

15 September 2023

Review of the Sydney Water Operating Licence
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Our Ref: 2023/593279

Dear Sir/Madam

Re: Sydney Water Operating Licence Review 2023-24

Northern Beaches Council welcomes the opportunity to provide comment to the Independent Pricing and Regulatory Tribunal of NSW (IPART) for the Sydney Water Operating Licence Review 2023-24.

Council notes Sydney Water's obligations under the current Operating Licence are to:

- Co-operate with, and participate in, any Government review of the Priority Sewerage Program (PSP);
- If required by the Minister, implement and comply with any outcomes (including timeframes) of a Government review of the Priority Sewerage Program.

Council's submission relates primarily to the IPART's request for feedback in relation to "*retaining the current operating licence conditions requiring Sydney Water to cooperate in and implement any outcomes from a review of the Priority Sewerage Program*" as outlined in Section 2.3 (pg. 35) of the *Issues Paper*.

Council strongly opposes to Sydney Water's position to have the PSP obligations removed from the operating licence as stated within the *Response to IPART's Issues Paper* (pg.62). The Operating Licence is used as the regulatory mechanism to deliver the Priority Sewerage Program, as this then requires Sydney Water's wastewater customers to contribute to the cost of sewerage for the villages under the Program. Without this mechanism, there is no commitment from the Government (and Sydney Water) to consider wastewater services for unsewered areas listed under the Program, including Scotland Island.

Council recommends the State Government undertakes a review of the Priority Sewerage Program prior to any decision being made regarding the removal of any obligations from Sydney Water's Operating Licence. Sydney Water states in its response to the licence review that it would be happy to participate in any such review.

Such a review would inform any changed position regarding priorities. Sydney Water must be required to demonstrate that the lack of these services is having no detrimental health, water quality and environmental impacts on the communities and receiving waters of the remaining PSP areas.

Sydney Water claims that there are limited environmental/water quality benefits from servicing the area, referencing Beachwatch data (pg. 63). However, Council contests this claim as this data primarily relates to faecal bacteria analysis and does not include nutrients such as nitrogen and phosphorous. High nutrient loadings associated with the presence of onsite wastewater management systems is a likely contributor to the large extent of noxious weeds and poor health of vegetation on the Island. Furthermore, elevated *enterococci* levels are observed in Beachwatch data during and after rainfall in the Scotland Island locality.

Scotland Island Feasibility Study

Scotland Island is located within Pittwater covering an area of approximately 55 ha and is one of several islands in the lower Hawkesbury/Nepean estuarine system. With 370 dwellings, Scotland Island is one of the largest villages in greater Sydney without a reticulated potable water supply or wastewater service.

The Island's existing drinking water supply is from domestic rainwater tanks that are often insufficiently sized to supply residents with a constant source of water. The Island has an emergency water supply that was originally set up as a fire-fighting supply and was later used as an emergency supply during drought. The emergency water is supplied by Sydney Water's main at Church Point via a pipeline across Pittwater to large tanks on the Island.

The pipeline from Church Point is owned and maintained by Northern Beaches Council. The supply is identified as non-potable. From the tanks the emergency non-potable water supply is distributed by Scotland Island Residents Association (SIRA) to residents via a booking system and connection points around the Island. Residents must be a member of SIRA and sign an agreement for the sale of non-potable water before being allowed to access the water.

Of particular concern in relation to the continued use of onsite wastewater systems is the significant site constraints that Scotland Island presents, specifically in terms of inadequate separation between dwellings, close proximity to surface waters, steep terrain and shallow soils. As such, it is not possible to achieve the requirements as specified in the *Environmental & Health Protection Guidelines - On-site Sewage Management for Single Households*. This is considered to constitute both a public health and environmental risk.

In 2017, Council received State Government funding through the Stronger Communities Fund to conduct an independent investigation into the commercial feasibility of the supply of water and wastewater services to Scotland Island. Northern Beaches Council subsequently carried out a commercial feasibility study for the provision of water and wastewater services to Scotland Island.

This study was completed in 2020 and included extensive consultation with the Scotland Island community. The Study recommends that the State Government and/or Sydney Water implement a fully reticulated system for both water and wastewater, in the absence of which:

- water quality impacts to the island and the Pittwater waterway are likely to continue;

- public health risks are likely to continue;
- Northern Beaches Council will continue to maintain the subterranean emergency water supply pipe under Pittwater;
- Scotland Island Resident Association (SIRA) will continue to maintain the temporary pipe network of non-potable water on the island;
- residents will continue to campaign for these services consistent with other residents of the Northern Beaches and metropolitan Sydney.

Council has written to the relevant State Government Ministers and Sydney Water requesting that the Scotland Island water and wastewater project be programmed for implementation, however no commitments have been forthcoming.

Information relating to the Water and Wastewater Feasibility Study are available from <https://yoursay.northernbeaches.nsw.gov.au/scotlandislandwater>

Additionally, Northern Beaches Council encourages consideration of a number of other unsewered urban areas in the Northern Beaches for provision of wastewater services including; parts of Bayview/Church Point/Ingleside, and the Western Foreshores of Pittwater. These are all areas impacting the quality of soils and surface water entering the Pittwater Estuary and Narrabeen Lagoon, and the absence of appropriate sewerage systems is a source of ongoing community concern.

In closing, Council reiterates its preference for retaining the current operating licence conditions requiring Sydney Water to cooperate in and implement any outcomes from a review of the Priority Sewerage Program.

Council appreciates your consideration of this important environmental and public health matter. Should you require further information in regard to matters raised in this submission, please do not hesitate to contact the Council Officer listed below.

Yours faithfully,

[Redacted signature]

[Redacted name]

[Redacted contact information]

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