



The Hon. Matt Kean MP
Treasurer
Minister for Energy and Environment

Ref: TA22/1096

Mr Roch Cheroux
Managing Director
Sydney Water

Dear Mr Cheroux,

I am writing to approve Sydney Water to gradually phase-in water, sewerage, and stormwater developer charges. The re-introduction of developer charges in Sydney Water's area of operations is an important reform to support customers and improve the efficiency of infrastructure and housing delivery.

As you are aware, on 9 December 2021 I wrote to Ms Carmel Donnelly, Chair of the Independent Pricing and Regulatory Tribunal (IPART), to initiate the process for re-introducing developer charges. I understand Sydney Water is on track to meet its obligations under the relevant IPART determination. I commend the work your team has already done preparing Development Servicing Plans (DSPs) for public exhibition in the coming months.

The NSW Government has decided that developer charges should be re-introduced gradually over four years, to provide developers time to adjust to the new arrangements. Therefore, under section 18(2) of the *Independent Pricing and Regulatory Tribunal Act 1992*, I:

- revoke the approval granted in 2008 for Sydney Water to charge nil prices for the services of providing connections to a water, wastewater or drainage system
- approve Sydney Water charging a percentage of the relevant prices that apply under IPART's determination for those services.

The percentage Sydney Water may charge in each financial year is listed in Table 1 below and applies from the date a DSP is registered by IPART until 1 July 2026.

Please note the Government has made an exception for stormwater charges (but not water or sewerage charges) for new connections in Stormwater Drainage Areas nominated in clause 3 of the *Sydney Water (Stormwater Drainage Areas) Amendment Order 2022* ('Initial Stormwater Areas'). Stormwater developer charges will apply in full in the Initial Stormwater Areas starting from the date the relevant DSPs are registered by IPART.

Table 1 Phase in percentages for water, sewerage, and stormwater developer charges

	Date DSP is registered by IPART to 30 June 2023	1 July 2023 to 30 June 2024	1 July 2024 to 30 June 2025	1 July 2025 to 30 June 2026	1 July 2026 onward
Percentage of maximum price calculated under the IPART determination* to be charged (excluding stormwater charges for connections in the Initial Stormwater Areas)	0%	0%	25%	50%	100%
Percentage of maximum price calculated under the IPART determination* for stormwater connections in the Initial Stormwater Areas	100%	100%	100%	100%	100%

* IPART 2018 *Maximum prices for connecting, or upgrading a connection, to a water supply, sewerage or drainage system, Sydney Water, Hunter Water and Central Coast Council* Final Determination.

Sydney Water will retain the ability to recover from developers the cost of servicing development that is not consistent with planning policies or the NSW Government's development program *without any phase-in period*.

If you require additional information or wish to discuss this matter further, please contact Mr Tom Carr, Associate Director – Productivity Reform at NSW Treasury, on [REDACTED]

Yours sincerely,



Matt Kean MP
Treasurer
Minister for Energy and Environment

19.10.22

CC: Carmel Donnelly, Chair IPART