



Every Queensland  
community deserves  
to be a liveable one

1 February 2024

Ms Joanne Chong  
Commissioner  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Via Email: [water.reform.2024@pc.gov.au](mailto:water.reform.2024@pc.gov.au)

Dear Ms Chong,

**RE: Productivity Commission's Inquiry – National Water Reform 2024.**

The LGAQ, as the peak body for Queensland's 77 councils, appreciates the opportunity to provide a submission to the *Productivity Commission's Inquiry – National Water Reform 2024*.

We understand this is the third 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.

Given the timeframes for feedback on the scope of the inquiry, the LGAQ has not been able to consult fully with its membership. However, the terms of reference are broad in scope and touch on matters close to local government. These matters form part of our ongoing advocacy to support Queensland councils to provide essential services to their communities, such as water, waste and sewerage services.

The LGAQ understands the Productivity Commission is in the early stages of the inquiry and will be seeking further information and feedback from stakeholders following the expected release of an interim paper and public consultation in April 2024. The LGAQ will be able to more fully engage with our membership at that time and provide a more comprehensive response, but provides the following in the interim for consideration in the inquiry:

- 1. Partnerships and Governance:** In regional Queensland, local government is key to the delivery of safe and secure water to urban communities and plays a critical role in ensuring healthy waterways and reef and therefore are partners in delivery of the objectives of the NWI. LGAQ's recent research on [cost-shifting](#) has highlighted that in stepping in to deliver services essential to the liveability of their communities when the Federal and State Government and the private market fail to do so, local governments are at increasing risk of being financially unsustainable. This research found cost-shifting has increased from \$47 million a year in 2001/2002 to \$360 million in 2021/2022. Greater transparency and clarity are needed in the renewed NWI involving different levels of governments on how relevant policy directions and infrastructure plans (at various levels) and funding programs are intended to be integrated to work seamlessly towards achieving desired outcomes.
- 2. Queensland Water Regional Alliance Program (QWRAP):** QWRAP is regarded as a success in driving regional cooperation in water and sewerage service delivery in support of the objectives of the NWI. The program is a collaboration between the LGAQ, Queensland Water Directorate (*qldwater*), the State Government's Department of Regional Development, Manufacturing and Water (RDMW) and 56 participating councils through 9 regional collaborations. It supports regional activities to create economies of scale and respond to common issues faced by local governments. For more details: <https://qldwater.com.au/QWRAP>
- 3. Urban Water Pricing:** For local governments, there are a range of external pressures to keep urban water prices low and limited capacity to recover full cost of service delivery in small and remote communities and in our First Nations communities in particular. As population shifts and



rate bases change, so does the ability of councils to raise their own revenue. Any attempts at price regulation where the framework is not cognisant of the local context in which water services are being provided, are likely to force prices higher than public expectation. Thus, the focus of urban water pricing should be on affordable essential service delivery through clear and consistent principle-based pricing practices and not the final prices.

4. **Water Security** – Water is a resource that should be shared equitably through institutional arrangements that facilitate efficient service delivery and resource use. Providing drinking water to communities is an essential service and should take precedence over other allocations where competition for limited water resources exists. Continued research and investment in securing urban water supplies (including alternative water sources) and water modelling that includes climate change scenarios, is critical to our future water security. All investment, whether in infrastructure or knowledge and capacity, should undergo appropriate stakeholder engagement, seek and reflect the local knowledge and needs of urban water customers and consider the affordability of water prices and community service obligation.
5. **Funding Essential Infrastructure** - In Queensland, the water and sewerage asset base is valued greater than \$40 billion - including 76,000 km of in-ground assets owned by water service providers. Many of Queensland's pipes are around 70 years old (the average useful life) and typical rates of asset replacement are below that needed to keep pace with ageing infrastructure. The State Government historically provided 40 per cent of funding for all water and sewerage related infrastructure in Queensland, which meant that funding for renewals was relatively consistent. Since 2009, this has been replaced with a competitive grants-based funding approach, focussing on new and visible infrastructure. The last ten years has also seen population decline in regional Queensland which has seriously impacted local governments' ability to finance water provision through rates. The LGAQ is seeking a partnership approach to addressing failing critical water & wastewater infrastructure via a dedicated, long term, strategic funding program - using a risk-based approach informed by an established minimum level of service and asset data (condition, criticality, age etc) with co-investment across all three levels of government.
6. **Capacity and Training** – Queensland councils have experienced increased difficulty in being able to attract, train and retain workers needed for the complex and demanding processes in their water businesses. These workers are needed across key disciplines and expertise such as asset management, strategic long-term planning, water quality management, process engineering, plant operations and water security planning. The QWRAP program aims to address some of these issues, but there is a role for Federal Government to lift the national profile (attractiveness, and capacity) of the water sector and provide support and guidance on best practice information systems to capture, share and make use of water data.

Thank you again for the opportunity to provide initial comment on the *Productivity Commission's Inquiry – National Water Reform 2024*. The LGAQ looks forward to more fully engaging with our member councils during the public consultation process when the interim paper is released in April.

Should you have any further questions, please reach out to Josephine Raftery, Lead – Water and Wastewater Infrastructure in the first instance, via email: \_\_\_\_\_ or phone: \_\_\_\_\_

Yours sincerely,

Alison Smith  
CHIEF EXECUTIVE OFFICER

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