

HAVE YOUR SAY

on [Prices for Sydney Water Corporation from 1 July 2020](#)

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Provide Customer Feedback

What has Sydney Water proposed?

Sydney Water manages a network of pipes, pumps and treatment plants that delivers more than a billion litres of water, and treats nearly as much wastewater, every day.

Sydney Water proposed collecting \$10.7 billion of revenue from customers to recover its operating, capital and other costs over the four years from 2020. This is similar to the \$10.8 billion Sydney Water expects to spend over the previous four years between 2016 and 2020.

It has proposed prices for the next four years to meet – or exceed – service and environmental standards. We reviewed Sydney Water's service standards last year, through our operating licence review, and in this review we will set prices to meet these standards. Sydney Water's pricing proposal has also emphasised population growth, dry weather, and a deterioration in the performance of some assets, as key challenges that it needs to address over the next 4 years.

Sydney Water has forecasted its costs based on 'average' weather conditions over the next 4 years. If dry weather continues, this means that its costs will be higher than forecast, placing upwards pressure on future prices for customers. In August 2019, as a consequence of the current drought conditions, the [NSW Government announced](#) that it has begun preliminary planning to double the capacity of the Sydney Desalination Plant. These costs are not included in Sydney Water's proposal. We set the prices that Sydney Water pays the Sydney Desalination Plant – including any future expansion – in a separate review, and the community will have an opportunity to provide comment through that process.

It has also proposed new expenditure projects that go beyond meeting its minimum standards, following feedback through its customer engagement on customers' willingness-to-pay for specific projects to improve Sydney Water's environmental performance and the health of waterways.

Sydney Water's key proposed investments



Improving waterways
(\$150 million)

Improving environmental performance

Sydney Water is aiming to improve the health of Sydney's waterways by renewing stormwater assets, and implementing programs to reduce pollution and address flood risks, with some of this expenditure based on customer engagement.



Upgrading digital technology
(\$250 million)

A stronger customer focus

Sydney Water is proposing upgrades to digital technologies, cyber security and privacy protection – with a stronger focus on the customer. This investment is designed to improve its processes, insights and analytics.




Meeting the needs for growth

Unprecedented spend on servicing new properties

Sydney Water plans to spend \$1.6 billion on servicing new properties (an increase of 54% compared with the period from 2016 to 2020).

The NSW Government estimates around 144,000 new dwellings

<p>(\$1.6 billion)</p>	<p>to be built in Sydney over the next four years, in Sydney's northwest, southwest and around the future Western Sydney Airport. Growth in inland areas creates additional challenges, especially for treating wastewater. This is because the new investment is often located away from its existing network and may require new wastewater treatment plants.</p>
<p> Renewing critical assets (\$2.7 billion)</p>	<p>A new focus on renewals</p> <p>Sydney Water intends to adopt a more proactive asset management strategy, resulting in additional investment to renew or remediate failed or high-risk sewers, pumping stations and treatment plant equipment.</p> <p>It is also proposing additional expenditure to reduce wet weather surcharges into homes and the impact of wet weather overflows on the environment, to meet new requirements imposed by the NSW Environment Protection Authority (EPA).</p>

We review all aspects of Sydney Water's proposal, particularly its proposed expenditure plans and prices. We have engaged expert consultants to review Sydney Water's key assumptions and proposed expenditure.

We will also consider how the way we set prices can encourage Sydney Water to deliver better services and be more efficient.

We would like to hear your views on Sydney Water's proposed expenditure – please leave any comments in the comment box below.

What does Sydney Water's proposal mean for water prices and your bill from 1 July 2020?

Overall, most residential customers would have lower bills under Sydney Water's proposed prices. A typical residential customer could see a reduction of about 4% in 2020-21, before prices are adjusted for inflation.

Sydney Water proposes larger bill reductions for most non-residential customers.

Sydney Water's proposed bill reduction is mainly due to a fall in interest rates. The proposed increases in capital expenditure may have long-term impacts on bills, which could worsen if interest rates rise.

Use our [bill calculator](#) to estimate your bill under Sydney Water's proposed prices.

What are your views on Sydney Water's proposed prices? Please leave any comments in the comment box below.

We are particularly interested in your views on some key issues

We set the maximum prices that Sydney Water can charge to efficiently deliver secure and safe water to customers and meet community expectations to protect the environment, at an affordable cost to households and businesses.

To better understand customer preferences, we are now seeking feedback from customers. We present four key review issues below and – to the extent that it can – how our review will consider these issues.

We have published an [Overview](#) of Sydney Water's proposal, and a detailed [Issues Paper](#) which discusses the full 50 questions that we seek stakeholder feedback on. You can also lodge a [submission](#) in response, or provide feedback to the questions below.

1. Protecting the environment.

Could Sydney Water's customer engagement be improved to inform future pricing proposals? For example, should Sydney Water's

customer engagement program focus more on environmental outcomes and performance?

The management of wastewater and stormwater is critical to promoting a more 'liveable' Sydney. Sydney Water's customer engagement indicates that customers believe protecting the environment should be one of Sydney Water's key priorities. However, in recent times it has not always fully complied with some Environmental Protection Licences, mostly as a result of untreated sewerage overflowing into the environment.

Improving environmental performance could be expensive. Sydney Water could consider improving customers' awareness of the environmental and health impacts of sewerage overflows and better understand what customers are willing to pay for a cleaner environment.

2. Planning for the future.

Do you have any comments on how Sydney Water plans and recovers the investment needed to service Sydney's growing population?

Sydney is growing rapidly, making planning for essential infrastructure a complex task. Sydney Water has proposed an unprecedented \$4.5 billion of capital expenditure for the next four years. Servicing future growth accounts for around 40% of Sydney Water's proposed investment. Our expert consultants will conduct a detailed review of Sydney Water's proposed capital expenditure. They will advise us on whether Sydney Water's approach to planning for growth is consistent with best practice and will meet the needs of existing and future communities.

In most other Australian cities, property developers pay for some of the costs of extending the water and sewerage network in new homes and businesses. However, in Sydney these costs are spread across all of Sydney Water's customers through higher prices. We are concerned this policy could become unsustainable in the future.

3. Drought and water scarcity.

Do you have any comments on how our review can address the risks of drought and water security and support water conservation?

Our reviews of Sydney Water's prices and WaterNSW's prices (the supplier of bulk water to Sydney Water) will consider the impact of drought conditions on water security by seeking to align the utilities proposed investments and water conservation efforts with best available information and current government policy, including the 2017 Metropolitan Water Plan. Our review will consider how the risk of planning for water shortages and the cost of related investments is shared between the utilities, government and customers.

We set water usage prices to encourage the efficient conservation of water and support water security. When setting the usage price, we account for both the short-term costs as well as the long-term costs of consuming more water (for example, that consuming additional water today could create the need for costly investment tomorrow). Our pricing arrangements for recycled water support efficient investment in recycled water and related services, as we now recognise the potential for recycled water to generate wider economic benefits, such as increasing liveability and improving environmental outcomes.

4. Customer Preferences.

How should customer preferences be considered, alongside economic costs and benefits, when deciding Sydney Water's price structures?

The IPART Act outlines a number of factors we need to consider when setting prices. They include the cost of providing services, standards of quality, reliability and safety and environmental protection. Through this review and into the future, we will consider how IPART – as a regulator – can encourage Sydney Water to deliver the best value it can for customers.

We also believe that customers should have a say in how Sydney Water's prices are structured.

What are your views on how customer preferences should be considered? Please leave any comments in the comment box below.

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Other comments and feedback

We want to hear from you. If you have any additional comments, please leave them in the comment box below.

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