8 December, 2024

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Sir/Madam,

Re: 2025 Sydney Water and WaterNSW Price Review

We wish to respond to the request for comment in the 2024 IPART review of the **Sydney Water and WaterNSW** pricing in relation to the following questions posed by IPART for this review.

Comment

1. What do you think about Sydney Water's engagement process? Do you think Sydney Water has engaged effectively with customers and stakeholders?

   Comment: Scotland Island, as a secondary customer of Sydney Water, was not part of the engagement process, though Sydney Water acknowledges that it supplies water to Scotland Island on its map outlining the distribution of water in the greater Sydney area. Northern Beaches Council purchases the water from Sydney Water and on sells it at the Sydney Water price to Scotland Island Residents Association. The metre is located at Church Point, 200 metres from the island.

2. What do you think about the key outcomes and performance measures Sydney Water is aiming to deliver for its customers?

   a. Customer experience: deliver a great customer experience, including by aiming to keep bills affordable, support those in need and improve community access to waterways.

      Comment: The residents of Scotland Island, as secondary customers, do not have a great customer experience.

      Scotland Island residents receive non-potable water through 50mm (38mm internal) poly-pipes, which are then connected via standpipes and a braded clear polyurethane flexible pipe to their water tanks. On top of the charge by Sydney Water for the kilolitres purchased, additional cost to residents are required for the Scotland Island Residents Association to maintain almost 12 kilometres of above ground poly-pipes, 168 standpipes, stop cocks, T junctions and fittings, a water metre and a pump so that water can be booked and charged and can reach all residents on the island. The island covers over 52.5 hectares and is 100 metres at its highest point.

   b. Water quality and reliability: deliver safe, clean, reliable drinking water every day.

      Comment: The residents of Scotland Island, as secondary customers of Sydney Water do not have access to safe, clean, reliable drinking water every day. The water received from Sydney Water is non-potable. The poly-pipes are above ground so they can be inspected but they are also subject to stormwater runoff and seepage from septic trenches after heavy rainfall.

   c. Environmental protection: ensure Sydney Water protects waterways and the environment now and for the future.

Comment: Scotland Island's waste water is directed though septic tanks located on each resident's property. The terrain, which has been described in other IPART submissions (Sydney Water Operating Licence Review 2023) is mainly clay on steep slopes and unsuitable for septic systems. Sydney Water makes no provision for stormwater, coming from the island, which may contain faecal matter from overflowing sewage trenches.

d. Performance measures:

Comment: Sydney Water has never applied any of their performance measures to the residents who receive supplies from Sydney Water as secondary customers.

3. Setting prices that customers can afford is a key concern for this review. What factors should we take into account when considering customer affordability?

Comment: Scotland Island, as a secondary customer, only receives non-potable water. There is no infrastructure on the island owned or maintained by Sydney Water and there are no waste services provided by Sydney Water. Therefore, Scotland Island residents should be charged at a minimum rate for the water used and metred at Church Point. There should be also a minimal service charge.

4. How would the bill increases proposed by Sydney Water impact your household budget?

Comment: The existing charge is already increased to maintain and replace the waterline and fittings. An increase to the cost of water would place significant hardship on residents to maintain their own water tanks, household pumps and septic tanks.

5. What do you think about Sydney Water proposing to recover most of its additional costs to service customers through the water service charge (a fixed charge that does not vary by water usage)?

Comment: As mentioned earlier this is an unfair charge as Scotland Island residents do not have the benefit of any infrastructure supplies by Sydney Water on the island.

6. Would you reduce the amount of water you use to lower your water bill in response to Sydney Water's proposed price increases? If so, by how much?

Comment: This submission cannot comment on individual household water usage. However, as residents rely on tank water and/or booking emergency water, they are mindful of wastage and conserve water where possible.

7. What adjustments would you make to your home to reduce your water consumption? For example, would you install water saving devices or switch to lower water use appliances?

No Comment:

8. Tell us what you think about Sydney Water's service standards for water and wastewater. What does good quality service mean to you?

Comment: Good quality service would mean the connection of water and sewage to the residents of Scotland Island, improving the health of residents and the quality of the Pittwater waterway.

9. What are your views on who should pay for stormwater services? Customers who are connected to the stormwater services, or all Sydney Water customers?

Comment: Customers who are connected to the stormwater services

10. Does your response change if the stormwater services protect or improve waterway health?

Comment: No, Sydney Water has not been responsive to our requests for water and wastewater services to be supplied to the island.

Scotland Island Residents' Association Incorporated
PO Box 70, Church Point NSW 2105 ABN 19 163 341 913
president@sira.org.au

Previous Commitments and Promises:

The Scotland Island Residents Association has made several submissions to IPART, Sydney Water and NSW Government Ministers over the years regarding the connection of water and sewerage by Sydney Water.

While Minsters have been positive and have provided assurances in Parliament that this would happen, successive Governments have put it on the 'backburner'. For example in January 2011, just prior to becoming the Premier of NSW Barry O'Farrell wrote (link): *"The NSW Liberals and Nationals will fast-track the connection of sewerage … clearing most of the Keneally Labor Government's Priority Sewerage Program backlog,… We will also ensure remaining areas such as Austral, West Hoxton, Menangle, Menangle Park, Nattai and* ***Scotland Island*** *are connected to the sewer as a matter of priority..."*

In December 2012, the NSW Government's Northern Beaches Regional Action Plan (link) made a clear commitment to *"Better manage waste water and improve ocean water quality including upgrades to waste water and sewerage treatment facilities for* ***Scotland Island****",* (page 13). And also *"The provision of wastewater services to* ***Scotland Island*** *is a matter of priority …"* (page 14).

Sydney Water's response in a meeting with them in April 2024 was that residents would need to fund the full cost of water and wastewater services to Scotland Island, estimated at approximately $200,000 per household. In conjunction with the then standing MP for Pittwater, we have requested the Minister for Water reconsider this stance.

Conclusion

We again thank IPART for an opportunity to provide our submission and reiterate that any price increase to water provided to Scotland Island as a secondary customer would be detrimental to the residents. The water price for Scotland Island should be adjusted to reflect the lack of infrastructure provided by Sydney Water.

Yours truly,

Simoon Tucker
President, SIRA

cc: [redacted]

Background: Additional background was provided to IPART for the review of the Sydney Water Operating Licence and is included here.

There are now 358 dwellings (2021 census) with a growing number of residents working from home, placing additional pressure on existing septic systems. Over the past 35 years Scotland Island has transformed into a fully populated, albeit highly vegetated, suburb of Sydney. In recognition of this and with both government and community contributions, off-site parking has been improved, wharves have been upgraded to accommodate the growing population, and roads and drainage on the island is gradually being upgraded.

As with any suburb of Sydney, Scotland Island requires water and sewerage infrastructure that is standard to most Sydney suburbs and safeguards the health and safety of the population. Scotland Island's steep slopes, small blocks (many less than 10 metres wide) and clay soils are not well suited for on-site sewerage disposal and many properties are facing difficulties with their system. Contaminated pools of water on the roads and in the public parks are trip and health hazards.

Environmental Effects: Scotland Island is an area that has highly valued spotted gums which is negatively impacted by the nutrient rich ground water containing effluent flowing from the many onsite septic and aerobic systems. Particularly during rainstorms this nutrient rich effluent flows into the surrounding Pittwater and continues to significantly contribute to in an invasion of Caulerpa Taxifolia (a non-native sea grass) destroying fish habitat because of its production of toxic substances.

Die back of eucalypts and weed infestation has been evident and documented since the 1990's *(Scotland Island Wastewater Impact Study 1997)* and continues to be investigated by Pittwater Council.

Feasibility Study: Consistent with the above commitments, Northern Beaches Council received State Government funding through the Stronger Communities Fund to conduct an independent investigation into the commercial feasibility of water and wastewater services to Scotland Island.

The feasibility study was conducted in 2019 with report available in mid 2020. Scotland Island Water and Wastewater Feasibility Study | Your Say Northern Beaches (nsw.gov.au)

The findings included:
"Scotland Island is steep-sided bedrock with shallow soils of sandy loam (highly permeable) with sandy clay loam sub-soils (highly impermeable). Both layers are highly acidic and encourage nutrients and contaminants to leach away from wastewater disposal areas. Previous mapping has indicated that up to 44 percent of the island is unsuitable for existing wastewater disposal systems due primarily to geological constraints" (Part 1 Page 10)
"It is possible that Scotland Island contributes in excess of 14 tonnes per hectare per year of suspended sediment to Pittwater, much of which is likely to be contaminated from exposure to on-site wastewater disposal.

Native vegetation responds poorly to elevated nutrient supplies and some dieback in Eucalypt species has been observed. When considering soils, drainage lines, slope, proximity to waterways etc, approximately 44 percent of the island is unsuitable or marginal for on-site wastewater disposal. (Part 1 P11)"

"A site visit was conducted during the preparation of this report (see Appendix C for photographs). Extensive and widespread weed growth was observed during the site visit. A failing wastewater system represents a concentrated source of not only faecal matter and bacteria but also nutrients. High nutrient loads are a likely contributing factor to the widespread weed issue and degradation of native vegetation through nutrient overload and weed propagation.) (Part 1 P21)

As part of the feasibility study, "an audit of existing systems was undertaken on the 21st February 2019. Relevant site observations included:

- Wet soil patches in roadways below site disposal septic systems
- Prevalent odour during most times of the day
- Most areas plagued by mosquitos
- Water supply pipeline tied to trees, exposed on ground. Non-compliant installation
- No provision of complaint backflow protection to fill points. In places hoses are connected to the supply pipe outlet with outlet submerged in rainwater tanks with no backflow prevention.

Despite the inspection being conducted during a dry period a number of waterlogged areas downstream of septic systems were identified. Indicative photos follow.

Soil sampling identified elevated levels of Faecal coliform and Total Nitrogen at various sites around the island.

With regards to faecal coliform levels, it should be noted that the National Water Quality Management Strategy Guidelines for Sewerage Systems – Use of Reclaimed Water (November 2000) guideline levels recommend a guideline value of less than 10 coliforms per 100mL in reclaimed water used in high contact circumstances (ie urban gardens). Soil testing for faecal coliform levels in excess of 1,500 coliforms per gram of soil in five of the six sites tested." (Part 1 P26)

Following the assessment of several options, the study recommended that the preferred option is a networked water supply with a pressure sewerage system that discharges to Sydney Water sewerage infrastructure located at Church Point.
The study listed the key benefits of providing Scotland Island with a networked water supply and wastewater collection system as:

- addressing a long-standing community need for the services, which have been provided to similar communities in the past, and at a cost that is comparable to similar schemes
- improving the quality of water and wastewater service for island residents
- significantly improving the local environment, both on and off the island
- reducing public health risks
- upgrading currently non-compliant system.

Health Effects: The Martens and Associates study, *Australian On-site Waste Water Strategies: A case study of Scotland Island* conducted in 1996-97, reported that storm water run-off on the Island is contaminated with both nutrients and bacteria, indicating severe sewage run-off pollution. Bacterial levels are extremely high, significantly exceeding ANZECC guidelines for surface water and in the salt water estuaries:

- **Faecal Coliform levels** were measured at levels between 96,850 to 58,475 Colony Forming Units per 100 mL. The recommended ANZECC safety level being a maximum of 150 Units per 100 mL. That is **up to 645 times above the recommended safety level**.
- Even more concerning was that **Enterococci levels** (that can lead to urinary tract infections, bacteraemia, endocarditis, diverticulitis, and meningitis) were measured at levels between 91,207 to 51,869 organisms per 100 mL. The recommended safe level being a maximum of 35 Organisms per 100 mL. That is, up to **2,600 times above the ANZECC safety level**.

Development and Connection Costs: The Scotland Island Community is prepared to contribute to this project. Specifically, to the cost of any necessary upgrade to domestic plumbing systems, the connection from the house to the mains system and the removal of redundant domestic septic systems. The community is neither prepared nor able to contribute to the capital cost of this project. We have no view as to whether this project should be funded directly by Sydney Water or by the NSW Government.

Sydney Water Responsibility: The vision of Sydney Water, as part of the Greater Sydney Water Strategy, articulated in their 2022 Annual Report is *"creating a better life with world class water services"*. Two of their key research and innovation priorities are *"reliable and resilient water supply" and "healthy waterways and environment".* Through their Urban Plunge™ strategy, Sydney Water aims to "*to fast-track the delivery of more swimming and water recreation opportunities across Greater Sydney", "a clean safe*

place to swim…. to swim and play and provide access to recreational waterways for people across Greater Sydney".

Sydney Water's plan, according to their annual report, is to deliver water security for the next 20 to 40 years. The residents of Scotland Island would like to receive world class water services and be part of their plans for water security for our homes and for the Pittwater environment.

Our strong view is that roads, parks and residences on Scotland Island and the waterway around the island should not be subject to sewerage runoff.