

18 February 2008

Attention: DSPs Public exhibition team
Hunter Water Corporation
PO Box 5171
Hunter Region Mail Centre 2310

E-mail: dspenquiries@hunterwater.com.au

Dear Sir/Madam

Re: Public Exhibition of Draft Development Servicing Plans

We appreciate the opportunity to comment on Hunter Water Corporation's proposed recycled water developer charges. Our comments follow.

1. Hunter Water is not obliged or empowered to levy these compulsory charges

On its website (accessed 18 February 2008) Hunter Water Corporation has claimed that it has an obligation to provide recycled water developer charges in accordance with the Independent Pricing and Regulatory Tribunal (IPART) Determination No. 8, 2006, *Recycled Water Developer Charges* (Reference No. 05/549), which applies from 1 January 2007, and water and sewer charges in accordance with the Independent IPART Determination No. 9, *Developer Charges from 1 October 2000* issued on 21 September 2000.

These determinations do not oblige Hunter Water to levy recycled water charges, as asserted by Hunter Water. They merely require Hunter Water, where it is providing a monopoly service involving recycling of water, to charge in accordance with the determination. The mere presence of an IPART determination on the subject does not require Hunter Water to proceed to build water recycling facilities and levy for them accordingly.

Initial developer charges for new water recycling facilities has, in all previous cases (namely Rouse Hill Water Recycling System and North Thornton Water Recycling System) been a matter of negotiation between developers and the water utility concerned.

The provision of water recycling is not necessary to comply with BASIX (which can be complied by the more cost-effective rainwater tank option).

2. If Hunter Water wants to build water recycling facilities for non-commercial reasons, the cost should not be covered through a levy on new home lots

The use of water recycling to provide water to new home lots in the Hunter Water area does not appear to be a commercial decision.

In deciding who should pay for these non-commercial costs, we are not suggesting that Hunter Water should have to accept a loss, or the NSW Government has to step and provide subsidies from the State budget. The only question is what share of the costs should be met by an up-front charge, and what share of the costs should be met from ongoing charges imposed through water rates.

We favour a greater sharing by the community generally of the cost burden of non-commercial water recycling infrastructure. We hold this view in relation to new water infrastructure generally, but the agreements are particularly powerful for non-commercial water recycling infrastructure.

Any other solution places an unfair burden on that portion of the community who end up resident in new housing stock.

We request advice from Hunter Water as to the legal and commercial basis for pursuing the development of new water recycling infrastructure and levying development to help defray the cost.

We strongly oppose the introduction of the proposed DSP charges. We would welcome an opportunity to discuss this further.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in black ink, reading "Aaron Gadiel". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Aaron Gadiel
Chief Executive Officer