



Productivity Commission  
4 National Circuit  
BARTON ACT

## Sydney Water submission on the 2024 Interim Report on National Water Reform

Thank you for providing Sydney Water the opportunity to comment on the Productivity Commission's 2024 Interim Report on Urban Water Reform and the National Water Initiative (NWI). We strongly concur with the Commission's conclusion that an improved national approach supports sound decision-making that will better reflect community needs and improve sustainable water use, underpinned by a stronger authorising environment.

We agree with the Commission's draft recommendations, and the reiteration of 2021 NWI renewal advice. We strongly support renewal advice recommending:

- an enhanced commitment to First Nations' participation in water management, including advice on meeting Closing the Gap commitments and development of effective partnerships for shared decision-making
- new content about diversifying water supply, including purified recycled water
- best practice urban water planning and integrated water supply, wastewater and stormwater planning and management in cities and towns.
- better integration of environmental water protections with natural resource management activities
- improved governance arrangements

### Opportunities to strengthen recommendations

While we support the interim report, Sydney Water has identified the following areas where we believe the commission could further strengthen its recommendations:

- Water conservation
- Response to climate change
- Urban planning integration
- Integrated environmental and waterway management, including in urban
- Supply chain security and workforce development

Our advice is consistent with the submission we made to the Productivity Commission in February.

### Water Conservation and recycling

The interim report should provide more firm recommendations on how water conservation and recycling can be embedded in a renewed NWI, and implemented by governments and utilities. This should include recommendations about the adoption of clearer national guidance to promote consistency across state health regulators and drive updates to national recycled water guidelines. We recommend harmonising water conservation related product standards to accelerate the integration of proven overseas technologies into the Australian market. Additionally, the report could address the need for greater drought preparedness by businesses, governments and water service providers.

In addition to the recommendations we made about water conservation in February, we also advocate for the need to modernise WELS or find an alternative to advocate for the uptake of technologies and [Sydney Water Corporation](#) ABN 49 776 225 038

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products that enable greater water efficiency without using water themselves. This includes technologies such as thermal (waterless) woks, smart sensors, etc. These devices have the potential to drive a step change in water efficiency for some uses, however they are not currently supported by the WELS Act because they don't directly involve water use.

We note the updated advice that the National Water Reform Committee should commission projects on areas of mutual interest, to share mutual learnings on best practice water management, enhance efficiencies and reduce duplication of effort. We strongly advocate for joint projects on water conservation, updated guidelines, purified recycled water, and net zero under this proposed response.

### **Net Zero and response to climate changes**

We support the report's identification of the Australian government's role in modelling and planning for changes to water demand as we transition to a net zero economy. This is an important and under-appreciated issue.

However, the interim report does not mention the need to ensure consistent emission reduction targets (scope 1 and 2) for utilities, nor the opportunity to accelerate emissions reductions by more formal sharing and encouragement of best practices. Given that the report has recognised the severe impact that climate change will have on streamflow and water security, we strongly recommend that it include advice on the need to consistent emission reduction targets (scope 1 and 2) for utilities of at least 2040, ideally sooner.

### **Environmental and waterway management**

We strongly support the report's reiteration of 2021 advice that governments should establish formal responsibility for wetland and waterway management. We also support the commission's updated renewal advice that jurisdictions should commit to resourcing long term monitoring of environmental outcomes achieved from environmental water, measuring progress against well-defined indicators that are supported by First Nations' cultural knowledge. We support the commission's recommendations about independent auditing of the achievement of environmental outcomes.

The report should strengthen its recommendation that "efforts to embed integrated water cycle management as "business as usual" should continue. Given the connection between waterways and urban water services – including water supply, stormwater and wastewater, we strongly recommend that the NWI broaden its recommendations about integrated management of environmental and waterway management scope to include urban waterways that are affected by the urban water cycle, but not specifically subject to extractions.

### **Urban planning integration**

The report recognises strong population growth as a key challenge for Australia's water sector. Therefore, we continue to advocate for the need to broaden the NWI so that it can address the need to integrate water, land use and transport infrastructure, especially in urban areas, so that the community's water service, waterway and environmental objectives can continue to be met.

### **Supply chain security and workforce development**

We continue to recommend that the scope of a new NWI include water supply chain security which is a concern as it overlooks a critical aspect of ensuring reliability and resilience of water infrastructure. It is essential to address supply chain security within context of urban water reform to reduce risks and protect water continuity.

**Yours sincerely,**

**Roch Cheroux**

**Managing Director**