

Submission on IPART's Draft Determination Sydney Water Pricing 2025–2030

Friday 20 June 2025

As Executive Director of Business Western Sydney, I write in response to the Independent Pricing and Regulatory Tribunal's (IPART) Draft Determination on Sydney Water's pricing proposal for the 2025–2030 period.

Business Western Sydney strongly supports Sydney Water's full capital and operational expenditure plan. By contrast, IPART's proposed 35% cut – amounting to a \$5.9 billion reduction over five years – poses a serious risk to the timely delivery of critical housing and job-creating precincts, especially across Western and South West Sydney.

We urge the NSW Government to ensure the final determination empowers Sydney Water to deliver the water and wastewater infrastructure essential to meet Greater Sydney's housing targets and economic growth agenda.

Housing Delivery at Risk

New housing cannot happen without infrastructure. Water and wastewater connections are essential to unlock both greenfield and infill development. IPART's proposed cuts put this at risk.

The NSW Government has committed to delivering 377,000 new homes by 2029 under the National Housing Accord. Yet Sydney Water estimates that the capital allowed under IPART's draft would enable just 120,000 – well short of what's needed.

Even with the welcome push by the NSW Government for Transport Oriented Developments and planning reforms to encourage low- and mid-rise density, housing in greater Sydney must be delivered both *up and out*. Major Western Sydney greenfield growth areas, including the North West, South West and Greater Macarthur regions, are projected to deliver 63% of new dwellings and 58% of new jobs between now and 2035. Up-front investment in trunk infrastructure needs to happen now. Otherwise housing supply will stall before it even starts.

Long-Term Vision vs Short-Term Savings

Business Western Sydney recognises IPART's intent to limit household bill increases, and we understand the cost-of-living pressures many Sydney residents face. However, the trade-off between short-term savings and long-term infrastructure readiness is neither balanced nor sustainable.

Sydney Water's proposal would see a typical household bill rise by around \$2.49 per week, a modest increase for an essential service. This still places Sydney Water's pricing in the mid-range of Australian utilities and well below many comparable OECD cities. By contrast, IPART's alternative, a \$1.17 weekly increase, offers only marginal short-term relief, while risking long-term impacts on service delivery, housing supply and economic growth.

To put it plainly: for just \$130 more per year, Sydney can get the infrastructure it needs to support growth, and meet its housing and jobs targets. That's a small price to pay for the foundations of a more liveable, connected and resilient city.

We also note that Sydney Water operates a comprehensive hardship support program to assist vulnerable customers, totalling \$1 billion over the next five years. This is a more targeted and effective way to address affordability than delaying capital investment for all.

Undermining Infrastructure Readiness

IPART's proposed reductions extend well beyond housing supply. The draft determination includes:

- A **\$700 million cut** to proactive maintenance of critical sewer infrastructure, increasing the risk of overflows, environmental pollution and regulatory breaches.
- A **75% cut to the water pre-treatment program**, jeopardising water quality during extreme weather or contamination events, particularly at the Prospect Water Filtration Plant, which supplies over 80% of Sydney's population.
- A **delayed rollout of Purified Recycled Water (PRW)**, limiting progress to a single project at Quakers Hill, despite the program's significance for long-term water resilience in a changing climate.

Business Western Sydney views these decisions as a short-sighted response to long-term challenges. Without early and adequate investment, the costs of catch-up – both fiscal and environmental – will be far greater for the State and for the communities relying on this essential infrastructure.

Western Sydney: The Growth Frontier

Nowhere will the impact of these cuts be felt more sharply than in Western Sydney — the engine room of NSW's population growth and economic expansion. Major centres like the South West Growth Area, Upper Nepean and the Western Sydney Aerotropolis are poised for transformation. But without water and wastewater infrastructure in place, that growth simply cannot be realised.

Sydney is at a pivotal moment. We need to deliver more homes, more quickly, while building communities that are liveable, resilient and ready for the future.

Business Western Sydney has consistently championed a proactive, place-based approach to infrastructure delivery — one that gets ahead of the demand curve, not left scrambling behind it.

We urge the NSW Government and IPART to back Sydney Water's original investment proposal. It is the most credible path available to unlock housing supply, protect public health and safeguard environmental standards, on time and at scale.

We appreciate the opportunity to contribute to this process and would welcome the chance to engage further as decisions are finalised.

Yours sincerely,



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