



Cost of stormwater drainage in the Mamre Road Precinct

23 April 2024

The Mamre Road Precinct is a new industrial area, primarily catering for warehousing and logistics along the Wianamatta South Creek corridor and close to the site of the new Nancy-Bird Walton Airport in Western Sydney.

Sydney Water is responsible for delivering, managing and maintaining the regional stormwater network in the precinct along with its drinking water, wastewater and recycled water networks. The regional stormwater network is part of the city-shaping investment in the Western Parkland City to support and promote amenity, recreation, urban cooling and environmental outcomes. This involves conserving, investing in and actively maintaining:

- green infrastructure - such as urban canopy, open space, and
- blue infrastructure - the water-related infrastructure and stormwater management, including that provided by Sydney Water.

In most parts of Sydney, including the area surrounding the Western Sydney Aerotropolis area, stormwater is managed by councils typically using grey infrastructure such as concrete channels. While the blue-green infrastructure provides wider benefits to the community and environment, including recycled water, greater waterway health objectives and run-off outcomes, which may have different costs than most traditional stormwater services.

1 What IPART has been asked to do

IPART is an independent, strategic agency of the NSW Government, charged with regulating key markets and government services to ensure effective social, environmental and economic outcomes.

The NSW Government has authorised us to provide advice on:

- determining the efficient costs of providing stormwater drainage services within the Mamre Road Precinct
- allocating these costs efficiently between developers, taxpayers, and other stakeholders.

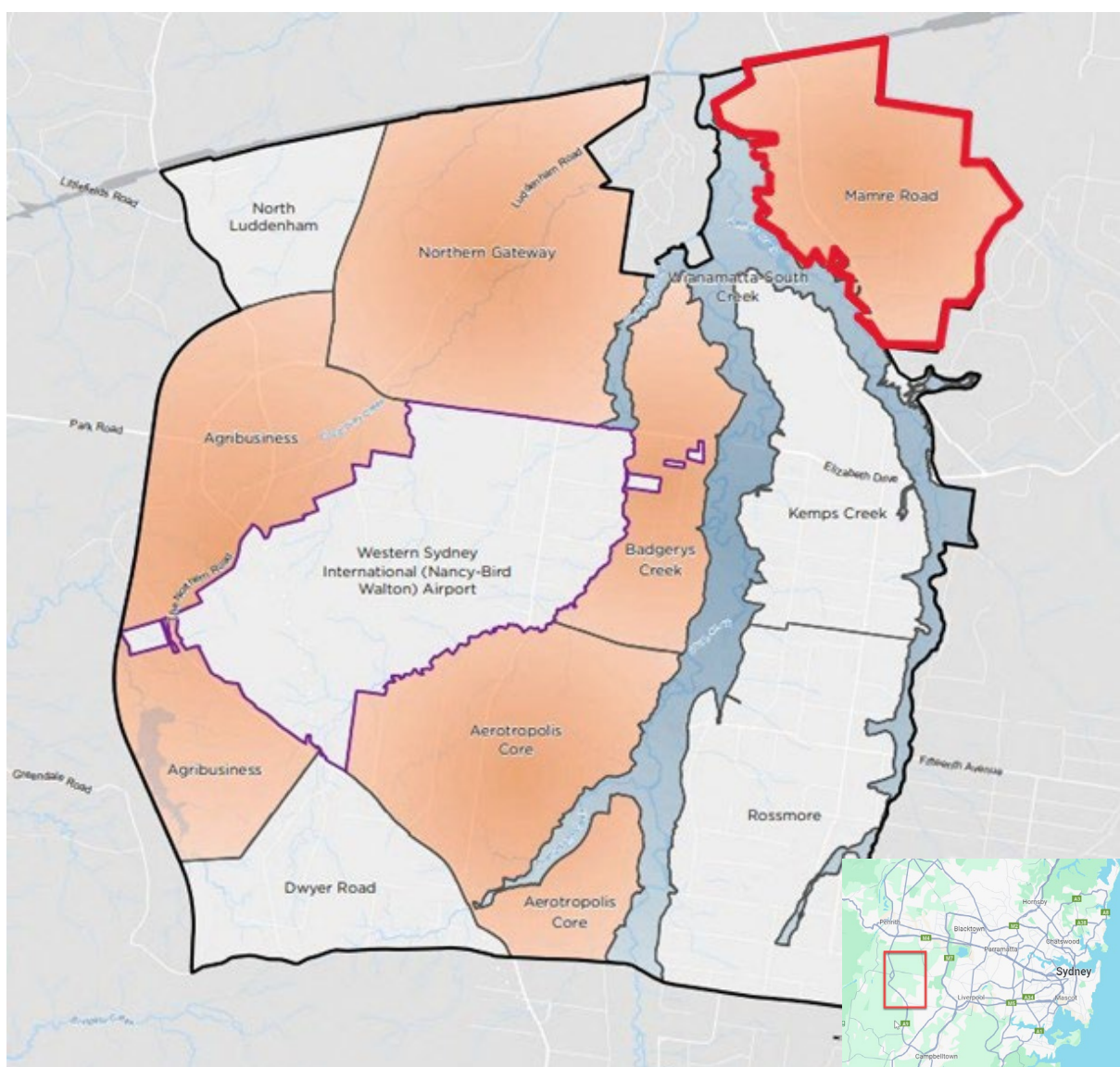
IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

In fulfilling this task, we will consider:

- government policies and instruments governing land-use planning, waterway health, and environmental standards
- potential environmental, economic and social impacts of providing regional stormwater drainage services in Mamre Road Precinct compared to alternate pathways
- comparative costs of stormwater drainage schemes in Greater Sydney and other cities
- the impact of land tax and other taxes and options for funding these costs.

We must provide a report with our advice to the Secretary of the Department of Climate Change, Energy, the Environment and Water by the end of September 2024.

Figure 1 Western Sydney Aerotropolis showing Mamre Road Precinct



How the Mamre Road Precinct Stormwater Scheme Plan evolved

In 2018, the Greater Cities Commission published the [Greater Sydney Region Plan – A Metropolis of Three Cities](#), outlining a vision for Greater Sydney's development over 40 years. This plan introduced new objectives for land use to enhance liveability, productivity, and sustainability, aiming to accommodate up to 1 million new residents in the Western Parkland City.

Following this, the NSW Government rezoned 5 precincts within the Western Sydney Aerotropolis region to enable the development of 6,500 hectares of land for employment, residential and environmental uses.^a The Mamre Road Precinct rezoning offers 850 hectares of industrial land, projected to create 5,200 construction jobs and 17,000 ongoing jobs once fully developed.^b

The NSW Government appointed Sydney Water as the trunk drainage authority for stormwater management in the precinct – a precursor for commencing development.^c

In 2022, the Government released several water policy guidance documents^d to maximise the use of stormwater and recycled water to cool and green the city, support recreational activities, and incorporate sustainable water use into building and landscaping design. This included strategies for water sensitive urban design to meet new stormwater management targets and preserve the blue grid in the Wianamatta South Creek Catchment.

Sydney Water developed its own guidance materials on [innovative water management for the Aerotropolis precincts](#) and [stormwater scheme principles](#), before publishing its [Mamre Road Precinct Stormwater Scheme Plan](#) and associated developer financial contributions required to meet these objectives for consultation.

In response to concerns from developers and landowners about the high cost of Sydney Water's Stormwater Scheme Plan (originally \$1.3 million per hectare), which is significantly higher than average stormwater infrastructure contributions in other council areas, the Government issued a [directive](#) to Sydney Water to cap developer contributions at \$800k per hectare. A cross-government technical working group was also established to explore scheme optimisation and cost-saving measures.^e

In March 2024, the Minister for Water (with approval from the Premier) referred the matter to IPART for its consideration and advice.

a NSW Government, *Development to kick off across Western Sydney Aerotropolis*, November 2022.

b NSW Government, *Rezoning of Mamre Road Precinct – Frequently Asked Questions*, June 2021, p 1.

c Sydney Water, *Western Sydney Aerotropolis Stormwater*, accessed 16 April 2024.

d Department of Planning and Environment, *Greater Sydney Water Strategy: Water for a thriving, sustainable and resilient Sydney*, August 2022; Department of Planning and Environment, *Review of water sensitive urban design strategies for Wianamatta-South Creek*, April 2022; Department of Planning and Environment, *Technical guidance for achieving Wianamatta-South Creek stormwater management targets*, September 2022.

e Sydney Water, *Mamre Road Precinct - Regional stormwater scheme optimisation summary*, December 2023, p 4.

2 Key issues for the review

What waterway health targets and standards is the Mamre Road Stormwater Scheme Plan required to meet?

The costs of delivering stormwater drainage services in the Mamre Road Precinct are partly driven by the waterway health targets and other objectives that it is designed to meet. The [Terms of Reference](#) asks us to factor in all reasonable costs associated with meeting these targets and objectives. To the extent that these targets and objectives are binding, they are a standard cost of doing business and Sydney Water should be able to recover the efficient costs of meeting them.

We will confirm what targets Sydney Water must meet and the minimum level of stormwater service that would meet them. Where we find that elements of the plan are discretionary or provide benefits above the minimum level of stormwater service that would meet the statutory targets and objectives, we will consider who should pay the costs of these elements.

What are the efficient costs of delivering Sydney Water's Stormwater Scheme Plan?

We will conduct an efficiency review of the capital and lifecycle operating costs of delivering Sydney Water's Stormwater Scheme Plan. We will engage a suitably qualified and independent stormwater cost expert to assist us in reviewing the costs of Sydney Water's proposal. We will consider existing work the Government's technical working group and Sydney Water have done to identify these costs and cost savings to date. We will also consider Sydney Water's use of land compared to undertaking capital works to deliver its Stormwater Scheme Plan. This is important given the substantial contribution of land tax payable by Sydney Water on the developable land it needs to deliver the scheme.

We will also consider the potential environmental, economic and social impacts if such infrastructure was not delivered by Sydney Water. For example:

- changes to flooding risk, including costs of remediation
- changes to the capacity of the Mamre Road Precinct to support secondary infrastructure, including housing and industrial capacity.

How do these costs compare to stormwater services delivered elsewhere?

We will compare the costs of Sydney Water's Stormwater Scheme Plan with the costs of providing stormwater drainage schemes in other parts of Greater Sydney and other cities. This would include stormwater infrastructure development by neighbouring local councils. We will consider how the targets and objectives that comparative stormwater schemes are required to meet are similar or different to the Mamre Road Precinct.

How should the Mamre Road Stormwater Scheme Plan be funded?

We will provide advice on an appropriate allocation of costs between developers, taxpayers and others. To do so, we will consider a range of factors, including the benefits and avoided costs different parties face, affordability, what alternatives developers have and government growth priorities for Western Sydney.

3 How we will undertake the review

In undertaking all our reviews, we focus on:

- protecting water customers from unreasonable price increases
- improving providers' efficiency and service quality
- encouraging competition
- protecting the environment
- ensuring that regulated service providers remain financially viable.

Applying these focus areas to this review, we want to ensure that Sydney Water has effective incentives to deliver fit-for-purpose stormwater drainage infrastructure in a way that preserves the environment and mitigates the impact of climate change at least cost to its customers. Sydney Water should be compensated for its efficient costs of providing these services.

We also want to ensure that economic development takes place at a fair and reasonable price. Developers, landowners, taxpayers and others should pay a fair price for stormwater services they use and the environmental, economic and social benefits they derive from it.

We are mindful that our review may set a precedent for how stormwater drainage schemes are implemented in surrounding Western Sydney Aerotropolis areas and potentially other areas in Greater Sydney. It is therefore important to get the right balance between these objectives.

4 We want to hear from you


Your input is valuable to us as we navigate these complex issues. We want to hear from landowners in the Mamre Road Precinct or broader Western Sydney Aerotropolis, traditional owners, developers and industry groups, local councils, environment groups, Sydney Water customers and any other interested parties.

We are seeking your feedback on the following:

1. What is your feedback on our approach to this review? What else should we consider?
2. How well does Sydney Water's Stormwater Scheme Plan meet the needs of the community in the Mamre Road Precinct and broader Western Sydney Aerotropolis?
3. Are there alternative stormwater management methods or works that would deliver better outcomes for the Mamre Road Precinct and broader Western Sydney Aerotropolis community?

4. How should the costs of delivering Sydney Water's Stormwater Scheme Plan be funded? Are there elements that should be paid by developers, taxpayers or other parties?
5. What environmental, economic or social outcomes would be lost if Sydney Water's Stormwater Scheme Plan for the Mamre Road Precinct did not go ahead in its current form?
6. Are there any other related issues you would like to tell us about?

You can get involved by making a submission on the issues raised in this Issues Paper or any other matters relating to this review that you would like to tell us about. You can also register your interest in attending a future workshop to discuss these topics in more detail.

 **Have your say**

Your input is critical to ensuring a comprehensive and well-informed review.

[Submit feedback >>](#)

[Register interest in attending a workshop >>](#)

5 Our review process



We are seeking your input to this review, with submissions to this Issues Paper due **Monday 20 May 2024**.

We will consider all stakeholder feedback, as well as input from our consultants and our own analysis, before publishing a Draft Report with our draft decisions in July 2024.

We will then seek written submissions on the Draft Report and hold a Public Hearing in August 2024. The Public Hearing will be an opportunity to provide your feedback on our draft decisions directly to the Tribunal and IPART Secretariat.

Following our consideration of submissions and Public Hearing output, we will submit our Final Report to the Secretary for the Department of Climate Change, Energy, the Environment and Water by the end of September 2024.

Stakeholders who would like to be notified when relevant material is released can [subscribe to receive updates](#) from IPART.