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The Voice of the Industry

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Sydney Water Prices 2025-2030
Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop, SYDNEY, NSW 1240

Via: IPART Submission Portal

RE: Prices for Sydney Water Corporation from 1 October 2025 - Submission

The Civil Contractors Federation NSW (CCF NSW) welcomes the opportunity to comment on IPART's Draft Determination for Sydney Water's 2025-2030 pricing period.

CCF NSW represents the civil construction industry across New South Wales. Our 400 member organisations, including Tier 2 contractors and businesses right across the supply chain, work with Sydney Water, utilities, government agencies, councils, and developers to deliver the infrastructure that enables housing, economic growth, water security, and environmental resilience across NSW.

Sydney Water's capital and maintenance program is critical to the state's liveability and productivity. It also sustains thousands of local jobs and businesses that must be ready to deliver essential infrastructure where and when it's needed.

1. **Infrastructure Doesn't Get Cheaper Later**

While we recognise IPART's intent to protect households from rising water bills, we caution against a short-term approach that overlooks the broader cost-of-living consequences of underinvesting in essential infrastructure. When enabling infrastructure such as water and wastewater networks cannot be delivered on time, it delays housing supply, drives up project costs, and fuels long-term affordability pressures for families, businesses, and industry alike.

The proposal to reduce Sydney Water's capital expenditure by 35% ($5.9 billion) over the next five years may be perceived as easing short-term pressure on customer bills, but it simply defers costs, increases risk, and compromises the state's infrastructure delivery ability. Our industry's lived experience is unequivocal: infrastructure that isn't built now only becomes more expensive later. Delays escalate input costs, defer productivity gains, and undermine the state's ability to meet future demand.

This is particularly concerning in the current economic climate, where material and labour costs continue to rise, and the NSW Government's civil infrastructure pipeline has already slowed significantly over the past 18 months. According to Oxford Economics Australia analysis of ABS commencement data, Transport project commencements have dropped by 37%, with an overall 18% decline across other NSW Government infrastructure. In this environment, contractors need certainty and continuity of work.

Deferring investment now will only deepen the disruption. Rebuilding a diminished local workforce or contractor base will be slower, costlier, and far less effective than sustaining the skilled capacity we currently have, who are ready and able to deliver.

2. Undercutting Growth Infrastructure Threatens Housing Delivery

Sydney Water proposed $9.475 billion in capital works to meet the NSW Government's housing targets. IPART's draft determination reduces this by nearly $2.8 billion, just as the Government is asking the infrastructure sector to enable 377,000 new homes by 2029 - 265,000 of these in Sydney.

IPART's assumptions are based on a forecast of just 120,000 homes over the next five years which is less than half the Government's own stated target. This flawed input risks creating a shortfall in trunk water, wastewater, and stormwater infrastructure at the very time the construction sector is being asked to deliver more, faster.

Failure to adjust these assumptions will delay up to 70,000 new homes, compound housing affordability issues, and constrain economic activity across key growth areas.

3. Missed Policy and Growth Signals

CCF NSW is concerned the draft determination fails to reflect the scale and urgency of infrastructure demand driven by current policy settings and spatial growth. The review of Sydney Water's proposal undertaken for IPART by AtkinsRealis appears to rely heavily on historical data and actual expenditure trends, without adequately accounting for the significant uplift in delivery required to meet the infrastructure pressures emerging from the housing crisis and recent government reforms aimed at driving investment growth.

Key drivers of demand that appear to be overlooked or underestimated in the assessment which informed the draft determination include:

- The **Transport Oriented Development (TOD)** program which will boost density near transport corridors
- **Low and Mid-Rise Housing Policy**, which will boost density in infill areas
- The **Western Sydney Aerotropolis** and major employment lands, which require water infrastructure ahead of development
- **Data centres and industrial growth**, which are capital-intensive and place substantial demand on water and sewer infrastructure
- **The Illawarra**, which is excluded from IPART's current housing supply forecast despite being a designated regional growth centre
- **Potential rezoning of Glebe Island**, a strategically located site under consideration for housing, which would create additional infrastructure pressure not captured in modelling.

Ignoring these drivers risks leaving Sydney Water underfunded and unable to respond, just as market and community expectations accelerate.

4. Pretreatment and Sewer Network Cuts Risk Public Health and Environmental Harm

The draft report removes 75% of Sydney Water's proposed pretreatment upgrades, including works at Prospect Water Filtration Plant, which serves over 80% of Sydney households. The rationale that previous adverse weather events didn't cause widespread health crises, risks underestimating future threats and fails to apply a precautionary approach.

Similarly, a $700 million cut to proactive sewer network renewals increases the risk of pollution, overflow, regulatory breaches, and community disruption. These risks are near-term, preventable harms that undermine public trust and cost more when dealt with reactively.

5. Contractor Capacity Depends on a Stable Pipeline

Tier 2 and regional contractors cannot scale up or invest in plant, people, and capability without a forward-funded, reliable infrastructure pipeline. This is particularly important given government goals to increase local skills, local procurement, build sovereign capability, and create secure jobs in the construction sector.

Sydney Water's capital program is a critical part of that pipeline. Slicing billions from it will cause delivery fragmentation, reduce competition, and increase reliance on large multinationals, counter to the intent of broader NSW Government infrastructure and procurement reform.

With infrastructure programs in other sectors appearing more stable and investable such as energy transition projects, regional council works, and major public infrastructure pipelines in Queensland and Western Australia, there is a real risk that NSW civil contractors will shift their resources interstate. In the midst of a housing crisis, NSW can ill afford to lose its local delivery capability.

6. Recommendations

CCF NSW urges IPART to revise the final determination to ensure Sydney Water can deliver its core mission, support housing targets, and sustain delivery capacity. Specifically, we recommend:

- **Reinstating funding for growth-related infrastructure** aligned with NSW Government housing targets under the National Housing Accord.
- **Revising growth assumptions to reflect updated housing policies**, rezonings and projections, including TOD, Low and Mid-Rise Housing, and the Illawarra.
- **Avoiding deferred investment in pretreatment and sewer network** programs that carry significant long-term costs and public health risks.
- **Acknowledging potential uplift in areas such as Glebe Island and enabling flexibility** to respond to land use changes over the pricing period.
- **Supporting a stable capital program** that underpins local economic activity, sustains the NSW civil construction ecosystem, and provides contractors with the certainty to invest, plan, and participate.

If you wish to discuss this submission further, please contact us on the details below.

Yours sincerely,

[redacted]

Kylie Yates
Chief Executive Officer
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