



Mamre Road Stormwater Scheme
review

Public Hearing Transcript

October 2024

Water >>

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Tribunal Members

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The Independent Pricing and Regulatory Tribunal

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1 Mamre Road Stormwater Scheme review

1.1 Introduction and welcome

Andrew Nicholls (IPART): Well, good morning, everyone. Let's make a start and welcome to today's public hearing on Sydney Water's efficient costs of providing stormwater drainage services to the Mamre Road precinct.

My name is Andrew Nicholls, and I'm the CEO at the Independent Pricing and Regulatory Tribunal (IPART), and I'll be managing the public hearing today, and I'll just start with a few housekeeping notes before we get underway. If we could encourage everyone to keep your mics muted when you're not speaking just to avoid feedback and any background noise that might happen.

And if you can make sure that you have your name visible, and if relevant, your organisation and there are instructions for doing this in the chat box, if you open up the chat box. To help with accessibility, we have turned on Zoom captions. And there's also a message in the chat on how to turn these on.

Now, just so you're aware we will be recording today's hearing so that those who can't attend can find out the important issues that were discussed. We will publish a link to the video recording and a copy of our presentation slides on our website in a couple of days' time and the video link will be available for a limited time until the conclusion of our review.

Now we do encourage you to keep your cameras on, though, if you can, and if your internet connection is up to it, and you're comfortable doing so of course and if you prefer to turn them off, that's fine as well. Now, being a public hearing, the media and others who are present today are free to publish and refer to what is said during this event.

Now we want to create, however, an environment where everybody feels comfortable to speak. And so, we do ask that everyone is respectful of each other's time, in the length of your comments, the way you convey your views, and my aim today will be to ensure that we get to as many of you as possible during the Q&A session. So, there'll be plenty of time today to hear from you, and to get your views on this important issue.

Well, with me today is the Chair of the Tribunal, Carmel Donnelly and our 3 Tribunal members, Jonathan Coppel, Sharon Henrick and Darryl Biggar. We're assisted today by the IPART Secretariat staff of Scott Chapman, Melanie Mitchell, Joyce Tapper and Mike Smart.

Now in a moment IPART's Chair, Carmel Donnelly will commence with a welcome. She'll also invite participants to introduce themselves. The review team will then lead the discussion in 2 separate sessions. Firstly, we'll have a session on efficient costs and the second session will be on cost allocation. Each session will begin with a short presentation from the Draft Report and then we'll have up to 45 minutes in each session for you to provide your feedback and comments on the issues that are important to you.

So, as I say, we really do encourage everyone to share their views, and we've set aside up to 2 and a half hours today as necessary, so that we can hear everyone's views to the extent we possibly can. I'll now hand over to our Chair, Carmel Donnelly.

Carmel Donnelly (IPART): Thank you, Andrew, and good morning, everyone. Thank you very much for joining us this morning. As Andrew said, my name's Carmel Donnelly, and I'm the Chair of the Independent Pricing and Regulatory Tribunal known as IPART for short.

I'd like to start by acknowledging the traditional custodians of the lands where each of us are joining today's meeting and pay our respects to Elders, past and present, and also extend our respect to any Aboriginal or Torres Strait Islander people who are joining today and our Aboriginal colleagues and customers and stakeholders, and I'd particularly like to acknowledge and pay respects to the traditional custodians of the lands around Wianamatta-South Creek where the Mamre Road precinct sits and that's the Dharug people.

Let me also thank you very much for making the time, and we very much welcome you and value your input into our review. We are at the draft report stage. So, we've put our draft thinking out into the public domain, very keen to hear feedback and consider everything that we hear from both today's public hearing and also submissions that we've invited, and then we will do more work and come up with our final report. So, thank you very much for making the time, and we look forward to a productive hearing.

I might just turn to the next slide and talk briefly about our terms of reference, and really just start by talking a little about IPART's role. We are an independent tribunal within the NSW Government sector, and we're charged with regulating key markets and government services to ensure good social, environmental and economic outcomes.

So apart from those statutory roles that we have across a range of sectors, we also undertake special reviews commissioned by the NSW Government to provide advice, and this review is one of those. The NSW Government has asked us to provide advice on the efficient costs of providing stormwater drainage services within the Mamre Road precinct, and also the efficient allocation of those costs between developers, taxpayers, and others.

And in doing so we have considered, and are continuing to consider, a range of matters, including a range of government policies and instruments governing land-use planning, waterway health environmental standards, the potential environmental, economic and social impacts of providing regional stormwater drainage services at Mamre Road, comparative costs and impact of land tax and other matters. Those are spelt out more fully in the terms of reference which are on our website.

Now, we are going to have some short presentations and some time for discussion about the matters raised in each of those presentations. But I would like to invite people first before we kick off, anyone who would like to introduce themselves and just briefly say a few words about what's important to you as an outcome today, and that will help us ensure that we cover the topics, and you have every opportunity to be heard today. I think Andrew might help me here with just keeping an eye for who would like to introduce themselves. But I just invite anyone who would like to say a few words before we kick off with the presentation.

Andrew Nicholls (IPART): And noting, of course, Diana, you've introduced yourself in the in the chat box, so happy to also receive those introductions by chat, Andrew Thomas.

Andrew Thomas - Stormwater NSW: Hi, everybody my name is Andrew Thomas. I'm the President of Stormwater NSW. Those who don't know Stormwater NSW is a professional water management association for NSW, and our members include local councils, numerous consulting firms and manufacturing research institutions, etc. And our interest, because it's obviously a stormwater scheme, but we're also for those who don't know I'm also the Cooks River Alliance Executive Officer, which is for councils and Sydney Water as well, who are members. So, this is an issue that's very close to our heart. I think that that's all I'll say for now. But I'd like to speak later about what our 2 key issues are.

Carmel Donnelly (IPART): Thanks Andrew.

Andrew Nicholls (IPART): Thanks for that. Then I think I've got Stephen.

Stephen O'Connor: Yes, thank you, Andrew. Stephen O'Connor. I'm from a company called Barings. We're one of the major landowners and developers in the Mamre Road precinct and also the aerotropolis and really appreciate the ability to talk. And hopefully, we'll be able to have a detailed and frank discussion because some of the issues that are a direct result of these charges are significant for the NSW economy.

Carmel Donnelly (IPART): Stephen. I noticed, Diana, you've got your hand up, so maybe we go to you next.

Diana Vukovic: Hi, my name is Diana Vukovic. I live in Badgerys Creek. I'm part of the CCC committee, member for the aerotropolis for the past 6 years. I'm on this hearing regarding about the Mamre Road precinct, though to hear the understanding given of the outcome of this report will have significant consequences for the rest of the aerotropolis, especially noting the IPART's comments that private land prices can be lowered to make development feasible given the new stormwater changes.

Carmel Donnelly (IPART): Okay, thanks, Diana. That's helpful to know. Russell?

Andrew Nicholls (IPART): Russell?

Russell Hogan: Thank you, Russell Hogan. I'm from a company called Mirvac. I'll be participating in some of the discussions that Stephen mentioned earlier.

Andrew Nicholls (IPART): Paul Higham?

Paul Higham (Sydney Water): Good morning, everybody Paul Higham, representing Sydney Water, obviously interested in understanding the views of the community and the findings today. So, thank you.

Andrew Nicholls (IPART): Thanks, Paul, and we have Grace.

Grace Macdonald (ESR): Hi all Grace Macdonald, ESR. One of the major landowners in the Mamre Road precinct, been working very closely with the broader industry on discussing the proposed stormwater targets and DSP charge in this area, very keen to have a conversation today on this matter, as it is very important for our businesses.

Andrew Nicholls (IPART): Thanks Grace, and Esther?

Esther Cheong: Thank you, Esther Cheong from Atlas Economics. My comments I would like to make today relate to the findings on development viability, and very keen to have that conversation later in the session.

Carmel Donnelly (IPART): Thanks Esther. Yes, there'll be plenty of opportunity to discuss that.

Andrew Nicholls (IPART): Is there anyone else? I think, Ross?

Ross Grove: Yeah, Ross Grove, Western Sydney Regional Director at the Property Council here on representing the industry's perspective in the Mamre Road precinct. Yes, like other stakeholders in this call, very concerned about the draft report incorporating a change to land prices in its feasibility modelling, particularly in a precinct where a lot of that land has already been purchased on much, much lower assumptions.

Andrew Nicholls (IPART): Thanks Ross, and I think Gavin?

Gavin Melvin: Yeah, thanks Andrew. Gavin Melvin, Executive Director Policy and Strategy at the Urban Development Institute. Similar concerns to Ross, obviously, we're here representing a number of our members, and have been for many years on this and other issues in and around Mamre Road, near aerotropolis.

Andrew Nicholls (IPART): Thanks, Gavin. Anyone else like to do an initial introduction? John, you're on mute, I think.

John Papandony - Land owner: Sorry, John Papandony. I'm one of the landowners at Mamre Road. Not a major landowner, one of 4 blocks of land which are left and left unsold, not developed as yet. And we basically are the 4 blocks of land which all of the water runoff from the developments across the road and from others going to be pumped into, obviously. And we can't understand why our land is being used as a water reservoir. And when it hasn't actually been purchased yet.

So, this has been a major issue for the last few years, and we've raised it many times before, and we're very interested in finding out what outcome we're going to get from this, because it's not all just about money that the developers need to spend to facilitate the water runoff. It's got to do with the people who actually live there and have lived there for the last 45 years because that's how long we've owned the blocks of land. That's it for the moment.

Carmel Donnelly (IPART): Thank you. John.

Andrew Nicholls (IPART): And now there was somebody else, I think who was trying to jump on and introduce themselves.

Joe Trimboli: Yes, me, Joe Trimboli. I'm one of John's neighbours, so I'm one of the last 5 private landowners there, and we just want to have our side heard that we're our properties again. Same what John said, we've been, our property is a part of the whole precinct design. And why are we still there, we need to be acquired before you know, releasing any land for all the developments across the road. We're still there, and we just want to have our say as well today.

Carmel Donnelly (IPART): Thanks.

Andrew Nicholls (IPART): So, anyone else there'll be still plenty of opportunity to speak later on if you haven't introduced yourself. Okay, I think that's it for this round. Thank you everyone.

Carmel Donnelly (IPART): Alright. Well, we might. I might now hand over to Melanie Mitchell to commence our first discussion session with an overview. So over to you, Mel.

1.2 Session 1: Efficient costs

1.2.1 IPART presentation

Melanie Mitchell (IPART): Thank you, Carmel. If we just move to the next slide, I'll just start giving a bit of context about how we approached our first task of determining the efficient costs of Sydney Water's stormwater scheme.

The scheme is driven by the need to manage the stormwater targets that apply to the Wianamatta-South Creek, and these are outlined in the Mamre Road Precinct Development Control Plan. We considered what these targets required the scheme to achieve in the first instance, in terms of water quality and flow reductions and whether Sydney Water's proposed scheme would meet those targets.

We then considered whether the costs of the Sydney Water Scheme plan were reasonable, and we engaged the assistance of WT Partnership consultants who provided cost estimation advice. However, the cost of Sydney Water's Scheme design may not be the most efficient costs if there exists an alternative that could meet the targets, in a way that's also consistent with Government policy objectives at a lower cost.

We tested whether the alternative design developed for the Government's joint Technical Working Group's Northwest and East clusters within the precinct could do this. So, while there might be several design possibilities that could meet the targets, these take substantial time to develop and test, which we didn't have, so our approach was to review this one alternative and extrapolate our draft findings to the other 3 clusters in the precinct and we had assistance with this from a stormwater modelling and design expert HARC Consulting.

We made a draft finding that the stormwater treatment, storage and recycling systems that Sydney Water's proposed would meet the targets, and the assumptions and modelling that they used are consistent with industry standards for water sensitive urban design.

We also made the draft finding that Sydney Water's Stormwater Scheme cost estimates were reasonable compared to projects of a similar risk profile, and stage of development. However, our review of the Technical Working Group's alternative design indicated that there are likely to be other design options that could provide material cost savings.

The Technical Working Group's design uses more efficient stormwater treatment train design and deeper storage basins, which is likely to be a lower cost option. And this is just one option that we reviewed, but it indicates a strong likelihood that there are likely to be other options that could have been explored that would be lower cost.

We also considered the impact that the stormwater targets have on costs, and how those targets were set. It was our draft finding that a significant proportion of the scheme costs are driven by the targets because of the disproportionate increase in the treatment system size that's required, and also the need to actually remove water from the system in order to meet those stricter targets that apply in the Wianamatta-South Creek area.

And because of this we investigated and consulted with the Department of Climate Change, Energy, the Environment and Water to better understand how those targets were developed and their purpose.

It was our draft finding that the targets were designed primarily to prevent the irreversible degradation that would otherwise result from increased stormwater runoff from the sort of large format industrial development that is due to take place in the precinct.

The previous stormwater targets and those that apply to neighbouring development areas are not suitable to prevent this. Those development areas are not in the vicinity of sensitive waterways and tend to have a high proportion of residential development.

We also came to the draft finding that the Department went through an appropriate process to develop the targets which was underpinned by scientific research and consultation with relevant stakeholders which included subject matter experts, academia and industry practitioners and water managers.

So, I'll hand back to Andrew now to facilitate a discussion about these draft findings on efficient costs.

1.2.2 Q&A session

Andrew Nicholls (IPART): Great. Thank you, Mel, and in a moment, I'll open for the first round of discussion, and I encourage everyone to share your views with us today. There's 2 ways that you can share your views or ask questions or make comments. Firstly, we're using the chat box in zoom so if you have some feedback or some questions you can drop in those notes using the chat box, and we'll aim to come to those as quickly as we can, or you can use the raising of your hand virtually, is the other way of indicating that you'd like to ask a question as well.

Now, when you ask a question, or raise a point or make a comment can you please say your name, and where applicable your organisation if we're meeting you for the first time. So, on that note encourage you to drop in any comments or questions in the chat box, or just put your hand up, and I'll come to you as soon as I possibly can. So, anyone who wants to go first Stephen, you're up.

Stephen O'Connor: Yes, I always try and be the first couple. I'm sure there's a lot of people that want to talk. Melanie. Thank you for that. There are a number of statements that you raise, that we certainly want to get a little bit more information on. I might actually get Russell Hogan to just have a quick discussion around the targets themselves, and your comment that IPART had completed an adequate review of the targets to determine that they were suitable.

But also, we want to talk about the Government's process called the risk-based framework, which is a very integral and important part for setting targets which, whilst it only applies to the Mamre Road precinct now, is likely to apply to other precincts causing significant cost. And then, obviously, there's other social and environmental consequences that goes with that. So, I might just cross to Russell now, if you want to just talk about those 2 points. And then, perhaps after that, Grace Macdonald, if you wanted to raise a couple of other points as well.

Russell Hogan: Yeah. Great. Thank you, Stephen. My name is Russell Hogan, coming to you today from Mirvac. Okay, so look the origination of the targets, I think to start. Actually, I wanted to quickly ask a question of the panel. Will the panel read all submissions?

Andrew Nicholls (IPART): Carmel, you were on mute.

Carmel Donnelly (IPART): Just realised that, the Tribunal considers all the submissions. We have access to all the submissions, and we'll have read them. Yeah.

Russell Hogan: Great.

Carmel Donnelly (IPART): And we will read the ones that you're yet to do, and we'll be really keen. It's an important opportunity if there's something that we've missed or there's further information something that you feel that we haven't taken on board. We will consider all of that very carefully.

Russell Hogan: Great. Thank you. Carmel. You know there's a lot of information in our submissions, so I won't have to, you know recount all of it. I suppose just a couple of quick points in the originating data or documentation from the Department of Planning released, they confirmed this is a fundamental new way of managing stormwater, both from a nutrient and a stormwater discharge perspective. It's a new way of doing it in NSW.

The controls are new, and it is based on science. It's based on the collation of significant amounts of data over numerous years across various catchments. It's all merged. It's analysed to formulate the new controls. Now that primary goal of the data and the information is to represent reality, I suppose. Based on the information that was released or made available to industry. We sought to, I suppose, get our own comfort with the data and the controls that are this new way of managing stormwater.

There have been some concerns raised in the originating data which would refer parties through to the Mamre Road precinct landowners submission for further information there and that's in relation to the data. But also, the way that the data has been used. There's a precedent sort of Melbourne Water approach that was adopted which essentially sought to align the data commensurate with the adjoining water courses for assigning the original targets. And the targets, as you stated, Melanie, are the deciding factor that influences the scheme design and therefore costs.

Melbourne Water approach, I believe that they ended up with about \$10 to \$30 a square metre comparative to \$85 to \$100 within the Mamre Road precinct. Industry - we've made several written applications and requests for access to the originating data, so that we could tip in preeminent experts to conduct a review to make sure that the originating targets are appropriate.

To date, we've not been afforded access to that original data to do that review. We have offered to fund that process to do as such. We got as far as terms of reference with the Department of Planning to conduct a review. But unfortunately, that was cancelled last minute. I think what we do know is that the Western Sydney airport has come out publicly and stated that the Western Sydney airport intends to apply for appropriate local water quality standards commensurate with the nearby creek systems and the pre-existing water quality which, I suppose, gives industry further need and concern on the appropriateness of the targets. It's something that you'll see in our submission that we have requested a technical working group be set up to review the original targets.

So, moving on from that, the risk-based framework. So, a policy released by NSW Government was a risk-based framework for determining land-based planning decisions relating to waterway health.

In that framework part of the steps was to determine, step 4 was to determine feasibility of the controls. The NSW Government in April 2022 released a report stating that their review of the cost of the scheme was \$287,000 a hectare relative to the \$850,000 in the draft IPART report. And the NSW Government confirmed that those findings of \$287,000 formed step 4 of the NSW Government risk-based framework.

Now that framework outlines the process that NSW Government used to go through. If that step 4 on feasibility is not met, and it's essentially reverting back to the originating targets to ensure that they are financially viable solutions which meet the overall objectives as well. I think that's it on the overview. And, Steve, I know you'll close out on the next steps, on both of those.

Stephen O'Connor: Yeah, if I'm okay to speak.

Andrew Nicholls (IPART): Of course, thanks Stephen.

Stephen: I'll continue on. At a high level the fact that industry has not been afforded the chance to review these targets, which to Russell's point, are a step change. And in this particular example we're talking about hundreds of millions of dollars of cost to industry which will be passed on. And we'll talk about that in a second. We've got significant concerns that the Government have not been transparent. Why hasn't the Government allowed industry, who've agreed to fund a complete review consistently rejected our intentions to try and work out the most cost effective and environmentally sensible review of the targets.

IPART as its role as an independent body should really be asking that question of government. And we're asking IPART to do that on behalf of the community and industry as a whole. The second part of it is we don't believe that IPART has conducted its own review of the targets, and when I say review of the targets. I mean an in-depth analysis of the model and the originating data that Russell just spoke about to understand whether the targets are appropriate.

Your draft report suggests that you have done that. But following a conversation we had with Scott Chapman, we understand that you don't have that in-depth review of the model. In fact, you don't have a copy of the model, so we don't believe that IPART is in a position to say that they have completed an adequate review of the targets. But we certainly don't have that information.

So, if IPART and I think the responsible consultant was HARC if there has been an in-depth review of the modelling data and the originating data that set the targets. We're happy to have a look at that, and we'd certainly appreciate the opportunity to enter into a technical working group to understand whether the targets are appropriate. The targets are the start of these. The targets set the size of the basins that are on John's land. The targets set the cost of the system, and the target set the consequences if there is, from what we're saying is an unaffordable cost to the broader community as a whole.

So I hope that's a fairly clear sort of analysis and summation of the way that we view this, but we certainly believe that the Government has not completed the risk-based framework correctly, and that that needs to start again because from \$287,000 which is a signal to industry to \$1.3 million is a step change and a significant difference, but I might stop there, and I saw that Grace had a hand up as well.

Grace Macdonald (ESR): Thanks. I just will just quickly add to Russell and Stephen's what they just said. I just want to be clear. The landowner's group, we support environmental objectives like in Mamre Road precinct. We acknowledge that we're part of this Western Parkland City and that BAU in the past should not like be what it is moving forward.

I think what we're asking for is, we believe that with a collaborative public and private partnership we can get a system that achieves these environmental objectives in a much more cost efficient like manner. And the targets are part of that process which is what we have been advocating like to Government since the beginning of when these targets were released back, when the DCP was draft, before Sydney Water was nominated as the regional stormwater authority.

I just wanted to make that clear because we do support environmental outcomes. We do acknowledge South Creek as an important waterway in this area, and we are invested, not just in Mamre Road precinct but the broader aerotropolis as well and want to see this as a thriving third Western Sydney City.

But we believe there is an outcome where we could probably get closer to what Melbourne Water has set up, to where it would produce the best all round solution for both industry, landowners and government.

Andrew Nicholls (IPART): Right. Thank you, Grace and Stephen, did you have anything you wanted to add there before I go to Carmel?

Carmel Donnelly (IPART): Thanks, thanks very much for, there's quite a few views expressed there, and I will acknowledge obviously the things that you've expressed today that you were seeking for certainly in your submissions, and what I will undertake is to ensure that the Tribunal look at those matters again. The sorts of requests for data that you haven't received, which is not IPART's data. But we'll consider that your recommendation that there be a broader technical working group, and the other matters.

To clarify just on one or two of those points. Our terms of reference certainly asked us to consider a range of the planning instruments and other policies in place which we have done. We have not done a root and branch review of all of those instruments and including the targets. We considered that our role was to take them into account to look as much as we could within the timeframe that we've got and you know, we've sought information about how those targets were set and put that into the public domain reporting back a little on that. But while we've considered them, we didn't see as a Tribunal that the terms of reference required us to start again, and, you know, set revised targets.

One of the observations that we have made is that we were so far, in our draft finding we've been satisfied that those targets apply to the specific needs of this particular location and environment, and we don't consider it necessarily generalisable. But we do acknowledge that the intention is that where this is a development with large format industrial the intent is to avoid irreversible damage in that environment. So, if there are differences between that and development in other locations.

I might just stop there because really, I want to spend today hearing from the people and thinking about where are the areas where we might look more closely. So, Andrew, if you, I know we've got some other hands up, so I might go to hearing from participants.

Andrew Nicholls (IPART): Thanks, Carmel. Now I'm going to try and balance between the comments in the chat box and the hands that are up. And, Gavin, I know you've put a comment there in relation to whether some costs should be borne by third parties who might have contributed to degradation. Did you want to expand on that point, or happy for us to take that on board.

Gavin Melvin: I mean, unless you've got clarification, I think it's relatively straightforward. I guess if we can understand why that wasn't considered seeing as the report notes tipping point. This development will get us to tipping point. But it does note that other historic development activity has had a contributing factor to us reaching that tipping point.

Andrew Nicholls (IPART): Alright. Thank you. We'll take that on board. I'll go to John. I think you've been waiting patiently there.

John Papandony - Land owner: Yep, thank you. So, it's John from landowner again. Essentially, what I want to highlight is timing. The development, there's discussion about this change in causing irreversible issues with the existing land and that sort of thing. So what I want to tell you is that the issues have already commenced the 4 or 5 blocks of land that are still there, where they are residential properties, farming properties with houses on them the water flow from, and the developments so far have been minimal across the road.

But the water that's flowing across our properties is massive heading towards Kemp's Creek. Whenever it rains there's massive issues, massive changes actually happened. And that's why we've actually highlighted the fact that we shouldn't be there anymore. We should have actually been bought out, and especially since the design and the costs and everything, allocation we're here discussing that now for an airport which is going to be opening next year. The trials are already happening, and we've got developers who want to be building their infrastructure in preparation for the airport. Like Toll is across the road from us and they have taken their own steps to overcome issues of stormwater and sewage in the meantime, until everything gets sorted out.

And there's a larger, there's thousands of acres across the road from us which are hanging out to do developments. If they start putting concrete and steel roofs and all that in that area you can imagine what's going to happen to our blocks of land. The water is just flowing through our properties all the time now, and I do know that if you, as a residence, your house, if you get your stormwater and pump your storm water into the property next door you get a fine, and you get you have to resolve it and get that stormwater off the people's property next door. Well, that's not happening to us now. So, all that water is channelling in through our properties to get to Kemp's Creek. We shouldn't be there, we should have been bought out, and we should have gone. That's my main point.

Carmel Donnelly (IPART): Thanks, John. Could I ask a couple of questions just so I really am certain I understand your situation. So, you're already seeing increased flow of water that you know would be potentially leading to erosion and other problems on your land.

John Papandony - Land owner: Absolutely, yep. And we have shown we have provided videos of this water flowing, and I can send it directly to you if you want to.

Carmel Donnelly (IPART): We'll have contact details at the at the end of this, and you're most welcome, as is anyone here to provide extra information to us out of this session, and I think we'd be quite keen to see that.

The other question I had is in terms of your perspective that you know your land should have been acquired already. Could you just tell me a little more about why you feel that hasn't happened.

John Papandony - Land owner: Well, essentially when you have a look at the design, the ponds are going to be on our properties. We've got 4 blocks of land with a pond in the middle. The front section of our land has been reallocated as industrial. So then, after that, there's the ponds are going to be there, and then we've got the environmental area behind our property going down to the creek.

What can we do with our land? Honestly, if there is a pond in the middle, we can't access the land to get down to the creek. We can't access the land on the other side of the creek. We've got 5 acres on the other side of the creek. We cannot do anything with that land, and last year we got hit with a \$100,000 land tax bill which cost us \$15,000 to go through a lawyer to get that removed because we are a rural property. We do primary production on our property. Yet, because they did a change in the zone on our property, and they allocated whatever 8 acres on the front of our property as industrial that opened us up to land tax. And we had to prove that we shouldn't be paying land tax because it's actually still a farm we've got primary production being done on the farm. So, until we actually get off the farm, and we're not involved in it anymore. We're going to be burdened with this sort of thing every year, as it comes up.

Our next-door neighbours, I mean Joe's sitting on the thing as well. He lives on there. I don't actually live on the farm now. I've got another property. I've got a tenant at the farm and essentially Jo is next door, and his brother-in-law, etc. And people on either side. They've got houses on the farm, and they live on the farm. They need to move to another property and go somewhere because if their land is going to be acquired in a year, you know. It should have been 2 or 3 years ago, but if it happens in a year's time, the inflation to the property for him to get a new property further down the track is going to be much higher than it is now.

So, he knows he's got to get out of there, so he's got to arrange something to get out of there, and, like most of these properties, we bought 25 acres whatever 45 years ago, and it's going to be more than one owner like my parents have passed away, and they purchased it with another couple as well. So, there's 4 or 5 people who own our property. There's 4 or 5 that own Joe's property. So, all of these people need to make arrangements and find alternatives on everybody.

Carmel Donnelly (IPART): So further delays would be a worry to you. Okay, good. Thank you for just telling us a bit more about that, John.

Andrew Nicholls (IPART): Great thanks, John. I'll go to Andrew Thomas next, I see you got your hand up, but you've also made a comment in the chat.

Andrew Thomas - Stormwater NSW: Yeah, I've actually been wanting to ask this question for some time, because I'm not okay with the economic side of things. But I was just wondering is it possible, or is has it already been done, do we understand the long-term opportunity costs of not meeting the targets. And who will bear those costs, is there been work done on that?

If my question doesn't make sense I'm talking about if the river's allowed to degrade and there are different levels of degradation, who's going to pay that cost, whether it's financially whether it's a health and well-being issue, whether it's loss of commercial opportunities that are associated, because around the world you can see now that there are rivers that are being revitalised and we've got the business Western Sydney's investing heavily in the Western River's Task Force because they recognise the economic value.

So, I'm just wondering, do we understand, because we're talking decades, if not longer, of impact which could be quite substantial. And I'm not saying I just think it's important that we at least try to understand those costs relative to the cost of implementing the scheme. Does that make sense?

Carmel Donnelly (IPART): Yes, it certainly does, and thank you for the question, Andrew, and I'm not sure whether one of the IPART team may want to add to my comments. That is something that IPART actively considers in a lot of our work. What are those external costs, the opportunity costs, what might be the cost of unmanaged risks. So generally, that's territory that we work in.

Just as I was mentioning before, we've certainly considered everything that's in our terms of reference and that included considering the approach that led to the Development Control Plan and the particular targets, and it would be my understanding that that's been factored in that thinking that you need to avoid either pollutants or water flows that will damage the catchment to a level where you've reached a tipping point and you can't recover, because that's where there are significant impacts.

We haven't as I said done one of our thorough deep dive reviews in order to completely reinvestigate those targets. But we're certainly alive to those issues. and we understand that they would have been considered in setting the targets. Now, I'm just going to see if anyone from the team would like to add anything to my comments there.

Scott Chapman (IPART): I think, I think that's about right, Carmel. Sorry it's Scott Chapman from IPART Secretariat speaking.

We have been asked to approach this review in a targeted way which is looking at the efficient costs of meeting those targets and in that case, what the allocation of those efficient costs should be. We haven't felt or discovered a need to go and re-prosecute what the avoided costs, or looking at what the cost might be and who might bear those costs in the absence of this scheme itself. We've constrained ourselves to looking at who's driving, or what's driving the need for the cost to meet the targets and who should bear them. So, if that doesn't answer your question, Andrew, I'm happy to follow it up.

Andrew Thomas - Stormwater NSW: No, actually, I'm just out of general interest myself too Scott, but also for this issue it'd be interesting to know how far we've, I know it's not easy to calculate those costs, because they, but someone's going to bear the cost. So, I think it's one way or the other. And whether there are equity issues and other things around that. So, Scott, if you don't mind, I'd like to follow that up.

Scott Chapman (IPART): Yeah, sure. We can take it offline if you like, Andrew, or happy to consider it elsewhere. Yep, we can take it on notice and follow it up, following the public hearing, if you like.

Andrew Thomas - Stormwater NSW: Thank you. Yeah.

Carmel Donnelly (IPART): Thanks.

Andrew Nicholls (IPART): And Jason Mingo, you had a similar question and supported Andrew there I don't know if you're online, Jason. I'm happy to take those as comments, because I think they're similar questions, particularly you highlighted resilience with extreme future weather events. Is there anything, Jason, you wanted to add to that or happy to take that as a further comment on the same topic?

Jason Mingo (WSAA): Nothing further from me. Thanks, Andrew.

Andrew Nicholls (IPART): Thank you, Jason. Alright. I will now go to Russell Hogan. I think you are next in the line.

Russell Hogan: Thank you, Andrew, and thank you for your comments there other Andrew and Carmel. Just quickly on the targets again, and we'll refrain from speaking about it too much more because we've got other matters to get onto.

I suppose as Grace placed so elegantly in the conversation. We are not questioning the positive outcomes of departing from the old way of doing things. As you mentioned Carmel, the targets, Government actually stated that the targets should be derived by tipping point flows. The tipping point, at which, if you exceed it, you will cause irreparable damage to the adjoining watercourse.

Now, one thing that the Landowner's group have raised with government is the actual targets are about half of what government released and advised for the tipping point flows for Wianamatta-South Creek. That's for the flow percentiles for those I understand the differential.

The MARV, the mean annual flow volume for the Mamre Road precinct is exactly the same. So, 2 megalitres per hectare per year, exactly the same target for the upper echelon upper reach of the entire catchment, which I believe it's about 24,000 hectares upstream in Mamre Road precinct. So, a watercourse this wide has the exact same targets of a watercourse this wide.

So, I suppose building on your comment about the equity point of view in relation to the targets. Industry are not arguing the need for better environmental targets in the way of doing things. We've just identified that there are differences in the way that Melbourne Water sought to approach this same issue, which was looked at the entire network. They split it into 5 major waterway catchments with 69 sub-catchments, each featuring different various physical, environmental and social economic characteristics.

They identified each as a priority catchment or another catchment. and they derived a series of targets commensurate with the corresponding water course. And what that intuitively led to were those water streams which were yay wide had targets assigned to those pristine watercourses and water courses which were much larger, similar to where we find ourselves in the Mamre Road precinct had targets assigned to those.

So, we're just questioning the blanket approach that has been adopted for the targets themselves, not the objectives of the targets and maybe some of those underlying sort of workings that have really informed those. The disconnect between as you noted, Carmel, the tipping point flows, makes sense to assign targets to equal to, or just below the tipping point flows.

But half of those tipping point flows is something that industry has raised as a concern and noting that the overall costing is forecast based on [inaudible], which doesn't include the broader network. We request a technical working group to make sure that the application of the targets are appropriate, not the objectives that they are trying to meet.

Andrew Nicholls (IPART): Great. Thank you. Russell.

Carmel Donnelly (IPART): Thanks, Russell, for that explanation. It gives me some food for thought which I will ensure the Tribunal take on board, and you know we may do some more follow up on that. Thank you.

Andrew Nicholls (IPART): Thanks, Carmel. Thanks, Russell. Now I'm not sure the right order here, but I'm going to go, Trent. And then Stephen. So, Trent.

Trent Delahunty (Gibb Group): Thanks, Andrew. So, Trent Delahunty from Gibb Group we have 3 properties in the Mamre Road precinct, and further, in the aerotropolis. My question to IPART is today the discussion this morning has been about the stormwater runoff and stormwater treatment component of the costs, and hence the target discussion.

My question to IPART is, can they run us through the process in regards to the cost options of recycling the water and using recycled water in the precinct and the options that are available to us. So, in the first slide that you showed us this morning, it said that the basin storage is largely dependent on the recycled water demand in the precinct.

But also, that recycled demand in the precinct can be supplied by 3 ways, and traditionally, Sydney industrial developments do it in 3 ways. One is on-lot harvesting the stormwater and rainwater on your roof and recycling it on-lot. Two is wastewater recycling, and 3 is the how the scheme's been designed with these basins and catchments.

So, Sydney Water in their regional stormwater scheme advised that the scheme is being designed in accordance with clause 2.4 of the Mamre Road Development Control Plan. In 2.4 it talks about stormwater treatment, and runoff hence the discussion on those targets. but it also talks about water sensitive urban design and the options are available to us including that on-lot rainwater harvesting, and one would assume in a precinct that's the cheapest way of recycling water - capture it on the roof, and then do it on lot.

Two is the wastewater recycling facility for which has been designed to almost treat water to a potable water standard. And 3, when we do look at the costs of recycling stormwater, with the basin and its storage component, and the extensive civil works and the extensive land acquisition costs and in comparison to the other options that are available per the item clause 2.4 of the DCP, can IPART just run us through that cost efficient review of the recycling of the water component of the costs?

Carmel Donnelly (IPART): Thanks, Trent. I might ask whether anyone from the team wants to add to my comments. I'm thinking it might take us a little while to run through all of our thinking. But what I think there's a key point that we have made in our draft report, which is we felt that there it would have been better, and we certainly would like to see in future, better optioneering earlier.

So, whether or not enough options had been considered, and we were not able to consider every single option. But what we have done is, look at the alternative option that has now been worked through a technical working group with DCCEEW and Sydney Water and some experts, and with reasonable confidence it shows that the efficient costs are lower than the design that Sydney Water was proposing. So that is enough for us to know that the efficient costs could arguably be lower, and therefore the developers shouldn't pay for a less efficient design.

So, I'll see if anyone from the team wants to talk through that. But I do want to just make clear. It's not been our job, and we haven't had the, really the time to be thinking about all options that could be on the table, and we do feel that that could have been done earlier and more comprehensively. Yeah, just see if anyone from the IPART team would like to just add to any of that?

Scott Chapman (IPART): Oh, thanks, Trent. I'm not sure whether it's going to answer all your detailed questions again. I'm happy to take this further offline if you like, but in general, we assessed, as you sort of have set out or mentioned there, that the demands are quite an important driver, sorry, the recycled water demands are an important driver of the of the recycled water cost, and also of the basins, and how that water balance is done.

Our consideration was that that Sydney Water demands were, there was no reason to consider them to be unreasonable, basically. And we progressed to assess the costs of the of the stormwater treatment trains and the like, and the basin scope and sizes on that basis. Sorry, have I missed the point of your question?

Trent Delahunty (Gibb Group): Yeah. But considering that the DCP allows for different water recycling options in the precinct and the scheme has been designed to largely supply that recycled water through a stormwater treatment recycling rather than either rainwater harvesting or wastewater.

Then surely the efficient cost of scheme, you should compare all 3 options against each other to work out which option is the most cost efficient for a regional stormwater scheme. And if it isn't the stormwater component, if it's wastewater or rainwater harvesting then surely that should be considered in IPART's recommendation of efficient costs of scheme.

So, the conversation on stormwater treatment and target is absolutely valid that we've had today on this call. But I believe the appropriate scrutiny needs to be provided on how we recycle water in the precinct and whether doing it via the stormwater is more cost efficient than rainwater harvesting or wastewater recycling.

Because the basin, the civil acquisition component of that, as per the IPART slide, is a large cost of this scheme, so the stormwater treatment and runoff is one cost. The rainwater, the stormwater, then storage and recycling is another cost. Both of them were almost equal to add up to the cost of scheme. So, you can't ignore the recycled water options in the precinct and comparing the 3 options we have available to us, and only look at the stormwater treatment and runoff component of the scheme.

Scott Chapman (IPART): Sure. Look, I'll probably take that on notice for the moment, Trent, without getting into all the detail. But if you and I'm hoping you're going to put in a detailed submission as well so we can consider that in a written form too. Again, happy to follow it up offline rather than pursue those sort of nuances here if that's okay?

Carmel Donnelly (IPART): Yeah, and we will take it into account in the next stage of our review.

Trent Delahunty (Gibb Group): Because those costs are extensive, and it will probably reveal that it's the most, of the 3 options it is the most expensive whereas the DCP allows the other 2 options.

Russell Hogan: Just before we, just before we get off this topic. Do you mind if I just summarise those 3 and sorry not jumping the queue, but one rainwater tanks. So, rainwater tanks typically below ground, given the size, don't take land take, yep, and the DCP allows for 80% of non-potable water uses to be from these rainwater tanks, and that's BAU approach - rainwater tanks.

Number 2 is the scheme that you've got at the moment, which is (a) treating the stormwater component. So, storage of the stormwater, treating the stormwater and putting the stormwater back into the system.

Number 2, as we understand it and correct me if we're wrong, has capex component, like capital expenditure and operational expenditure as part of the stormwater DSP.

Number 3 is a wastewater harvesting scheme given the AWRC that's there and the way that the wastewater is being charged from a contribution. It is capital expenditure only with operational expenditure through rates.

So, number 2 the stormwater has that capital expenditure and operational expenditure over the scheme life, that's the review and the differential that that's being asked. Trent, correct me if I'm wrong.

Andrew Nicholls (IPART): Thanks, Russell. Trent. Did you want to add anything to that or is your hand the legacy hand.

Trent Delahunty (Gibb Group): Yeah, no. Absolutely. So yeah, I think the cost comparison of all 3 options does need to be part of this IPART review process.

Andrew Nicholls (IPART): Great. Thank you. And I think Carmel and Scott have indicated, we'll be very happy to receive your submissions on those points. I think it's now Stephen's turn.

Stephen O'Connor: Lucky last. One thing that was just brought up in discussion was the Advanced Wastewater Recycling Centre (AWRC) and to our knowledge we understand that there is actually a pipe that is linking the treated effluent from the AWRC and it's going into the proposed stormwater ponds at Mamre.

We certainly don't think that the size of the basin or the connection to the AWRC needs to be a capex cost for the Mamre Road landowners. In fact, that is actually allowing Sydney Water to store and reuse that water from the AWRC, which services a much wider catchment than Mamre which means that our basins are larger, which means there's a pipe connecting it, etc. Yet we are being asked to pay for the cost of that infrastructure. So, equality and equity needs to be understood, and we'd certainly like IPART to take a look at that.

But because my hands been up for a long time, I do want to go back to the targets very briefly and just want to make a broad statement about a term that's been used a couple of times in this meeting and that's efficient costs and the efficient allocation of cost. If we look at the cost that's being put in front of Mamre Road at the moment being sort of the upper ends of \$800 million for a circa gross 800-hectare precinct. And then we look even further to the aerotropolis, and we know and have been told that there will be a similar system in the aerotropolis.

And then we start to have a look at what the total cost to a developer or industry we calculate to be circa \$8 billion. Now I would encourage IPART to speak to the powers that provided the terms of reference and to analyse the terms of reference in a little bit more detail to understand why we're not challenging the targets and allowing industry to provide an in-depth analysis to find the real, efficient, environmentally sensible cost of a system that has a total contribution amount of \$8 billion.

Melbourne Water, by example, developed their targets over a period of 6 years. They had over 36 workshop groups. They invited industry experts like Andrew, and it's bizarre that Andrew, it doesn't have an in-depth analysis or understanding of these targets considering his role. Why is he asking questions in this meeting, he should be all across this. So, industry professionals, top tier learned academics and also engineers were involved in the Melbourne Water process and they collaboratively agreed on the appropriate target.

NSW did not allow any of that. They were developed these targets by one single Brisbane based stormwater engineer that has never been peer reviewed, and Russell and I've explained earlier that industry has not been provided access to a technical working group or the information that sits behind the targets. So, IPART should really consider why they shouldn't go back and allow a full review of the target considering the quantum of dollars that this charge might actually impose on industry into the future.

Andrew Nicholls (IPART): Thanks Stephen.

Carmel Donnelly (IPART): Thanks Stephen.

Carmel Donnelly (IPART): Just saying I've heard you. We'll give it consideration. Thank you.

Andrew Nicholls (IPART): Thanks, Stephen, and thanks, Carmel. I've got Paul next, and then I'll come to the comments in the chat.

Paul Higham (Sydney Water): Thanks, Andrew. I just wanted to clear up what appears to be a little bit of confusion. There is no cross subsidy from the stormwater scheme to the AWRC. The connection to the AWRC does not go to the basins. It goes to a recycled water reservoir, and its purpose is solely as a top up source of recycled water for those times where drought occurs, and there will not be sufficient stormwater to service the water needs of the development. T

There will always need to be a top up water source, and the recycled water from the AWRC is the least cost top up source that we can find. Otherwise, it would be coming from desal and other advanced water recycling across the city. So, I just wanted to clear up that clarity.

Stephen O'Connor: Paul, just a question for you. If you weren't diverting that treated effluent to Mamre Road for the top-up, where would it go?

Paul Higham (Sydney Water): That recycled water's primary source is always going to be the Hawkesbury-Nepean River. It is solely a top up source for the time of drought, and if we don't top the recycled water up, we will be need needing to take it from high cost, drinking water sources such as desal.

Stephen O'Connor: So, second question for you, and I know there's hands up. If you were to put it back into the Hawkesbury-Nepean is there a charge for Sydney Water to do that?

Paul Higham (Sydney Water): It's part of the wastewater servicing for the Hawkesbury-Nepean which is not the cross subsidy that you guys have referred to. There is no cross subsidy between the schemes.

Trent Delahunty (Gibb Group): Paul, just a quick one. Considering the wastewater recycling centre is connected to that reservoir to provide recycled water, can that be its 100% supply of recycled water or does it actually require stormwater to be recycled per that scheme? Is option 2 a viable scenario where the connection from wastewater to reservoir is required anyway, like you said to top up, if there's a stormwater component. But can you remove the stormwater component completely from providing recycled water in the precinct, solely from the wastewater recycling centre?

Paul Higham (Sydney Water): So, sorry I wasn't intending to go into technical detail here, but just to be very clear, the recycled water network is for the purposes of disposing of the stormwater from the system. The volume of stormwater generated by development is so significant you could never store it and just then release it to the environment slowly, you have to use it. Otherwise you breach the target. So, the stormwater scheme and the recycled water scheme are all about stormwater management, not about recycled water.

Andrew Nicholls (IPART): Okay, alright, we might keep moving. Thank you for all of those comments. Just before I come to Diana, I'll just quickly clear through the comments online. John, I think you've got a comment there about this that you still need to have a stormwater solution and not everything gets recycled. I'm assuming that's a comment, unless you'd like to raise any other concerns?

John Papandony - Land owner: I was just raising the fact that an individual developer can store the rainwater on their property, but they still need to get rid of it somewhere. The stormwater solution is still going to be required. So, there is going to be some infrastructure requirement. You can never cover 100% of the rainwater management on your property.

Andrew Nicholls (IPART): Fantastic. Thank you for that point. And, Luke, you've raised a question about compensation. Did you want to ask it specifically now, or happy for us to take it away. Don't want to put you on the spot, if you would rather, keen for now. Did you want to speak to it now then? If not, we're happy to. We'll certainly take all of the questions that are raised online, and if we don't get to them today, we will certainly still respond to them. So happy to take those into account. People are not required to be put on the spot, or dealing with public speaking, it's why we have the chat box here so very happy to take that that question on notice, unless somebody on the team wants to respond to it. I think it might be a little bit out of our terms of reference.

Carmel Donnelly (IPART): I'll just say, Andrew, I think we'll take that on board, and we'll give some thought as to how much we can address the various questions when we work on our final report as well, just to not just answer it for one person, but to just reflect what we've considered coming out of the public hearing. So, we'll give a summary of that in our final report.

Andrew Nicholls (IPART): Brilliant. Thank you, and thank you, Luke, for raising that question as well. And Kate, from Sydney Water has made a response to Stephen's question about total cost taking into consideration the avoided costs. So again, happy to take that as a comment, unless you wanted to speak to that, Kate. If not, I might now jump to Diana. You might be on mute there, Diana.

Diana Vukovic: Yep. Now you can hear me? Hi, talking about the recycled water. Is that referring to the grey pipelining, which is connected from along Elizabeth Drive, going all the way up to Parks Road to Warragamba. Is that the clarity of the recycled water?

Paul Higham (Sydney Water): If I may, I'll respond to that. If that's okay.

Andrew Nicholls (IPART): Yep, by all means.

Paul Higham (Sydney Water): Yeah, Diana. The disposal pipeline from the AWRC, or the recycling pipeline from the AWRC that runs from the location of the facility through to Hawkesbury-Nepean along Elizabeth Drive that is, that is the final effluent pipeline that leaves the treatment plant that goes to the Hawkesbury-Nepean River. It's not part of this scheme.

Diana Vukovic: It isn't? It's a completely different?

Paul Higham (Sydney Water): It's part of the wastewater servicing scheme for the aerotropolis and part of the Upper South Creek facility. But is not part of the stormwater harvesting scheme.

Diana Vukovic: Okay. Now, the question regarding about the stormwater scheme catchments and all the basins. Under the DCP it's to catch to mitigate flooding near the creeks and the baseline of bigger creeks, and in smaller creeks to catch the water and the runoff. Is that correct?

Paul Higham (Sydney Water): So just again to correct. There is 2 terminologies that we are using. So, flood management was mentioned earlier, that is a responsibility of council, not Sydney Water and is not the designed purpose of the scheme. So, developers still need to manage the peak flood responsibilities which are very short duration high volume to manage that.

The purpose of the stormwater management scheme is the protection of the water quality and water quantity in the longer term going to the creek. So, there's a difference between short term storm flows which are flood flows, and the difference between long term management of water quality and water quantity objectives, which are the targets that Steve and Russell have referred to in this conversation. So, the stormwater management scheme is to meet the latter, not the former, not the not the flood management requirements.

Diana Vukovic: Ok. Another question regarding about that. Under the NSW infrastructure modelling, the flood that occurred in 2021-22 which was substantial. The State Government implemented this open space all over the aerotropolis. Not just in this region, the whole of NSW, ok, they go off that modelling, not off the local council modelling, which could be Penrith Council, Liverpool Council, under this jurisdiction.

Why haven't they actually reviewed the open space stormwater infrastructure to do a reduction where it's not necessary to have a massive increase of open space. I know back in 2021 there was a reduction in the open space under Rob Stokes, 44%. But still, there's a massive substantial of open space stormwater infrastructure in the aero that should be reduction for all party, large landowners, corporates, private landowners, small landowners. There should be a consideration.

Paul Higham (Sydney Water): So, Diana, I can't comment on the open spaces. It's not Sydney Water that determines the open space area.

Diana Vukovic: But it's under the planning department, and Sydney Water actually follows by the planning department what they have implemented in the DCP.

Paul Higham (Sydney Water): Yeah, I can't comment on planning departments, DPHI. I can only comment on Sydney Water's design of the scheme, which is to reduce the footprint of the basins as far as practicable. Given any technical constraints, geotechnical constraints associated with the design of the basins. And that is what we're continuing to do in Mamre Road and the aerotropolis.

Diana Vukovic: But it's going to affect a lot of private landowners which I advocate for my community. Some community are losing 50% of their land for open space stormwater infrastructure, and never flooded, never occurred. Why was this implemented by the planning government and Sydney Water to sterilise people's land, hardworking people out in Sydney Southwest.

Paul Higham (Sydney Water): I'll reiterate my point, Diana. I can't comment on the allocation of open space. I can only talk about the size of the stormwater basins.

Diana Vukovic: I recommend there should be a reduction. I'm sorry, I've been advocating for a reduction, and it should be on the cross board of the whole aerotropolis, including Mamre Road.

Carmel Donnelly (IPART): Diana. I want to thank you for letting us know what it is you're advocating for and explaining the issue. I'm thinking we don't have the right people at this particular workshop, and it's a question for Department of Planning, Housing and Infrastructure but we can take it on notice and take it on.

Diana Vukovic: I understand Carmel. But do you understand the ramifications of the community? What's happening in Mamre Road is going to reflect on the rest of the aerotropolis, and how it's going to affect the community and the land owners out here?

Carmel Donnelly (IPART): Yeah, I understand your concerns, so we we'll take it on board as much as we can. But it we may also, there may be some people who are here today from the planning department.

Diana Vukovic: I hope so. I really, truly do.

Carmel Donnelly (IPART): Yeah, thank you.

Diana Vukovic: Thank you.

Andrew Nicholls (IPART): Alright. Thank you for that, Diana. I'll just take oh, if there was a hand, Russell, I'll take this as the last question before we'll just have a quick 5-minute break. So, Russell.

Russell Hogan: Yeah. Great So wanted to move on quickly, Andrew and Carmel and talk to what I suppose we initially got comfort with this process and support. the IPART review. Part of it was the terms of reference to which, I suppose, we combed over with a fine-tooth comb and read your report in parallel with that.

I suppose part of the terms of reference which we took comfort in, was the item 3 which was a critical demand for industrial land in Sydney and NSW Government growth priorities for Western Sydney. In reading the draft report, we've not yet found reference, or in-depth consideration of this matter. And you'll see in our submission a request to update the draft report and reissue it for public review prior to its finalisation. Given the importance of this component.

And just to give some context which we can provide a lot more in relation to this item 3 terms of reference. The Mamre Road precinct originally formed part of the aerotropolis, and was going to be zoned under the rezoned under the Aerotropolis SEP. In 2020 it was fast tracked, rezoned under the Western Sydney employment area SEP at the time, and that was because of the critical nature of zoned, serviceable industrial land in Sydney, the disparity in rents between our state and the others, and the loss of tenants and businesses to those other states.

So, the then Government sought upon themselves to rezone it and fast track it, and effectively send a market signal to developers that the precinct was ready for acquisition and development for industrial land use.

Moving on from that we then saw a draft DCP and part of that draft DCP I suppose again, was that NSW Government, draft, or not draft it was a finalised report, but order of magnitude costing of a scheme of the \$287,000 which form that part 4 of the of the risk-based framework in terms of feasibility.

What I'm getting at, I suppose, is that item 3 of the IPART's terms of reference is that broader review of the critical nature of the demand for industrial land with the context specific to the Mamre Road precinct with the time series as to what's led us to this date, and when a regional scheme and targets were sort of notified to industry.

I suppose industry took the rezoning and fast tracking of the precinct under the adjoining Western Sydney employment area as a market signal for acquisition for on floor development and we note some of the IPART comments in relation to acquisition and understanding of purchase prices. Sorry acquisition purpose prices prior to knowing final costs. We think that there's more in-depth consideration of the context of this precinct that needs to go into the report and reissued prior to its finalisation.

Andrew Nicholls (IPART): Great. Thank you, Russell. Did anyone from IPART, wish to respond, or happy to take those comments on board.

Carmel Donnelly (IPART): I'm certainly happy to take the comments on board. We did consider that element of the terms of reference in terms of shortages of industrial land. But we'll certainly give it closer consideration, as you've requested in terms of Mamre. Thank you.

Andrew Nicholls (IPART): Okay, alright. Well, we're just going to take a 5-minute break now, just for a leg stretch. and we will rejoin at 11:30am precisely. So very happy if you want to leave your devices on but we'll be back here at 11:30am with a short presentation, and then we'll keep going with the Q&A, thanks everyone see you at 11:30am.

[Break]

1.3 Session 2: Cost Allocation

Andrew Nicholls (IPART): We'll just give everybody another minute or so to join us. A minute does go very quickly. Alright. We might get underway. I know a few people are probably still coming back, if you are back would encourage everyone to put your cameras on, just so that we can see you, and you can participate in the meeting. I know a couple of you are probably still coming back, but we might keep things moving and we'll just turn now to another brief presentation from Melanie from our review team who will present an overview of how we approach the task of allocating costs. So over to you, Mel.

1.3.1 IPART presentation

Melanie Mitchell (IPART): Thanks, Andrew. So generally, our principles for determining who should pay the efficient costs of a service prioritise recovering costs from the party that triggers the need to incur the cost in the first instance.

If we identify costs that are caused by other parties, or it's not clear who they're attributed to, then we'll also consider who benefits from the services that the costs are funding instead. As a last resort, if neither of these parties can be identified, or there's no clear mechanism to charge them, then it may warrant taxpayer funding. But one of our key considerations here was whether the stormwater scheme was designed in the first instance to provide benefits that go above and beyond just managing the impacts of stormwater runoff from development on the waterways and riparian zones.

Our draft finding was that this is not the case. The stormwater scheme was designed primarily to meet the stormwater targets which intend to prevent the stormwater runoff from degrading the Wianamatta-South Creek beyond a tipping point level. At that point the degradation will be irreversible and unacceptable from a government policy perspective.

By managing these flows, the creek water quality would be likely to see some improvement over time, and this would provide benefits to the community, such as allowing newly planted riparian vegetation to flourish and increased amenity from use of the creek. However, our draft finding is that these broader benefits are incidental and small compared to the benefits that developers derive from having the scheme. That largely stems from avoiding the opportunity costs of sterilised land that they would otherwise need to set aside to retain the amount of stormwater that comes from that increased industrial development in the area.

We also considered whether developers should pay land tax and interim stormwater infrastructure costs that then become redundant when the regional stormwater scheme is in place. Land tax is a specific cost that we were asked to consider as part of our terms of reference. We made the draft finding that land tax is a relevant input cost for Sydney water and should be recovered the same way as other efficient costs. Whether stormwater service providers, such as local councils, pay land tax or not really has no bearing on that. Interim costs were something that was raised by stakeholders in submissions to our issues paper and at our workshops back in June. We made the draft finding that developers should fund these costs and we didn't find any rationale for taxpayers or other parties to contribute to interim stormwater costs.

Interim stormwater infrastructure essentially allows landowners to develop their land earlier than they would otherwise be able to if they waited for the regional stormwater scheme to be in place. And so they're the ones that benefit from earning revenue on that land sooner than they otherwise would, and a best place to make the decision about whether that revenue would outweigh the interim costs that they would incur.

So this results in our draft estimate of a developer servicing charge of around \$850,000 per hectare, which is around 17% less than Sydney Water's current proposed charge.

It's our draft finding that development would remain viable in the precinct at this level of charge. In forming our draft finding on this we considered a feasibility study by Atlas Economics, which was submitted by the Mamre Road Landowners Group in response to our issues paper. This study claimed that development wouldn't be viable if the stormwater charge exceeded around \$300,000 per hectare.

However, one of the key assumptions that the Atlas study made was that land purchase prices would not vary based on stormwater contributions or other development charges, which we don't consider to be the case.

There's a notable body of literature that considers the relationship between developer charges for water infrastructure, vacant land prices and dwelling prices. And this finds that developers do adjust what they're willing to pay for land based on their expectations of future development costs. Repeating Atlas' analysis, adjusting only land prices, to take account of these expected costs essentially yields the result that development would remain viable at a stormwater charge of \$850,000 per hectare.

Early buyers who purchased land before these costs were known or based on expectations of a much lower stormwater charge, which occurred early on, may be worse off compared to their original expectations. But that really depends on changes in other expected costs and gains. Stormwater charges are just one of many costs that developers face, and only one factor that influences land prices.

Even if it was the case that some developers were worse off, it doesn't necessarily warrant a government subsidy, and it's not clear that stormwater charges would be the appropriate vehicle to provide a subsidy. Stormwater charges are a statutory cost of development and aim to recover the costs of preventing damage from stormwater runoff that occurs when there are increased impervious surfaces from development, particularly in industrial areas.

If the efficient costs of that are subsidised, then it mutes the price signal that developing in a sensitive waterway area is costly.

In conclusion, we made 4 draft recommendations. The first 2 relate to Sydney Water's scheme, design and assumptions that are relevant for developing a stormwater plan for the other large industrial areas in the aerotropolis.

The last 2 are about making sure that developers in the Mamre Road precinct fund only the efficient costs of providing stormwater infrastructure through the development servicing plan, and that's around \$850,000 per hectare.

I'll now hand back to Andrew to facilitate the discussion on this section.

1.3.2 Q&A session

Andrew Nicholls (IPART): Right. Thank you, Mel. And again, it's the same process. Please drop in your questions or comments in the in the chat box, or put up your hand, and we've now got essentially the balance of the meeting to run through any further feedback or comments that you might have. All right. I think I might not have this in the right order. But I'll go to Esther, and then to Grace.

Grace Macdonald (ESR): Esther, can I just open before you speak because I was going to pass it to you anyway?

Andrew Nicholls (IPART): Okay. So, Grace and then Esther.

Grace Macdonald (ESR): We're going to be commenting on land prices, which I agree, if the charge was known prior to the precinct being rezoned, then yes, land prices would be adjusted. But I feel that this precinct is just done a little bit different than what should have gone in terms of doing a proper strategic planning process.

And IPART should consider that 80% of the precinct has been acquired after the NSW Government signalled that this area was ready for develop by a rezoning in 2020 and a finalisation of a development control plan in 2021. And we're now at 2024 and we're talking about prices. When the DCP was released, and yes, the targets were there, the regional stormwater authority was not a discussion at that point of time. We were having to go and design on-lot systems for each of our estates. which we had like a potential solution on how to deliver that which was through storage and roof irrigation.

We're now fast forwarding, and you know there was a discussion back in the day on yes, the price at the \$287,000. But now we're well beyond that. I just want IPART to consider, because I'm just very passionate about it, being a strategic planner by background myself, of the role and responsibility the NSW Government should have in rezoning these areas.

They rezoned Mamre Road precinct. They said it was ready for investment. We went in there with the information that we had at the time, which is, we factored in that we had to deliver on-lot stormwater solutions for our sites. We had to pay contributions for council, and we had to pay contributions via the satisfactory arrangement provision through like the [inaudible] at the time. Yes, like there is a threshold of adjustment as policy as it goes in kicks in at a later point of time. But I've never seen it to this scale of how it's moved from a rezoning to now where we're at now, which is in a delivery phase, and I just urge lpart, to consider, like the unique case of what memory road precinct is.

Yes, this stuff should have been done prior to rezoning, but it hasn't, and it's been released 4 years after the NSW government has signalled and the land price is adjusting after the fact, and this statement, saying, well, yes, early movers will be at a loss, it's not a small loss. It's a shift. A significant shift, like in costs, in terms of what we've assumed. And I just want to stress that, and I'll now provide it to Esther, who can speak of it from more of an economic lens. But NSW Government, in terms of how they signal these areas that are ready for development, ready for investment, should not be discounted as part of this review, because it's an important factor of why we're here today discussing it.

Esther Cheong: Thanks, Grace, Esther Cheong, from Atlas Economics, and our work has been referenced in the IPART report. My comments relate to the findings on development viability. And I refer to IPART's report in 3 places: on page 4 it says that if typical stormwater discharge targets are applied, the infrastructure charge would be about \$300,000 per hectare. On page 16, it says that Sydney waters charges are about 3 and a half times than what developers would pay in neighbouring areas. And then, lastly, on page 43, it says that if development pays \$850,000 per hectare, it would still remain viable. It also says a charge of \$1.3 million per hectare is viable.

Now I want to make the first point. Following on from what Grace said, the charges were not known at rezoning. The Mamre Road precinct was rezoned in 2020. And when land is rezoned it sends a signal to the market. Investment decisions are made on those signals. The stormwater charges result from a new way of managing stormwater. If developers are aware of the charges before they purchase land, sure they pay a lower price for land, and the burden of the charges falls on landowners.

And I acknowledge the body of work and the body of evidence that Melanie referred to, that developers would adjust what they pay if they know about the costs. But these charges were not known when the land was rezoned and purchased. At the time of rezoning industry operated under the notion that stormwater will cost \$300,000 per hectare as noted in IPART's report on page 4. Now, 4 years later, it is too late to say, as the report does on page 34, that the land purchase prices would be discounted to reflect any increases to these charges, and that they would not affect the viability of development. More than 70% of the Mamre Road precinct has already been purchased for development.

In the absence of better information when the land was rezoned in 2020, the price paid of land was based on the stormwater management practice at the time. Now there is a step change in water targets, and the cost to meet these water targets are significant - 3 and a half times. Critically, and this hasn't been spoken about in this forum, there are also interim infrastructure costs, and more than 50% of land will not be developable because the land is required to deliver stormwater management on site until the regional scheme is developed and completed. Now this magnitude of volume of land sterilisation has never been seen before in Sydney.

So the theory of land purchase prices will adjust is not practical or realistic in this instance. The landowners who could bear the burden of the charges, they've taken their money, they've left town. If the new way of managing stormwater and the costs were known at rezoning - \$850,000 - and the requirement to set aside more than 50% of land, a lower price, of course, would have been paid for land. Based on that theory, even \$1.3 million or even \$2 million dollars per hectare could in theory be accommodated.

Now, I want to also refer the tribunal to page 42 of the report that says that developers who purchase land before knowing what the final costs have incurred, have incurred a sunk cost. Moving forward, they will need to focus on actual costs and avoid letting past investments cloud future decisions. This statement does not reflect the reality of how our industry operates. Page 42 also says that developers who bought land early have not experienced negative financial impacts from their investment decisions. This statement is not true, as the cost of land is not just its purchase price. It is also the transaction and holding costs of that land that was purchased early. And so the reality is that the cost implications of these water targets, were not known when the land was rezoned and purchased. So we say that IPART's report finding, that development is still viable, is incorrect.

I'll also note that the Productivity Commissioner released his report in late 2020 announcing the reintroduction of DSP charges to send a market signal after the rezoning of Mamre Road. I now want to come to the regional stormwater system that is to be delivered by Sydney Water. Now, the cost of new stormwater targets is not just the \$850,000 that IPART is talking about. It also results in more than half of the land being set aside for on-lot stormwater management.

When will the stormwater scheme be completed? Can Sydney Water provide assurance that a regional system will be done in a known timeframe - 2 years, 5 years, 10 years? So developers have bought the land that was rezoned 4 years ago, only to be told that stormwater charges are now 3 and a half times higher and there are interim stormwater infrastructure costs and half the land they bought is not developable for some unknown period.

Lastly, I want to talk about how we can't let Mamre Road fail. At a time when the supply of serviced industrial land is all but exhausted, Sydney needs Mamre Road to be available for development now.

The outcomes at Mamre Road have significant implications for the aerotropolis lands. Now we at Atlas have done significant work in this space. Sydney has less than one year of serviced land supply left. Mamre Road will provide much needed relief for Sydney's lack of industrial land supply, which has adverse implications for the cost of doing business, the cost of business investment, employment outcomes, it goes on.

We say that Mamre Road is too important to Sydney to fail. We ask IPART to look at the distributional impact of how the new water targets are proposed to be achieved. To re-look at the achievement of those water targets, and to re-look at the viability of development and if development can afford it. Thank you.

Carmel Donnelly (IPART): Thanks, Esther. I might just make a few comments. As you can see from our report, there are a number of things that we do agree on. We do agree that the initial feasibility study didn't reflect all of the costs, and that was an inaccurate signal for developers, and we do understand that there are developers that purchased the land in that environment. I think you make some good points about the ongoing uncertainty and interim costs at the moment the need for, we also agree that, you know, there's a need for not further delay.

And I'm sure the tribunal will be absolutely willing to consider again, you know, and further input if there's something that we have missed in our analysis, there's further information that you want to provide, and we will consider closely our draft finding around viability at the price point that we've come up with the efficient cost for those targets. And I won't go over again, having heard the points already made about the targets.

I'm interested in your thoughts about if we did land on the targets, being as they are, and an efficient cost being, you know, in in the ballpark of where it is for the draft report, are you making a case that others, other than the developers, should be paying some of those costs?

Esther Cheong: I think the distributional impacts of the costs are absolutely something IPART should look at. And firstly, who pays that depends on whether those parties can afford it. And if IPART comes to the conclusion like we've come to the conclusion that development can't afford it, not just the \$850,000 cost, but also the interim infrastructure and land sterilisation. We've come to the conclusion that direct development can't afford it. And so then the question begs is that, are we actually delivering the water targets in an efficient manner? Are the cost efficient? And if we are satisfied that they are, and the earlier session there was a lot of discussion.

Carmel Donnelly (IPART): That's right.

Esther Cheong: That they aren't quite efficient. If development can't afford it, then perhaps does the taxpayer pay for it? If the benefits are overwhelmingly what we want to achieve and aspire to, because on our analysis, on our work, development cannot afford it.

Carmel Donnelly (IPART): Okay. Certainly, I've read the Atlas report, and we've considered it as a Tribunal. But we're happy to consider it again, and any further input as we work on a final report. But thanks very much for just answering my question there and being clear. Thank you.

Andrew Nicholls (IPART): Right. Thanks Esther, thanks Carmel. Diana, I think you've had your hand up for a little while, and then I'll go to Stephen.

Diana Vukovic: Hi, in the IPART draft report that stated about the private landowners needing to accept the cost - less cost - to make it feasible for the stormwater infrastructure. That actually reflects on the private landowners who will sell their land at a lower cost, on behalf of the landowners. So to me, it's not feasible the price, because when a developer or someone wants to purchase in the rest of the aerotropolis after what happened to Mamre Road, it's going to impact their land, and the fact that I believe all the landowners should not sell the land, because at the end of the day the Government is sterilising people's lands, and on everyone else's back. So, I've lived here for well over 20 years. Other landowners lived here 40, 50, 60 years and we've had those discussions. We're not going to let the Government or Sydney water dictate what they can do and what cost on everyone else's back.

Andrew Nicholls (IPART): Right. Thank you for those comments, Diana. I note also that John had some comments as well in the break that I'm happy to take. In fact, I think you've got your hand up, John, so you may want to talk to those when we come to you. But I did say I would go to Stephen next, so I will go to Stephen.

Stephen: Andrew, I'm happy to let John speak if he wants to continue on that voice from the landowner perspective.

Andrew Nicholls (IPART): John, would you like to jump in.

John Papandony: Yep, I just wanted to raise a slightly different issue in that IPART's proposal is to deepen the ponds and get the decrease in the price, right? So the outcome is to try and get a cheaper price to bring the price from over a million down to \$850,000. Now, that's a major concern in that it's not just bringing the price down, it's a safety issue that we've got. We didn't really find the fact that having open channel design was probably the right thing for the area. But to make the open channel design even so much deeper. To make the zone, the area of the ponds smaller. To make it cheaper is not fixing anything up, because from our point of view as landowners, you know that we've said that we shouldn't really be here. We should, the land should have been purchased, it should have been as part of the design. It should have already been gathered and used as part of the whole solution. So, our concern is that who owns this land? Who is going to be the owner of this land? And what is the safety? It's in an area which is considered environmental. It's going to be accessed by the public. Public are going to be able to go down there and go to Kemp's Creek. This is what we've been told. They'll be able to walk down to Kemp's Creek to get to Kemp's Creek. You've got to get across these ponds. How are you going to get across these ponds? What's the safety of all of this design is of major concern. So we just wanted to raise that as an additional thing, as part of IPART's analysis in, it's not just dropping the price for the solution to be implemented, it's including the safety. You don't just drop the price to make it a better solution for a certain part for the developers to actually pay less money. So yeah, that's just the other thing I just wanted to raise aside from what we spoke about before.

Andrew Nicholls (IPART): Right, fantastic. Thank you, John. Appreciate those perspectives, and from Diana, from the landowners. I'll now jump to Stephen and then Ross.

Stephen: Thank you, Andrew. I'd like to thank Carmel for your comment previously, in response to Esther and the comments that she'd made. We certainly think that an in-depth and qualified economic analysis needs to be undertaken because this is a significant change. What I'd also like to bring up is that not only did Atlas economics complete an economic assessment at the time, and I think this was late last year, the Department of Planning commissioned SGS, off their own bat, to review Esther's economic report, which the Mamre Road landowners commissioned. There was a report issued then there was a meeting between the 2 economists, and there was an agreement to an affordability level at \$300,000 a hectare based on 2 very qualified economic economists, sorry, that the Government both use in their own work.

What we're concerned about is that by IPART making a single adjustment, which and I think Esther explained this a bit more eloquently than me, as being impractical. The proper economic analysis on the impact to businesses has not been adequately addressed.

We do urge IPART to consider having a targeted session on this which we'd love to participate in. But it actually is a great segue into outlining to IPART the consequences to business and private landowners of maintaining this charge being wholly burdened on developers.

But before I do that though, I do want to point out that Sydney Water has actually been very collaborative with Mamre Road landowners, and just to answer one of the questions that Esther brought up. We've been having regular meetings with Paul Higham's team on a developer led delivery of the precinct stormwater system. Now there are a few challenges, and we still need to overcome some hurdles in relation to compulsory acquisition and timing. But Sydney Water certainly have been responding to what we feel are unjustified targets. But I'm not going to go back there. I think we've set our piece on the targets. So thank you very much on that, Paul.

What I do want to outline for IPART and everybody is the impact to the economy of these charges. So I think what Grace outlined in her comments was, is that a lot of Mamre Road has actually been purchased by developers upon the signal of rezoning. More than 70% of Mamre road was purchased prior to the indication of these stormwater targets. So that means that more than 70% of this precinct and the developments are challenged.

Now, what does that do? It means that those costs are either passed on to businesses so higher rent. And if you can imagine that some of these customers might be Coles and Woolworths, that means higher costs in people's pockets when they go to the grocery store to buy milk. And they are the customers that can pay. There is a very concerning trend of businesses that are actually relocating to other States, particularly Melbourne, which is significantly cheaper, and the delta of rental and overall occupancy costs, because outgoings are very high, too, is more than \$150 per square metre, which is significant.

So the Government and IPART really needs to consider those types of impacts associated with this sort of charge, which in our mind is demonstrated as being difficult and challenging. So, to put it in perspective, Mamre Road was set to deliver 17,000 jobs, the aerotropolis much more. If we can't do that, or that doesn't get taken up quickly because users are going to other States, it means that the nucleus or the engine room that is required to support the aerotropolis will not be there in time. And that's one point, that's Mamre. The second part is the aerotropolis. So I reference back to the comment that IPART made around clouding future decisions. Investment will not occur in the aerotropolis at these affordability levels.

Our money, the capital that sits behind our businesses are all investors, and these investors invest globally. They invest in property, equities, currency, etc. The risk adjusted return is better off in other sectors. So what does that mean? That means that if groups cannot invest in the aerotropolis, there'll be paddocks surrounding a runway.

It also means that landowners like Diana, their properties will not be purchased. And effectively what this is signalling is, it's signalling that the businesses and the economy, so jobs, the NSW economy, and particularly Western Sydney, is going to be impacted. But it also means that private landowners are also impacted. And we don't think that there's been proper assessment completed by the Government, by IPART, to understand those very, very significant impacts associated with a charge like this. So I might, I might pause it. There's quite a few things that I've just...

Carmel Donnelly (IPART): There is a few things there.

Stephen: ...I just want to reiterate: Industry will not purchase in the aerotropolis, with uncertainty and rates at this level.

Carmel Donnelly (IPART): So Stephen, I've heard you. I guess you have made a few points there. I'd like to offer that IPART's Chief Economist, Mike Smart, will set up a meeting with probably some of the other team with Esther and Atlas and SGS as well if they're available and look into, you know, the assessment of viability. See if we can fast track an understanding of how the different economists have approached this in a constructive way. So we're happy to do that. I think my short answer not to take up too much time is look, we'll take everything that you've said on board, of course. And we can turn our minds to the impacts and the flow on costs to others a little more as we work on the final report, absolutely.

Mike Smart (IPART): Yes, I'd be very happy to do that.

Carmel Donnelly (IPART): Thanks.

Mike Smart (IPART): A meeting with you, Esther, and to involve SGS in that also.

Andrew Nicholls (IPART): Okay, great, thank you Mike, Carmel and Stephen. We might go to Ross.

Ross Grove: Thank you, Andrew. Just I missed the first minute of the opening today. Is the recording of this briefing going to be made available to the to the public? It'll be on website? Because I just you know what Steven just said is a very, very good summary of why everyone is in the room today. Particularly from the industry perspective.

Just some answers to questions which were thrown out over the last half an hour or so. I think there was a question about other funding sources. The Property Council and the UDIA, in their submission from June had identified. And I think it's item 3 of our recommendations that any costs incurred beyond cap charges which we've recommended at \$500,000 a hectare be funded from Sydney Water's dividend to the NSW Government, through consolidated revenue, or contributed by owners as part of quarterly and really or yearly rates, notices for the scheme.

There's another document which speaks to I think it was Grace's point around, and Esther's point around the land ownership patterns in Mamre Road. It's page 4 of the MLOG submission, provides a map which very much shows that 70 to 80% plus of the Mamre Road precinct has already been acquired. So the idea that you can do modelling based on incorporating development costs into acquisition costs doesn't work when you're dealing with a precinct that's largely already acquired. And the other item is in IPART's draft report on, I think it's page 2 of the report, but it's page 5 on that pdf, it identifies \$610 million dollars in revised costs, which are capital costs and \$260 million dollars in operating costs. And so I think there's a question as to why we would put operating costs into a DSP and not potentially operationalise the operating costs over a period of time through a mechanism like water rates going forward.

Ross Grove: So I just want to throw that question out just to see what IPART's initial thinking and reaction is around that. But yeah, I think those 2 or 3 documents there are the highlights there that are worth looking at when thinking in terms of feasibility going forward.

Carmel Donnelly (IPART): Thanks. I'm happy to just take that as feedback, Ross. I'm not sure if anyone from the team wants to talk about the opex, or we'll just take it on board?

Scott Chapman (IPART): Yeah, we'll take that on board.

Carmel Donnelly (IPART): Okay. All right.

Andrew Nicholls (IPART): Okay, great thanks. We'll take that as feedback and feed into the process. I've just got Paul. You've made a comment, and at the moment, I think it is a comment, in the in the chat box. Did you want to speak to that, or happy to just take that as a as a comment, as part of input?

Paul Higham (Sydney Water): Just a comment, Andrew. Thank you.

Andrew Nicholls (IPART): Thank you, Paul. I'll turn now to Stephen.

Stephen: Almost started speaking with the mute button on one of those old tricks. I just wanted to continue on the discussion that that Ross made, and we certainly agree with it. It's very abnormal to have ongoing maintenance costs as an upfront capex charge, and due to the time value of money that's an additional burden on developers.

We certainly see that, you know, with the regional solution coming online, this is a, you know, 50-to-100-year type project. This is industrial land which is required for employment, but also the success of this once in a generation opportunity being the new airport. We think that the opex should certainly, as a first and easy step towards affordability, be split off, and as taken as a maintenance charge, but that maintenance charge shouldn't be over a 30 year period, it should be over the life of the project. So in our mind, that's 100 years. And if that is done correctly, notwithstanding that we do have a view around other areas that drain into the catchment so it could be spread further, then that would go a long way to actually starting to get down to a level where businesses wouldn't be impacted. So that certainly should be something for IPART to consider.

In addition, if we just look at the capex component. We do know that there's a 36% contingency on those numbers. Now we understand there's different P levels associated with the government and the way that they procure.

But I'll just bring up Paul's comment in the chat, and I think I briefly talked about it before. The great work that Paul's been doing with us landowners is looking at a way where we can try and deliver this system quickly, and we develop it ourselves. If you can think about, let's just talk about that word efficiency. A lot of us will actually have our earthworks contractors on the site by the time that this system is commencing, so we could use those contractors to roll onto a basin if it's close to us now. We still need to tackle the issue of timing and compulsory acquisitions, and Paul knows that I've spoken to him about this many, many times. But that contingency is significant and would not be placed on developers.

If we look at it very simply, and we look at the \$850, we minus the opex, which should be the opex amount, actually should be different if you amortize that over a longer period, and you get rid of the contingency. You're looking at a capex DSP of around \$400,000 a hectare. If Government want to move forward quickly, and I think that they do need to, particularly bearing in mind Esther's comments about how much land supply is left in the precinct, and my earlier comment about businesses moving to other States. And it's not just a statement, it is happening. I was involved in a transaction in Sydney that's now gone to Melbourne. Luckily we have land in Melbourne now, so we can actually speak to them about it. But this is real. And the government and IPART needs to know that this is a real issue that's affecting jobs and the economy.

We could look potentially at a capping amount or the capex close to the level that won't impact businesses. Looking at the opex being split off. And allowing us proper time to review the targets to make sure there aren't any efficiencies that we can actually get in the system by doing it. That allows Paul and his team to move on and acquire land. It allows us to move forward with comfort to our investors and allows the appropriate process to continue on. So I might just pause there to see if anyone else wanted to provide a comment to that.

Andrew Nicholls (IPART): Thanks, Stephen. Does anyone want to add to those comments, or anyone from the IPART team wants to comment on those? Otherwise we'll take them as a comment. If not, I think we'll take that as a statement and input, Stephen, thank you for that perspective and the perspective you're bringing about alternative options that are available to people in the industry.

Carmel Donnelly (IPART): I will just actually jump in and say it would be helpful for us to get information about perhaps from Sydney Water, Paul, about, you know, anything that's arisen or the work that's going on now, that might mean we can take further information into account.

Say, if you're collaborating with the developers about work they could do. Anything that has arisen since we commenced the review, this is the time to make sure that the Tribunal's got an opportunity to take that into account.

Paul Higham (Sydney Water): Yeah, Carmel, just on that point we've already factored in the developer delivered model into the cost of the scheme. So we'd already adjusted the scheme to reflect a preference to about 80% of infrastructure to be delivered through the development community and doing the work that Steve and the team have talked about where we can align delivery with earthworks and everything else, so that that's already factored into our cost assumptions.

Carmel Donnelly (IPART): Okay. Thanks. Paul.

Andrew Nicholls (IPART): Alright, thanks Paul, Stephen and Carmel. Okay, we've probably got about 10 to 15 minutes left in the session, and I just want to make sure that we're covering off everybody's points. So is there anyone who hasn't yet had a chance to raise their concerns either in the chat or by speaking. This is your opportunity to jump in before we wrap things up.

We don't want to leave any of your concerns behind, and certainly IPART takes all of the input we receive in these forums as very important parts of the submission process to help us understand the issues. So please, if there's something we need to raise before we wrap up, please jump in.

Carmel Donnelly (IPART): Andrew.

Andrew Nicholls (IPART): Andrew is there?

Andrew Thomas – Stormwater NSW: Yeah, just really quickly. I think the submissions are due, written submissions are due, this Thursday. Is that correct?

Carmel Donnelly (IPART): I think we're able to take them until Monday. Didn't we decide that? Yeah, we might give a few more days. We've got a lot of work to do to wrap this up in time, but we did have a bit of a chat amongst the Tribunal about accepting submissions until Monday. Hopefully, the team aren't going to be all upset with me for saying that that's okay for everybody.

Andrew Thomas – Stormwater NSW: Yeah. The website. I think my last check yesterday said, I think just looking at Thursday. Is that going to be changed?

Scott Chapman (IPART): So Monday, it'll be Monday. Monday the 21st is it? Yeah.

Carmel Donnelly (IPART): 21st, yeah, so we will change the website. But we just had a discussion about there not being, making sure there's enough time for anyone who's missed today and wants to look at the video once we put that up and then finalise their submission. So just to give people the benefit of being able to do that we'll move it to Monday. So it will change on the website.

Andrew Thomas – Stormwater NSW: Thanks.

Andrew Nicholls (IPART): Thanks Andrew. Stephen?

Stephen: Probably you're going to get sick of hearing my voice now or maybe I just like hearing this out of my own voice.

Carmel Donnelly (IPART): The purpose of this is to listen and hear, so don't apologise. This is what you're here for.

Stephen: You, Carmel, and really appreciate the ability to be part of this process. I just thought at the end, and I was having a look at your terms of reference in the break. The terms of reference number 6 says any other thing that IPART considers appropriate to consider. I wonder whether or not, given the comments that were made, particularly some of the stuff that Russell explained on the technical detail on how the targets were derived warrants IPART to consider a complete review of those targets.

And I'm not going to go back into a monologue or anything like that. But there really is just too much uncertainty. Do we really know what the impact on the creek is? Do we really know what the impact on the creek is if we start draining under business as usual now and the system comes online later? Do we really know the total impact to business and the community if this charge is imposed? I really, in my mind there's 2 questions here. The first one is that we strongly urge IPART to consider the information today, and whether that warrants IPART doing a complete review of the target properly. And whether or not IPART considers that it needs to go back and re-release their draft report to consider some of the new information that's been provided, but also, after completing a thorough review of all the submissions made, including some additional work that's been offered. And thank you with Esther and her team around impact to businesses.

Andrew Thomas - Stormwater NSW: Hmm.

Andrew Nicholls (IPART): Right, thanks. Stephen.

Carmel Donnelly (IPART): Thanks, Stephen. I think we also agreed that we have some discussion offline with Russell as well.

Yeah. So the next steps I will talk about in a little while, but certainly we consider everything today and all the submissions. and then the Tribunal will, you know, look very closely at what we can do under the terms of reference. What are the remaining issues, and what we need to be able to make decisions about the final report.

Andrew Nicholls (IPART): Right. Thank you. John. I just wasn't sure what your question was meaning about a review at 2pm today. I wasn't sure what you were referring to there.

John Papandony: There's another session at 2pm. Today from IPART. It's again a similar Microsoft Teams meeting to this one. I wasn't quite sure what is going to be covered there. I was just asking if anyone who's on the call is aware of what's going to be covered because it basically says IPART review of Mamre Road stormwater scheme, local council, Sydney water customers and others online event Microsoft teams, access link will be delivered via email. And I've received the email. So I've got a link to get to it.

Andrew Nicholls (IPART): I don't know what that is. Maybe it's old. Maybe it was an original placeholder for this meeting, or something. Has anybody else received that? I'm a bit flummoxed on it, John. I don't know what that's about.

John Papandony - Land owner: I thought I'd just ask.

Andrew Nicholls (IPART): Yeah, yeah, I think you can ignore it, because we're not planning to be in a meeting at 2 o'clock as much as we enjoy your company. But yeah, we aren't planning to have a meeting there. So I'm sorry if there's perhaps been some confusion in maybe some early placeholders, or something like that being sent out just to make sure people have been locked in. But, in fact, we don't usually use Teams for public hearings, either. We usually use Zoom, because it's a popular thing. So apologies if something's gone to you there, John, but you can safely ignore it. IPART's not running a second public hearing today. This is it.

Which also means this is your last opportunity for anyone on the online to jump in, in the 5 minutes or so that we've got left available to us. I know at the start a few of you wanted to make sure your comments were raised. I trust that you've had the chance to raise those now but if you haven't, this is the last 5 minutes to jump on and put your hand up, or drop something into the comments and grace.

Grace Macdonald (ESR): I just want echo something that Steve like just said right before he signed off. And maybe he's done with speaking, or maybe we'll speak some more. But Steve, Russ and I are part of the Mame Road Landowners' Group, and we've made that decision just to simplify things down. But there are other people on the call from the other, like, developers that in this precinct. Sitting in listening. This, we see IPART in your role in this as very important. And we really see this as really the last port of call on engagement on this like critical matter. And I know, like there will be further developments like with Sydney Water. And we'll we keep having those discussions with Paul. But I just want to stress. We will be putting submissions in and like, take these calls like what has been said on this call, like for consideration. But we would really like to see a draft report before it gets finalised. Just because we do know the importance of your role in terms of reviewing these DSP charges. And then what occurs after that report gets finalised in terms of Paul and his team going off talking to Government and then submitting it to you guys for final registration to occur. Maybe later this year, probably like early, like next year, like on it. And so I just. I think, but what I'm trying to get at, and I'm sorry I'm twisting my words. Is the Mamre Road Landowners' Group really wants to have meetings like with IPART after we put our submission in. I know you've reached out to Russ like he's like talk to us like about it and Esther. But also we want to be part of like those dialogues as well because we as a whole been very invested like in this precinct.

We want to see it delivered. We want to see it delivered with a great like outcome for all the things that we're trying to balance as it comes to developing a Greenfields site, whether it's stormwater, roads and like our warehouses as well, because, like what Esther said. this area is super critical, like for industrial land supply, but it also feeds into cost of living as well, because a lot of our warehouses, a lot of the customers that go into our warehouses, will be providing building materials to Sydney will be providing groceries to Sydney will be providing homewares, tapware's like, etc. to Sydney. And so we really see, yes, warehousing and distribution as a land use, but it also forms part of that essential supply chain like network that goes to support residents like in this great state. So if there's any opportunity where we can keep talking like to you guys before you finalise your IPART report. The Mamre Road Landowners Group would greatly appreciate it.

Joe: Yeah, Hi, Andrew.

Andrew Nicholls (IPART): Yes. Hi, Joe.

Joe: And right? Yeah, we further on to what John's saying. We just want to make sure that everybody understands that we don't want partial acquisition of our lands as the outcome of, you know, the cost of acquiring the last land for your, for the stormwater plan. We're fearful of that, because what we think is that parts of the land will be used so that so the developers can - and good luck to you, we're not against you - but see it from our point that you'll acquire the part you need, and move on and leave us in a mess, and some of the properties are significantly impacted.

So we want IPART to understand how that would impact us. So we ideally want full acquisition from Sydney Water. That's our goal as the first acquirer of the property, and we don't think, and possibly \$850,000 per hectare is a lot of money like, Andrew was saying. Maybe over a hundred years. It's not over a hundred years. It's not a lot of money, and everybody's rents will be increased. A figure we wouldn't even understand at this stage. So as the last 4 properties there that John talked about, we want IPART clear that, and understand that we can't have or be put through a partial acquisition. The pain of negotiating with Sydney Water, the pain of negotiating still with Mamre Road that it's going to be widened, the pain of dealing with Penrith City Council, tax implications, and we're not single landowners. And then to go - and the figure that we have to then go - and buy something similar in Sydney with what money that comes to us. So we really need that to be understood by IPART. Now, the other thing is, I hear about water quality targets as IPART review team understands the water quality is coming from upstream. The Mamre Road precinct is probably a 10th of what water will come through Mamre Road. I live there, I see it. Anybody can challenge me on it. You're more than welcome to come to my home and see it. But there was a lot more upstream, sending probably poorer quality water than you'll see coming out of the Mamre Road precinct. So you achieve some amazing water quality targets from your scheme, your Mamre Road precinct scheme. But the water coming from upstream until Sydney water can guarantee that that water is going to be clean, as clean as what you're trying to achieve here, then what's the point?

And till such time the developers shouldn't be made to pay the full amount of that \$850,000. So it might take these 20 years of time Sydney Water acquires and controls all that water coming downstream. So why would you pay the \$850,000 upfront? Is that what the expectation is?

Carmel Donnelly (IPART): Thanks for those comments, Joe. We'll certainly take that on board, and I understand. I understand what you're saying.

Joe: Have you? Has anybody from the IPART review team been along Mamre Road, further south of where the water's coming from and seen the state of those properties? There was a truck on fire about 20 metres from the creek last weekend. Now it was a significant fire, and all the rain we just had. Where do you think that pollution would go? So if I just gave you \$850,000 per hectare so I can drink the water that comes out of the storm water, but that water is washing down into the creek. So what's the point? So until you can guarantee to the developers that that water quality is going to be as good as what they have to achieve, you shouldn't ask for the money upfront? Should they?

Joe: Take that on board.

Carmel Donnelly (IPART): We'll take it on board. Joe.

Joe: Ok, I've heard that a lot. Thank you.

Andrew Nicholls (IPART): Thank you, Joe. And I understand, we have seen the video that a stakeholder sent us of the particular incident that you mentioned. So thank you for that.

Joe: That's just a dribble, Andrew. That's a dribble, that video.

Andrew Nicholls (IPART): Right.

Joe: That's a dribble of water. Yeah. But look at the water comes from 20 kilometres upstream and it's a lot more than that dribble that's on that video. It's a lot of water. Yes, it is, and it wasn't there before. And I'm getting a lot more water from upstream than I was previously. So my point is, if it's \$850,000 that's what you come up with, that's fine. But why ask for it up front when you can't guarantee that it's going to be clean water, anyway from upstream?

Andrew Nicholls (IPART): Right. Yes, no. We've got it. Okay, no worries. Fantastic. Thank you.

Thank you very much for those comments, Joe. We really do appreciate them. And then we're just about at the final stages today because we are supposed to be wrapping up at 12:30, I've got one more hand up and I'm not sure what your name is there - if Hogan's a surname or a first name?

Russell Hogan: Yeah. Yeah. Just on my on my work laptop.

Andrew Nicholls (IPART): That's - oh, I see you've changed laptop.

Russell Hogan: Yeah.

Andrew Nicholls (IPART): I couldn't see your face there. I just saw your name.

Carmel Donnelly (IPART): Yeah. Russell, yeah.

Andrew Nicholls (IPART): Okay. Okay. Russell.

Russell Hogan: Hi, team just quickly look, and I know we'll catch up. But to give some credibility, I suppose, to the comments that we've made in relation to targets and all those sort of things. Just, I think, to the panel. Just rest assured that we've been working with professors at various universities. We've reached out to the executives of the Cooperative Research Centre for water sensitive cities. We've been working with these preeminent experts from day dot to understand these targets. The originating data demonstrated through to our businesses as to why or why not? And it is those preeminent experts that have highlighted to us the cause of concern. We've been working with the originators that have written the software to which this scheme is designed in as well. So we've gone all the way through to those preeminent experts. Some of which who are retired, they've given the reports for their review, have identified those validity concerns and sought to work with us to help in inform submissions, because they strongly believe that maybe some different lens or view should be taken on some of the matters. So we can go through that later, but just wanted to know that there is an underpinning of preeminent experts which have informed the landowner group commentary on the targets and the allocations thereof.

Andrew Nicholls (IPART): Brilliant. Thank you very much for that reinforcement, Russell. Appreciate it. Well, we have come to the end of the session.

Joe: Sorry Andrew. [Redacted]

Andrew Nicholls (IPART): Right. Thank you. Thank you for letting us all know that Joe, appreciate it. All right, and thank you to everyone for participating today, and the very constructive way that everybody approached what is a complex and challenging issue. And I've certainly found it very valuable to hear this discussion. I will now pass us over to Carmel just to close the hearing today.

1.4 Closing remarks

Carmel Donnelly (IPART): Yeah, thanks, Andrew. And look, I would also like to thank everyone for participating today on behalf of IPART. It's been very useful. You've certainly given us a lot of food for thought, and we will have some follow up conversations, as you know, as we continue our work.

As you know, we will share a link to the recording and our presentation slides online, and that'll be in the next couple of days. And we will give people a few more days to put in their submissions until Monday the 21st. Now we'll consider everything that's been said today, as well as the submissions as we prepare the final report. What you can see, there is our time frame, and we do have a due date for providing the report of the 21st of November.

So we'll be working very hard on that. I do want to acknowledge that clearly we've had representations today seeking for us to produce another draft, or and connect more as we consider the submissions. The Tribunal will certainly take that into account. I'm sure we'll see what we can do. Certainly, if we get submissions and we want some clarification or discussion, there's no reason why we can't be in touch, and having some further discussions.

But I will need to take that request for a change in our approach to the Tribunal and have us consider it further, to today's discussion. I know that there may be some other information that people would like to share, or others we haven't already sort of teed up that we'll have a further discussion if you would like to talk to someone at IPART.

Melanie, who gave the presentation, has her contact details there, and you're most welcome to get in touch with Melanie and have a further discussion or provide further information.

So thank you very much for everyone for being so forthright and constructive. We know there's a whole range of views and a lot to consider in a short period of time with this report, but it's been extremely helpful, and I hope it's been as helpful for you as it has been for us, and with that I will close the public hearing, and with our thanks to everyone for participating.