

23 June 2024

Sydney Water Price Review Independent Pricing and Regulatory Tribunal PO Box K35 Haymarket Post Shop SYDNEY NSW 1240

Dear Sir / Madam

Re: Feedback on IPART review of Sydney Water prices from 1 July 2025

The Sydney Coastal Councils Group (SCCG) welcomes the opportunity to provide feedback on IPART's draft report of May 2025 on its review of Sydney Water Prices 2025-2030. Our feedback follows on from our <u>submission to IPART</u> which we acknowledge was referenced in IPART's draft report.

Our comments are directly primarily to IPART's decisions regarding expenditure on sewerage given that untreated sewage significantly impacts on the health of our coastal waterways. We have also reviewed and referenced AtkinsRealis' report of 9 May 2025 where appropriate.

Firstly, we commend IPART for deciding to adopt AtkinsRealis' upper range of expenditure for the wet weather overflow abatement program of \$243M over five years which reflects Sydney Water's revised lower costs and will apparently enable Sydney to meet the current requirements in its environment protection licences. This continued investment is critical for helping improve the swimmability, visual amenity and ecological health of our waterways.

We are concerned, however, that IPART has chosen not to accept Sydney Water's proposed expenditure of \$223M p.a. over five years for its critical sewers program but has instead accepted AtkinsRealis's lower range of expenditure of \$80M p.a. over five years. This represents a \$715M or 64% reduction in Sydney Water's proposed expenditure.

Many parts of the critical sewer networks across Sydney like the NSOOS, BOOS and SWOOS are operating beyond their useful asset life and are at an increasingly high risk of failure. Any reduction in investment in maintaining, renewing and upgrading these sewer networks increases the risk of failure further.

We are concerned that any catastrophic failure of these sewer networks will have dire consequences for waterways and public health well beyond the impact of dry or wet weather overflows. Moreover, the cost of addressing such failures, including potential fines for breaching environmental protection licence conditions, could well exceed the cost of renewal and jeopardise the planned delivery of the critical sewers program.



We note AtkinsRealis' comments that Sydney Water did not provide a clear rationale for determining risk associated with critical sewers or for the pace of renewal required to address risk. We therefore suggest that IPART delay their decision on the critical sewers program until Sydney Water can provide additional information to justify the proposed expenditure. If this is not possible, we recommend IPART adopt at least the AtkinsRealis' upper range expenditure of \$100M p.a.

Finally, we are concerned that IPART's draft decision on the critical sewers program, combined with a proposed overall reduction in planned capital spending on upgrades and new infrastructure, significantly curtails Sydney Water's ability to achieve its vision for eastern Sydney as a regenerative, water resilient harbour city as outlined in its <u>Eastern Sydney Regional Master Plan</u>. We also do not want to see Sydney Water go the way of other water utilities like Thames Water that have been plagued by crumbling infrastructure and environmental fines¹.

I trust our feedback is useful. If you have any queries, please do not hesitate to contact me on

Yours sincerely



Sarah Joyce **Executive Director**

¹ BBC 2025, *'Why is Thames Water in so much trouble'*, retrieved 23 June 2025 from https://www.bbc.com/news/articles/cgleg70r7rno.