

12 October 2015

Dr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal of NSW
Level 15
2-24 Rawson Place
Sydney NSW 2000

Re: Review of Prices for Sydney Water Corporation From July 1 2016

Dear Peter,

The Urban Development Institute of Australia (UDIA) NSW is the leading property industry group promoting the responsible growth of this State. We have around 500 company members and more than 3,000 of their employees attend our events, sit on our committees, undertake training or are involved in the activities of the organisation on an annual basis. Our organisation is the oldest property development advocacy group in the country and was established in 1962.

UDIA NSW is governed by a 13 person Council that is elected annually by the membership. We have 8 policy committees that meet monthly and they actively advise the council on policy positions. UDIA NSW aims to secure the viability and sustainability of urban development for our members and therefore the communities that they create. Our policy agenda has three key themes, namely the delivery of more new homes for NSW, the provision of quality, affordable infrastructure to support development and the creation of more jobs closer to where people live.

It is the Institute's view that the two key considerations IPART should have account of when determining water prices is competition in the water services industry and the impact on housing supply and land release.

Competition

IPART's water pricing determination and how it deals with the *Water Industry Competition Act* (WICA) will be vital to ensuring a competitive marketplace. UDIA NSW fully supports IPART's comments regarding competition:

"We (IPART) consider that competitive markets are the best way to deliver services that customers want at prices that reflect efficient cost and efficient risk allocation." (IPART Review of Prices for Sydney Water Corporation p.79)

Competition in the water services industry is still in its infancy and as such policy decisions should be well thought out and evidence based to avoid tearing down the competitive framework before it has had time to properly establish itself. Issues around pricing approaches, third party access arrangements and the need for WICA participants to become access seekers have the potential to impact on competitiveness in the sector.

UDIA NSW recommends a thorough review of the marketplace and the regulatory systems around it be undertaken before IPART commits to a

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new pricing methodology to ensure the best outcome to promote competition in the sector is reached. The cost benefit for the end user/customer and the speed in which services can be delivered should be the main objectives. WICA has not had sufficient time in which to take hold and further investigations into its effect should be allowed, while competition in the area should be given an opportunity to take root before significant changes are made to the regulatory system.

Housing Supply and Land Release

By 2031 Sydney's population will grow by 1.6 million people that is an average of 80,000 extra people per annum. The NSW Government's *A Plan For Growing Sydney* estimates that approximately 10,000 new lots will be produced each year to 2031. One of the biggest barriers to realising these forecasts is the cost effective and timely provision of infrastructure.

UDIA NSW welcomes innovative thinking and approaches to providing infrastructure that speeds up the release of new land and supply of housing. The Institute believes that competition in the water services industry is critical to fostering this innovation and in turn speeding up the delivery of desperately needed new homes.

UDIA NSW urges IPART to consider the impact on housing supply and land release as part of any decision they make in determining water prices and how the effective use of WICA by WICA licence holders can sometimes unlock land and deliver new housing faster and more cost effectively than SWC but the correct regulatory rules need to be in place. At the forefront of any determination needs to be competitive neutralities that is an environment where the regulations do not discriminate against one party over another.

Throughout the water pricing determination process, WICA should retain primacy where innovation, competition and sustainable water outcomes are the key objectives. UDIA NSW does not support any action that diminishes the intent of WICA.

Should you wish to further discuss any of the above please I can be contacted on [REDACTED] or at [REDACTED]

Yours sincerely



Stephen Albin
Chief Executive