

27 April 2020

Dr Paul Paterson
Chair
Review of Sydney Water Corporation prices
Independent Pricing and Regulation Tribunal
PO Box K35
Haymarket Post Shop
Sydney NSW 1240

Dear Dr Paterson

Draft Report: Review of Sydney Water Corporation prices for 2020-2024

Campbelltown City Council welcomes the opportunity to provide comments to the Independent Pricing and Regulatory Tribunal (IPART)'s Draft Report on Sydney Water's pricing proposal for 2020-2024.

Delivery of the link infrastructure between the Prospect South and the Macarthur water delivery systems is essential for the provision of a resilient base to service the Sydney basin. The criticality of the Prospect to Macarthur Link (and its funding) forms the basis of Campbelltown City Council's submission.

The case for the indefinite deferral of the Prospect to Macarthur Link and the subsequent recommendation to remove the \$484 million budgeted for the project from budget as recommended in the Atkins Cardno report supposes that Sydney's drought resilience requires further research before the project and its investment should be considered.

Drought, urban heat island effects and water supply remain critical resilience challenges for Sydney, and particularly Western Sydney. Water availability, water demand and its subsequent supply remain the primary drivers for considering access to water in Western Sydney, including Campbelltown.

In the recently adopted Reimagining Campbelltown City Centre Master Plan, "Resilient Water Management" is identified as a key outcome and similarly in the Campbelltown/Macarthur Place Strategy, the development of an Integrated Water Solutions Plan for the City Centre is identified as a multi-agency responsibility.

The case for the Prospect to Macarthur Link has as much to do with the servicing the needs of a growing Western Sydney population as it does with providing drought resilient infrastructure planning.

Key points for consideration:

- the Campbelltown LGA alone will accommodate an additional 40,000 dwellings within the next 20 years; both through greenfield development and greater densities along the railway spine
- this residential development requires, and will promote increased commercial and industrial development with varied water servicing needs
- the development of Macarthur (including Camden and Wollondilly) constitutes more than 50% of the growth targets for Western Sydney
- the existing infrastructure is insufficient to adequately meet the future construction water requirements or the increased demand from residents and commercial properties
- the existing infrastructure delivers a water pressure that does not meet the needs of high water use industries
- land within the vicinity of the proposed link infrastructure has been rezoned for residential (Menangle Park) and industrial development (Glenlee Industrial Area) that will require servicing to support future development
- development approvals have already been granted for areas that will be serviced by the proposed link infrastructure
- the lack of infrastructure will cause development to be held back even further in some of the key identified growth areas
- equity of access to water across the Sydney basin and Wollongong catchment is essential - Equity / parity of water pricing must be applied across the whole of the service catchment
- water reuse systems must form a core part of all new development including new high-rise development in city cores, and should be seen as an integral component to the whole water sharing paradigm
- water reuse facilities should therefore be provided by the developer so as to reduce the burden on water users external to their development
- the development of new areas that require connection to the existing potable water network, and therefore reduce availability of water to the existing and wider catchment, must incorporate measures to reduce the need for potable water use so as to lessen the impact on the wider network
- there appears to be a nexus for the provision of infrastructure by the developer (or provision of special contributions) for the recycling of water in new major developments due their inherent impact on the servicing of the existing and wider population.

It is important that Sydney Water is resourced to enable it to deliver infrastructure to new housing being built around Sydney, and in particular Western Sydney for the above reasons.

Failure to allow Sydney Water to fund and deliver key enabling infrastructure in Sydney's growth areas puts at risk the new homes that Campbelltown plans to deliver to meet the needs of Sydney's growing population.

We trust that the position of Campbelltown City Council will be considered in the preparation of IPART's final report.

Should you have any questions, please do not hesitate to contact Jim Baldwin, Director City Development on [REDACTED]

Yours sincerely

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Lindy Deitz
General Manager

Customer bill decreases under proposal for flexible water prices

Sydney Water's prices would be lower when water supply is plentiful, and provide customers with more control over their bills, under draft recommendations released for consultation today by the Independent Pricing and Regulatory Tribunal (IPART).

IPART Chair Dr Paul Paterson said with current dam levels well above 60%, a typical household's bill would fall by \$120 or 12%. But, if Sydney returns to drought, a typical household would pay 2% more than they currently pay, if they make no adjustment to their water use.

"In these difficult times, the ability to reduce water bills in Sydney while ensuring Sydney Water and Water NSW have the revenue they need to maintain a safe and secure water supply, has never been more critical," Dr Paterson said.

"We propose that consumers would have more control over what they pay for water, and more incentives to reduce consumption and save money, particularly in times of drought.

"Under our proposal, from 1 July 2020 the price you pay for water would depend on dam levels. If dam levels are above 60%, you would pay \$2.30 per kilolitre of water you consume. But when dam levels fall below 60%, you would pay \$3.12 per kilolitre to reflect the increased costs of supplying water in periods of scarcity. This compares to the current price of \$2.11 per kilolitre."

"At the same time, the fixed or service charges would fall, from over \$700 a year to about \$550 a year for a typical household, so that bills are lower overall.

"This approach would ensure that Sydney Water and Water NSW have the revenue they need, while providing customers who save water with greater financial rewards."

Dr Paterson said the proposed prices would allow for a record \$4.2 billion in capital expenditure by Sydney Water over the next four years, up by more than \$1 billion. Capital expenditure for Water NSW would also increase to \$374 million over the next four years. The impact of this increased investment on consumer bills has been offset by low interest rates.

"While recent heavy rains have replenished Greater Sydney's water storages, there is still the need for considerable investment to improve Sydney's water resilience for the future," Dr Paterson said.

"It is important that the utilities and the NSW Government undertake co-ordinated long-term planning to ensure we have an affordable, sustainable and secure water supply to cope with weather variability and drought."

Stakeholder feedback on the proposed prices for Sydney Water and Water NSW is due by 27 April 2020.

IPART's draft reports for Sydney Water and Water NSW, an interactive bill calculator, and opportunities to have your say are available on IPART's website at www.ipart.nsw.gov.au

Pro-Mac

Our infrastructure is at capacity

- The growth is occurring on the fringe of our existing system.
- The existing infrastructure was designed to service rural properties and will not be able to meet the construction water requirements or the increased demand from residents and commercial properties, without significant augmentation.
- Development approvals have been granted for areas that will be serviced by the link infrastructure.
- Increasing demand is currently reducing pressures in some areas to below the minimum pressure commitment in our Customer Contract.
- Some of our customers are experiencing repeat pressure failures in contravention of our operating licence service standard.
- We are currently holding back development in some of these areas.

