AUSTRALIAN WATER ASSOCIATION

Price monitoring investigation: Unitywater and Urban Utilities 2026-2030

Australian Water Association (AWA) Submission

2 October 2026

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Final Submission lodged online to: https://www.qca.org.au/submissions/

To the Queensland Competition Authority,

AWA is pleased to provide our submission to the current Price Monitoring investigation: Unitywater and Urban Utilities 2026-2030. AWA welcomes the opportunity to discuss this submission further.

Yours sincerely,

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Executive Summary

Queensland's urban water sector is operating within a period of significant transformation. Rapid population growth, ageing infrastructure, increasing expectations around resilience, changing environmental requirements and the impacts of climate variability are collectively driving the need for sustained investment in water and wastewater infrastructure.

Urban Utilities faces the challenge of delivering infrastructure required to support continued growth across South-East Queensland while maintaining existing assets and meeting evolving regulatory obligations. These challenges are not unique to Urban Utilities and reflect broader issues being experienced by utilities nationally.

AWA's submission focuses on three key themes:

1. Long-term investment readiness must be prioritised within pricing and regulatory frameworks to ensure utilities can efficiently deliver the infrastructure required to support future growth and resilience.
2. Regulatory decision-making should place greater emphasis on dynamic efficiency by explicitly considering the long-term costs and risks associated with deferred investment.
3. Affordability remains an important consideration; however, it should not be pursued through the systematic suppression of prudent infrastructure investment, which ultimately transfers costs and risks to future generations.

The evidence presented by Urban Utilities demonstrates the challenges of balancing affordability, service reliability, growth and resilience. In AWA's view, the proposed investment program represents a necessary response to these long-term pressures and reflects the importance of aligning regulatory settings with the long-term interests of customers and the communities they serve.

Introduction

Who we are

The Australian Water Association (AWA) welcomes the opportunity to provide input to the Queensland Competition Authority's monitoring of Urban Utilities' proposed prices and service outcomes. AWA is Australia's largest peak body for the water sector - representing professionals and organisations including utilities, government agencies, engineering, urban design and planning, science, research, academia, energy, resources, manufacturing, mining and agriculture.

AWA aims to drive a sustainable water future where water is recognised by all as essential to economic prosperity, human health, environmental integrity and social wellbeing, and as fundamentally inseparable from Country for Australia's First Peoples. AWA acknowledges that First Peoples have managed water sustainably for tens of thousands of years through traditional custodianship, and that genuine recognition of the cultural and social values of water is critical to achieving equitable, resilient and enduring water outcomes for all Australians.

AWA has been contributing heavily to national water policy reform, and the key points from relevant advocacy activities that consolidate our members' insights are presented throughout this submission.

The Strategic Context Facing Urban Utilities

Population Growth and Housing Enablement

Southeast Queensland continues to experience some of the fastest population growth in Australia, with Urban Utilities expecting up to 500,000 people over the next two decades within their service region. Water and wastewater infrastructure is fundamental to accommodating this growth and enabling housing delivery across the region.

Water infrastructure should not be viewed as supporting infrastructure that follows development. Rather, it is enabling infrastructure that underpins housing supply, economic development and community wellbeing. Without the timely delivery of water and wastewater infrastructure, broader government objectives relating to population growth, housing affordability and regional development cannot be achieved.

The challenge facing utilities is therefore not simply one of funding individual projects but ensuring the sector possesses the planning capability, workforce capacity and delivery readiness required to support sustained growth over multiple decades.

Pricing and regulatory frameworks should recognise that investment in enabling infrastructure today is necessary to support the communities and economies of tomorrow.

Ageing Infrastructure and Service Reliability

Urban Utilities must also continue to maintain, rehabilitate and replace ageing infrastructure while accommodating growth. Across Australia, many utilities are managing infrastructure that has been in service for decades and, in some cases, more than a century. The ongoing renewal of these assets is essential to maintaining service reliability, protecting public health and ensuring customers continue to receive safe and reliable water and wastewater services.

Deferring renewal expenditure may reduce short-term costs but often results in higher lifecycle costs, increased operational risks and a greater likelihood of future service failures. Maintaining ageing assets while simultaneously delivering growth infrastructure will remain a defining challenge for utilities over coming decades.

Climate Adaptation and Increasing Regulatory Expectations

The operating environment for water utilities continues to become more complex as climate risks intensify and regulatory expectations evolve.

Utilities are increasingly required to invest in resilience, environmental performance, emissions reduction and adaptation measures while continuing to deliver affordable services. These obligations are critical to protecting communities and the environment but can place additional pressure on operating and capital expenditure programs.

Future infrastructure decisions should therefore be assessed through a long-term lens that considers climate resilience, environmental outcomes and whole-of-life asset performance. Failure to adequately consider these factors may create greater future liabilities and expose customers to significantly higher long-term costs.

From short-term price cycles to long-term investment readiness

Considering the current context, the water sector consistently emphasises that the primary challenge is not simply mobilising capital for long-term assets, but ensuring the sector is investment ready to deliver those long-term services. If future investment signals are unclear due to short-term planning horizons, the readiness of the sector to deliver infrastructure once capital is granted can be severely compromised. From our member discussions, AWA submits the following reform directions to deliver major infrastructure programs:

1. Improve infrastructure sequencing and cross-sector coordination throughout Queensland

Queensland cannot deliver its housing, energy transition and productivity objectives without water. Water cannot be considered as supporting infrastructure, but rather as enabling infrastructure within broader economic planning frameworks. Improved infrastructure sequencing, considering water at the outset of planning, would provide greater certainty for utilities, suppliers and delivery partners to support workforce development, supply chain investment and long-term capability building.

2. Strengthen investment readiness

Through best practice economic regulation, utilities can be afforded longer-term investment pipelines that will ensure:

- Investment in capacity as well as capital: Infrastructure investment alone will not deliver better outcomes unless utilities and delivery partners have the capability required to plan, deliver and operate new assets. Members call for the necessity of improved sector capabilities, particularly within strategic planning, project delivery, operational readiness and asset management.

- Supply chain readiness: Long-term investment pipelines and transparent infrastructure can support supply chain readiness by providing suppliers, contractors and technology providers with the confidence required to invest in capability, adopt new technologies and maintain delivery capability. Ensuring the supply chain can deliver critical infrastructure is paramount to ensuring Queensland's ongoing water security.

- Availability of investment for innovation and research, which is critical for developing and implementing best-practice methodologies.

3. Elevate dynamic efficiency within pricing and regulatory frameworks

Pricing and investment decisions should place greater emphasis on dynamic efficiency, recognising the long-term social, environmental and economic benefits that arise from timely and sustained water infrastructure investment.

An excessive focus on short-term bill impacts within regulatory cycles can discourage prudent investment and result in higher future costs, reduced system resilience and intergenerational inequity. Decision-making frameworks must explicitly assess the long-term costs and risks of deferred investment alongside the immediate costs of costs of proceeding with investment today.

4. Adopt a broader public-interest approach to risk assessment

Major water infrastructure assets frequently address risks that extend beyond a water utility's remit, including public health, economic productivity, community resilience, critical infrastructure security and climate adaptation.

AWA emphasises a disconnect between corporate risk settings and the broader risks ultimately borne by governments and communities. Where governments ultimately bear the consequences of system failure, investment assessment processes should incorporate a broader public-interest risk lens alongside conventional utility risk frameworks.

5. Embedding Climate Resilience and Net-Zero Readiness into Long-Term Planning

Best practice economic regulation can also ensure that utilities are well placed to ensure water services remain up-to-date with Australia's evolving emissions reduction and climate resilience objectives.

The sector is currently delivering a significant pipeline of water and wastewater treatment upgrades in an increasingly capital-constrained environment. While these projects are often designed to meet current regulatory and service requirements, there is a risk of insufficient consideration to future emissions obligations, energy requirements and opportunities for decarbonisation.

Some treatment processes can have substantially higher greenhouse gas risks, particularly associated with methane and nitrous oxide emissions, while others may create long-term exposure to rising energy costs. Failure to consider these risks during planning and design can result in costly retrofits, stranded assets and higher future costs for customers.

AWA recommends that long-term infrastructure planning frameworks explicitly incorporate climate resilience, emissions reduction and future retrofit readiness. Major asset upgrades should be assessed against their whole-of-life environmental and operational performance, with consideration given to future emissions liabilities and regulatory requirements:

- energy consumption and operational costs
- opportunities for emissions reduction and resource recovery
- future retrofit pathways and technological upgrades
- long-term climate resilience and adaptation requirements.

Rational water pricing methods must be maintained

Access to safe and reliable water is a fundamental human right. The role of the water sector is to provide secure, resilient and sustainable water services at the lowest long-term cost to the community. AWA acknowledges that affordability is an important social equity objective, yet affordability is shaped by broader economic pressures, particularly housing costs, energy prices, and net-zero transition pathways. Affordability is not solely a water sector issue and must be embedded across all relevant sectors.

Furthermore, utilities must continue to support customers experiencing hardship through targeted hardship programs that incorporate payment plans, targeted concessions and vulnerability support programs. Urban Utilities has a dedicated part of the business, Urban Care, which specifically support customers experiencing social and financial hardship.

AWA recommends the key consideration of the following points in pricing determination and monitoring processes:

1) **Ensuring economic regulators are protected from politically motivated intervention:** Independent economic regulation is critical to maintaining confidence in pricing outcomes and ensuring decisions are based on evidence, efficient expenditure and the long-term interests of customers. Regulatory independence should be supported by transparent governance arrangements, with any departure from regulator recommendations by government publicly justified and disclosed.

2) **Requiring decision-makers to explicitly consider intergenerational equity and long-term resilience when assessing pricing and investment decisions:** Pricing determinations should recognise that water infrastructure delivers benefits over multiple generations and that deferring prudent investment can transfer costs and risks to future customers. Regulatory frameworks should therefore balance near-term bill impacts against long-term service reliability, resilience and affordability outcomes. This may require clear and transparent communication of pricing decisions and the reasons for short-term bill impacts, particularly where those investments support long-term community benefits. This is highly relevant to Urban Utilities, given that more than 70% of their forecast price increase over the FY28-FY30 price monitoring period is driven by an increase in capital related costs.

3) **Mandating increased transparency around the costs of regulatory obligations and deferred investment:** Economic regulation should provide greater visibility of the costs associated with new regulatory requirements, as well as the financial, operational and service risks associated with delaying investment. Where pricing determinations differ from utilities' long-term operating and investment plans, the rationale for those differences should be clearly articulated. Greater transparency will support informed decision-making and improve stakeholder understanding of the trade-offs between affordability, risk and service outcomes.

Improving community understanding of long-term water investment needs is critical to supporting sustainable pricing outcomes.

Urban Utilities has forecasted increased capital expenditure spending to meeting increased growth and service ageing assets. While utilities and regulators play an important role in explaining the need for this investment, AWA emphasises that building the water literacy that contextualises price impacts should be a shared responsibility across government, regulators and the sector. Greater transparency around the drivers of expenditure, the consequences of deferred investment and the role of water infrastructure in enabling housing growth and community resilience will help customers better understand the long-term value delivered through prudent investment. Strengthening public awareness can also support more informed discussions about pricing outcomes and reduce the risk of necessary infrastructure investment being delayed in response to short-term affordability concerns.

Conclusions

The challenges facing Urban Utilities are emblematic of the broader pressures confronting urban water utilities across Australia: rapid population growth, ageing assets, increasing climate resilience requirements and evolving environmental obligations. These pressures necessitate substantial and sustained investment to ensure communities continue to receive safe, reliable and affordable water and wastewater services.

AWA supports regulatory approaches that recognise the long-term nature of water infrastructure and the importance of timely investment in maintaining service reliability, supporting housing growth and strengthening community resilience. While affordability remains an important consideration, it should be assessed alongside the long-term costs and risks associated with deferred investment and deteriorating infrastructure performance.

Urban Utilities' proposed program reflects the need to balance prudent investment with customer impacts, while continuing to support one of Australia's fastest growing regions. In AWA's view, the proposed expenditure is consistent with the long-term interests of customers and will help ensure South East Queensland remains equipped to meet future growth, environmental and resilience challenges.

The QCA has an important role in supporting regulatory settings that enable utilities to make efficient, forward-looking investments. By recognising the value of long-term planning, dynamic efficiency and intergenerational equity, the Authority can help ensure Queensland's water sector remains capable of delivering secure, sustainable and resilient services for current and future generations.

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