission

## **IPART Review of the Local Government Rating System**

WaterNSW welcomes the opportunity to provide a submission to IPART's review of the Local Government Rating System. WaterNSW supports the objective of the review to achieve fairer, more targeted rates, and allow Councils to grow their revenues as their communities also grow.

The proposed change in the rate paying base to Capital Improved Value (CIV) from Unimproved Value (UV) could have a substantial impact on WaterNSW, and by extension, its customers. WaterNSW currently controls 1,600,000 hectares of land in the Sydney Catchment, and around 216,000 hectares in the Rural Valleys. We are currently in discussions with the Department of Primary Industries Water (DPIW) to determine what land should legally transfer to WaterNSW of land currently held by the Water Administration Ministerial Corporation.


Unfortunately WaterNSW is not currently in a position to advise the financial impact of the proposed change to CIV. We require more detailed information on how the CIV will be determined and whether it will apply to catchment lands (by definition, unimproved) and land submersed by dams or whether exemptions for these lands / uses will be provided.

Importantly, if WaterNSW is not able to achieve an exemption and consequently is required to pay higher Council rates, then these costs will simply transfer from rate payers to water customers as they will be an expenditure for which WaterNSW will need to recover from user charges. In addition, we query the benefit to WaterNSW and its customers of the increase in council rates. The provision of services by council to WaterNSW will be limited and not reflective of the size of the landholdings.

An additional issue for the Rural valleys is that the location of our dams may fall in a different Council area to the bulk water customers of that dam, meaning that an unintended effect of the move to CIV could be a cross-subsidisation of the charges.

WaterNSW's ability to recover these costs from our customers is limited to providing for them in our pricing submissions to IPART. Water charges for the Sydney Catchment have been determined by IPART until 30 June 2020. Hence, no change in this area should be implemented until this time. Bulk Water prices in the Rural valleys are currently being reviewed by IPART and will be determined for the period 1 July 2017 to 30 June 2021. WaterNSW has not included higher rates in its pricing proposal and hence the our ability to recover costs would only apply from 2021.

Yours sincerely,

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David Harris

CEO