

Submission 020 - NSW Department of Climate Change, Energy, the Environment and Water, Water Group - National Water Reform 2026 - Public inquiry

Productivity Commission's National Water Reform 2026 – Call for submissions

This submission responds to the Productivity Commission's *National Water Reform 2026 – Call for submissions*, which seeks evidence and perspectives on how pricing, economic regulation and governance arrangements are supporting a secure, resilient and sustainable water services industry. It draws on publicly available information and reflects the experience of NSW in balancing service reliability, long-term financial sustainability and affordability in the face of increasing pressures from climate variability, population growth and emerging water-intensive industries.

This submission focuses on key issues and practical insights relevant to Part B of the inquiry, including how current arrangements operate in practice, where trade-offs and risks arise, and opportunities for reform to deliver improved outcomes for customers and the broader community.

Productivity Commission question	High level context	More information
<p>1. Are there specific aspects of current water service arrangements, in particular regions or jurisdictions, that create material risks, inefficiencies or misalignments?</p> <ul style="list-style-type: none"> – What consequences have you observed, and who is affected by them? – Do you anticipate any risks, inefficiencies or misalignments increasing in the future, and if so, why? 	<ul style="list-style-type: none"> • A potential future risk to water service arrangements is the development of data centres. • The Commonwealth has published national expectations for data centres, including a dedicated expectation on sustainable and efficient water usage. • Following the release of the national expectations, the NSW Government published a consultation paper which contained principles which aim to facilitate a conversation about both data centre investment and mitigating the potential impacts on the community, other industries, and the environment. Principle 3 of this paper states that “data centres need to be efficient and make sustainable use of our energy and water systems as well as the environment”. • The National Australian Built Environment Rating System (NABERS) currently only offers an energy rating tool but does not include a water rating. Consistent with NSW’s intent to collaborate with Industry, utilities and government in the Data Centre Consultation Paper - NSW is open to collaborating with NABERS in developing a water rating tool for data centres (including incorporation of a Water Use Effectiveness benchmark) to complement the existing energy tool. • This response also relates to question 2. 	<p>Sources:</p> <ul style="list-style-type: none"> • Expectations of data centres and AI infrastructure developers https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers • NSW Data Centre Consultation Paper https://infrastructure.nsw.gov.au/expert-advice/nsw-data-centre-consultation-paper/ • A media release from the NSW Treasurer, Minister for Industry and Trade, Minister for Planning and Public Spaces stated that the consultation paper “follows and supports the publication this week of the Albanese Government’s Expectations for Data Centres and AI Infrastructure Developers document.” https://www.nsw.gov.au/ministerial-releases/data-centre-investment-sustainable-development

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<p>2. How do current arrangements affect how trade-offs are made between service reliability, long-term financial sustainability, affordability and any other objectives?</p> <ul style="list-style-type: none"> – Are there objectives and goals that are not being achieved as successfully as others, and if so which ones? – How might these trade-offs become more acute over the medium to long term (for example, due to climate change, population growth, new or expanding water-intensive industries, or emerging demand profiles), and how well are current arrangements positioned to manage these pressures sustainably? 	<ul style="list-style-type: none"> • Large water utility prices are typically determined by the Independent Pricing and Regulatory Tribunal (IPART) on a 5-year basis. IPART applies building-block, cost-of-service model, setting maximum prices to recover efficient operating costs, approved capital expenditure and a regulated rate of return. The NSW Premier wrote to IPART in 2024 highlighting some of the tensions between investment and affordability in the price review process, and the need to support vulnerable communities. • To support longer term infrastructure projects that enhance water security and drought resilience in the context of the risks posed by climate change and a growing population, the Commonwealth could consider investing in key infrastructure such a water treatment plants and critical sewer upgrades. This could be achieved through expansion of the National Water Grid to urban water projects. The Commonwealth could also consider funding the National Water Agreement to support national delivery of its intended outcomes. • This response also relates to issues 5 and 6. 	<p>Sources:</p> <ul style="list-style-type: none"> • Letter from the Premier to IPART on matters to consider for the Sydney Water and Hunter Water price determinations - August 2024 https://www.ipart.nsw.gov.au/documents/letter/letter-premier-ipart-matters-consider-sydney-water-and-hunter-water-price-determinations-august-2024
<p>3. How well do current arrangements support safe, secure and culturally</p>	<p>NSW has a well-established framework for ensuring safe, reliable and high-quality drinking water and sewerage services for eligible</p>	<p>Sources:</p>

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<p>appropriate water services for Aboriginal and Torres Strait Islander communities?</p>	<p>Aboriginal communities through the Aboriginal Communities Water and Sewerage Program (ACWSP):</p> <ul style="list-style-type: none"> The ACWSP supports 63 discrete Aboriginal communities across NSW and aims to ensure service standards are equivalent to nearby non-Indigenous towns. The program is a \$200 million joint initiative between the NSW Government and the NSW Aboriginal Land Council, with Aboriginal Affairs as the lead agency and partnerships with local water utilities and NSW Health. NSW Health’s role in monitoring drinking water quality and public health standards strengthens assurance of safe and compliant services. These arrangements have significantly reduced health risks associated with inadequate water and sewerage infrastructure and have provided long-term operational and maintenance support, addressing historical capacity and funding gaps in community-managed systems. <p>The NSW Aboriginal Water Strategy (released October 2025) explicitly recognises water as central to culture, identity, wellbeing and connection to Country, not only as an economic or service asset.</p> <ul style="list-style-type: none"> It commits the NSW Government to increasing Aboriginal access to and ownership of water, strengthening participation in decision-making, and embedding Aboriginal knowledge in water planning and management. 	<ul style="list-style-type: none"> Aboriginal Communities Water and Sewerage Program https://www.water.dpie.nsw.gov.au/our-work/projects-and-programs/aboriginal-water-programs/aboriginal-communities-water-and-sewerage NSW Aboriginal Water Strategy https://www.water.dcceew.nsw.gov.au/our-work/projects-and-programs/nsw-aboriginal-water-strategy What We Heard Report: NSW Aboriginal Water Strategy https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-07/aboriginal-water-strategy-and-action-plan-what-we-heard-report.pdf Aboriginal cultural specific purpose access licences. https://www.water.nsw.gov.au/cultural-water-access-aboriginal-people Registration of interest for water licence transfers to Aboriginal legal entities https://www.water.dcceew.nsw.gov.au/our-work/projects-and-programs/aboriginal-water-programs/registration-interest-transferring-water

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	<ul style="list-style-type: none"> The Strategy aligns with NSW commitments under the National Agreement on Closing the Gap, particularly in relation to shared decision-making and outcomes for inland waters. Public consultation highlighted that Aboriginal communities viewed meaningful involvement in governance and decision-making as essential to culturally appropriate water outcomes, a finding reflected in the final Strategy design. <p>NSW arrangements support culturally appropriate use of water through Aboriginal cultural specific purpose access licences.</p> <ul style="list-style-type: none"> Aboriginal people can apply for Aboriginal cultural specific purpose access licences to access water to care for Country, and to help maintain traditional cultural practices and customs. The application process for these licences have been simplified and fees waived until at least mid-2029 to reduce barriers to access. 	
<p>4. Are there specific reforms to water service arrangements that would materially improve outcomes?</p> <ul style="list-style-type: none"> What problem would the reform address, and what implementation challenges 	<p>NSW has a stated policy objective to significantly increase the use of recycled and alternative water supplies to support population growth, climate resilience and emerging water intensive industries. Continued Commonwealth leadership through national policy settings, investment frameworks and coordination mechanisms could help enable jurisdictions to</p>	<p>Source:</p> <ul style="list-style-type: none"> Recycled water roadmap https://www.water.dcceew.nsw.gov.au/our-work/plans-and-strategies/recycled-water-roadmap

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<p>or risks should be considered?</p>	<p>scale recycled and alternative water solutions where they represent a least cost, system wide outcome.</p>	
<p>5. How do current pricing determinations meet and balance different objectives relating to service reliability, long-term financial viability, affordability and any other objectives (e.g. cost-recovery, asset renewal, monopoly price regulation, social equity, addressing disadvantage, environmental outcomes, liveability or other customer priorities)?</p>	<p>IPART expects all regulated businesses to consider trade-offs of service level and cost. However, these are often short-term trade-offs that do not consider the long-term implication of underfunding services. Additionally, most of WAMC’s services are statutory requirements, with little discretion about service levels.</p> <p>All trade-offs are handled at the discretion of the pricing regulator. IPART primarily seeks to manage affordability impacts through price suppression rather than seeking Government commitment to targeted hardship and community service payments.</p>	<p>Source:</p> <ul style="list-style-type: none"> Prices for Water Administration Ministerial Corporation (WAMC) from 1 October 2025 https://www.ipart.nsw.gov.au/review/water-rural-water/prices-water-administration-ministerial-corporation-wamc-1-october-2025 <p>“We consider that WAMC’s approach may have limited its ability to genuinely engage on trade-offs between service levels and costs, particularly in areas such as floodplain harvesting and non-urban metering.” WAMC final report p30</p> <p>“In our Draft Report we considered that some of the costs WAMC proposed to pass through to its customers were not sufficiently justified by customer driven outcomes or preferred cost of service trade-offs.” ibid p32</p> <p>“We agree with Stantec’s view that there remains room for improvement in clarifying risk tolerance and ensuring trade-offs between service level, cost and risk are considered and informed by community engagement.” p54</p>

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		<p>“Places significantly more weight on the potential impact of price increases compared to significant under recovery by businesses”. p168</p>
<p>6. How are trade-offs made during the price setting process, especially between long-term objectives (such as those relating to asset expenditure and renewal) and short-term social equity objectives (such as affordability)?</p>	<p>IPART’s Water Regulation Handbook sets out its expectation that utilities explore and demonstrate consideration of trade-offs factoring in feedback from customer consultation. IPART makes decisions on efficient costs, how much should be recovered from water users and affordability measures.</p> <p>There is a tension between long term sustainability of the sector and affordability in the price setting process. The National Water Initiative aims for recovery of efficient costs, while IPART is required to consider affordability.</p> <p>IPART has sought to keep prices as stable as possible, resulting in deferral of capital investment and agencies reshaping programs to deliver within regulated budget envelopes. Water agencies now face rising compliance, climate change and asset renewal costs due to aging infrastructure. Affordability measures applied by IPART are putting greater pressure on governments to subsidise water services.</p>	<p>Source:</p> <ul style="list-style-type: none"> • IPART Water Regulation Handbook (v2) pp10, 37, 106 https://www.ipart.nsw.gov.au/water-regulation-handbook • Intergovernmental agreement on a National Water Initiative https://www.dcceew.gov.au/sites/default/files/sitecollectiondocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf
<p>7. Are broader policy objectives (such as housing growth or emissions reduction) clearly specified in pricing decision processes? If so, how?</p>	<p>IPART typically treats regulatory requirements as necessary (e.g. NSW health regulations) and includes efficient costs of meeting these requirements in prices.</p> <p>IPART helped establish a Regulatory Advisory Panel made up of IPART, the NSW Environment Protection Authority (EPA), NSW Department of Climate Change, Energy, the Environment, and</p>	<p>Source:</p> <ul style="list-style-type: none"> • Regulators Advisory Panel https://www.ipart.nsw.gov.au/regulators-advisory-panel

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	<p>Water, the NSW Resource Access Regulator and NSW Health. The role of the regulatory advisory panel includes:</p> <ul style="list-style-type: none"> • develop a consistent, overarching objective for water regulation • promote transparency in establishing regulatory standards • discuss government policy objectives. <p>IPART considers broader government policy objectives in its pricing decisions, but requires justification of the need for investment, service levels and cost efficiency of programs to deliver on these objectives. This is challenging where policy objectives deliver broad, intergenerational outcomes. For example, climate adaptation costs are preventative and uncertain and there are unresolved questions about who should pay.</p>	<ul style="list-style-type: none"> • Final Report - Review of prices for the Water Administration Ministerial Corporation from 1 October 2025 to 30 June 2029 p 16 Final-Report-Review-of-prices-for-the-Water-Administration-Ministerial-Corporation-from-1-October-2025-to-30-June-2029-September-2025.PDF
<p>8. How is affordability defined, considered and assessed in practice in price setting processes? Is affordability primarily addressed through targeted measures for customers experiencing hardship or vulnerability, through average/broader price moderation for all customers, a combination of both, or otherwise?</p>	<p>Section 15 of The IPART Act 1992 requires IPART to consider the social impact of its price determinations.</p> <p>Affordability does not have a consistent definition in the NSW context. IPART uses benchmarks for metropolitan water utilities based on household income share, consistent with UN definitions.</p> <p>Affordability in the rural water pricing context has typically been managed through price caps, determined by IPART and applied across all customers – this results in cross-subsidies that benefit larger water users with a higher ability to pay for water prices.</p>	<p>Source:</p> <ul style="list-style-type: none"> • IPART Sydney Water Final Report P13 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-Report-Sydney-Water-prices-2025-2030-September-2025.PDF • Final Report - Review of prices for the Water Administration Ministerial Corporation from 1 October 2025 to 30 June 2029, P37 and Appendix C https://www.ipart.nsw.gov.au/documents/final-report/final-report-review-prices-water-

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<ul style="list-style-type: none"> – What trade-offs arise between these approaches? – How are distributional impacts assessed and monitored? 	<p>This approach results in trade-offs between efficient prices and affordability and shifts costs from water users to the NSW Government.</p>	<p>administration-ministerial-corporation-1-october-2025-30-june-2029-september-2025?timeline_id=17694</p>
<p>9. How do current regulatory settings support efficient and prudent capital and operating expenditure?</p>	<p>Independent price regulation has improved the efficiency and prudence of capital and operating expenditure in the water sector. However, pressure to keep prices stable can incentivise regulated businesses to prioritise short term cost containment over prudent long term investment.</p> <p>WAMC has set out the risks and implications of IPART’s determination in its submission to IPART’s draft report.</p>	<p>Source:</p> <ul style="list-style-type: none"> • WAMC Submission to the Independent Pricing and Regulatory Tribunal’s draft water management price determination p.17,19-20 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-Water-Administration-Ministerial-Corporation-A.-Lean-4-Jul-2025-085033829.PDF
<p>10. Are pricing review and economic regulatory processes proportionate to the risks being managed?</p>	<p>Please refer to the WAMC Submission to IPART’s draft water management price determination.</p> <p>“IPART reviews are costly for regulated entities and pricing proposals are expensive to produce, especially with the increased burden of the 3Cs framework.” – p 20</p>	<p>Source:</p> <ul style="list-style-type: none"> • WAMC Submission to the Independent Pricing and Regulatory Tribunal’s draft water management price determination p.20 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-Water-Administration-Ministerial-Corporation-A.-Lean-4-Jul-2025-085033829.PDF
<p>11. What administrative, planning, management or compliance costs arise from current pricing</p>	<p>Please refer to the WAMC Submission to IPART’s draft water management price determination.</p>	<p>Source:</p>

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<p>review and economic regulatory processes, and who bears them?</p>	<p>The 2024 pricing proposal cost WAMC around \$6 million to develop (across the department, WaterNSW and NRAR). This expenditure was planned for in the final 2 years of the 5-year period. IPART has proposed a 3-year determination which would require bringing this expenditure forward into the first 2 years of the period.</p>	<ul style="list-style-type: none"> WAMC Submission to the Independent Pricing and Regulatory Tribunal’s draft water management price determination p.20 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-Water-Administration-Ministerial-Corporation-A.-Lean-4-Jul-2025-085033829.PDF
<p>12. How do regulatory timeframes support or affect investment certainty or service delivery?</p>	<p>Please refer to the WAMC Submission to IPART’s draft water management price determination.</p> <p>We note that regulatory timeframes may act as a driver for certain planning horizons in situations where funding cannot be guaranteed beyond the current period.</p>	<p>Source:</p> <ul style="list-style-type: none"> WAMC Submission to the Independent Pricing and Regulatory Tribunal’s draft water management price determination p.20 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-Water-Administration-Ministerial-Corporation-A.-Lean-4-Jul-2025-085033829.PDF
<p>13. How clearly defined are the differing roles of governments, regulators and service providers? How well are these roles communicated to customers and the general public?</p>	<p>Please refer to the WAMC Submission to IPART’s draft water management price determination.</p> <p>IPART has identified governance concerns in relation to WAMC, including the role of the Minister in pricing proposal decision-making, and has noted the implications this has for WAMC’s operating arrangements.</p> <p>NSW government agencies that are part of WAMC have established and published a Roles and Responsibilities Agreement setting out the roles of each agency in delivering water management functions.</p>	<p>Source:</p> <ul style="list-style-type: none"> Final Report - Review of prices for the Water Administration Ministerial Corporation from 1 October 2025 to 30 June 2029 - September 2025 p 203 https://www.ipart.nsw.gov.au/documents/final-report/final-report-review-prices-water-administration-ministerial-corporation-1-october-2025-30-june-2029-september-2025?timeline_id=17694

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	<p>WAMC agencies undertook extensive engagement during development of the 2025 pricing proposal, including communication of roles and responsibilities.</p>	<ul style="list-style-type: none"> Roles and Responsibilities Agreement (DCCEE Water, NRAR, WAMC, WaterNSW) https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-09/roles-and-responsibilities-agreement.pdf
<p>14. Are there areas of overlapping or fragmented responsibilities, and if so, what consequences arise?</p>	<p>WAMC has significantly improved the definition of its roles and responsibilities between the 3 delivery agencies. For some functions where there are dependencies between the agencies, service level agreements are in place to set out more detailed arrangements between the agencies to manage the risks of functional gaps or duplication.</p> <p>IPART has recommended a review of WAMC governance, to clarify a single point of accountability for decisions and performance.</p>	<p>Source:</p> <ul style="list-style-type: none"> Roles and Responsibilities Agreement (DCCEE Water, NRAR, WAMC, WaterNSW) https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-09/roles-and-responsibilities-agreement.pdf IPART final report on WAMC price determination
<p>15. Are there formal partnership arrangements in place between Aboriginal and Torres Strait Islander people and governments to support joint decision-making? How could these partnerships be strengthened?</p>	<p>Yes. A tri-partnership between the department, the NSW Aboriginal Land Council (NSWALC) on behalf of the NSW Coalition of Aboriginal Peak Organisations, and the Native Title Service Provider for Aboriginal Traditional Owners in NSW and ACT (NTSCorp) - is identifying ways to improve Aboriginal peoples' rights, value, access to and ownership of water. This includes:</p> <ul style="list-style-type: none"> establishing a new Closing the Gap Inland Waters Target for NSW. co-designing and promoting a Registration of Interest process for the transfer of surrendered water access 	<p>Sources:</p> <ul style="list-style-type: none"> Aboriginal Communities Water and Sewerage Program https://www.water.dpie.nsw.gov.au/our-work/projects-and-programs/aboriginal-water-programs/aboriginal-communities-water-and-sewerage NSW Aboriginal Water Strategy https://www.water.dcceew.nsw.gov.au/our-work/projects-and-programs/nsw-aboriginal-water-strategy

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	<p>licenses to Aboriginal entities to increase Aboriginal peoples’ ownership and access of water,</p> <ul style="list-style-type: none"> collaborative preparation of several significant reports, including a stocktake of existing opportunities for Aboriginal people to participate in the ownership and management of inland waters, an assessment of existing legal rights, and an analysis of gaps, barriers and opportunities for Aboriginal ownership and rights to inland water, including initial water-holding arrangements. <p>The Department provides funding to NSWALC and NTSCorp to support their involvement and capacity in the partnership. This is consistent with Clause 33 of the National Agreement on Closing the Gap Agreement and the findings of the Productivity Commission’s 2024 Review, which identified the need for governments to invest in the continuity and capacity of Aboriginal-led partnerships to enable meaningful participation in shared decision-making and governance.</p> <p>In addition to the formal partnership, in 2023, the department established 12 Regional Aboriginal Water Committees through an expression of interest process. These committees, and the valuable contributions of their members, have helped embed Aboriginal perspectives and outcomes into water planning and management across NSW.</p> <p>Since their establishment, the structure has been refined to strengthen regional representation. There are now 8 committees operating across three regions.</p>	<ul style="list-style-type: none"> What We Heard Report: NSW Aboriginal Water Strategy https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-07/aboriginal-water-strategy-and-action-plan-what-we-heard-report.pdf Aboriginal cultural specific purpose access licences. https://www.water.nsw.gov.au/cultural-water-access-aboriginal-people Registration of interest for water licence transfers to Aboriginal legal entities https://www.water.dcceew.nsw.gov.au/our-work/projects-and-programs/aboriginal-water-programs/registration-interest-transferring-water NSW Regional Aboriginal Water Committees https://www.water.dcceew.nsw.gov.au/our-work/projects-and-programs/aboriginal-water-programs/regional-aboriginal-water-committees

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	<p>The Committees are an advisory body to the department, established as part of the commitment to ensure Aboriginal peoples have a strong, informed and respected voice in water planning and management in NSW. Through two-way knowledge sharing and collaboration, the committees provide a platform for Aboriginal people to bring cultural knowledge, community perspectives and lived experience that shape how the department and other agencies engage with and manage water.</p> <p>One of the key priorities in the NSW Aboriginal Water Strategy is to strengthen the role of Aboriginal peoples in water management through representation, engagement and respectful partnerships.</p>	
<p>16. How do current arrangements support effective coordination between:</p> <ul style="list-style-type: none"> – water supply, wastewater and stormwater services (including recycled water and other options)? – water services provision and land-use planning systems? – service providers and economic regulators? 	<p>As identified by the Productivity Commission’s Report in 2020, the integration of the water cycle is hampered by poor integration and governance of stormwater assets and management. NSW has introduced a Framework for honouring its commitment to using integrated water cycle management (IWCM) to improve outcomes for communities in NSW (as stated in the NSW Water Strategy, regional and metropolitan water strategies and the Regulatory and Assurance Framework for local water utilities).</p> <p>The NSW IWCM Framework is a best practice guide to developing and delivering integrated water cycle management projects. It aims to help government, land use planners, water utilities, development proponents, and the community to work together</p>	<p>Source:</p> <ul style="list-style-type: none"> • Integrated Water Cycle Management https://www.water.dcceew.nsw.gov.au/our-work/plans-and-strategies/integrated-water-cycle-management-iwcm • Integrated Water Cycle Management Framework – Best Practice Guide https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-08/iwcm-framework.pdf

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<ul style="list-style-type: none"> – economic, environmental, health and other relevant regulators? 	<p>to plan, manage and deliver water-resilient cities and towns across NSW.</p>	
<p>17. Do differences between jurisdictions create compliance costs or inefficiencies, and if so, how?</p>	<p>The NSW Data Centre Consultation Paper acknowledges that unclear or inconsistent approval and compliance requirements increase investment risk and inefficiency. Aligning settings across jurisdictions with broader national expectations for data centres – particularly on energy, water use and sustainability will ensure proponents face more consistent signals across jurisdictions without constraining NSW’s ability to manage local impacts.</p>	<p>Sources:</p> <ul style="list-style-type: none"> • Expectations of data centres and AI infrastructure developers https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers • NSW Data Centre Consultation Paper https://infrastructure.nsw.gov.au/expert-advice/nsw-data-centre-consultation-paper/
<p>Additional information</p>		
<p>Additional information relevant to the Productivity Commission’s questions:</p> <p>Please refer to the Productivity and Equality Commission (PEC) Review of Funding Models for Local Water Utilities and the NSW Government Response to the review (at links) for detailed discussion about local water utility funding reform</p>	<p>The Productivity and Equality Commission (PEC) Review of Funding Models for Local Water Utilities examined whether current NSW Government funding, pricing and regulatory arrangements support financially sustainable, efficient and equitable delivery of water and sewerage services, and recommended reforms to improve transparency, cost-recovery and affordability.</p> <p>In response to the PEC recommendations, during a 2-year policy design phase, the NSW Government will:</p> <ul style="list-style-type: none"> • Consider further a shift from project-based capital grant funding to a Community Service Obligation funding 	<p>Sources:</p> <ul style="list-style-type: none"> • Review of Funding Models for Local Water Utilities – NSW Productivity and Equality Commission (PEC) https://www.nsw.gov.au/departments-and-agencies/nsw-productivity-and-equality-commission/document-library/review-of-funding-models-for-local-water-utilities • NSW Government response to the recommendations of the NSW Productivity and Equality Commission’s Review of Funding Models for Local Water Utilities.

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	<p>model as the main model to address funding needs – that is, a model that funds the gap between a LWU’s efficient expenditure needs to provide basic levels of service (including capital and operational expenditure) and the revenue that can be reasonably raised from the LWU’s customers and developers - subject to financial decision making, further analysis and parallel reforms.</p> <ul style="list-style-type: none"> • Review how to improve the setting and applying of efficient minimum regulatory standards (for water quality, water security, and environmental impacts) to enable the setting of effective and efficient basic levels of service for funding purposes. • Develop a package of parallel reforms to improve sector performance, efficiency, strategic planning effectiveness, and own source revenue raising. • Review customer affordability support schemes, including pensioner rebates and hardship schemes, across regional and metropolitan NSW. • Continue exploring reform approaches, including structural improvements, in Western NSW that achieve expenditure efficiencies, reduce risks, and deliver better water and wastewater services. This will include a pilot program to be co-designed with willing Western NSW councils, focussing on addressing strategic planning gaps. 	<p>https://www.water.dcceew.nsw.gov.au/sites/default/files/2025-09/nsw-government-response-to-recommendations-of-PEC-review_0.pdf</p> <ul style="list-style-type: none"> • Local Water Utility reform - NSW DCCEEW Water website https://www.water.dcceew.nsw.gov.au/our-work/local-water-utilities/local-water-utility-reform