



Every Queensland
community deserves
to be a liveable one

10 July 2026

Ms Joanne Chong
Commissioner
Productivity Commission
waterreform2026@pc.gov.au

Dear Ms Chong,

RE: Productivity Commission's Inquiry into National Water Reform 2026 - Water services reform directions (Interim update 1)

The LGAQ, as the peak body for Queensland's 77 councils, appreciates the opportunity to provide a submission to the *Productivity Commission's Inquiry into National Water Reform 2026: Water services reform directions (Interim update 1)*

Queensland councils play a critical role in providing water services ranging from planning and pricing to the delivery of town water and wastewater services. While the State Government retains primary responsibility for water planning, local governments also inform water security planning by influencing the need and timing for investment in future water sources.

Queensland councils do this while navigating a challenging financial environment, earning just 3 per cent of total taxation revenue at the same time being asked to provide an ever-increasing number of services as providers of last resort, with costs shifting onto councils from other levels of government or private enterprise. The 2024 Queensland Audit Office report into local government financial sustainability found local governments continue to remain heavily reliant on external funding sources to deliver the services that their communities rely upon. The QAO has reported annually about the majority of Queensland councils being at a moderate to high risk of not being financially sustainable.

We understand this is the fourth inquiry the Productivity Commission has undertaken on the progress of water reform in Australia and acknowledge that the National Water Initiative (NWI) and related water reform processes have delivered major advances in sustainability, efficiency and equity in water resources, services, and markets.

The LGAQ understands the Productivity Commission is seeking feedback on the interim update on the topic of water services reform which, along with a future interim update on jurisdictional progress against the NWI 2004 to be released in July, will shape the recommendations in the final report (the Report) to be tabled 4 September 2026. The two interim updates follow an initial consultation on release of the *Terms of Reference* and an *Issues Paper* on 31 March to which the LGAQ made a submission providing four recommendations.

The first interim update, which is the subject of this submission, deals with matters relating to secure, resilient and sustainable water services and builds on the LGAQ's previous submission on the Productivity Commission Inquiry into National Water Reform 2026.

As well as raising established local government policy positions on water governance, reform and delivery, our submission focuses on the eight information requests raised in the interim update:

1. **Improve accountability for pricing trade-offs**
2. **Support more integrated planning, charging and regulation**
3. **Priorities for self-determined improvements to water services in Aboriginal and Torres Strait Islander communities**
4. **Service delivery in regional and remote areas**
5. **Sustainable funding for service improvements in small towns and communities**



6. **Standardised tools for consumer-led planning, monitoring and evaluation**
7. **Nationally consistent reporting on drinking water quality**
8. **Role of Australian Government investment and funding programs**

The recommendations in our submission seek a stronger partnership and integration between all levels of government in the delivery of essential services including a fairer funding contribution to local government as delivery partner in water and wastewater services in Queensland.

The LGAQ has provided 10 recommendations in this submission that can be grouped under three broad themes:

- The key role that local government plays in water services in Queensland as well as the historical funding decisions that have led to a widening gap between what it costs for councils to deliver secure, resilient and sustainable water services and what they can recover while keeping water prices affordable for their communities.
- The importance of collaborative partnerships to encourage Federal and State governments to engage directly and effectively with councils, including First Nations councils in implementing water services reform including setting a basic level of service expectation and building skills and capacity in the water sector.
- Funding local government as delivery partners to achieve secure, resilient and sustainable water services, through a community service obligation for small water service providers and by investing in trunk infrastructure for growth and by providing ongoing funding for renewals to address the water and wastewater infrastructure cliff.

Overall, Queensland councils cannot continue to absorb increasing service, infrastructure, regulatory and community expectations without a more sustainable and coordinated reform and funding framework.

Thank you again for the opportunity to provide feedback on the *Productivity Commission's Inquiry – National Water Reform 2026: Water services reform directions (Interim update 1)*. The LGAQ looks forward to future opportunities to engage with and provide feedback to the Productivity Commission as its inquiry continues to progress.

Should you have any questions on this submission, please contact Crystal Baker, Manager – Strategic Policy via email: _____ or Josephine Raftery, Lead – Water and Wastewater Infrastructure via email: _____

Yours sincerely,

Alison Smith
CHIEF EXECUTIVE OFFICER