

24 February 2023

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

**RE: UDIA SUBMISSION TO THE IPART WATER REGULATION DRAFT HANDBOOK**

Dear IPART representative,

As the peak industry body representing leading participants across all facets of urban development in NSW, Urban Development Institute of Australia (UDIA) NSW advocates on behalf of our over 450 members for the creation of liveable, affordable and connected smart cities.

UDIA are supportive of reforms that focus on customer outcomes, ensure cost efficiencies and fairness, and improve credibility of the water regulation framework and water businesses in NSW. Doing these simultaneously is undoubtedly a challenge, but not beyond the scope of reform. The provision of water infrastructure is critical to enabling the development pipeline to proceed and allows housing and jobs to be delivered.

UDIA and its members are incredibly engaged in this space and welcome the opportunity to comment on the IPART Water Regulation Draft Handbook. This submission responds to the areas of most concern/benefit to the urban development industry with the Draft Handbook on exhibition.

The Definition of Customer

The definition of customer in the Draft Handbook focuses primarily on the end user. However, IPART must acknowledge that there are other 'customers,' such as developers, that critically rely on timely works and servicing. Furthermore, it is the developer who will pay the full DSP charge that in turn funds infrastructure. This step is not captured in the 3Cs model.

Therefore, it is recommended that the definition of 'customer' be further expanded to include all end users including developers.

Self-Assessment

It remains questionable as to whether self-assessment by an infrastructure provider is the most transparent and just approach. While there are many steps and guidelines on what should, or must, be done (section 3.1 incl. the case studies) it is still an assessment that is up for internal interpretation.

Industry and consumers should have an opportunity to provide input in the original submission and not be restricted to the internal business unit.

### Grading Details

The grading detail set out in Appendix B includes targets, benchmarks, tasks and milestones that are all set by the business subject to their circumstances. Key Performance Indicators (KPI's) are also set by the business. There should be external contribution and consensus to setting targets which need to be monitored by an external independent party, rather than solely the business in question.

### Review Period

A 9-month review from IPART is too long, as it creates the risk that decisions will be out of date by the time they are made. The timeframe between application and determination must be shortened to lessen this risk.

### Ageing Assets

It is recognised that this is an unwieldy subject. There are a huge number of factors affecting the life span of an asset, which leads to some assets remaining "not disturbed" due to criticality and accessibility issues. This prevents a proper measure of their condition.

There needs to be more external review of asset management to determine the best approach in these asset's situations. Further consultation with industry is a recommended starting place.

### Cost Considerations

It is acknowledged that over the last few years especially, most long-term planning based on forecasting of impacts was inaccurate, or missed key items. Even before the COVID-19 pandemic there was planning done, an asset was put in the ground, and by the time it was commissioned the business knew it was not of sufficient size. A lot more emphasis needs to be on flexible up-front planning approaches due to the slow nature of bureaucracy and the long lead time for water servicing.

### Marco Economic Conditions

Inflation is a driving force in our current economic outlook. While the tools to fight inflation now are the same as they were 30 years ago, the causes are vastly different, and impacts are different as well.

To ensure economic cycles and impacts are considered and accounted for, there needs to be more flexibility in the process to adapt, pivot and change as need be in the contemporary climate.

### Fees and charges

There will be no fee announcement for the incoming fee structure (Plumbing & Drainage inspection fees) from the Department of Fair Trading (DFT) until Plumbing & Drainage fees are listed on July 1st. We acknowledge that these fees are set based on an audit inspection, meaning developers do not find out about the fee until the first one is processed on July 1st.

The systems facilitating these fees are not always aligned, leading to delays when the plumber is booking the inspection and often requires re-work of documents to ensure compliance prior to confirming the booking. This must be addressed as part of this work to support the 3Cs approach.

UDIA thanks IPART for the opportunity to provide a submission on this public exhibition.

Should you have any further questions regarding the recommendations contained within this submission, or to arrange a meeting, please contact Michael Murrell, UDIA NSW Acting General Manager, Policy, Research and Corporate Affairs, [REDACTED]

Kind Regards,



Steve Mann  
**Chief Executive Officer**  
**UDIA NSW**