



20 June 2025

The Tribunal Members  
Independent Pricing and Regulatory Tribunal (IPART)  
Level 15, 2-24 Rawson Place  
Sydney NSW 2000

Dear Tribunal Members,

**Subject: Support for Sydney Water's Capital Investment Proposal**

I write to express my strong support for Sydney Water's capital investment proposal, as outlined in its original submission, and to raise serious concerns regarding the implications of the significant reductions proposed in IPART's draft determination.

Sydney Water's proposed capital program of \$9.475 billion is not only critical to supporting our city's rapid growth, but is also essential to ensuring the health, liveability, and economic prosperity of Greater Sydney and surrounding regions over the next five years. The draft determination's recommendation to reduce this program by 35%—equivalent to \$5.9 billion—is deeply concerning and could have wide-reaching negative consequences.

***Enabling Growth and Housing Delivery***

The NSW Government's commitment under the National Housing Accord to deliver 377,000 new homes—265,000 of which are in Sydney—relies fundamentally on the timely provision of essential infrastructure. This includes water, wastewater, and stormwater services in key growth corridors and near emerging transport hubs. IPART's assumptions based on outdated housing forecasts underestimate the scale and speed of new development required, especially given recent policy changes such as Transport Oriented Development and the Low- and Mid-Rise Housing Program.

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If the proposed capital reductions stand, up to 70,000 new homes could be delayed due to a lack of timely infrastructure connections. This will severely undermine efforts to address Sydney's housing affordability crisis and limit broader economic benefits tied to social and affordable housing delivery. The delays in housing also mean lost productivity, reduced construction sector activity, and a weaker return on the State's broader infrastructure investments.

### ***Ensuring Resilience Through Pre-treatment Upgrades***

Sydney Water's proposed investments in pretreatment upgrades, particularly at the Prospect Water Filtration Plant—which services over 80% of households in Greater Sydney—are vital to safeguard public health and resilience in the face of climate change and a growing population.

IPART's exclusion of \$957 million from this program places unnecessary risk on our region's water quality. Without these upgrades, Sydney may be exposed to more frequent boil water notices or water restrictions during extreme weather or deteriorating raw water conditions—risks that are entirely preventable with proactive investment. These events would not only impact public confidence and safety but could also carry significant economic costs through service interruptions, emergency responses, and lost productivity.

### ***Protecting Our Sewer Network and Environment***

IPART's proposed \$700 million reduction to Sydney Water's proactive sewer program would leave the city vulnerable to more frequent sewer overflows, environmental damage, and regulatory non-compliance. Maintaining and renewing critical, ageing assets is not discretionary—it is essential to protecting public health, our waterways, and community amenity. Failing to act now could lead to greater costs in the future—economically, environmentally, and reputationally.

### ***Balancing Investment and Affordability***

While cost control is important, the long-term economic cost of underinvestment far outweighs short-term savings. Strategic investment in water infrastructure generates economic returns by supporting population growth, enabling housing construction, preventing service disruptions, and preserving environmental assets that underpin tourism, recreation, and quality of life. This investment must be seen as a foundation for prosperity—not a discretionary expense. IPART's role should be to ensure value for money, not to suppress necessary capital delivery at the expense of the region's future.

In conclusion, I urge IPART to reconsider the scale of reductions proposed in the draft determination. Sydney Water's capital plan represents prudent and necessary investment that underpins the future of our city. Cutting it back at this scale places undue risk on housing supply, environmental sustainability, and the health and wellbeing of millions of residents—along with the economy they drive.

Thank you for the opportunity to comment on this important matter.

Yours sincerely,



**Paul Nicolaou**  
Executive Director  
Business Sydney