Urban Utilities

GPO Box 2765
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24 July 2026

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

Dear Ms Chong

Re: National Water Reform 2026 – Interim Update 2

Urban Utilities welcomes the opportunity to engage with the Productivity Commission (Commission) as part of its current inquiry into national water reform. As a statutory authority and South-East Queensland's largest Distributor-Retailer Authority, Urban Utilities provides water and wastewater services for more than 1.6 million residents across the Brisbane, Scenic Rim, Lockyer Valley, Somerset and Ipswich local government areas.

As noted in our first brief correspondence with the Commission dated 26 April 2026, Urban Utilities is currently responding to the Queensland State Government's decision to implement an independent price monitoring review led by the Queensland Competition Authority (QCA).

Many of the matters that are of interest to the Commission (affordability, pricing, productivity, housing supply, sustainable development and long-term sustainability) will be detailed in that submission, which is due on 31 August 2026. Recognising the importance of the Commission's work on Water Reform and the ability to provide feed back on the Interim Update 2 at this time, we have prepared a brief set of comments and recommendations that will:

1. talk to the broad challenges facing the water sector in South-East Queensland and how they interact with the scope of the Commission's inquiry.
2. respond to the specific calls for information presented in Interim Update 2.
3. provide support for and draw attention to recommendations from other water service providers and industry bodies.

1. Support for the National Water Initiative, National Water Agreement and the National Water Reform Process

We would like to note our support of continued improvement to the management of water by all levels of government, consistent with the objectives of the National Water Initiative.

We consider that strong, coordinated and evidence-based national policy remains essential to addressing the increasing pressures facing the urban water sector, including population growth, climate variability, affordability and changing community expectations.

We have been an active participant in previous iterations of this inquiry, including formal submissions to the 2020 and 2024 National Water Reform inquiries. We value the Commission's role in providing clear, independent advice to government and welcome the opportunity to contribute constructively to the ongoing reform agenda.

Urban Utilities broadly supports the recent commonwealth approval of the National Water Agreement led by the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW).

We participated in the consultation processes undertaken during its development and welcome the renewed clarity and alignment it provides for cross-jurisdictional water management and service delivery.

Water Reform – Challenges and Opportunities

Urban Utilities is operating within an environment where there is significant population growth occurring alongside the need to adapt to the challenges posed by a changing climate and ageing water infrastructure.

Creating additional pressure for Urban Utilities specifically is the preparation and investments required ahead of the 2032 Olympic Games, where several precincts of new infrastructure are to be delivered within the Urban Utilities service area.

In addition to the Olympic Games infrastructure, Urban Utilities is engaged across a large number of Priority Development Areas (12 PDAs) and Provisional Priority Development Areas (3 PPDAs) and one State Development Area (SDA) across its service areas.

Economic oversight and regulatory design (Commission's Scope of Inquiry)

Adequate infrastructure investment

Within this environment, there is a need for significant infrastructure investment, without which there will likely be higher long-term costs for consumers and the potential for poorer service quality, or even service failures.

The level of investment needs to match the challenges presented, which are significant, and must optimise new growth infrastructure cost recovery.

Without adequate investment to service growth and invest in rehabilitation and maintenance of existing (and often ageing) infrastructure, service quality will decrease and lead to poorer outcomes and the need for even more significant, or emergency investment at a time in future.

There is an urgent need to address the current projected underinvestment in water infrastructure, an issue that while prevalent within our region, is part of a broader issue that is being experienced nationally.

Infrastructure funding

Getting the timing and mix of funding arrangements right to service these critical infrastructure needs presents short, medium and long-term challenges.

In the short-term funding needs to be enabled to accelerate trunk infrastructure and support housing targets.

In the short to medium-term cross industry collaboration and infrastructure planning sequencing needs to be improved to maximise prudency and efficiency.

Over the medium to long-term, integrated planning needs to respond to the overall drivers of growth, renewal of aging infrastructure and climate variability to deliver long term resilience.

Infrastructure costs, pricing and equity

There is a need to carefully consider and continuously evaluate and review the cost burden and fairness to those ultimately funding existing and future water infrastructure, including existing customers, developers and local, state and federal government.

There needs to be alignment of regulation and pricing with customer interests, improved transparency in decision making and more adequate and fair measures for growth and true cost recovery.

Sustainable, resilient and affordable water services ultimately depend on investment with a view of prudency in the long-term, over generations, and planning that includes the uncertainties of climate change and ageing assets, efficient cost recovery and economic regulation and prudent future planning.

2. Responses to Information Requests - PC Interim Report 2

Information request 2: Integrated management of water for environmental and other public benefit outcomes

- Understanding the true value of water, especially in the context of the water services transition that is underway and its economic regulation, is critical to public benefit outcomes.
- Aligning regulation and pricing with the long-term interests of customers, as noted in our broad response to the scope of the inquiry, and in our endorsement of the WSAA recommendations, is critical to delivering public benefit outcomes.
- Integrated water management needs to take a holistic and long-term view that includes planning for, and management of climate change and adaptation factors.
- Housing growth and policies focussed on improving and increasing housing supply need to be factored into future service planning, delivery and funding.
- Developer charging models need adequate consideration to strike a balance between incentivisation to develop and fair contribution to growth planning.

Information Request 2 - Water access entitlements and planning frameworks

Approaching water management broadly, from an integrated planning perspective, we support the overall direction of the National Urban Water Planning Principles, namely that:

- Planning should be integrated
- Communities should be consulted
- Land-use planning should be connected to water planning
- Roles and responsibilities should be clear.

Urban Utilities believes that stronger coordination across government agencies and sectors to align water, housing, health and community infrastructure planning would greatly benefit planning frameworks. In addition, would like to see grant and funding programs redesigned to incentivise collaboration, asset management and community-led planning.

3. Support for WSAA Findings and Recommendations

As an active member and participant of the Water Services Association of Australia (WSAA), we also wish to acknowledge and provide our support for many of the key findings and recommendations raised in the WSAA submissions to the inquiry (submissions 53 and 93).

In particular, we would like to **highlight the following findings from the WSAA submissions**:

- That the water sector is undergoing a structural “water transition” comparable in scale to the energy transition.
- Underinvestment has high, compounding costs to public health, the environment, service failures and economic disruption.
- Price increases alone will not ensure that utilities are financially resilient.

In addition to the above findings, we would like **to highlight the following WSAA recommendations** as particularly critical in the current environment and for future water reform:

- Plan and deliver significant equity injections/direct shareholder funding (state/territory and where appropriate Commonwealth) to maintain utility financial resilience during the investment step change; treat water as a national enabler comparable to energy in funding priority.
- Refocus economic regulation to support long-term sustainable prices and the investment transition—explicitly recognising long-term risk, resilience and intergenerational outcomes.
- Embed earlier and broader system coordination into regulatory processes (economic, health, environmental, planning and customer), to reduce duplication, resolve conflicts, and align price reviews with water security planning, asset renewal and net-zero/circular economy obligations.
- Strengthen state-led regional water security planning and oversight, with targeted CSO-style funding (particularly for high-cost regional utilities) in place of ad hoc capital grants.
- Accelerate Closing the Gap investment: fund priority capital works and commit ongoing operating funding to maintain assets; expand funding to wastewater/sanitation in First Nations communities within 3–5 years; and expedite practical indicators/data for Target 9B.

Federal Government funding and role recommendations

Urban Utilities supports a position that the Australian Government should increase participation in financing and funding future water projects and infrastructure. This support can be modelled in principle on the direct financial and policy support given to the energy sector during the critical transition period that it is currently undergoing.

The policy focus on increasing housing supply by the state and federal governments presents a challenge and an opportunity to drive meaningful reform and investment in the water sector.

Through the identification of national policy and infrastructure priorities, and their subsequent direct or indirect funding, challenges such as addressing regional funding inadequacies and integrated and collaborative planning could be addressed.

Urban Utilities looks forward to remaining informed of the Commission’s progress and welcomes the opportunity to provide feedback on the inquiry’s interim report in due course.

Yours sincerely

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Urban Utilities