

Media Release



10 March 2008

MUDDIED WATERS

The Urban Development Institute of Australia NSW (UDIA NSW) today presented a comprehensive submission to the Independent Pricing and Regulatory Tribunal (IPART). UDIA NSW recommended an alternative approach to the funding and provision of water, sewer and water recycling infrastructure that does not unfairly disadvantage homebuyers.

Mr. Scott Woodcock, UDIA NSW Executive Director said, "the housing affordability crisis needs the NSW Premier to intervene today to abandon the present inequitable and opaque infrastructure financing model and abolish water, sewer and water recycling infrastructure charges to restore some sanity and a sense of fairness in NSW."

Mr. Woodcock said, "IPART and Sydney Water are asking young and geographically marginalised homebuyers in Western Sydney to pay around \$20,000 to connect their new house to water and sewer. For an extra \$20.00 per household per year the NSW Government could dramatically improve housing affordability in NSW. Just \$20.00 per household per year would save first homebuyers \$20,000."

Mr. Woodcock said the present system is seriously flawed as it:

- i. creates unnecessary complexity impeding transparency;
- ii. is essentially a narrow tax and therefore an inefficient tax;
- iii. requires vulnerable new homebuyers on the fringes to subsidise existing suburbs;
- iv. does not account for system capacity and therefore penalises BASIX compliant residences; and
- v. has an effective sunset clause of 25 years as greenfield land supply in Sydney will be significantly depleted by 2031 and will no longer subsidise existing network repairs.

"A new homebuyer makes a capital investment of \$10,000-\$15,000 in purchasing demand management devices such as water tanks to save 40% more water than the average existing home. This personal outlay defers capital investment in new water sources by the utilities such as Sydney Water saving them money.

Yet, rather than provide relief to the homebuyer through a rebate, Sydney Water using the IPART model perceives such exceptional water savings as lost revenue and consequently raises its connection costs to protect its bottom line. New homebuyers in NSW are being penalised for saving water. This is fundamentally unfair and has to change."

Mr. Woodcock continued "Sydney Water is dependent on fringe development to fund its works program. Land supply in Western Sydney will be significantly depleted by 2031 while the century old existing networks will require significant repairs. How will NSW Government pay for this without new homebuyers on the fringe? Under the current model, Sydney Water's works program has a sunset clause of just 25 years."

IPART has indicated that it will maintain existing price signals and user pays. It therefore proposes to continue these very real geographical and intergenerational inequities. It will persevere with unnecessarily complex formulas impeding transparency and muddying the waters.

The housing affordability crisis needs the NSW Premier to intervene immediately to establish a fair and sensible approach to infrastructure funding. UDIA NSW recommends that the Premier give careful consideration to the following recommendations:

1. that the provision of water, sewer and water recycling infrastructure be funded through increased annual charges collected across all equivalent tenements within the metropolitan water agency's catchment;
2. that the metropolitan agencies investment in new and refurbished infrastructure be made using the increased annual charges; and
3. that a 40% reduction in the adopted DSP charges for water and 20% for sewerage charges be applied as an interim solution to account for demand reductions generated by the application of BASIX.

A copy of the submission can be downloaded from www.udia-nsw.com.au - click on Information Booth, then 'Reports and Submissions'.

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