20 June 2025

NSW Independent Pricing and Regulatory Tribunal
2-24 Rawson Place, Sydney
NSW. 2000

Re: Submission on IPART's Draft Determination for Sydney Water (2025-2030)

Dear IPART Tribunal Members

Stormwater NSW welcomes the opportunity to comment on IPART's Draft Determination for Sydney Water's prices from 1 October 2025.

We commend IPART for recognising the importance of adequately funding stormwater services in a way that reflects the true costs of delivery, ongoing maintenance, and environmental management. We also acknowledge the structured consultation process undertaken and the intent to maintain price transparency and efficiency.

However, we share several concerns raised by Sydney Water regarding the scale of the proposed capital expenditure reductions and their potential to compromise service delivery, particularly in relation to stormwater, environmental outcomes, and resilience across Greater Sydney's fast-growing urban footprint.

Support for IPART's Direction on Stormwater Pricing

We strongly support IPART's draft decision to set stormwater charges that reflect full-service costs, including residual scheme costs. Stormwater infrastructure is essential public infrastructure, made more so by urban expansion and the onset of climate change impacts[1],[2]. Yet it still remains mostly undervalued and underfunded relative to water and wastewater.

The proposed $600 million in stormwater and waterway investment, and $480 million to reduce wet weather overflows, is a necessary and overdue step toward addressing historic underinvestment. Due to predicted population growth and the growing effects of climate change, this funding should be seen as a baseline and essential platform for delivering catchment-scale improvements in water quality, flood mitigation, and urban liveability.

Environmental and Public Health Risks from Capital Reductions

Taking a proactive approach to wastewater and stormwater infrastructure planning and investment is critical for protecting waterway health, and the health of the public who enjoy waterways for recreation. Reducing Sydney Water's proposed funding for proactive asset renewals puts already degraded urban catchments at further risk, with a reactive approach to planning and investment essentially embedded as the pathway forward.

IPART's proposed $700 million cut to proactive sewer network renewals will likely result in increased overflows and pollution events, undermining the benefits of water-sensitive urban design and catchment restoration efforts delivered by local councils and industry partners.

Similarly, the exclusion of $957 million from Sydney Water's Pretreatment Program weakens the city's capacity to respond to increasingly frequent and intense climate-driven water quality and flooding events. Upgrades to

[1] NSW Water Strategy, Priority 6: *Support resilient, prosperous and liveable cities and towns* - Priority 6 | NSW Government Water
[2] NSW Government (2024). Climate Change Adaptation Action Plan 2025-2029, Department of Climate Change, Energy, the Environment and Water. Parramatta. NSW Climate Change Adaptation Action Plan 2025-2029

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key assets like the Prospect Water Filtration Plant are vital to avoid boil-water notices, safeguard public health, and maintain confidence in Sydney's water systems during extreme weather.

Stormwater NSW is particularly concerned that, within an already constrained budget, stormwater funding will continue to play second fiddle to wastewater. Historically, stormwater investment has represented a small fraction of Sydney Water's capital program, and we are concerned that any reduction in total expenditure may disproportionately impact this modest but essential allocation. Without ringfenced investment, stormwater is vulnerable to being deprioritised in favour of larger, more politically visible wastewater or drinking water projects despite the impacts poor stormwater management has on public health, waterway condition, and flooding outcomes.

Importantly, the long-term effectiveness of stormwater infrastructure depends not just on its construction, but on its ongoing operation and maintenance. Maintenance responsibilities must extend beyond natural assets like wetlands, bioretention and vegetated swales to include engineered systems such as underground stormwater detention and water quality systems, sedimentation basins, trash booms, stormwater pump stations, and open channel infrastructure. These assets play a frontline role in managing stormwater quality, volume, and pollutant load.

Underfunding asset operation and maintenance leads to asset degradation, reduced performance, community impacts and ultimately higher costs to councils and the community. Sustainable stormwater management requires a commitment to the whole-of-life performance of all stormwater assets.

Stormwater Infrastructure is Critical for Housing and Growth

Sydney Water's proposed $9.5 billion to support growth is aligned with the NSW Government's housing commitments under the National Housing Accord. Reducing this to $6.7 billion risks constraining infrastructure delivery and delaying the release of developable land, particularly in greenfield areas and higher-density precincts linked to transport investment.

Stormwater infrastructure is not optional, being a key part of urban development dating back to 3000 BCE (Mesopotamian). It's application to urban development has persisted because it is a fundamental enabler of urban development, playing a pivotal role in[3]:

- Flood risk management in a climate changing condition
- Environmental protection of our urban waterways, estuaries, and oceans.
- Urban liveability and resilience (including water security)
- Integrated planning and design.

Delays in the delivery and maintenance of stormwater infrastructure compromise housing affordability, expose communities to flood risks, transfers future liability to councils and ratepayers, and threatens the affordability of insuring public and private assets (including homes) [4]. Such delays can also have dire consequences, such as recent flood related fatalities in the Mid North Coast in May this year.

[3] NSW Government (2025). NSW Integrated Water Cycle Management Framework – Best practice guide. NSW Department of Climate Change, Energy, the Environment and Water. Parramatta: NSW Integrated Water Cycle Management Framework

[4] The Insurance Council of Australia (ICA) notes that poor stormwater infrastructure is exacerbating flooding, increasing claims and premiums, disproportional effecting low-income areas where insurance is often unaffordable or unavailable; ICA (2025). *Advancing Australia's Resilience*. Policy Recommendations for the next Australian Government: https://insurancecouncil.com.au/wp-content/uploads/2025/02/21226_ICA_Federal-Election-Platform-Report_2025_Final.pdf

A Need for Predictable, Well-Coordinated Capital Delivery

Our members are directly involved in the planning, design, delivery, and maintenance of stormwater infrastructure. Certainty in Sydney Water's capital program enables strategic procurement, workforce development, and innovation in how assets are delivered and operated. Major deviations in funding undermine that certainty and can result in piecemeal or reactive outcomes.

Recommendations

- Reconsider capital expenditure reductions that affect environmental performance, growth infrastructure, and resilience. In many cases, these cuts may present a false economy delaying necessary investment at the cost of future system failure, and is not considered to be a sustainable approach
- Maintain and build on cost-reflective stormwater pricing to support long-term planning and delivery. This pricing must remain aligned with clearly defined and measurable environmental outcomes.
- Encourage greater collaboration between Sydney Water, state government, councils, catchment groups, and industry to coordinate stormwater delivery in high-growth and flood-prone areas, and ensure investment aligns with regional planning and climate adaptation strategies.
- Establish clearer funding protections for stormwater investment within Sydney Water's capital program to ensure it is not continually deprioritised relative to wastewater and water supply projects.
- Ensure dedicated funding for stormwater asset maintenance, including for engineered infrastructure such as GPTs, sediment basins, and stormwater channels, in addition to natural assets.

Stormwater NSW supports the intent of IPART's determination to balance affordability with efficient investment. However, in the context of climate change, legacy underinvestment, and unprecedented growth pressures, we urge caution. We do so because we are concerned that what amounts to, in most cases, a relatively small change in billing prices for most consumers over the short term will merely translate to overall higher costs to consumers, the environment, and human health and wellbeing over the long term. Accordingly, we urge caution in applying capital expenditure cuts that may constrain Sydney Water's ability to deliver vital stormwater, sewerage, and environmental services at the scale and speed required.

We thank IPART for the opportunity to comment and welcome further engagement as the final determination is prepared

Yours sincerely,

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President.

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