

STORMWATER NSW

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15 April 2016

IPART,
PO Box K35
Haymarket Post Shop, NSW, 1240

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

I am writing to you on behalf of Stormwater NSW, on the Review of Prices for Sydney Water Corporation.

We have previously made representation to IPART on the initial Issues paper on the Prices for Sydney Water Corporation of September 2016.

Our response is on the IPARTS Draft Determination March 2016. Our response focuses on the stormwater revenue and services provided by Sydney Water.

Stormwater NSW is a peak industry association with membership including most of the councils in the Greater Sydney Region, as well as numerous consulting and manufacturing companies. The aim of *Stormwater NSW* is to enable local practitioners and the broader community to learn about available stormwater management and quality technologies. *Stormwater NSW* is supported by the National Association and a strong network of state associations in Queensland, Victoria, South Australia and Western Australia. Essentially we represent our whole industry, keep them up to date with relevant information on everything to do with stormwater. We also act on their behalf, providing comment and direction where possible in cases such as this.

Stormwater NSW firmly believes that:

1. all monies raised by Sydney Water under its Stormwater Drainage Charge, should be expended on stormwater services to its customers.
2. there needs to be transparency and clear communication to stakeholders on Sydney Water's stormwater revenue and expenditure. Money raised in the name of stormwater MUST be then spent on stormwater and not used to top up other discretionary spending.
3. Sydney Water's proposed expenditure for stormwater activities as per Table 1, should not be reduced due to reduced income from IPARTs draft determination. Specifically the proposed expenditure in the 2016-20 price path, and the allocation of funds for waterway health needs to be maintained.

Actual expenditure for stormwater services over 2012-16 and proposed expenditure over the 2016-20 price path are shown in Table 2. The information in Table 2 is based on Tables 8-9 and 8-19 in Sydney Water's Prices for 2016-20¹.

¹ Sydney Water (2015b). Our Plan for the Future: Sydney Water's Prices for 2016-20, Sydney Water, Sydney.

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Table 1: Sydney Water Stormwater Actual Expenditure 2012-16 and Proposed Expenditure 2016-17 (\$m).

	2012- 13	2013- 14	2014- 15	2015- 16	Total	2016- 17	2017- 18	2018- 19	2019- 20	Total
Renewal (Actual)	4	7	17	17	46					
Renewal (proposed)						19	15	24	13	71
Waterway Health (proposed)						3	3	7	5	18
Flood Risk (proposed)						1	2	4	6	13
Total	4	7	17	17	46	23	20	36	24	103

We are encouraged to see investigation into a “low impact discount”. However, we also see this as having a potentially significant administration cost and burden on Sydney Water to have to inspect before and after at every property that went for the discount, and it would be potentially easy to abuse. We also have concerns that if every house with a rainwater tank, decided to claim the “low impact discount”, this could again significantly impact revenues.

Stormwater NSW notes the intention to reduce bills for residents. We do not necessarily support this, as this will result in less revenue. We would encourage the current billing rates to remain the same, so bills don’t go up OR down.

For this reason *Stormwater NSW* does not believe the benefits of this will outweigh the actual costs and administrative costs. If householder could \$40/year for putting in a water tank, but it costs them \$10,000 to buy it, freight it, and plumb it up, this incentive is not really that enticing. However for everyone that already has a rainwater tank, they could all apply and pay less.

Whilst *Stormwater NSW* supports a “low impact discount” non-residential properties, we don’t see it as practical or cost beneficial for the residential sector.

Stormwater NSW believes that a significant portion of the “extra money” (difference between current Revenue and current Expenditure), should be allocated to better servicing and potential upgrading of Sydney Water’s water quality assets. Their effectiveness in protecting the environment is limited by either their functional performance or their frequency of cleaning. Both of these should be reviewed, likely as part of an Audit, to determine if devices/solutions should be structurally/functionally upgraded, or cleaned better/more often. Sydney Water has tens of millions of dollars in existing environmental protection infrastructure that is now decades old and should be audited/reviewed, and upgraded/enhanced where possible. New GPTs, wetlands or solutions are of course welcome, but upgrading of existing assets is expected to provide a better cost benefit outcome.

Stormwater NSW encourages Sydney Water (as a key stakeholder in our industry) to work closer with Local Government on stormwater treatment and stormwater harvesting projects. This may include partnerships on some projects, or making revenue available to Councils, so they can implement beneficial projects within Sydney Water’s revenue collection areas.

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Stormwater NSW has seen encouraging signs towards this in recent years, and we would like to see this interaction and funding increase not decrease. In many cases Sydney Water channels, provide ideal locations from which to both treat the stormwater, and also harvest it. Most Councils would jump at the opportunity to enhance their environments and increase their water sustainability if Sydney Water could assist with funding. *Stormwater NSW* would consider it completely acceptable if the Revenue raised by Sydney Water has then spent on stormwater projects by Local Government, (who would then bear the ongoing operation and maintenance costs for these solutions).

Finally, we need to re-state: there needs to be clear accountability of revenue, expenditure and activities related to Sydney Water's Stormwater Drainage Charge that should be reported to all relevant stakeholders, and all stormwater revenue needs to be spent on stormwater project or stormwater servicing.

IPART assessment of Section 94 contributions – Plan 15 for Box Hill precincts

As a separate but related matter, we note that IPART has released its assessment of The Hills Shire Council's revised costs for local infrastructure in the Box Hill and Box Hill Industrial Precincts.

IPART has recommended that the cost of essential work in the draft contribution plan should be reduced from \$411.2 million to \$304.0 million (a 26% reduction). Of particular note, savings include a reclassification so that only stormwater works which are primary treatment (gross pollutant traps, litter trash racks, and sediment traps) are included as essential works. The removal of all proposed works classified as secondary treatment (constructed ponds, extended detention basins, and sand filters) and tertiary strategies (including constructed wetlands and bio-retention basins) saves \$11.46 million.

Stormwater NSW strongly objects to the delineation of stormwater treatment into mandatory (primary) and non-mandatory (tertiary and secondary) services based on an economic decision. "Environmental works" are associated with downstream waterway land management not stormwater treatment devices. Bush regeneration is the example given in the practice note and is a very different activity to construction of stormwater treatment wetlands and biofilters. A similar delineation is delineated in the guidelines for stormwater management service charges for local councils.

Specifically, the Box Hill and Box Hill Industrial Precincts Development Control Plan 2014 requires the following water quality and flow targets to be met. These cannot be met by just primary stormwater structures.

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8. The overall water quality and stream erosivity performance objectives applicable to the Box Hill and Box Hill Industrial Precincts have been provided by the NSW OEH. Those performance objectives are set out in **Table 30**.

Table 30 Water quality and stream erosivity performance objectives for the North West Growth Centres

	WATER QUALITY % reduction in pollutant loads ¹				ENVIRONMENTAL FLOWS Stream Erosion Control Ratio
	Gross Pollutants (>5mm)	Total Suspended Solids	Total phosphorus	Total Nitrogen	Post-development duration of above 'stream forming flow': Natural duration of above 'stream forming flow' ¹
Stormwater management objective	90	85	65	45	3.5 – 5.0:1 ²
'Ideal' stormwater outcome	100	95	95	85	1:1

Likewise the DCP requires “Integrated Stormwater Management” that:

- d. To maximise opportunities for a best practice Water Sensitive Urban Design approach at the individual lot, overall development and regional scales.
- e. To ensure urban development within the Precincts meets the required water quality objectives prior to discharge to the receiving waterways.

For clarification of any points raised in this submission, please do not hesitate to contact me on 0413 609 722 or richard.mcmanus@stormwater.asn.au.

Yours sincerely,



Richard McManus
Co-President
Stormwater NSW