



## **National Water Reform 2026 Inquiry**

### **Australian Water Association (AWA) Interim Update 1 Submission**

15 July 2026

Final Submission lodged online to: <https://www.pc.gov.au/inquiries-and-research/water-reform-2026/make-submission/> and sent to the mailbox of Phil Heaphy

To the Productivity Commission,

AWA is pleased to provide our submission to Interim Update 1 of the National Water Reform 2026 Inquiry to the Productivity Commission. AWA welcomes the opportunity to discuss this submission further.

Yours sincerely,

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## Key observations and recommendations

The Australian Water Association (AWA) welcomes the Productivity Commission's Interim Reform Directions and commends the reform areas outlined within Interim Update 1. The Productivity Commission (PC) has correctly identified many of the underlying structural challenges facing Australia's water sector, which are in strong alignment with the experiences of the sector.

However, the challenge facing the sector is no longer problem diagnosis. Decades of reform processes, reviews and sector-led collaboration have generated a substantial evidence base and broad consensus on many of the actions required to deliver secure, resilient and sustainable water services.

[The priority now is implementation.](#)

Australia's water sector is highly capable of diagnosing its challenges and identifying solutions. The next phase of reform should focus on creating the governance, funding and accountability mechanisms necessary to translate those solutions into enduring outcomes for communities, economies and future generations. Our member feedback consistently highlights that many of the barriers to reform sit beyond the direct control of the water sector. Decisions about infrastructure investment, workforce development, housing growth, economic productivity, climate resilience, food security and national security are increasingly being made across portfolios including Treasury, Finance, Infrastructure, Housing, Skills and Industry.

[Yet water is often considered after these decisions have been made, despite underpinning their success.](#)

Australia's water challenges are connected. Affordability, infrastructure investment, regional service delivery, workforce capability, First Peoples self-determination outcomes, water quality and long-term resilience cannot be addressed in isolation. Future reform must therefore focus on addressing the underlying structural barriers that currently inhibit the delivery of sustainable water services, with recommendations founded on three overarching reform priorities (see Box 1).

### **1. Establish water as nationally significant, enabling infrastructure**

Australia's water sector is entering a period of unprecedented infrastructure renewal and augmentation driven by population growth, climate adaptation, ageing assets, increasing service expectations and evolving regulatory requirements.

However, water continues to compete for policy attention and investment against housing, transport, energy and other infrastructure sectors despite underpinning these outcomes. To address the tension between investment and affordability, AWA has recommended key directives for future water reform anchored in:

- elevating water as nationally significant enabling infrastructure that supports housing, public health, economic productivity, food security, climate adaptation, national resilience and security.
- strengthening cross-sector infrastructure planning and sequencing to ensure water infrastructure is considered early in housing, energy and economic development decisions.
- recognising affordability as a whole-of-government policy challenge rather than a water-pricing objective.
- embedding intergenerational equity and long-term resilience within pricing and investment decisions.

### **2. Shift from infrastructure funding to investment readiness**

Member feedback consistently highlighted that the sector's greatest challenge is not simply securing capital funding but ensuring the foundations for effective investment are in place. Investment readiness extends beyond financing to encompass long-term planning, regulatory certainty, workforce capability, supply chain resilience and project delivery maturity. Without these enabling conditions, funding alone will not deliver the infrastructure outcomes communities and economies rely on. Achieving this will require sustained investment in planning, capability and market capacity, together with transparent assessment of long-term risks and benefits. AWA submits to the PC that future policy objectives, and jurisdictional or legislative reform must:

- place greater emphasis on dynamic efficiency and the long-term benefits of investment.
- recognise the broader public-interest risks associated with underinvestment in water infrastructure.
- support workforce, organisational and delivery capability alongside capital funding.
- provide longer-term funding certainty and infrastructure pipelines.

### **3. Support regional communities and First Peoples self-determination through deliberate resource allocation for genuinely fit-for-purpose infrastructure and service delivery.**

Every Australian should have access to safe, reliable and sustainable water services, but the pathway to achieving those outcomes must recognise the diversity of Australia's communities and operating environments.

Regional and remote water service providers face unique challenges including geographic isolation, small customer bases, workforce shortages, energy constraints and limited access to specialist capability. Therefore, policy, regulatory and governance settings must ensure that infrastructure and service delivery is designed for local conditions, and additional resource allocation is provided when regional constraints limit the capacity of regions to provide secure, resilient and sustainable water services.

Member feedback emphasised that national consistency should focus on service outcomes, while allowing flexibility in how those outcomes are achieved locally. Specifically, resources must be allocated to:

- ensure First Peoples communities have genuine face to face engagement to enable self-determination.
- invest in local capability, training and community-led engagement alongside infrastructure delivery.
- establish nationally consistent Basic Levels of Service that are tiered according to community size, remoteness and operating conditions.
- support fit-for-purpose technologies that reflect local capability and constraints, as well as whole-of-life costs.
- update performance frameworks to recognise regional complexity and service delivery challenges.
- support collaborative service delivery arrangements and shared service models that reduce duplication and strengthen regional capability.

**Box 1** – *Reform directions for the delivery for secure, resilient and sustainable water services*

Taken together, our recommendations represent a shift from short-term and reactive decision-making towards a long-term framework focused on rational and transparent pricing, investment readiness, regional equity and First Peoples self-determination.

Australia already possesses the expertise, capability, practical experience and resources required to address many of the challenges identified by the PC. Several nations are not afforded the same luxury. Future reform should focus on creating the governance, funding and accountability settings needed to translate this knowledge into enduring water security outcomes for all Australians.

## Introduction

### Who we are

The Australian Water Association (AWA) welcomes the opportunity to make a submission to the Productivity Commission (PC) in respect of the National Water Reform Inquiry 2026 (the Inquiry). 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.

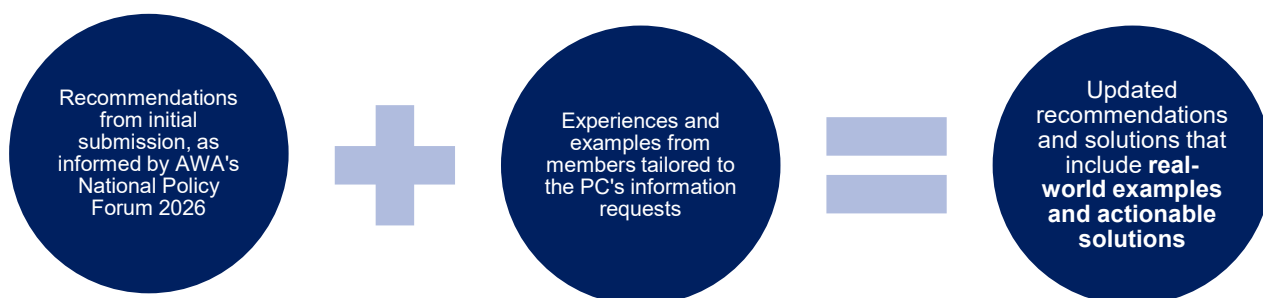
AWA aims to inspire and drive a sustainable water future where water is recognised by all as essential to economic prosperity, human health, environmental integrity and social wellbeing, and as fundamentally inseparable from Country for Australia's First Peoples. AWA acknowledges that First Peoples have 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.

### Our approach to addressing Interim Update 1

AWA ran a Member Insights Meeting (MIM) to collect specific experiences and case studies from our broad member base, with over 50 members joining to inform this submission. AWA plans to host another MIM for the second Interim Update of the Inquiry.

This document builds upon our initial recommendations within our first submission, further supported with concrete examples specific to the Information Requests in Interim Update 1.

AWA welcomes the opportunity to collaborate with the Commission, as well as all levels of government on water policy reform. [AWA can offer a unique opportunity to co-design policy, regulatory and governance solutions with industry to enable secure, resilient and sustainable water management.](#)



## Water services in urban areas

### Affordability concerns cannot continue to impede rational water pricing

*Aligns to Information request 1*

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. As broadly identified by the PC within their Interim Update and supported by several voices from the sector, the overpoliticisation and overuse of the term affordability will continue to delay and constrain necessary investment, transferring costs and risks to future generations.

To deliver secure, resilient and sustainable water services that are not compromised by affordability debates, our members have reiterated that future policy reform must:

1. Recognise affordability as a whole-of-government policy challenge rather than a water-pricing objective.
2. Protect the independence of economic regulators from politically motivated intervention.
3. Require decision-makers to explicitly consider intergenerational equity and long-term resilience when assessing pricing and investment decisions.
4. Mandate increased transparency around the costs of regulatory obligations, as well as the costs of deferred investment.

To achieve these overarching policy objectives, AWA submits a set of policy and governance directives (Table 1) across federal and state governments, regulators, and utilities that would support their design and implementation. These directives build upon the recommendations from AWA's initial submission.

| Jurisdiction       | Directives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federal Government | <p>AWA recommends that the Australian government embed nationally consistent principles within the National Water Initiative, or its successor agreement, to provide clear policy objectives that are necessary to deliver secure, resilient and sustainable water services, including:</p> <p>Recognising water and wastewater services as essential national infrastructure, acknowledging their designation as critical infrastructure under the <i>Security of Critical Infrastructure Act 2018 (Cth)</i>. Water security should be considered through the same long-term national resilience lens applied to energy, telecommunications and transport infrastructure. Australia's response to recent critical infrastructure vulnerabilities demonstrates the cost of waiting until a crisis emerges before acting.</p> |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | <p>Without proactive investment in resilience, capacity and water security, future droughts risk creating avoidable economic and social disruption that will be significantly more expensive to address during crises than investing now.</p> <p>Prioritising the delivery of secure, resilient and sustainable water services as the overarching objective of water service regulation and pricing frameworks, recognising that affordable services can only be maintained through long-term financial and operational sustainability.</p> <p>Embedding intergenerational equity as a core policy and pricing principle, recognising that deferring prudent investment may lower costs today but transfers greater costs, risks and service challenges to future generations.</p> <p>Recognising water as a strategic enabler of national priorities, including housing delivery, public health, economic productivity, food security, climate adaptation, the energy transition and environmental stewardship. Federal directives must call for deliberate coordination to improve water literacy across governments, Treasury agencies, regulators, industry and the broader community.</p> |
| States and Territories | <p>States and territories can then use federal directions to inform jurisdictional governance reforms. Policy outcomes that are related to affordability should achieve:</p> <ul style="list-style-type: none"> <li>• Established legislative protections for independent economic regulators which prevent ministerial or politically driven intervention in pricing determinations.</li> <li>• Requirements of any government departure from regulator recommendations to be publicly justified and transparently disclosed.</li> <li>• Consistent and transparent messaging to communicate near-term bill impact shocks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Regulators             | <p>The PC has acknowledged the tensions between increasing regulatory obligations and prudent spending. Considering member insights, AWA suggests that regulators should:</p> <ul style="list-style-type: none"> <li>• Use regulatory impact statements to transparently and accurately quantify the cost impacts of new regulatory requirements, including environmental monitoring, or health-based targets. Members specifically highlight examples of PFAS monitoring requirements, microbial health-based targets and increasing environmental discharge standards.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|           | <ul style="list-style-type: none"> <li>• Explicitly assess the long-term costs of the cumulative impacts of deferred investment, alongside the costs of proceeding with investment today.</li> <li>• Transparently justify funding discrepancies between short-term pricing determinations and the long-term operating plans of utilities.</li> </ul> <p>AWA supports the principles for best practice independent economic regulation developed by the PC (Productivity Commission, 2024); however, reiterates that regulatory principles must be supported by jurisdictional policy direction or reform.</p> |
| Utilities | <p>Regarding affordability, utilities should continue to support customers experiencing hardship through targeted hardship programs that incorporate payment plans, targeted concessions and vulnerability support programs</p> <p>Utilities cannot be expected to solve broader affordability challenges through artificially suppressed prices.</p>                                                                                                                                                                                                                                                          |

Table 1 – Evolved recommendations relevant to affordability as a social equity objective

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

*Aligns to Information request 1*

Australia's water sector has entered a period of unprecedented infrastructure renewal and augmentation driven by population growth, climate adaptation, ageing assets, changing regulatory requirements and increasing expectations around resilience. While the PC has focused on enabling timely investment, member feedback consistently highlighted 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. Strengthen investment readiness

Governments should provide longer-term investment pipelines and multi-year funding commitments for priority water infrastructure programs. Transparent, longer term funding pathways 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 called 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 Australia's ongoing water security.

## **2. Elevate dynamic efficiency within pricing and regulatory frameworks**

Consistent with the PC's previous investigations, 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.

## **3. 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.

Member feedback highlighted 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.

## **4. Improve national infrastructure sequencing and cross-sector coordination**

Australia 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.

Nationally consistent messaging will be critical to establish water as enabling infrastructure, supporting the improved collaboration between strategic planning agencies, water utilities, Treasury agencies, infrastructure departments and skills portfolios to better align workforce, funding and infrastructure planning.

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

Member feedback highlighted the importance of ensuring that long-term planning frameworks account not only for future water demand and service requirements, but also 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.

### Let's support integrated planning, charging and regulation

*Aligns to Information request 2*

AWA supports the adoption of the additional best practice urban water system planning within the National Water Initiative, or its successor agreement, as specified in previous reforms. Our recommendations for enabling integrated water cycle management remains largely unchanged from our initial submission, however a further exploration of what needs to be done, how it can be done and who is accountable is included within our submission (see Table 2). AWA will continue to advocate for catchment-level planning that integrates land-use considerations.

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>WHAT NEEDS TO BE DONE</b></p>    | <p><b>Strengthen Catchment-Based and Integrated Planning</b></p> <p>Require water security considerations be incorporated at the earliest stages of land-use planning, housing development and regional growth strategies through integrated catchment-scale planning approaches that coordinate water and land-use planning, protect source waters and reduce contamination risks, support water-sensitive urban development, improve utilisation of alternative water sources and deliver long-term environmental, financial and community benefits.</p> <p>Embed integrated water cycle management as standard practice</p> <p>Recognise stormwater, recycled water, waterways and nature-based solutions as core and integrated components of Australia's urban water system and ensure operating expenditure solutions, including water efficiency and demand management initiatives, are assessed on an equal footing with traditional capital investments.</p> |
| <p><b>HOW CAN THIS BE ACHIEVED</b></p> | <p><b>Establish Independent Coordination Mechanisms</b></p> <p>Strengthen long-term strategic planning by considering the role of integrated and independent planning bodies that can coordinate across water, housing, energy, transport and environmental portfolios, ensuring water is considered early in major development and infrastructure decisions.</p> <p><b>Improve Transparency Around Trade-Offs</b></p> <p>Establish a transparent national framework for negotiating trade-offs between economic, environmental, social, cultural and intergenerational values, including clearer identification of who benefits, who bears costs, who is accountable for outcomes to ensure IWCM becomes the standard practice.</p> <p>This framework should support more durable and transparent decision-making regarding growth, infrastructure investment and service levels.</p>                                                                                |

**WHO IS ACCOUNTABLE?**

**Restore National Accountability for Reform**

Re-establish an independent national oversight body to monitor reform progress, report on implementation, improve consistency across jurisdictions, identify gaps between policy commitments and delivery and reduce persistent ambiguity around roles, responsibilities and accountability across the sector.

Planning frameworks should also encourage the efficient use of all available water sources and support circular economy principles, recognising that preventing contamination at source and reducing demand can often deliver better long-term outcomes than continually increasing treatment, monitoring and infrastructure requirements.

Table 2– Recommendations for implementing integrated water cycle management

**Water services in regional and remote areas**

**Self-determination requires long-term planning and resource allocation to building local capacity**

*Aligns to Information request 3*

AWA broadly supports the priorities identified by the PC for improving water services in Aboriginal and Torres Strait Islander communities and continues to advocate for First Peoples self-determination mechanisms to be embedded within water governance.

Members working directly with Aboriginal and Torres Strait Islander communities emphasised that self-determination will require sustained investment in local capability, workforce development, operational support and community-led decision-making.

While technologies such as remote monitoring, satellite communications and digital reporting tools can improve oversight and service delivery, they cannot replace trusted relationships, local knowledge and ongoing engagement with communities. Members highlighted that genuine, face-to-face communication remains essential to building understanding of water service challenges, supporting public health outcomes and strengthening community ownership of water decisions.

Future funding models should therefore provide dedicated and ongoing support for community engagement, local training, operational capability and workforce development alongside infrastructure delivery. Clear pathways are needed to enable communities to participate in water planning, service management and governance over the long term, rather than limiting investment to asset provision alone.

## “Fit for purpose” solutions need to suit the unique characteristics of regional communities

*Aligns to Information request 4, 5 and 6*

Regional and remote water service providers face unique challenges including geographic isolation, small customer bases, workforce shortages, energy constraints and limited access to specialist capability. The PC has identified that service delivery in regional and remote areas require technology and infrastructure options that are ‘fit-for-purpose’, and our members reiterated the necessity of clarifying what is fit for purpose, for who, and under what specifications.

Members continually reiterated that under-resourced utilities can be incentivised to adopt highly automated or standardised technologies that may appear efficient during planning and procurement stages but become difficult and costly to operate and maintain over their lifecycle. In contrast, simpler and more passive treatment systems can often deliver stronger compliance outcomes, lower operational risks and greater long-term value when matched appropriately to local conditions (see Box 2 for a South Australian case study).

AWA recommends that government-funded water infrastructure projects in regional and remote communities are required to demonstrate that technology selection has been assessed against regional capability, operational sustainability and whole-of-life costs, with less weighting towards upfront capital expenditure.

**What’s happening:** Regulatory and funding frameworks can incentivise the adoption of automated treatment technologies.

**On the ground experience:** Many council-owned utilities in South Australia operate highly mechanical wastewater treatment plants that require specialist operational and maintenance capability. These systems can impose significant operational costs on small customer bases and create ongoing compliance challenges where local workforce capacity is limited.

Investigations have specifically concluded that there are potential for cost savings and increased capacity achieved by that converting existing mechanical aerobic wastewater treatment plants to passive treatment systems (LGA South Australia, 2024). Furthermore, members also noted that smaller utilities often do not benefit from the cross-subsidisation arrangements that are available to larger providers, further amplifying affordability and funding challenges.

*Box 2 – A case study from South Australia focused on automated vs. passive systems in wastewater treatment*

## Incentivise collaboration with dedicated funding mechanisms

*Aligns to Information request 4 and 5*

Member feedback identified several examples of collaborative service delivery models already being used successfully across regional Australia (see Box 3). While these models differ between jurisdictions, they share a common objective: enabling utilities to collectively address capability, workforce and regulatory challenges that would be difficult to manage independently.

Western Australia's service delivery model, where Water Corporation works alongside regional service providers and contractors with local knowledge and capability to support service delivery across geographically dispersed communities.

Queensland regional organisations of councils, which provide collaborative forums to address common risks, build capability and develop shared solutions.

New South Wales Regional Water Alliances, which support coordinated responses to shared regulatory, operational and planning challenges.

*Box 3 – Examples from AWA members of regional collaboration efforts.*

Such arrangements allow utilities to solve common problems collectively rather than requiring each utility to develop separate solutions. Members flagged duplication between councils is a recurring occurrence, with *"Twelve councils solving the same problem twelve times."*

AWA members raised that collaboration can reduce duplication, address capability constraints and deliver more efficient outcomes than individual utilities acting alone. However, these arrangements are often ad hoc and dependent on local leadership, with limited policy or funding mechanisms to support their continuation and growth. Community Service Obligations (CSOs) present an opportunity to formalise and incentivise regional collaboration by providing dedicated, ongoing support for shared service models, capability-building initiatives and collective problem-solving. To support the long-term efficiency and resilience of regional water services, AWA submits that CSOs should:

- create dedicated funding streams for regional collaboration and shared services
- support sharing between specialist expertise between regional centres of technical excellence and specialist expertise
- present mechanisms to scale successful solutions across multiple utilities
- share workforce development, training and procurement initiatives.

### **We need nationally consistent service outcomes with locally appropriate delivery.**

*Aligns to Information request 5 & 7*

AWA continues to advocate for the adoption of the Australian Drinking Water Guidelines (ADWG), as every Australian should have access to clean drinking water. However, the pathway to achieving those outcomes must recognise the diversity of Australia's communities and operating environments, which may be established through a Basic Level of Service (BLOS) framework. Member feedback highlighted that minimum service standards must be designed to recognise the diversity of Australia's water service providers and the vastly different operating environments faced by regional and remote communities.

Future reforms should therefore focus on **consistent outcomes with locally appropriate delivery mechanisms**, rather than a one-size-fits-all approach, particularly regarding compliance. Metrics based solely on population, customer numbers or operating expenditure can overlook key characteristic factors such as geographic dispersion, network complexity, energy requirements and availability, remoteness and the availability of workforce and technical support. Again – long term investment and funding pathways can specifically

allocate resources, roles and accountabilities to specific communities where site-based constraints are particularly apparent.

AWA acknowledges and broadly supports the PC's recommendation to incorporate reporting standards into the *Water Act 2007 (Cth)* to improve transparency and improve the quality of drinking water. However, AWA reiterates that if legislated changes to reporting requirements are to be executed efficiently, appropriate resourcing and support is needed to support regional, remote and rural communities in delivering any legislated or statutory requirements.

## National issues in water service delivery

### Improve direct access to Commonwealth funding

Our members identified opportunities to simplify funding pathways by reducing administrative layers between funding decisions and project delivery. Specifically, the former Roads to Recovery model was highlighted as an example of direct Commonwealth funding that achieved strong delivery outcomes by providing funding directly to local governments rather than requiring projects to be prioritised through state-level processes.

Members noted similar challenges in the administration of National Water Grid funding, where projects must often compete through multiple layers of assessment. This can create uncertainty, increase transaction costs and potentially disadvantage projects of national significance. Members have raised that sustainable funding should be prioritised using a risk-based approach to ensure that communities that are most at risk of water insecurity or poor water quality have access to funding. Such an approach will promote equitable outcomes by ensuring that proponents who need funding, not just those who have the capacity to bid for funding, can access the necessary resources for water delivery.

AWA recommends that future Commonwealth funding programs explore mechanisms for more direct engagement with project proponents, while maintaining appropriate coordination with state and territory governments.

### Irrigator demands are a fundamental missing link

AWA appreciates that irrigation demands were outside of the scope of the present inquiry. However, agriculture constitutes 68.3% of Australia's total water consumption (ABARES, 2026). Irrigation demands are a key part of the water story and are at risk of under-representation in national discourse on water reform.

Our members highlight the Tasmanian experience, where collaboration between Tasmanian Irrigation and TasWater has enabled irrigation infrastructure to supplement urban water supplies where utility capacity is constrained. Members also noted collaboration between Tasmanian Irrigation and Hydro Tasmania, demonstrating how water, irrigation and energy infrastructure can be coordinated to maximise the value of existing assets. These concerns amplify the call to improve cross-sectoral communication and bring water management to the forefront of other portfolios and departments to achieve the delivery of safe, sustainable and resilient water services. There is an opportunity to follow the Tasmanian example within the ongoing Snowy Water Inquiry Outcomes Implementation Deed review.

## Clarify the Relationship Between Inquiry Outcomes and National Water Reform Processes

AWA notes ongoing uncertainty among its members regarding the relationship between the National Water Initiative (NWI) and the proposed National Water Agreement (NWA) alongside the current Inquiry.

Particularly, the sector requires greater clarity regarding how governments will be held accountable for implementing the recommendations arising from this Inquiry, and what governance mechanisms will be established to support ongoing reform. Given the PC's role in advising government on economic and productivity outcomes, there is a clear responsibility for central agencies to ensure these recommendations are translated into action and linked to broader government decision-making. This leadership does not need to sit solely within DCCEEW; rather, stronger engagement from central portfolios such as Treasury and Finance will be critical to embedding water reform within the broader policy settings that shape housing, infrastructure, economic productivity, climate resilience and national development.

Without this clarity, there is a risk that important reform recommendations will be developed without a clear pathway for implementation.

## Conclusions

Australia's water system underpins economic prosperity, public health, environmental resilience and cultural wellbeing, yet it continues to be shaped by policy, pricing and governance settings that undervalue these long-term public benefits. As pressures from climate change, population growth and infrastructure ageing intensify, incremental reform will be insufficient to secure future outcomes.

AWA submits that renewed, coordinated national water reform is essential—one that correctly recognises the true value of water, supports long-term investment and resilience, and delivers equitable outcomes for all communities. Getting water reform right is not only critical to securing sustainable services today, but to safeguarding Australia's water future for generations to come.

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