

SECURING OUR WATER SUPPLY

A Growing Crisis, A Shared Responsibility

*Delivering safe, reliable and affordable water and
sewerage services for regional NSW communities.*





PRESIDENT'S FOREWORD: THE CHALLENGE

Access to a clean, safe and reliable water supply is not just an essential service – it's a basic human right. Every person in NSW regardless of their postcode should be able to turn on the tap and access safe, clean water. Across regional NSW, Local Water Utilities (LWUs) provide essential drinking water and sewerage services to almost two million people. These services underpin public health, housing delivery, economic development and community wellbeing.

But the sector is under growing pressure from ageing infrastructure, increasing water security risks and uncertainty about future investment.

Beyond public health, a reliable water supply is also essential for businesses and regional growth. Every aspect of life in the regions is reliant on safe and well-managed water resources – primary production, tourism, manufacturing, healthcare and education.



All of this is at risk if urgent action isn't taken to secure our water resources.

Without coordinated action, threats to water security will continue to grow, infrastructure failures will become more likely and housing delivery will face increasing constraints. The NSW economy is at risk of stagnation without investment in essential water and sewerage services, workforce shortages will deepen and regional communities will face increasing inequality in access to water supplies.

We must learn our lessons from the most recent droughts and heed the warning of authorities such as the NSW Auditor General. Regional NSW is not currently in a water crisis, but without action on funding, resilience and long-term planning, we soon will be.

Local Government NSW and the Water Directorate have developed a Regional Water Action Plan to secure the future of water and sewerage services across regional NSW. We are calling on the State Government to partner with us in taking that action and to secure these vital water services for regional communities.



Darcy Byrne

Mayor Darcy Byrne
President LGNSW



THE PROBLEM



Water security risks are increasing, the funding gap is growing and red-tape is causing delay.

Drought, climate variability and growing demand are placing increasing pressure on regional water supplies. Many communities are reliant on single water sources and are served by ageing infrastructure designed for past climatic conditions.

Regional councils own and operate billions of dollars of water and sewerage infrastructure. Many assets are ageing and require renewal or replacement, while construction costs and regulatory obligations continue to rise.



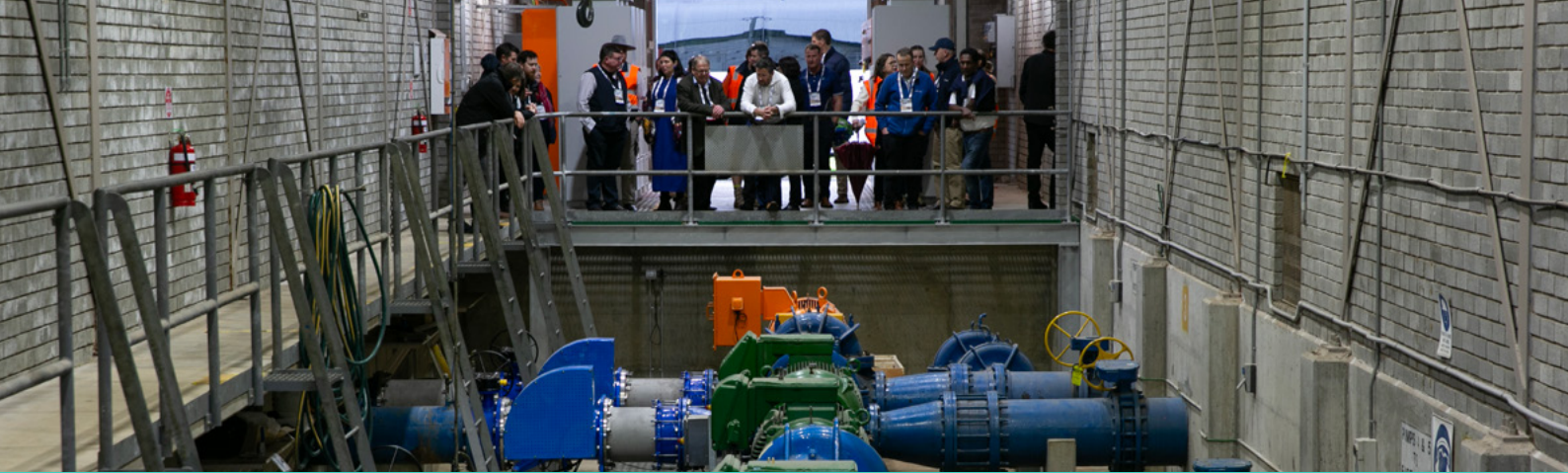
For many local water utilities, costs are growing faster than the capacity to fund them.

As evidenced in the Auditor General's report published in January 2026¹, an urgent investment of at least **\$1 billion is needed to fund the backlog** of water infrastructure programs. Estimates of the broader need for investment paint an even bleaker picture, suggesting that approximately **\$5 billion is required to address priority risks**². Councils simply cannot meet these costs.

In addition the red-tape and administrative burden around water infrastructure planning and approvals continues to delay the delivery of essential water infrastructure for communities across NSW. This burden has been hindering innovative alternative solutions for our treatment, distribution and collection systems in regional NSW.

1. [Local government 2025 | Audit Office of New South Wales](#)

2. [Report: Inquiry on Protecting Local Water Utilities from Privatisation | Parliament of NSW](#)



ACTION PLAN

LGNSW and the Water Directorate are calling on the NSW Government to:

1

Provide capital grant funding of \$5 billion for LWUs for at least a further 10 years.

2

Strengthen drinking water quality in rural, regional and remote NSW including support for LWUs to address emerging contaminants such as PFAS.

3

Reduce unnecessary regulatory burdens on LWUs in rural, regional and remote NSW including the NSW Regulatory and Assurance Framework, water utility strategic planning and Section 60 approvals.

4

Implement a complementary Community Service Obligation model for **better targeted, more efficient and predictable funding for councils** that cannot raise sufficient revenue to meet the costs of running their water and sewerage systems.

5

Commit \$4 million per annum to a **Local Water Utilities Alliance program**, enabling utilities to share expertise, access specialist skills, coordinate planning and to respond more effectively to droughts, emergencies and asset management challenges.

6

Commit to a \$15 million, 10-year Regional Water Workforce Development Program to **build a skilled and sustainable regional water workforce** and allocate \$2.5 million over 5 years to create dedicated career pathways for Aboriginal and Torres Strait Islander peoples.