

Dear Mr Nicholls

I have tried to navigate your website to make a submission but it is too hard and goes in circles.

Hence this email to you which I hope can be considered as a submission.

I seek IPART's close review into two matters that are high risk and likely to cause existing ratepayers further cost exposure.

1. Greenfields strategy

It appears from media reports in the few days after the release of the Sydney Water pricing proposal that the property development industry continues to have convinced government and Sydney Water that green fields' development is good thing.

That is Sydney Water providing highly expensive new trunk and treatment plants is a good thing for people to buy new houses remote from work, schools and efficient public transport. Those of us with infrastructure backgrounds know that green fields' development for property developers attracts significant profit margins.

IPART, as the independent ratepayer watchdog, should question the whole philosophy of Sydney Water supporting greenfield development.

2. Asset management and capex risk

I invite IPART to carefully consider the pricing policy proposal lodged by Sydney Water at pages 121 and 123 (of 546 pages).

When any agency wants to charge ratepayers more it is reasonable to review previous performance and proposed future performance particularly in relation to capex.

Sydney Water says that in the last three years they have doubled the number of projects over one million dollars and in value from one billion dollars to 2.2 billion dollars.

That in itself is high risk.

At p121 Sydney Water says that they have reduced the time taken across project gateway milestones by 20-30%. Does IPART understand what this implies and will IPART consider this claim more closely against the various reports in the broader SydneyWater submission of significant time delays - COVID, workforce shortages etc.?

At p121 Sydney Water says that 70% of projects had outturn costs in the range of +/-20% based on P50 estimates.

I invite IPART to carefully consider this and seek a complete post project delivery evaluation of all Sydney Water capex projects and compare the poor P50 performance to outcomes based on P90 assessments.

This should occur before agreeing to fund further capital inefficiency and waste, now on a base twice what it was 3 years ago.

At p123 Sydney Water admits that it spent 30% more in capex spending than IPART had allowed. Again I invite IPART to explore and understand the impact this approach has on the pricing proposal currently before IPART.

Many thanks

Michael Deegan

A humble Sydney Water ratepayer.