

**INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO
FUND INFRASTRUCTURE AND SERVICES**

Organisation: Stormwater NSW

Date Received: 30 April 2024

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The Hon. Emily Suvaal MLC
Committee Chair – Standing Committee on State Development
NSW Parliament
6 Macquarie Street
SYDNEY NSW 2000

Dear Ms Suvaal

Re: Submission to NSW parliamentary inquiry into the ability of local governments to fund infrastructure and services

Stormwater NSW welcomes the opportunity to provide the following submission to the above inquiry.

1. Background

Stormwater NSW is an industry association established in 1992 that has grown to become the pre-eminent voice for best-practice stormwater management in the state. Our aim is to help stormwater managers and the broader community in applying industry-leading practices in stormwater quantity and quality control. Ultimately, we seek to support the application and growth of sustainable urban water management practices across NSW.

Stormwater NSW represents over 220 corporate and individual members drawn from government, consulting, manufacturing and academia. This includes many NSW councils, including the majority of councils in the greater Sydney region.

Stormwater NSW has a strong advocacy role. For instance, Stormwater NSW played a key role in lobbying for the introduction of the stormwater management service charge in 2006. We continue to advocate for improved urban water management through regular representations and submissions to IPART, state agencies and ministers.

Whilst we acknowledge the inquiry's terms of reference is focussed on rate pegging, we would like to focus our comments on the stormwater management service charge¹. Accordingly, the following comments are made in relation to item (g) of the terms of reference.

¹ <https://www.olg.nsw.gov.au/councils/council-infrastructure/services-to-communities/stormwater-management/>.

2. The importance of stormwater management

Managing stormwater is critical in protecting people and property from flooding, protecting the health of waterways, and ultimately contributing to the health and wellbeing of our community. This can be achieved, for instance, through the utilisation of stormwater in urban naturalised spaces and through blue-green infrastructure^{2,3,4}.

Moreover, as we move to address the housing crisis within the broader context of urban expansion and the effects of climate change (heat, flood, and drought), effective management of urban stormwater will only become more important. Yet despite its importance, the management of urban stormwater infrastructure remains chronically underfunded in NSW, resulting in systems being poorly designed, constructed and maintained.

3. Limitations of the stormwater management service charge

The stormwater management service charge, also known as the stormwater levy, was introduced by the NSW Government in 2006 as a means by which local councils could more sustainably fund stormwater management. The levy has been capped at \$25 per residential lot, or up to a maximum of \$12.50 for residential strata lots, or at \$25 per 350 m² for commercial properties. The levy has never been adjusted for inflation or otherwise increased since its introduction.

The stormwater levy was a welcome source of dedicated funding for stormwater management that has helped reduce councils' previous dependency on council rates and state grant programs. This additional revenue has helped in addressing the critical issues associated with stormwater management and for enabling safe, resilient and healthy urban environments.

There are, however, many limitations with the stormwater levy. These limitations have been repeatedly described by Stormwater NSW in its [annual reports](#) and raised directly with state agencies and ministers. Limitations have also been acknowledged by others such as the [Sydney Coastal Councils Group](#).

In 2020 Stormwater NSW developed a [position statement on the stormwater levy](#). The statement initially outlines the importance of managing stormwater in order to enhance urban amenity and protect waterway health. It notes that the scale and value of stormwater assets in NSW is comparable to that of sewerage and water supply assets. However, based on both published sources and anecdotal evidence, it is clear that funding allocated for stormwater management is insufficient⁵.

The key limitation of the stormwater levy identified in the position paper is that the levy has not been reviewed or increased since it was introduced 18 years ago. There is also no state policy for sustainable stormwater management that would guide such a review.

² NSW Ministry of Health. (2020). *Healthy Built Environment Checklist – A guide for considering health in development policies, plans and proposals*. NSW Health, St Leonards.

³ Population Wellbeing and Environmental Research Lab: <https://www.powerlab.site/>

⁴ NSW Government (2024). *Green and Blue. Built Environment Indicator*. Movement and Place: <https://www.movementandplace.nsw.gov.au/place-and-network/built-environment-indicators/green-and-blue>.

4. Need to increase the stormwater management service charge

Stormwater NSW calls upon the NSW Government to review Section 125AA of the Local Government (General) Regulation 2021 that deals with the stormwater levy with the aim to increase the levy. The levy should be increased:

- in line with inflation as a minimum
- in order to meet community expectations for clean and healthy waterways
- to achieve some measure of equity with Sydney Water's stormwater service charge.

Stormwater NSW would be happy to work the NSW Government as part of any review of the stormwater levy. We are also willing to work with the NSW Government on broader policy issues concerning the management of urban stormwater given that since 2011, NSW has slipped behind other states in the implementation of climate resilient, best practice urban stormwater management⁵. This could involve assisting with the development of a state policy on sustainable stormwater management as well as updating the [Stormwater Management Service Charge Guidelines](#).

Stormwater is core business for NSW Councils. Improving the installation, maintenance, renewal and upgrade of stormwater infrastructure needs to start with ensuring there is adequate funding. We have very experienced members who hope to assist you further to obtain an outcome that works for all.

I trust our submission will be useful for your inquiry. We would also be happy to attend the inquiry to expand on the points raised here or answer any questions the Committee may have. In the meantime, please do not hesitate to contact me

Yours sincerely

Dr Andrew Thomas
President

⁵ Thomas, A., Prodanovic, V., et al., (2022). *Blue Green Stormwater Management in NSW: Examination of Challenges and Pathways Forward*. [Franc Sydney 2022 White Paper](#). Version 1. Australia: Stormwater NSW.