

Author name: S. Kernaghan

Date of submission: Friday, 20 June 2025

Your submission for this review:

Thank you for the opportunity to make a submission in response to your draft report. We believe that IPART has erred significantly in using cost of living as a fig leaf for inaction and taking a wait and see approach to water investment an approach that risks Sydneys efforts to make housing more affordable, reduces capacity to manage changing climate risk, and puts consumers at risk of significantly increased costs from reactive responses to failing infrastructure. The Committee for Sydney is an urban policy organisation focused on equity across the city. We key represent business, academic and civic organisations across Sydney. We are strong advocates for a resilient, sustainable, liveable and productive Greater Sydney, and believe that IPARTs draft proposal does not balance current cost of living and future needs of residents and businesses in Sydney. 1. Cost of living considerations should not compromise investment in critical infrastructure today, nor limit the scale of investment needed tomorrow. 2. Sydney Waters capex budget should not be a brake on Sydneys housing targets. Sydney is already one of the most chronically unaffordable cities for housing in the world . 3. Sydney waters infrastructure is reaching the end of its design life lets not wait until it fails before we recognise the urgency to invest. 4. Resilience to natural hazard events should be built in now, not after communities and businesses have experienced disruption. 5. Data centres are driving a new source of economic opportunity for Sydney, and contributing to the need for additional capacity in the network. We urge IPART to reconsider their draft determination. We attach below our submission and would welcome the opportunity to engage with IPART further on this agenda. Yours sincerely, Sam Kernaghan - Director, Resilience Program Committee for Sydney

20 June 2025

To: NSW Independent Pricing and Review Tribunal (IPART)

Submission in response to *IPART Draft Report - Prices for Sydney Water Corporation from 1 October 2025*

Thank you for the opportunity to make a submission in response to your draft report.

We believe that IPART has erred significantly in using cost of living as a fig leaf for inaction and taking a 'wait and see' approach to water investment – an approach that risks Sydney's efforts to make housing more affordable, reduces capacity to manage changing climate risk, and puts consumers at risk of significantly increased costs from reactive responses to failing infrastructure.

The Committee for Sydney is an urban policy organisation focussed on equity across the city. We key represent business, academic and civic organisations across Sydney. We are strong advocates for a resilient, sustainable, liveable and productive Greater Sydney, and believe that IPART's draft proposal does not balance current cost of living and future needs of residents and businesses in Sydney.

1. Cost of living considerations should not compromise investment in critical infrastructure today, nor limit the scale of investment needed tomorrow.

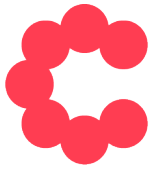
We absolutely recognise that many in the community are struggling with cost-of-living concerns. In fact, this was the number one issue going into the most recent Federal election across the country. We fully agree that those on low incomes and/or pensions with limited capacity to pay should be protected from price rises that would undermine their quality of life. However for the vast majority of Sydney Water customers, an increase of \$1.60 per week, \$7 per month, and \$100 per year remain a very small part of household budgets, and an investment that the vast majority of community members consulted by Sydney Water are prepared to pay. Specifically "*Members of the customer panel indicated that they're willing to pay more on their water bills to maintain current levels of water supply resilience*" ¹

2. Sydney Water's capex budget should not be a brake on Sydney's housing targets.

Sydney is already one of the most chronically unaffordable cities for housing in the world.² The NSW Government has rightly taken the supply of new housing seriously. However, the draft determination would see more than 75,000 homes in the next 5 years without water infrastructure, or require developers or State Government to step in and underwrite this

¹ See page 43 of Sydney Water's Price Proposal.

² [Chronically Unaffordable Housing](#), Committee for Sydney 2023



investment. This forecast does not include business growth – a key issue with Sydney becoming more expensive to invest in for small and large businesses.

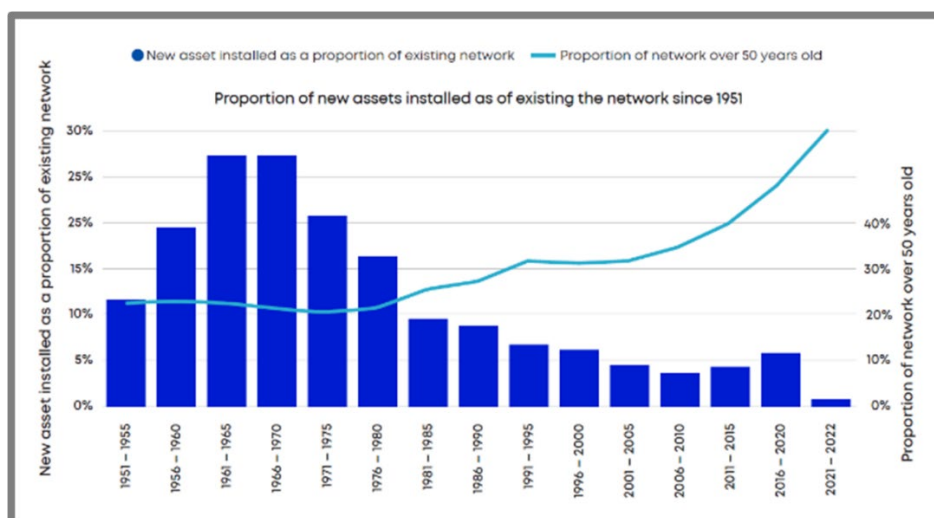
We believe the forward housing pipeline should be fully funded in Sydney Water's pricing determination so that the costs of water infrastructure are shared by consumers across the city. Sydney has shared the costs of its communal infrastructure for the past hundred years – it is not clear to us why this approach should change.

3. Sydney water's infrastructure is reaching the end of its design life – let's not wait until it fails before we recognise the urgency to invest.

It's clear that more and more of Sydney Water's asset base is older than 50 years, and some of it reaching 80 years old. We need to invest in the maintenance and upgrading of these assets in a planned and thoughtful way, rather than a piecemeal, reactive and more expensive approach of waiting until infrastructure fails and then responding. The experience of water utilities in the UK has demonstrated clearly that by not paying attention to ongoing maintenance the cost to consumers in reactive upgrading is many times higher than a planned approach would have delivered.

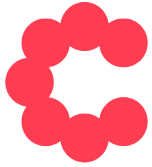
"...customers have paid lower bills than they otherwise could have. But with the benefit of hindsight, this arguably shows a missed opportunity for more investment. Additional money could have enabled the water sector to go much faster in reducing water leaks, eliminating sewage spills and building resilience to drought and extreme weather."³

Sydney Water is proposing to renew only the highest risk, poorest condition (high probability of failure) assets, which have the most potential to impact services for the community



Source: Sydney Water

³ [The real \(terms\) story of historic water bills | Water UK](#)



4. **Resilience to natural hazard events should be built in now, not after communities and businesses have experienced disruption.** The extreme weather events of 2017-2019 (drought), 2020 (flooding), 2021, (flooding), 2022 (flooding), and 2025 (flooding) are clearly not isolated events. The NSW Governments Climate Change Adaptation Strategy identifies “*well adapted built environment and infrastructure*” as a key priority, with the NSW Net Zero Commission charged with ensuring Sydney and NSW is prepared for a changing climate. IPART has a clear statement and framework for tackling climate change, which includes: *managing the physical, transitional and liability risks of climate change to meet its obligations, and ; acting consistently with the NSW Government policy on climate change.*⁴

Knowing that climate change is project to exacerbate natural hazard risk affecting Sydney’s water supply and systems, now is the time to be investing in ensuring our system is resilient to the next natural disaster, and the ones that will inevitably follow. This means an immediate need to invest in reducing drought resilience by expanding the Sydney desalination plant, and continuing to invest in purified recycled water. The Sydney Water Long Term Capital and Operational Plan also identifies the need to increase interconnectivity and remove single points of failure of across the network as a key step in building more resilience to disruption.⁵

This frequency of natural disaster in the Sydney basis will not abate – and the need for our drinking water and storm water systems to be able to cope and bounce back from these shocks is a critical, immediate challenge. Pushing this investment beyond the IPART pricing window will mean added costs for government and community as a result of a system not adequately prepared for natural disasters.

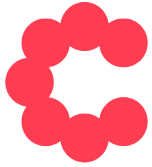
5. **Data centres are driving a new source of economic opportunity for Sydney, and contributing to the need for additional capacity in the network .** Demand for water is growing rapidly in Sydney for the reasons articulated in the Greater Sydney Water Strategy, however that work did not recognise or include the growing need for water to support exponential growth in data centre demand in Sydney. We know that data centres are already competing with other water users, while contingency planning for how data centres would work during a drought is nascent at best. NSW Treasurer The Hon.Daniel Mookhey is leading a drive for faster Data Centre approvals which will need Sydney’s precious water to enable that economic opportunity.

We urge IPART to reconsider their draft determination. We attach below our original submission and would welcome the opportunity to engage with IPART further on this agenda.

Yours sincerely,

⁴ [Climate Change Prioritised | IPART](#)

⁵ [Long Term Capital and Operational Plan - Sydney Water](#) p.94.



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Appendix 1: Submission to IPART 19 December 2024

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.

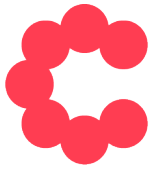
This proposal acknowledges the significant challenge presented by population growth in Sydney. It recognises the need to support the NSW Government's growth ambitions, which are expected to account for 30–40% of capital expenditure to 2050.

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.



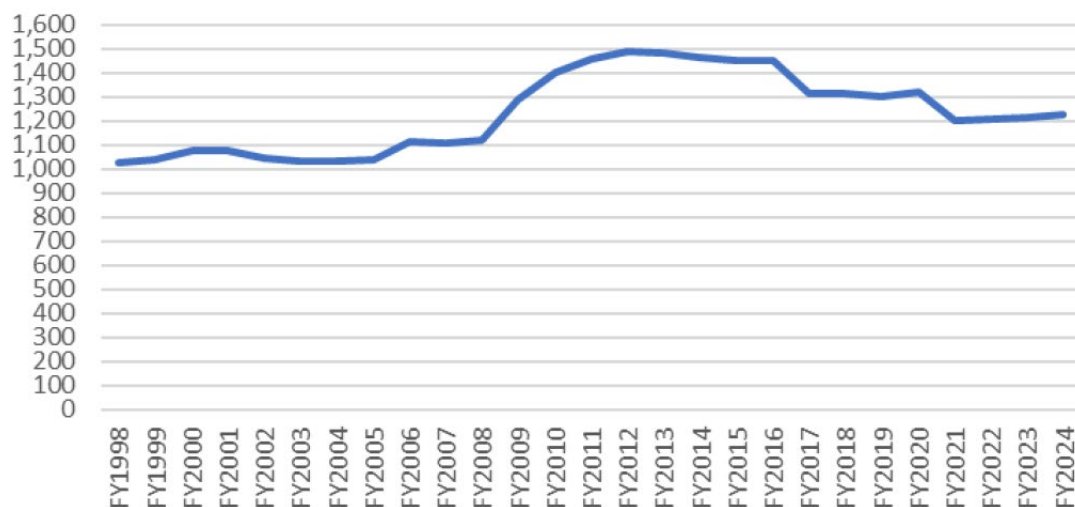
Sydney Water's plan proposes significant investments in new rainfall-independent water sources, such as desalination and purified recycled water, to reduce reliance on rainfall and increase the reliability of the water supply. They emphasise that while these investments may increase costs in the short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

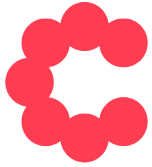
Water and Wastewater Bill (Real \$2023-24) for a typical residential customer 200kL pa



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.

