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Independent Pricing and Regulatory Tribunal
E: ipart@ipart.nsw.gov.au

Submission: Hunter Water Pricing Proposal 2025-2030

The Property Council of Australia welcomes the opportunity to provide a submission to the Independent Pricing and Regulatory Tribunal (IPART) on the Hunter Water Pricing Proposal for 2025-2030.

As Australia's peak representative of the property and construction industry, our members are the nation's major investors, owners, managers, and developers of properties of all asset classes. Our members own and develop property across Hunter Water's area of operations.

The Property Council supports in principle that the indicative rate increase for Hunter Water customers is a funding stream for sustainable water service delivery, particularly in light of the capital investments that will be made as a result of the Lower Hunter Water Security Plan. This includes construction of a \$530 million desalination plant within the term of this pricing proposal. However, we seek further clarity on how infrastructure contributions collected through the recently introduced Development Servicing Plan (DSP) charges will be invested.

The reintroduction of developer charges was a recommendation in the [NSW Productivity and Equality Commissioner's review of infrastructure contributions](#), which was adopted by the NSW Government in 2022. DSP charges have been reintroduced from 1 July 2023, beginning at 0 per cent and increasing in 25 per cent intervals until reaching the full 100 per cent levy from July 2026 onwards.

The Property Council has previously expressed the concerns of its members that the reintroduction of DSP charges will have unacceptable impacts on the feasibility of development projects in the Hunter region. These concerns have become even more pronounced with the increasing challenges of the current economic environment and declining rate of building approvals across NSW.

The Property Council's *Release the Pressure* report, issued this year, found the high level of government taxes and charges on development costs – including DSP charges – has significantly affected the viability of new development. The report found taxes and charges comprise about 15 per cent of greenfield development costs in the Lower Hunter and 7 per cent of infill, with DSP charges to contribute between approximately \$1,000 and \$25,000 per lot across the Hunter Water area once fully phased in.

While we acknowledge that appropriately funding infrastructure is a shared responsibility, and of vital importance to regional growth, the development industry is under increased pressure to deliver more housing in a constrained operating environment. Any increase in charges needs to be

considered in this context and how it may impact industry's capacity to deliver homes to NSW. This is particularly significant during the National Housing Accord period where NSW has a target to deliver 377,000 new homes by 2029. Among the five Lower Hunter councils, that target is 30,400 homes.


We note that the reintroduction of DSP charges has not brought any real bill relief for household customers of Hunter Water, despite the organisation's April 2023 fact sheet on the [Reintroduction of Developer Charges](#) indicating that the phased reintroduction of DSPs would likely result in a bill saving of about \$20 per year from 2025. Rather, the pricing proposal indicates that typical household bills will increase by about \$86 a year (before inflation) from 2024-2025 to 2029-2030, with an estimated offset to individual bills from DSP revenue of only \$4.

While we acknowledge that Hunter Water was acting under Ministerial direction in reintroducing DSP charges, the Property Council has consistently advocated to the NSW Government for this charge to be suspended during the Housing Accord period. The disproportionate impact on development feasibility against the minimal cost benefit to the broader customer base supports our position that facilitating housing delivery through tax relief should be the higher immediate priority.

The Cash Capital Contributions table in Hunter Water's Pricing Proposal indicates the increased revenue expected from the reintroduction of DSPs, with total contributions forecast to rise from \$10.1 million in 2024-25 to \$39.8 million in 2029-2030 (Hunter Water's Pricing Proposal Table 6.10, p177). If industry is to fund development-enabling infrastructure, it deserves clarity and communication on how these funds will improve infrastructure identification and prioritisation, as well as sufficient consultation and accountability. Hunter Water has provided some useful tools to assist industry in understanding and determining DSP charges, and a similar focus should be given to reporting on infrastructure delivery.

We recommend:

- 1. The NSW Government recommends Hunter Water suspend DSP charges for the duration of the Housing Accord.**
- 2. Hunter Water adopts a reporting model that will clearly indicate to industry and the community where and how revenue from DSPs will be invested.**

The Property Council welcomes this opportunity to provide feedback for IPART's review of the Hunter Water Pricing Proposal. If you have any questions about this submission, please contact me 

Yours sincerely,

