

24 September 2021

Darren Cleary
Managing Director
Hunter Water Corporation
36 Honeysuckle Drive
Newcastle NSW 2300

By email: LHWSP@hunterwater.com.au

Dear Darren,

RE: Draft Lower Hunter Water Security Plan

The Urban Development Institute of Australia NSW (UDIA) is the peak industry body representing the leading participants in urban development in NSW. Our more than 500 member companies span all facets of the industry from developers, consultants, local government and state agencies and we are proud to count Hunter Water Corporation (HWC or Hunter Water) as a valued member. UDIA advocates for the creation of Liveable, Affordable and Connected Smart Cities.

UDIA welcomes this opportunity to comment on the Draft Lower Hunter Water Security Plan (draft Plan) currently on exhibition. We are pleased to note HWC's commitment to support growth and withstand drought by increasing the diversity of the water system and emphasising adaptability for the future.

The Hunter region has benefitted from HWC's efforts to engage with its customers and understand their needs. In drafting the Lower Hunter Water Security Plan, HWC has undertaken a significant workplan to educate the community and incorporate their feedback. Those efforts are consistent with HWC's track record of community engagement and leadership as evidenced by their "Love Water" campaign to reduce household water usage, as well as the comprehensive Growth Plan which is relied upon by state and local government and industry to effectively plan for and deliver development sites that supply new jobs and housing.

As a result of its consultation process, HWC has produced a sound draft Plan. UDIA is pleased to offer our general support for the draft Lower Hunter Water Security Plan and its Priorities. Our submission offers comments and recommendations for consideration, summarised here:

- 1. Provide more transparency on costs for all water users (residential, commercial and industrial) and any additional costs on new development.**
- 2. Continue investigation of groundwater recharge using recycled water.**
- 3. Engage with industry on any possibility for recycled water provision in new estates to ensure any system meets the needs of a new community and does not inadvertently add unnecessary costs.**
- 4. Explore opportunities to include both Central Coast Council and MidCoast Council areas in the integrated water system.**
- 5. Engage closely with the development sector on any initiatives to align water planning with integrated water and land use planning and wherever development will play a role in ensuring we have green spaces and healthy waterways in the creation of liveable communities.**

Comments and Recommendations

UDIA appreciates Hunter Water's constructive engagement with its development industry customers which has led to a cooperative working relationship in recent years. Hunter Water's professional staff have worked in good faith to address industry concerns with HWC's operations and policies. Their efforts to understand the unique challenges faced by the developer customer have resulted in improvements toward more efficient delivery of water services for new housing, including HWC's successful Funding of Growth (FoG) policy.

The Hunter is growing quickly, and Hunter Water is a leader in planning for the region's good growth. HWC's FoG policy has been transformative in unlocking new housing supply with water and sewer infrastructure to support increasing demand. At our recent quarterly stakeholder engagement meeting, HWC staff reported they recorded 5,800 new connections in the year ending June 2021, in contrast to 3,300 connections in previous years. All indications are that this upward trend will continue and so we applaud the draft Plan's emphasis on adaptability to accommodate further growth.

However, we are concerned that the draft Plan is not transparent about how HWC intends to fund the proposal. UDIA agrees that the cost of providing a safe and secure water system should be shared across the community, while maintaining pension rebates and hardship support measures. HWC has estimated that implementing the draft Plan would cost about \$100 per annum per user but has been unable to answer in detail how it will fund the works.

The NSW Government is developing a series of infrastructure contributions reforms, including the recommendation to reintroduce Development Servicing Plans (DSPs), which would be levied on the development of new housing. UDIA opposes the reintroduction of DSPs and has issued a Policy Issue Paper on the topic, which can be accessed [at this link](#). HWC has suggested in discussions that DSPs could be used to fund some of the works outlined in the draft Plan, but such decisions will be made in the future. As a result, it is not clear what additional costs HWC may seek to impose on new development to support the Plan. UDIA will continue to engage with HWC as the discussions around possible DSPs evolve. In the meantime, we recommend:

- **Recommendation 1: HWC should provide more transparency on costs for all water users (residential, commercial and industrial) and any additional costs on new development.**

In general, UDIA agrees with the four strategic priorities of the draft Plan. We offer comments and recommendations under each heading:

Priority 1 – Safe drinking water

The provision of high-quality drinking water is fundamental to new housing and employment areas. Investment in catchment management and protection and maintaining a multiple-barrier approach to drinking water supply is supported.

Priority 2 – Making the most of what we've got

Managing and maximising existing resources before investing in new resources ensures costs are also manageable.

UDIA supports the practices of conserving water, using recycled water where feasible and the interconnection of the regional water systems.

- **Recommendation 2: HWC should continue to investigate groundwater recharge using recycled water.**

We support the use of recycled water for irrigation at sporting fields and parks. We appreciate that HWC intends to “work together with councils and developers to continue to explore viable recycling opportunities for new residential developments”. The approach of seeking industry input affords Hunter Water with a better understanding of the practical effects of a proposed policy that will impact the policy’s success as well as the delivery of housing and jobs in the Hunter Water service area. Experience with HWC’s previous residential recycled water projects showed limited water conservation value, while it added significant costs for each new home lot. Any future consideration for residential recycled water needs to include a robust cost-benefit analysis.

- **Recommendation 3: It is critical to engage with industry on any possibility for recycled water provision in new estates, to ensure any system meets the needs of a new community and does not inadvertently add unnecessary costs.**

It is pleasing to see the continued water sharing arrangement with Central Coast Council. UDIA agrees with the concept of interconnecting adjacent regional water systems to effectively share resources and improve water security as much as possible for all areas.

- **Recommendation 4: HWC should continue to explore opportunities to include both Central Coast Council and MidCoast Council areas in the integrated water system.**

Priority 3 – Improving the resilience of the system

Promoting resilience of the existing water system will cushion the region from shocks such as drought and will support future growth.

We support continued research and development to identify new ways to reduce water demand and increase supply, including exploring options such as purified recycled water for drinking.

Priority 4 – Water for life

UDIA supports the protection and restoration of our environment and ecosystem. It is acknowledged that additional resources should not only be the most cost effective but also have the least impact on our environment and ecosystems.

We appreciate the emphasis on identifying opportunities to align water planning with the integrated water and land use planning initiatives throughout the Hunter. UDIA agrees that coordinated planning has the potential to integrate water use more effectively and efficiently in new communities to the benefit of residents and the wider region.

HWC undertook a pilot project earlier this year, ‘Holistic Development Servicing for Growth Areas’, examining potential for integrated water and land use planning in the New England Highway corridor. We were grateful to participate in workshops on that project. However, our involvement in the workshops should not be taken as endorsement of the final reports’ recommendations. We caution that new requirements on development are likely to increase the cost of housing, and we appreciate that the reports acknowledged that fact. We urge HWC to continue close engagement with industry on any further initiatives.

- **Recommendation 5: HWC should continue to engage closely with the development sector on any opportunities for integrated water and land use planning and wherever development will play a role in ensuring we have green spaces and healthy waterways in the creation of liveable communities.**

Conclusion

We congratulate Hunter Water Corporation on a comprehensive and considered Draft Lower Hunter Water Security Plan that will support the state's fastest growing region. Should you have any questions or wish to discuss our submission in more detail, please contact UDIA Regional Manager Elizabeth York at eyork@udiansw.com.au or 0434 914 901.

Kind Regards,

A handwritten signature in black ink that reads "Steve Mann". The signature is written in a cursive style with a prominent loop at the end of the name.

Steve Mann
Chief Executive
UDIA NSW