



9 December 2024

Mr. Andrew Nicholls
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Mr. Nicholls,

RE: SYDNEY WATER'S 2025 – 2030 PRICE PROPOSAL

I am writing to you regarding the Independent Pricing and Regulatory Tribunal's (IPART) review of the maximum prices that Sydney Water can charge for water and water-related services for the period 2025 - 2030. In this regard, the following correspondence represents Council's submission by way of response to IPART's terms of reference (Issues Paper), for your consideration.

Please note that this submission, while prepared by Council officers, is not formally endorsed via a resolution of Council. Due to the timing for release of IPART's review terms of reference, and Council's set meeting schedule for 2024, it was not possible to report a submission to Council prior to IPART's due date for feedback of 9 December 2024.

The scope of IPART's review is significant for the Western Parkland City, including the Camden local government area (LGA), as the cost and sequencing for delivery of water and water-related infrastructure has a key role to play in shaping its future as a sustainable and liveable City. The following points highlight the potential impacts on both the existing and future Camden LGA community, resulting from 'Sydney Water's 2025 – 2030 Price Proposal'.

Delivery of Water and Sewer Infrastructure in the Camden LGA

The barriers to housing supply for the growth areas in South Western Sydney, including the Camden, Campbelltown and Wollondilly LGAs can be complex, with some issues directly constraining development (e.g. restricted availability of essential infrastructure such as water and sewer), and others having indirect implications (e.g. environmental constraints).

Following is a brief overview of the types of issues/challenges experienced by Council in managing the housing supply pipeline in the Camden LGA through the planning process, particularly in greenfield growth areas.



Infrastructure Delivery

The provision of supporting infrastructure is essential to the success of timely housing supply. The two elements of essential infrastructure and housing supply are inextricably linked, insofar as that wherever there exists a housing supply problem, so too is there a likely shortfall of essential supporting infrastructure. Following are examples of the types of issues experienced in the Camden LGA regarding infrastructure provision:

- Uncertainty/lack of commitment and delays by the NSW Government and various utility providers in delivering key infrastructure to support development.
- Lack of NSW Government agency (and utility provider) coordination and responsiveness to identified infrastructure challenges/issues.
- Inconsistent and changing advice from agencies (e.g. Sydney Water). Uncertainty and lack of commitment to timing and delivery of transport infrastructure, especially a lack of strategic public transport infrastructure.
- In the South West Growth Area, in the Camden LGA, the Leppington precinct (stages 3 & 4) currently has no commitment to essential utility infrastructure servicing.
- Likewise, the precincts in Springfield Road North and South (Catherine Field Precinct) are unlikely to proceed before 2029 – 2030 due to Sydney Water's inability to service these areas before that time.

Example – Water & Sewer Infrastructure: South West Growth Area

While there is ongoing demand for greenfield residential development in the Camden LGA, one of the primary limits on generating housing supply is the lacking availability of water and sewer infrastructure in immediate proximity to certain developments. In areas of fragmented land ownership, the impact is especially acute as it is difficult for a developer to assemble enough land parcels to fund lead-in infrastructure.

Following is an indicative map of parts of the South West Growth Area in the Camden LGA that require servicing for potable water:

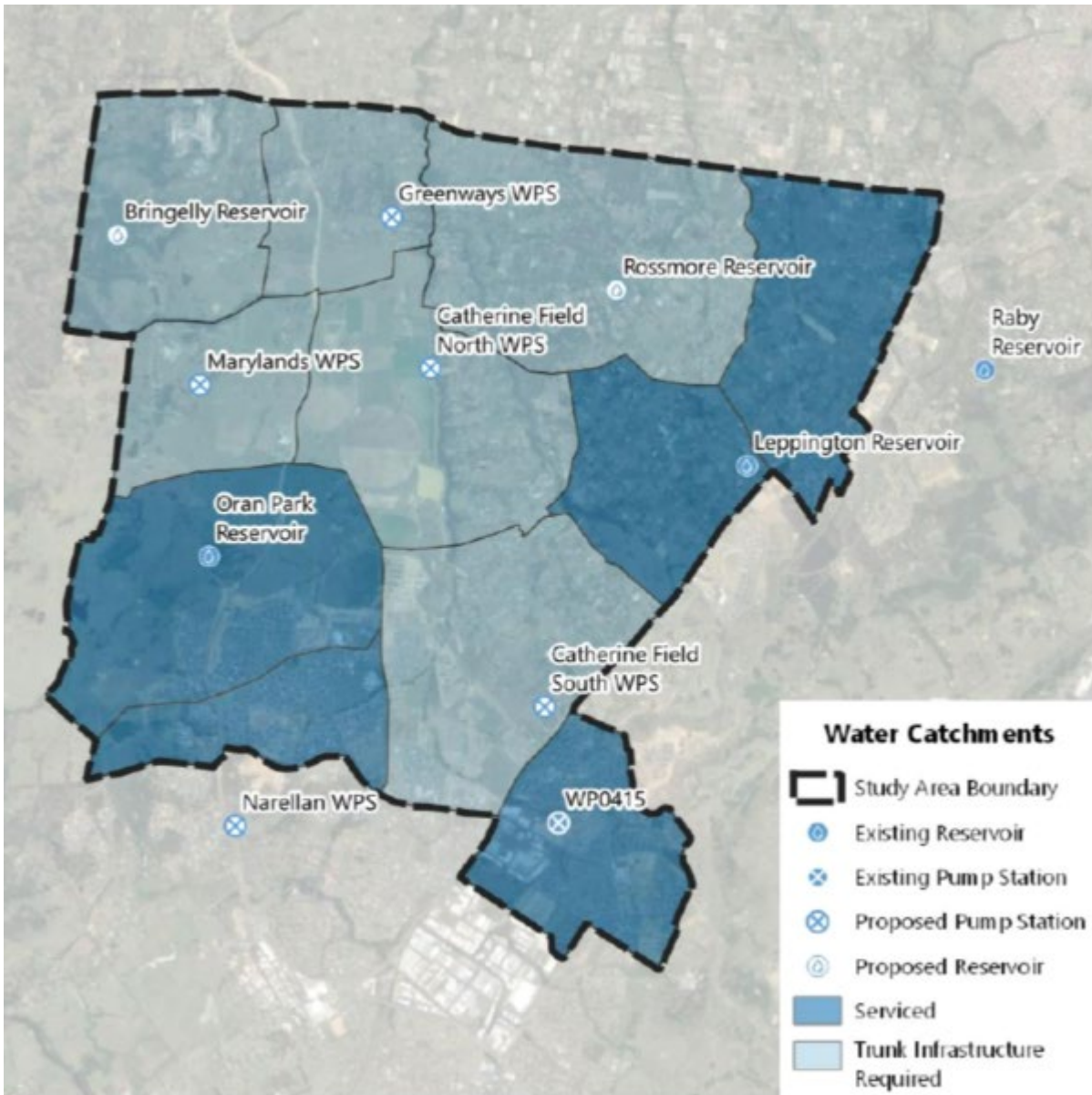


Figure 1: South West Growth Area (Camden LGA) – Potable Water Infrastructure Servicing

As depicted in Figure 1 the majority of the South West Growth Area in the Camden LGA still requires infrastructure servicing for Potable Water, while the status for Wastewater Infrastructure requirements is generally the same. Without the urgent delivery of this essential infrastructure by Sydney Water, the provision of housing supply will continue to fall behind the housing targets set by the NSW Government.

Recommendation:

There is an urgent need for the delivery of Potable Water and Wastewater infrastructure to facilitate the delivery of housing supply in the South West Growth Area.



Council officers recommend that IPART's review has consideration for the funding requirements needed to ensure that Sydney Water will have the capacity to deliver this essential infrastructure in the Camden LGA.

Infrastructure Coordination

A further issue of significance regarding the provision of infrastructure is the inherent need for coordination in its delivery. Even when infrastructure projects are committed for construction, without an integrated approach to planning/implementation, there remains a risk in the temporal or spatial sequencing of essential infrastructure needed to support the provision of housing supply.

Following are examples of the types of issues experienced in the Camden LGA regarding infrastructure coordination:

- Lack of broader structure planning resulting in planning proposals needing to be determined without the benefit of knowing the broader planning context e.g. demand on supporting infrastructure.
- Lack of a broader land staging and sequencing plan (for the Greater Sydney Region) that prioritises and coordinates delivery of key infrastructure across multiple growth areas (not just the South West Growth Area) e.g. lead-in mains, wastewater infrastructure etc.
- Lack of structure planning for the broader South West Growth Area is impacting coordination, staging, and sequencing decisions. Council has previously expressed its concerns with the previous 'update' to the South West Growth Area – Structure Plan, conducted by the NSW Government.

Recommendation:

Sydney Water has a key role in the planning and delivery of Potable Water and Wastewater infrastructure. To be successful in this role, it is essential that Sydney Water ensures the delivery of this infrastructure is coordinated with other utility and infrastructure providers in supporting housing supply.

Council officers recommend IPART's review stipulate a conditional element to Sydney Water's capacity for pricing, in ensuring the infrastructure it funds is coordinated with other infrastructure enabling housing supply.

Sydney Water Price Proposal – Impact on Cost of Living

Sydney Water's Price Proposal for 2025 – 2030 has the potential to have a significant financial impact on vulnerable members of the Camden LGA community. Following are some key points of consideration for IPART's review.



- **Immediate Financial Impact:** Sydney Water proposes an 18% increase in bills for a typical household in the next fiscal year, followed by 7% increases annually for the next four years, plus inflation. For households, this could lead to a substantial rise in monthly expenses, with a typical household expected to pay \$235 more in the first year alone.
- **Long-term Financial Impact:** Over a five-year period, average residential bills could rise significantly, which might strain household budgets, particularly for low-income households in the Camden LGA. The continuous annual increases would add up over time, leading to long-term financial pressure on vulnerable community members.
- **Effect of Service Charges:** The larger increases in fixed water service charges (compared to usage charges) mean that even households that use less water will still face higher bills. Reducing water usage may not be enough to offset these increases, leading residents to explore other cost-saving measures, placing further pressure on household budgets.
- **Cost-of-Living Impact:** With the rising cost of living in Australia, the proposed price increases may exacerbate financial strain for some households. Residents who are already struggling with high living costs may find the additional Sydney Water charges difficult to manage, particularly those with lower disposable incomes.
- **Impact on Vulnerable Groups:** The increase in prices could disproportionately affect vulnerable Camden LGA residents, including those on fixed incomes, the elderly, or people experiencing financial hardship. Sydney Water is proposing rebates and support mechanisms, but the effectiveness of these measures in mitigating the financial burden will be crucial.

The proposed pricing changes by Sydney Water aimed at addressing growth, environmental sustainability, and improving water quality, will have a notable impact on the Camden LGA community. While the long-term benefits could include better infrastructure and service reliability, the immediate financial impact, particularly from higher service charges, will likely lead to concerns about affordability. Vulnerable groups may feel the strain more acutely, and residents will need to weigh the trade-off between paying higher bills and receiving improved or more sustainable services.

Recommendation:

As sanctioned by the United Nations (and the Australian Government), access to clean water is a basic human right. With a proposed increase in cost to access water, vulnerable members of the Camden LGA community may be forced to forego other essential items in their household budget, just to avoid turning on the tap.

Council officers recommend that IPART's review considers stipulating that certain parts of Sydney Water's new pricing proposal is 'means tested' i.e. it only applies to those customers that have the capacity to pay, to protect financially vulnerable members of the community. We would welcome the opportunity to speak with IPART officers regarding Council's submission if this would be of assistance.



Should you require any further information regarding Council's submission, please do not hesitate to contact myself on [REDACTED]

Yours sincerely

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