Stormwater Australia

BRISBANE QLD 400

www.stormwateraustralia.com.au

Stormwater Australia Submission - National Water Reform 2026

Executive Summary

This submission urges the Productivity Commission to recognise stormwater as core urban water infrastructure and to address the structural, rather than technical, barriers preventing delivery at scale (technical solutions are well advanced). Current policy, pricing, governance and funding arrangements are locking in higher costs, lower resilience and missed productivity gains across housing, liveability and climate adaptation.

Recommendations

Stormwater Australia recommends that, as part of the 2026 National Water Reform inquiry, the Commission call on Australian governments to:

1. Expressly include stormwater as a defined urban water service within the NWI refresh, and direct economic regulators to develop a fit-for-purpose regulatory and cost-recovery pathway for stormwater services and stormwater harvesting comparable to that for recycled water.
2. Require each jurisdiction to nominate a single accountable entity for urban stormwater outcomes by 2027, supported by a national stormwater accountability framework that defines roles across state agencies, water utilities, councils, developers and private asset owners.
3. Embed integrated water management (including stormwater) as a mandatory consideration at the precinct and structure plan stage in all jurisdictional planning systems, so that water servicing is considered early rather than late in the development process.
4. Establish standing cost-recovery and funding mechanisms, including stormwater service charges, developer-beneficiary contributions, and whole-of-life operations and maintenance funding that align who pays for stormwater infrastructure with who benefits from it.
5. Provide stable national support for industry-led capability programs such as SQIDEP as low-cost enablers of productivity, consistency and whole-of-life performance in stormwater management.

Productivity Commission – National Water Reform 2026

1. Introduction

Stormwater is central to climate and resilience pressures, particularly flood management, urban cooling and water security. Accordingly, Stormwater Australia welcomes the opportunity to provide input to the Productivity Commission's National Water Reform 2026 inquiry.

This submission focuses on the role of stormwater as a core, but underperforming, component of Australia's urban water system, and the extent to which current policy, regulatory, funding and governance arrangements are limiting its contribution to:

- productivity
- affordability
- climate resilience
- long-term infrastructure efficiency
- housing delivery

While Australia has made progress under the National Water Initiative (NWI), stormwater remains structurally undervalued, poorly integrated, and inconsistently delivered across jurisdictions.

This is not due to a lack of technical capability or proven solutions. It is due to institutional and economic settings that make integrated water outcomes difficult to deliver in practice.

Consequently, Australia is locking in otherwise avoidable higher costs, lower resilience, and missed opportunities in urban water systems and the current housing crisis.

2. Context of the Inquiry

The Commission has been asked to assess both:

- progress under the NWI, and
- the policy and regulatory settings required for a secure, resilient and sustainable water services industry

Stormwater sits directly at the intersection of these two tasks and is fundamental to:

- flood mitigation
- water quality
- urban cooling
- alternative water supply (water security)
- liveability outcomes
- environmental protection and public health outcomes

Stormwater is still not treated as core water infrastructure within economic, regulatory, or funding frameworks. Given rapid urban expansion and the growing impacts of climate change, it must be considered an essential service alongside drinking water and wastewater, while recognising differences in service expectations and risk. Improving pricing, governance and planning settings would make stormwater a more investable proposition and enable better long-term outcomes. This misalignment is one of the clearest examples of where current arrangements are not delivering optimal outcomes, as contemplated in Part B of the inquiry.

3. The Core Problem: A Delivery System Failure

Australia does not have a stormwater problem, it has a coordination, governance and funding problem. These settings discourage both public and private investment in urban greening, stormwater harvesting as an alternative water source, flood mitigation and protection of natural ecosystems.

Current arrangements fragment responsibilities across local government, water utilities, state agencies, developers, the private sector and individual property owners. This fragmentation leads to unclear accountability and decision-making, inconsistent standards, duplicated or misaligned investment (missing opportunities for multipurpose solutions), and significant delays or abandonment of viable projects, ultimately resulting in sub-optimal outcomes.

Funding and cost recovery for stormwater infrastructure, particularly stormwater harvesting, are frequently misaligned. In many jurisdictions, stormwater harvesting is not funded as core infrastructure and lacks consistent state-level planning and investment pathways. As a result, projects often depend on development contributions, council budgets, or ad hoc support from private industry. While the benefits can accrue regionally and across levels of government, the absence of coordinated funding and governance settings can lock in affordability pressures, reduce long-term resilience, and delay or displace investment decisions for major supply infrastructure (for example, dams or desalination).

4. Planning and servicing disconnect

Stormwater servicing is often considered too late in the development process. This increases costs, reduces design flexibility, and misses opportunities for integrated, precinct-scale solutions that can deliver flood mitigation, urban cooling and alternative supply outcomes.

Regulatory and pricing settings can also create blind spots by treating stormwater as an externality rather than a core service. This reduces incentives to invest in stormwater capture, reuse and nature-based solutions, even where they would lower whole-of-system costs.

Current pricing and regulatory frameworks focus heavily on drinking water and wastewater, do not adequately recognise the value delivered by stormwater services, and do not consistently support investment in alternative water sources.

5. Productivity Impacts

Infrastructure, environmental and resilience issues will lead to a productivity issue. Under current settings, decision-makers default to traditional, single-purpose infrastructure and struggle to optimise multipurpose assets. This contributes to delays in servicing approvals, constraints on developable land, and higher costs passed through to homeowners. It also increases flood risk, worsens urban heat outcomes, and contributes to underperforming urban environments.

6. Social Equity Impacts

Fragmented policy settings and poorly implemented stormwater management contributes to social inequity in Australia. For example, the Insurance Council of Australia (IAC) reports that stormwater flooding is a growing and systemic threat to the ongoing insurability of Australian properties. This 'uninsurability' tends to occur in lower socio-economic areas, with an estimated seven in ten of those properties being in areas with income below the national average.

These social equity impacts do not stop with insurance. These impacts also create unequal exposure to health risks, disproportionate burden of recovery costs, and infrastructure inequality between suburbs. Poorer suburbs are more likely to suffer from dampness and mould, have greater exposure to contaminated floodwaters, mosquito breeding and heat stress, and longer recovery periods after flooding. Compounding the higher frequency flooding impacts is people in lower socio-economic areas have fewer savings, are less able to take time off work, and rely more heavily on unpaid labour for recovery. Further, while wealthier councils are able to provide infrastructure upgrades to meet climate change impacts and provide green infrastructure and maintenance, disadvantaged councils cannot.

7. Alignment with Broader Reform Direction

There is strong alignment across the sector that:

- Integrated urban water management must become standard practice
- Stormwater, recycled water, and nature-based systems must be treated as core infrastructure
- The issue is not technical capability, but institutional barriers to delivery at scale

Stormwater Australia strongly supports this direction. However, there is a need to move beyond principles and guidance and address the structural barriers embedded in current systems.

8. Key Barriers to Reform

Consistent with the Commission's questions on barriers and risks, the most critical issues include the absence of a single entity accountable for stormwater outcomes, weak coordination between water agencies, planning and infrastructure systems, stormwater not being included in regulated service models, limited cost-recovery mechanisms and investable funding pathways, and a continued reliance on fragmented development contributions with poor oversight. These issues are compounded by inconsistent integration with land-use planning, missed precinct-scale opportunities, significant variation across jurisdictions, and increasing complexity and inefficiency caused by current institutional arrangements.

9. Priority Reform Areas (Next 3 Years)

Stormwater Australia recommends focusing on three high-impact reforms.

Recognise stormwater as core water infrastructure

Stormwater must be explicitly recognised within national water reform frameworks and treated with equal standing to drinking water and wastewater in relevant planning, pricing and regulatory models. Urban expansion and climate change means stormwater can no longer be treated as a secondary or residual public good, but must be managed as essential urban water infrastructure. Where appropriate, economic regulation should enable fit-for-purpose cost recovery and investment incentives, reflecting community willingness to pay and the full value delivered by stormwater services. Infrastructure planning systems should also be aligned so that stormwater investment is considered early and evaluated on a whole-of-system and catchment basis.

Establish clear governance and accountability

Reform should clarify roles and responsibilities across governments, utilities and councils, assign accountability for agreed outcomes, and enable integrated delivery models (including at precinct scale) that can be planned, funded and operated effectively over the asset life.

Align planning, funding and delivery systems

Reform should integrate water considerations early in land-use planning, support precinct-scale solutions, and establish viable funding and cost-recovery mechanisms that align who pays with who benefits.

10. SQIDEP as a Pathway to National Consistency

SQIDEP (Stormwater Quality Improvement Device Evaluation Protocol) is an industry-formulated, independent evaluation process administered by Stormwater Australia to verify the performance of devices and technologies intended to improve stormwater quality. Once devices and technologies have been independently assessed under SQIDEP, results are provided to Stormwater Australia; where assessment requirements are met, the device can receive a Stormwater Australia verification stamp. Many local councils and other industry stakeholders now require SQIDEP verification before approving the installation of stormwater treatment devices.

SQIDEP responds to a practical delivery challenge created by rapid development and space constraints that have driven the widespread use of proprietary, often underground, stormwater treatment devices. In the absence of a consistent verification process, councils have faced approval backlogs with limited ability to confirm devices will meet required water quality objectives. The result has been many devices installed that do not perform as required and a significant long-term maintenance burden for councils and other asset owners once development is completed.

Stormwater Australia developed SQIDEP with a broad range of industry stakeholders. The protocol requires devices to be assessed by qualified independent parties (including universities and specialist scientists in the stormwater consulting field), with verification recommended by independent evaluators. SQIDEP currently focuses on verifying the performance claims of proprietary devices. In parallel, Stormwater 2030's NSW SQID Taskforce is working to improve

the SQID approval process in NSW by aligning with the national SQIDEP approach, while addressing gaps that stakeholders have identified, particularly the need to broaden assessment beyond water quality performance to include lifecycle costs, maintainability, safety, sustainability, and clearer guidance on installation and maintenance management. Together, these initiatives provide a practical pathway for Stormwater Australia to drive national consistency not only through evaluation, but also through whole-of-life guidance and education for councils, developers, regulators and practitioners.

Notably, SQIDEP has largely been established and maintained through Stormwater Australia's association membership and industry sponsorship. There has been limited direct support from local, state and federal government funding programs to sustain and scale this nationally consistent capability. This funding gap reinforces the Commission's reform case where stormwater outcomes depend on fragmented, project-by-project arrangements, the system underinvests in initiatives that improve efficiency, reduce approval delays, and deliver better value-for-money over the whole life of assets. Providing stable support for programs such as SQIDEP would be a low-cost enabler of productivity, helping Councils and practitioners specify, procure and manage stormwater infrastructure with greater confidence, consistency and whole-of-life performance.

11. Additional Considerations – International Obligations

Australia is party to a suite of international agreements that commit to protecting rivers, costs and oceans from pollution, ecosystem degradation and biodiversity loss. This includes the United Nations Convention on the Law of the Sea (UNCLOS), the High Seas Biodiversity Treaty (BBNJ Agreement), the Convention on Biological Diversity (CBD), the Ramsar Convention on Wetlands, and the London Convention (Marine Dumping). Urban stormwater is one of the primary control points determining whether Australia meets its obligations under these agreements. Accordingly, the Federal Government has a direct interesting in encouraging improved stormwater management across all states and territories. However, given current policy fragmentation and lack of legislative rigour across Australia, the risk of Australia not meeting these obligations remains high.

12. Reform Recommendations

Treat Stormwater as Core Water Infrastructure

- Explicitly recognise stormwater as essential water infrastructure, alongside drinking water and wastewater, within national water reform frameworks.
- Embed stormwater in economic regulation, pricing models and infrastructure planning, reflecting its full system value (flood mitigation, water quality, cooling, alternative supply, liveability).
- Enable fit for purpose cost recovery and investment pathways aligned with community willingness to pay and long-term benefits.

Fix Governance and Accountability Failures

- Establish clear accountability for stormwater outcomes, addressing fragmentation across councils, utilities, state agencies, developers and asset owners.
- Clarify roles and responsibilities across jurisdictions to reduce duplication, gaps and misaligned investment.
- Support integrated delivery models, including precinct scale planning, funding and operation across the asset lifecycle.

Align Planning, Funding and Delivery Systems

- Integrate water servicing considerations early in land use and development planning, rather than late-stage servicing responses.
- Shift away from reliance on fragmented development contributions towards coordinated, investable funding mechanisms.

- Align “who pays” with “who benefits” to support regional and cross government outcomes.

Improve Productivity and Housing Outcomes

- Move decision making beyond single purpose infrastructure towards multipurpose stormwater and nature-based solutions.
- Reduce delays in servicing approvals and constraints on developable land by improving coordination and regulatory certainty.

Strengthen National Consistency Through SQIDEP

- Support SQIDEP as a nationally consistent, independent verification pathway for stormwater treatment devices.
- Expand current SQIDEP assessment beyond water quality performance to include lifecycle cost, maintainability, safety and sustainability over time.
- Consider making a national government agency responsible for its administration and fund this.
- Provide stable government support to sustain and scale SQIDEP nationally, recognising its productivity and risk reduction benefits.

Position Stormwater at the Centre of Climate and Resilience Policy

- Explicitly connect stormwater reform to flood management, urban cooling and water security outcomes.

13. Conclusion

Stormwater is essential to Australia’s urban productivity, housing delivery and climate resilience, yet current governance, planning, pricing and funding settings prevent it being treated and delivered as core water infrastructure. National Water Reform 2026 is an opportunity to address these structural barriers by recognising stormwater within reform frameworks, establishing clear governance and accountability, and aligning land-use planning with investable funding and cost-recovery pathways.

Taking these steps will unlock multipurpose solutions that reduce long-term costs, improve liveability and environmental outcomes, and strengthen water security for growing communities. Stormwater Australia has access to some of Australia’s leading practitioners in urban stormwater management and would be happy to advise the Federal Government further on this important issue.

Submitted on behalf of the Stormwater Australia Board:

President, Stormwater Australia

Date: 24 April 2026

Contact: