



Submission to the *Review of funding models for local water utilities* by the Infrastructure Sustainability Council

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Submission

1. Impact of Sustainability in Water Assets

Incorporating sustainability throughout the entire lifecycle of water assets and infrastructure is essential for fostering resilient and thriving communities.

Sustainable Water Infrastructure

- Minimises its environmental footprint and carbon impact,
- Helps preserve ecosystems and biodiversity,
- Ensures the long-term resilience of communities in the face of climate change by prioritising adaptability in design and thus becomes better equipped to withstand unpredictable weather patterns,
- Ensures a continuous and reliable water supply,
- Fosters innovation and sets examples of best practice for the sector.

2. Sustainability in Water Utilities' Minimum Service Level Requirements

The ISC suggests incorporating sustainability performance as a requirement for government funding by including it in the minimum service level requirements. This ensures that governments can align their investments with long-term societal and environmental goals.

In response to the questions posed in the issues paper (pages 11 and 33), the ISC makes the following recommendations:

7. Should the minimum service levels be applied universally to all towns within the area serviced by a local water utility, irrespective of size, remoteness or cost?

Sustainability performance criteria should be defined for all water infrastructure assets. The benefits of these will impact all users of the utility's services, some more universally (e.g. resilience performance), others will benefit users in the more immediate vicinity of the assets (e.g. noise).

8. What metrics should be considered in minimum service levels?

Sustainability performance criteria for water assets should be included as part of the minimum service levels to ensure the assets deliver social, environmental, economic and governance outcomes. The ISC recommends broadening the requirements from environmental performance indicators to sustainability metrics.

Whilst sustainability is a more complex topic, tools like the IS Rating scheme enable utilities to focus on topics that are most material to their stakeholders, such as asset resilience, carbon emissions, stakeholder engagement, waste and noise impacts. Governments have the opportunity to hand down sustainability targets through making contributions to them a part of their funding decisions.

10. What are the barriers to setting measurable service levels?

11. What are challenges with monitoring and reporting against minimum service levels?

Setting, measuring and reporting against sustainability performance targets can be achieved using effective, independent and assured frameworks, such as the IS Ratings scheme. The ratings can be applied in the planning, design and construction, and in the operations phase. They are already widely required by many government agencies, state-owned entities and private asset owners, including for water assets by water utilities and councils.

Performance of the sustainability dimension should be assured by an independent party, as suggested in the issues paper.

3. Sustainability Performance Tools and Assurance

Many water authorities have set themselves ambitious organisational sustainability targets. To achieve those targets, the design, construction and operations of the organisation’s assets need to be aligned with the organisational objectives.

The ISC’s IS Rating Scheme is a well-established suite of infrastructure sustainability rating tools that can help bridge that gap.

The process of undertaking an IS Rating helps identify, measure and improve key sustainability metrics, such as carbon emissions, water use, stakeholder engagement and achieving 3rd party assurance. IS Ratings are suitable for all types of infrastructure. Our new IS Essentials rating tool was developed with water assets in mind and provides an accessible Design & As-Built rating for projects between \$5 and \$100m capital expenditure.

The impact of pursuing an IS Rating does not stop with the asset – it serves as a catalyst for building sustainability awareness and capacity across the organisation beyond the scope and duration of the project. It helps upskill the workforce, encourages innovation and drives process improvements. The rating rewards teams that are transforming their organisations step by step, whether that’s by building capability in the leadership team or rolling out new procurement policies and thus embedding sustainability into the organisation’s way of working. Furthermore, the rating tool provides an industry-benchmark, drives accountability and supports quadruple bottom line reporting needs.

IS Ratings are third party verified and the scores and award levels allow for both ambition setting and benchmarking across assets and, on an aggregate level, between organisations.

IS Ratings are mandated by the most progressive government agencies, state-owned entities and private asset owners.

Location	Agency	Mandating thresholds / requirements
NSW	Dept of Planning Industry Environment	ALL Critical state significant infrastructure
	Transport for NSW	ALL projects >\$50m, High risk projects <\$50m
	Sydney Metro	ALL project in program
	Queanbeyan Palerang Regional Council	ALL projects >\$2m
QLD	State Infrastructure Plan	ALL projects >\$100m
	Transport and Main Roads	ALL projects >\$100m
	Dept State Development, Infrastructure Local Government and Planning	Stage 3: Detailed Business Case
WA	Main Roads WA	ALL projects >\$100m
	Office of Major Transport Infrastructure Delivery	Metronet program
ACT	State policy	ALL project > 10m
SA	Dept of Infrastructure and Transport	ALL projects >\$100m
VIC	Major Roads Projects Victoria	ALL projects >\$100m
	Level Crossings Removal Authority	ALL projects in program
	Rail Projects Victoria	ALL projects in Melbourne Metro program
	City of Casey	Capital works projects
AU	Transurban	All capital works projects >\$100m
NZ	Waka Kotahi New Zealand Transport Agency	All capital works projects >\$100m
	City Rail Link Ltd	ALL projects in program

4. Case Studies

Water Assets that have Undertaken IS Ratings and their achievements include:

Parkes Shire Council Water Treatment Plant, NSW (attached)

[The New Murray Bridge Wastewater Treatment Plant, SA](#)

[Yarra Park Recycled Water Treatment Facility, VIC](#)

[Lower South Creek Treatment Program, NSW](#)

[Enlarged Cotter Dam, ACT](#)

[Whitsunday Waste Water Treatment Plant, QLD](#)

About the Infrastructure Sustainability Council

The Infrastructure Sustainability Council (ISC) is a member based for purpose organisation with the purpose to ensure all infrastructure delivers social, environmental, economic and governance outcomes.

The ISC has certified sustainability performance across Australia and New Zealand since 2012. We assess infrastructure assets across the full spectrum of the asset lifecycle and we measure impact across the quadruple bottom line of economic, environmental, social and governance factors. The ISC's sustainability framework, the IS Rating Scheme, is applicable to all asset types including water, road, rail, energy, and social infrastructure.

IS Ratings

IS Ratings

- provide a third party assured framework for achieving sustainability outcomes across the whole lifecycle of an infrastructure asset – from planning, design and construction to operations.
- are aligned with the UN Sustainable Development Goals and enable positive social, environmental, economic and governance outcomes.
- are suitable for all infrastructure types including road, water, rail, energy, airport, port and social infrastructure such as parks and public facilities.

ISC Point of Contact

Web: <https://www.iscouncil.org/>