



22 January 2018

IPART
PO Box 45
HAYMARKET POST SHOP NSW 1240

Dear Sir,

Review of Developer Charges – Metropolitan water Agencies.

Flow Systems is a WICA licensed utility providing water services to customers in NSW. We have commercial arrangements with multiple developments to connect customers as their developments come on line over the next 25 years.

Flow agrees with the statement in Sydney Water's submission to the review that Integrated Water Cycle Management (IWCM) principles are breaking down the traditional distinction between different water products. Customers are being provided with 'water services', including recycled water and stormwater services, as well as drinking water and wastewater.

It is therefore premature, and inappropriate, to consider Developer Charges for only part of the IWCM regime.

Any consideration of the reintroduction of Developer Charges should be deferred until after the current review by Infrastructure NSW into the barriers to recycled water initiatives.

Further, IPART's current review is narrowly focussed on reviewing the \$0 charge imposed by Government on water authorities in 2008. The developer charge regime was last thoroughly reviewed in 2000.

The utility world (particularly for NSW) has changed dramatically since the 2000 policy setting and the 2013 Central Coast review:

- 1) WICA has been introduced.
- 2) The technology for decentralised sewage treatment has evolved and become cost effective.
- 3) Around the world, recycled water schemes are becoming mainstream.
- 4) BASIX has been introduced and its requirements increased which in turn has increased the demand for recycled water.
- 5) Water consumption per ET has reduced considerably, - there is opportunity to reduce consumption of drinking water by a further 50% in growth areas through reticulation of recycled water.

PO Box R455
ROYAL EXCHANGE NSW 1225

1300 803 803

contact@flowsystems.com.au | flowsystems.com.au

ABN 28 136 272 298 | ACN 136 272 298

- 6) The public and political appetite for new water supply dams has diminished.
- 7) Telecommunications technology and application can make distributed utility management more effective and efficient, resulting in smaller networks.
- 8) Local generation, storage and distribution of electricity is becoming increasingly cost effective.
- 9) Telecommunications, micro-sensors and IoT has made the integration of multi-utilities attractive for environmental, societal and economic reasons.
- 10) The vision for western and south-western Sydney (The Parklands City) around the Western Sydney Airport) calls for green and blue resilient communities – with urban design that addresses heat-island effect (very real for the Cumberland Plain environment) and creates amenable places for people to live. This change in demand requires a change in how we plan to service such areas. Most telling of all, is that existing Sydney Water infrastructure is running out of capacity, and the inland waterways are reaching their limit under current servicing conditions. (e.g.: South Creek emissions trading scheme, SWSOOS capacity and condition).

In summary, the servicing issues relating to population growth in NSW, particularly the areas serviced by the metropolitan water agencies, are significantly different to those apparent in the year 2000. Industry's progression of Integrated Water Cycle practice and initiatives together with the current Recycled Water review mean that to review developer charges without the benefit of these initiatives may not be appropriate.

Flow therefore contends that the IPART Review is premature, and should be put on hold pending the completion of the Recycled Water review by Infrastructure NSW.

We look forward to assisting the industry further in determining the best way forward with the funding of next generation essential infrastructure to support NSW future growth.

Regards

Terry Leckie
Director
Flow Systems Pty Ltd