Author name: M. Tran

Date of submission: Monday, 23 June 2025

Your submission for this review:
I commend IPARTs efforts to ease cost-of-living pressures by recommending a 35% reduction in Sydney Waters planned expenditure. However, I advocate for stronger capital investment to meet the infrastructure demands of Sydneys growing population. Key Points: Support for Targeted Capital Investment: I support increased water and wastewater capital works funding, but it must be strategically aligned with growth areas facing infrastructure constraints (e.g., Austral, Leppington North, Wilton, Greater Macarthur). Urgency of Infrastructure Delivery: Delays in water infrastructure are hindering housing development, affecting affordability and supply. Greater Sydney needs timely and coordinated delivery of water and wastewater infrastructure to support 1.4 million additional residents by 2041. Operational Efficiency: I agree with IPARTs proposed 6% reduction in operating expenditure, noting it is achievable with better planning, procurement, and project execution. Fair Cost Allocation: I oppose Sydney Waters proposed 18% increase in residential bills, considering that developers should bear infrastructure costs through existing contribution mechanisms. On this basis, I support IPARTs more moderate 4.6% annual bill increase. Call for Accountability: I urge IPART to ensure Sydney Water is held accountable for performance, delivery, and cost-efficiency, while enabling it to meet long-term infrastructure needs.

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13 June 2025

Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop NSW 1240
Attn: Carmel Donnelly PSM, Chair

Dear Ms Donnelly,

Re: Submission on IPART Draft Report – Sydney Water Prices 2025–30

Thank you for the opportunity to provide feedback on IPART's Draft Report regarding Sydney Water's proposed prices for the 2025–30 regulatory period.

I acknowledge IPART's commitment to alleviating short-term cost-of-living pressures by recommending a 35% ($5.9 billion) reduction in Sydney Water's planned expenditure over the next five years. However, I wish to express my support for a more robust capital investment program to ensure timely delivery of essential water and wastewater infrastructure across Greater Sydney.

Capital Investment Must Reflect Priority Growth Needs

In principle, I support Sydney Water receiving a higher capital works allocation to address critical infrastructure needs. However, this investment must be strategically prioritised and aligned with areas facing growth-related capacity constraints.

Sydney Water's capital investment over the past four years to FY2023/24 has risen sharply compared to national trends, *Figure 1*, reflecting Sydney's distinctive population pressures. According to Australian Bureau of Statistics (ABS) latest data, Sydney experienced a 2% population increase in FY2023/24—equivalent to an additional 107,500[1]—driven by both natural growth and net overseas migration. Looking ahead, the city's population is projected to grow by approximately 1.4 million people over the coming decade, reaching 6.3 million by 2041[2]. These figures underscore the urgency of a robust and forward-looking infrastructure investment strategy to meet the significant housing, water and wastewater service demands expected over the next five years.

As an example, the Austral and Leppington North Precincts were rezoned by the NSW Government on 15 March 2013 to support approximately 17,350 new dwellings. Over 12 years later, key water infrastructure upgrades remain incomplete. The current network lacks the capacity to enable further development, and relief is not anticipated until at least 2028. In some cases, development applications with approved consents are unable to proceed, resulting in significant financial impacts for developers and undermining vital housing supply targets.

Moreover, significant water and wastewater infrastructure investment is urgently required to support the delivery of an additional 51,000 new homes across the Wilton and Greater Macarthur Growth Areas over the next 30 years. This includes Appin, North Appin, Mount Gilead, Menangle Park and Glenfield precincts—regions central to the State's long-term housing supply strategy. Without timely and coordinated infrastructure delivery, development in these areas will be hindered, directly affecting the affordability and availability of new homes across Greater Sydney.

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[1] ABS, 2024. *Regional Population* (abs.gov.au/statistics/people/population/regional-population)

[2] NSW Planning, 2024. *Population Projections* (planning.nsw.gov.au/data-and-insights/population-projections)

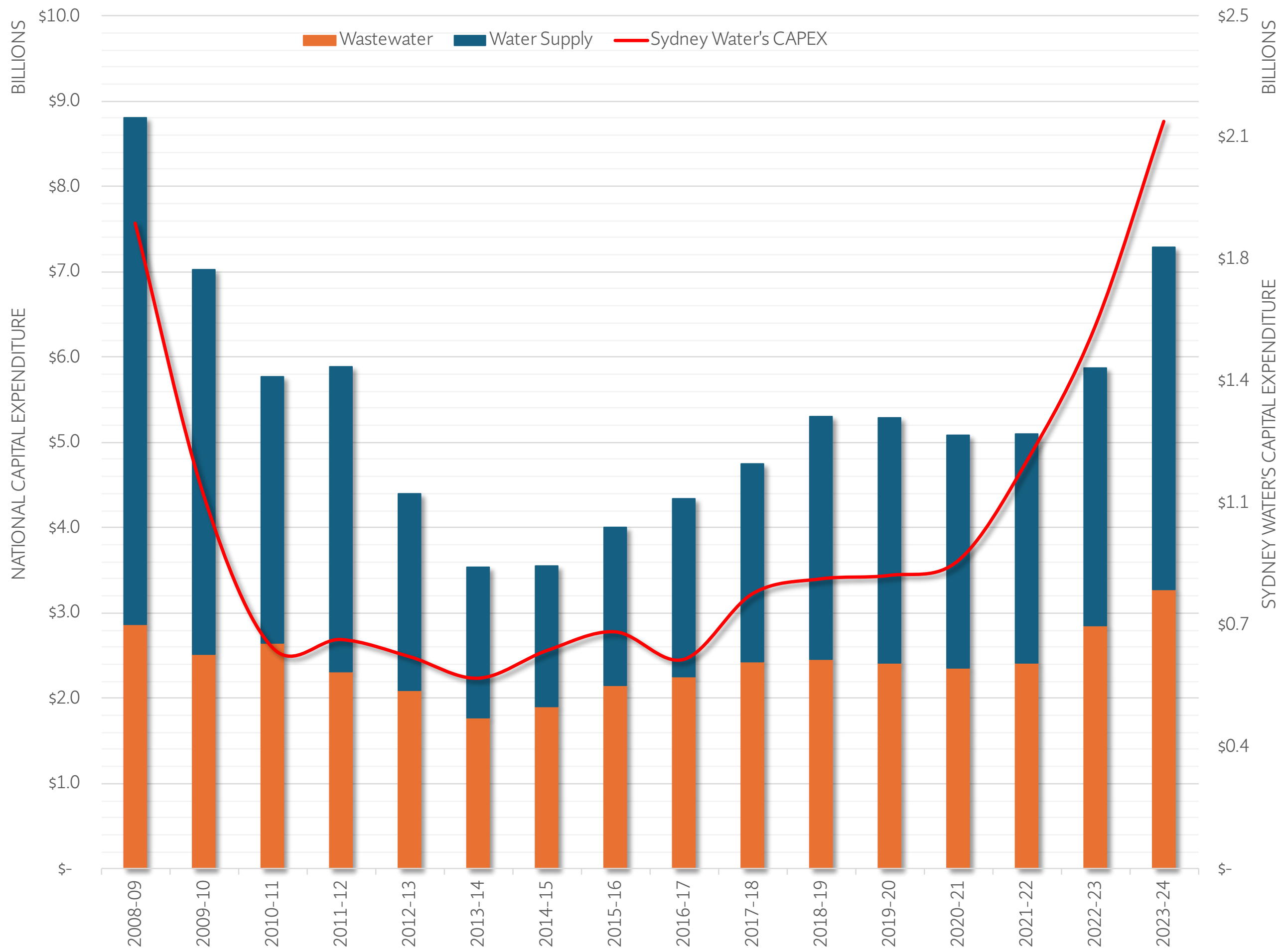

Figure 1: Sydney Water's CAPEX in comparison to national trends[3]

Improved Delivery and System Efficiency Required

Sydney Water must enhance operational efficiency and streamline its processes for planning, designing and delivering major capital projects. Prolonged delays in infrastructure rollout reduce development certainty and erode confidence in the utility's ability to meet growth demands. A more agile and transparent delivery model is essential to align with government planning objectives and meet community expectations.

Improved Cost Efficiency Is Both Necessary and Achievable

In addition to improving delivery and system performance, Sydney Water must enhance the efficiency of its operational expenditure. I note that IPART has proposed a 6% reduction in core operating expenditure over the five-year determination period—equating to approximately $438 million in savings. This target is more ambitious than Sydney Water's recent achievement of an average 3.65% reduction (just over $220 million) across the four years to FY2023/24, *Figure 2*.

I believe that, with meaningful improvements to internal planning and execution, achieving a 6% reduction is feasible. This aligns with IPART's view that a more efficient cost base is necessary to ensure Sydney Water can deliver critical infrastructure without placing undue financial pressure on customers. Efficiencies should be driven by innovations in delivery, streamlined procurement, and better resource planning—helping to create a more agile and cost-effective utility.

[3] BOM, 2024, *Urban National Performance Report* (bom.gov.au/water/npr)

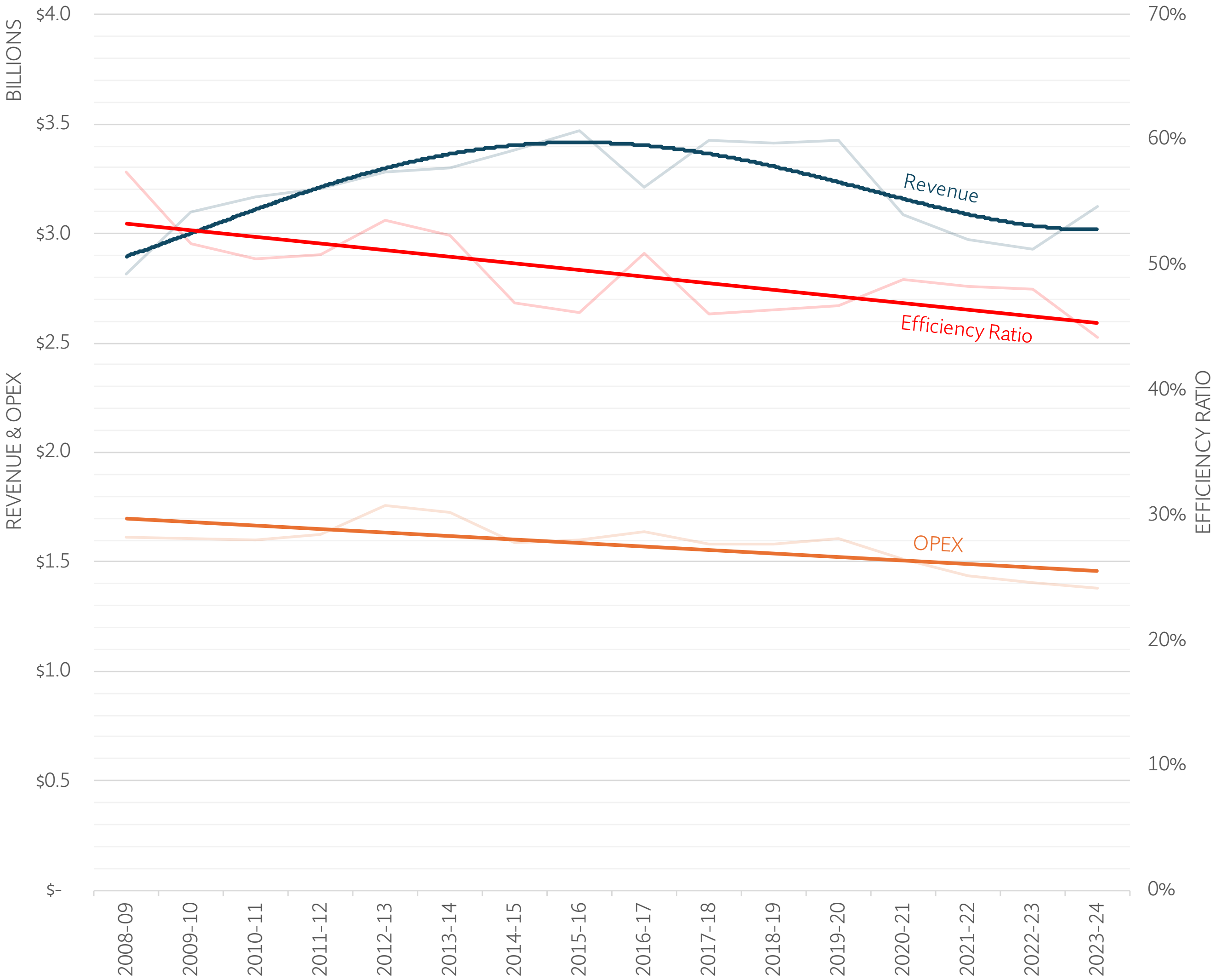

Figure 2: Sydney Water's long-term trends on Revenue, OPEX and Efficiency Ratio[4]

Fair Allocation of Costs

Whilst I recognise the importance of long-term water and wastewater infrastructure investment, I do not support Sydney Water's proposed 18% increase to typical residential bills to fund Sydney Water's expanded capital program. The recent reintroduction of Infrastructure Contributions ensures developers contribute toward the cost of new infrastructure servicing growth areas. Shifting this burden onto existing customers is neither equitable nor efficient, particularly when a growth funding mechanism is already in place.

Historically, over the past 15 years, there has been no direct correlation between the level of Sydney Water's capital investment and changes to annual residential water bills, *Figure 3*. Despite fluctuations in capital expenditure, bill rates remained relatively stable over the last four years, indicating that investment levels alone have not dictated customer pricing. However, capital investment has had a more discernible impact on Sydney Water's revenue generation and net profit after tax. This reinforces the importance of balancing investment decisions with fair pricing policies that do not disproportionately burden current customers.

[4] BOM, 2024, *Urban National Performance Report* (bom.gov.au/water/npr)

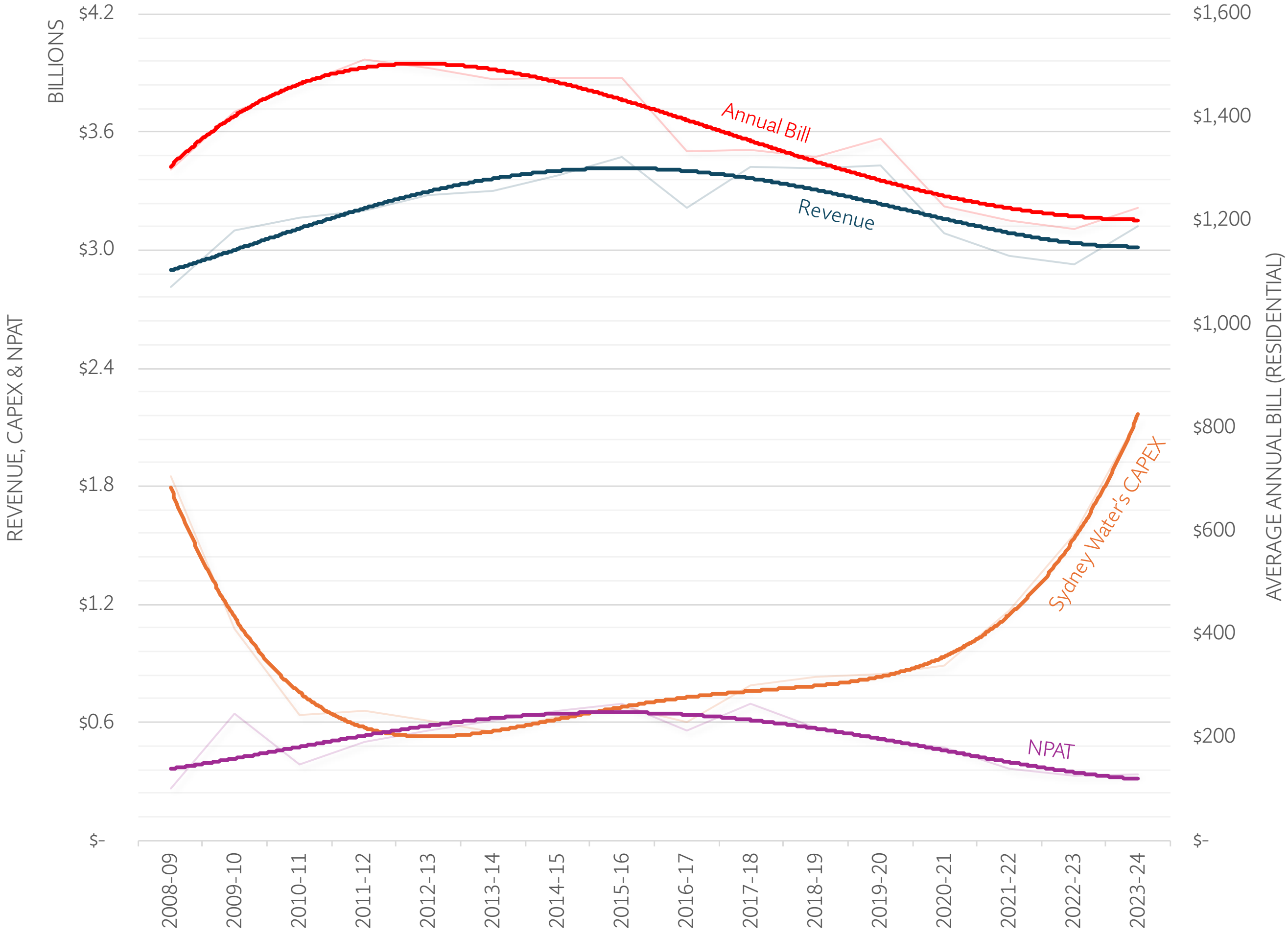

Figure 3: Sydney Water's long-term financial trends[5]

Conclusion

I urge IPART to consider a more balanced approach—one that empowers Sydney Water to deliver critical infrastructure while holding the utility accountable for performance, delivery, and cost-efficiency. The allocation of capital investment should be guided by strategic growth priorities, and costs must be distributed fairly between beneficiaries of development and the broader community.

In that regard, I believe IPART's proposal to limit the average increase in typical residential bills to 4.6% per year represents a reasonable balance. It supports long-term infrastructure delivery while remaining sensitive to current cost-of-living challenges. I also acknowledge and support IPART's view that improved operational efficiency is essential. A 6% reduction in Sydney Water's core operating expenditure is achievable with targeted improvements to planning, procurement, and project delivery processes.

Sincerely,

Minh Tran
Director, Water & Wastewater
Colliers Engineering & Design

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[5] BOM, 2024, *Urban National Performance Report* (bom.gov.au/water/npr)

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