

Independent Pricing and Regulatory Tribunal
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Sydney NSW 1240

Lodged as an online submission: water@ipart.nsw.gov.au

4 July 2025

WOLLONDILLY SHIRE COUNCIL SUBMISSION
DRAFT DETERMINATION – SYDNEY WATER PRICES 2025–2030

Dear Ms Donnelly,

Thank you for the opportunity to comment on the Draft Report regarding the prices Sydney Water may charge over the 2025–2030 regulatory period, and for the extension of time provided to make a submission.

While IPART has considered a balanced view with the cost of living pressures and minimising impacts to customers, the proposal does not support the growth already rezoned by the State Government in Wollondilly. This places our Wollondilly community under further pressure and stress.

Wollondilly Shire Council strongly opposes the proposed 35% (\$5.9 billion) reduction in Sydney Water's capital investment program, and we have outlined our concerns in the attached submission.

The draft recommendation comes at a time when State and Federal Governments are actively driving housing growth in Greater Sydney—yet the critical infrastructure required to support that growth is being delayed or denied.

Key concerns include:

- **Major growth areas are being left behind:** Wollondilly is home to two State-endorsed strategic growth areas—Wilton and Greater Macarthur—where over 24,000 housing lots have already been rezoned. Delaying infrastructure now risks completely stalling development in areas identified to deliver Sydney's housing future.
- **Critical infrastructure like the Upper Nepean Advanced Water Recycling Centre must not be deferred:** This single project is essential to unlocking thousands of homes, over 30 hectares of employment land, and hundreds of thousands of square metres of commercial space. Deferral would cap housing output in Wilton

at fewer than 480 homes per year—dramatically short of what is needed, and what is expected to be provided during the housing crisis.

- **The NSW Government must make a clear decision:** If Sydney Water is unable to fund this infrastructure through the pricing mechanism, then the NSW Government must step in with alternative funding—whether through debt, grants, or direct delivery. Otherwise, the only available option is to delay housing delivery, undermining State and Federal housing targets.
- **The planning assumptions are far too conservative and risk underestimating the speed and scale of delivery:** Areas like Wollondilly, Camden and Campbelltown—where large landholdings and active developers enable rapid delivery—can move much faster than the current models suggest. Applying outdated or overly cautious population and delivery assumptions artificially deflates the urgency and need for infrastructure investment. For the past 10 years the State Government has underestimated its forecasting, leading to significant underspend in infrastructure needed to support housing.
- **Inconsistent findings and projections:** On 6 March 2025, IPART released a Final Report on the Review of Wollondilly Shire Council's Appin Growth Area Contributions Plan 2024. IPART recommended the Minister support the Plan for around 2,950 hectares and will eventually provide close to 18,650 dwellings for a population of 55,950 people. Unfortunately, the Sydney Water Prices recommendation is inconsistent and will not support Contributions Plan and projected growth within the reasonable timeframes noted by the report.
- **Cuts will entrench inequity:** The Eastern and Central parts of Sydney have received the lion's share of investment over the past decade. By contrast, Western Parkland City—including Wollondilly—remains under-served. A further \$5.9 billion cut will only deepen that divide and penalise communities already carrying the burden of growth. This is at odds with the objective tabled by IPART.
- **Delaying investment will ultimately cost more:** Deferral pushes costs to future generations and erodes our capacity to meet housing, climate and economic challenges. It also raises serious questions about intergenerational equity and compliance with environmental standards under the Protection of the Environment Operations Act 1997.
- **On-the-ground impacts are already occurring:** In Wilton, housing is being delayed due to indecision on infrastructure. In other parts of the Shire, sewage continues to be trucked daily due to a lack of treatment capacity. These are real-world consequences for our residents.

Wollondilly Shire Council is doing its part to meet housing supply targets. But we cannot do it alone. The current pricing proposal threatens to derail not just local delivery, but broader confidence in Sydney's strategic planning framework.

We urge IPART to reconsider the draft recommendations and support a funding and pricing structure that reflects the true costs—and real opportunities—of growth in Greater Sydney.

If you require any further information or clarification in response to this submission please contact [REDACTED]

Yours faithfully,

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Our Position

Wollondilly Shire Council welcomes the opportunity to provide a submission on the Independent Pricing and Regulatory Tribunal's (IPART) Draft Report on Sydney Water prices for the 2025–2030 regulatory period.

While we acknowledge the need to balance affordability with infrastructure investment, Council strongly opposes the proposed 35% (\$5.9 billion) reduction in Sydney Water's capital program. This recommendation fails to support the very growth that State and Federal Governments are actively mandating—particularly in South-West Sydney, the Macarthur region, and our own local government area.

This is not a case of speculative future planning. In Wollondilly alone, over 24,000 residential lots have already been rezoned by the State Government and are ready to go. What's missing is the enabling infrastructure—and this draft determination only makes that gap wider.

Growth Areas Ignored: A Crisis in Waiting

Wollondilly is home to two State-nominated strategic growth areas: Wilton and Greater Macarthur. These locations are key to Sydney's future housing pipeline. Yet despite their priority status, the infrastructure needed to unlock housing, jobs and town centre development remains undelivered.

The IPART Draft Report proposes to scale back capital investment just as it is most urgently needed. This includes delaying the Upper Nepean Advanced Water Recycling Centre (valued at \$1.01 billion)—a project that is essential to servicing Wilton, Appin and Picton. Without it, we face:

- A shortfall of 3,600 dwellings by 2035 in Wilton alone
- Inability to deliver more than 480 homes per year from 2027 onwards
- Delays to over 31 hectares of employment land and more than 300,000 m² of commercial floor space

It is profoundly concerning that IPART is proposing to reduce Sydney Water's allowable CAPEX by 35%—some \$5.9 billion less than Sydney Water's own proposal. This decision comes at a time when capital investment should be increased, not cut, to unlock housing supply and respond to Sydney's worsening affordability crisis, and housing supply crisis.

The Upper Nepean Plant, while identified for delivery by 2032 in NSW Government plans, remains unfunded. To meet that timeframe, land acquisition and early works must commence now. Cutting funding capacity risks preventing not only this project, but others like it, from moving forward—placing the delivery of over 40,000 homes across the region at risk.

The Final Report by IPART on the Review of Wollondilly Shire Council's Appin Growth Area Contributions Plan 2024. IPART recommended the Minister support the Plan for around 2,950 hectares and will eventually provide close to 18,650 dwellings for a population of 55,950 people. While we note IPART doesn't necessarily approve forecasting, it has supported Councils \$1.36Billion contributions plan over 30 years, noting the clear nexus to

growth and reasonable timeframes, apportionments and nexus. Unfortunately, this plan cannot be enacted within the anticipated timeframes if IPARTS draft report reduces the CAPEX budget. IPART's report appears to favour the Sydney Housing Supply Forecast (SHSF) over Sydney Water's Urban Growth Intelligence (UGI). This does not reflect what has been delivered to date, what is expected to be delivered, and indeed, what IPART has acknowledged in our recently support documents.

With existing growth in our towns and villages such as Tahmoor and Thirlmere being constrained by undersized treatment infrastructure at the Picton Treatment Plant; and Council's concern is that there is proposed underinvestment in Wilton & Appin, we will expect to see the same capacity constraints, challenges and issues for these growth areas moving forward.

The IPART report highlights the "Staged" approach to capital investment in Wilton to date, has a good example of reducing capital cost. That noted, the ultimate capacity of any wastewater system is limited by the amount of land acquired up front. No more land can be acquired when the facility has reached capacity and surrounded by development. This is poor planning.

We seek clarity around IPART's approach pushing development towards a number of decentralised facilities. If this is the intention, we need clear advice from the Government on significant land use decisions for Council, and alternate costs and delivery models for Government, and how it intends to solve the existing underinvestment problem for Picton Treatment Plant.

Deferral Means Even More Disadvantage

Council is concerned that the proposed capital cuts will further entrench existing disparities between the Eastern, Central and Western Cities of Sydney. Billions have been invested in the Harbour and Central River cities over the last decade. The Western Parkland City, despite absorbing the lion's share of Greater Sydney's population growth, continues to fall behind. Wollondilly in the Western Parkland City had struggled to receive any investment for basic infrastructure, and the cuts will exasperate this disparity.

In our region and our local government area, delays are already costing communities. In some areas, sewage is being trucked daily due to the lack of permanent systems. These are the real-world consequences of underinvestment. Cutting capital now only shifts the burden to residents—through higher living costs, missed job opportunities, and declining trust in planning and government delivery. In Wilton developers are now being held up with housing due to the lack of investment decisions by Government.

Equity, Affordability, and Intergenerational Responsibility

Household affordability is a critical consideration in NSW, including in Wollondilly. But structural underinvestment is not the solution.

Council strongly supports the principle of intergenerational equity—ensuring that today's decisions do not compromise the wellbeing or liveability of future generations. Delaying or deferring critical infrastructure pushes costs forward, but it also erodes our ability to respond to climate, population and economic challenges. The draft IPART report does not support the principle of intergenerational equity.

Environmental Responsibilities Must Be Recognised

Any pricing determination must also account for the environmental costs of delayed investment. Compliance with environmental legislation—particularly Section 120 of the Protection of the Environment Operations Act 1997—requires adequate funding for waterway protection and treatment capacity.

Failing to plan for these costs now will shift the burden to councils and communities. This includes the cost of managing nutrient-rich discharges, algal blooms, aquatic weeds, and the resulting public safety and ecological impacts on local waterways. This is not just a compliance issue—it is a public health and service equity issue.

Conclusion

Wollondilly Shire Council is committed to doing its part to address Sydney's housing crisis. But we cannot meet our obligations without the infrastructure to support it.

The current IPART Draft Report risks derailing growth, deepening inequity, and undermining confidence in the delivery of Greater Sydney's strategic vision. We urge IPART to reconsider this approach and support a pricing framework that ensures long-term water security, environmental responsibility, service equity and intergenerational fairness.

To support this submission, a copy of Council's Future Wollondilly advocacy document is attached. Please note this is a draft submission, as Council has not yet had the opportunity to formally consider this matter at its Ordinary Meeting. We reserve the right to provide a final, endorsed submission following Council's consideration.

Our Recommendations

Recommendation 1:

Reverse the proposed \$5.9 billion reduction to Sydney Water's capital program and reinstate funding for growth-enabling infrastructure.

Recommendation 2:

Re-Commit to the timely delivery of the Upper Nepean Advanced Water Recycling Centre, recognising its critical role in unlocking Wilton, Appin and Greater Macarthur.

Recommendation 3:

Ensure infrastructure pricing reflects true delivery costs, particularly in high-growth and historically under-served areas.

Recommendation 4:

Apply targeted affordability mechanisms for vulnerable customers, rather than blunt reductions that harm growth and resilience.

Recommendation 5:

Address the equity gap between Sydney's eastern and western cities, so that housing targets are matched by infrastructure delivery.

Recommendation 6:

Support council-led advocacy and invest in the communities that are doing the heavy lifting on housing and population growth.

Recommendation 7:

Government Decision is required, If Sydney Water are unable to fund the necessary basic infrastructure to enable land already zoned, we call on Government

- to identify how it will facilitate delivery through other funding sources such as Government funding/debt, or
- to publicly agree to delay the housing delivery