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Your submission for this review:
The proposed increases in consumer prices by Sydney Water, amounting to an 18% rise in bills in the first year, followed by annual increases of 7% plus inflation over the subsequent four years, appear excessive and place an undue burden on customers. Here are several reasons why these increases are questionable: 1. Affordability and Cost-of-Living Impact: The steep increases, starting with an 18% hike, will disproportionately affect low- and middle-income households. With the cost of living already high in Greater Sydney, such sharp rises in essential water services will exacerbate financial pressures on families, potentially pushing water affordability to unsustainable levels. 2. Limited Justification for High Capital Expenditure: Sydney Water proposes a $32 billion capital expenditure over ten years, driven by the need to service new growth areas and renew ageing infrastructure. However, this amount is nearly 2.5 times their average spending over the past decade. This substantial jump raises questions about whether Sydney Water has fully explored alternatives, such as demand management, efficiency improvements, and innovative infrastructure solutions that could reduce the need for such high expenditures. 3. Unclear Benefits to Customers: Sydney Water aims to improve service standards, yet theres limited evidence that these proposed investments will deliver tangible, day-to-day benefits that customers value. The Issues Paper acknowledges that Sydney Waters engagement did not adequately allow customers to influence expenditure decisions or bill increases, suggesting that the proposed increases may not align with customer priorities . 4. Heavy Reliance on Fixed Charges: A significant portion of the price increase comes from the service (fixed) charge rather than the usage charge, meaning that all customers will face higher bills, regardless of their water consumption. This setup disproportionately impacts customers who use less water and thus have a smaller impact on the overall system demand, reducing the incentive for water conservation and unfairly penalizing lower-income households who typically consume less. 5. Escalating Operational Costs Without Clear Efficiency Gains: Sydney Waters operating costs are projected to increase by 16% over the next five years. While some of this may be unavoidable, it suggests limited efficiency gains and cost-saving measures. Customers should not be expected to shoulder these increases if Sydney Water cannot demonstrate improved operational efficiency and prudent cost management . In conclusion, the proposed price hikes seem excessive, given the lack of compelling evidence that they are essential or will directly benefit customers. Customers should not be burdened with higher costs without a clear, transparent, and well-justified capital plan that prioritizes affordability and value. IPART should press Sydney Water to reassess its capital and operating expenditure, exploring all feasible options to minimise price increases while ensuring reliable service delivery.