



Dams Safety NSW

Proposed funding model

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Policy case for cost recovery

- ❑ Strong case for cost recovery for regulatory activities
- ❑ Advantages of cost recovery include:
 - Encourages economic efficiency
 - Equity – impactor pays
 - Ensures Dams Safety NSW's revenue increases in line with workload
 - Reduces call on general taxation revenue
- ❑ Dams Safety Act provides for a levy

Key principles

- ❑ Cost recovery should be applied to specific activities not the agency as a whole
- ❑ Cost recovery charges should be linked as closely as possible to the cost of providing regulatory services

Activities

- **Main regulatory activities:**
 - Regulatory oversight (including compliance audits, reviewing reports, declaring new dams, mining consent authorities)
 - Educating and informing declared dam owners
 - Promoting collaboration
 - Dealing with non-compliance actions

- **Recovering most (but not all) of these costs through a levy would be consistent with best practice principles**

Process to estimate costs

- ❑ Detailed bottom up process to estimate costs
- ❑ No comparable regulator to benchmark against
- ❑ Based on best estimates
- ❑ Peer review
- ❑ Review levy in 2 years

Cost estimates

- Cost estimates per dam
 - Higher consequence category dams will require more of DSNSW's resources
 - Expected to be cost savings for multiple dam owners
 - Fully levy for first dam
 - 30% discount for subsequent dams
- DSNSW budget is around \$4.6 million per year
 - 22.5 FTEs
 - Board (5 members)
- Levy will recover around \$4 million

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