

13 December 2024

To: NSW Independent Pricing and Review Tribunal (IPART)

Submission in response to *IPART Issues Paper – Prices for Sydney Water Corporation from 1 July 2025*

We write to strongly support the pricing proposal as put forward by Sydney Water.

The Committee for Sydney is an urban policy think tank. We are advocates for the whole of Sydney, focused on developing solutions to the most important problems we face. We are proud to have over 160 members that represent key business, academic and civic organisations across Sydney.

In 2021, the Committee for Sydney initiated a specific program of research on climate change, equity and urban climate adaptation across. We have worked in collaboration with industry, academia, utilities, financial service providers and all levels of government to develop research to inform our advocacy, including around critical infrastructure resilience.

We are strong advocates for a resilient, sustainable, liveable and productive Greater Sydney, and believe this proposal is both appropriate in terms of balancing current cost of living and future needs of residents and businesses in Sydney.

We have included as an appendix to this submission a summary of three reports the Committee for Sydney has published relevant to this inquiry.

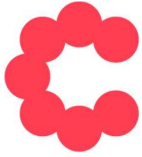
Sydney is growing – fast – and needs to cater to housing growth

It is very clear and publicly acknowledged that housing affordability is a key challenge facing Sydney, and that housing supply is a critical component of delivering lower housing costs.

This proposal acknowledges the significant challenge presented by population growth in Sydney. It recognises the need to support the NSW Government's growth ambitions, which are expected to account for 30–40% of capital expenditure to 2050.

It includes a substantial capital expenditure plan for growth servicing, which is the largest driver of the price increases. The proposal highlights that servicing the location, size, and scale of growth across Greater Sydney is a significant undertaking, accounting for 57-59% of the proposed total expenditure over the next 10 years.

The proposed capital expenditure program focuses on delivering essential water and wastewater services to new developments, ensuring they can access safe and reliable services as the city grows. This approach aims to support Sydney's economic and social well-being by providing the necessary infrastructure for a growing population.



Sydney's infrastructure systems are not resilient to climate change, and spending now is cheaper and more effective than waiting.

Sydney Water's proposal recognises the need to enhance the resilience of Sydney's water supply in the face of climate change and population growth. They highlight the importance of ensuring sufficient water supply to meet future demand and to mitigate the risks of drought.

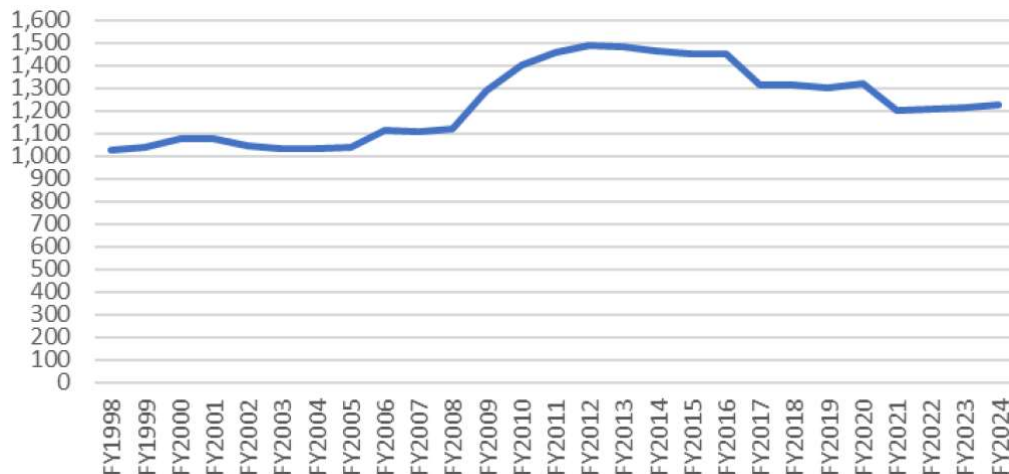
Sydney Water's plan proposes significant investments in new rainfall-independent water sources, such as desalination and purified recycled water, to reduce reliance on rainfall and increase the reliability of the water supply. They emphasise that while these investments may increase costs in the short term, they are crucial for securing a sustainable water future for Sydney.

Sydney Water plans to invest in water conservation and leakage management programs to minimise water loss and improve the efficiency of the water supply system. These initiatives aim to reduce the long-term costs of water supply and improve Sydney's ability to respond to drought conditions.

Investment in water infrastructure has been too low for too long.

Water prices in Sydney have declined over the past decade – meaning future price increases are in part making up for previous underinvestment in future-proofing the water system.

Water and Wastewater Bill (Real \$2023-24) for a typical residential customer 200kL pa



The need to invest in creating drinking water systems that will cater to a city of 8 million people must begin today. In a warming and changing climate, our drinking water systems must be

detached from climate-dependent sources as much as possible, and this price proposal is a key enabler of the NSW Governments Draft Recycled Water Roadmap.

The cost of inaction is high.


While we recognise that right now is a time of high pressure on household budgets – the cost of inaction is greater. Climate change induced natural disasters are becoming increasingly frequent and severe in Sydney. Our research has found that:

- [Extreme heat already costs Western Sydney \\$1.4bn](#) in health, productivity and energy costs every year – and is projected to rise to \$6.8bn by the 2070s. Investing in resilient water systems not only reduces the impact of prolonged heat and drought to water supply, it also unlocks water's critical role in supporting cooling in communities across Sydney.
- [Climate adaptation and urbanisation are intertwined](#). As our population grows, some parts of Sydney will adapt to a changing climate, others will experience rapidly increasing risk. We need an approach that identifies the options that enable Sydney to adapt to these changes, and make informed decisions about where and how to grow, and where growing would bring unsustainable risk.
- [Nature plays a critical role in both reducing and amplifying climate risks in our cities](#). The failure to value living infrastructure appropriately, treat living infrastructure as assets, and the lack of investment in maintaining and restoring terrestrial and aquatic assets and systems, means we miss out on key climate adaptation opportunities. For example the cooling and shading benefits of tree canopies in local streets can enhance social cohesion, active transport, and reduce air conditioning bills by as much as \$400 per year.

Conclusion

The Committee for Sydney strongly supports the pricing proposal for the reasons outlined in this submission. We understand that price rises in a time of cost-of-living pressures is difficult, however future price increases are in part making up for previous underinvestment in future-proofing the water system, and will deliver a water supply system that is more resilient to a growing population and climate change.

Yours sincerely,



Sam Kernaghan
Director, Resilience Program
Committee for Sydney



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Appendix: Committee for Sydney research relevant to the Sydney Water Pricing Proposal.

We have researched the water and infrastructure needs of Sydney extensively, and attach to our submission three relevant papers:

- 2024: [No Weak Links: Limiting the impact of infrastructure failure on Sydney's essential services.](#)

This report examines the interconnectedness of Sydney's essential infrastructure systems and the importance of a "whole-of-system" approach to resilience. The report emphasizes the need for a shift from focusing on individual asset resilience to recognizing the role of each asset in the broader network and fostering a sense of shared responsibility. The report proposes three key actions: using disaster adaptation planning to identify place-based infrastructure strengths and potential weak links, applying lessons from recent disasters in cross-sectoral planning and modelling for future emergencies, and developing and sharing investment logic that accounts for system risks to unlock funding for infrastructure resilience.

- 2023: [Lowering Warragamba Dam is only the first step towards Sydney's climate resilience.](#)

This report focuses specifically on the need to invest in Sydney's water infrastructure for greater security and climate resilience. The report argues that lowering the Warragamba Dam's full supply level, while beneficial for flood mitigation, necessitates immediate investment in alternative water sources like purified recycled water and desalination plants to offset the resulting decrease in Sydney's drinking water security. The report also highlights the financial benefits of treating wastewater closer to its source, suggesting that redirecting funds from traditional, expensive wastewater infrastructure could be used to create a more sustainable and resilient water system.

- 2017: [Sydney's Water Future.](#)

This report advocates for proactive water management in Sydney, shifting from reactive crisis management to long-term planning. It highlights complacency stemming from currently abundant water supplies and emphasizes the need to prepare for inevitable future water scarcity exacerbated by population growth and climate change. Key recommendations include promoting higher-density urban development to reduce infrastructure costs, rehabilitating urban waterways to improve liveability and environmental health, and exploring water recycling and reuse options. The report urges a broader civic dialogue, informed by diverse perspectives beyond engineering and public health, to foster a more sustainable and resilient water future for Sydney.

