



Public Accountability and Works Committee

Inquiry into the Western Sydney Science Park and Aerotropolis Developments

Monday, 16 September 2024

Responses to Questions taken on Notice (Sydney Water only)

Question 1 (page 17 of Transcript)

The Hon. MARK LATHAM: I'm just trying to clarify. Sydney Water won't do any assessment of whether or not the development is likely to be delivered on? It's just totally their business, because they are paying you?

CHARLOTTE ALEXANDER: In many cases, and this is not specific to that development, there can be a very long lag between when something is rezoned, when they get a DA, and when they actually build. We don't have control over what a developer does.

The Hon. MARK LATHAM: Clearly.

CHARLOTTE ALEXANDER: We will deliver the infrastructure that has been asked for by the Government and by developers to accelerate that development.

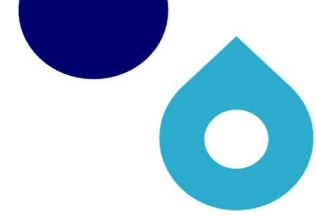
The Hon. MARK LATHAM: At the time you weren't worried about this being a repeat of what, unfortunately, has been one of the most unhappy aspects of land development in Western Sydney: the developer promises lots of jobs and employment opportunities, gets their rezoning through council and State Government, gets a water treatment plant constructed there and says, "Oops. We can't produce any manufacturing, science or research jobs, but we can do you a new housing estate. And, look, we've got a water development treatment plant there to service more urban sprawl"? Did Sydney Water give any consideration to that scam being run through you?

CHARLOTTE ALEXANDER: We can take any specific questions on what due diligence was done on notice, but neither of us were involved.

The Hon. MARK LATHAM: If you can, thank you.

KATE MILES: There certainly was economic assessments and so forth that were undertaken by independent consultants at the time. This went through the decision— The Hon. MARK LATHAM: Who paid for those, please?

KATE MILES: I would take that on notice. I expect it was the developer who would have paid for any studies that were undertaken as part of-



ANSWER:

Sydney Water engaged several external consultants to provide specialised assessment and advice to inform commercial negotiations with Celestino, including for the Science Park economic assessment model and likely regulatory treatment; regulatory advice; financial modelling, and taxation advice. Final investment decisions were made using the advice. Sydney Water funded the assessments as the beneficiary of the advice, which could be applied to this and other projects.

With respect to understanding a development's progress through the NSW planning system, consent authority applications are referred to Sydney Water and provide a formal reference for gateways for development progress. This includes consent for rezoning, subdivision and development works such as construction of public roads, utility service works and bulk earthworks. This assists Sydney Water to understand the likelihood and timing of development when developers are seeking to accelerate.

Question 2 (page 18 of Transcript)

The CHAIR: Can I just clarify, in the questions I was asking at the beginning, and now listening to the answers you've given to Mr Latham, it makes it sound like this is a risk-free, cost-free transaction for Sydney Water. Presumably, you've had to pay something out because of this already? What has been outlaid?

CHARLOTTE ALEXANDER: Because we are building the integrated water recycling hub, we have delivered that plant. It is nearly complete.

The CHAIR: How much did that cost?

CHARLOTTE ALEXANDER: I can't go into those details, because they are under the contract with Celestino. So they are commercial in confidence. I can take it on notice and see if there is an answer that we can provide.

KATE MILES: But there is milestone payments that they are making. There is milestone payments throughout that contract that they then pay on completion of that.

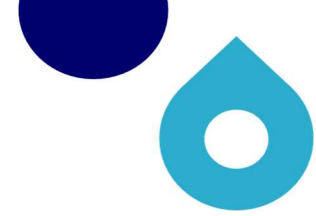
The CHAIR: What are the milestones? Are they timed milestones, or are they based on them doing a thing?

CHARLOTTE ALEXANDER: One was starting work and another is finishing work, and I don't know what the ones in between were but we can take those on notice.

ANSWER:

Milestone payments due and payable by Celestino to Sydney Water are commercial in confidence. However, Celestino's payments are structured to cover Sydney Water's cash outlays for the forecast cost of the water recycling facility and bear the risk of forward funding.

All information that can be disclosed on the services delivery agreement is in the Sydney Water Contracts Register, which is publicly available on its website.



Question 3 (page 20 of Transcript)

The Hon. MARK LATHAM: Under your charter at Sydney Water, is it possible for a water Minister to make representations to you to say, "Celestino came to see me. It's a great idea. Let's do a commercial partnership with them"? Is that possible?

KATE MILES: No. It would be under a direction, which would then be a very formal process to go through. It would need to be under a ministerial direction, I would understand.

The Hon. MARK LATHAM: What was the involvement of water Ministers at the time?

CHARLOTTE ALEXANDER: I'd have to take that on notice.

KATE MILES: We'd have to take that on notice. I'm not sure.

ANSWER:

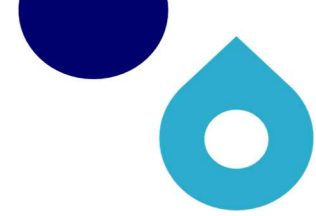
Sydney Water's Board of Directors approved the transaction. The Water Minister provided broad oversight for infrastructure planning in Western Sydney and advocated for essential infrastructure in the region to support development in key growth areas.

Question 4 (page 22 of Transcript)

The Hon. RACHEL MERTON: Thank you very much for being here. If I could follow that one up, I join with the Hon. Scott Farlow in terms of the land release. I'm really making reference to east of the aerotropolis in terms of Austral and Edmondson Park. We're seeing vacant land out there. You walk onto the site. We're told, "It's being rezoned. It has got a DA. Some houses are up and some aren't." It's as if the land is sitting idle because they can't get water to the blocks. And then they talk about Sydney Water. There is no timetable. There is no consultation. We know nothing. How is it actually working?

KATE MILES: I'm surprised to hear that people would say that there's no consultation, because Sydney Water is generally highly consultative with all of our stakeholders. When we're embarking upon delivering infrastructure within communities, we're also consultative with those communities to try to minimise impacts to those communities. I'm disappointed that people would reflect that we're not consultative. I think that there are areas across Sydney where our servicing is still on its way. I alluded to some of the challenges earlier in terms of the time frames between rezoning, DA approvals and houses being on the ground. Often, if it's a development where everything else is lined up and the funding is there from the developer to get things moving, then they will get things moving quite quickly. But, at the same time, the vast majority of the inquiries that we receive are approved very, very quickly. I don't know if you want to go into the statistics on that, Charlotte?

CHARLOTTE ALEXANDER: I was going to add that for Austral, in particular, we've tried to be very consultative with the landowners in that area around when services would be coming, because there have been delays in servicing that area.



The Hon. RACHEL MERTON: Is there a time frame in terms of the Austral development?

CHARLOTTE ALEXANDER: It would depend on the particular part of the network. It's quite a large region, I think.

KATE MILES: We've spent hundreds of millions of dollars on wastewater services into that area and so there is now some servicing available, but it's now a matter of extending that servicing into other areas to then open up services to additional growth.

CHARLOTTE ALEXANDER: We can take it on notice and provide some additional information on Austral servicing in particular, if that's the region you're interested in. Would that be helpful?

The Hon. RACHEL MERTON: Yes, thank you.

ANSWER:

The North eastern section of the Austral precinct has both water and wastewater servicing in place. Sydney Water has been actively planning and delivering infrastructure for the remaining parts of the Austral phase 1 servicing area to support growth. The current drinking water and wastewater systems allow servicing of 2500 dwellings and Sydney Water has issued Section 73 certificates for dwellings up to this cap. Servicing for an additional 1000 dwellings are anticipated to be enabled by the end of 2024.

Additional infrastructure to service the government's housing and growth forecasts for Austral are currently being designed and will be delivered progressively from 2026 to 2031.

Question 5 (page 23 of Transcript)

The CHAIR: Is Sydney Water a party to any agreements or memorandums of understanding with other countries in relation to the sharing of water recycling technology?

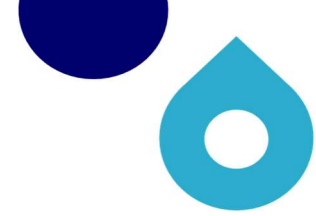
KATE MILES: In terms of MOUs with other countries, I'd have to take that on notice. But certainly we work with peers and industry. The Water Services Association of Australia is the Australian peak body for water utilities. I would guess that almost every larger water utility in the country is signed up to be a member of WSAA, and WSAA is extremely good at sharing information. They've also got connections into other countries. A number of our technical experts also keep in touch with the research that is happening around other parts of the world as well.

The CHAIR: Are you aware, as part of Sydney Water, of the department having signed an agreement of any kind in relation to water resources management and development cooperation with other countries that is relevant?

KATE MILES: The Department of Climate Change, Energy, the Environment and Water?

The CHAIR: The Government at all.

KATE MILES: I'm not aware, sorry.



CHARLOTTE ALEXANDER: We'll take it on notice and ask more broadly.

The CHAIR: I've just been made aware of a memorandum of understanding between Melinda Pavey when she was Minister for Water, Property and Housing, strangely, signed with the energy Minister of the State of Israel in relation to development of recycling of water.

KATE MILES: I do know that Israel are at the forefront of recycled water technology. They are mentioned a bit but as are other parts of the world. The US has also got a lot of quite advanced water technologies in place.

The CHAIR: It is just interesting. If you could perhaps take on notice if that sort of sharing of technology was a part of the reasons for maybe being more interested in this sort of a project—if there was any background, any mentions of the benefits of that in terms of sharing our technologies across.

CHARLOTTE ALEXANDER: Yes, happy to do so.

ANSWER:

The former government's memorandum of understanding with Israel occurred after the Sydney Water's service delivery agreement with Celestino for the Sydney Science Park and had no bearing on the services delivery agreement.

Sydney Water does not have any memorandums of understanding with other countries. However, it is aware of global water recycling technologies via research shared through its industry memberships including the Water Services Association of Australia.

Question 6 (Page 23-24 of transcript)

The Hon. MARK LATHAM: Has Celestino given you an indication of how long the water treatment plant will remain idle, requiring your maintenance?

CHARLOTTE ALEXANDER: We'll have to ask Celestino questions about the development.

The Hon. MARK LATHAM: Can you take that on notice?

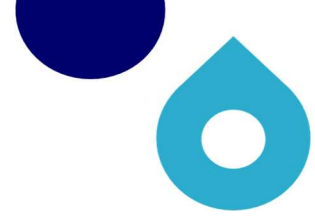
CHARLOTTE ALEXANDER: I can take it on notice but I think that question is for Celestino.

The Hon. MARK LATHAM: But you'd want an answer, wouldn't you? Because you're going to have to maintain it and you said you'll have an agreement with them about the maintenance. So it's good to know if it's one year, 10 years, 20 years.

CHARLOTTE ALEXANDER: We'll discuss it with them.

The Hon. MARK LATHAM: Thank you, and get back to us.

CHARLOTTE ALEXANDER: Sure



ANSWER:

Questions regarding the timing of development at the Sydney Science Park should be directed to Celestino.