

- We will be video recording this hearing 
- Please mute your microphone
- Please turn on your camera (webcam)
- We will start at 10:02 am



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Mamre Road Stormwater Scheme

Public Hearing, 15 October 2024



Agenda

- 01 Welcome and Acknowledgement of Country
- 02 Participant introductions
- 03 Session 1: Efficient costs
- 04 Short break
- 05 Session 2: Cost allocation
- 06 Closing remarks



Welcome and Acknowledgement of Country

Carmel Donnelly PSM
Chair

Our terms of reference



Provide advice on the **efficient costs** of providing stormwater drainage services within the Mamre Road Precinct



Provide advice on the **efficient allocation of costs** between developers, taxpayers and others



Session 1

Efficient costs

How we determined efficient costs



What do the stormwater targets require the scheme to achieve?



Does Sydney Water's stormwater scheme meet the targets?



Are Sydney Water's stormwater scheme costs reasonable?

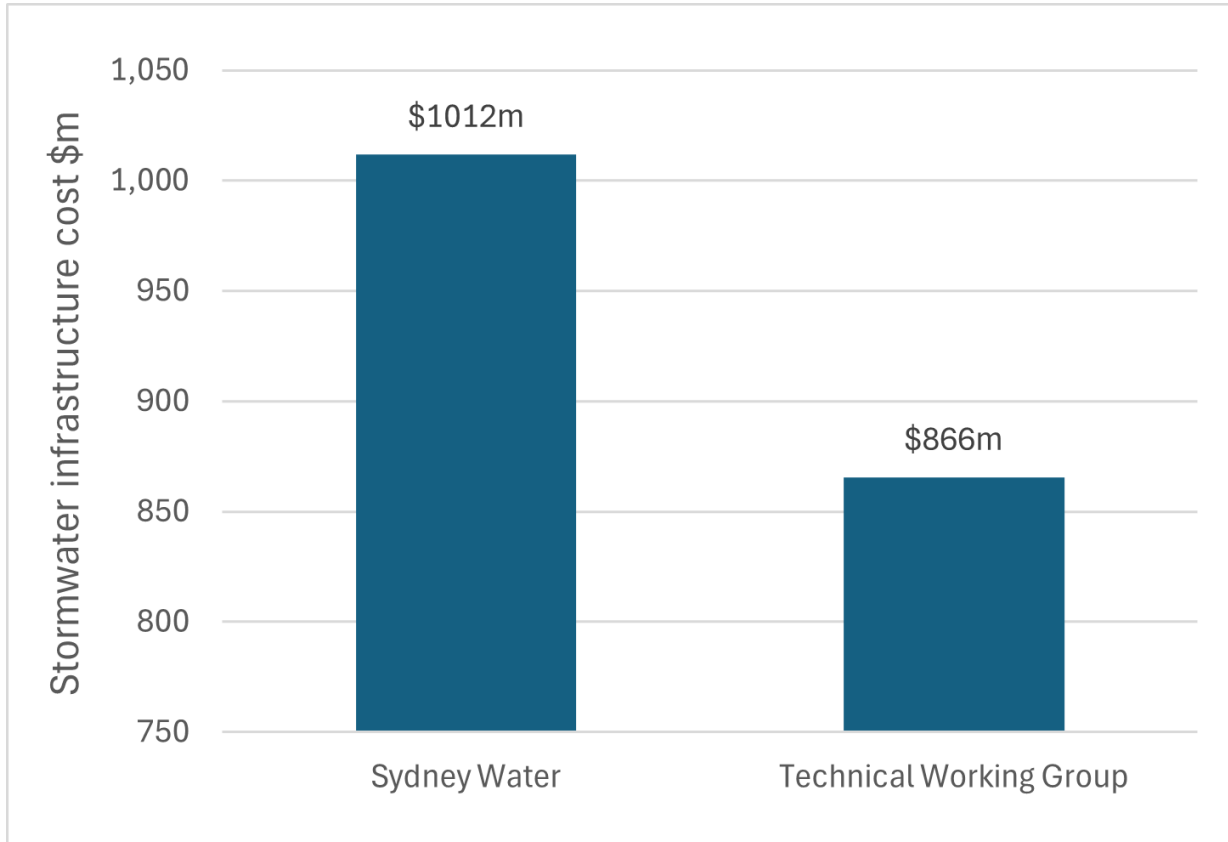


Could an alternative scheme design meet the targets at a lower cost?



- Review Technical Working Group design for Northwest and East clusters
 - Extrapolate results to 3 other clusters in the precinct
-

Efficient costs are likely lower than Sydney Water's proposal



- Sydney Water's stormwater scheme meets targets, consistent with industry standards, at reasonable cost for design
- But other design options could provide material savings
- E.g. Technical Working Group design uses deeper basins, less land take, fewer related civil works and maintenance costs, which is likely to be a lower cost option

Stormwater targets are a key cost driver

- We considered the impact of the stormwater targets and how they were set
- Higher costs result from extra works to mitigate stormwater runoff from high levels of industrial development to meet the targets
 - Water must be removed from the system
 - Water storage pond sizes depend on recycled water demand
- Business-as-usual targets are not suitable to prevent irreversible degradation in the sensitive waterway catchment
- Stormwater targets were developed following an appropriate process

Discussion





Session 2

Cost allocation



How we determined cost allocation



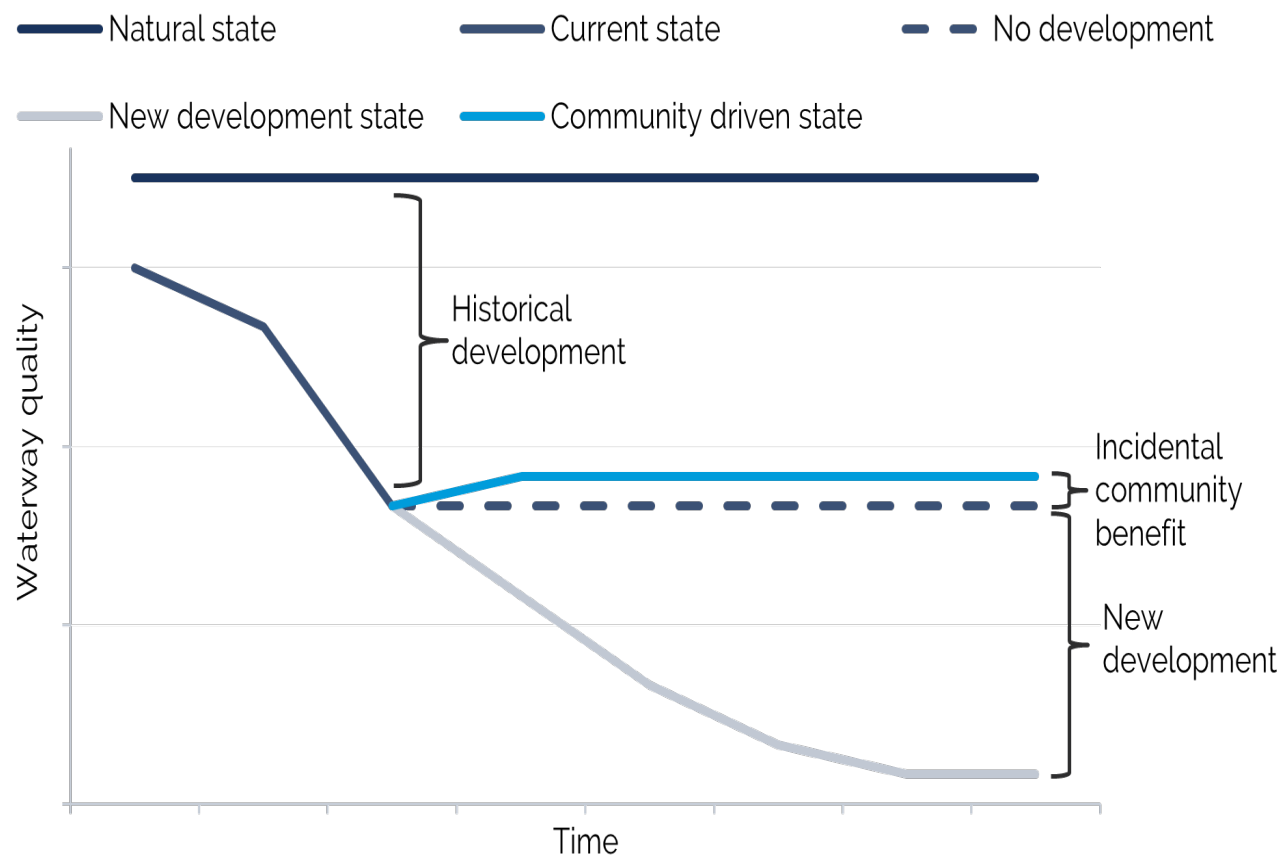
The party responsible for creating costs should pay in the first instance

If not possible, parties who benefit from the service should pay

Where risk creators or beneficiaries cannot be easily identified, or it is impractical to charge them, costs may fall to the taxpayer

Development drives the need for stormwater infrastructure

- There is a direct nexus between the need for stormwater infrastructure and development activities
- Community benefits are incidental and small
- Developers benefit the most by avoiding opportunity costs of sterilised land
- Land tax and interim infrastructure costs should also be borne by developers



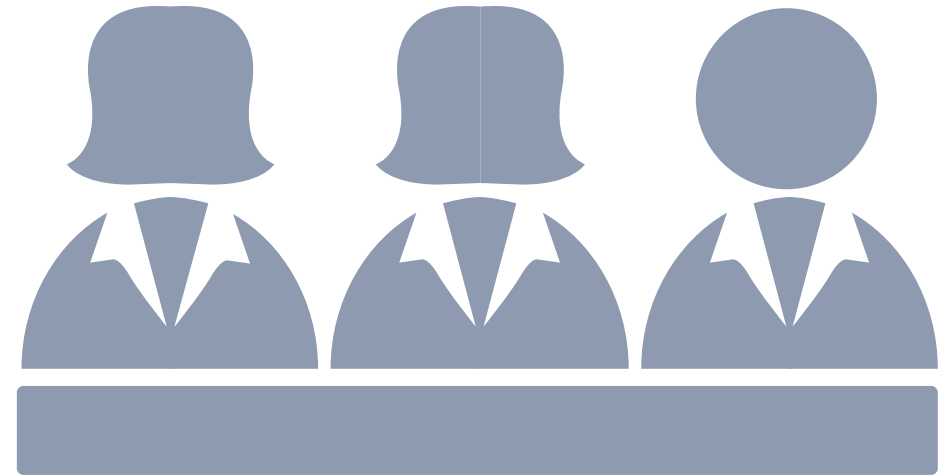
Development would still be viable in Mamre Road Precinct

- Developers should fund the efficient costs of providing necessary stormwater infrastructure – around \$850k/ha
- Development would remain viable:
 - Land prices are not constant: they adjust to reflect buyer and seller expectations of the value of the land (including expected costs of developing the land)
 - Early buyers may have purchased land before these costs were known or based on lower anticipated stormwater charges, which may or may not leave them worse off compared to their original expectations. However, stormwater charges one of many costs developers face.
 - This is not a reason for a government subsidy, and it is not clear that stormwater charges are the appropriate vehicle to provide one.

Draft Recommendations

1. Sydney Water should review its recycled water demand forecasting for future large format industrial areas in the Aerotropolis.
2. Sydney Water should review its stormwater optioneering for the broader Aerotropolis to identify the most cost-effective stormwater solution at an earlier design stage.
3. Developers should fund the efficient costs of delivering stormwater services in the Mamre Road Precinct. This includes land tax and any interim works on their own land that allow them to begin development ahead of Sydney Water's stormwater scheme.
4. Sydney Water should ensure its Mamre Road Precinct development servicing plan is based on efficient costs only. We estimate this to be around \$850,000 per hectare.

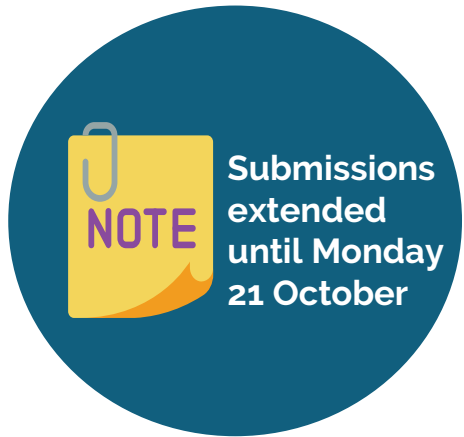
Discussion





Closing remarks

Next steps



Contact us

Melanie Mitchell

 02 9913 7743

 melanie.mitchell@ipart.nsw.gov.au

Visit our webpage

 [Mamre Stormwater Scheme Review](#)