

2 August 2018

Dr Peter Boxall
Chair
IPART
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Boxall,

**Maximum prices to connect, extend or upgrade a service for metropolitan water agencies
- Draft Report**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. PIAC welcomes the opportunity to comment on the Maximum prices to connect, extend or upgrade a service for metropolitan water agencies - Draft Report.

PIAC reiterates the point it made at the public hearing that there should be means testing for new connections to existing properties to ensure that those who can afford to pay for the connection do so. Conversely, where households cannot afford to connect to the sewerage system a greater subsidy must be provided.

PIAC supports annuity payment options to help overcome affordability issues and that deviation from the standard methodology should only be on a case-by-case basis.

In addition, benefits to community health and the environment in connecting to the sewerage system should be a factor when considering how costs should be allocated. That is, where the positive externalities are significant then a higher percentage of the costs could justifiably be borne by the broader customer base or the NSW Government.

PIAC supports IPART's draft decision to amend the methodology so that if the calculated price is negative, it is set to zero.

Developer charges set to zero

Although it is out of the scope of this review, PIAC does not support the policy that water, sewerage and stormwater developer charges for Sydney Water and Hunter Water are set to zero. It is not efficient nor fair that water users across these networks subsidise developers or home buyers. The charges should be fully applied to developers, with a transition period to mitigate any unforeseen or unintended consequences. If the policy is intended to encourage housing development, then PIAC would like to understand the evidence base, and whether there are any developments that have gone ahead that would not have done so without this policy.

Firefighting

PIAC also supports a localised approach to ensuring sufficient water flow and pressure. This will avoid the possible greater expense of a generic solution. PIAC also supports the recommendation that the Government undertake a comprehensive review examining firefighting capacity and that in the interim MoUs between Sydney Water and Hunter Water and Fire & Rescue NSW will continue to be the best solution to this issue. PIAC supports IPART's draft methodology where existing properties are charged on a marginal cost approach and new developments are charged on an incremental cost approach. Again, PIAC is supportive of allowing an annuity payment option for existing properties.

Sydney Water's Developer Direct

PIAC is concerned that Sydney Water's Developer Direct (SWDD) will price out existing Water Servicing Coordinators and discourage potential new entrants, thus adversely affecting competitive service provision. Addressing this issue cannot wait until the 2020 price review and PIAC recommends that this be investigated more urgently.

If you would like to discuss these issues further, please do not hesitate to contact Thea Bray on 8898 6520 or tbray@piac.asn.au.

Yours sincerely,



Thea Bray

Policy Officer, Energy and Water
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6520
E-mail: tbray@piac.asn.au

Deirdre Moor

Deputy CEO
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6507
E-mail: dmoor@piac.asn.au