

7 May 2020

Dr Paul Paterson  
Chair  
IPART  
PO Box K35  
Haymarket Post Shop NSW 2140

Dear Dr Paterson,

### **Prices for Sydney Water Corporation from 1 July 2020**

The Urban Development Institute of Australia (UDIA) NSW is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA advocates for better planning, timely and affordable housing, and the building of vibrant communities to increase local job opportunities.

The IPART Draft Report on the Review of Prices for Sydney Water Corporation from 1 July 2020 includes a draft decision to defer all future expenditure on the Prospect to Macarthur Link because:

- Dam storages are significantly in excess of (more than double) the construction trigger set out in the drought options study.
- Deferring this scheme allows time for a comprehensive drought response and long term supply-demand plan to be developed.
- There are benefits, in present value terms, of deferring this expenditure.

UDIA believes this draft decision overlooks three relevant and influential matters:

1. The temporary nature of the current respite from severe drought as a result of recent rainfall;
2. The constrained nature of the existing infrastructure; and the immediate demand for the Link to supply current growth; and
3. The need to invest in infrastructure to meet the NSW Government's commitments to accelerate growth in Western Sydney that demands a move away from the "business as usual" approach to investment in infrastructure.

### **1. Investment in Drought Proofing**

The most recent drought event was the steepest decline in water supply in Sydney's history. Rainfall and temperature deviations from the long-term average are increasingly volatile, which means that water supply declines are likely to be faster and less predictable. There is a clear and present need to invest today in drought proofing infrastructure for the future.

## 2. Investment in Existing Infrastructure Constraints

It is commonly recognised that existing Sydney Water infrastructure in Western Sydney is at capacity. Where water infrastructure exists at all in these areas of Western Sydney, it was originally designed to meet the demand from the long term rural land uses and activities envisaged at that time. However over the last decade, and the last 5 years in particular, urban development and growth in demand has accelerated significantly. The existing trunk networks have not been designed for this purpose and are unable to meet growth servicing needs, even in the short-term.

Importantly for the land development industry in Western Sydney, parts of the existing network are already over-committed due to the growth that has already occurred and the unavailability of surplus capacity is emerging as a major barrier and constraint to the ongoing development and increased activity taking place. Our 2018 [Building Blocks report](#) highlighted water supply as one of the key missing pieces of infrastructure holding back the delivery of up to 90,000 new homes in Western Sydney within the next three years.

In many of the areas that would be serviced by the Prospect to Macarthur Link, land has been rezoned from rural to urban and development approvals have been issued and construction has commenced. The major active greenfield supply precincts are all located in Western Sydney, with over 80 active estates on average in 2019. Further details on this current growth within the Prospect to Macarthur Link service area are available in our [State of the Land 2020 report](#).

## 3. Investment in the Future (Not “Business as Usual”)

In the last year, the NSW Government has also significantly progressed land use plans for the Western Sydney Aerotropolis and has made a commitment to accelerate 11,200 hectares of rural land to residential and employment land uses. The NSW Government has indicated it expects development for employment uses to be open and operational by the time the airport opens in 2026. The UDIA has reversed engineered the milestones required to meet this date in our [‘Ready for Take-off’ Aerotropolis Delivery Program](#). Early delivery of water infrastructure is a major dependency to ensure that this timeframe can be met.

The Government’s commitment is supported by the major landowners in the area who have all expressed a similar commitment to commence development as quickly as possible. As much of this land is held in large unfragmented land holdings, the pace of development should not be underestimated.

Immediately to the south of the Aerotropolis, the NSW Government has also publicly committed to accelerating the rezoning of the final precincts in the South West Priority Growth Area known as [“South Creek West.”](#) As part of this commitment the NSW Department of Planning has established a multi-agency group with Camden Council.

Many of the first release precincts have major landholdings ready to develop as soon as possible. UDIA notes that precincts in Pondicherry and Lowes Creek Maryland are significantly progressed and likely to begin supplying new housing and employment land within the 2020-2024 pricing timeline.

Further south again, The NSW Government has also declared a Greater Macarthur Growth Area and is progressing rezonings.

In conclusion UDIA believes it is vital that the Prospect to Macarthur Link is progressed as soon as possible to meet current and planned accelerated demand for housing and jobs in Western Sydney given the constraints of the existing system. Without this infrastructure Sydney Water is forced to deliver costly and inefficient short-term solutions which continue to mask a growing deficiency. We recommend that IPART support Sydney Water's proposed expenditure on the Link during the 2020-204 pricing timeline.

UDIA would be pleased to meet to discuss this recommendation, please contact Keiran Thomas, Greater Western Sydney Manager, 0435 243 182 or [kthomas@udiansw.com.au](mailto:kthomas@udiansw.com.au) to arrange.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Mann', with a horizontal line underneath.

Steve Mann  
**Chief Executive**

**Attached:**  
**UDIA NSW Building Block 2018 – Greater Sydney**  
**UDIA State of the Land 2020**  
**Ready for take-off Brochure**  
**South Creek West Precinct Plan**