Price monitoring submission

PART 2

2027–28 to 2029–30

Acknowledgement of Country

Unitywater respectfully acknowledges the Traditional Custodians of the lands and waterways in which we live, work and operate, the Kabi Kabi, Jinibara and Turrbal Peoples.

We honour their enduring connection to these places and their deep cultural, spiritual and environmental knowledge and stewardship over the waterways that sustain us all.

We pay our deepest respects to Elders past and present, who hold the wisdom, traditions and stories of their Peoples.

We're dedicated to truth-telling, promoting reconciliation and inclusion, ensuring that the voices and perspectives of First Nations Peoples are heard and valued.

We commit to integrating Indigenous knowledge into our work to protect and sustain our precious water resources.

Together, as one Unitywater, we strive for a harmonious and inclusive community, united in respect, understanding and shared stewardship of our environment.

Unitywater

Contents

Executive summary

Unitywater's Part 2 submission sets out a clear and disciplined approach to proposed revenue and pricing that maintains affordable and stable customer bills while enabling the investment required to support a region projected to grow faster than Australia overall.

Building on our **Part 1 submission**, this Part 2 submission provides the Queensland Competition Authority (QCA) with a transparent and evidence-based assessment of our forecast prices, revenue, expenditure and service outcomes over the three years to 2029–30. Specifically, the submission provides the necessary information to confirm that:

- the forecast Maximum Allowable Revenue (MAR), forecast prices and water bill impacts are reasonable
- operating and capital expenditure forecasts reflect prudent and efficient expenditure
- demand forecasts, productivity initiatives and efficiency targets are reasonable
- service quality and reliability standards remain appropriate over the period.

The submission addresses the QCA's Stated Matters and incorporates improvement opportunities identified by the QCA in its **June 2026 Interim Report**. Strong governance, prudent financial management and targeted investment underpin our ability to meet demands of our growing region while maintaining long-term financial sustainability and delivering value for customers and communities. While significant investment is required to maintain service standards and accommodate unprecedented regional growth, our forecast revenue remains an average 5% below the regulatory benchmark (MAR) and our forecast prices are 10% lower in real terms compared to 2014–15.

The submission demonstrates that our proposed prices strike an appropriate balance between affordability, service performance, investment requirements and long-term financial sustainability. Confidence in the proposed approach is supported by our demonstrated record of delivering strong service performance in line with customer and stakeholder expectations while embedding efficiency and cost discipline, as noted in previous price monitoring reviews carried out by the QCA. We continue to invest responsibly in essential infrastructure in response to growth while avoiding inequity for future generations, ensuring infrastructure is delivered and maintained when required and that costs are not deferred, so future customers are not burdened with higher costs.

We continue to approach this review in a transparent, constructive and cooperative way. We have accelerated and adapted our usual planning and price setting processes to meet the timelines of the review and have sought to respond to the QCA's interim findings wherever possible. Figure 1 below presents key outcomes relevant to the QCA's review for our Part 2 submission.

> Even after these increases, our component of the median bill in 2029–30 is expected to be around 10% lower in real terms than it was at the last review in 2014–15

Key outcomes relevant to the QCA's review

Figure 1. Unitywater's Part 2 submission at a glance

Delivering safe drinking water and reliable services for our customers:

100%
Drinking water quality compliance from more than 100,000 chemical and microbiological tests

3.5 per 100km
Lowest water main break rate of major utilties in Australia

4.3 per 100km
Lowest wastewater main break rate of major utilties in Australia

Prioritising our customers' expectations:

87%
want continued investment to maintain service reliability and support long-term resilience

93%
prefer proactive investment to sustainably manage growth

75%
trust Unitywater to do what's right

Responding to Queensland Government growth targets:

Faster growth
than the average local government area in Australia

546,200
additional people by 2046

215,600
new homes by 2046

40%
greenfield growth outside connection areas, across more than 15 growth fronts

Investing in infrastructure for customers of today and tomorrow:

1.6b
invested over 2027-30

70%
growth

30%
renewal

Operating one of the most efficient water businesses in Australia:

2.9%
efficiency to enable
Unitywater 2026-27
water price freeze

0.7%
annual efficiency reduction embedded
over 2027-30

Lowest
combined water and wastewater opex per connection in South East Queensland (excluding bulk water)

11.2% lower
operating costs
in real terms than 2013-14

Setting the lowest sustainable customer pricing:

<95%
average annual recovery
is forecast against Maximum Allowable Revenue

2.8%
average annual increase
to median residential bill
over four years to 2029-30

10% reduction
in the Unitywater component of the median residential bill
in real terms by 2029-30
compared with 2014-15

- Our proposed prices remain below the regulatory benchmark, with forecast revenue below MAR in each year (averaging below 95% of the MAR). We have historically recovered revenue below MAR, and this pattern continues across the price monitoring period. Median residential bills are forecast to increase moderately over the price monitoring period, with cumulative growth over three years of 9.7% and our component of the median bill remaining around 10% lower in real terms in 2029–30 than in 2014–15.

- Our operating expenditure incorporates embedded efficiency reductions of 0.7% annual productivity factor applied through the QCA aligned Base-Step-Trend (BST) model, supported by ongoing initiatives such as Build Better Together (BBT), system leakage management, digital metering and procurement efficiencies.
- Capital investment of $1.6 billion over 2027–30, including $868.4 million in major wastewater growth projects, to maintain service standards and support population growth. This investment also supports our ongoing licence compliance and environmental protection obligations.

- Over the price monitoring period, we expect our water and wastewater main break rates to remain well below national medians, and drinking water chemical and microbiological compliance to remain at 100%. Our performance against these and other key service performance measures will continue to be benchmarked through the National Performance Report and Water Services Association of Australia (WSAA) benchmarking.
- Our operating costs per property are 11.2% lower in real terms than in 2013–14, which validates our strong efficiency performance in WSAA benchmarking for water network operating spend.

Our expenditure forecasts reflect prudent and efficient investment, supported by governance frameworks that were assessed as appropriate by the QCA's expert consultant in the **Part 1 Interim Report**. Under Stated Matter F(1.1), the QCA is required to consider the forecast MAR, forecast prices and water bill impacts for the price monitoring period. We have developed our MAR forecast in accordance with the QCA's building block framework, providing the information necessary for the QCA to assess the reasonableness of our forecast revenue and pricing. The forecast price path balances our infrastructure investment requirements with customer affordability

through measured bill impacts, targeted customer support, annual price-setting discipline and transparent benchmarking against external performance and efficiency measures.

Taken together, the evidence demonstrates that our forecast revenue remains below the regulatory benchmark in each year of the price monitoring period. When considered alongside the evidence on prudency, efficiency, service performance and customer affordability presented in this submission, it supports the conclusion that our prices do not indicate the exercise of monopoly power.

Customer bill 10% lower in real terms over 15 years

Unitywater has developed a measured, regionally differentiated forecast price path. Measured from the 2026–27 base year, the median residential bill is forecast to rise by 2.5% in 2027–28 (an increase to wastewater charges only), 3.4% in 2028–29 and then 3.5% in 2029–30. Over the four years to 2029–30, we forecast that the median customer bill will increase by approximately 2.8% a year on average. In the absence of other information, these median bill forecasts assume the current bulk water price is carried forward over the price monitoring period, which extends two years beyond the price freeze announced by the Queensland Government in June. This is consistent with the QCA's approach to Part 1. If future decisions lead to changes in bulk water prices beyond 2027–28, those updated prices will result in changes to the forecast customer bills outlined in this submission.

Even after these increases, our component of the median bill in 2029–30 is expected to be around 10% lower in real terms than it was at the last review in 2014–15. This reflects a sustained period of price and expenditure restraint, including an eight-year period of no nominal price increases.

Customer bills also include State Government bulk water charges set by Seqwater. We do not control these charges and pass them through to customers without margin as required by the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*.[1] To illustrate the expected total bill impact for customers, **Table 1** shows the forecast median residential bill including bulk water charges, assuming the 2025–26 bulk water price is maintained until 2029–30.

We apply a two-part tariff comprising a fixed access charge and volumetric usage charges, with a two-tier residential water usage structure that supports efficient water use. Customers within Sunshine Coast and Noosa regions experience a slightly larger increase than customers within City of Moreton Bay, due to the ongoing transition to a single, uniform residential price structure across the region, standardising the tariff arrangements we inherited from Councils at our formation.

1 *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (Qld).

Table 1. Change in the median residential bill impact, 2026–27 base year to 2029–30 (including bulk water charges)

	2026-27	2027-28	2028-29	2029-30
Unitywater median bill (region-wide, $)	1,804	1,850	1,912	1,980
Percentage change from previous year (%)	1.6	2.5	3.4	3.5

Source: Unitywater. Notes: Based on median residential consumption of 137 kL per year and assuming the bulk water price remains at $3.517 per kL until 2029–30.

Investment responds to rapid regional growth and maintains service standards

As noted in the **Part 1 submission**, Unitywater's operating environment has evolved over the decade since the 2013–15 price monitoring review, covering 2013–14 to 2014–15. Over the price monitoring period, higher capital investment is required to respond to sustained population growth, rising compliance obligations, resilience requirements and ageing assets.

Our Participation Agreement requires us to carry out our functions consistently with objectives that include ensuring continuity of service, and maintaining and improving existing customer service standards.[2] The increase in forecast revenue is driven primarily by the infrastructure investment required to service population growth, support these service objectives and meet compliance obligations. Our costs have increased in line with this growth.

2 Unitywater, *Participation Agreement*, cl 3.1(e), p. 7 (initially made 25 June 2010, as amended).

Population growth

Our service region is expected to account for the largest share of Australia's total population growth between 2026 and 2041 and expected to grow faster than the average local government area in Australia[3], with Queensland Government's *ShapingSEQ 2023: South East Queensland Regional Plan* projects an additional 546,200 people and 215,600 new dwellings in our service region by 2046.[4] Around 40% of this growth is expected outside existing connection areas, across at least 15 growth fronts requiring major infrastructure to be planned, funded and delivered ahead of demand.

3 New South Wales Department of Planning and Environment, *2024 CPA Population and Dwelling Projections*, NSW Government, 2024; Victorian Department of Transport and Planning, *Population by 5 year age and sex group for Victoria in Future Small Areas (VIFSA) and Local Government Areas (LGA) from 2023 to 2051*, Victorian Government, 2024; Queensland Government Statistician's Office, *Projected population, by local government area, Queensland, 2021 to 2051*, Queensland Government, 2023; South Australia Department for Trade and Investment, *Age-Sex Population Projections by Local Government Area, 2024 to 2051*, South Australian Government, 2024; Western Australian Department of Planning, Lands and Heritage, *Western Australia Tomorrow Population Report No. 11 – Local Government Area: Medium-Term Population Forecasts 2021 to 2036*, Western Australian Government, 2022; Tasmanian Government, *2024 Population Projections*, Tasmanian Government, 2024; Northern Territory Department of Treasury and Finance, *Population Projections – 2024 Release*, Northern Territory Government, 2024.

4 Department of State Development, Infrastructure, Local Government and Planning, *ShapingSEQ 2023*, Queensland Government, December 2023.

Growth funding gap

The timing and level of developer contributions do not fully offset the upfront capital required to service growth. Infrastructure charges are set by the Queensland Government and are subject to caps, which means they do not recover the full cost of growth related infrastructure. Because the intended annual indexation was not applied consistently from 2011, the current Maximum Adopted Charge (MAC) is approximately 22% below the level it would otherwise have reached (see Section 2.5.4 for further detail). This has further reduced the proportion of growth related infrastructure costs recovered through developer charges. The resulting funding gap must be managed through a combination of prices, debt and investment prioritisation.

Compliance, resilience and ageing assets

Tightening environmental obligations, including under the amended *Environmental Protection Act 1994 (Qld)* (EP Act) and more stringent nutrient and odour requirements, add to the cost of maintaining service standards. These pressures are compounded by a tight labour market, construction cost escalation and ageing legacy assets, including more than 2,100 kilometres (km) of asbestos cement water mains, with a replacement cost of more than $2 billion (2025–26 dollars) over 30 years.

Tight financial outlook driven by capital program and rising asset servicing costs

Unitywater's financial outlook remains tight, reflecting the combined pressures of capital growth requirements, rising debt and increasing asset servicing costs. Queensland Treasury Corporation (QTC) in its 2026 credit review noted, 'while debt serviceability and leverage metrics remain outside QTC's preferred benchmark range, they are comparable to peer water businesses and remain within QTC's lending covenants. Although, the impacts of forecast borrowings on Unitywater's financial sustainability and QTC lending covenants should be carefully considered in future State Borrowing Program applications.'

Our capital program continues to expand significantly to meet State Government housing growth projections, driving substantial increases in borrowings and associated servicing costs. As outlined in Table 58 of Chapter 10, changes in interest expense and depreciation together account for around three quarters of the total increase in the utility revenue requirement across the price monitoring period. This reflects the financial impact of sustained capital investment to meet growth, driving higher asset servicing costs and contributing to the tight credit outlook for our business.

A decade of strong performance, efficiency and value for customers

Unitywater enters the price monitoring period with a strong track record of service performance, cost control and price restraint. Over the past decade we have maintained strong network performance and contained unit costs while delivering sustained real reductions in the median bill. Key indicators include:

- We recorded 3.5 water main breaks per 100 km of mains in 2024–25, compared with a national median of 16.8 for major utilities.
- Wastewater main breaks and chokes were 4.3 per 100 km in 2024–25, compared with a national median of 26.9.
- We maintained 100% drinking water quality compliance, drawing on more than 100,000 chemical and microbiological tests each year.
- Our operating costs per property have declined in real terms by 11.2% over 12 years, an average of approximately 1.0% per annum.
- 

Together, this evidence demonstrates that we have delivered sustained real price restraint for customers while maintaining strong service outcomes and without deferring necessary work.

The QCA's interim report reflected the findings of its expert consultant, confirming that our capital governance, gated approval and cost-estimating practices, and its operating expenditure forecasting governance are consistent with good industry practice and structurally support prudency and efficiency. This builds on the 2013–15 price monitoring review, where the QCA's consultant assessed our expenditure as prudent and efficient and agreed with over 99% of submitted costs.

Stable demand forecast anchored in long-term outlook and aligned with regional planning

Demand forecasts inform Unitywater's prices, operating expenditure and infrastructure planning. Our forecasts are based on our 2024 Water Netserv Plan – Part A (Netserv Plan), which has been endorsed by the Participant Councils (City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council) and the Minister for State Development, Infrastructure and Planning. The forecasts are also consistent with the regional projections used in Seqwater's water security planning.

For pricing and operating expenditure, we apply a smoothed 10-year compound average growth rate in connections of 2.59%. This closely tracks the Netserv Plan's cumulative growth rate of 2.60%, while deliberately removing year-to-year volatility. Anchoring the forecast to the long-term average, rather than higher near-term growth assumptions, reduces the risk of over-collecting revenue and is consistent with our commitment to fair pricing.

Demand management initiatives, including our System Leakage Management Plan (SLMP) and Digital Metering Program (DMP), are expected to reduce non-revenue water (NRW) over time. Savings in bulk water costs will be reflected in prices, benefiting customers through lower revenue requirements than would otherwise be needed.

Disciplined capital investment supporting growth and reliable services

Unitywater forecasts capital expenditure of $1.6 billion over the three years to maintain reliable services, support growth, meet compliance obligations and deliver service outcomes customers value, while having regard to affordability.

The forecast profile of as-incurred capital expenditure, which peaks at more than $670 million in 2027–28, reflects the timing of a small number of large, strategically significant wastewater growth projects. Wastewater growth investment totals around $868.4 million over the period and includes the Kawana Program of Works, the South Caboolture Wastewater Treatment Plant (WWTP) upgrade, the Burpengary Wastewater Pumping Station upgrade and the Bioresource Recovery Facility (BRF).

The investment program is supported by demand forecasts and asset planning, and delivered through a disciplined governance framework. This includes a staged Gateway Review Process under the Capital Infrastructure Project Manual, risk-based prioritisation through the Asset Prioritisation Group (APG), and a design-to-cost estimating discipline.

Our collaborative water and wastewater infrastructure capital delivery model, Build Better Together (BBT), integrates construction and professional service partners across the project lifecycle to improve cost certainty and efficiency, schedule certainty and deliverability across the larger forward program.

In QCA terms, the prudency case is driven by growth, renewals, compliance, improvement and support needs. The efficiency case is supported by stage-gate governance, options testing, delivery-market arrangements, risk-based prioritisation and cost-estimating discipline.

Operating expenditure driven by efficiency, transparency and service outcomes

Unitywater forecasts total operating expenditure of around $1.6 billion (including $0.8 billion bulk water costs and $0.8 billion of Unitywater operating expenditure) over the three years to maintain network performance, meet service and compliance obligations, and accommodate growth. This represents an average 2.65% annual increase between the base year (2025–26) and the end of the price monitoring period (2029–30).

Sustained real reductions in operating expenditure per connection support the efficiency of our forecast. This track record of cost discipline is reflected in expenditure outcomes that compare favourably with utilities whose operating expenditure has been assessed as efficient through established regulatory processes.

Cost pressures associated with population growth, expansion of water and wastewater infrastructure, increasing regulatory and compliance obligations, and rising input costs place upward pressure on forecast operating expenditure and increase the challenge of maintaining affordable customer prices while continuing to deliver safe, reliable and compliant services.

Despite these pressures, we remain focused on maintaining affordability for our customers. Our forecast includes material efficiency targets that reduce costs for our customers and reflect a high expectation of future performance, particularly given independent, national benchmarking indicates we are already operating efficiently. We are committed to delivering a 2.9% efficiency target in 2026–27 to support the water price freeze for water access and volumetric charges announced in June 2026.

Discipline is maintained through further efficiency targets of 0.7% applied to each year of the price monitoring period, reflecting ongoing sector-consistent productivity expectations and aligning with established regulatory practice across the water industry.

Achieving these targets will require the successful delivery of the forecast step changes and continuous improvement initiatives, which are expected to generate productivity benefits through technology enablement, process optimisation and more efficient service delivery.

In direct response to the QCA's **Part 1 recommendation**, we have developed a multi-year BST model consistent with regulatory practice in other jurisdictions. The 2025–26 base year is demonstrated as efficient and forms the foundation of the model. Using this base year, forecasts are built by applying efficiency, input-price and growth escalators to relevant cost categories before adding discrete step changes.

Forecast revenue below MAR underpinning fair and disciplined pricing

Table 2 shows Unitywater's forecast MAR is built using the QCA's building block framework. The forecast MAR increases from $860.3 million in 2027–28 to $961.9 million in 2029–30.

Our forecast has historically recovered revenue below MAR, and this trend continues across the price monitoring period, with forecast revenue recovery averaging below 95% across the period.

We set prices annually rather than on a smoothed multi-year basis. Therefore, we use the MAR as a benchmark for assessing the reasonableness of forecast revenue, rather than as a mechanical basis for setting prices. Forecast prices are not derived directly from the MAR. Recovering at a reasonable level below the MAR also benefits customers by limiting revenue recovery to less than the QCA calculated benchmark and allowing realised savings or updated assumptions to be reflected in prices more quickly than under a smoothed multi-year price path.

Table 2. Unitywater's forecast MAR, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Forecast revenue ($M)	811.7	855.0	902.9
Forecast MAR ($M)	860.3	900.1	961.9
Recovery of MAR (%)	**94.4**	**95.0**	**93.9**

Customer insights show reliable core services matter most

Unitywater's submission provides clear evidence of how customer feedback has informed investment priorities and service and pricing outcomes. We recognise that affordability pressures are real with approximately 6% of customers reporting difficulty meeting basic expenses. Customer trust remains above 7 out of 10, with customers placing strong weight on reliability, responsiveness, environmental stewardship and affordability.

These insights reinforce our focus areas for the price monitoring period: maintain essential services, invest early where it reduces future risk, keep prices below the QCA-calculated MAR, and target affordability support to customers experiencing hardship.

Strong governance, supporting prudent and efficient expenditure

Unitywater's expenditure forecasts are supported by mature governance, asset management, procurement and risk management frameworks. Investment is governed through structured planning, prioritisation, business case development, stage gate approvals, executive oversight and Board committee review. The forecasts in this submission have been prepared, tested and approved through the same governance arrangements that guide our budgeting, long-term financial planning and investment decision making.

In supporting the **Part 1 review**, the QCA's consultant, Utilities Regulation Advisory (URA), found that our asset management and capital governance frameworks structurally support prudency, efficiency and customer-value testing. It also found that mature pathways are applied across the project lifecycle, and that our operating expenditure forecasting governance is mature and integrated with long-term financial, capital and risk planning.

Capital investment is assessed by reference to need, timing, risk, customer value, service obligations, whole-of-life cost and deliverability. Major investments are subject to business case approval and ongoing monitoring.

The Executive Leadership Team (ELT), the Chief Executive Officer (CEO) and the Board's Capital Investment and Innovation Committee (CIIC) oversee capital investment programs, endorse the five year capital budget for Board approval, and review capital delivery cost against budget.

Our operating expenditure forecasts also incorporate efficiency expectations. The forecasts use a multi-year BST model. Productivity and efficiency initiatives include our collaborative water and wastewater infrastructure capital delivery model BBT, expanded asset management maturity, the SLMP and the DMP.

The forecast expenditure therefore reflects our assessment of the prudent and efficient investment required to maintain service standards, meet obligations and manage risk through the price monitoring period.

Burpengary East Wastewater Treatment Plant Upgrade

Responding to Stated Matters

The QCA is required to consider several Stated Matters in Part 2 of its investigation, set out in the **referral notice** issued under sections 23A and 24 of the *Queensland Competition Authority Act 1997* (Qld).[5] Unitywater's position on each is summarised below.

F(1.1): Forecast process and revenues

Unitywater's prices and revenues presented in this submission are forecasts. We customarily finalise prices and revenue requirements for the financial year ahead in May, incorporating the latest available information that impacts our operating environment. Prices to apply from 1 July are then published in June. At present, there remain material uncertainties in the outlook for several external factors beyond our control, including but not limited to inflation and interest rates.

Accordingly, we review the forecast prices and revenues presented in this submission annually, consistent with our established price-setting timetable, and will provide updates to the QCA through submissions in support of the periodic reporting requirements under Stated Matter F(1.6). This approach will ensure that the actual prices and revenues appropriately reflect material updates in the external environment.

We forecast our MAR rising from $860.3 million in 2027–28 to $961.9 million in 2029–30.

We have historically recovered revenue below MAR, and this pattern continues across the price monitoring period, with forecast revenue expected to recover less than the MAR in every year (averaging below 95%). The median residential bill is forecast to rise by 2.5% in 2027–28, 3.4% in 2028–29 and then 3.5% or 9.7% cumulatively, across the period. Even after these increases, the bill remains around 10% lower in real terms in 2029–30 than at the last review in 2014–15. Over the price monitoring period, we will continue the transition to a single, uniform residential price structure across the service region.

F(1.2): Productivity initiatives and efficiency target aimed at reducing capital and operating costs

Unitywater's forecasts embed continuing productivity and efficiency. Forecast operating expenditure incorporates a 0.7% annual productivity factor applied through the BST model, building on 11.2% decline in our real operating costs per property over 12 years. Ongoing initiatives including our collaborative water and wastewater infrastructure capital delivery model BBT, system leakage management, digital metering, asset management maturity improvements and procurement efficiencies continue to contain costs and reduce NRW. We continue to participate in WSAA and National Performance Report benchmarking to test efficiency against peers.

F(1.3): Productivity and efficiency performance measures

Unitywater will report against externally verifiable measures drawn from the Bureau of Meteorology's National Performance Report (NPR). These include drinking water quality compliance, water main breaks, wastewater main breaks and chokes, average unplanned water outage duration, and real water losses per connection. These measures are complemented by WSAA total expenditure (totex) benchmarking and operating cost per connection measures.

F(1.4): Capital and operating expenditure prudency and efficiency

Forecast capital expenditure of $1.6 billion and Unitywater operating expenditure of around $0.8 billion (excluding bulk water costs) reflect our assessment of the prudent and efficient expenditure required to maintain service standards and meet obligations. Investment is supported by established governance frameworks, including gated approvals, asset management planning, procurement controls, risk assessment and Board Committee oversight. The **Part 1 review** acknowledged the appropriateness of our systems and processes for project planning and delivery.

F(1.5): Service quality and reliability

Unitywater has a strong and sustained record of service quality and aims to maintain it through the price monitoring period. Performance targets hold reliability broadly in line with recent strong performance, while recognising upward pressure from ageing legacy assets, regional growth, climate resilience requirements and tightening environmental requirements.

F(1.6): Periodic reporting

Unitywater will support the QCA's periodic reporting by providing actual revenue, distributor-retailer prices and water bill impacts over the price monitoring period, compared with the forecasts in this submission.

Where actual outcomes differ materially from forecast, we will assess the drivers of the variance through our established forecasting governance. This may include changes in demand arising from updated planning assumptions, differences between actual and assumed bulk water prices, or other material changes in cost, revenue or delivery assumptions. We will engage with the QCA as appropriate.

5 *Queensland Competition Authority Act 1997* (Qld).

CHAPTER 1

Price monitoring review

1.1 Price monitoring review scope

Unitywater's Part 2 submission to the QCA's *Price monitoring investigation: Unitywater and Urban Utilities 2026–30* outlines our forecast revenue requirements for 2027–28 to 2029–30. This submission responds to the QCA's notice of investigation and the Stated Matters in the Queensland Government's **referral notice**, issued under sections 23A and 24 of the *Queensland Competition Authority Act 1997* (Qld). Where practicable, we have sought to incorporate the guidance provided by the QCA and its consultants from the Part 1 review process into our Part 2 submission.

Section F of the referral notice sets out the Stated Matters that guide the QCA's Part 2 review, with Table 3 below identifying the chapters in our submission that address each matter. Where relevant, such as in forecasting our MAR in response to Stated Matter F(1.1), we have adopted approaches that are consistent with established regulatory frameworks, including but not limited to the QCA's building block framework. We have done so to support transparency and comparability, consistent with our understanding as set out in our

Table 3. Part 2 Stated Matters in Unitywater's submission

Stated matter reference	Stated matter description	Part 2 submission chapter reference/s
F(1.1)	The forecast MAR, forecast distributor retailer prices and water bill impact for the price monitoring period from 1 July 2027 to 30 June 2030.	10. Revenue and pricing Information relevant for developing forecasts for MAR building blocks is provided in Chapters 6 (Capital expenditure), 7 (Operating expenditure), 8 (Regulatory asset base) and 9 (Rate of return, return on working capital and tax allowance).
F(1.2)	Reasonable productivity initiatives and efficiency targets aimed at reducing capital and operating costs, including but not limited to efficiency improvements, innovation and demand management.	2. Context 5. Demand 6. Capital expenditure 7. Operating expenditure
F(1.3)	Reasonable performance measures, benchmarks and indicators against which progress from initiatives identified under Stated Matter F(1.2) can be assessed.	4. Performance and service reliability 5. Demand 6. Capital expenditure 7. Operating expenditure
F(1.4)	Capital expenditure and operating expenditure prudency and efficiency as required/to the extent necessary to support productivity measures and cost reductions.	6. Capital expenditure 7. Operating expenditure
F(1.5)	Service quality and reliability, consistent with other regulatory obligations using existing and published performance indicators of Unitywater for the purpose of assessment of service standards.	4. Performance and service reliability
(F1.6)	How the forecast total revenue, distributor retailer prices and water bill impact compare against the actual total revenue, distributor retailer prices and water bill impact for the Price Monitoring Period from 1 July 2027 to 30 June 2030.	Forecasts are included in Chapter 10 (Revenue and pricing). As outlined in the QCA's interim report, Unitywater will provide annual submissions for the periodic reports that will enable reconciliation to actual total revenue, distributor retailer prices and water bill impact over the price monitoring period.

Part 1 submission, that this investigation is intended to inform, rather than determine, our revenue and prices.

We will continue to engage transparently, constructively and cooperatively with the QCA and our customers throughout the price monitoring investigation.

1.2 Development of Unitywater's Part 2 submission

Unitywater's Part 2 submission has been developed in parallel with our budgeting, planning and price setting processes for the 2026–27 financial year. These processes have been modified and accelerated to accommodate the timelines for the price monitoring investigation.

While we typically set prices for the next financial year through an annual budget and financial planning process, the Part 2 submission has leveraged the medium-term forecasts for the 2027–28 to 2029–30 financial years, prepared as part of our five-year financial plan required under our Participation Agreement.

All references to information and financial data in our Part 2 submission were finalised on 24 July 2026, to enable submission governance. Consequently, we have not updated external data sources for new information published since this date to ensure consistency within the submission.

Outside of price monitoring reviews between 2013 and 2015, Unitywater has not been subject to an ongoing economic regulatory review process. While many of our current systems and processes align with the requirements of operating under ongoing economic regulation, others reflect requirements of our Participation Agreement, legislative obligations and fit-for-purpose good business practice.

1.2.1 Process to develop the Part 2 submission

Figures 2, 3 and 4 on the following pages illustrate the process, including:

- submission and budget development sequencing
- more detailed views, including roles and responsibilities in these processes.

We progressed the Part 2 submission while also completing activities related to the Part 1 review process, including interviews and requests for information. Some preparatory activities, such as developing a draft submission structure and initial model development activities, commenced in late 2025. Others, such as developing our responses to the findings and recommendations from the Part 1 review process, were undertaken much closer to the Part 2 submission due date.

Our Part 2 submission development process incorporated several features to test the robustness of the submission's inputs and underpinning analysis.

Check and challenge processes

The budget and submission development processes, which were progressed in parallel, offered multiple points of check and challenge, as highlighted in Figure 3 and Figure 4.

- Budget Owners/Executive Managers (EMs) were required to challenge inputs and submission content to test their reasonableness and appropriateness, including for financial inputs.
- Unitywater's Strategic Finance Branch, which incorporates our pricing and regulation functions, and Business Planning and Performance Branch offered independent testing of financial inputs, assumptions and content for the development of the submission and the associated five-year financial plan.
- The Strategic Finance Branch was also responsible for testing the five-year financial plan from an overall affordability perspective for our business and our customers and checking that assumptions and inputs were applied consistently across the submission and budget development process.
- Our ELT and CEO collectively and individually tested inputs, assumptions, analysis and supporting content associated with the submission and five-year financial plan at various stages of development.
- Our Board has considered and challenged key inputs to the five-year financial plan, and the draft Part 2 submission during development.

Governance, oversight and review arrangements

Each submission chapter and key area of analysis was assigned an EM lead to support the drafting of the submission and associated analysis. This nominated EM provided the initial review of chapters and was the key contact for approval of and quality assurance for a chapter's content and the underpinning analysis. Unitywater teams providing supporting materials for the submission were also expected to undertake a quality assurance process for their inputs to the process.

All members of the ELT reviewed the submission chapters at multiple points across their development once the lead EM had approved the draft for broader circulation. Two EMs – the Chief Financial Officer (CFO) and EM, Strategic Engagement (SE) – were responsible for coordinating the overall submission and had additional roles in the review process to provide overall assurance and consistency checks from a whole-of-submission perspective. The CFO, EM-SE and CEO endorsed the draft and final submissions before they progressed to Board review.

Our Board was engaged several times during the submission development process. For key elements of the regulatory framework, such as the regulatory asset base (RAB) and MAR, the Board was consulted ahead of reviewing the draft Part 2 submission. All Board members were provided with an opportunity to provide

feedback on a draft submission in late June, before the Board reviewed and approved an updated final submission in mid-August.

External expert advice

Unitywater engaged a consortium led by Sequana Partners (Sequana) to provide external regulatory advice related to the price monitoring investigation.

For the Part 2 submission, this included:

- advice on the rate of return for calculating our MAR, as referenced in Chapter 9
- reconfiguring and refining our operating expenditure forecasting model used in Chapter 7 to incorporate feedback received during the Part 1 review process
- reviewing historical and forecast capital expenditure and operating expenditure in Chapters 6 and 7
- independent reviews of the RAB and tax asset base (TAB) roll-forward models, the MAR building block model and some revenue adjustment models we developed in-house and referenced in Chapters 8, 9 and 10.

Sequana also provided feedback on several rounds of submission chapter drafts, offering a further check and challenge layer for the submission.

Waraba Wastewater Pump Station and surrounding development

Figure 2. Part 2 submission and budget development process overview

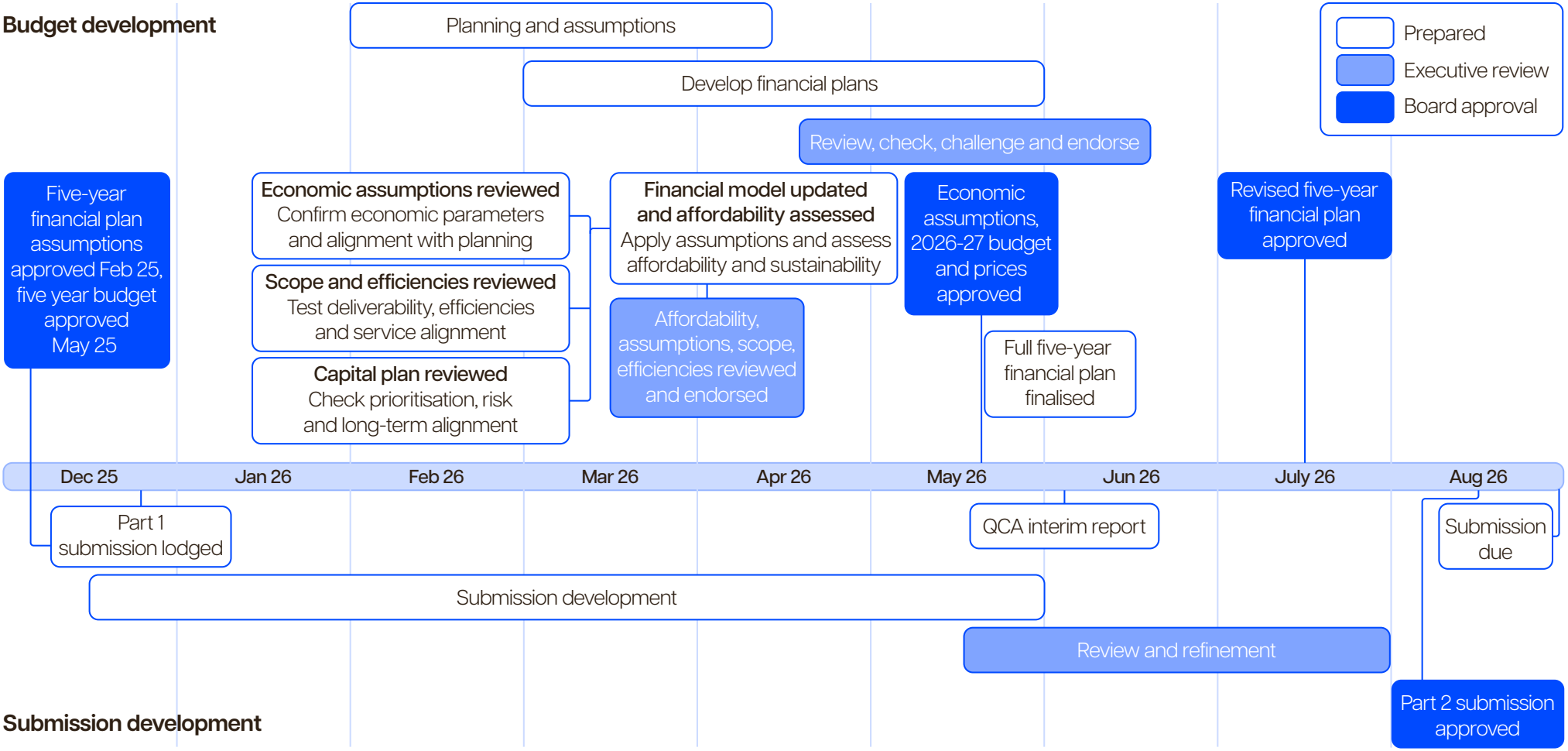


Figure 3. Detailed five-year financial plan development process roles and responsibilities

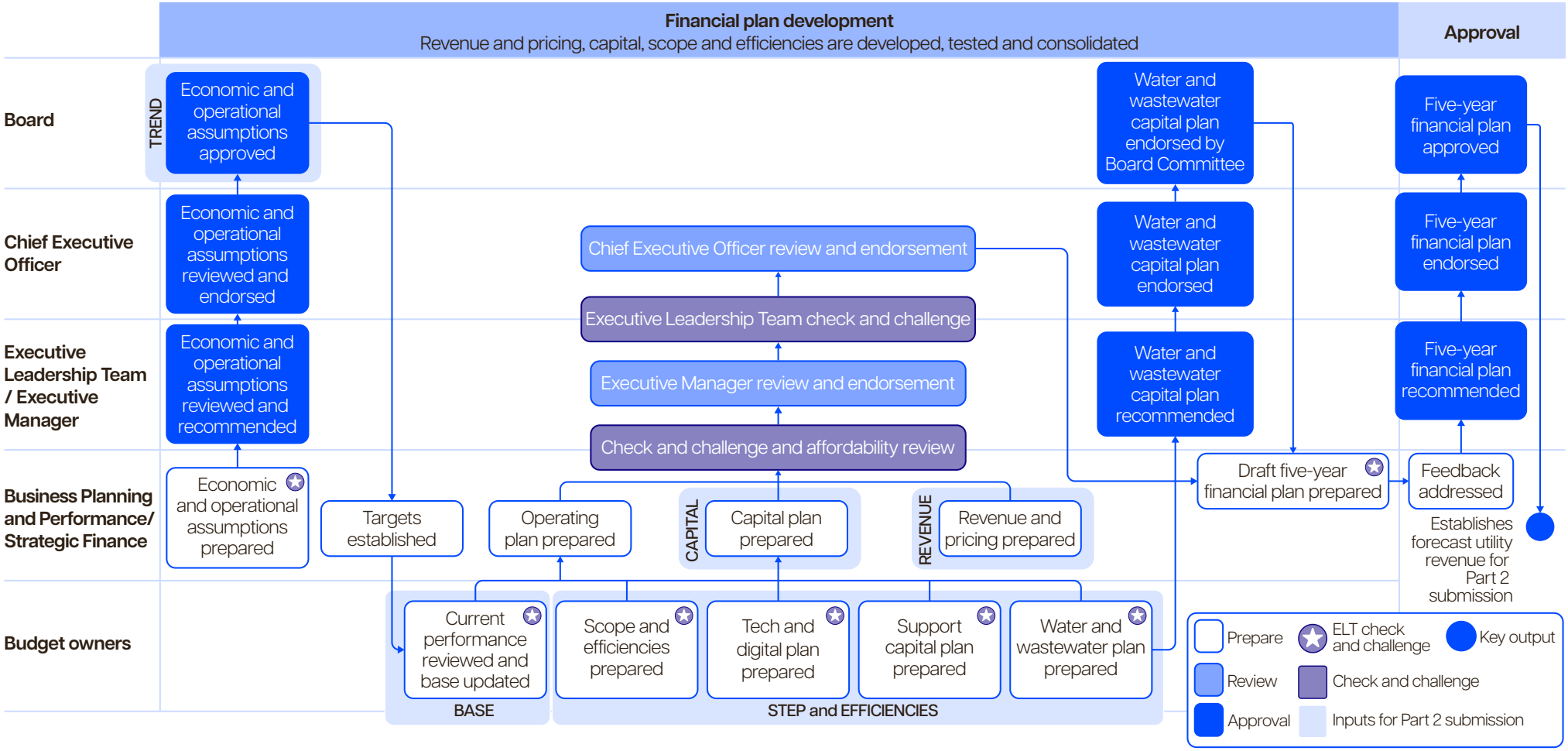
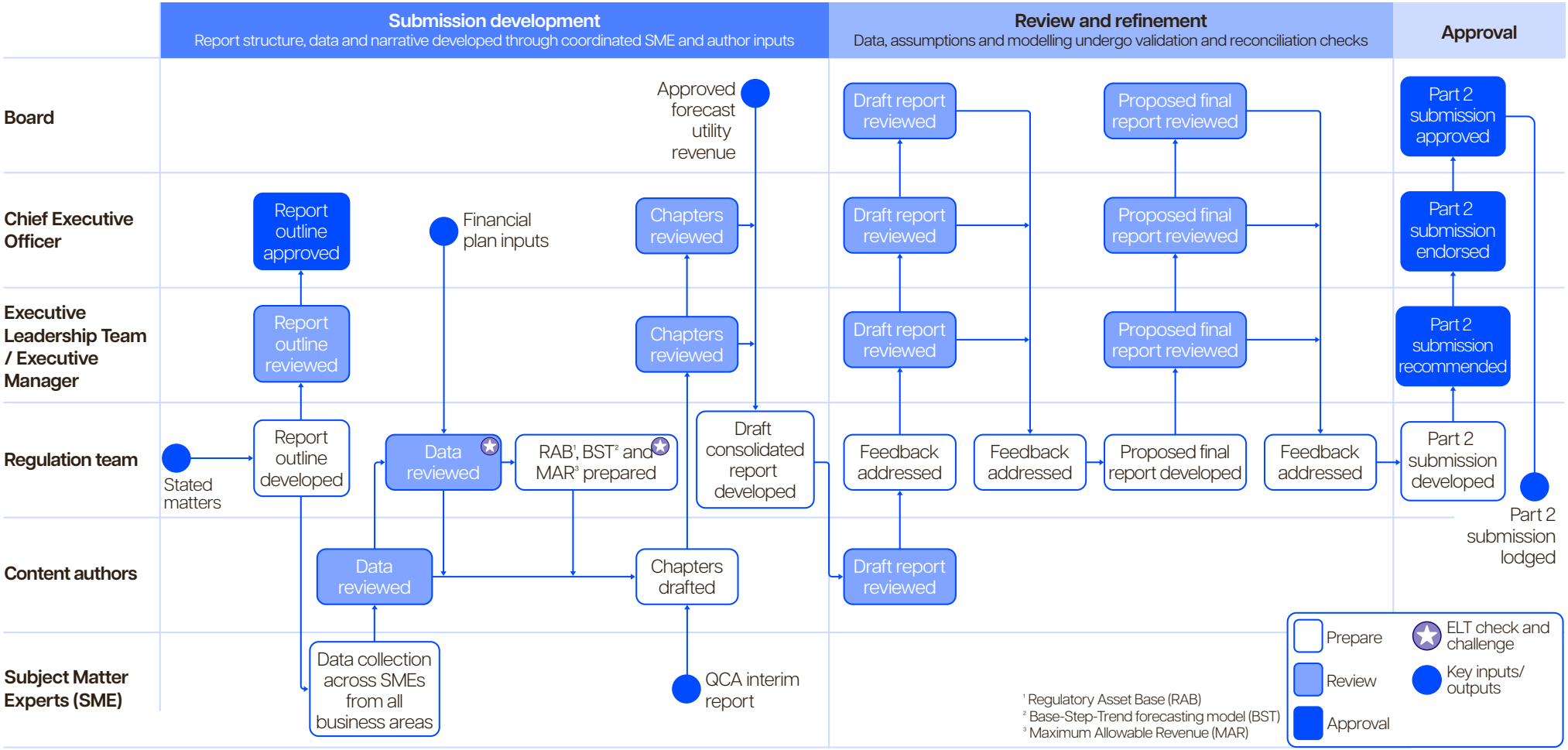


Figure 4. Detailed Part 2 submission development process roles and responsibilities



1.2.2 Stakeholder and customer engagement

Unitywater's Part 2 submission reflects forecast expenditure, service levels, and pricing outcomes for the price monitoring period that have been informed by customer and stakeholder engagement undertaken in a prudent manner and to work within the review's tight timelines. Customer and stakeholder perspectives are considered together to inform planning and investment decisions across the price monitoring period.

We have drawn on the most relevant available evidence to inform our understanding of customer preferences, expectations and affordability. In addition to our core customer research program, we undertook focused customer research in March 2026 to explore customer preferences and expectations in more depth where decisions involved balancing service outcomes, future resilience and affordability. This included scenario-based testing to understand how customers consider proactive and reactive approaches across different types of investment and service decisions. For other stakeholders, including our Participant Councils, developers and community representatives, we have leveraged our structured engagement program to support alignment on service expectations, governance obligations and long-term sustainability.

More details on our engagement methodology, the core insights derived, and how the key themes from our engagement have been incorporated into our operational, capital, and pricing strategies is provided in Chapter 3 (Our customers).

1.3 Interim report on the Part 1 Submission

Unitywater welcomes the QCA's preliminary findings in the interim report published in June 2026 and the findings and recommendations from the supporting report prepared by the QCA's consultants for the Part 1 review, URA. Where practicable, we have sought to incorporate feedback and suggestions from the QCA and URA into our Part 2 submission. For issues related to broader matters than included in the Part 2 submission, we have considered these recommendations and sought to include relevant improvement activities into our forward work program.

Table 4 summarises the key findings and recommendations from the **QCA interim report** and **URA's final report** for the Part 1 review, together with our response to the findings and recommendations. Separately, we have noted the anticipated requests for further information as part of the Part 2 review process foreshadowed by the QCA and URA in their respective reports. We remain committed to maintaining a transparent, constructive and cooperative engagement with the QCA and its external advisors through Part 2 of the price monitoring investigation.

Table 4. QCA interim report and the URA final report key recommendations and findings

Topic area	Finding/recommendation	Unitywater response
Capital planning and asset management	Enhance documentation for high complexity projects with a summary diagram showing the key stages and supporting documents required to progress through each stage gate of the capital planning and approval process.	We support this suggestion and a stage-gate summary diagram is currently in development. High-complexity projects typically require customised adaptations to the process adopted for medium-complexity projects and the diagram will seek to draw out these project-specific customisations.
	Progress improvements to the capital planning and asset management systems to incorporate customer insights into strategic planning.	We support this suggestion and are committed to ensuring customer insights, including those related to specific projects, remain important inputs into strategic and capital planning processes. We have: • included the customer voice as a standing agenda item at Unitywater's Infrastructure Strategy Committee, with regular presentations on our program of customer research • amended the Asset Prioritisation Group's membership and charter to include stakeholder engagement and customer experience representatives to further embed the customer voice in decision making.
Capital planning and asset management; Procurement	Fully integrate the BBT framework approaches and systems into Unitywater's existing documentation, including in relation to capital planning and procurement activities.	We support this obsevation and have continued integrating the BBT framework approaches and systems into existing documentation.

Topic area	Finding/recommendation	Unitywater response
Risk management	Update risk management documentation, including procedures and toolkits, to ensure: • the consistent application of labelling, risk assignment and scoring • appropriate cross-referencing of all relevant risk management documents • consistency in how the criteria for identifying, assessing and managing risks that impact organisational and project objectives are applied across Unitywater's documentation.	We support this suggestion and, as outlined in the Part 1 review process, these updates and cross checks for consistency are in progress following the Board's approval of updated Risk Appetite Statements earlier in 2026.
	Continue to monitor the outcomes of the risk management process and ensure alignment of the weightings and prioritisation scores with the outcomes of the stakeholder engagement process.	We support this observation and note that stakeholder input will continue to inform Unitywater's risk appetite and prioritisation approaches.
Risk management; Procurement	Consider benchmarking the maturity of Unitywater's risk management and procurement approaches against industry peers using recognised processes to inform potential gaps and any opportunities for improvement.	We support the value of benchmarking and will consider future opportunity in this space. We note that robust assurance has been achieved in this space through internal audits, with the procurement function subject to two internal audits in the past five years. For the risk management program, we will continue benchmarking against the international standard that provides principles and guidelines for risk management (ISO[6] 31000).
Procurement	Continue to monitor the outcomes of the procurement management process and ensure alignment with the outcomes of the stakeholder engagement process particularly in relation to value for money.	We support this suggestion and will maintain our focus on delivering value for money, and seeking feedback from our customers on their perceptions of this.
Governance; Productivity and efficiency	Develop a standardised, enterprise-wide continuous improvement and efficiency framework that: • includes a standardised approach to baseline setting and benefit realisation and measurement • enables aggregation of efficiency outcomes across programs, initiatives and delivery partners • integrate continuous improvement into governance reporting and decision-making processes • demonstrates how efficiency frameworks are being adapted to support the BBT framework and other partner delivery arrangements.	We support this suggestion and will review existing documentation to support a standardised, enterprise-wide framework for continuous improvement and efficiency. This is expected to provide guidance on baseline setting and benefits realisation to enable aggregation of outcomes for reporting and oversight purposes. Outcomes on material items related to productivity enhancements and efficiency initiatives will be included as part of a separate section of our enterprise plan.

6 International Organisation for Standardisation

Topic area	Finding/recommendation	Unitywater response
Operating expenditure forecasting	Revise the Base-Step-Trend (BST) implementation sequence so that escalators are applied to the base year before step changes are added.	We have updated our implementation sequencing consistent with the recommendation as outlined in Chapter 7 (Operating expenditure). This change has had no impact to the forecast outcomes, as our previous approach also ensured there was no double-counting of expenditure.
	Develop a multi-year BST forecasting method that clearly addresses the application of its annual contingency mechanism within the context of a multi-year forecast.	We have updated our BST forecasting method to address the application of the contingency mechanism. Refer to Chapter 7 (Operating expenditure) for further details.
	Develop explicit eligibility criteria for step change to define when a cost change qualifies as a step, how materiality thresholds are applied, and how steps interact with baseline escalators.	Unitywater's updated BST implementation incorporates criteria for the step changes. In particular, care has been taken to ensure the interaction with baseline escalators does not result in the double counting of expenditure.
Productivity and efficiency	Develop an overarching productivity and efficiency plan to provide a single, coordinated view of how efficiency initiatives, targets and outcomes are monitored and reported at an enterprise level.	We support this recommendation and will prepare an overarching productivity and efficiency plan over the next 12 months. The overarching plan, with a focus on material initiatives, will be included as a separate section in our enterprise plan. We agree with URA that this plan would provide clear direction on the coordination and calibration of Unitywater's productivity and efficiency programs and their relationship to the efficiency factor embedded in the operating expenditure forecasts as part of the BST methodology.
	Update Business Unit performance plans to demonstrate the linkage back to strategic efficiency objectives.	We support this suggestion and implemented it as part of the performance planning framework to allocate strategic efficiency objectives to Business Units.
Service performance indicators	The QCA's interim report (Appendices B and C) requires Unitywater to report on the number of unplanned interruptions per 1,000 properties in the drinking water supply for 2026–27 in its submission on the periodic report.	We have documented our historical and expected future performance on this measure in Chapter 4 (Service performance and reliability).

CHAPTER 2

Context

Unitywater was established on 1 July 2010 as a statutory authority under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (Qld) (DRR Act).[7]

We exist to provide safe and reliable water and wastewater services to more than 950,000 people across the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council regions of South East Queensland (SEQ).[8] Our customers include residential property owners, commercial and industrial enterprises, and developers.

Our purpose to support healthy and thriving communities is about the people and the regions we serve. Our services are essential to life and growth and contribute beyond public health by supporting more liveable communities, green spaces, cleaner waterways and a circular economy.

Guided by customer insights, our strategic direction closely aligns with the Queensland Government's priorities by keeping it simple and reducing red tape, enabling housing and economic growth through the timely delivery of essential infrastructure, and balancing cost-of-living outcomes through targeted support for customers in need, alongside an ongoing focus on financial sustainability and affordability. Figure 5 illustrates our service region and key assets.

Figure 5. Unitywater's service region and key assets as at 30 June 2026

394,341 customer accounts

950,000+ residents served by us

12M+ international and domestic tourists annually

6,343km of wastewater mains

802 wastewater pump stations

17 wastewater treatment plants

6,544km of water mains

74 water pump stations

103 water reservoirs

7 *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (Qld).

8 Australian Bureau of Statistics, *Data by region [data sets]*, Region Summary: Moreton Bay 35010, Sunshine Coast 36720 and Noosa 35740, Australian Government, April 2026.

2.1 Our role in the urban water cycle

The structure of the urban water cycle in SEQ separates bulk water supply from distribution and retail services. **Seqwater**, the State Government-owned bulk water supplier, sources, stores, treats and supplies bulk drinking water, while Unitywater distributes treated drinking water to customers and manages water, wastewater and recycled water networks and treatment infrastructure across our service region, as illustrated in Figure 6.

We purchase bulk water from the State Government to supply our customers and are required to pass the full cost of this water on to our customers, without margin.

Bulk water charges account for approximately 25% of a typical customer bill. We pay more than $250 million each year to Seqwater for the bulk water supplied to our network and we pass these charges through to our customers without applying a markup or margin. Seqwater's charges fund the operation, maintenance and financing of the South East Queensland Water Grid.

2.2 Structure and governance

2.2.1 Board

Unitywater is governed by an independent skills-based Board. The Board is accountable for our strategic direction, service and financial performance, risk management and delivery of sustainable returns to our Participant Councils. Under the Participation Agreement, Board member appointments are approved by our Participant Councils.

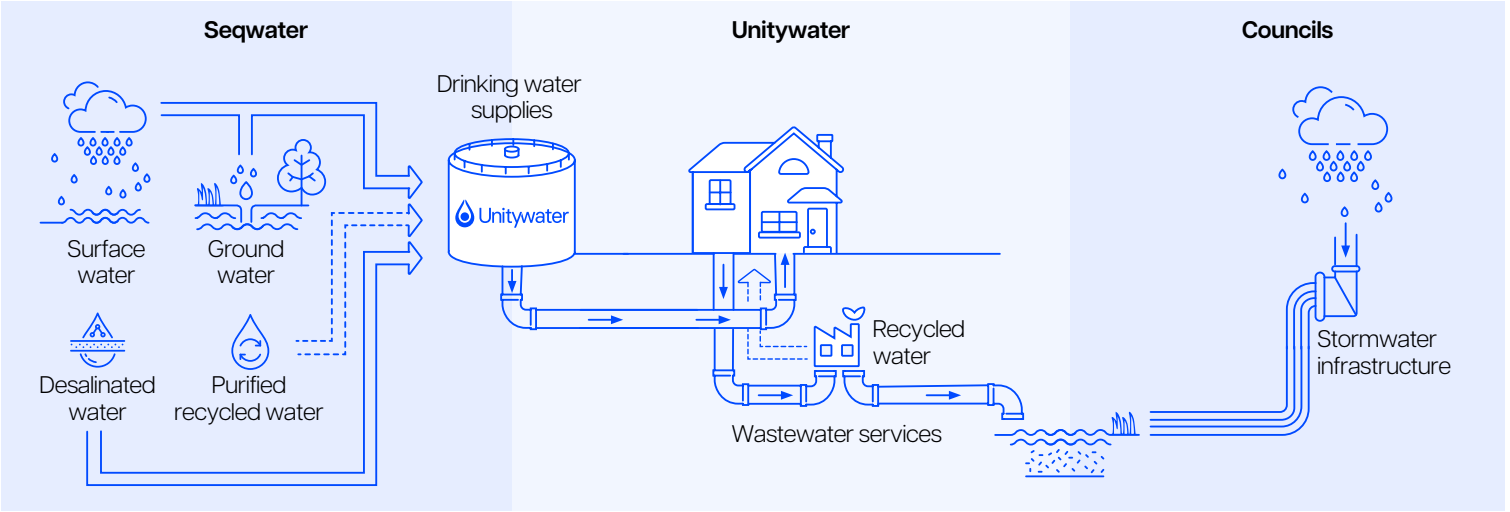
The Participation Agreement provides an important foundation for how we govern, plan and deliver services. It requires us to operate sustainably, provide commercial returns to Participant Councils, be efficient, innovative and responsive, engage with the communities we serve, and maintain and improve customer service standards. The agreement also guides our strategic planning across customer and community engagement, council consultation, risk management, emergency response, asset management, sustainable water management, environmental management and compliance.

To support effective governance, the Board has three committees, each with defined responsibilities aligned with our strategic and operational priorities.

Audit and Risk Committee
This committee assists the Board to fulfil its corporate governance responsibilities by reviewing our safety, risk management, environmental, cyber and other legislated annual financial reports, including external audit by the Queensland Audit Office. In addition, it provides oversight and direction with respect to internal control systems, insurance, internal audits and regulatory compliance processes.

Capital Investment and Innovation Committee
This committee oversees our capital works and operational technology investment program, providing strategic direction on sustainability initiatives and innovation to improve productivity and support long-term sustainability objectives. The CIIC reviews major projects and programs exceeding $25 million in value, providing oversight and challenge before recommending proposals to the Board for final approval.

Figure 6. The urban water cycle

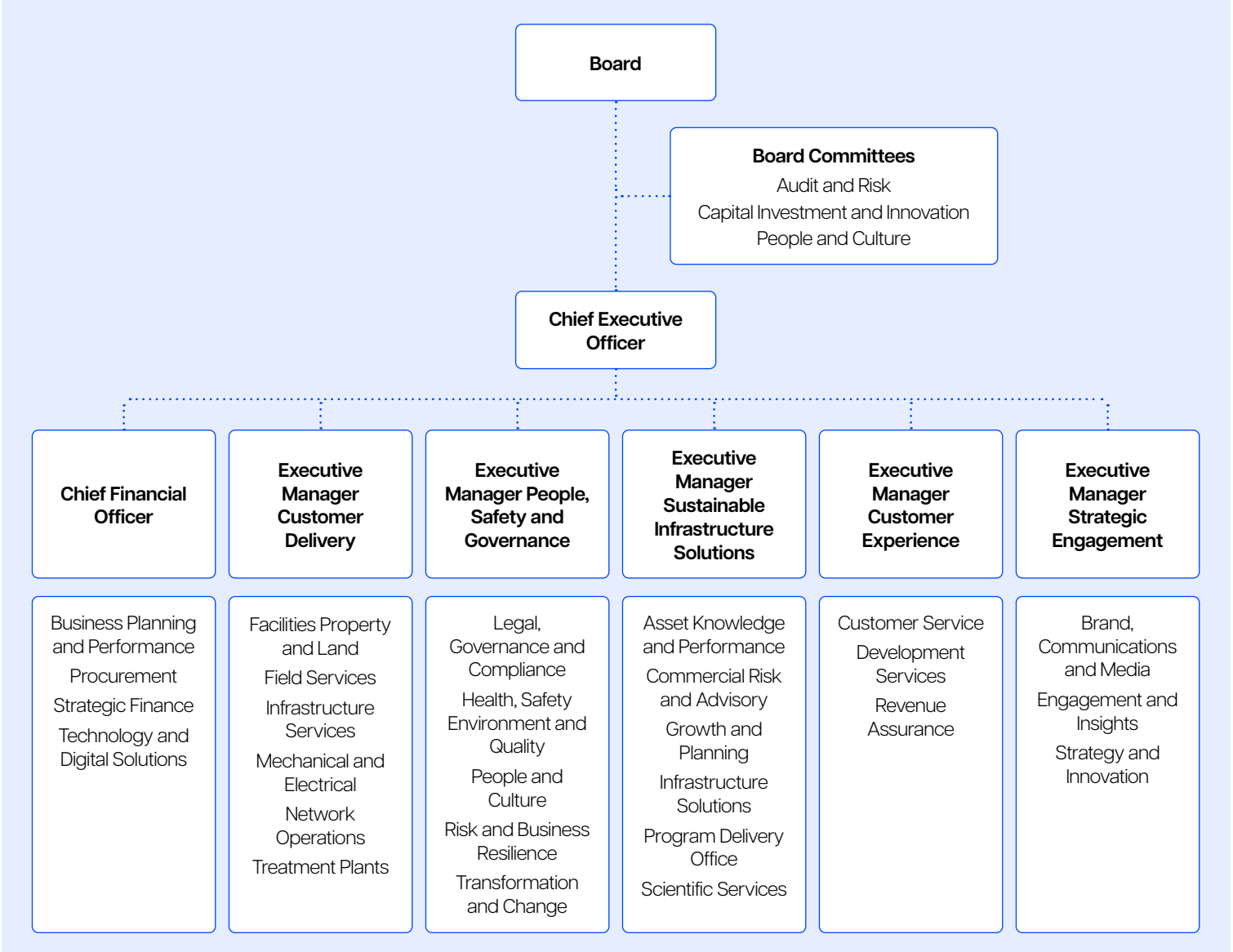


People and Culture Committee
This committee supports the Board in meeting its decision-making obligations under the remuneration framework for senior team members. The Committee also provides oversight and direction on our workforce strategy, workplace culture, and information technology programs.

2.2.2 Executive Leadership Team

Unitywater's CEO is appointed by and reports to the Board, with our ELT leading day-to-day operations. Figure 7 illustrates an overview of our organisational structure. This governance and operating model supports our role in serving a large, diverse and rapidly growing region.

Figure 7. Unitywater organisational structure as at 30 June 2026



2.3 Service regions and growth profile

Unitywater's service region spans the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas and combines a geographically extensive operating footprint with strong projected population growth. The Queensland Government's ***ShapingSEQ 2023: South East Queensland Regional Plan*** predicts that by 2046, our service region will be home to an additional 546,200 people and require 215,600 new dwellings.[9]

More recent population projections indicate that our service region is expected to account for 5.4% of Australia's total population growth between 2026 and 2041 – the largest share of growth anywhere in the country.[10]

The communities we serve are demographically diverse. Moreton Bay, Sunshine Coast and Noosa each have distinct age, household and housing profiles, with median ages ranging from 39 years in Moreton Bay to 51 years in Noosa.[11] Household size and housing tenure type also vary across the region, illustrating a mix of family-oriented new growth areas, established suburban communities and older coastal populations.

Beyond households, our services also support a diverse regional economy. Agriculture and related primary production contributed approximately $595 million in industry value across City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council areas in 2024.[12] Construction is also a significant contributor during the current growth cycle, contributing approximately $5.6 billion in industry value across the three council areas, with the largest contributions seen in Moreton Bay and the Sunshine Coast.[13]

Tourism and other service-based industries are especially prominent on the Sunshine Coast, Moreton Bay and Noosa.[14] Collectively, Moreton Bay, Sunshine Coast and Noosa attract more than 12 million visitors each year, generating approximately $6.2 billion in tourism-related output across the three council areas in 2024–25.[15] [16] This underscores tourism's role as a significant regional economic driver and creates seasonal and location-specific demand for reliable water and wastewater services.

We operate and maintain more than $4.7 billion of commissioned water, wastewater and recycled water assets, plant and equipment to serve a predominantly residential customer base, as well as commercial and industrial businesses, tourism operators, trade waste customers and developers.

Our services are delivered across a 5,223 km^2 service area, requiring us to operate and maintain extensive water and wastewater networks across a geographically dispersed and topographically varied region. This service footprint shapes our network configuration and influences pumping, maintenance and energy requirements. We also inherited numerous water and wastewater systems that were planned and operated separately by former councils, comprising assets of varying ages and network configurations. Managing these historically separate systems as a single regional network adds complexity to asset management, maintenance planning and the integration of new infrastructure. This operating context is reflected in our network intensity, with 17.8 km of water mains per 1,000 water connections and 19.3 km of wastewater mains per 1,000 wastewater connections – among the highest levels recorded across major SEQ service providers.[17] This means we must operate, maintain and renew a greater length of network infrastructure relative to its customer base than most major SEQ service providers.

Together, the scale and growth of our service region, the inherited complexity of our network, seasonal and location-specific demand associated with tourism, the environmental sensitivity of our operating area and the diversity of our customer base shape the operating environment in which we must plan and invest to continue delivering our essential services over the price monitoring period.

9 Department of State Development, Infrastructure, Local Government and Planning, *ShapingSEQ 2023*, Queensland Government, December 2023.

10 New South Wales Department of Planning and Environment, *2024 CPA Population and Dwelling Projections*, NSW Government, *2024;* Victorian Department of Transport and Planning, *Population by 5 year age and sex group for Victoria in Future Small Areas (VIFSA) and Local Government Areas (LGA) from 2023 to 2051*, Victorian Government, 2024; Queensland Government Statistician's Office, *Projected population, by local government area, Queensland, 2021 to 2051*, Queensland Government, 2023; South Australia Department for Trade and Investment, *Age-Sex Population Projections by Local Government Area, 2024 to 2051*, South Australian Government, 2024; Western Australian Department of Planning, Lands and Heritage, *Western Australia Tomorrow Population Report No. 11 – Local Government Area: Medium-Term Population Forecasts 2021 to 2036*, Western Australian Government, 2022; Tasmanian Government, *2024 Population Projections*, Tasmanian Government, 2024; Northern Territory Department of Treasury and Finance, *Population Projections – 2024 Release*, Northern Territory Government, 2024.

11 Australian Bureau of Statistics, *Data by region* [data set], population and people; family and community, region summaries: Moreton Bay 35010, Sunshine Coast 36720 and Noosa 35740, Australian Government, July 2025.

12 .idcommunity, *Moreton Bay, Sunshine Coast and Noosa Economy Profiles: Value added by industry, 2024*, National Institute of Economic and Industry Research (NIEIR) modelling. Agriculture, Forestry and Fishing value added: Moreton Bay $259.8 million; Sunshine Coast $312.8 million; Noosa $22.2 million.

13 .idcommunity, *Moreton Bay, Sunshine Coast and Noosa Economy Profiles: Value added by industry, 2024*, National Institute of Economic and Industry Research (NIEIR) modelling. Construction value added: Moreton Bay $2,838.9 million; Sunshine Coast $2,374.7 million; Noosa $344.8 million.

14 Australian Bureau of Statistics, *Data by region* [data set], economy and industry, region summaries: Moreton Bay 35010, Sunshine Coast 36720 and Noosa 35740, Australian Government, July 2025.

15 Tourism Research Australia, *Local Government Area profiles* [data set], Tourism Research Australia website, 2024, Moreton Bay, Noosa and Sunshine Coast profiles, two-year average 2023 to 2024, July 2025.

16 .idcommunity, *Moreton Bay, Sunshine Coast and Noosa Economy Profiles: Value of tourism*, June 2025, National Institute of Economic and Industry Research (NIEIR) modelling.

17 Bureau of Meteorology, *National Performance Report 2024–25: water and wastewater service providers*, Part A report and Part B complete dataset, Australian Government, March 2026.

2.3.1 Asset base, locality and network performance

Compared with major SEQ service providers, Unitywater's network is more asset-intensive and operationally complex.[18] These operating conditions provide important context for our environmental compliance obligations, maintenance requirements and investment needs.

Across the major SEQ service provider comparison set, our network has a large service footprint, high water and wastewater mains intensity, and a substantial wastewater asset base, including more wastewater pump stations than all other major SEQ providers.

This asset profile reflects our origins as a distributor-retailer formed from former council-based water and wastewater systems, now operated as a single regional network across the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas. It also reflects the geographic spread and topography of the service region, which requires wastewater to be transported across multiple catchments to treatment facilities through an extensive wastewater pump station fleet.

Table 5 shows the benchmarking from the Bureau of Meteorology's *National Performance Report 2024–25: water and wastewater service providers* shows we maintain strong water and wastewater network performance relative to major peers, including the lowest reported water main breaks and wastewater main breaks, leaks and chokes per 100 km among major service providers in 2024–25.[19]

This network configuration affects our expenditure requirements through the scale of network inspection, maintenance, pumping, treatment, monitoring, response and renewal activity required to maintain performance across a dispersed and environmentally sensitive service region.

Table 5. Operating context and network performance of major SEQ service providers, 2024–25

Provider	Service area km²	Water connected properties	Wastewater connected properties	Water mains km	Wastewater mains km	Water mains km per 1,000 water connections	Wastewater mains km per 1,000 wastewater connections	Wastewater pump stations	Water main breaks per 100 km	Wastewater main breaks, leaks and chokes per 100 km
Unitywater	5,223	363,809	323,583	6,475	6,256	17.8	19.3	803	3.5	4.3
Urban Utilities	14,384	685,364	657,339	9,818	10,143	14.3	15.4	336	18.1	15.6
City of Gold Coast	1,334	282,392	268,124	3,593	3,537	12.7	13.2	535	6.6	5.6
Logan City Council	957	144,414	128,538	2,695	2,553	18.7	19.9	145	9.9	7.9

Sources: Bureau of Meteorology, *National Performance Report 2024–25: water and wastewater service providers*, Part B complete dataset; published service-area and sewage pump station information from the relevant service providers and councils. Network-intensity figures calculated by Unitywater from NPR data.

2.4 Our expected operating environment over the price monitoring period

Unitywater's operating environment is being shaped by a range of external pressures, including unprecedented population growth and policy settings that restrict the ability to recover costs of growth infrastructure, tight labour markets and heightened workforce competition, shifting customer, community and stakeholder expectations, evolving regulatory compliance obligations, rising input costs, climate change and increasing environmental risks and responsibilities.

These influences will affect our financial outlook, investment planning and service delivery over the price monitoring period, as summarised below. The sections that follow explain how these external pressures affect our planning, operating and investment requirements, and provide context for the operating expenditure, capital expenditure and revenue requirement set out in later chapters.

18 Note: The National Performance Report defines 'major service providers' as water utilities with 100,000 or more connected properties.

19 Bureau of Meteorology, *National Performance Report 2024–25: water and wastewater service providers*, Part A report and Part B complete dataset, Australian Government, March 2026.

2.5 Population growth

2.5.1 Our service region has the highest share of growth in Australia

Unitywater's service region is expected to experience strong population growth over the next 20 years. The Queensland Government's *ShapingSEQ 2023* regional plan predicts more than 546,200 additional residents in our service region between 2021 and 2046.

More recent population projections also indicate that our service region is expected to account for the largest share of Australia's total population growth between 2026 and 2041, representing an estimated 5.4% of the national increase over that period. Our service region's population is forecast to increase by 31.1%, compared with Australia's total projected population increase of 20.3%.[20]

20 New South Wales Department of Planning and Environment, *2024 CPA Population and Dwelling Projections*, NSW Government, *2024; Victorian Department of Transport and Planning, Population by 5 year age and sex group for Victoria in Future Small Areas (VIFSA) and Local Government Areas (LGA) from 2023 to 2051*, Victorian Government, 2024; Queensland Government Statistician's Office, Projected population, by local government area, Queensland, 2021 to 2051, Queensland Government, 2023; South Australia Department for Trade and Investment, *Age-Sex Population Projections by Local Government Area, 2024 to 2051*, South Australian Government, 2024; Western Australian Department of Planning, Lands and Heritage, *Western Australia Tomorrow Population Report No. 11 – Local Government Area: Medium-Term Population Forecasts 2021 to 2036*, Western Australian Government, 2022; Tasmanian Government, *2024 Population Projections*, Tasmanian Government, 2024; Northern Territory Department of Treasury and Finance, *Population Projections – 2024 Release*, Northern Territory Government, 2024.

This scale of growth will place sustained pressure on our water and wastewater infrastructure, particularly where development requires new infrastructure rather than incremental upgrades within existing connection areas. Increasing development is also expected to place greater pressure on receiving waterways at the same time as environmental requirements are becoming more stringent. This is likely to require higher wastewater treatment standards and infrastructure upgrades to protect environmental values.

A key challenge for our business is meeting these growth requirements while maintaining customer affordability and long-term financial sustainability. A significant share of this growth (approximately 40%) is expected to occur outside the existing connection areas, across at least 15 new growth fronts in the City of Moreton Bay and Sunshine Coast Council local government areas. This limits opportunities to achieve efficiencies through network densification and instead requires substantial investment in new infrastructure prior to the full customer and revenue base being established.

There is also a growing shortfall in the recovery of growth-related costs, as current frameworks limit the ability to recover reasonable construction costs from developers. As this gap widens over time, existing customers will pay an increasing share of the infrastructure costs required to service new developments.

The Productivity Commission's ***National Water Reform 2026: Water services reform directions – Interim Update*** (Interim Update) reports this issue at a national level. It observes that, under cost-reflective charging, the costs of water infrastructure should be borne by those who benefit from it, and cautions that charges set below efficient cost can shift growth-related costs to existing customers through non-transparent cross-subsidies.[21] Submissions to the Productivity Commission's *National Water Reform 2026* inquiry, including from the Queensland Water Directorate (qldwater), similarly identify the MAC does not fully recover trunk water and wastewater infrastructure costs in high-growth areas.[22]

21 Productivity Commission, *National Water Reform 2026: Water services reform directions – Interim update*, Australian Government, June 2026.
22 Queensland Water Directorate (qldwater), *Submission to the Productivity Commission's National Water Reform 2026 inquiry*, April 2026.

For the price monitoring period, this growth profile affects both our capital and operating expenditure. New and upgraded infrastructure is essential to expand network and treatment capacity, while growth in customer connections, service volumes and the asset base increases ongoing operating expenses, including pumping, treatment, electricity, chemicals, biosolids management, maintenance and customer service. Where infrastructure is delivered ahead of demand, some of these operating costs can arise before the full customer and revenue base has been established.

Current charging and funding frameworks also affect the extent to which growth-related infrastructure costs can be recovered from new development.

2.5.2 Our role in enabling homes and development

Recognising Unitywater's role in delivering critical infrastructure to support this growth, our 2024–2029 Netserv Plan outlines the schedule of works required to enable development within the existing connections area. Approximately 57% of forecast capital expenditure over the price monitoring period is allocated to infrastructure needed to support and respond to population growth across the region.

In 2024, we introduced an Accelerated Infrastructure Policy to complement the Netserv Plan and support the delivery of infrastructure outside existing connection areas and Council Priority Infrastructure Areas (PIAs) under a full cost recovery model. We were the first water utility in SEQ to publish this type of schedule, providing greater clarity and certainty to developers in planning future development. Delivery of this infrastructure is contingent on agreeing appropriate funding arrangements with developers, typically through voluntary Water Infrastructure Agreements (WIAs). In 2025–26, we entered into 30 of these WIAs to enable over 3,900 new lots outside the existing connection areas in our service region.

We are not only planning for growth but are also using a disciplined framework to differentiate between infrastructure planned within our statutory servicing framework and infrastructure that may only proceed where appropriate funding, sequencing and commercial arrangements are in place. This approach helps ensure our existing customers are not disproportionately funding growth.

2.5.3 Current funding frameworks limit reasonable cost recovery for growth infrastructure

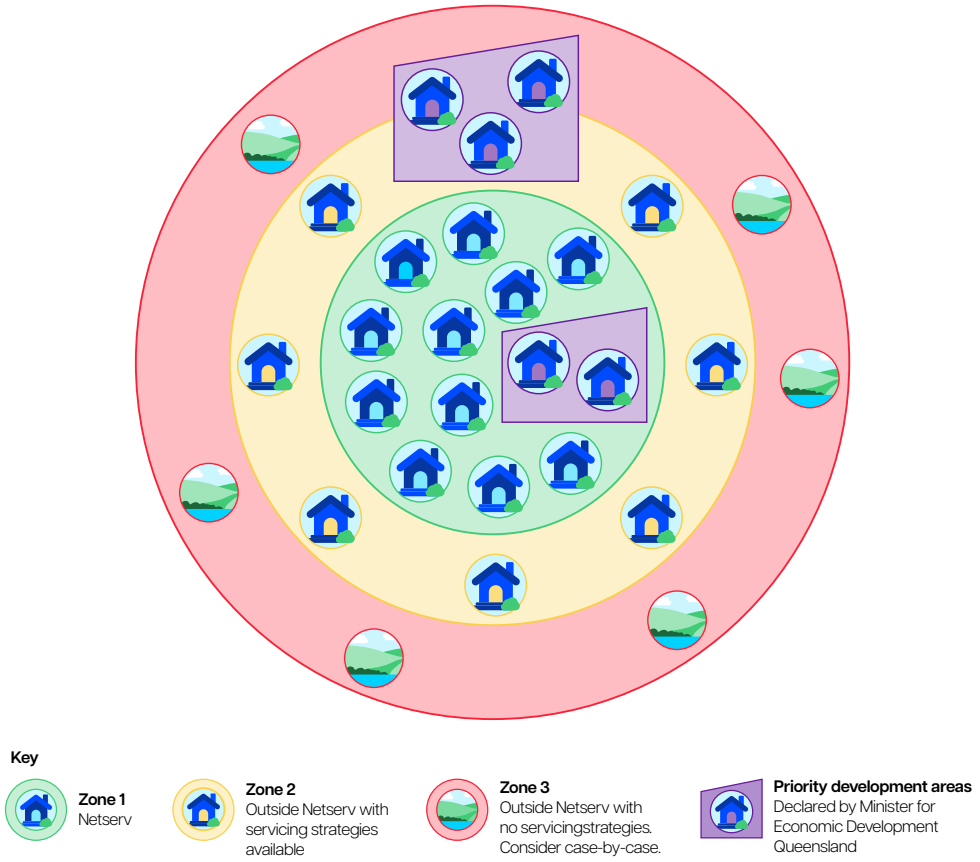
A key challenge for Unitywater is the scale and pace of forecast growth, and also the extent to which current charging and funding frameworks allow the cost of growth infrastructure to be recovered from new development. In practice, the cost-recovery challenge differs depending on the zone in which they are located.

Figure 8 illustrates the development zones in our service region.

Within Zone 1, under-recovery can arise when adopted infrastructure charges, set with a cap by the Queensland Government, do not fully cover the cost of trunk infrastructure required to service forecast growth. Outside Zone 1, the challenge is different, with cost recovery dependent on the ability to negotiate funding arrangements with developers or secure grant funding.

These frameworks and the resulting shortfalls in growth infrastructure funding place additional pressure on our ability to maintain good financial sustainability metrics and keep customer bills affordable.

Figure 8. Development zones in Unitywater's service region



2.5.4 Existing connection areas growth (Zone 1)

Within Zone 1 (Unitywater's existing connection areas, defined in the Netserv Plan), trunk infrastructure to support growth is funded in part through adopted infrastructure charges levied under the DRR Act. Where the MAC applies to a dwelling with three or more bedrooms and includes both water and wastewater components, Unitywater receives between $15,211.70 and $17,493.46 from the charge paid by the developer, depending on the Participant Council area.[23]

This represents our agreed 40 to 46% share – less than half – of the current Queensland Government cap of $38,029.25, with the remainder allocated to the relevant Participant Council under the applicable breakup agreement.[24] The MAC framework has applied since 2011.[25]

When first implemented, the Queensland Government committed to annually index the MAC from 2011 in line with the Australian Bureau of Statistics' (ABS) Road and Bridge Construction Index for Queensland; however, this indexation did not occur until 2024–25. As a result, the MAC is approximately 22% lower than it would have been had it been indexed as originally intended, and for some time has not kept pace with the true cost of trunk infrastructure required to service development.

The resulting under-recovery means that a portion of growth infrastructure costs are subsidised by existing customers.

2.5.5 Outside connections area growth (Zones 2 and 3)

In Zone 2 and Zone 3 (outside of Unitywater's connection areas defined in the Netserv Plan), we have no legislative obligation to service new developments. However, in recognition of our role in enabling new homes and supporting economic growth, we aim to facilitate development in these areas in a manner that is both sustainable and cost-effective.

This is achieved through voluntary WIAs with developers. We are not obligated to enter into such agreements and cannot compel other parties to do so. Instead, these agreements are negotiated with us seeking to achieve fair and reasonable cost recovery, avoid unnecessary commercial risk and enable infrastructure to be delivered in accordance with relevant standards and community expectations.

These commercial negotiations can be complex. Despite our planning and negotiation efforts, achieving a cost-neutral outcome is not always possible. This is due to a range of factors, including limitations in engineering estimate precision, construction cost escalation, staging requirements, and negotiated outcomes required to enable housing developments to proceed. In these circumstances, we seek to manage residual risk through prudent planning, appropriate cost allocation and delivery approaches that avoid unnecessary costs to existing customers.

2.5.6 Priority development areas

Infrastructure charges set by Economic Development Queensland (EDQ) for Queensland Government declared Priority Development Areas (PDAs) are typically below the costs to deliver required trunk infrastructure for these communities.

PDAs can be declared both within and outside our Netserv Plan connection areas, meaning EDQ infrastructure charging arrangements can affect funding and delivery across all zones.

2.6 Labour market tightness and workforce competition

Labour market tightness, workforce competition and broader capability constraints are expected to remain significant features of our operating environment over the price monitoring period. These pressures affect the availability, cost and timing of securing the labour, contractors and specialist expertise required to operate, maintain and deliver water and wastewater services.

This is part of a broader Queensland labour and infrastructure pipeline challenge affecting utilities, mining, energy, construction, housing, health, transport and other infrastructure sectors. Brisbane 2032 Olympic and Paralympic Games-related works are expected to intensify competition for trades, technicians, engineers, project delivery specialists and contractors across SEQ. In response, Unitywater has taken steps to strengthen workforce and delivery capability through internal workforce planning and targeted initiatives, including building a competency-based framework to support skilling and knowledge retention within our civil maintenance functions, relocating our southern corporate office in 2024 from Caboolture to Mango Hill to improve staff accessibility and strengthen our attractiveness to a broader SEQ talent pool. We have also adopted BBT, our collaborative water and wastewater infrastructure procurement and capital delivery model, as discussed in Section 6.1.1.

23 For residential developments, Unitywater receives 40% of the adopted charge in City of Moreton Bay, 46% in Sunshine Coast Council and 40% in Noosa Shire Council local government areas.

24 Unitywater and Moreton Bay Regional Council, *'Apportionment of Infrastructure Charges'*, June 2011; Sunshine Coast Regional Council and Unitywater, *'Request for new breakup agreement for infrastructure charges under Planning Act 2016'*, June 2017; Noosa Shire Council and Unitywater, *'Review of Noosa Adopted Infrastructure Charges Resolution and Distributor-Retailer Apportionment (charges breakup) Agreement'*, November 2014.

25 *Planning Regulation 2017* (Qld), sch 16, as amended by the *Planning (Prescribed Amounts) Amendment Regulation 2026* (Qld).

2.6.1 Workforce capability and operational resilience

Unitywater's operational and capital delivery workforce planning identifies critical segments where reduced capacity could create risks for safe operations, service continuity, regulatory performance and infrastructure delivery. These include operational roles across field services, treatment operations, control room operations, mechanical and electrical trades, and process engineering, as well as capital delivery roles in project management, data and analytics, engineering, design, project controls and commercial management.

The main constraints are limited ready-to-deploy water-sector and infrastructure delivery capability, caused by an ageing workforce, long time-to-competence, competition from adjacent sectors, increasing digital and diagnostic requirements, structural constraints in sector training pathways and market remuneration pressures that make some specialist roles more difficult and costly to attract. These pressures will be most acute where the external market can provide entry-level or adjacent skills, but not the job-ready, water-specific and safety-critical capability required to operate increasingly complex water and wastewater assets.

We are continuing to invest in internal capability development, critical-role workforce planning, and deployment flexibility through different delivery models. This supports safe operations, service continuity and regulatory performance, but creates cost and productivity pressures where job-ready, water-specific skills must be developed internally.

These workforce pressures are occurring alongside a more demanding workplace relations and worker-safety environment. Recent changes to the *Fair Work Act 2009* (Cth), including the Closing Loopholes reforms, and increased psychosocial safety obligations have added compliance and cost pressures to our business.[26] [27] [28] For operational workforces, this increases the need for workforce planning, consultation, compliance, training, workload management systems, incident response and other controls that support safe operations, workforce wellbeing and operational resilience.

26 Unitywater, *Price Monitoring Investigation 2025: Part 1 submission*, Queensland Competition Authority, 2025.
27 *Fair Work Act 2009* (Cth).
28 Fair Work Ombudsman, *Closing Loopholes*, Australian Government.

2.6.2 Sector-wide workforce constraints

Unitywater's workforce pressures are reflected across the water and adjacent sectors. The Queensland Water Regional Alliances Program and qldwater report *Queensland Water Skills Survey 2024* identified a mismatch between current skills supply and the evolving capability required by Queensland's water industry, exacerbated by technological change, legislative change and an ageing workforce. The survey also identified attraction and retention challenges, high vacancy rates and training difficulties, particularly in regional areas.[29]

qldwater has also identified broader training-system constraints, including difficulties accessing subsidised training, administrative requirements associated with the National Water Package and Registered Training Organisations, a thin training provider market, and the ability of training packages to keep pace with technological change.[30] [31]

29 Balmoral Group Australia, *Queensland Water Skills Survey 2024: addressing workforce challenges in Queensland's water industry*, prepared for qldwater and Queensland Water Regional Alliances Program, May 2024.
30 qldwater, *Productivity Commission Review of the National Agreement for Skills and Workforce Development: Queensland Water Directorate Submission*, December 2019.
31 qldwater, *Productivity Commission Review of the National Agreement for Skills and Workforce Development: Queensland Water Directorate Response to the Interim Report*, July 2020.

qldwater's 2024 *Urban Water Industry Workforce Composition Snapshot Report* similarly identifies attraction and retention challenges, unclear career pathways, ageing workforce profiles, training access constraints, high vacancy rates, wellbeing and work health and safety risks, and potential impacts on infrastructure maintenance. It also notes the need to update the National Water Package to better reflect operational needs and support more consistent capability development across the sector.[32]

A 2025 joint industry statement from qldwater, NSW Water Directorate, Water Industry Operations Association of Australia (WIOA) and Water Research Australia further highlights that workforce capability, skills development and training-system responsiveness remain sector-wide challenges for the water industry.[33] qldwater's *State Budget Submission* also identified skills and worker shortages as a barrier to infrastructure delivery and operational performance, with growing reliance on contract and labour-hire arrangements contributing to skills dilution, contractor creep and higher costs.[34] The NSW Department of Climate Change, Energy, the Environment and Water has also proposed more formal competency

32 qldwater, *2024 Urban Water Industry Workforce Composition Snapshot Report*, May 2024.
33 qldwater, NSW Water Directorate, Water Industry Operations Association of Australia and Water Research Australia, *Joint Statement: Call for feasibility study into a water industry apprenticeship*, September 2025.
34 qldwater, *2026-27 Budget – Call for stakeholder submission*, February 2026.

expectations for local water utility operators through its *Competency benchmark for local water utility operators in NSW*, reinforcing that skills development is a sector-wide capability and risk issue.[35]

2.6.3 Queensland's construction super-cycle and Brisbane 2032

Construction Skills Queensland (CSQ) describes Queensland as experiencing a 'prolonged construction super-cycle', driven by strong population growth, the transition to a future-ready energy system and delivery of infrastructure for the Brisbane 2032 Olympic and Paralympic Games. Its 2026 edition of *Horizon 2032 – Imagining Queensland's Future Construction Workforce* forecasts Queensland's construction labour demand will increase by around 17% by 2027–28, with an average workforce shortfall of approximately 19,100 workers over the seven years to 2031–32 and a peak shortfall of up to 35,000 workers in 2027–28.

CSQ's Games pipeline analysis shows most Games-related work is concentrated in SEQ, with Brisbane holding the largest share at around 68% and the Sunshine Coast accounting for 14.7% of pipeline value. CSQ projects Sunshine Coast Games-related labour demand to increase from approximately 150 workers in 2026–27 to a peak of about 1,600 workers in 2030–31.[36]

Energy, housing, transport, health and other infrastructure programs are drawing on the same labour market, often requiring trades, technicians, engineers and project delivery specialists like those needed for the delivery and maintenance of water and wastewater infrastructure. *Jobs and Skills Australia's Occupation Shortage Report – March quarter 2026* shows that, nationally, regional vacancy fill rates remained below metropolitan areas, at 65.0% compared with 69.7%.

Skill Level 3 occupations recorded a fill rate of 55.5%, the lowest of all skill-level groups, while Technicians and Trades Workers recorded a fill rate of 55.1%.[37]

High housing costs and limited rental availability may also make workforce attraction and relocation more difficult in parts of our service region. The Real Estate Institute of Queensland's March quarter 2026 vacancy rate data shows that markets across Moreton Bay (0.7%), the Sunshine Coast (0.7%) and Noosa (1.9%) remained below the 2.5% threshold used to classify a rental market as tight. QShelter also found rental affordability worsened in Brisbane, Sunshine Coast and the Gold Coast between June 2024 and June 2025.[38] [39]

2.6.4 Our workforce and delivery response

Unitywater recognises that constrained labour and contractor markets affect the cost, timing and certainty of our operations and capital delivery. Our response is guided by our People Strategy and focuses on attracting, developing and retaining the workforce capability required to deliver safe, reliable and sustainable services for our customers and communities. Key initiatives include strategic workforce planning, workforce growth modelling, development of competency-based training pathways for operational roles, leadership and capability development, succession planning for critical roles, targeted attraction and recruitment activities, early careers pathways, and partnerships that support talent pipelines into the water industry.

For water and wastewater infrastructure capital delivery, we complement our workforce initiatives through the BBT model, which improves access to delivery partner capability and helps manage delivery risk where market capacity is constrained. The BBT model integrates professional services and delivery partners within collaborative, program-based delivery teams, using multi-year framework agreements to support coordinated planning, design and delivery rather than traditional project-by-project procurement. The model also supports earlier partner engagement, improved pipeline visibility, shared risk allocation, open-book cost intelligence and performance-based incentives.

This type of model aligns with broader infrastructure-sector reform. Infrastructure Australia's industry reform roadmap – *Delivering Outcomes – A roadmap to improve infrastructure industry productivity and innovation* – identifies that procurement, contracting and project coordination can affect investment outcomes and market capacity, and recommends more collaborative, integrated and outcomes-focused delivery models.[40]

BBT is also consistent with water-sector procurement reform. In 2024, WSAA identified that water utilities are facing record capital expenditure, strong competition for delivery partners and a need to improve procurement practices through more collaborative delivery, better pipeline visibility, optimised risk allocation, standardised agreements and reduced bid costs.[41] While individual models differ, similar collaborative delivery approaches are being used by other major Australian water utilities, including Urban Utilities, Sydney Water and SA Water.

35 NSW Department of Climate Change, Energy, the Environment and Water, *Competency benchmark for local water utility operators in NSW: Consultation paper*, July 2024.
36 Construction Skills Queensland, *Horizon 2032: Imagining Queensland's Future Construction Workforce*, March 2026.
37 Jobs and Skills Australia, *Occupation Shortage Report: March quarter 2026*, Australian Government, June 2026.
38 Real Estate Institute of Queensland, *Time for a reset to ease Queensland's rental market pressures [media release]*, January 2026.
39 AHURI and QShelter, *South East Queensland Displacement Monitoring: 2025 update*, November 2025.
40 Infrastructure Australia, *Delivering Outcomes: a roadmap to improve infrastructure industry productivity and innovation*, Australian Government, March 2022.
41 Water Services Association of Australia, *A whole of sector approach to Water Infrastructure Delivery Procurement to Maximise Customer Value*, September 2024.

These pressures are reflected in our cost base through labour and contractor market escalation, internal training and capability development, workforce planning requirements, and the cost of securing delivery partner capability for the capital program.

Through workforce planning, internal capability development, BBT and earlier partner engagement, we continue to strengthen the safe operations, service continuity and efficient delivery of our infrastructure program.

2.7 Input cost pressures and persistent high-cost operating conditions

Unitywater expects to operate in a persistently high-cost environment over the price monitoring period. Even if headline inflation and interest rate pressures ease, the cost of delivering essential water and wastewater services is expected to remain elevated. This reflects a step change in sector investment requirements, together with sustained pressure across key input categories, including construction, materials, electricity, chemicals, biosolids disposal, contracted services, compliance, labour and financing. These external pressures affect the cost base required to maintain safe, reliable and efficient services. Without offsetting efficiencies or cost reductions, they are likely to place upward pressure on future customer bills.

2.7.1 Sector-wide investment and construction cost pressures

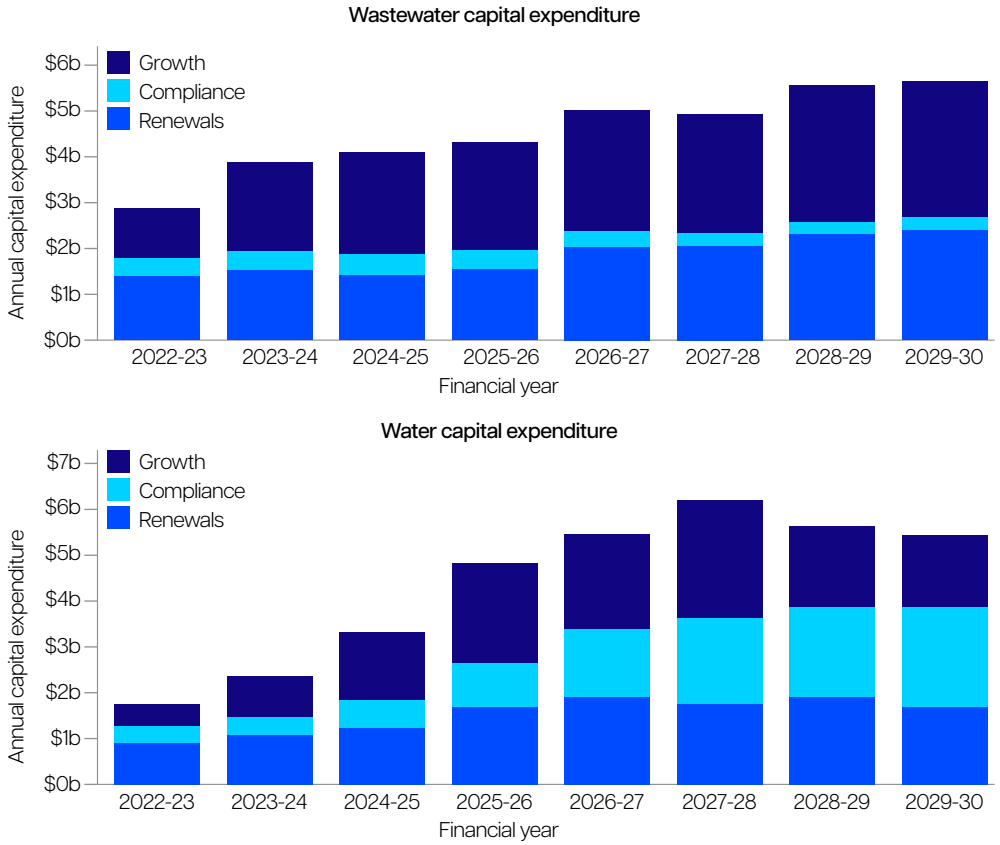
Water utilities across Australia are operating in a period of higher investment, driven by growth, ageing assets, compliance obligations and the need for more resilient infrastructure. Infrastructure Australia's *2026 Infrastructure Priority List* identifies that population growth, expanding industries, climate impacts and ageing water assets are increasing pressure on urban, regional and remote water systems, requiring sustained investment in secure, reliable and climate-resilient water infrastructure.[42]

Figure 9 outlines the expected amounts of planned capital expenditure in wastewater and water into 2029–30, highlighting the increasing expenditure that is expected to be required on renewals, compliance and growth.[43] While expenditure is allocated to a primary investment driver for reporting purposes, these categories often overlap, particularly in wastewater.

Growth and renewal projects are often compliance-enabling, as treatment plant and network upgrades may be required to maintain licence conditions as loads increase or assets age. Classification also differs between water utilities, meaning the separately identified compliance category should not be interpreted as the full extent of investment required to maintain

42 Infrastructure Australia, *2026 Infrastructure Priority List*, March 2026.
43 Infrastructure Australia, 2026 Infrastructure Priority List, March 2026.

Figure 9. Forecast planned capital expenditure in wastewater and water, by investment driver, 2022–23 to 2029–30



Source: Adapted from Infrastructure Australia, *Infrastructure Priority List 2026*, March 2026, p. 75; Data source: Water Services Association of Australia, 2025 forecasts

compliance. The cost of labour is a substantial component of these projected construction costs.

The Productivity Commission's *National Water Reform 2024 Inquiry Report* identifies pressure on retail water prices from new climate-resilient infrastructure and the need to maintain and upgrade ageing water infrastructure, with nationwide capital expenditure on water service infrastructure expected to double to more than $10 billion annually by 2027.[44] The Bureau of Meteorology's *National Performance Report 2024–25: water and wastewater service providers* (2024–25 NPR) also shows sector capital expenditure has risen substantially over the past three years, including a material increase in 2024–25.[45]

The Australian Water Association (AWA) has similarly described an 'unprecedented investment boom' across the Australian water sector, driven by population growth and climate-related infrastructure needs.[46]

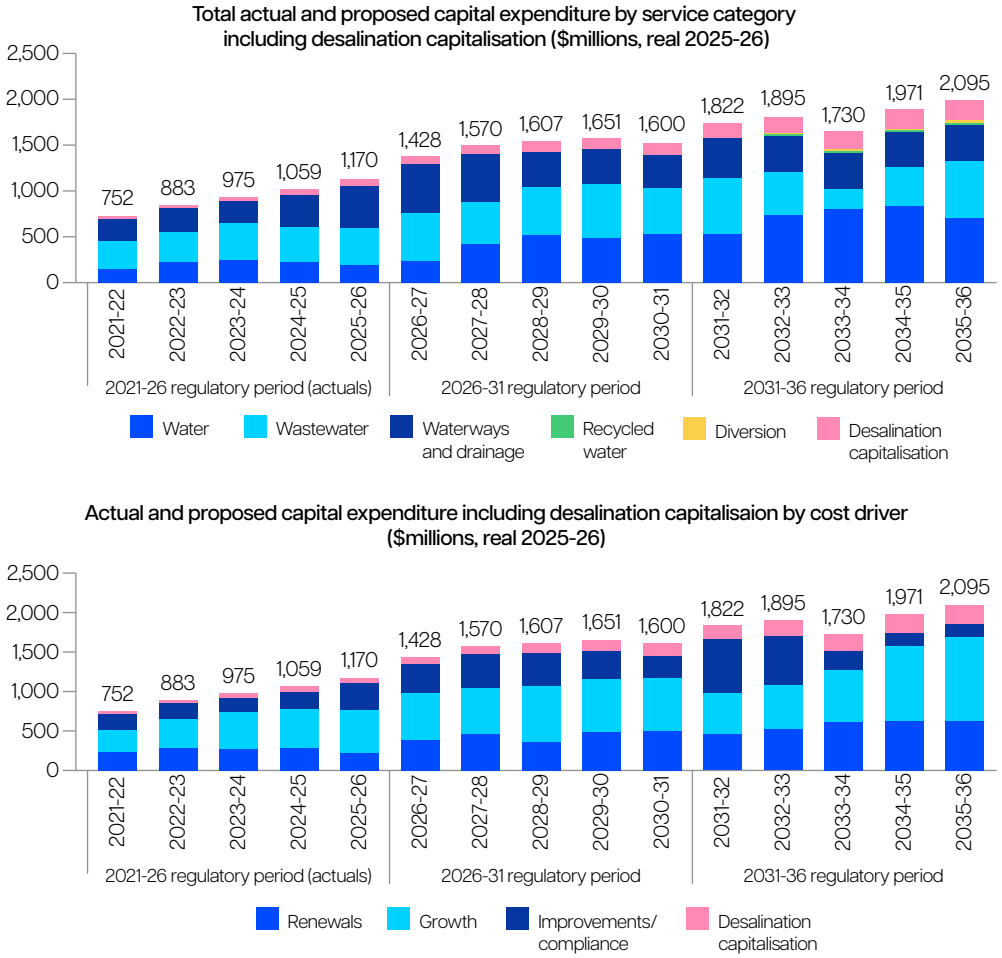
The Local Government Association of Queensland (LGAQ) has also identified the need for targeted and sustained investment to avoid increasing water insecurity, declining service reliability and rising costs to meet basic health and environmental standards.[47]

Recent regulated water-sector pricing submissions show similar investment pressures. *The Melbourne Water 2026 Price Submission* proposes a $7.9 billion capital investment program over the 2026–31 regulatory period, representing a 62% increase compared with the current period, and states that this uplift is driven by growth, renewal and compliance-related investments.[48] It also notes that further delays in renewing and expanding asset capacity would have direct consequences for customers and the environment, with ongoing deferral of essential investment increasing reactive spending, project costs and the risk of major adverse events.

Sydney Water's *Price Proposal 2025–30* similarly describes its proposed expenditure as the minimum needed to deliver safe and reliable services, identifies growth and asset renewals as the main drivers of increased capital expenditure, and states that delaying investment would risk the security and reliability of services.[49] While these water utilities operate in different jurisdictions, their submissions illustrate the scale of investment required across the sector to satisfy renewals, growth, improvements and compliance.

Figure 10 illustrates the *Melbourne Water 2026 Price Submission* proposed capital expenditure by service category and cost driver.

Figure 10. Melbourne Water proposed capital expenditure by service category and cost driver



Source: *Melbourne Water, 2026 Price Submission*

44 Productivity Commission, *National Water Reform 2024 – Inquiry report*, Australian Government, May 2024.
45 Bureau of Meteorology, *National Performance Report 2024–25: water and wastewater service providers*, Australian Government, March 2026.
46 Australian Water Association, *Balancing the boom: navigating rapid growth, climate pressures and rising costs*, December 2025.
47 Local Government Association of Queensland, *2025 Queensland State of the Assets – Summary Report 2025*, February 2025.
48 Melbourne Water, *Melbourne Water 2026 Price Submission*, Essential Services Commission, October 2025.
49 Sydney Water, *Price Proposal 2025–30 – Securing Sydney's water future: Our customer-centred plan for reliable services and sustainable growth*, Independent Pricing and Regulatory Tribunal (IPART), November 2024.

Local construction input evidence shows that key input costs have not returned to pre-pandemic levels. ABS Producer Price Index data shows Brisbane construction input costs remain materially above December 2019 levels, including for concrete, cement and sand (+50.6%), cement products (+48.5%) and electrical equipment (+45.6%). While these indices do not directly measure water infrastructure delivery costs, they provide relevant local evidence that construction inputs remain elevated in the market in which Unitywater procures materials, works and services.[50]

Infrastructure *Australia's Market Capacity 2025 Report* identifies utilities as operating in a highly contested infrastructure environment, with labour remaining the most critical delivery risk, and engineers and designers in high demand across sectors including water.[51] CSQ's *Horizon 2032 - 2026 Report* provides Queensland-specific evidence that the broader infrastructure pipeline, including Brisbane 2032 Olympic and Paralympic Games-related works, is expected to intensify competition for construction labour and delivery capacity over the price monitoring period.[52] In cost terms, this contributes to a more constrained market for contractors, engineers, project delivery specialists, trades and materials needed to deliver water and wastewater infrastructure.

2.7.2 Forecasting uncertainty and cost-specific escalation

The outlook for input cost escalation remains uncertain, with geopolitical events, supply-chain conditions, infrastructure market capacity, inflation expectations and commodity-market conditions all able to affect costs over the price monitoring period.

Consumer Price Index (CPI) remains a relevant input to Unitywater's forecasting assumptions, particularly where no contract-specific or market-specific escalation applies. National CPI rose by 3.8% in the 12 months to May 2026, while Brisbane CPI increased by 4.1% over the same period.[53] [54]

We consider CPI alongside contract terms, market intelligence, supplier and sector evidence, and specific escalation assumptions for major cost categories – recognising that electricity, chemicals, biosolids disposal and outsourced services depend on market-specific conditions and contractual arrangements that headline CPI does not fully capture.

Because our revenue and pricing proposal is prepared in nominal terms, materially different input cost outcomes over the price monitoring period may affect both the MAR cross-check and the utility revenue requirement considered in Section 10.1. We will continue monitoring input costs and escalation trends, so forecasts reflect the latest available information and controllable cost drivers are actively managed.

2.7.3 Persistent pressure across key operating inputs

qldwater's submission to the QCA's *Price monitoring investigation: Unitywater and Urban Utilities 2026–30* states that the sector is facing rising workforce, electricity and insurance expenses, higher construction and materials costs, and an increasing burden of regulatory compliance, while retail prices in SEQ have increased only marginally.[55]

The *Seqwater Annual Report 2024–25* states that costs continue to face inflationary pressures, particularly manufacturing costs related to chemicals and electricity.[56] The *Melbourne Water 2026 Price Submission* similarly identifies higher chemical costs, including supply-chain effects and changes in fluoride contract costs.[57] Electricity network charges are also expected to increase over the price monitoring period, with the Australian Energy Regulator's final decision for Energex estimating that average distribution charges will increase materially by 2029–30 compared with 2024–25.[58]

Oxford Economics' utility-sector escalation forecasts for Queensland electricity transmission and distribution point to continued labour, materials and construction cost pressure over the 2026 to 2030 period – providing relevant context for broader utility infrastructure delivery markets, including competition for skilled labour, construction inputs and delivery capacity.[59]

Financing conditions also remain relevant where utilities must fund long-term infrastructure programs. NSW Treasury Corporation's advice to the Independent Pricing and Regulatory Tribunal (IPART), and WaterNSW's response to IPART's information paper *Prices for WaterNSW Bulk Water Services* show that interest expense, cost of debt treatment, financeability and refinancing risk remain

50 Australian Bureau of Statistics, *Producer Price Indexes, Australia*, Australian Government, December 2025.
51 Infrastructure Australia, *Market Capacity 2025 Report*, Australian Government, November 2025.
52 Construction Skills Queensland, *Horizon 2032: Imagining Queensland's Future Construction Workforce*, March 2026.
53 Australian Bureau of Statistics, Consumer Price Index, Australia, Australian Government, May 2026.
54 Queensland Government Statistician's Office, *Consumer Price Index: all groups, Brisbane and weighted average of eight capital cities*, Queensland Government, May 2026.
55 qldwater, *Price Monitoring Investigation into Unitywater and Queensland Urban Utilities*, Submission to the Queensland Competition Authority, December 2025.
56 Seqwater, *Annual Report 2024–25*, September 2025.
57 Melbourne Water, *Melbourne Water 2026 Price Submission*, Essential Services Commission, October 2025.
58 Australian Energy Regulator, *Final Decision – Energex Electricity Distribution Determination 2025 to 2030 (1 July 2025 to 30 June 2030)*, Australian Government, April 2025.
59 Oxford Economics Australia, *Input Cost Escalation: forecasts to 2029–30*, prepared for Energy Queensland, January 2024.

important considerations for water utilities, affecting the funding of long-lived assets and long-term financial sustainability.[60] [61] [62]

Climate variability, extreme weather and resilience obligations may add further pressure to the underlying cost base. Unitywater's enterprise risk planning recognises that failure to respond to the impacts of climate change can affect capital and operating costs, accelerate asset deterioration, and increase renewal needs. As discussed in Section 2.11, these pressures can translate into higher operating and capital expenditure through preparedness and recovery requirements, asset resilience works, climate-risk assessment, design standard updates, communications redundancy and backup power readiness.

2.7.4 Our response to cost pressure

Unitywater is actively managing the controllable elements of input cost escalation through improved commercial discipline, earlier market engagement, more transparent cost intelligence and delivery approaches that better allocate risk between us and our delivery partners.

The persistent high-cost operating environment remains a structural feature of the price monitoring period. Our forecast operating expenditure, capital expenditure and revenue requirement should be considered in the context of elevated construction input costs, sustained pressure across core operating inputs, uncertain escalation, financing conditions, climate and resilience costs, and the investment required to maintain safe, reliable and efficient services.

This approach is consistent with the forecasting discipline outlined in later chapters, where cost increases are assessed through structured expenditure forecasting, efficiency assumptions, step-change testing and revenue cross-checks, rather than treated as automatic pass-throughs. We will continue to apply prudent forecasting, monitor cost and escalation trends, pursue productivity initiatives and use targeted cost-management measures to maintain service outcomes and long-term value for customers.

2.8 Evolving community, customer and stakeholder expectations

Unitywater's operating environment is shaped by community, customer, Participant Council and stakeholder expectations that extend beyond basic service provision. Our customers expect us to maintain the high level of service reliability they currently experience, while demonstrating affordability, environmental stewardship, transparent decision making and meaningful engagement on issues that affect communities, waterways and long-term service outcomes.

These expectations do not operate as a standalone justification for expenditure. Rather, they inform the service, reliability, environmental and affordability outcomes that we must consider when planning, sequencing and delivering prudent expenditure. Maintaining these outcomes in a growing and more complex operating environment has implications for operating, maintenance, customer service, resilience and capital investment requirements.

2.8.1 Customer expectations for reliability, value and responsiveness

As discussed further in Chapter 3 (Our customers) customer research consistently shows that reliability, value for money and responsiveness remain central to expectations of Unitywater. Research conducted in June 2025 found that customers consider price, reliability and service quality when assessing value for money, while service delivery perceptions are strongly influenced by reliable supply, quick response to maintenance issues, well-maintained infrastructure and adequate investment in maintenance.

Our March 2026 Initiatives Engagement Research provides further insight into how customers prioritise investment. The strongest support was for initiatives linked to continuity of service delivery, with 90% support for maintaining infrastructure to minimise service interruptions and 89% support for maintaining response times for unexpected service issues. Support was also high for enhancing waterway health, at 88%, and supporting customers experiencing hardship, at 86%. Customers also showed a preference for proactive investment where it protects core service outcomes and reduces future risk, provided broader community benefit initiatives are considered through transparent decisions about timing, scale and value.

Throughout the price monitoring period, customer and stakeholder evidence will inform how we prioritise expenditure, sequence activities and report performance, with a focus on protecting core service reliability, managing future risks, protecting waterways and providing value for money.

60 TCorp, *Letter to IPART on timing of next review of WACC method – Request to expedite WACC review*, 23 December 2025.
61 WaterNSW, *WaterNSW Response to IPART's Information Paper – Prices for WaterNSW Bulk Water Services*, Online submission, 3 June 2025.
62 IPART, *Prices for WaterNSW bulk water services: Information Paper*, May 2025.

2.8.2 Participant Council and regional stakeholder expectations

Unitywater operates under a Participation Agreement that includes objectives relating to sustainable operation, efficiency and innovation, community engagement, service continuity, and maintenance and improvement of existing service standards.[63] Formal correspondence from Participant Councils confirms that service levels must, at a minimum, remain at current standards. Meeting these expectations requires appropriate investment in operations, maintenance, monitoring, response capability and asset renewal, while also balancing cost-of-living pressures and customer affordability.

Stakeholder interviews from the March 2026 research identified similar priorities. Stakeholders supported environmental, sustainability and resilience initiatives where they were practical, cost-effective and linked to long-term service delivery, while generally viewing customer experience improvements as secondary to core service reliability and accessible support.

In our fast-growing region, maintaining reliable and high-performing services supports confidence among Participant Councils, customers, developers, businesses, tourism operators and community stakeholders that essential infrastructure can support regional growth while protecting the values that make the region attractive.

2.8.3 Waterways, liveability and environmental stewardship

Waterways across our service region are important social, recreational and economic assets that support regional lifestyle, tourism, recreation, fisheries and community wellbeing. Healthy Land & Water Report Card evidence shows estimated recreational waterway values across catchments within our service region ranging from $845 per person per year in Caboolture to $2,481 in Mooloolah.

Mooloolah's $2,481 per person per year recreational waterway value is approximately 3.2 times the median value ($776 per person per year) reported across the 12 SEQ catchments outside our service region, highlighting the significant social and economic value of waterways across our region.

In 2025, all six catchments within our service region (Noosa, Maroochy, Mooloolah, Pumicestone, Caboolture and Pine) were rated as delivering 'very high' social and economic benefits. Five recorded estimated recreational waterway values above $1,325 per person per year, while Caboolture – the lowest result in our service region at $845 – remained above the $776 median reported across all catchments outside our service region. At the same time, key receiving environments are under pressure from nutrient pollution, sediment run-off, population growth, urban development and climate variability.[64]

The *Environmental Protection (Water and Wetland Biodiversity) Policy 2019* provides a statutory framework for identifying environmental values, management intent and water quality objectives for Queensland waters and wetlands.[65] For activities involving the release of wastewater to waters, the policy establishes a management intent that requires environmental values to be maintained or improved, depending on the classification and condition of the receiving waters. This is particularly relevant for our wastewater treatment and discharge planning in sensitive receiving environments, such as high ecological value waters, where higher environmental values require more stringent treatment, monitoring and operational controls.

These values provide context for the consequence of environmental incidents, spills, overflows or treatment non-compliance in high-value receiving environments, where impacts extend beyond environmental harm to affect liveability, tourism and community confidence.[66]

They support our program of targeted expenditure that maintains treatment performance, supports environmental compliance, strengthens monitoring and reduces the risk of harm to waterways that carry high social and economic value for local communities.

The Sunshine Coast and Noosa regions are internationally recognised through their UNESCO Biosphere designations.[67] These designations reflect a regional focus on balancing ecological protection with community and economic outcomes, supported by monitoring, conservation planning and stakeholder consultation, including with water authorities.[68]

Our *Sustainability Strategy* recognises increasing community expectations that we meet current and future needs while minimising environmental impact. Reliable water and wastewater services underpin public health, environmental quality and regional liveability across these communities.

63 Participant Council correspondence appended to Unitywater, *Unitywater Price Monitoring Investigation 2025: Part 1 submission*, Queensland Competition Authority, September 2025, pp 84–86.

64 Healthy Land & Water, *Report Card 2025: Key Messages & Catchment Summaries*, December 2025.

65 Environmental Protection (Water and Wetland Biodiversity) Policy 2019 (Qld).

66 Sunshine Coast Council, *Environment and Liveability Strategy - Waterways and wetlands*, October 2023.

67 Noosa Shire Council, Noosa Biosphere®, Noosa Shire Council, September 2007.

68 Noosa Biosphere Reserve Foundation, *Conservation indicators*, Noosa Biosphere Reserve Foundation, 2023.

2.8.4 Sector expectations for transparency, engagement and trust

National water reform material points to a broader sector expectation for transparent decision making, engagement and clearer communication about the trade-offs involved in providing secure, sustainable and affordable services.

The AWA's *Submission to the Productivity Commission's National Water Initiative Inquiry* identifies community engagement, customer-focused outcomes, transparency and water literacy as important elements of contemporary water sector governance, alongside challenges including climate variability, population growth, affordability and integrated water management.[69]

qldwater's submission to the QCA's *Price monitoring investigation: Unitywater and Urban Utilities 2026–30* similarly highlights public consultation as important for better decision making, trust, transparency and accountability.[70]

Davidson's *Water Gauge 2026* identifies affordability and community expectations as one of the strategic forces shaping the water sector, with customers increasingly expecting transparency, fairness and timely communication during service disruptions.[71]

Broader qldwater submissions on the *Draft Reef 2050 Catchment Water Quality Strategy* and the *Draft National Environmental Standards for Matters of National Environmental Significance (MNES) and for Environmental Offsets* identify stakeholder expectations that extend to catchment-scale stewardship, First Nations input and practical, financially supportable implementation of environmental obligations – expectations that are particularly acute across Unitywater's service region given its rapid population growth, sensitive waterways, biosphere areas and tourism-supported economies.[72] [73]

Customer engagement, transparent reporting, stakeholder coordination, environmental stewardship and clear communication of value for money are integral to how we plan and deliver our services. We will continue using customer and stakeholder evidence to inform planning, prioritisation and service delivery, while maintaining the high level of reliability customers currently experience and ensuring broader community benefit initiatives are prudent, targeted and aligned with long-term customer and community value.

The customer and stakeholder expectations summarised in Section 2.9 are explored in more detail in Section 3.1, which sets out the customer evidence used to inform our approach to service priorities, affordability, investment trade-offs and long-term value.

2.9 Environmental obligations, stewardship and compliance

Environmental regulation and compliance obligations are a core feature of Unitywater's operating environment. Over the price monitoring period, these requirements are expected to become more demanding through stronger prevention-based regulation, expanded enforcement pathways, evolving PFAS and biosolids management requirements, site-specific Environmental Authority (EA) conditions and heightened expectations for managing environmental nuisance, contamination and receiving environment risks.

2.9.1 Regulatory reform and compliance expectations

Regulatory changes, including the PFAS National Environmental Management Plan 3.0 (PFAS NEMP 3.0) and the *Environmental Protection (Powers and Penalties) and Other Legislation Amendment Act 2024* (Qld) have increased pressure on our business to proactively manage risks associated with PFAS and environmental nuisances such as odour.[74] [75] These obligations affect how we plan, operate, maintain and invest in water and wastewater infrastructure, particularly where compliance depends on asset condition, treatment performance, monitoring, reporting, remediation and community amenity.

Recent Queensland legislative reforms have strengthened the focus on prevention and early intervention. *The Environmental Protection (Powers and Penalties) and Other Legislation Amendment Act 2024* (Qld)[76] expanded the environmental enforcement order framework, allowing regulators to require action to remedy relevant matters, prevent or minimise contamination, rehabilitate or restore the environment, assess harm or further risk, and provide reports, plans or other documents.[77] In practical terms, these reforms increase expectations for early detection, operational control, documentation, reporting and timely remediation of contamination risks and community-facing nuisance issues.

69 Australian Water Association, *Submission to Productivity Commission's National Water Initiative Inquiry*, Productivity Commission, February 2024.
70 qldwater, *Price Monitoring Investigation into Unitywater and Queensland Urban Utilities*, Submission to the Queensland Competition Authority, December 2025.
71 Davidson, *Water Gauge 2026*, March 2026.
72 qldwater, *Feedback on Draft Reef 2050 Catchment Water Quality Strategy*, November 2025.
73 qldwater, *Submission on Draft National Environmental Standards for Matters of National Environmental Significance and Environmental Offsets*, January 2026.
74 Heads of EPAs Australia and New Zealand, *PFAS National Environmental Management Plan 3.0*, Department of Climate Change, Energy, the Environment and Water, March 2025.
75 Environmental Protection (Powers and Penalties) and Other Legislation Amendment Bill 2023 (Qld).
76 Environmental Protection (Powers and Penalties) and Other Legislation Amendment Bill 2023 (Qld).
77 Environmental Protection (Powers and Penalties) and Other Legislation Amendment Bill 2023 (Qld).

The Interim Update notes that where environmental or public health obligations change, timely clarity about the scope of requirements, implementation pathways and funding responsibilities helps utilities plan efficient responses while reducing the risk of poorly sequenced regulatory change.[78] For us, this reinforces the importance of integrating evolving requirements early into asset, operational and financial planning, so compliance responses can be targeted, risk-based and delivered at the lowest sustainable cost for our customers.

Biosecurity obligations are also adding operational compliance demands across our service region. In particular, fire ant biosecurity requirements affect field-based activities involving any soil disturbance, spoil handling, landscaping materials, or the movement of plant, vehicles and equipment. As fire ant biosecurity zones are reviewed and updated, these activities require additional planning, hygiene, movement control and reporting processes.[79] These requirements are expected to continue adding operational complexity and compliance effort over the price monitoring period.

2.9.2 PFAS, biosolids and resource recovery

PFAS NEMP 3.0 identifies Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) as environmentally significant due to persistence, mobility, toxicity for some compounds and potential for bioaccumulation. Wastewater systems and biosolids are identified as relevant pathways for PFAS management, including through source control, trade waste management, monitoring, wastewater treatment processes, biosolids criteria and reuse decision making. For Unitywater, these requirements increase the need to understand PFAS sources, affected environmental values, movement pathways, exposed receptors, monitoring needs, waste characterisation and appropriate disposal pathways.

PFAS-related expectations are also evolving in drinking water quality management, with new or revised health-based guideline values, risk-based monitoring expectations and community information requirements potentially increasing monitoring, treatment, communication and compliance effort if adopted into Queensland's regulatory settings.[80] [81] In SEQ, these expectations are most directly relevant to the bulk water supply chain. For our business, there is potential for increased bulk water treatment and monitoring costs to flow through to the cost of water supplied to our network, together with any related coordination, customer information or compliance obligations.

PFAS and other emerging contaminants also create direct cost and complexity for wastewater service providers, which are often passive receivers of contaminants entering the wastewater network from domestic, commercial and industrial sources.

qldwater's submission to the QCA's *Price monitoring investigation: Unitywater and Urban Utilities 2026–30* states that urban water providers face a 'growing and increasingly complex regulatory burden' that is driving infrastructure and operational cost increases. It identifies known and emerging contaminants as a particular pressure. This reflects a broader source-control challenge, where the cost of managing contaminants can fall to water utilities even where they have limited control over the source of those contaminants.[82]

Evolving PFAS and biosolids requirements are increasing the complexity and cost of biosolids reuse, transport, treatment and disposal decisions for water utilities. These changes are a key driver of investment planning as our business considers how best to manage long-term biosolids disposal, contaminant, compliance and cost risks, particularly where traditional disposal or reuse pathways become more constrained.

The BRF, detailed in Section 6.3.1, responds directly to tightening PFAS and biosolids requirements, population growth and disposal pathway constraints. The proposed facility would convert biosolids into biochar, destroying the majority of PFAS and microplastics, supporting resource recovery, circular economy outcomes, potential product revenue and reduced exposure to long-term disposal and compliance cost escalation.

For the price monitoring period, the BRF illustrates how evolving environmental requirements can translate into capital investment intended to manage long-term compliance, disposal and customer cost risk.

78 Productivity Commission, *National Water Reform 2026: Water services reform directions – Interim update*, Australian Government, June 2026.
79 Queensland Government, *Fire ant website*, Business Queensland, June 2026.
80 National Health and Medical Research Council (NHMRC), *NHMRC Review of PFAS in Australian drinking water*, Australian Government, June 2025.
81 National Health and Medical Research Council, *Australian Drinking Water Guidelines 6 2011* - Version 4.0 Updated June 2025, Australian Government, May 2026.
82 qldwater, *Price Monitoring Investigation into Unitywater and Queensland Urban Utilities*, Submission to the Queensland Competition Authority, December 2025.

2.9.3 Sustainability and long-term stewardship

Unitywater's *Sustainability Strategy* connects environmental compliance, long-term stewardship and prudent investment. Our 2030 Strategic Ambition includes Net Positive Blue, Net Positive Green, Net Zero Nutrients and Net Zero CO_2e goals, supported by whole-of-life planning, value-for-money outcomes, risk-based decisions and circular economy opportunities. As detailed in Section 3.2.1, this approach is supported by customer feedback from our March 2026 Initiatives Engagement Research, which found 88% support for enhancing waterway health, 86% support for building resilience for future challenges and 81% support for making services more environmentally sustainable.

These strategic goals and planning principles guide how we seek to meet environmental obligations, manage long-term risk and deliver environmental outcomes at the lowest sustainable cost for customers. The Wamuran Irrigation Scheme is a practical example of this approach. It enables the beneficial reuse of recycled water from the Caboolture South WWTP to support local agriculture, reduce nutrient discharges to the Caboolture River and Moreton Bay, and provide a reliable, climate-resilient water source for local farms.[83] The scheme demonstrates how sustainability-focused investment can deliver material environmental benefits while deferring higher-cost infrastructure, supporting circular economy outcomes and reducing long-term environmental and future customer bill impacts.

2.9.4 Compliance-driven expenditure and sector pressures

Compliance-driven investment can arise from regulatory change, site-specific licence conditions, asset condition, treatment performance, nuisance risks and workplace health and safety obligations.

Obligations under the *Environmental Protection Act 1994* (Qld) (EP Act), EA conditions and other statutory requirements can translate into targeted capital expenditure, where works are required to maintain environmental performance, manage odour and overflow risks, address wastewater quality issues, improve safety, and ensure infrastructure can continue to meet compliance obligations.

Over the price monitoring period, this includes targeted WWTP and wastewater pump station compliance programs. The WWTP compliance program comprises 18 projects across 10 WWTPs, while the wastewater pump station compliance program comprises 40 projects across Unitywater's pump station network. These works are directed to odour improvement, wastewater management, ultraviolet radiation (UV) system upgrades, safety upgrades and overflow risk management.[84]

These compliance obligations form part of the external operating environment in which we must deliver safe, reliable and environmentally responsible water and wastewater services. Tightening environmental regulation, evolving PFAS and biosolids requirements, site-specific Environmental EA conditions and sensitive receiving environments increase operating complexity, compliance activity, monitoring and reporting effort, maintenance requirements and targeted capital investment.

We proactively manage these obligations through prudent and targeted investment, source control, monitoring, treatment performance, risk-based asset management, sustainability planning and proactive environmental stewardship, while maintaining reliable services and long-term value for customers.

2.10 Climate variability and extreme weather operating pressures

Climate variability and extreme weather are increasingly significant operating pressures for Unitywater, with implications for service continuity, asset performance, water quality, operating costs, incident and emergency response and long-term resilience planning.

In response, resilience considerations are incorporated early into infrastructure planning and design, supported by asset management and operational preparedness processes that address climate and extreme weather risks throughout our asset's lifecycles.

2.10.1 Operating risks and preparedness

These pressures are external, but they affect how we plan, operate, maintain and invest in water and wastewater services.
Operating risks and preparedness

Unitywater's Enterprise Risk Register recognises failure to respond to the impacts of climate change as a risk with potential implications for service continuity, asset performance, water quality, regulatory and community outcomes, and capital and operating costs.

We have embedded climate and extreme weather risk in our disruption and resilience planning. Our *Resilience Policy* adopts a proactive, all-hazards approach aligned to the Queensland Government's *Prevention, Preparedness, Response and Recovery Disaster Management Guideline*.[85] It identifies natural disasters as a key hazard and recognises the importance of building and maintaining resilience as climate conditions change and extreme weather risks increase.

83 Unitywater, *Unitywater turns on the taps for local agricultural growth at the Wamuran Irrigation Scheme* [media release], March 2025.

84 *Environmental Protection Act 1994* (Qld).

85 Queensland Fire Department, *Interim Queensland Prevention, Preparedness, Response and Recovery Disaster Management Guideline*, Queensland Government, December 2025.

This approach is reflected in how we plan and review infrastructure design. During design development, we assess whether proposed infrastructure complies with relevant standards and is fit for purpose in our operating environment, including temperature ranges, wet weather conditions, site access, operational and maintenance requirements and recovery following disruption events. This enables resilience considerations to be tested and incorporated into infrastructure solutions early in design development.

Our Sustainable Infrastructure Solutions team tests key design assumptions through planning and design reviews, including demand, capacity, design life, material selection, process limits, redundancy, standby capacity and operating constraints. For critical assets, this includes considering appropriate redundancy and resilience measures, such as standby equipment, bypass capability, isolation and safe access for operations and maintenance.

Reviews also test whether assets can achieve their required design life under expected operating conditions, considering product and material suitability, corrosion resistance, chemical compatibility, maintainability, supplier support and whole-of-life cost. Design workshops, stakeholder reviews and hold points are used to test requirements and incorporate operational experience and lessons learned before designs progress.

For example, flood risk is considered during infrastructure design where relevant to the asset and site. For pump stations, designs are reviewed against relevant flood planning and design levels, including the Q100 flood level and applicable climate-change allowances, to confirm that critical infrastructure is appropriately located and protected. This helps reduce the risk of service disruption and asset damage and supports safe operation and recovery following major rainfall and flooding events.

Emergency storage at sewage pumping station sites provides another practical layer of resilience and redundancy, giving the wastewater system additional holding capacity during pump failures, power outages or maintenance events. Together with standby equipment and bypass arrangements, these measures support service continuity and reduce the consequences of operational disruption.

2.10.2 Event preparedness and response

Alongside infrastructure planning and design, major weather events test Unitywater's operational preparedness and response capability. Tropical Cyclone Alfred affected SEQ and northern New South Wales through coastal erosion, damaging winds, power outages, heavy rainfall and flooding.[86] The event demonstrated the level of monitoring, preparedness, response team activation, interagency coordination, stakeholder communication and recovery planning that major weather systems can require, even where actual impacts differ from initial forecasts.

Major weather events also highlight operational dependencies that require planning for backup power, communications resilience, control-room contingency, site access and coordination with Seqwater, regulators and Local Disaster Management Groups.

Climate and extreme weather events can also create cascading impacts across critical infrastructure and service delivery networks. Disruptions to power, telecommunications, transport access, supply chains and workforce availability can affect operational capability and recovery efforts, even where our assets are not directly impacted. As a result, our resilience planning considers these interdependencies and how we can maintain and restore critical services during prolonged or complex disruption events.

These considerations also inform our drought and water security planning, operational preparedness and post-incident lessons management. They also inform operational workforce planning, as maintaining and restoring safe and reliable services during major events requires specialist operational, technical and digital capability.

2.10.3 Regzulatory, regional and sector context

The QCA has recognised the relevance of climate-related expenditure in regulated infrastructure settings. Its final position paper, *Approach to climate change related expenditure – September 2023*, states that climate change is leading to more adverse and unpredictable weather events, and that planning and investing in resilience can benefit customers by enabling essential services to continue, or recover more quickly, following significant events.[87] The QCA also recognises that prudent resilience expenditure may benefit customers by reducing service disruption, accelerating recovery and avoiding higher long-term costs. Adaptation expenditure may include targeted asset upgrades, additional maintenance and operational resilience measures.

Urban Utilities and Seqwater have similarly identified severe weather, drought, high temperatures, flooding, cyclones and longer-term shifts in rainfall and temperature as risks affecting water and wastewater operations, water quantity, quality and demand.[88]

86 Bureau of Meteorology, *Tropical Cyclone Alfred*, Australian Government, March 2025.

87 Queensland Competition Authority, *Final position paper: Approach to climate change related expenditure*, September 2023.

88 Seqwater, *Climate Change Expenditure –Submission to QCA discussion paper*, Queensland Competition Authority, 9 February 2023.

The regional context is also important. Our Participant Council coastal adaptation plans show that climate-related hazards are already being incorporated into infrastructure planning, asset management, emergency response, financial planning and long-term adaptation pathways across our service region.

City of Moreton Bay's *Living Coast Plan* identifies projected impacts from sea level rise, erosion and cyclones, and estimates coastal hazards are already costing the region around $42 million per year in damages, potentially rising to over $468 million by 2100 without adaptation.[89] These figures reflect estimated coastal hazard damages across the Moreton Bay region and provide context for the scale of climate risk in our operating environment, rather than representing direct cost exposure.

Noosa Shire Council's *Coastal Hazards Adaptation Plan* and Sunshine Coast Council's *Coastal Hazard Adaptation Strategy - Part A: Coastal Hazard Adaptation* identify similar long-term risks and adaptation actions linked to infrastructure planning, drainage improvements, asset management, emergency response and community resilience.[90] [91]

For Unitywater, these regional and sector pressures are reflected in the expenditure forecasts through our risk-based asset planning, renewals assessment, targeted resilience investment, maintenance activity, operational response capability and recovery planning. They also influence the design and selection of infrastructure through the resilience and whole-of-life considerations applied during our planning and design review processes.

Chapter 6 (Capital expenditure) explains how forecast investment includes asset resilience, renewals and compliance-related works, while **Chapter 7 (Operating expenditure)** explains how climate and resilience obligations contribute to the scale and complexity of activities required to maintain services.

2.10.4 Cost, planning and service implications

Sector-wide evidence also identifies practical cost pathways for water and wastewater utilities. The Bureau of Meteorology's *National Performance Report 2024–25: water and wastewater service providers* notes that increased rainfall can cause water to infiltrate wastewater systems, increasing pumping and treatment volumes, raising operating costs and increasing the risk of wastewater overflows during heavy rainfall. It also notes that severe wet weather and flooding can affect raw water quality and treatment decisions.[92]

Queensland-sector evidence points in the same direction, with qldwater's State Budget Submission identifying the increasing frequency and severity of extreme weather events as a growing test of urban water infrastructure resilience.[93] Sydney Water's *Price Proposal 2025–30* notes that weather extremes affected performance, forced changes to network operations and contributed to overdue and deferred maintenance.[94] These examples illustrate how weather extremes increase reactive costs, operational disruption, maintenance backlogs and asset renewal pressure.

Climate variability also affects the broader SEQ water supply chain. The Queensland Government's *Queensland's water plans in a variable and changing climate: Towards climate resilience and sustainable water management* report identifies key climate risks to water availability, including more frequent and prolonged dry periods, heavier and more intense rainfall, reduced river flows, lower dam levels, bushfire-related water quality risks and sea-level rise.[95]

For Unitywater, this broader context requires prudent planning within an interconnected water supply system. While bulk water security is managed by Seqwater, climate variability across the broader system can affect the operating context in which we deliver services to our customers. This includes planning for drought readiness, water security coordination, demand patterns, network operations and customer expectations during periods of more variable conditions.

Climate variability and extreme weather increase operating complexity and cost risk across our network and services – disrupting operations, damaging assets, accelerating deterioration and driving emergency response and recovery needs. Our response integrates infrastructure planning and design review, maintenance and renewals, emergency preparedness and workforce and financial planning, so that resilience and adaptation expenditure remains targeted, prudent and focused on service continuity and long-term customer value.

89 City of Moreton Bay, *Moreton Bay's Living Coast Plan*, May 2023.
90 Noosa Shire Council, *Noosa Coastal Hazards Adaptation Plan*, December 2021.
91 Sunshine Coast Council, *Coastal Hazard Adaptation Strategy – Part A: Coastal Hazard Adaptation*, May 2021.
92 Bureau of Meteorology, *National Performance Report 2024–25: water and wastewater service providers*, Australian Government, March 2026.
93 qldwater, *2026-27 Budget – Call for stakeholder submission*, February 2026.
94 Sydney Water, Price Proposal 2025–30 – *Securing Sydney's water future: Our customer-centred plan for reliable services and sustainable growth*, Independent Pricing and Regulatory Tribunal, November 2024.
95 Department of Local Government, Water and Volunteers, *Queensland's water plans in a variable and changing climate – Towards climate resilience and sustainable water management*, Queensland Government, December 2023.

2.11 Critical infrastructure and resilience obligations

Australia's national critical infrastructure regime and broader resilience expectations for essential service providers increasingly shape Unitywater's operating environment.

2.11.1 External regulatory drivers

The *Security of Critical Infrastructure Act 2018* (Cth)[96] (SOCI Act) is part of an evolving regulatory environment that affects how Unitywater plans, operates and invests.

Since its commencement, the SOCI Act framework has continued to evolve through legislative amendments and subordinate legislation, with further reforms proposed to strengthen the security and resilience of critical infrastructure. Recent reforms include amendments enacted through the *Security of Critical Infrastructure and Other Legislation Amendment (Enhanced Response and Prevention) Act 2024* (Cth) and the Enhanced Critical Infrastructure Risk Management Program (CIRMP) Rules, which were made in June 2026 following Australian Government consultation.[97] [98]

As an in-scope water and wastewater provider, we are a responsible entity for a critical water asset under the SOCI Act. This places additional regulatory obligations, oversight and reporting requirements over our operations, reflecting the essential nature of the water and wastewater services we provide to the community, economy and public wellbeing.

Under the Enhanced CIRMP Rules, we will be required to meet enhanced obligations related to specified additional material risk, cyber security and personnel access management requirements from June 2027, and meet the remaining enhanced requirements from June 2028.[99] [100] These amended obligations increase the emphasis on demonstrable cyber resilience, protection of business critical data, management of critical systems and supply chain risks, operational resilience, consequence management, and enhanced governance and assurance arrangements.

Under the SOCI Act, we are required to establish, maintain, monitor and annually report on the effectiveness of our CIRMP. These are mandatory legislative obligations, with discretion limited to implementing them in a prudent, efficient and proportionate manner.

The CIRMP framework is particularly relevant over the price monitoring period. The framework adopts an all-hazards approach to resilience and security, requiring material risks to be identified and managed across cyber and information security, personnel security, physical security, supply chain and natural hazards. For our business, this extends beyond traditional asset protection and emergency response to encompass operational technology and information systems, workforce access, supplier resilience, continuity of operations, incident response, wider physical security systems recovery capability and governance oversight across our business.

Consistent with regulatory guidance for the water and wastewater sector, SOCI obligations are not discrete compliance activities but require ongoing integration into operational, risk management, security and assurance practices across the organisation.[101] The sector-specific guidance recognises that water and wastewater providers face evolving risks across cyber and information security, physical security, personnel security, supply chains and natural hazards, requiring a coordinated and continually maturing approach to resilience and risk management.

Together, the SOCI Act and CIRMP framework impose ongoing obligations to maintain and continuously improve risk assessments, implement and monitor controls, undertake assurance activities, respond to evolving threats and provide Board-approved annual reporting.

These obligations require resilience, security and risk management activities to be integrated and embedded within business-as-usual operations rather than delivered through periodic compliance exercises.

Successive amendments to the SOCI framework between 2021 and 2026, together with further proposed reforms to streamline and modernise the SOCI Act, have progressively expanded the scope and depth of critical infrastructure security and resilience requirements.[102] [103]

96 *Security of Critical Infrastructure Act 2018* (Cth).
97 Australian Government, *Security of Critical Infrastructure (Critical infrastructure risk management program) Rules (LIN 23/006) 2023*, April 2025.
98 Department of Home Affairs, *Consultation on proposed amendments to Ministerial Directions Powers and the Exposure Draft of the enhancements to the Critical Infrastructure Risk Management Program Rules under the SOCI Act*, Australian Government, March 2026.
99 Department of Home Affairs, Critical Infrastructure Security Centre, 'Enhanced security requirements to protect Australia's critical infrastructure', Australian Government, 16 June 2026.
100 *Security of Critical Infrastructure (Critical infrastructure risk management program) Rules (LIN 23/006) 2023* (Cth), as amended by the *Security of Critical Infrastructure Legislation Amendment (Enhanced Critical Infrastructure Risk Management Program) Rules 2026* (Cth).
101 Cyber and Infrastructure Security Centre, *Risk Advisory for Critical Infrastructure: water and sewerage sector*, Australian Government, February 2026.
102 Department of Home Affairs, *Consultation Paper: Proposed amendments to the Ministerial Directions Powers in Part 3 of the Security of Critical Infrastructure Act 2018*, Australian Government, 2026.
103 Cyber and Infrastructure Security Centre, 'Consultation on proposed amendments to Ministerial Directions Powers and the Exposure Draft of the enhancements to the Critical Infrastructure Risk Management Program Rules under the SOCI Act', *Cyber and Infrastructure Security Centre website*, March 2026.

This evolving regulatory environment, together with Australia's broader critical infrastructure and cyber security uplift, increases the need for continuous improvement programs across the risk domains. It also drives sustained governance, compliance, operational effort and investment across risk management, cyber security, physical security, emergency management, business continuity, asset management, operational functions, and broader organisational resilience initiatives.

2.11.2 Implications for Unitywater's planning, operations and expenditure

For Unitywater, the expanding critical infrastructure and resilience obligations require prudent and efficient investment to assess organisational readiness and progressively uplift resilience capabilities across our people, processes and technology. This includes sustained investment across technology, infrastructure, workforce capability, operational readiness, cyber and operational resilience capabilities, incident and consequence management arrangements, third-party risk management, assurance activities, and governance and reporting arrangements required to meet evolving regulatory and operational expectations. It also includes enhanced physical security and site-access controls, together with additional personnel screening, access authorisation and ongoing assurance requirements. While we are still assessing how these enhanced obligations will be implemented across our business, meeting these more stringent requirements is expected to increase operating and capital costs throughout the price monitoring period.

Our response to these obligations is embedded within existing risk, resilience, asset management and operational frameworks, reflecting the expectation that critical infrastructure security and resilience requirements are integrated into day-to-day planning, operations, governance and assurance activities rather than managed as standalone compliance functions. Our Resilience Framework adopts an 'all-hazards' prevention, preparedness, response and recovery approach, supported by governance structures, operational plans, risk thresholds, training and exercising, incident review and assurance mechanisms designed to manage disruption risk and maintain continuity of essential services. The framework also integrates resilience considerations into long-term infrastructure planning, including disaster risk reduction and climate adaptation requirements.

Recent operational experience demonstrates the practical and evolving nature of these obligations. Our Cyclone Alfred post-incident review reinforced the importance of established response and coordination arrangements while also identifying further uplift opportunities across business continuity awareness, information management, communications processes, operational coordination interfaces and broader organisational resilience capability.

The regulatory environment also places increasing reliance on workforce capability. Safe and reliable delivery of essential water and wastewater services depends on specialised operational, technical, engineering and digital capability across field services, treatment operations, control room operations, mechanical and electrical roles, works planning and engineering functions.

As infrastructure systems become increasingly automated, interconnected and data-enabled, resilience depends not only on physical assets and technology platforms, but also on the workforce capability, training and operational readiness required to monitor, operate, respond to and recover from unplanned disruptions and emerging threats.

Collectively, these obligations are expected to drive sustained operating and capital expenditure requirements across the price monitoring period. The expenditure reflects legislated requirements imposed on in-scope entities and the need to maintain resilience and secure service delivery in an evolving threat environment.

CHAPTER 3

Our customers

Unitywater exists to support healthy and thriving communities by providing safe and reliable water and wastewater services across a region projected to grow faster than Australia overall.

We service more than 950,000 residents across the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas, along with more than 12 million visitors each year who rely on this infrastructure. Customers and communities sit at the centre of our purpose. Delivering value prudently and efficiently underpins how we plan, invest, and operate across a diverse customer base. This includes residential, commercial, trade waste and development customers, each with distinct expectations around service, communication and reliability, which are reflected in how we design and deliver our services.

Table 6 shows the diversity of our customer base is reflected in the scale, composition and expectations across primary customer segments.

Understanding our customers, communities and stakeholders informs our service delivery and long-term planning. Customer and stakeholder perspectives are used to shape priorities, understand impacts and support decisions that balance service outcomes, affordability and long-term sustainability. As a provider of essential services, maintaining trust and confidence depends on consistently delivering core services, alongside clear and transparent decision making.

We have not historically operated within a formal economic regulatory price monitoring framework, except for participating in price monitoring reviews, the last of which was the SEQ retail water review covering the period 2013–15. As a result, structured customer engagement specifically focused on pricing decisions and revenue proposals has not been a consistent feature of our approach. Consequently, engagement approaches typically associated with established regulatory regimes, including willingness-to-pay studies, deliberative pricing forums and bill acceptability testing, have not formed part of our engagement practices to date.

Table 6. Primary customer segments and key expectations

Customer segment	Number	Key expectations
Residential Households using water services in daily life	**341k**	• Reliable and uninterrupted water and wastewater services • Fast response and clear resolution when issues occur • Being informed early and consistently about faults and outages • Easy to deal with across channels with minimal effort • Confidence that services represent value for money over time
Commercial Businesses relying on services to operate	**28k**	• Reliable service that supports business continuity • Fast and predictable resolution of issues • Access to knowledgeable support for complex matters • Clear and timely communication on service or price changes
Trade waste Businesses with complex wastewater and compliance needs	**4k**	• Early and proactive communication to support planning • Clear requirements and expectations for compliance • Reliable infrastructure and consistent service delivery
Developers Organisations delivering new development and connections	**1.3k**	• Clear, consistent and accountable point of contact • Transparency of process, requirements and decisions • Predictable timeframes and fast turnarounds • Confidence that commitments will be delivered as agreed

For this submission, we have drawn on the most relevant available evidence to inform our understanding of customer preferences, expectations and affordability. This includes operational affordability indicators, customer satisfaction and perception tracking, focused research on service and investment priorities, and observed customer behaviours such as payment patterns and hardship program uptake. Taken together, these sources provide an evidence-based view of how customers experience our services and how financial pressures are being managed across the customer base.

While these inputs are not pricing-specific engagement of the type typically undertaken in other regulatory price determination regimes, they provide a fit-for-purpose evidence base for understanding customer outcomes, constraints, and priorities for the price monitoring period. They support a prudent and reasonable assessment of affordability and customer expectations without imposing unnecessary cost or burden on customers.

In addition to ongoing tracking, we undertook focused customer research in March 2026 to explore customer preferences and expectations in more depth, where decisions involved balancing service outcomes, future resilience and affordability. This included scenario-based testing to understand how customers consider proactive and reactive approaches across different types of investment and service decisions. Insights from this research are reflected throughout this chapter, alongside results from our established customer tracking programs.

We also recognise the importance of evolving its approach over time and are committed to strengthening pricing-related engagement as regulatory maturity increases.

This includes incorporating investment and affordability-related questions into existing customer research programs in future price monitoring periods, ensuring engagement remains proportionate, value-driven and aligned to decision needs.

This approach supports our 2030 Strategic Ambition and supporting strategies, including the Customer and Community Strategy, by ensuring service priorities, performance expectations and investment decisions are informed by customer and stakeholder perspectives.

The sections that follow build on this context by outlining our customer insight framework and summarising key insights that have informed service priorities and decision-making across the price monitoring period.

3.1 Customer engagement for insight

Unitywater uses customer engagement as a practical tool to gather insight that informs service delivery, planning, and investment decisions. Customer insight is embedded in how priorities are set, performance is assessed, risks are understood, and trade-offs are considered, supporting prudent and efficient decision making that reflects customer expectations and impacts.

This approach supports delivery of our 2030 Strategic Ambition and supporting strategies by ensuring decisions about service outcomes, affordability and customer experience are informed by evidence rather than assumption. Customer and stakeholder insights are used to understand expectations, monitor performance and inform decisions about where effort and investment deliver the greatest value for customers.

Our customer insight program is designed to be proportionate and fit-for-purpose, recognising that different decisions require different forms and levels of insight.

The program combines ongoing, structured monitoring with more detailed, fit-for-purpose engagement where deeper understanding is required. This ensures insight is gathered in a way that is timely, relevant and aligned to the scale and nature of decisions being made, while remaining focused on value for customers and responsible use of resources.

To complement customer insight and ensure broader considerations are incorporated, we maintain structured engagement with a range of stakeholders. Stakeholder engagement supports alignment on service expectations, governance obligations and long-term sustainability, particularly where decisions have broader community or regional implications. We consider customer and stakeholder perspectives together to inform planning and investment decisions across the price monitoring period.

3.1.1 Customer insight framework

Unitywater applies a structured customer insight framework to ensure that customer perspectives are systematically considered where they materially inform service priorities, performance measures and investment decisions. The framework is designed to provide a clear and consistent understanding of customer expectations while allowing us to explore issues in greater depth where decisions are more complex or carry greater customer impact.

Figure 11 illustrates the framework's four pillars. Two core research pillars include the Residential Customer Perceptions Survey and the Customer Ease Survey Program.

Two supplementary research pillars include focused and deep dive customer research, and participation in external industry

customer research, including WSAA customer research programs. Together, these four pillars provide a balanced evidence base, combining stability over time with depth where decisions involve greater customer impact, cost or risk.

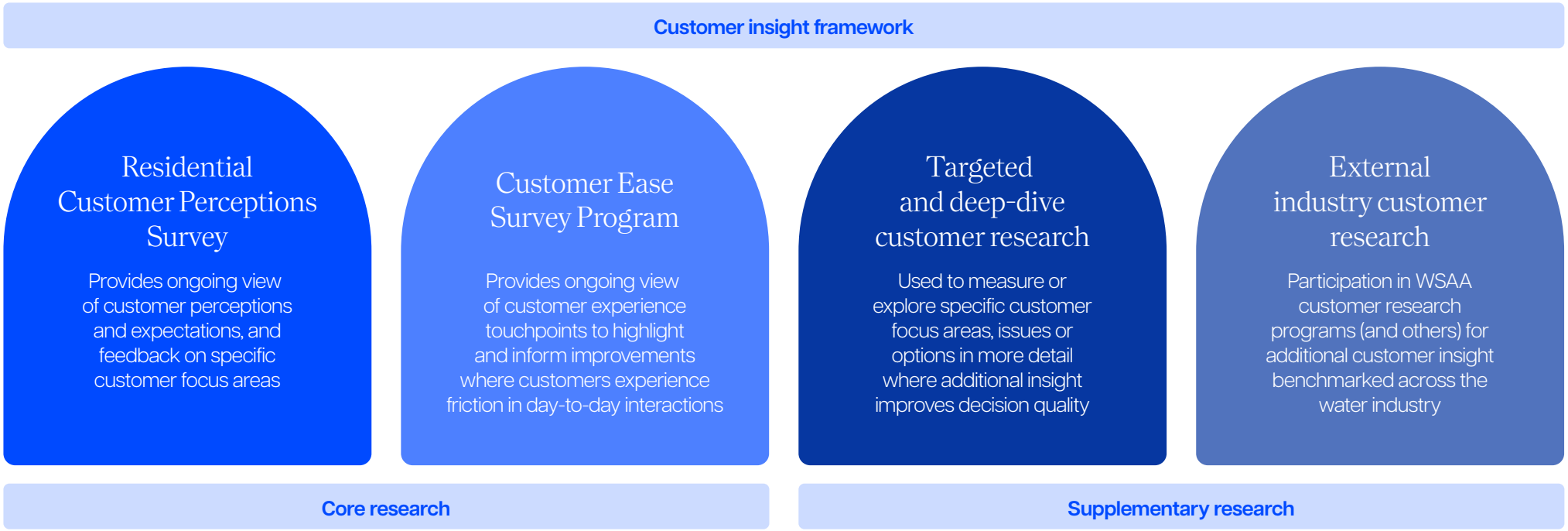
Each pillar serves a distinct purpose within the framework. The Residential Customer Perceptions Survey provides a stable, ongoing view of overall customer perceptions and expectations, supporting understanding of customer confidence, trust and priorities over time, as well as feedback on specific focus areas.

Customer Ease surveys capture interaction level feedback at key service touchpoints, providing an ongoing view of customer experience and highlighting where customers experience friction or effort in day-to-day services.

Targeted and deep dive customer research is used where a more detailed customer perspective is required, allowing us to explore specific issues, options or trade-offs in depth, test assumptions and understand potential customer impacts for more complex or higher impact decisions. Participation in external industry research, including WSAA customer research programs, provides a cost effective source of supplementary evidence benchmarked across the water industry. This external benchmarking reinforces our customer evidence by testing it against broader industry patterns and highlighting areas of relative strength or difference.

In practice, this framework allows us to draw on the form of customer insight most suited to the decision being considered, rather than relying on a single engagement approach for all purposes. By combining stable, ongoing monitoring with depth where customer impacts, cost or risk are higher, the framework supports disciplined and proportionate use of customer insight. This ensures customer perspectives are applied deliberately to inform service priorities, performance assessment and investment decisions, while remaining focused on value for customers and responsible use of resources.

Figure 11. Unitywater's customer insight framework



3.1.2 Residential customer perceptions survey

The Residential Customer Perceptions Survey is Unitywater's primary source of consistent, structured insights from residential customers. It provides an ongoing view of how residential customers perceive us as a service provider, beyond individual transactions or specific service events, helping us track customer expectations, perceptions and confidence over time.

Through the survey, we gain insight into the factors that shape customer perceptions and their overall assessment of our business. This provides a view of how customers experience us overall, rather than at a single interaction-level.

The Perceptions Survey covers a consistent set of focus areas, including:

- customer trust and confidence in us
- perceived value for money
- awareness of us as their service provider
- ease of dealing with us
- performance across core service areas including service and maintenance, customer service and information, image and reputation, and price and billing
- drivers that most influence customer perceptions
- broader views of our role and performance as a water service provider.

The Perceptions Survey is particularly valuable in identifying broader patterns and emerging shifts in residential customer sentiment. By tracking perceptions over time, we can distinguish short-term responses to specific events from sustained changes in expectations or confidence.

The role of the Perceptions Survey within the customer insight framework is to provide context for decision making. It helps identify where customer confidence is strong or stable, where clarity or reassurance may be needed, and where deeper investigation through other engagement methods may add value.

3.1.3 Customer ease survey program

The Customer Ease Survey Program provides insight into how customers experience specific interactions with Unitywater. It focuses on the level of effort required by customers when resolving issues, accessing services, or seeking information across key service channels.

These surveys capture immediate, interaction-level feedback and highlight where customers experience friction, confusion or unnecessary effort. This helps us understand how customers experience our processes and service pathways.

Customer Ease insights are used to support ongoing service improvement. They help identify recurring pain points, inform prioritisation of process improvements, and evaluate outcomes by tracking whether changes made are improving the customer experience over time. Insights also highlight areas of strong performance, helping ensure improvement efforts are focused where they deliver the greatest benefit.

Within the customer insight framework, Customer Ease surveys complement the core Perceptions Survey by linking broader perceptions to customers' actual interactions with us. Together, insights from these core programs provide a clearer picture of both how customers feel about us overall and how easily they are able to deal with us.

3.1.4 Targeted and deep-dive customer research

Targeted and deep-dive customer research is used to provide specific, detailed and responsive customer insight to materially improve decision making. This research is customised, scoped and applied selectively, focusing on specific customer segments and issues, options, or prioritisations where customer impacts are more complex or where additional understanding reduces risk.

Deep-dive research allows Unitywater to explore customer views in greater depth than is possible through core tracking or interaction-level insight. It is typically used to test assumptions, understand perspectives on specific issues, measure performance of programs and services, understand customer priorities in more detail, and assess potential impacts of proposed changes or approaches.

This type of engagement is time-bound and purpose-driven, with customised methodology to meet needs. It is designed around the decision being considered, ensuring that insight is relevant, timely, and directly applicable. This helps avoid unnecessary engagement while still ensuring customer perspectives are well understood where it matters most.

Within the customer insight framework, deep-dive customer research complements the core Perceptions Survey and Customer Ease surveys. It provides a stronger, more tailored evidence base for decisions that may have broader or longer-term implications for customers, supporting our focus on prudent and efficient management.

3.1.5 External industry customer research

Unitywater draws on external industry customer research to supplement our own customer research programs. We participate as a contributing sponsor in relevant research programs and maintains industry stakeholder relationships to share and access broader perspectives and insights.

Our main source is WSAA customer research programs, including the biennial WSAA Customer Perceptions Survey. This research provides a national view of utility perceptions and water industry

attitudes across a range of areas such as water security, with access to utility-specific findings. An additional benefit of participation is the ability to benchmark customer findings across the water industry. We also participate in WSAA benchmarking activities to understand our relative performance in areas of price, cost and service delivery.

We draw on insights through industry stakeholder relationships including Healthy Land and Water and Seqwater. These inputs provide additional context and reinforce our own research findings.

Within the customer insight framework, external industry customer research complements our research programs by expanding the scope of evidence available and reinforcing existing findings. Where we participate in industry research on a subscription basis, this serves as a cost-effective way to obtain valuable supplementary evidence.

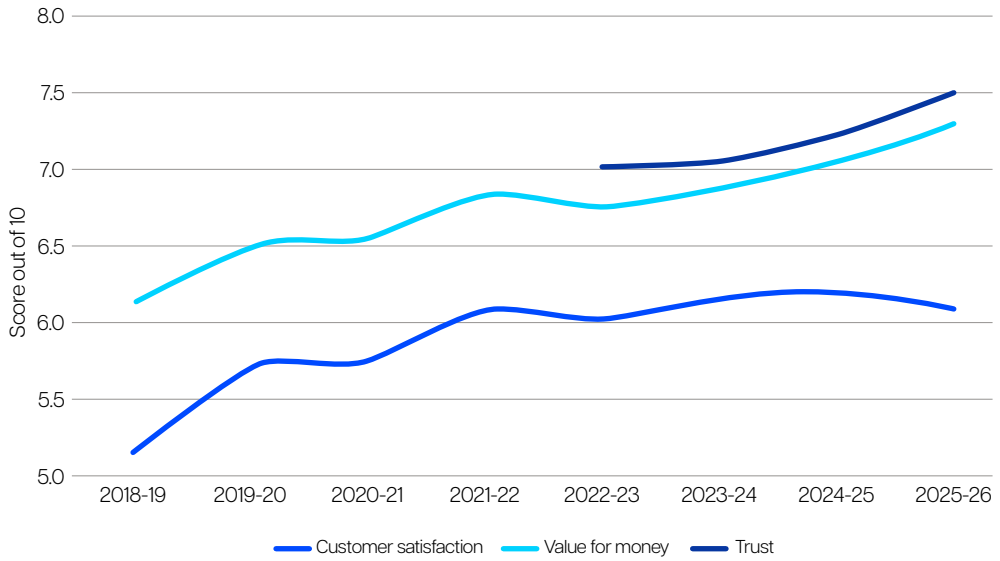
3.2 Key customer insight themes and decision outcomes

Unitywater's customer insights consistently show that reliable delivery of core water and wastewater services is the foundation of customer confidence. Through ongoing monitoring and focused research, we have heard clearly that customers place the greatest value on service reliability, responsiveness, and the maintenance of essential infrastructure now and into the future. As these priorities have been reflected in planning and investment, customer trust has increased over time.

Key customer metrics provide important context for how customers perceive us overall. They reflect customers' experience of service delivery, perceptions of value for money, and levels of trust in us as a service provider. Tracking these perceptions over time helps us identify areas of stability, improvement and emerging change.

Figure 12 illustrates high-level results achieved for our key customer metrics over time, as measured through the core Residential Customer Perceptions Survey. Customer trust, satisfaction and perceptions of value for money have generally improved over time, indicating that our service-level and investment decisions are effective in meeting customer expectations.

Figure 12. Unitywater's key customer metrics (time series)



Customer trust

Trust has been measured as a core metric since 2023 to evaluate and monitor confidence in us to do what is right. Its inclusion was designed to evolve customer perception measurement with a leading, emotional signal for organisational health and reputation, as well as more traditional metrics. Results show that customer trust in us has remained strong and improved over time, with trust ratings consistently averaging above 7 out of 10. In addition to this core trust measure, trust is also measured where appropriate in supplementary research to provide additional context to assess specific implications on trust in us.

Customer satisfaction

Customer satisfaction has been measured since our establishment to evaluate overall service performance. Results show that customer satisfaction has improved consistently over time, with ratings averaging around 7 out of 10 in recent years and increasing to above 7 out of 10 since 2025.

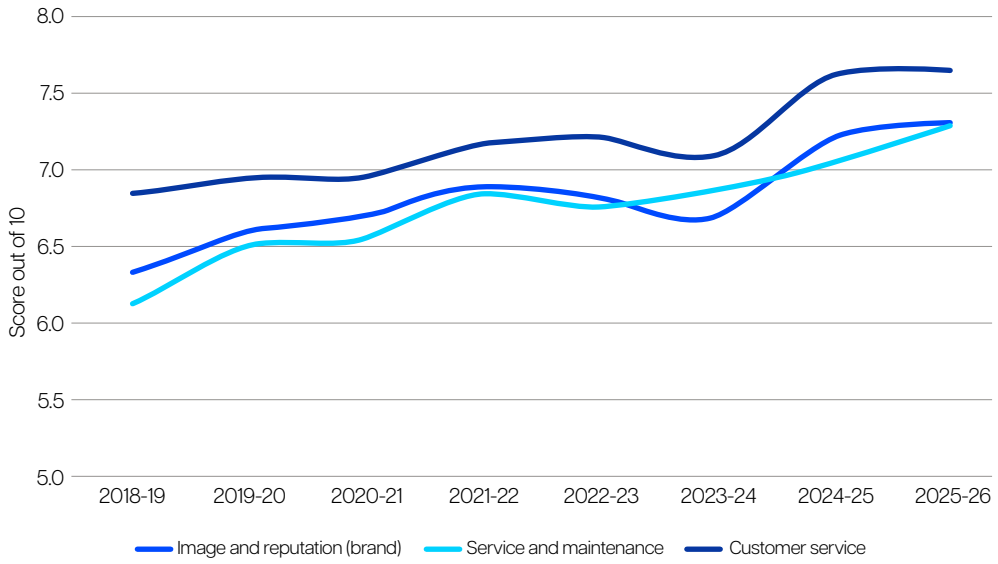
Value for money

Value for money has also been measured since our establishment to evaluate customer perceptions in terms of service value being worth what customers pay. Figure 12 illustrates that value for money perceptions have improved over time and remained stable in recent years, with ratings averaging above 6 out of 10 since 2022.

The relative stability of value for money perceptions in recent years indicates that customers have continued to view our service as providing reasonable value despite broader cost-of-living pressures and increasing household affordability challenges.

Service perception results provide further insight into how customers assess our performance across key areas such as service and maintenance, customer service, and reputation. These insights help highlight what customers value most in essential service delivery and where focus and improvement efforts deliver the greatest benefit, and Figure 13 illustrates our service perception results which also exhibit the continuous improvement made by the business over the past six to seven years.

Figure 13. Unitywater's service area perceptions (time series)



Insight also shows that trust increases when customers understand why we invest in our network and initiatives, and how those investments support safe services today and resilience for the future. The key themes that follow draw directly on this evidence and show how customer feedback has informed priorities and decision making.

3.2.1 Keeping core service outcomes front and centre

Customer insights consistently show that reliable delivery of core water and wastewater services is the foundation of customer confidence in Unitywater. Customers expect current service levels and reliability to be maintained over time, and view this as the baseline from which all other decisions are assessed. This expectation does not reflect resistance to change or broader investment. Rather, it reflects a clear customer priority that essential services must be maintained as a core foundation, alongside continued investment in future resilience and service outcomes.

Across ongoing tracking and focused research, customers consistently prioritise service reliability, fast response when issues occur, and the maintenance of essential infrastructure as core expectations of an essential service provider. These expectations reflect the critical nature of water and wastewater services, and the importance customers place on the continuity, safety and dependability of the services they use every day.

At the same time, customers recognise the need for continued investment in initiatives that support long-term sustainability, resilience and improved customer outcomes, provided current service levels are maintained.

> Unitywater plays a critical role in providing essential services, and investing in initiatives that deliver broader community benefits ensures **long-term sustainability, environmental protection, and improved customer experiences**. These innovations help reduce costs, enhance service reliability, and support community well-being, making it **vital for Unitywater to continue prioritising them**.
>
> *Moreton Bay residential customer*

Figure 14 illustrates that our targeted 2026 research found that customers attach high importance to our continued investment in activities that protect service reliability, support long term resilience and manage future risks, while maintaining existing service levels. When framed in this way, customer ratings for the importance of continued investment averaged 8.7 out of 10, with 87% of respondents rating this as important overall. Comparable results from the December 2025 Customer Perceptions Survey show a similar pattern, with an average rating of 8.4 out of 10 and 83% of respondents indicating that continued, well prioritised investment is important where it supports reliable services today and prepares for future needs.

Figure 15 shows when customers were asked to consider specific areas of investment in more detail, support was consistently strongest for initiatives most closely linked to maintaining service reliability, managing growth impacts and building resilience over time. This included strong support for maintaining infrastructure to minimise service interruptions, maintaining response times during unexpected service issues, enhancing waterway health, and supporting customers when times are tough. There was also strong support for sustainability and infrastructure planning initiatives that respond to population growth and future challenges. Across research sources, all these areas recorded mean support scores above 8.2 out of 10.

Figure 14. Importance of Unitywater's continued investment in initiatives (percentage customer ratings on importance out of 10)

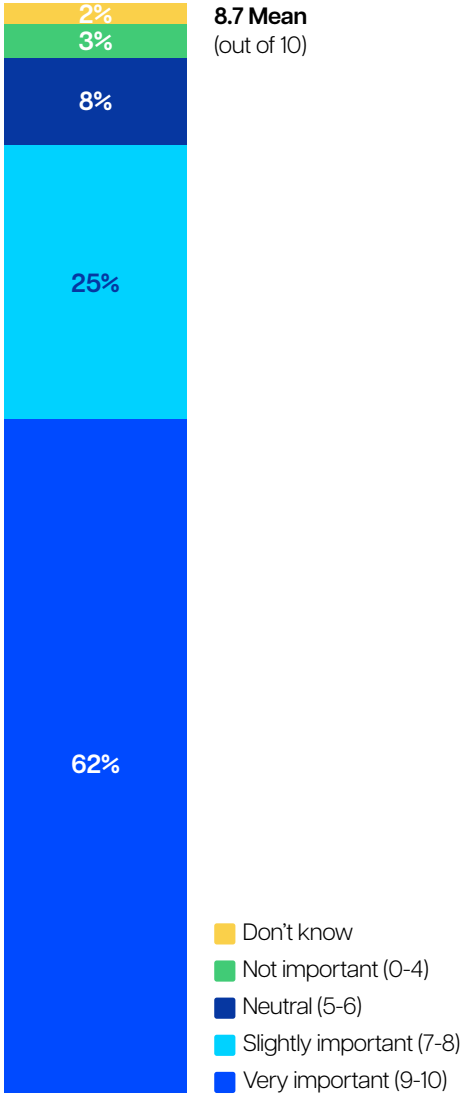
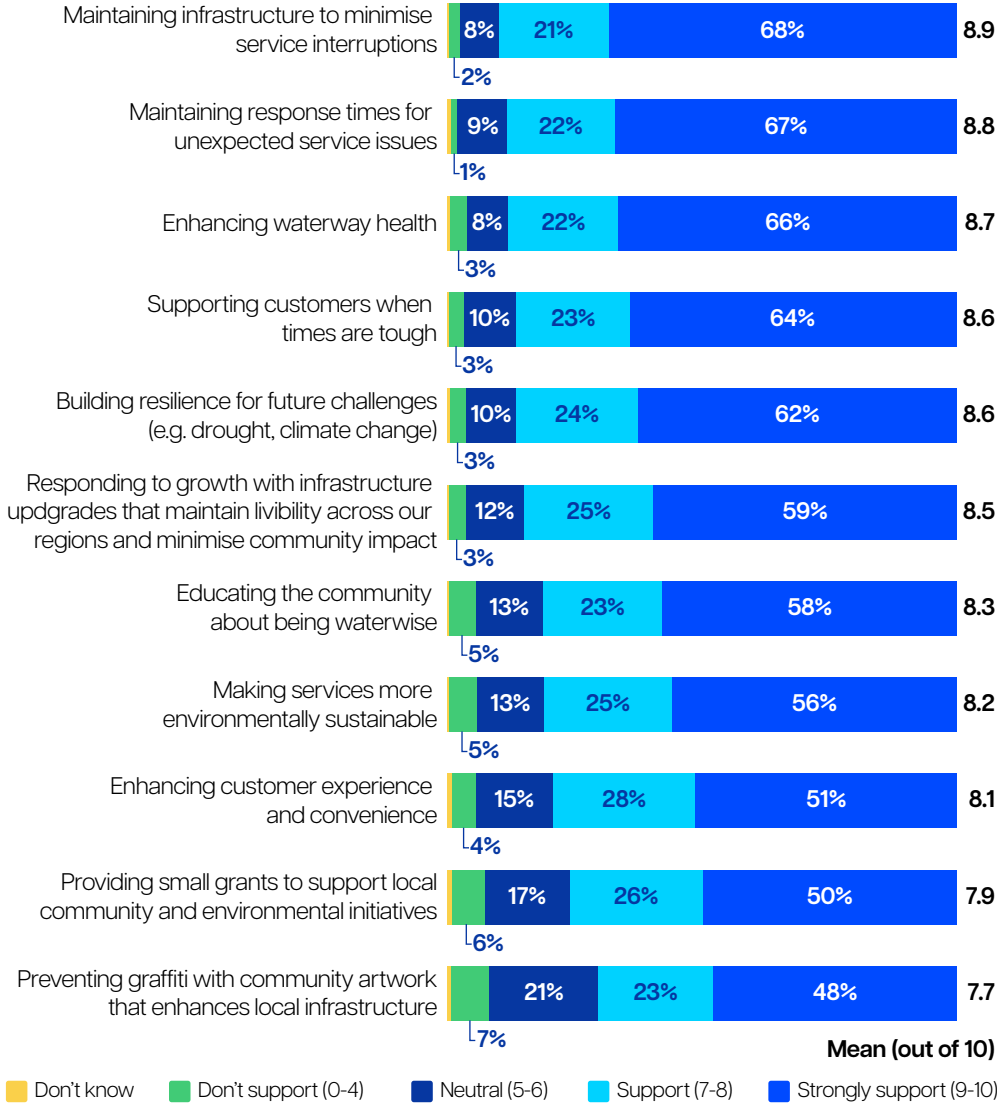


Figure 15. Support for Unitywater's initiative areas (percentage customer ratings of support out of 10, in order of mean support level ratings)



Importantly, this pattern reflects how customers consider different types of investment, rather than limiting support to a narrow set of initiatives. Customers generally support maintaining core service delivery alongside longer-term outcomes, with higher support where the connection between investment and service reliability or resilience is clear.

Some initiatives that are less directly connected to core service delivery were rated as lower priorities in comparison to reliability-focused investment.

This does not indicate opposition to these activities. Rather, it reflects a customer expectation that decisions about the timing and scale are made carefully and clearly linked to customer value and outcomes.

Taken together, these insights establish a clear and consistent decision lens for how customers consider investment decisions. Customers expect us to maintain water and wastewater services while continuing to invest in service reliability, future resilience and affordability. This lens guides how priorities are considered, without requiring customers to endorse individual expenditure decisions.

These results reinforce that customers expect us to maintain and protect essential water and wastewater services, while continuing to invest early where this reduces future risks and disruptions and supports long-term service reliability and community outcomes.

Customer feedback also reinforces that confidence in our business is closely linked to the condition and performance of essential infrastructure. Targeted research undertaken in March 2026 shows strong customer confidence in outcomes most directly associated with asset stewardship and service reliability, including:

- satisfaction with the supply of water and wastewater services, rated 8.2 out of 10
- perceptions that we have well-maintained infrastructure, rated 7.6 out of 10
- confidence that we invest adequately in maintenance, rated 7.2 out of 10
- satisfaction with the quality of wastewater services, rated 8.0 out of 10.

These results are not presented as performance benchmarks in themselves. Rather, they provide insight into what customers value most from an essential service provider and where expectations are highest. They reinforce that customers place greatest importance on reliable service delivery, proactive maintenance and long-term asset condition, rather than on individual initiatives considered in isolation.

In practice, this reinforces a clear basis for decision making. Customers expect essential water and wastewater services to be maintained and protected, with investment decisions reflecting a balance across service reliability, future resilience and affordability. This guides how priorities are assessed and trade-offs are considered, without requiring customers to endorse individual proposals. Decisions are expected to be transparent, well considered and aligned to what customers value most, with initiatives delivered in a way that maintains service outcomes while supporting long-term community value.

3.2.2 Trust increases when investment priorities are clear

Customer insight shows that trust in Unitywater is closely linked to confidence that the organisation is focused on the right priorities and makes sound decisions. Trust is strongest where customers can see a clear connection between investment priorities and the delivery of safe, reliable services today, while also preparing for future challenges.

> Engaging with people, educating and being community spirited builds trust and respect with your brand.
>
> *Moreton Bay residential customer*

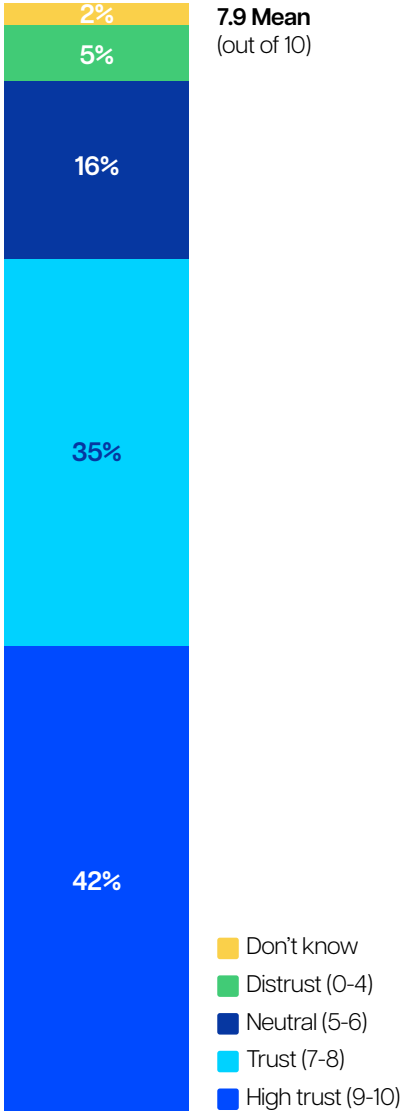
Ongoing results from the Customer Perceptions Survey show that customer trust in us has remained strong and has increased over time, with ratings consistently above 7 out of 10. This provides important context for how customers respond when they are presented with information about our priorities and the rationale behind decisions.

Focused research undertaken as part of the Initiatives Engagement Survey provides further insight into what drives this trust. When customers were presented with information explaining our investment priorities and the rationale for different initiatives, trust levels increased materially. Following exposure to investment scenarios and supporting explanations, 78% of respondents reported high levels of trust (ratings 7 or greater), with an average trust score of 7.9 out of 10. This included 42% of customers expressing very high trust (ratings 9 or 10).

Figure 16 demonstrates trust in our business after exposure to investment scenarios (percentage customer ratings of trust out of 10).

These results indicate that trust is strongly influenced by clear explanations of investment priorities. Customers respond positively when they understand the purpose of investment decisions, the considerations involved, and how those decisions align with core service outcomes and longer-term community value.

Figure 16. Trust in Unitywater after exposure to investment scenarios (percentage customer ratings of trust out of 10)



The research also shows a strong relationship between customer trust and perceptions of value for money. Customers with higher levels of trust are more likely to view our investment priorities as appropriate and to have confidence that resources are being allocated prudently. This reinforces that trust develops over time through consistent confidence in decision quality and transparency, rather than views on individual projects alone.

Customer feedback does not indicate an expectation of direct involvement in approving individual capital or operating expenditure proposals. Rather, customers place trust in us to make informed decisions on their behalf, provided there is clarity around priorities and a clear focus on maintaining core service outcomes. Where decisions are clearly explained and aligned to service reliability and long-term resilience, trust is maintained and strengthened.

3.2.3 Customers support proactive investment when trade-offs are clear

Customer research indicates that customers broadly support proactive investment when it is clearly linked to maintaining core service outcomes and balanced with affordability and careful prioritisation. Rather than favouring reactive responses after failures occur, customers consistently express a preference for early, measured investment that reduces future disruptions and long-term risks.

> It is very important because these initiatives help **reduce costs, protect the environment, and improve the quality of services for the community**. Investing now will also create more **sustainable** and **efficient** services for the future.
>
> *Moreton Bay residential customer*

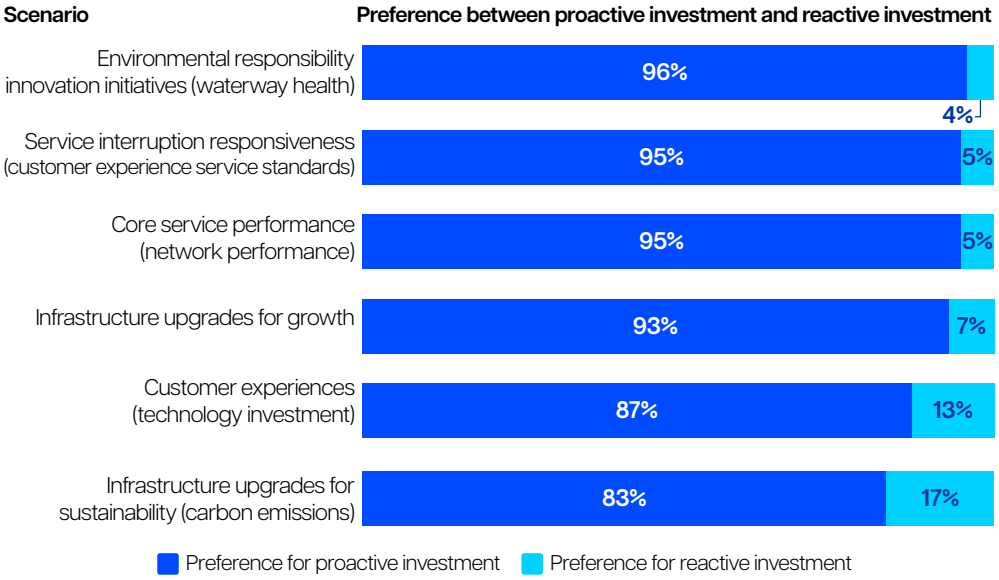
Scenario testing undertaken as part of the Initiatives Engagement Survey 2026 shows a strong and consistent preference for proactive approaches across all tested areas of investment. In relation to core network performance, 95% of customers preferred proactively investing in maintenance and renewal to minimise future service interruptions, rather than allowing issues to be addressed reactively once failures occur. Similar preferences were observed for infrastructure upgrades to support growth and sustainability, with between 93% and 96% of customers favouring proactive investment across these scenarios.

Customers also expressed strong support for proactive responses to service disruptions, particularly where this involved clear service standards and faster restoration times. When presented with scenarios that compared ongoing investment in service performance against deferring investment and accepting lower service standards, 95% of customers preferred maintaining or improving standards. This reflects a strong preference for addressing risks early and minimising disruption, rather than responding reactively after service issues occur.

Figure 17 illustrates how customers think about investment choices. Scenario testing was used to understand preferences between more proactive approaches that address risks early and more reactive approaches that defer action until issues arise. The scenarios were designed to reflect different types of decisions we regularly face across core service performance, growth, sustainability, environmental outcomes and customer experience, rather than to test support for specific projects or spending levels.

Importantly, this support is not unconditional. The research indicates that customers expect us to balance proactive investment with affordability considerations and to apply judgement when making investment decisions, particularly where these decisions extend beyond core service performance or resilience outcomes. While customers strongly favour early intervention to reduce future risks, they also expect us to avoid unnecessary expenditure and to prioritise initiatives according to their contribution to core service delivery and resilience.

Figure 17. Percentage preferences for proactive or reactive Unitywater investment in initiatives



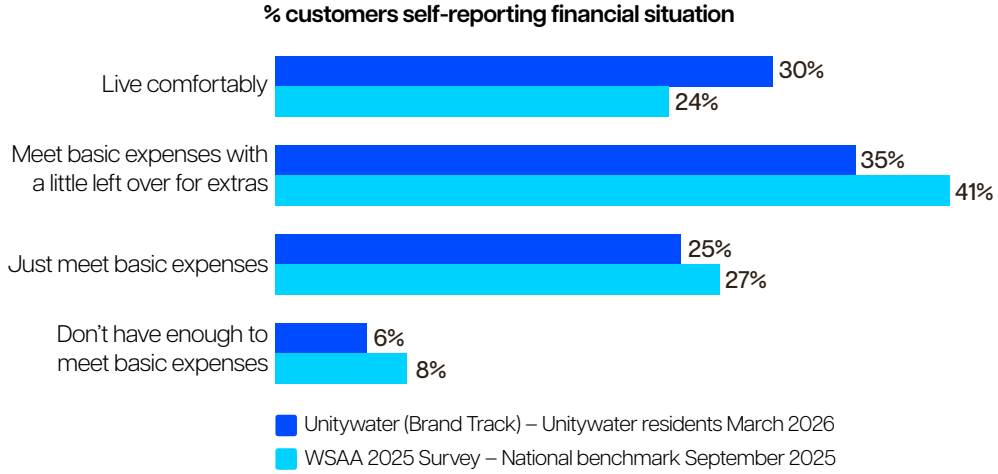
These findings also show that support for proactive investment is closely linked to how clearly decisions are explained. When customers are provided with clear explanations of what proactive investment is intended to achieve, how it reduces future impacts, and how it fits within a disciplined funding approach, support remains strong. Conversely, where the purpose or benefit of investment is unclear, customer acceptance is lower, particularly when costs are framed in isolation.

For us, this reinforces an approach that emphasises proactive maintenance, renewal and resilience-building investment, supported by clear communication of how decisions reduce risk and maintain service outcomes over time. It also reinforces that decisions should prioritise prevention, long-term service outcomes and risk reduction over short-term cost minimisation alone.

3.2.4 Affordability considerations

Broader cost-of-living pressures continue to place financial strain on many households. External economic indicators, together with customer research and operational affordability measures, provide important context for understanding how Unitywater's customers are managing water and wastewater bills, and how affordability considerations are reflected in customer behaviour across the price monitoring period.

Figure 18. Customer perceptions of financial situation (Unitywater and WSAA benchmarks)



Customer perceptions of financial pressure

Customer research indicates that perceptions of financial pressure are not uniform across our customer base. A smaller cohort of customers identifies as experiencing financial stress, and this group is more sensitive to potential cost impacts, including lower willingness to support additional expenditure or bill increases. In contrast, customers who do not identify as struggling financially tend to report higher trust in us, stronger value-for-money perceptions and greater acceptance of our activities.

These insights highlight that while cost-of-living pressures are real for some customers, they are not experienced evenly across the customer base. This variation in customer circumstances reinforces the importance of understanding distributional impacts, applying judgement in decision-making, and ensuring that affordability support is focused on those customers who need it most.

Self-reported financial circumstances are measured regularly through the Residential Customer Perceptions Survey and can be benchmarked against the equivalent measure in the WSAA Customer Perceptions Survey. Figure 18 illustrates customers in our service region are generally less likely to report significant financial stress compared to the national benchmark, providing additional context for how affordability pressures are experienced.

The results show clear variation in how customers perceive their financial situation. In our service region, around 65% of customers report living comfortably or meeting basic expenses with some capacity for extras, while approximately 25% report just meeting basic expenses. A smaller proportion, around 6%, indicate that they do not have enough to meet basic expenses. When compared with the WSAA national benchmark, our customers are less likely to report being under significant financial stress, providing additional context for how affordability pressures are experienced across the service area.

Observed affordability outcomes

Objective operational indicators over recent years show that most customers continue to manage their bills successfully. These outcomes sit alongside deliberate measures introduced by our business to support customers experiencing payment difficulty, particularly during periods of heightened cost-of-living pressure.

Figure 19 illustrates that the proportion of bills paid on time remains high at 86.5% and has been broadly stable over time. Payment performance was higher during the COVID-19 period, reflecting temporary customer support measures put in place to assist customers through that period. These included 60-day due dates instead of 30 days, which temporarily increased the on-time payment measure. Although due dates reverted to 30 days, the proportion of bills paid on time has remained well above pre-COVID-19 levels, indicating strong affordability outcomes.

Figure 20 shows that our customers registered in hardship programs represent a very small proportion of the total customer base, declining from around 1% in 2018 to 0.3% currently, indicating that affordability pressures are concentrated within a small cohort rather than becoming more widespread. Our recovery approach is based on engagement, with staff proactively contacting customers who fall into debt to understand their circumstances, listen to what is driving payment difficulty, and work with customers to agree appropriate support.

Figure 21 shows that aged debt currently represents approximately 0.65% of revenue, down from around 0.84% in 2018, and remains well below indicative national averages for water utilities outside Victoria (around 2% of revenue) based on WSAA benchmarking. This demonstrates that broader cost-of-living pressures have not translated into systemic affordability concerns among our customers.

Together, these behavioural outcomes provide strong evidence that, at a system-level, our customers are continuing to meet their payment obligations, with resilience improving over time.

Figure 19. Percentage of customer bills paid on time

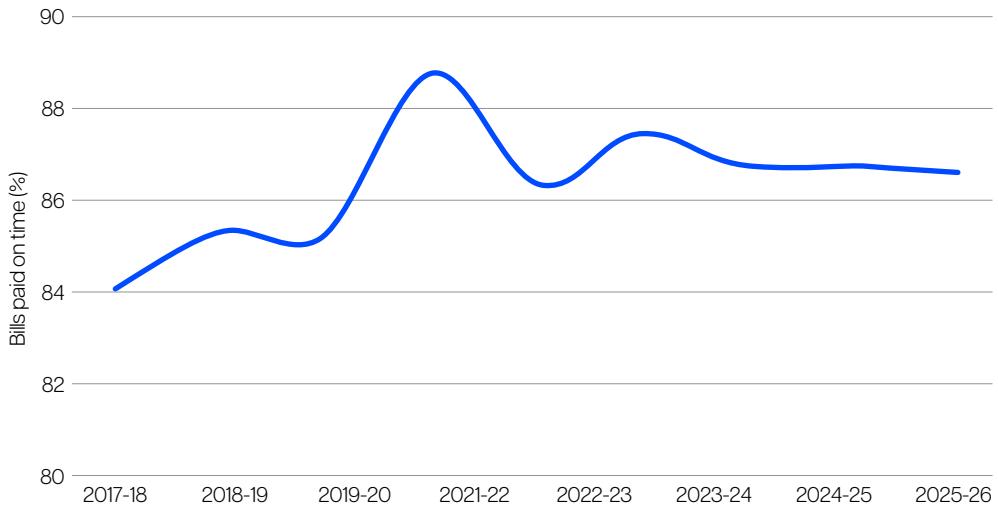


Figure 20. Percentage of customers in hardship program

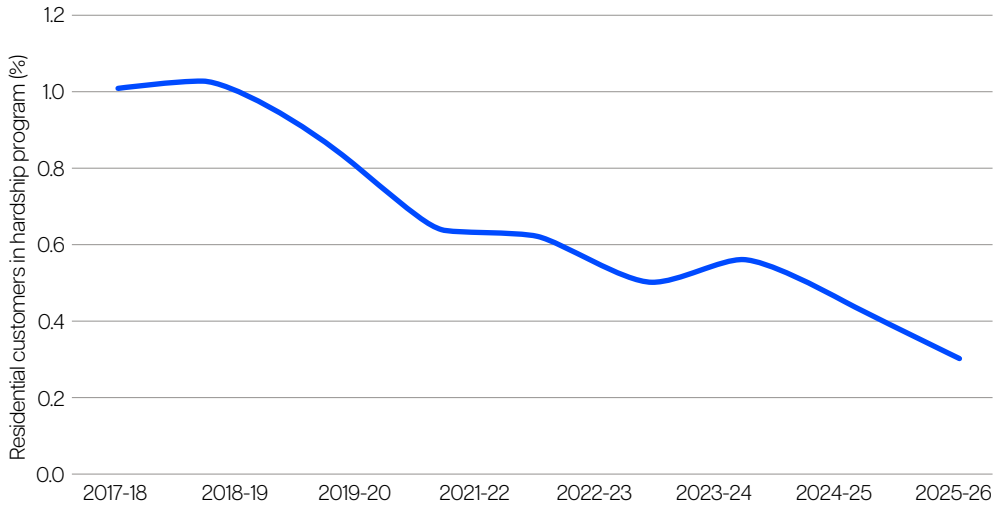
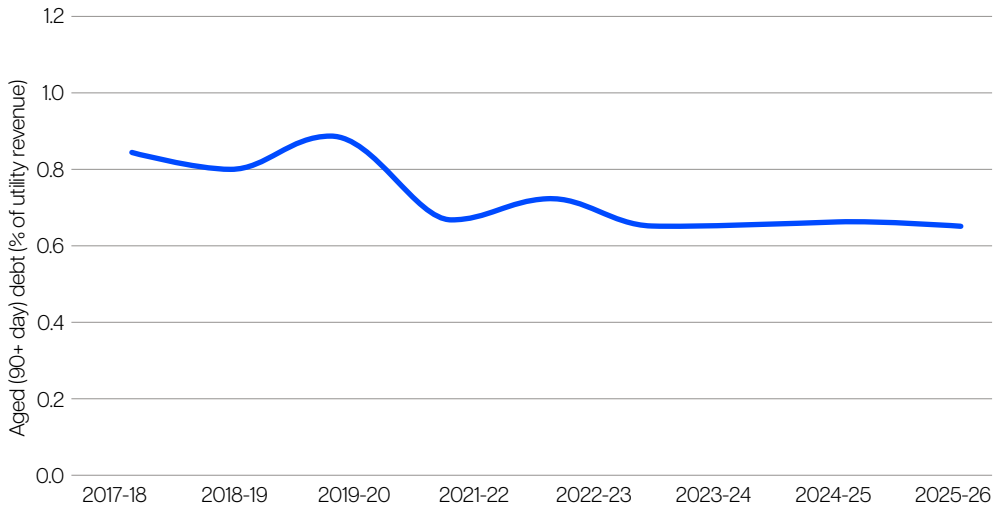


Figure 21. Aged debt as a percentage of revenue



Early engagement and targeted support

For customers experiencing payment difficulty, our approach focuses on early identification, proactive engagement, and targeted assistance rather than reactive enforcement. This includes:

- short-term payment extensions and flexible arrangements to address temporary cash-flow pressures
- longer-term, interest-free payment plans for customers experiencing sustained hardship
- trained staff who recognise vulnerability and engage with empathy, including referrals to external support services where appropriate.

While most customers do not require assistance, customer insight indicates that the availability of these support mechanisms is valued across the customer base and is seen as an appropriate feature of an essential service provider. This support extends beyond personal need, reflecting broader customer expectations that we should support customers experiencing hardship in a fair, proportionate and focused way.

Over time, a greater proportion of aged debt has been managed internally through active payment arrangements, reflecting increased early engagement rather than deteriorating affordability outcomes. This approach supports customers to remain connected and stabilise their accounts, while keeping overall debt levels low and recoverable.

Customer context and external factors

Our water and wastewater customers are property owners, as charges are billed directly to owners and not tenants. While ownership can be associated with a certain level of financial means, we acknowledge that this does not necessarily shield customers from affordability challenges, shifts in personal circumstances, or vulnerability.

To ensure that hardship is visible and not overlooked, we actively monitor payment behaviours, engage early with customers who may be experiencing difficulties, and provide targeted support. This proactive approach helps identify and assist those who may be under financial strain, even if they have not formally registered in hardship programs. For some customers receiving state government pension concessions, the concession amount has remained fixed at $30 per quarter for several years.[104] In the context of rising living costs, this increases the importance of complementary support mechanisms provided by us to ensure affordability pressures are addressed where they arise.

Our approach is also consistent with a principle highlighted in the Productivity Commission's June 2026 Interim Update: affordability is fundamentally a social equity objective and is better addressed through targeted concessions, hardship support and other customer assistance than through broad suppression of average water prices. Generalised price restraint can obscure the trade-offs between current bills, prudent investment and future service outcomes.[105] Our customer evidence and operational indicators support a targeted approach, with assistance directed to customers experiencing payment difficulty while maintaining the revenue required to deliver safe, reliable and sustainable services.

Implications for decision making

Taken together, customer perceptions, payment behaviour and observed affordability outcomes indicate that affordability pressure exists for a smaller subset of customers, rather than across the whole customer base. This insight informs how we approach decisions across the price monitoring period, particularly in making investment decisions that maintain core service outcomes while considering affordability.

Importantly, we have an established track record of implementing measures that support customers experiencing affordability pressure. This includes early identification and engagement, flexible payment options, targeted hardship assistance and proactive support before debt escalates. These measures have been applied consistently over time and are

104 Queensland Government, *Water subsidy*, Queensland Government, 14 June 2017.

105 Productivity Commission, *National Water Reform 2026: Water services reform directions – Interim update*, Australian Government, June 2026.

reflected in observed payment behaviour and hardship outcomes, reinforcing a targeted approach that supports customers who need assistance while avoiding unnecessary cost impacts for the broader customer base.

In practice, this means that customer affordability insights are applied as a consideration in decision making, rather than driving broad changes to service delivery. Specifically, they:

- reinforce the importance of maintaining essential water and wastewater services as a core expectation
- support considered decision making when progressing initiatives where customer benefits are less direct
- inform a targeted approach to affordability, focusing engagement and assistance on customers who need it most rather than applying uniform measures across the entire customer base.

Through this approach, affordability considerations inform decision making, ensuring decisions remain proportionate and sensitive to customer circumstances while protecting core service outcomes.

3.2.5 Digital and customer experience enablement

Customer research indicates that customers value the ability to manage routine interactions with Unitywater in ways that are convenient and efficient, at a time and through a channel that suits them, while retaining access to human support when required. Digital channels therefore play an enabling role in reducing customer effort and improving accessibility, rather than representing an outcome in their own right.

Customer insights show that digital solutions are most valued where they support core service outcomes, transparency and informed decision-making. This includes providing customers with timely information, clearer visibility of their usage or account status, and simpler ways to interact when issues arise. These expectations have informed how we prioritise and develop digital capabilities, focusing on practical improvements that reduce customer effort, improve access to information, and support customers to respond more easily when issues arise.

Digital metering and customer insight

Customer research and engagement indicate interest in greater visibility of water use where it helps customers understand consumption patterns, detect unusually high-use or potential leaks earlier and make more informed choices.

In response to this feedback, we have commenced the progressive roll-out of digital metering across the network, with implementation underway and continuing over time in line with our 2030 Strategic Ambition.

Customer insight has directly shaped how this capability is being prioritised, with a focus on early detection and notification rather than requiring customers to actively monitor their own usage. This includes early leak detection and personalised alerts where unusual consumption patterns are identified, encouraging customers to act quickly and reduce the financial burden associated with concealed leaks.

This approach reflects a clear customer preference for being notified when something is wrong, rather than needing to regularly remember to check meters manually and interpret usage data themselves. By enabling earlier intervention, digital metering reduces customer effort while supporting more timely and effective responses to issues.

In addition, improved visibility of water use supports broader environmental outcomes by helping manage demand across the South East Queensland Water Grid, reinforcing the role of digital metering as both a customer-focused service improvement and a practical tool for long-term water sustainability.

Network and operational digitalisation

Customer feedback consistently highlights the impact that service disruptions have on day-to-day life, and the importance of early identification, clear communication and timely resolution when issues occur.

In response, we are continuing to invest in network and operational digitisation capabilities that strengthen real-time monitoring and improve how emerging issues are identified and managed. These capabilities support earlier detection of faults, enabling proactive and planned intervention where possible and reducing the likelihood and scale of customer disruption.

Where service interruptions do occur, these capabilities also support more timely and targeted communication with customers, improving visibility of outages and expected restoration timeframes. This helps reduce uncertainty and improves the overall experience during unavoidable service events.

This approach reflects a clear customer expectation that we should not only respond quickly when issues arise but take steps to reduce the frequency and impact of disruptions over time. By strengthening early detection and response, network digitisation supports more reliable service outcomes while reducing customer effort associated with managing interruptions.

My Account and customer self-service

Customer insight indicates that where customers choose to self-serve, they expect self-service options to be simple, secure and available at a time that suits them. This is particularly relevant for routine tasks such as updating account details, setting up payment arrangements and accessing bill information.

In response, we are continuing to invest in improving My Account functionality to make it easier for customers to complete these tasks independently, at a time that suits them, while maintaining access to assisted service channels where needed. This includes simplifying common processes and reducing effort for customers who prefer to manage their accounts online.

Customer privacy and security have also been a clear priority, with multi-factor authentication implemented and further enhancements made to strengthen protection of customer information. This approach ensures that self-service channels complement, rather than replace, other ways of interacting with our business, providing flexibility for customers to choose how and when they engage.

3.2.6 Other change outcomes from listening to our customers

Table 7 shows how we use customer insights to understand customer expectations, and to inform what Unitywater might do differently as a result. Feedback gathered through ongoing tracking and targeted research has helped us refine priorities, adjust approaches and focus effort where it delivers the greatest value for our customers.

“Customer privacy and security have also been a clear priority, with multi-factor authentication implemented and further enhancements made to strengthen protection of customer information.

Table 7. Outcomes from listening to our customers

Customer insights	Decision or change made as a result
Website channel improvements: Customer ease survey results identified that customers had difficulty locating key contact information on the website, particularly during time-sensitive situations such as faults or service issues.	The ‘Contact us’ page was updated to improve accessibility, with key information (phone, online enquiry, faults, counter hours) made more prominent, improving ease of access for customers seeking support. Improvements to the outage map were also made, keeping customers informed with timely updates on impacted properties.
Development Services Portal: Dedicated developer survey identified that development customers experienced confusion navigating enquiry types and uncertainty about how to submit the correct request through the portal.	Portal enhancements were implemented to simplify enquiry categories and improve usability, reducing customer effort when lodging development-related enquiries. Since implementation, median enquiry resolution times have reduced from 20 days in 2023 to 6 days in 2026, enabling customers to receive answers sooner and providing a more efficient and positive experience.
Bill review: Bill testing research found that customers had difficulty interpreting aspects of the bill layout and terminology, particularly investment property owners seeking clarity on charges and usage.	Customer feedback has informed updates to bill layout and terminology within current constraints, with further work planned to improve clarity and usability as part of a broader bill review.
Bill payment methods: Research confirmed that customer preferences are concentrated on a small number of established payment methods, with limited demand for additional or alternative options.	Insight supported the decision to de-prioritise the introduction of additional payment methods, for example Apple Pay, avoiding unnecessary cost while maintaining alignment with customer preference.

Customer insights	Decision or change made as a result
Digital metering and proactive alerts: Customer research identified that while customers value greater visibility of water use, they prefer to be proactively notified when issues such as potential leaks occur, rather than needing to regularly check usage data themselves.	Insight informed the progressive roll-out of digital metering, with a focus on proactive alerts and early leak detection. This enables customers to act quickly, reducing bill shock and water loss while lowering customer effort associated with monitoring usage.
Service reliability and disruption: Customer research consistently shows that reliable service delivery, fast response to issues and minimising disruptions are core expectations of an essential service provider.	Insight has informed continued investment in proactive maintenance, renewal programs and network digitisation to detect and address issues earlier, reducing the frequency and impact of service disruptions for customers.
Customer communication, accessibility and brand positioning: Deep-dive qualitative research (2024) found that customers at times found communication difficult to interpret, particularly when explaining services, investment and future planning, and expected clearer, more accessible information. Our research also identified that how we present ourselves shapes customer understanding and confidence.	Insight informed updates to our customer communication approach, with a stronger focus on clarity, accessibility and ease of understanding. This includes improving how information is presented and structured so it is easier for customers to navigate, interpret and act on. Updated website content and easier to read customer correspondence are examples of this. These changes support improved understanding of services, investment priorities and long-term planning, strengthening customer confidence and trust.
Odour and environmental impact: Customer and community expectations, alongside increasing regulatory obligations, have highlighted the importance of proactively managing environmental impacts such as odour from wastewater infrastructure.	Targeted investment in odour management and treatment upgrades, including WWTP improvements, has been progressed to reduce nuisance impacts and maintain community and environmental outcomes.

Customer insights	Decision or change made as a result
Strategy development: Qualitative testing for the Customer and Community Strategy and Sustainability Strategy highlighted that customers expect core service reliability to be maintained while also supporting investment in long-term environmental and community outcomes.	Customer insight was used to refine and validate strategic priorities, ensuring strategies are grounded in customer expectations and reflect the balance between reliability, sustainability and affordability.
First Nations engagement: Engagement with Traditional Custodians highlighted the importance of recognising cultural values, connection to land and water, and ensuring engagement approaches are inclusive and respectful.	Actions under our Reconciliation Action Plan (RAP) have been progressed to strengthen engagement approaches and ensure First Nations perspectives are considered in planning and decision making.
Water Matters: Community engagement identified that participants sought greater visibility of how long-term water planning decisions impact water security, environmental outcomes and regional growth.	Insights informed integrated water management planning through Water Matters, ensuring long-term infrastructure and planning decisions reflect community priorities and expectations for sustainable water use and regional growth.

These examples demonstrate how customer insight is applied across operational improvements, digital service design, and long-term planning and investment decisions. Feedback gathered through ongoing tracking, targeted research and engagement is used to identify customer expectations, reduce friction, and inform where changes will deliver the greatest value. Taken together, these examples show how we respond to customer feedback in a practical and disciplined way, ensuring decisions are grounded in evidence and reflect customer priorities.

3.3 Stakeholder engagement

In addition to engaging directly with customers, Unitywater uses structured engagement to inform planning, investment and service delivery decisions to support alignment on service expectations, our construction program, governance obligations, and long-term sustainability. This engagement complements customer insight, helping to ensure service priorities and investment approaches reflect both customer expectations and broader stakeholder perspectives, particularly where decisions affect service reliability, growth planning, delivery outcomes and longer-term regional impacts.

Stakeholder engagement informs but does not replace our responsibility for investment and service decisions. Stakeholders may have different or competing priorities, including affordability, development timing, environmental protection, service reliability and regional growth. We consider these perspectives alongside statutory obligations, obligations under the Participation Agreement with Councils, technical evidence, risk and whole-of-life cost.

We operate under a Participation Agreement with our Participant Councils, which sets out clear expectations for how our business is governed and how our services are delivered. These include operating on a sustainable basis, providing continuity and improvement of service standards, striving for efficiency and innovation, and engaging with the communities we serve. These expectations shape how we plan, prioritise and deliver services across the price monitoring period.

3.3.1 Working with the development industry

Unitywater operates in a high-growth region where the pace and coordination of development directly influence customer outcomes, particularly where development timing and sequencing are uncertain or poorly coordinated. Development customers are engaged as a distinct customer segment, with engagement used to identify sources of customer effort and risk and to inform decisions that enable efficient growth while maintaining service reliability and affordability for existing customers.

Engagement with the development industry has consistently highlighted the same priorities: certainty over timeframes and costs, transparent decision making, and confidence that commitments will be delivered. Feedback highlights that uncertainty leads to rework, escalation and avoidable costs, with impacts extending beyond individual projects. We have used this feedback to prioritise changes that materially reduce risk and customer effort, focusing on areas that deliver measurable impact for customers. Table 8 shows the outcomes from this engagement, demonstrating how customer feedback has directly informed service improvements.

Table 8. Outcomes from listening to our development customers

What developers told us	Our response	Customer outcome
Application processing timeframes create uncertainty, delay projects and increase risk.	Simplified processes and reduced hand-offs.	Median processing times reduced from 20 days to 6 days (70% improvement), increasing predictability.
Unclear accountabilities and inconsistent advice lead to rework and late project changes.	Introduced account management and restructured Development Services to provide end-to-end oversight.	Greater accountability, consistency and project visibility across the development lifecycle.
Developers want certainty on timeframes, costs and delivery commitments.	Prioritised improvements focused on reducing customer effort and risk.	Reduced customer effort and increased confidence in development outcomes.
Industry wants ongoing involvement in planning and policy decisions.	Established UDIA MOU with executive forums and operational working groups.	Earlier identification of issues, better alignment and more effective growth planning.
Development processes should be easier to navigate.	Continuous engagement and targeted services improvements.	Customer ease scores increased 24%, from 3.4 to 4.2 out of 7.

Developer feedback consistently highlighted the need for greater clarity, accountability and predictability across the development lifecycle. In response, we have focused on reducing complexity, improving visibility and strengthening ownership of customer outcomes. These improvements have resulted in faster approvals, clearer accountabilities and a more consistent customer experience.

These improvements are delivering better customer outcomes, with customer ease scores increasing by 24%, from 3.4 to 4.2 out of 7 since 2022–23. This indicates development services are becoming easier to navigate and providing greater confidence throughout the customer journey.

Engagement with the development industry is structured to enable ongoing listening and early risk identification. A formal Memorandum of Understanding (MOU) with the Urban Development Institute of Australia (UDIA) establishes biannual strategic meetings between Unitywater and UDIA executives. These meetings ensure alignment on growth forecasts, infrastructure planning and policy settings.

This engagement ensures development customer perspectives are reflected in how growth-related risks are managed and how infrastructure planning balances efficient development outcomes with affordability and service reliability for the broader customer base.

At the operational level, the MOU supports bimonthly working group forums comprised of a mix of developers, developer consultants and our representatives covering technical, process and strategy matters. These forums surface issues early and provide a structured mechanism to test responses against risks identified by industry.

3.3.2 Engagement with other stakeholder groups

In addition to Participant Councils, Unitywater engages with other stakeholder groups relevant to its service delivery, planning, and regulatory obligations. These stakeholders include government agencies, regulators, developers, community representatives, industry bodies, and other partners affected by our operations and investment decisions.

Engagement with these groups is undertaken in a targeted and proportionate manner, reflecting the nature of the issue being considered and the role of the stakeholder. This engagement focuses on information-sharing, risk identification, and coordination, rather than direct decision-making or endorsement of expenditure proposals.

We are committed to engaging stakeholders in a considered, consistent and coordinated manner.

We give people and organisations affected by our decisions an appropriate opportunity to share their priorities and perspectives. Stakeholder engagement activities are carried out in different areas across the organisation, including but not limited to:

- statutory compliance (for example: regulatory reporting requirements)
- strategic partnerships (for example: industry association collaboration or advocacy)
- project-specific community engagement (for example: community engagement to support a capital project, or stakeholder engagement to support the development of a business plan)
- day-to-day operations (for example: customer enquiries and complaints; correspondence and engagement with elected representatives).

Our stakeholders include individual people, groups and organisations with a direct or indirect stake in Unitywater because they can affect or be affected by our actions, objectives or policies.

Stakeholders include:

- Australian and Queensland government agencies including regulatory agencies such as the Department of Environment, Tourism, Science and Innovation, Economic Development Queensland and the Department of Local Government, Water and Volunteers, as well as elected representatives within our service region
- First Nations Communities and Traditional Custodians, including the Kabi Kabi, Jinibara and Turrbal peoples
- community groups, including business interest groups, environmental and community action groups
- other water industry organisations, including Seqwater and the SEQ Water Service Provider Partnership Organisations, and industry representative groups including qldwater and WSAA.

3.3.3 Infrastructure engagement

Infrastructure engagement plays a vital role in how we plan and deliver our capital program. Our relationships extend well beyond the life of any single project. Thoughtful and timely engagement helps us identify risks and opportunities early, support better project outcomes, and strengthen trust in Unitywater. By working collaboratively, we ensure our decisions and delivery align with our strategic priorities and reflect the needs of our customers and community.

Our approach to infrastructure engagement extends across the full project lifecycle, from long-term asset planning through to delivery and commissioning.

Broad engagement guides our approach to planning and helps us to understand customer and community expectations regarding future infrastructure delivery. This type of engagement was undertaken for Water Matters, the Sunshine Coast and Noosa integrated water management planning project developed in partnership with Seqwater, Noosa Shire Council and Sunshine Coast Council. Between 2020 and 2024, we engaged with more than 3,000 people, including First Nations groups and Traditional Custodians, local community groups, industry representatives and residents, to help inform the 30-year plan and future infrastructure priorities for the region.

A more tailored engagement approach supported the delivery of the Aura and Harmony Infrastructure Program, which received the 2025 UDIA Queensland Excellence Award for Community Engagement.[106] Through early and ongoing engagement with residents, local government, environmental advocates and the Kabi Kabi Peoples Aboriginal Corporation, local values and cultural heritage were considered throughout project delivery. The program demonstrated how proactive engagement and transparency can support better outcomes for customers, communities and infrastructure projects.

We continue to strengthen its infrastructure engagement approach through structured feedback mechanisms, including construction feedback surveys. These insights are used to identify opportunities for improvement and inform future projects, supporting continuous improvement in how engagement is planned and delivered.

Aura Water Reservoir

106 Noosa Today, '*Landmark water program recognised for community engagement*', 13 November 2025.

CHAPTER 4

Performance and service reliability

Since its formation on 1 July 2010, Unitywater has focused on delivering strong network and service reliability performance for its customers.

This is in line with Participant Council expectations, and is consistent with our Participation Agreement, which requires us to carry out our functions consistently with objectives that include ensuring continuity of service and maintaining and improving existing customer service standards.[107]

This chapter sets out our proposed performance measures and targets for the price monitoring period and compares our recent performance with other urban water utilities of a similar size across Australia. It also highlights the challenge ahead for our business in maintaining high service standards against a backdrop of rising costs and increasing network demand.

4.1 Our performance measures and targets

Over the remainder of the price monitoring period, Unitywater intends to focus its performance reporting on five principal measures:

- drinking water quality compliance, based on an average of two measures that record the percentage of the population where chemical and microbiological compliance has been achieved
- water main breaks per 100 km of mains
- wastewater main breaks and chokes per 100 km of mains
- the average duration (in minutes) of unplanned water outages
- real losses from the drinking water system, measured in litres per service connection per day.

All five performance measures are drawn from the Bureau of Meteorology's National Performance Report (NPR), which is published annually. As requested in the QCA's interim report, we will also report on the number of unplanned water interruptions per 1,000 properties.

These performance measures for the price monitoring period reflect the key priorities of our Participant Councils and customers. As highlighted in Chapter 3, our deep-dive research undertaken in March 2026 reinforced that customers place greatest importance on reliable service delivery, proactive maintenance and long term asset condition. These findings support continued focus on maintaining infrastructure to minimise service interruptions and maintaining response times for unexpected service issues.

Table 9 shows our key performance measures, including the additional measure added at the QCA's request. In addition to these performance measures, we consider the customer impacts of service interruptions in prioritising renewals activity. Where a customer experiences three or more service interruptions within a rolling 12-month period, we increase the priority attached to the renewal of these assets so as to reduce the impact of service interruptions in future for these customers.

107 Unitywater, *Participation Agreement*, cl 3.1(e), p. 7 (initially made 25 June 2010, as amended).

Table 9. Key performance measures

Measure	Unitywater 2023-24	Unitywater 2024-25	National median of major water utilities (2024-25 NPR)
Drinking water quality compliance (%)#	100.0	**100.0**	100.0
Water main breaks (per 100 km of mains)*	3.9	**3.5**	16.8
Wastewater main breaks and chokes (per 100 km of mains)	6.0	**4.3**	26.9
Average duration of unplanned water outages (minutes)	171.0	**144.1**	135.4
Real drinking water system losses (litres per service connection per day)	59.8	**55.4**	62.7
Unplanned water interruptions (number of incidents per 1,000 properties per year)*	62.8	**44.3**	121.6

Notes: # For 2024–25, this is a simple average of two NPR measures: Percentage of the population where microbiological compliance was achieved (indicator code H3); and Percentage of the population where chemical compliance is met (indicator code H4). The 2023–24 indicator is based on the microbiological compliance (indicator code H3) alone.

* Measure has had a definitional change between the 2023–24 and 2024–25 NPR publications.

Source: 2024–25 NPR.

We have developed performance expectations for the measures included in Table 9 based on maintaining service outcomes broadly consistent with our recent performance, while pursuing targeted improvement where this is prudent and reasonably achievable. Public health, safety and statutory compliance obligations will continue to be prioritised.

These expectations are, however, subject to increasing cost pressures and the lower revenue envelope arising from the Queensland Government's request to constrain near-term price growth to offer households targeted cost-of-living relief. We are continuing to assess how this constraint can be accommodated through its operating plans and have not yet determined the specific expenditure, scope or sequencing changes that may be required. While we will seek to protect frontline services and minimise customer impacts, it cannot be assumed that all existing activities and performance outcomes can be maintained unchanged without trade-offs.

Depending on the measures ultimately adopted, the constraint may reduce the extent of preventative maintenance, proactive inspection, asset monitoring, operational response capacity or discretionary service improvement activity. The effects may not be immediate, but could increase the likelihood, duration or consequence of service interruptions and make achievement of some performance targets less certain. We will monitor these risks through its annual planning and performance processes and adjust priorities as further information becomes available.

4.1.1 Drinking water quality compliance

Unitywater's core obligation is to ensure the supply of safe drinking water across our service region. We have maintained a strong record over time of drinking water quality compliance across all areas served from both a chemical and microbiological compliance perspective,[108] consistent with obligations under the *Public Health Act 2005* (Qld) (PH Act). This is aligned with the performance of other major Australian water utilities and reflects our strong commitment to quality and safety. Over the remainder of the price monitoring period, we will be maintaining our consistent strong performance of full compliance across our entire service region.

Drinking water quality compliance is non-negotiable; however, this sustained level of performance does not come for free. To meet requirements under the PH Act and comply with our Drinking Water Quality Management Plan approved by the Department of Local Government, Water and Volunteers, we undertake a stringent and multi-layered reservoir inspection and maintenance program, a mains cleaning program and undertake secondary

108 Our strong safety compliance framework for drinking water quality is supported by the certification of our health and safety management systems under ISO 22000.

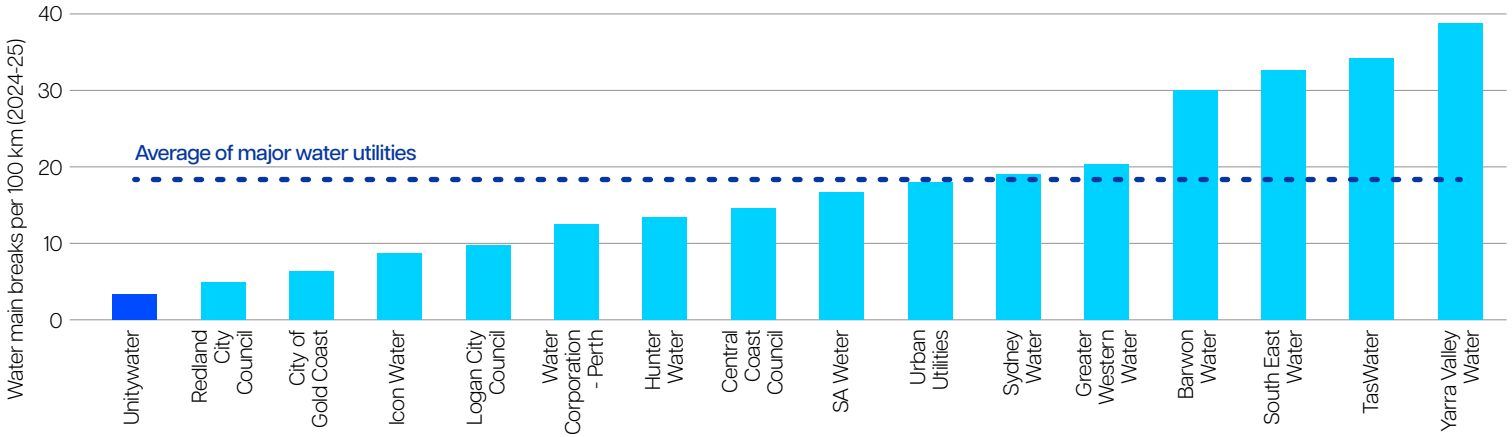
disinfection across our water distribution network. Each year, we draw thousands of water samples from across our water distribution network and carry out more than 100,000 tests for compliance with chemical and microbiological requirements. This testing program, undertaken in accordance with our obligations under the PH Act, provides assurance that our systems and processes deliver a safe and consistent end product to our customers.

Non-compliance with chemical and microbiological requirements has the potential to make thousands of people sick. Furthermore, the work required to restore compliance involves extensive operating and capital expenditure. This means it is prudent to maintain full and ongoing compliance to avoid the risk of a public health incident through effective and efficient maintenance, cleaning, inspection and testing programs we currently implement.

4.1.2 Water main breaks and wastewater main breaks and chokes

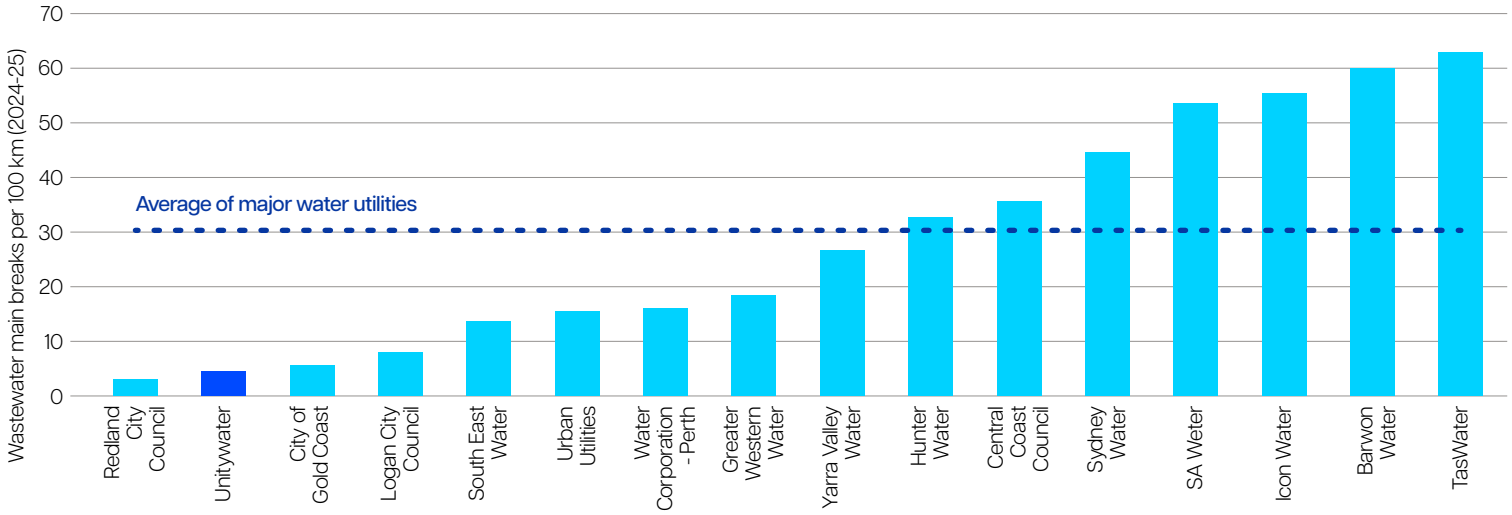
In Unitywater's **Part 1 submission**, we highlighted our low incidence of water main breaks and wastewater main breaks and chokes relative to other major Australian water utilities. As illustrated in Figure 22 and Figure 23, our strong performance relative to other major water utilities continued into 2024–25.

Figure 22. Number of water main breaks (per 100 km of water mains, 2024–25)



Notes: Redland City Council, a large water utility under the NPR classification, has been added so that all SEQ distributor-retailers are included in the comparison. Source: 2024–25 NPR.

Figure 23. Number of wastewater main breaks, leaks and chokes (per 100 km of wastewater mains, 2024–25)



Notes: Redland City Council, a large water utility under the NPR classification, has been added so that all SEQ distributor-retailers are included in the comparison. Source: 2024–25 NPR.

Figure 24 illustrates that our frequency of water main breaks per 100 km has remained stable and within a narrow range since 2015–16, indicating we have sustained the integrity of the water reticulation network.

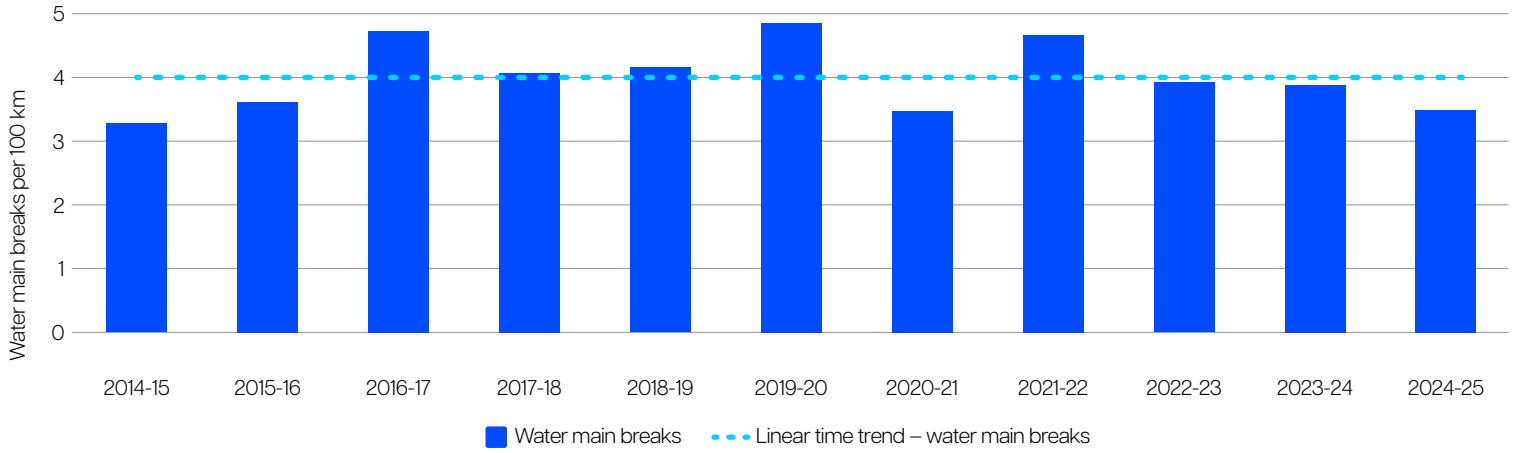
Over the past decade, Figure 25 illustrates that our rate of wastewater main breaks per 100 km has improved markedly, signalling the effectiveness of our proactive maintenance, asset renewal strategy and network monitoring efforts.

Over the remainder of the price monitoring period, we expect both reliability metrics to increase slightly above our most recent performance levels. In part, this reflects the influence of factors outside our control, including:

- the extent of ground movement as we move from wet to dry seasons each year, and the intensity of those seasons, reflecting both seasonal variations and longer-term impacts from climate change
- the increase in chokes from tree root ingress that increases rapidly during drought, which are usually not identified until there is a wastewater main choke.

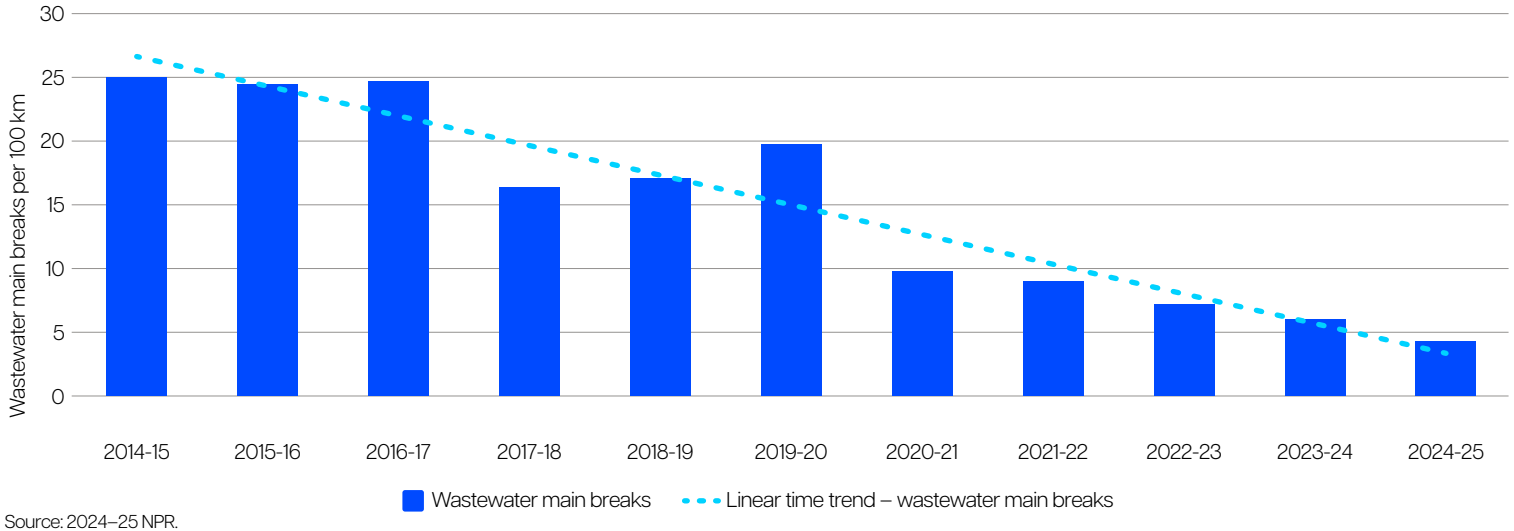
We recognise that continued improvement in these metrics may be challenging from a technical viewpoint and could result in materially higher costs to our customers, should further improvement opportunities be pursued. Our expected performance over the price monitoring period also acknowledges that the progressive ageing

Figure 24. Unitywater water main breaks per 100 km of water mains



Note: * Measure has had a definitional change between the 2023–24 and 2024–25 NPR publications. Source: 2024–25 NPR.

Figure 25. Unitywater wastewater main breaks, leaks and chokes per 100 km of wastewater mains



Source: 2024–25 NPR.

of legacy infrastructure is expected to result in a modest pick up in our rate of water main breaks and wastewater main breaks and chokes, as some key types of assets approach the end of their design lives.

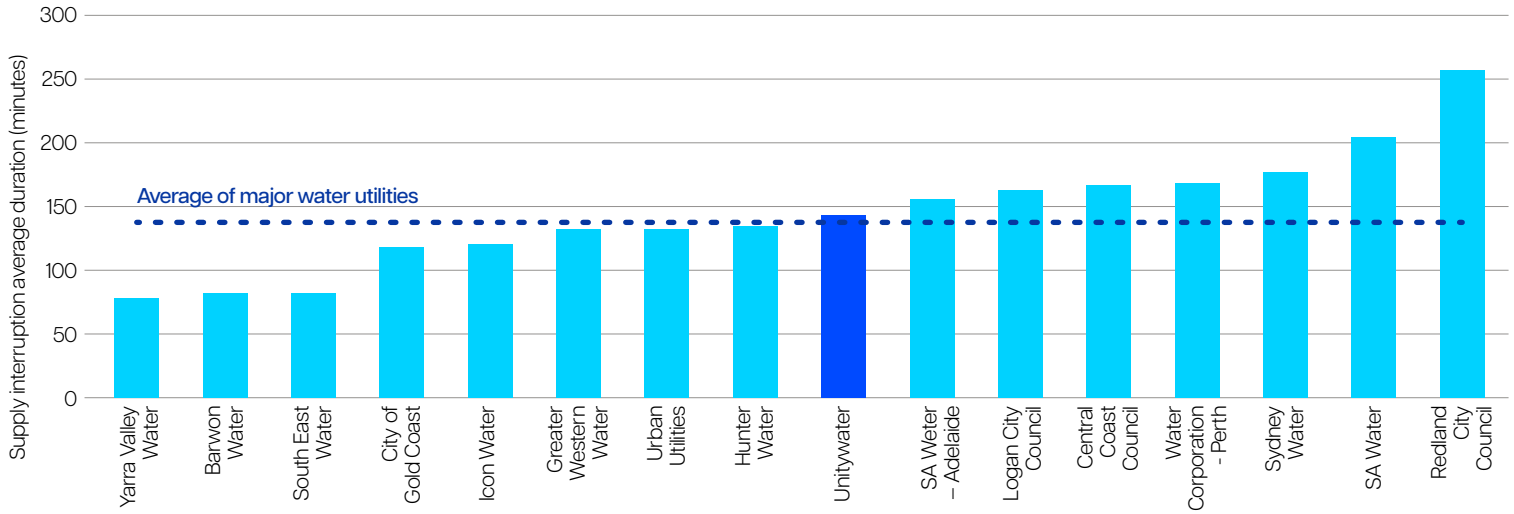
These expected movements in individual asset-performance measures should be considered within our broader service-performance framework. Both measures are expected to remain well below national medians, while the overall framework remains directed to maintaining strong service quality and reliability across the price monitoring period.

4.1.3 Unplanned water outage duration

As part of Unitywater's commitment to our customers through the Customer Charter, we strive to minimise customer inconvenience during both planned and unplanned service interruptions. Figure 26 illustrates that we rank close to the average of major urban water utilities in terms of the average duration of unplanned interruptions to the drinking water supply in the 2024–25 financial year.

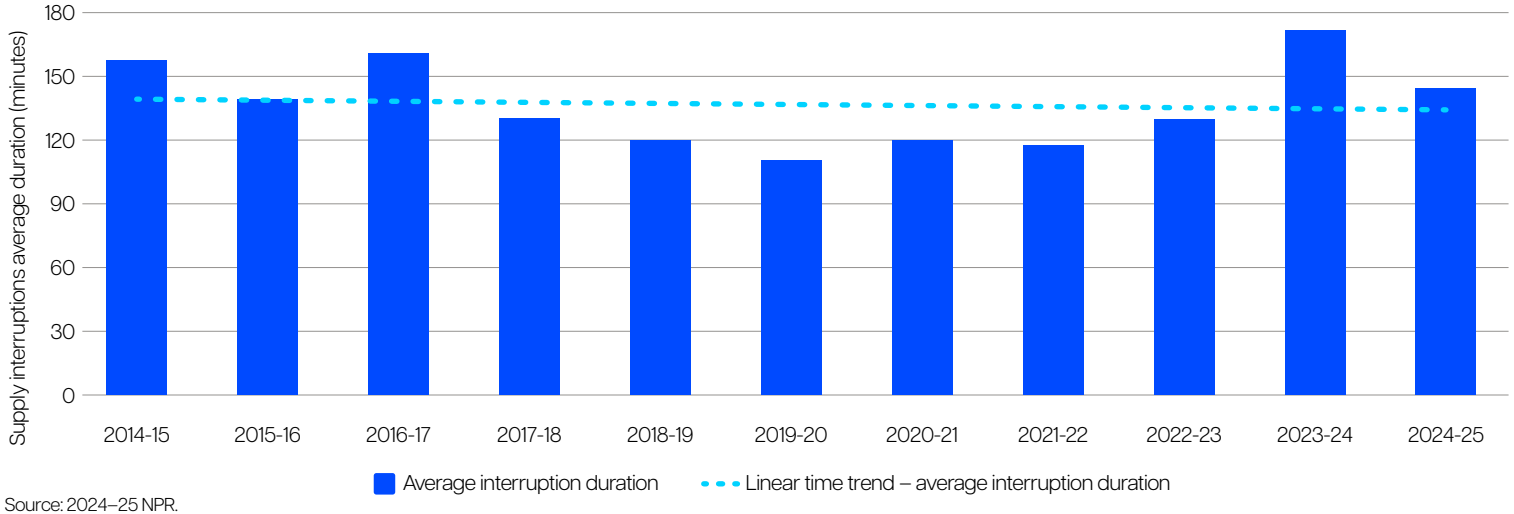
Figure 27 illustrates that over time, our performance on this measure has fluctuated, with the trend suggesting a gradual improvement. The increase in the average duration of interruptions in recent years reflects a review of safety and traffic management arrangements. This process resulted in the appointment of a single external provider for traffic management

Figure 26. Average duration of unplanned interruption to drinking water supply (minutes, 2024–25)



Notes: Redland City Council, a large water utility under the NPR classification, has been added so that all SEQ distributor-retailers are included in the comparison. 2024–25 data for TasWater is not available.
Source: 2024–25 NPR

Figure 27. Unitywater average duration of unplanned interruption to drinking water supply (minutes)



Source: 2024–25 NPR.

services, to deliver cost efficiency, but in some circumstances resulted in more time taken to address unplanned network interruptions. Increased traffic congestion across the region's roads that has resulted from population growth has also contributed to increasing the duration of unplanned network interruptions.

Over the price monitoring period, we will pursue incremental improvements in our performance on this measure, with the aim of being below the current average of major water utilities over the remainder of the price monitoring period. To improve our responses to these events over time, we will continue our current practice of debriefing following each unplanned service outage event to understand the root cause and identify how we could better respond in future.

Despite this intention, we acknowledge that some factors that affect unplanned network outages are beyond our control. For instance, the time taken to restore drinking water supply can be impacted by delays in the arrival of:

- external traffic control
- Energex crew with pole grab equipment, where the water main break is close to a power pole
- arborists to inspect and remove vegetation impacting our ability to safely carry out repairs.

Pine Valley Water Supply Project water reservoir construction

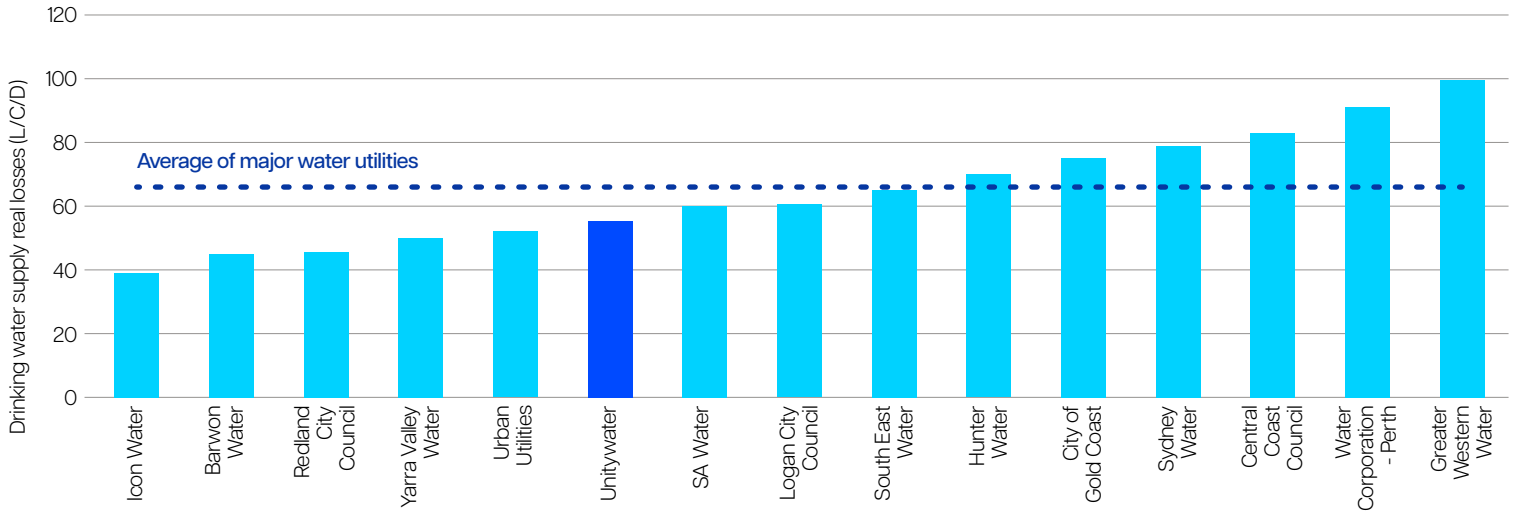
4.1.4 Real drinking water losses

Real losses comprise water physically lost from the system through leaks and breaks, and represent the vast majority of Unitywater's NRW. Figure 28 illustrates that we rank below the average of major urban water utilities for the real losses per service connection from the drinking water supply system.

Figure 29 illustrates that our real losses from the drinking water supply system on a per service connection basis have improved by almost 20% over the past decade. A significant driver of this focus to reduce losses through our water network has been the relatively high cost of bulk water in SEQ. As noted in our **Part 1 submission**, the reductions in losses reflect the implementation of initiatives under our SLMP, such as active leak detection and pressure management.

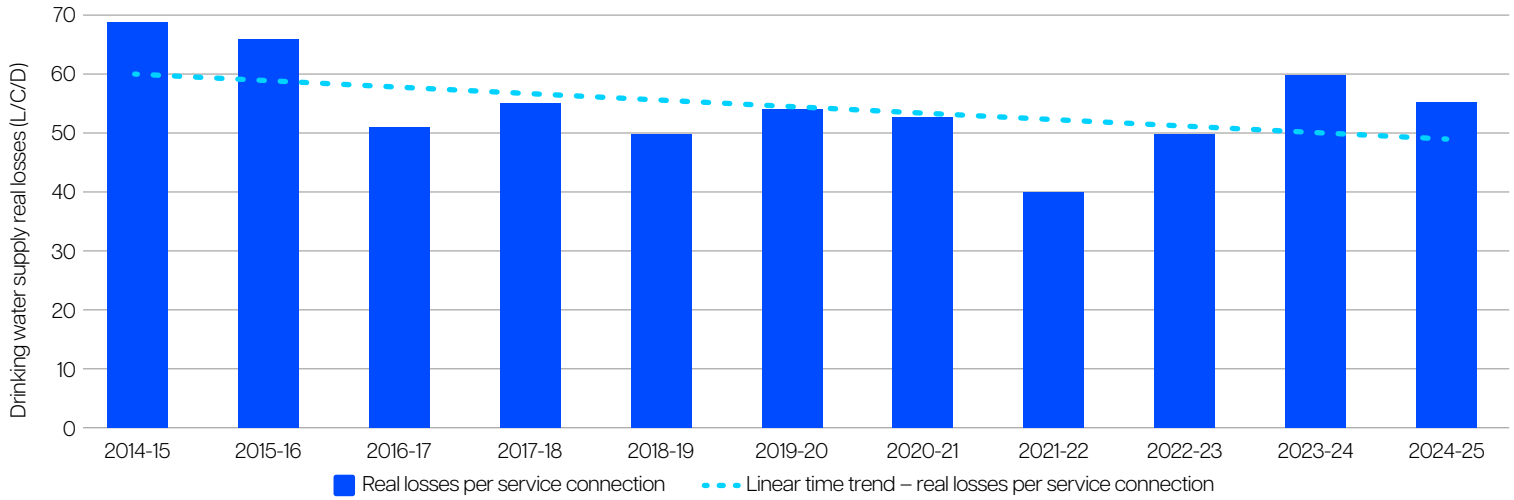
Over the remainder of the price monitoring period, we expect to reduce our real losses per service connection, consistent with implementation of initiatives from the SLMP as described in more detail in Chapter 5. In taking actions to reduce water losses, we will continue to assess the trade-offs involved for us and our customers in seeking to balance the cost of implementing maintenance programs or capital works to reduce water losses with the value of the water conserved.

Figure 28. Real losses from the drinking water supply system (L per service connection per day, 2024–25)



Note: Redland City Council, a large water utility under the NPR classification, has been added so that all SEQ distributor-retailers are included in the comparison. 2024–25 data for TasWater is not available.
Source: 2024–25 NPR.

Figure 29. Unitywater real losses from the drinking water supply system (L per service connection per day)



Source: 2024–25 NPR.

4.1.5 Number of unplanned water supply interruptions

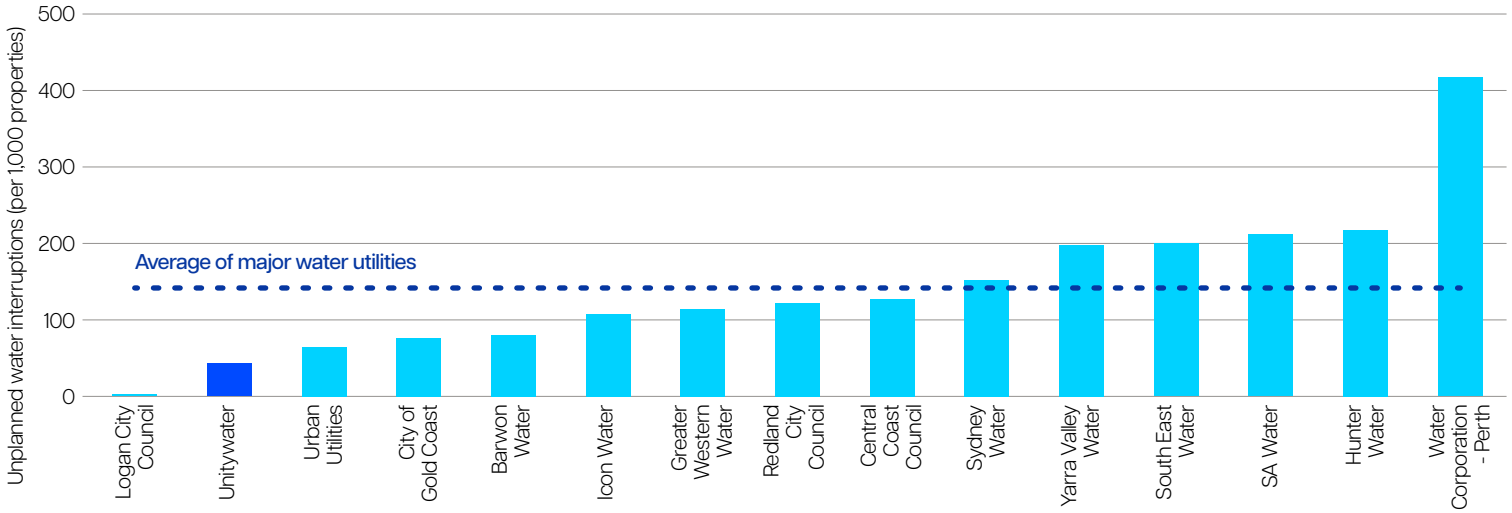
For Unitywater, the number of unplanned water supply interruptions measure provides insight into the level of service customers receive and informs an understanding of the condition of the service provider's water main network. It counts the number of individual residential and non-residential customers who experience loss of water supply due to an unplanned water supply interruption. This measure defines unplanned water supply interruptions as including:

- interruptions for which customers did not receive at least 24 hours notification, or the notice period as otherwise prescribed by regulatory requirements[109]
- interruptions that extend beyond the period notified to the customer
- unnotified interruptions caused by third parties.

Figure 30 illustrates that, for the number of interruptions per 1,000 properties, we have performed better than most other major urban water utilities in 2024–25.

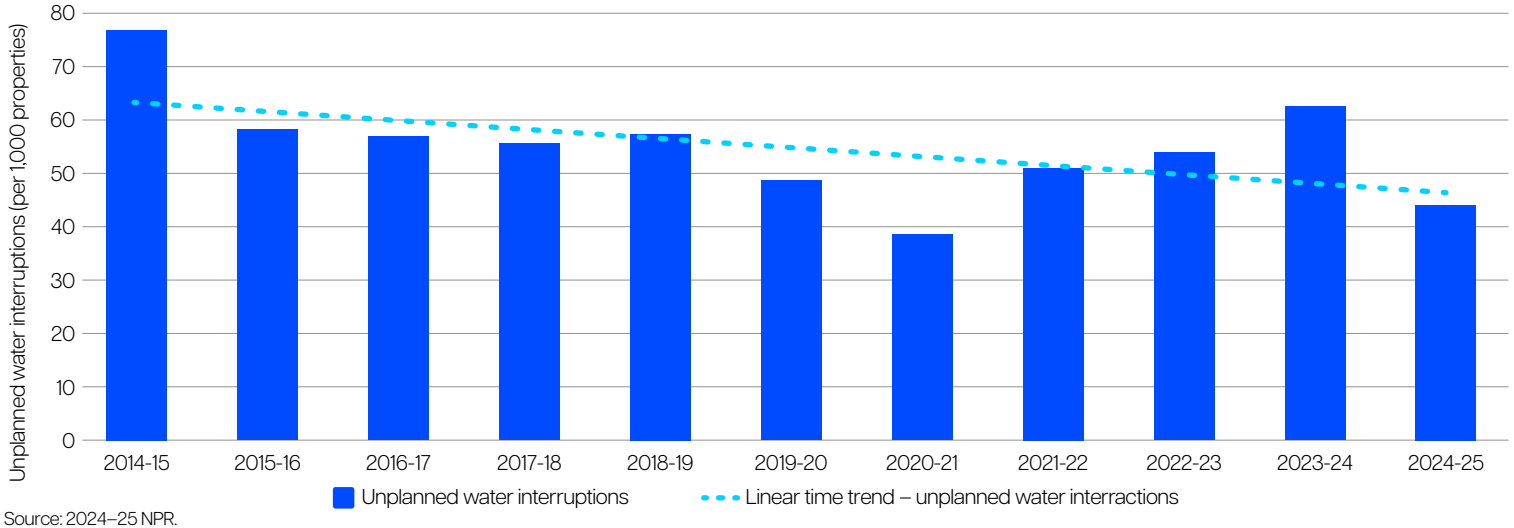
109 Under the *Water Supply (Safety and Reliability) Act 2008*, Unitywater must provide at least 48 hours' notice of a planned water supply interruption. Under our Customer Charter, we have committed to provide at least:
- two business days' notice of any planned works that may disrupt your water supply, with the day of notice and the day of works both excluded from the calculation
- four business days' notice for water-sensitive customers, such as hospitals, schools, customers with identified medical conditions, and certain commercial operators such as hairdressers.

Figure 30. Unplanned water supply interruptions (per 1,000 properties, 2024–25)



Note: Redland City Council, a large water utility under the NPR classification, has been added so that all SEQ distributor-retailers are included in the comparison. 2024–25 data for TasWater is not available.
Source: 2024–25 NPR

Figure 31. Unitywater unplanned water supply interruptions (per 1,000 properties)



Source: 2024–25 NPR.

This outcome aligns with our strong performance on the water main breaks per 100 km measure.

Figure 31 illustrates our performance on this measure has tended to improve over the past decade, though has tended to fluctuate between 40 and 60 interruptions per 1,000 properties. Given this measure incorporates the number of customers affected by an unplanned water interruption, the sources of these interruptions can result in sizeable year-on-year differences in this measure.

For the remainder of the price monitoring period, we expect our performance to continue broadly in line with our recent performance on this measure. Our proactive approach to asset renewals and maintenance, which are supported by our customers, will assist us to maintain these high service standards relative to other major Australian water and wastewater utilities.

4.2 Cost pressures associated with maintaining service standards

Unitywater's objective over the price monitoring period is to maintain safe, reliable and compliant water and wastewater services, and preserve our strong performance relative to other major Australian water utilities. Achieving this objective is becoming more costly as the network expands, assets age, regulatory requirements increase, and customer and stakeholder expectations evolve.

The Queensland Government's request to constrain near-term price growth limits the revenue available to absorb these pressures. We are continuing to assess how the resulting constraint will be reflected in our operating and investment plans. We will prioritise public health, safety, statutory compliance and critical service continuity. However, maintaining all existing service activities and performance outcomes while accommodating sustained cost growth within a constrained revenue envelope may not be achievable without changes to scope, timing, service risk or future expenditure.

The following sections explain the principal cost pressures affecting our ability to maintain service standards and identify the areas in which sustained expenditure restraint may increase asset, service or compliance risk over time.

4.2.1 Catering for population growth

Unitywater's service region will experience significant population growth over coming decades. In many cases, this growth is projected to occur outside our existing service area, requiring significant new investment to connect these greenfield areas into our existing network. Furthermore, development in these new growth corridors is often staged over many years.

Such development patterns mean that, from a whole-of-life cost perspective, it is generally prudent and most cost-effective to build trunk water and wastewater infrastructure for the anticipated next or end-stage service requirement. This avoids the very high costs and significant disruptions associated with pursuing incremental augmentation of the network in line with the staging of greenfield developments, where whole suburbs may be impacted by extensive digging to extend the water and wastewater network.

Building trunk infrastructure for the anticipated end-stage service needs requires larger upfront investment and, in the initial years following commissioning, the new infrastructure operates well below its designed ultimate capacity. These new network assets, such as wastewater pumping stations, still require regular maintenance and ongoing inputs, such as electricity, to operate, and may require additional operating expenditure to address issues associated with operating below designed capacity. Given high projected growth in the region, we expect to incur significant additional capital and operating expenditure in our service region as part of constructing, commissioning and maintaining these assets to support future population growth.

Another driver of increasing expenditure related to growth in our region is the scaling up of maintenance and inspection activities that needs to occur to maintain our assets and service quality. For example, as our water network extends to service new areas within our region, our testing, maintenance and inspection requirements will need to increase to maintain drinking water quality across the expanded network.

This balanced and considered approach to delivering growth assets and proactive stance on asset maintenance and renewals to maintain service standards are supported by our customers and stakeholders, as evidenced through our stakeholder engagement discussed in more detail in Chapter 3.

4.2.2 Increasing regulatory and legislative obligations and stakeholder expectations

As highlighted in Unitywater's **Part 1 submission**, our operations must comply with a range of obligations, including those relating to public health and the environment. In an evolving legislative and regulatory landscape, the requirements we must meet continue to increase over time, which in turn increases the cost of delivering our water and wastewater services.

In relation to our wastewater network, amendments to the EP Act passed in 2024 mean we must place greater focus on the proactive management of risks associated with environmental nuisances, such as odour. This reflects that such nuisances may also constitute serious or material environmental harm. Furthermore, population growth in our region is also resulting in residential and

other developments being constructed close to existing wastewater assets, such as pump stations and WWTPs. The more stringent obligations under the amended EP Act therefore require us to remediate, and in some cases pre-empt, circumstances that may instigate odour issues around these newer developments and address them before they become an issue. As a result, we are undertaking more activities to control and manage potential odour issues. This has already started to result in higher capital and operating expenditure, such as associated with greater adoption of chemical dosing across our wastewater network.

As our service region's population grows, we are required to increase our wastewater treatment capacity and must also carefully manage the discharge of compliant treated wastewater into waterways to limit potential impacts on our region's freshwater ecosystems.[110] Key to managing the impact of our activities on our region's waterways is to ensure nutrient loads do not exceed levels specified in our environmental licences. At the point where increased treatment capacity requires a new Environmental Authority, the Department of the Environment, Tourism, Science and Innovation has very clear expectations that we move to best practice treatment standards for the new licence. As a result, nutrient thresholds are becoming more stringent over time in line with the needs of the natural environmental and community expectations.

We are exploring alternative approaches to manage treated wastewater discharges to limit impacts on the natural environment. This may include larger WWTPs and more complex treatment processes, such as advanced and tertiary wastewater treatment methods.[111] While these strategies are effective in limiting nutrient discharges and maintaining waterway health, they typically result in higher capital and operating expenditure requirements.

Compliance is not the only driver for maintenance of service standards. Our service region hosts a unique natural environment, as reflected in the declaration of two of our Participant Councils as UNESCO Biospheres, and has a significant tourism industry. For the Sunshine Coast alone, 2023–24 data from Tourism and Events Queensland highlights that the tourism industry contributed an estimated $3.3 billion to the region's economy and supported more than 11% of total regional employment.[112] Customer research in March 2026 has also confirmed that our customers support initiatives to maintain and enhance the health of local waterways.

These features of our region's environment and economy, in addition to the priorities of our stakeholders and customers, mean we place a strong focus on meeting high reliability and environmental standards. For instance, this is why most Unitywater WWTPs already treat wastewater to a tertiary level, with the remainder treating to a secondary level. These considerations are captured in our 2030 Strategic Ambition and drive our approach to high service standards.

4.2.3 Legacy infrastructure

While the average age of Unitywater's infrastructure is lower than that of many industry peers, the asset mix is heavily dominated by asbestos cement (AC) piping, which is made from non-friable material and does not pose a risk to water quality. Approximately one-third (2,138 km) of water pipelines and 12% (774 km) of wastewater pipelines are constructed from AC.

This represents one of the largest cohorts of AC pipe assets in the industry, and reflects the period of significant growth in our service region between the 1960s and 1990s. Most of these AC assets are smaller reticulation pipes serving older, established areas of the network.

The typical service life of this material is 70 to 80 years, with failure rates increasing as assets age. The estimated replacement cost for the AC assets exceeds $2 billion (2025–26 dollars) over the next 30 years.

In recent years, we have invested in initiatives to better understand and manage this asset class, including:

- improving understanding of the predominant failure modes
- implementing pressure management strategies to reduce transient conditions that cause failures
- delivering condition assessment programs alongside valve and hydrant replacement works
- investigating alternative renewal methods to traditional excavation ("lift and lay").

Through these efforts, our business developed a risk-based renewal model to predict asset failures and guide investment decisions. This ensures a prudent approach, targeting renewal only where warranted by the condition of the assets.

110 The release of excessive quantities of nitrogen and phosphorus in treated wastewater can accelerate eutrophication, which is associated with increased algal and plant growth, reduced water clarity and aesthetic values, altered ecosystem structure and the formation of low oxygen 'dead zones' that result in fish kills and broader ecological degradation. Elevated ammonia concentrations associated with nitrogen-rich wastewater can also be toxic to aquatic organisms, particularly invertebrate communities that are sensitive to changes in water quality.

111 See, for example: (1) Rani, S, Chowdhury, R, Tao, W and Nedbalová, L (2021). *Microalga mediated tertiary treatment of municipal wastewater*. Sustainability, 13(17), 9554; (2) Xu, H, de Koning, J and Geng, Y (2019). *Reliability and efficiency of an advanced tertiary treatment process for wastewater reclamation*. Journal of Water Reuse and Desalination, 9(4), 385–395; and (3) Morelli, B, Cashman, S, Ma, X, Garland, J, Turgeon, J, Fillmore, L, Bless, D and Nye, M (2018). *Effect of nutrient removal on environmental impacts of water resource recovery facilities. Sustainability*, 10(10), 3546.

112 Over the year to June 2025, the Sunshine Coast had an estimated 325,000 international visitors, spending approximately $413 million in the region. The Sunshine Coast also hosted close to 4.3 million domestic overnight visitors in the 2025 calendar year who spent an estimated $3.4 billion, together with domestic day-trippers who spend close to $840 million.

However, forecasts indicate that failures in our AC assets will increase over the next five-years, necessitating a more proactive approach. This trend is reflected in the forward investment profile.

We have actively participated in industry programs to identify non-invasive ("no-dig") renewal solutions. However, viable alternatives for small-diameter reticulation pipes remain limited, requiring continued reliance on traditional 'dig up and replace' methods.

A significant proportion of AC pipes will reach the end of their service life during the upcoming regulatory period. Consequently:

- main breaks are expected to increase in the near term
- operational expenditure will rise initially to maintain service levels
- capital investment will follow as renewal programs scale up.

These legacy infrastructure challenges are expected to place sustained upward pressure on costs required to maintain service standards across our network. However, our activities in this area reflect customer preferences, as borne out in our customer research discussed in Chapter 3, that support proactive investment in asset renewals to maintain service standards.

Brendale Wastewater Treatment Plant Upgrade

CHAPTER 5

Demand forecast

Unitywater uses demand forecasts to inform prices and operating expenditure requirements, as well as plan for future infrastructure needs.

Our forecast demand drives investment in network augmentation and network capacity expansion to meet growth from new developments. It also underpins our operating expenditure and has an impact on variable costs, such as chemicals, electricity, biosolids, customer services and wastewater-related inspection and maintenance.

Our **Part 1 submission** provided detail about our forecasting methods, key inputs and information sources used to develop forecasts. For our Part 2 submission, we have applied the same approach to develop and update our forecasts. In line with our Part 1 submission, our updated demand forecasts incorporate the impact of continued strong population growth in our service region on water and wastewater connections and water consumption. This reflects our region's characteristics as incorporating both outer urban growth areas and coastal areas that attract significant internal migration.

Our focus in this chapter is on the aggregate demand forecast profile used to inform both operating expenditure forecasts and our prices. In contrast, the assessment of our capital expenditure requirements relies on more granular, location-specific demand forecasts at the catchment.

We first review historical demand trends before turning to the near-term outlook focused on the period from 1 July 2026 to 30 June 2030. In the context of the price monitoring period, we also discuss our approach to accommodating anticipated growth and managing demand, consistent with requirements under the QCA referral notice. Managing customer demand is a key focus for our business, as it helps our customers manage their bills and supports the efficient use of water resources.

5.1 Historical demand

Figure 32 illustrates that Unitywater's service region has experienced sustained growth in water and wastewater service connections over the past decade, with average annual growth of around 2%. This has been underpinned by continued population growth, as highlighted in Chapter 2, reflecting that our service region includes outer-urban growth areas within Greater Brisbane as well as coastal communities that have attracted significant net population inflows in recent years.

Figure 33 illustrates that while our service connections growth has been sustained, the consumption of bulk water has tended to fluctuate over time. This reflects that longer-term weather patterns, such as droughts and periods of high rainfall, can influence average consumption per water service connection. For example, generally wetter conditions over calendar years 2020 to 2021 were associated with moderating growth in consumption in 2020–21, followed by declining consumption in 2021–22. In contrast, relatively drier conditions over 2023 were associated with a pick-up in consumption in the 2022–23 and 2023–24 financial years.

From the perspective of informing future forecasts, these contrasting trends are notable. The growth trajectory for our service connections has been strongly aligned to the underlying drivers of population and dwelling growth. Such close association also reflects that residential water and wastewater connections form the vast majority of connections within our service region.

On the other hand, the variability in bulk water consumption and purchases demonstrates that these volumes will be more susceptible to external influences beyond our direct control. Rather than seek to predict specific long-term weather patterns, our approach to demand forecasting for consumption and purchases of bulk water has focused on trends in average consumption per connection. This approach is useful for operating expenditure and pricing purposes. However, for other purposes, such as investment, our Part 1 submission highlighted that meeting peak demand, rather than average demand, is an important determinant for capital expenditure requirements.

> Our forecast demand drives investment in network augmentation and network capacity expansion to meet growth from new developments.

Figure 32. Unitywater total water and wastewater service connections as at 30 June

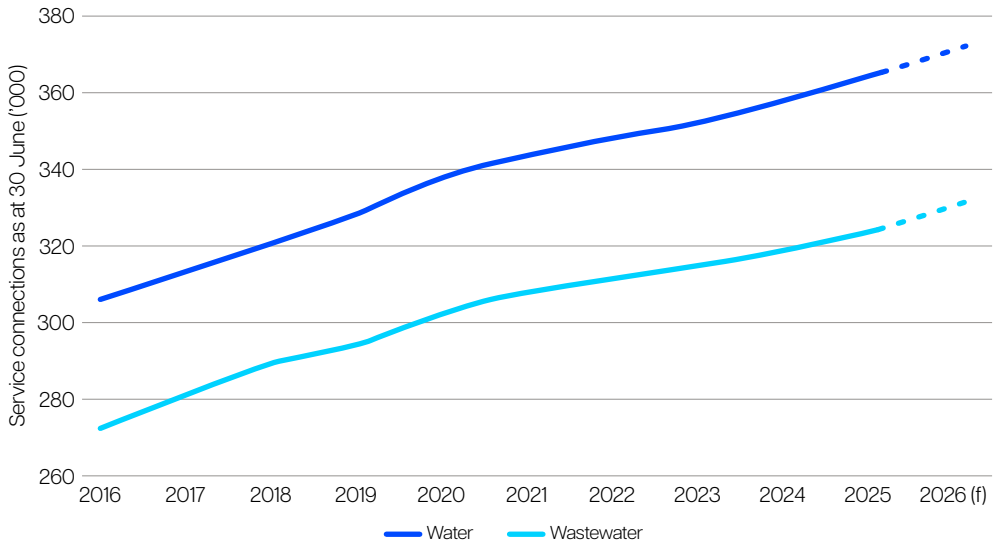
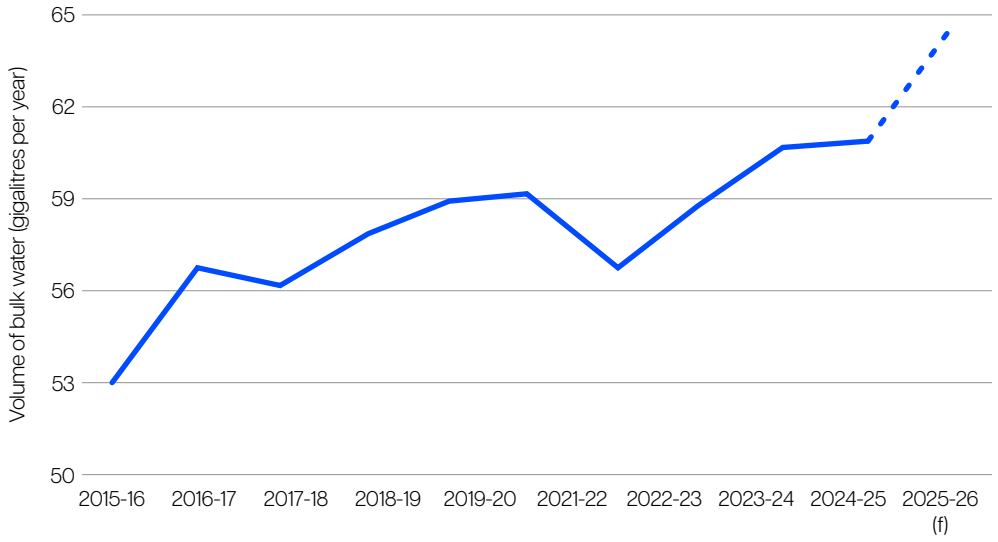


Figure 33. Unitywater bulk water consumption, 2015–16 to 2025–26 (gigalitres per year)



5.2 Forecast demand

As explained in our **Part 1 submission**, Unitywater's Netserv Plan, last updated and approved by Participant Councils and the Queensland Government's Minister for Planning in 2024, forms the basis of our demand forecasts. These forecasts are consistent with Participant Council Local Government Infrastructure Plans, which currently feature higher growth projections than the Queensland Government's *ShapingSEQ 2023* regional plan. Later in 2026, we expect to update its demand projections once new planning assumptions are reflected in revised planning schemes and are endorsed by our Participant Councils.

The forecasts presented in this submission are based on the most recent Council-endorsed planning assumptions available at the time of lodgement and therefore represent the best available information for regulatory assessment. Once updated planning assumptions are finalised, we will assess the effect on forecast demand, as well as consequential impacts to expenditure and project timing, through its established forecasting governance and materiality processes. Material changes will be reflected in our submissions in support of the periodic reports, as set out in the **Referral Notice**.

We also provide these same planning assumptions under the Netserv Plan to Seqwater for inclusion into the regional demand projections that underpin the current ***South East Queensland Water Security Program 2023***. This ensures consistency of information across the region and alignment with the regional high and low demand scenarios used by Seqwater to assess bulk supply system capacity and long-term water security planning.

For pricing and operating expenditure forecasting purposes, we adopt a 10-year compound average growth rate in connections. The rationale for such an approach is to mitigate year-to-year volatility and provide a more stable basis for our longer-term financial planning.

For this Part 2 submission, the 10-year averaging window has rolled forward by one year to now cover the period from 2025–26 to 2035–36. In our **Part 1 submission**, the corresponding 10-year average growth rate in connections was approximately 2.76%. Table 10 shows that maintaining the same underlying assumptions from our current Netserv Plan and rolling forward the 10-year averaging window by one year 2035–36, results in a lower updated smoothed growth rate of 2.59%. This growth rate is expected to remain higher than most other major Australian water and wastewater utilities, reflecting that our region's population is expected to continue growing at a robust pace over the medium term. For pricing and operating expenditure purposes, the 2.59% smoothed connection growth assumption is applied to both water and wastewater connection forecasts.

Table 10. Growth escalators used in Unitywater's annual and five-year rolling forecast

Growth escalator	2026–27	2027–28	2028–29	2029–30
Netserv Plan growth assumptions (%)	3.02	2.56	2.51	2.30
Cumulative annual average growth rate (%)	3.02	2.79	2.70	2.60
Smoothed connections growth profile (%)	2.59	2.59	2.59	2.59

Over the first four forecast years that covers the price monitoring period, the smoothed growth profile is marginally more conservative than the year-by-year Netserv Plan growth assumptions, while remaining closely aligned on a cumulative basis. The four-year cumulative average under the smoothed profile of 2.59% differs by only one basis point from the equivalent Netserv Plan cumulative average of 2.60%.

This alignment provides confidence that the smoothed profile will not materially misstate operating expenditure requirements over the price monitoring period. Importantly, by anchoring forecasts to the long-term 10-year average rather than the higher near-term Netserv Plan assumptions, our approach reduces the risk of over-collecting revenue in years where actual connection growth may fall short of peak projections. This is consistent with our commitment to fair and efficient pricing for customers.

Our forecasts for pricing purposes also incorporate the average consumption of bulk water per connection. Table 11 shows the forecasts used for pricing and revenue purposes. These are informed by longer-term consumption trends and incorporate continued gradual improvements in water efficiency over time, including through the roll-out of digital metering.

> To help our customers save money, we promote water efficiency through a range of options.

Table 11. Bulk water consumption forecasts, 2026–27 to 2029–30

	2026–27	2027–28	2028–29	2029–30
Average daily consumption (litres per connection per day)	480	477	475	471
Total bulk water consumption (megalitres [ML] per year)	65,991*	67,458	68,656	69,837
Estimated water loss reductions from digital meter roll-out (cumulative impact relative to 2025–26 baseline, litres per connection per day)	(2.8)	(5.2)	(7.4)	(9.7)

Note: * Our Part 1 submission forecast bulk water consumption of 66,044 ML for 2026–27. This forecast has been revised downwards, mainly reflecting the downward revision in the smoothed connections growth assumption.

5.3 Initiatives to support growth and reduce water usage

Consistent with Unitywater's 2030 Strategic Ambition, we will maintain a focus on supporting growth in our network and managing water demand. We respond to forecast growth through the timely and sequenced provision of infrastructure based on the planning assumptions in our Netserv Plan. Separately, we implement demand-management and leakage-reduction initiatives intended to improve water-use efficiency and reduce avoidable bulk water costs.

Through our volumetric charges, our pricing structures already provide an incentive for our customers to seek out ways to use water efficiently and lower their bill through reducing their usage.

To help our customers save money, we promote water efficiency through a range of options for our customers including:

- water-efficiency tips, checklists and advice on water-efficient devices
- usage alerts sent via text message for customers with digital meters to enable them to assess and investigate increases in usage that may be due to hidden leaks
- the 'My Usage Tracker' tool to help customers calculate their daily water usage, compare it to previous bills and detect hidden leaks
- information on alternative water sources such as rainwater tanks, greywater, bore water and recycled water, where permitted under Queensland Government regulations.

In addition to the above approaches, we will continue implementing initiatives as part of the SLMP and further progress the roll-out of the DMP. More details on these two specific initiatives are provided below.

5.3.1 Leakage management

Unitywater's current SLMP was adopted in November 2021 and leverages a nine-pillar approach to reduce total losses in the network.

Of the nine pillars, pressure management is the most significant contributor to reducing real losses. Successful pressure management reduces the rate of background leakage from joints and tiny cracks in the network, which cannot be detected with the available technology. Higher pressure in the network exacerbates these defects, leading to more extensive leaks and main breaks. We have long held the view that our vast network should be divided into smaller more manageable networks (District Metered Areas [DMAs]) with dedicated pressure and flow management. With more than 200 active DMAs across our network, we have improved our understanding of areas with higher losses and strengthened NRW monitoring. As technology evolves, further opportunities for pressure management are emerging. Following a successful pilot across two DMAs in 2024, we developed a roadmap for broader implementation of pressure management across our network by 2030. The program includes maintaining and renewing pressure-reducing valves to support full-scale pressure management across our water distribution network.

Over the price monitoring period, we will also continue undertaking Active Leakage Detection (ALD) surveys – a practice we have continued since 2018. The ALD program is being expanded temporarily as an interim measure until pressure management is fully implemented across our network.

Continued improvements to DMA-level reporting will also be a priority over the price monitoring period, supported by improved flow-meter performance and updated data-logging devices. Daily water balancing across DMAs with digital meters is also being implemented, with the DMAs that historically have had the largest NRW issues being prioritised as part of the roll-out.

Other initiatives that will be continued under the SLMP over the price monitoring period include:

- piloting and implementation of low-cost service maintenance approaches, such as no-dig technologies, and more robust materials for service pipes and mains
- increased capability for data verification of bulk supply point meters and statistical analysis to support assessment of zone leak detection and metering anomalies
- enhanced use of flow meter data to detect leaks in trunk mains.

5.3.2 Digital metering

As outlined in Unitywater's **Part 1 submission**, the broader roll-out of digital metering is expected to deliver significant benefits for our customers by reducing the risk of bill shock from leaks on the customer side of the water meter.

In addition, it will provide us with real-time data to enable the detection of anomalies in water flows and signal potential leaks in the water distribution network upstream of customer meters. By 2029–30, the roll-out of digital meters is expected to result in around a one-sixth reduction in total water losses relative to the status quo.

The roll-out of digital meters is anticipated to continue throughout the price monitoring period as part of a longer-term project expected to extend beyond 2030. By reducing NRW, digital metering is expected to lower bulk water costs over time, placing downward pressure on customer bills.

> "...pressure management is the most significant contributor to reducing real losses.

CHAPTER 6

Capital expenditure

Unitywater forecasts that capital expenditure of $1.6 billion will be required over the price monitoring period to deliver safe and reliable water and wastewater services that our customers and communities require, while having regard for customer outcomes and affordability.

Table 12 summarises the forecast capital expenditure by category.

The forecast capital expenditure required reflects a continuation of our growth-related investment response, increasing environmental obligations and disciplined expenditure containment through governance processes and efficiency initiatives.

Our capital expenditure in recent years has been dominated by several strategically significant growth projects required to service population expansion across our service area. These projects reflect the scale and concentration of growth occurring in defined development corridors and represent the most capital-intensive components of the overall program. The size and complexity of these investments means they account for a large share of total expenditure in the periods in which they are delivered, even though they are required to support growth over multiple decades.

All three Participant Councils have expressed support for our five-year water and wastewater infrastructure capital program. In letters appended to this submission, the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council collectively recognise the need for proactive and timely investment that balances asset renewal with investment in growth-related infrastructure to maintain reliable service standards for current customers and support future regional growth.

The Councils emphasised 'well-planned, timely infrastructure investment that keeps pace with demand' (City of Moreton Bay), 'balancing asset renewal with strategic investment to meet both current and future customer needs' (Sunshine Coast Council), and 'a proactive rather than reactive approach to investment in water and wastewater infrastructure' (Noosa Shire Council).

Table 12. Capital expenditure for price monitoring period (nominal, $million)

Capital cost category	2027–28	2028–29	2029–30
Growth - water	9.7	11.0	24.4
Growth - wastewater	423.5	273.2	171.8
Renewals - water	29.7	37.5	30.2
Renewals - wastewater	60.9	50.5	59.9
Compliance	13.3	10.2	14.3
Improvement	28.8	28.7	29.4
Support	17.6	13.8	10.6
Other (overheads and capitalised interest)	90.1	100.0	96.2
Total Capital Expenditure	**673.6**	**524.9**	**436.7**

Together, these letters provide important regional stakeholder context for the capital program, while the sections that follow set out the evidence supporting the prudency and efficiency of the forecast expenditure.

In respect of Stated Matter F(1.4), this chapter builds on the information provided in our **Part 1 submission** and provides the forecast capital expenditure requirements representing prudent and efficient investment required to meet service requirements and customer expectations. In supporting the **Part 1 review**, the QCA's consultant, URA found:

- Unitywater has mature systems for managing capital infrastructure and robust frameworks and processes for governance across the asset lifecycle. The governance framework structurally supports prudency, efficiency and customer value testing within investment decision making
- mature pathways are applied for identification, development and delivery of projects
- capital infrastructure project outcomes are monitored and reported on through clear governance processes
- customers are appropriately consulted through structured stakeholder and customer engagement frameworks
- Unitywater operates within a clearly defined decision-making framework supported by a formal stage gates model, defined approval authorities and structured business case documentation
- risk assessment tools, asset criticality methodologies and benefits profiling are formally embedded within the framework and prioritisation processes are structured and risk informed.

This chapter outlines the capital expenditure forecasts consistent with our asset management and governance frameworks at an aggregate and QCA driver level.

Section 6.1 outlines how our planning and governance processes over time have been designed and refined to support prudent and efficient investment for the benefit of customers. This has been beneficial for customers as demonstrated by outcomes over time and compared to peers.

Section 6.2 provides an overview of historic capital expenditure and explains how investment has been allocated across the following categories:

- Historic growth driven capital expenditure and the infrastructure delivered to support population growth across our service area. It highlights how investment has been targeted to enable development while maintaining service performance.
- Historic renewals expenditure explains how investment has been prioritised to address asset conditions, manage risk and sustain service reliability across the network.
- Historic compliance driven expenditure, including investments required to meet environmental, public health and regulatory obligations. The section demonstrates how compliance needs have been addressed through targeted capital programs.

Section 6.3 presents our proposed capital expenditure for the forecast period and explains how the program responds to growth, asset condition, compliance requirements and emerging risks. The section explains the prudency and efficiency considerations for each expenditure category. It also uses selected projects and programs to demonstrate how these considerations are applied in practice, including how investment needs have been identified, prioritised, scoped and tested through our capital planning and governance frameworks.

Our capital expenditure forecasts in this chapter reflect the aggregate of forecast annual expenditure relevant to each project. Project expenditure is incorporated into the RAB once commissioned and providing services to customers. The commissioning dates for these projects are reflected in the RAB additions profile set out in Section 8.3.2.

> Unitywater has mature systems for managing capital infrastructure and robust frameworks and processes for governance across the asset lifecycle.

6.1 Capital planning and governance

Unitywater's **Part 1 submission** detailed the capital forecasting and delivery frameworks that support our enterprise-wide approach to asset management. Capital investment is the direct, physical execution of the strategic priorities established in the Netserv Plan and the Strategic Asset Management Plan (SAMP) consistent with our 2030 Strategic Ambition and risk appetite.

These core frameworks are fully aligned with ISO 55000 Asset Management standard, ensuring that our growth externalities detailed in Chapter 2 and awareness of customer affordability concerns outlined in Chapter 3, are translated through our planning and governance processes to a responsible forecast of capital works projects and programs.

Figure 34 illustrates how we ensure this discipline through the implementation of a strict, chronological Gateway Review Process.

These processes are under regular review and are currently being refined to ensure alignment with improvements in water and wastewater capital delivery.[113]

Overseeing this pipeline is the APG, which evaluates competing projects using a stringent, risk-based prioritisation matrix. Capital expenditure is prioritised according to risk criticality, safety, affordability and statutory obligations.

By utilising a Risk Management Framework fully aligned with AS/NZS ISO 31000:2018 Risk Management Guidelines, we ensure all capital deployment is driven by a disciplined process for prioritising investment to the highest priority needs based having regard to statutory obligations, service risk, asset criticality and affordability.

Figure 34. Gateway review process

Gate Zero	Gate One	Gate Two	Gate Three
Initiation	Discover	Design	Deliver
Capital projects are identified either as a result of outputs from renewal planning, condition assessments or maintenance activities; or alternatively from master planning and growth divers, operations or compliance needs.	This phase requires a comprehensive Needs Analysis that clearly identifies value aligning with Unitywater's Strategic Ambition. It involves determining the core business problem, establishing a high-level scope, assigning project complexity and evaluating associated social and reputational risks. Seed funding is released for the design phase only after the Project Sponsor explicitly approved progression.	This phase requires a comprehensive Needs Analysis that clearly identifies value aligning with Unitywater's Strategic Ambition. It involves determining the core business platform, establishing a high-level scope, assigning project complexity, and evaluating associated social and reputational risks. Seed funding is released for the design phase only after the Project Sponsor explicitly approves progression.	Marking the transition to physical execution, this gate demands an Operational Readiness Assessment and a comprehensive Implementation and Rollout plan. Total project funding is formally approved, and delivery vendors are selected only upson successful clearance of this gate, ensuring the business is fully prepared to operationalise the new capability without causing schedule delays or cost blowouts.

113 Section 2.6 outlined our efforts to strengthen workforce and delivery capability through a collaborative procurement and delivery model for capital works. Our collaborative delivery framework is explained in more detail below. We will keep the QCA informed of refinements to our processes to fully integrate the model over time.

6.1.1 Capital planning and governance developments since 2014

Unitywater's performance journey has been evident since inception. During the QCA's last price monitoring review of our business (assessing the 2013–15 period), the QCA and its technical advisor, Sinclair Knight Merz (SKM), comprehensively assessed our expenditure profiles and concluded that our capital expenditure program was prudent and efficient, accepting over 99% of submitted costs.

Further, SKM validated that our foundational capital governance, gated approval processes, and standardised estimating methodologies were consistent with good industry practice.

Table 13 shows the 2014 review identified opportunities for us, then in its establishment phase, to continue to strengthen frameworks and processes. In this context, the QCA and its consultant made several findings.

Table 13. 2014 review theme

2014 review theme	Reference
Asset management system maturity	'Unitywater has not yet fully implemented its Consolidated Asset Management System which will allow it... to more efficiently assess the condition of its properties, to prioritise their maintenance and to better manage its fleet...' [114]
Asset management framework	'Unitywater has modelled their asset management planning using an Institute of Asset Management model... and has sought to align this model with ISO 55000' [115]
Gateway/Capital Governance process	'The Unitywater process does not yet fully meet the requirement of a gated review process that is in keeping with good industry practice' [116]
Consistency and robustness of capital works estimation	'....it was not clearly stated how mandatory [the capital works estimating tool] is its use' [117]

114 Sinclair Knight Merz (2014) *Prudency and Efficiency Assessment – Unitywater: Price Monitoring of South East Queensland Water and Wastewater Distribution and Retail Activities 2013–15*, p24.
115 Sinclair Knight Merz (2014) *Prudency and Efficiency Assessment – Unitywater: Price Monitoring of South East Queensland Water and Wastewater Distribution and Retail Activities 2013–15*, p83.
116 Sinclair Knight Merz (2014) *Prudency and Efficiency Assessment – Unitywater: Price Monitoring of South East Queensland Water and Wastewater Distribution and Retail Activities 2013–15*, p14.
117 Ibid

Since that time, we have matured and integrated our investment architecture in several ways.

Asset management systems and frameworks

We implemented an Asset Management Improvement Plan and subsequently launched a five-year improvement program in 2017 to align our entire system with ISO 55000.

This program adopted leading practices across the water sector in multiple asset-management subject areas. Frameworks are now consistent with ISO 55000 and governed by a comprehensive SAMP, Asset Management Plans (AMP) and specific Asset Class Plans (ACP), ensuring a direct line of sight from corporate goals to individual asset investments. Outcomes were demonstrated when benchmarked in 2020 against our peers in the water industry.

[redacted]

[redacted]

Additional changes also included a complete overhaul of risk-based prioritisation frameworks to explicitly model alternatives before traditional capital solutions are considered. This included consideration for non-asset-based solutions and working with regulators and industry to trial and implement innovative solutions to traditional problems.

To ensure end-to-end accountability, we established the Capitalisation to Disposal process ensuring that capital investments are subject to consistent governance, documentation and financial control requirements across each stage of the lifecycle.

The framework was established to strengthen internal controls and address identified gaps in asset management processes, and now provides a robust, audit- ready system that supports compliance with financial and regulatory obligations. It ensures that assets are accurately recorded, capitalised in a timely manner, and appropriately depreciated and managed throughout their operational life.

As a result, there is greater transparency over the relationship between capital expenditure, asset creation, ongoing service delivery and eventual asset retirement, supporting both internal governance and external regulatory scrutiny.

Capital governance and process

This strategic alignment is now supported and enforced through multi-tiered governance architecture, ensuring that investments are subjected to executive review and challenge and risk-based prioritisation. Today, we apply a five-stage gateway process: discover, design, deliver, operationalise and handover, close and monitor.

Project progression and decision making is guided by a transparent Enterprise Gateway Process, rigorous options analysis, and standardised estimating protocols to ensure proposed investments transparently represent the lowest sustainable cost to serve. Forums such as the APG and the CIIC apply strict stage-gate controls to manage cost and delivery risk. The Infrastructure Strategy Committee and the ELT provide strategic direction and oversight across the asset lifecycle. The Program Delivery Office supports the delivery of the water and wastewater capital program by providing assurance, planning, reporting, and digital services.

Investment governance is supported by Project Control Groups, Integrated Delivery Teams at the project level and Board and Executive teams at the portfolio level.

At each relevant gateway or hold point, we reassess the investment need, preferred option, scope, cost, risk, benefits and deliverability before further funding is committed. Standardised estimating and change-control requirements are applied, and project and portfolio performance are monitored through established reporting and escalation arrangements. This process is designed to ensure that:

- projects are re-evaluated at key milestones to ensure scope remains optimal and investment logic continues to hold before major funding is committed
- standardised estimating protocols and consistent costing methodologies are applied ensuring project estimates are informed by on market rates, reducing the risk of budget creep
- a multi-tiered reporting framework provides continuous 'check and challenge' functions throughout the delivery period.

Our capital governance processes continue to evolve as we move to more collaborative models. This will see a transitioning from a traditional five gate process to a model with key hold points to test prudency, efficiency and affordability while ensuring financial hold points remain unchanged.

Capital works estimation

Our business governs cost estimation through its Estimating Manual. A key feature in our revised approach to cost estimation is the application of a 'design to cost' methodology, whereby cost baselines are established early and design development is actively managed to remain within the approved cost envelope. Changes to scope or cost are formally controlled through structured change management and deviation reporting processes.

Estimates are developed progressively through a structured stage-gate process, increasing in detail and accuracy as projects advance from initial needs identification through to detailed design and procurement.

All estimates are prepared using standardised methodologies, including a consistent Work Breakdown Structure, standard estimating templates and a centralised cost database. We maintain a comprehensive rate library, which is continuously updated using out turn costs from completed projects, ensuring that future estimates are informed by current market conditions and actual delivery outcomes.

Cost estimates are further validated through benchmarking against comparable projects and progressive market testing of key work packages, providing assurance that estimates reflect efficient market pricing and deliver value for money outcomes.

We participate in benchmarking activities with WSAA to understand relative performance against industry peers in terms of cost inputs and performance outputs.

Collaborative framework for delivery

Recognising the significant step-up in forecast capital expenditure required to service the region's accelerated growth, we proactively restructured our procurement and delivery model to secure and better manage cost efficiency and execution capacity.

Known as BBT, our collaborative water and wastewater infrastructure capital delivery model integrates professional services and delivery partners within program based delivery teams to support planning, design and delivery through a coordinated program approach rather than traditional project-by-project procurement. The model operates through the establishment of multi-year framework agreements with selected partners, including three construction contractors (delivery partners) and a professional services partner.

Partners are provided with visibility of the forward capital pipeline, enabling them to plan resources, supply chains and sequencing of works across multiple projects. This continuity allows for better utilisation of labour and equipment, minimises mobilisation and demobilisation inefficiencies, and supports consistency in delivery approaches across the program.

A key feature of the BBT model is the involvement of delivery partners across the full project lifecycle. Early engagement ensures that delivery considerations are incorporated into project design from the outset, reducing the need for rework and improving the efficiency of project outcomes.

The engagement continues across the full project lifecycle – from strategic planning and concept development, through detailed design and construction, to commissioning and handover.

The selection of delivery partners was undertaken through a competitive procurement process. Delivery partners were selected based on demonstrated capability to support efficient program delivery. This market tested approach improves cost and schedule certainty, while providing access to the resources required to deliver a sustained pipeline of infrastructure.

The model adopts a performance-based approach to work allocation and ongoing engagement. Partners are required to meet specified performance standards across key criteria such as safety, cost control, schedule performance, quality, and collaboration. Continued allocation of work is contingent on meeting these expectations, creating strong incentives for efficient delivery and continuous improvement.

Our BBT water and wastewater infrastructure capital delivery model ensures efficiency through:

- leveraging regional scale and long-term partnerships to minimise unit costs for materials and services
- ensuring that all major works are market-tested at scale to ensure competitive pricing
- fostering innovation through early contractor involvement, which identifies cost-saving opportunities during the design phase.

The capital delivery model is already delivering benefits for our business. Early estimates for delivery of upgrades to the Narangba Wastewater Transport System were in the order of $190 million. These estimates were negotiated down to $151 million.

Over 70 projects were scheduled for delivery through the BBT framework in 2025–26. The program delivery office is ramping up capability to apply the BBT framework to the majority of high complexity water and wastewater projects. From 2026–27 projects in this category outside the BBT will be by exception only.

Performance reporting and oversight

A multi-tiered reporting framework provides continuous check and challenge functions throughout the delivery period:

- project performance is tracked against established KPIs, allowing for rapid intervention if delivery risks emerge
- portfolio monitoring through the Capital Investment and Innovation Committee which has an important role in applying controls to manage cost and schedule variances
- scrutiny of higher value projects at the Board and executive level, to ensure alignment with customer affordability targets and strategic direction.

Performance is reported and overseen regularly through Board, executive and leader forums including monthly ELT performance meetings, program leadership team regular meetings as well as business unit meetings and cross-business forums.

A key feature of the BBT model is the involvement of delivery partners across the full project lifecycle. Early engagement ensures that delivery considerations are incorporated into project design from the outset, reducing the need for rework and improving the efficiency of project outcomes.

6.1.2 Outcomes for customers

Unitywater's continued investment in strengthening capital planning and governance has delivered tangible outcomes for customers, ensuring that capital expenditure is both prudent and efficiently targeted while also positioning the business to respond seamlessly to the significant step-change in growth we have experienced since 2023.

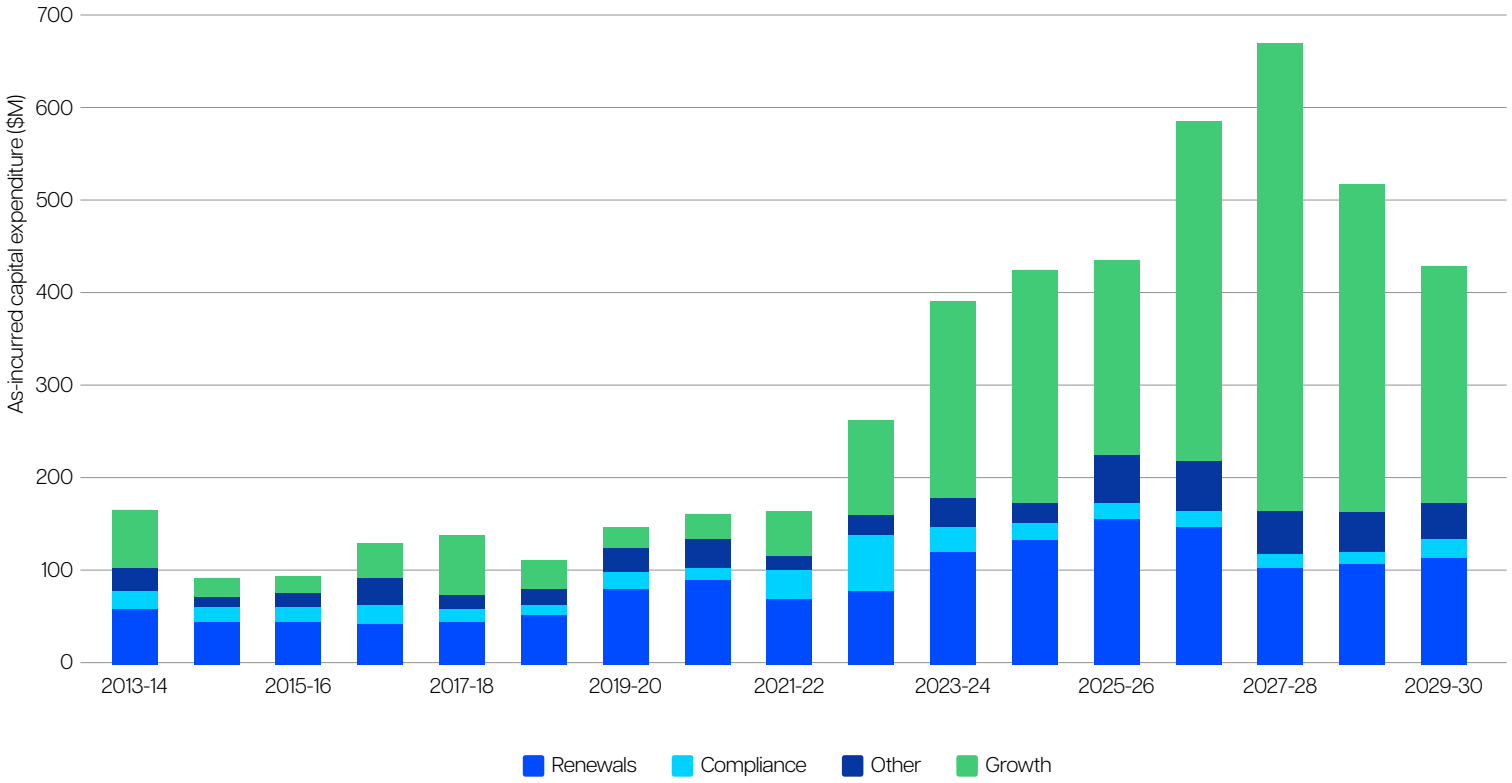
Figure 35 illustrates the trend in capital expenditure by driver since 2013.

Meeting customer expectations

As outlined in Chapters 2 and 3, customer and stakeholder insights are one input to our capital planning approach, helping us understand the service outcomes, affordability considerations and community values that should be considered alongside statutory obligations, technical evidence, asset risk and whole of life cost. Customer insight shows that maintaining affordable and reliable water and wastewater services, protecting community liveability, and enabling sustainable growth are the key considerations customers expect us to balance when making investment decisions.

There is strong customer support for investment that enables new communities and development while maintaining existing service standards and preserving the liveability of the region, including minimising service impacts, protecting community wellbeing and ensuring infrastructure keeps pace with demand.

Figure 35. Historic and forecast capital expenditure by driver (nominal, $million)



Within this context, customers also express strong support for environmental stewardship, particularly where it is clearly linked to protecting waterways, reducing environmental impacts and maintaining the amenity and liveability of local communities. Customer preferences reinforce to us that environmental outcomes should not be considered in isolation, but as part of delivering reliable services and sustaining the regions in which customers live and work.

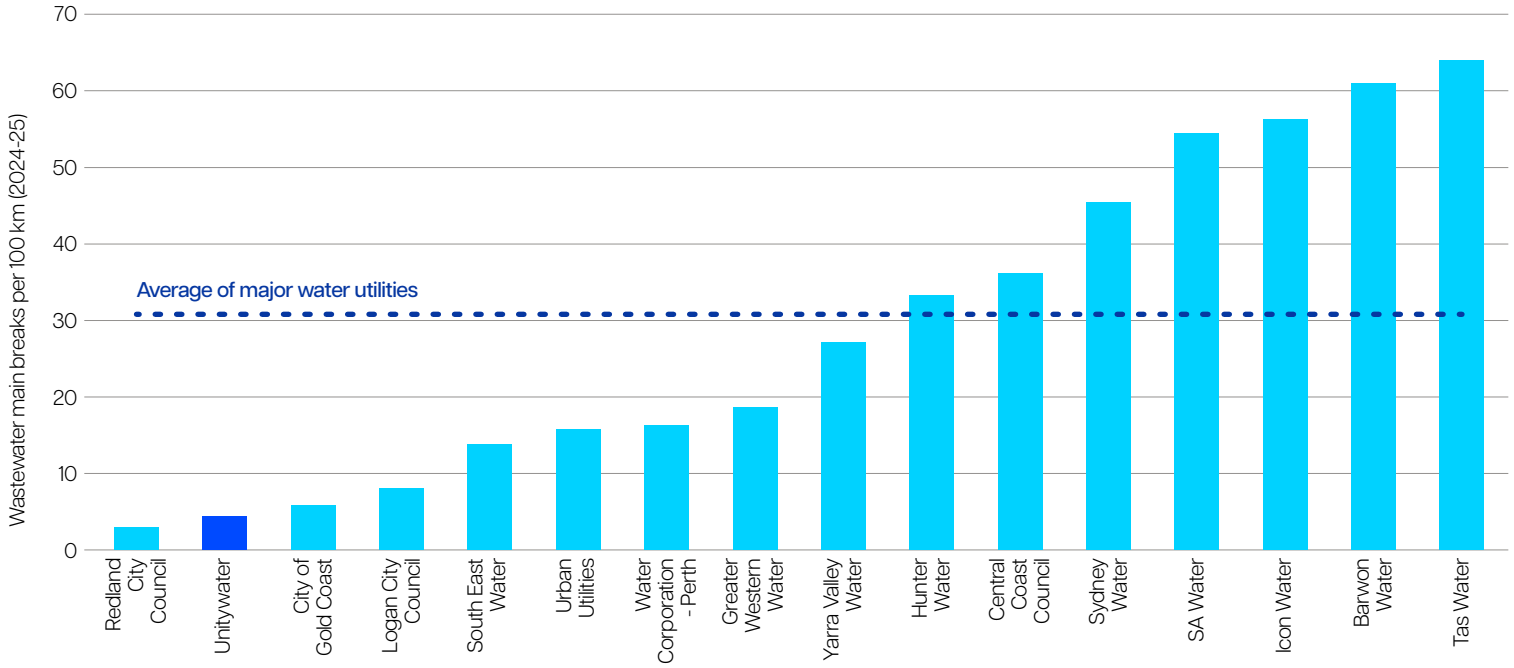
In response, we have incorporated these preferences into planning and prioritisation processes, ensuring that compliance and environmental investments such as treatment upgrades, nutrient management and odour control, are delivered in a way that aligns with customer values while remaining cost-effective.

These outcomes have been achieved in the context of an asset-intensive network, a geographically dispersed service region, increasing environmental and regulatory complexity and at a time of heightened cost-of-living pressures for our customers.

Over time, enhancements to planning frameworks, asset prioritisation and delivery models have enabled us to balance competing objectives of maintaining existing service standards, preparing for future demand, and managing cost pressures in a disciplined manner.

These improvements are reflected in both operational performance outcomes and benchmarking results, which demonstrate that we are delivering reliable services at a cost and performance level that is competitive with, or leading, comparable water utilities.

Figure 36. Wastewater main breaks and chokes per 100 km – benchmark comparison



Benchmarking comparisons

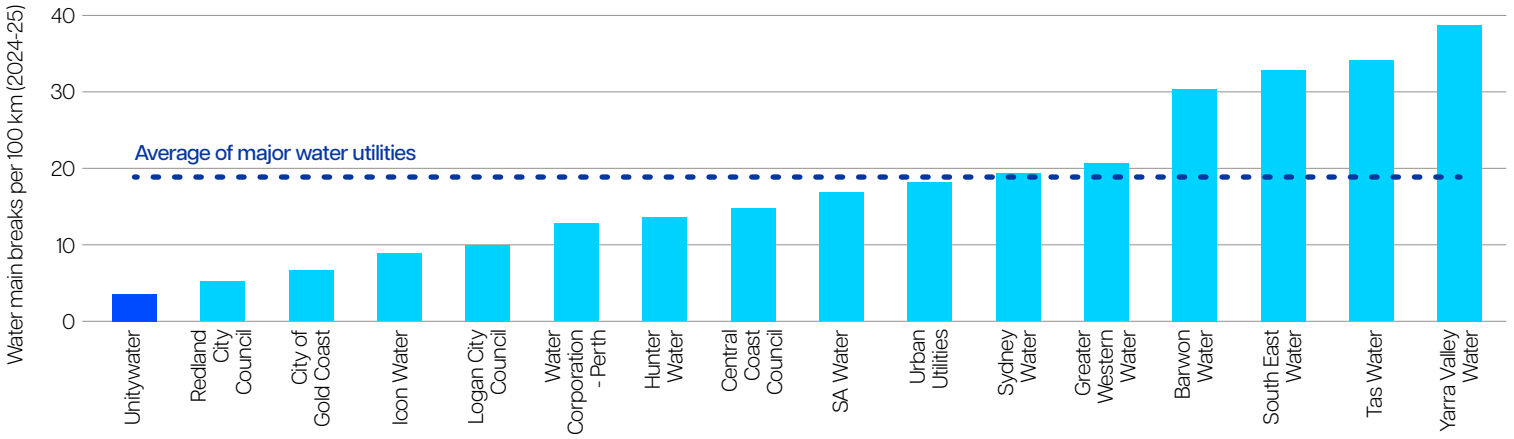
Outcomes from improved asset management frameworks governance and delivery can be demonstrated in our strong performance and reliability levels when compared to peer networks.

Figure 36 illustrates that our wastewater main breaks and chokes are materially lower than national median levels. We currently lead industry peers in this performance metric

We also currently lead industry peers in the low rate of main breaks per 100 km with results also materially lower than national median levels, Figure 37 on the following page illustrates the comparison of reliability water mains between major water utilities.

These outcomes have been achieved while accommodating significant population growth and network expansion, demonstrating improvements have allowed for scale increases in the investment program so that it is efficiently targeted and sized without evidence of over or under-investment.

Figure 37. Water main breaks and chokes per 100 km – benchmark comparison



6.1.3 Ongoing commitment to efficient forecast and delivery

Unitywater continues to roll out strategic and technology-based initiatives to ensure efficient delivery of its capital program into the price monitoring period. Such initiatives include:

- investing in advanced capital lifecycle and program control systems, improving capital forecasting, proactive resource planning and agile contingency management
- leveraging advanced data analytics to better predict failure modes and deterioration before failures occur. This allows better targeting and deferral of expenditure until it is economic to do so
- using digital twin technology to scenario test population and growth scenarios virtually, improving capital project and portfolio investment decision making
- uplifting strategic sourcing capabilities, including the implementation of preferred supplier frameworks, optimisation of critical spares and barcoding technology to improve field team productivity and drive long-term cost savings
- investigating artificial intelligence technology with an aim to automate some highly-repetitive tasks, allowing more efficient resource allocation and prioritisation.

These initiatives are focused on ensuring our capital program can respond to the significant growth and operational challenges over the short to medium term at the lowest sustainable cost.

6.1.4 Relationship between capital expenditure and customer prices

Capital expenditure does not flow immediately or on a dollar-for-dollar basis into customer prices. The impact depends on the timing of asset commissioning, RAB additions, depreciation, financing costs, demand growth and our overall revenue and pricing approach.

Forecast project expenditure is added to the RAB only when the relevant asset is commissioned and providing services. Chapter 8 explains the RAB and depreciation treatment, while Chapter 10 explains our revenue requirement and pricing approach.

6.2 Historical capital expenditure

From 1 July 2013 to 30 June 2025, Unitywater invested a total of $2.3 billion in the service region. This program was balanced across the competing needs of a rapidly growing service region and an ageing infrastructure base.

Table 14 shows our capital expenditure history over four-year blocks.

The below table reflects the significant scale increase in investment we have delivered over our relatively short history.

The following subsections detail the historical expenditure within each primary driver, highlighting material projects reflecting our matured investment and options-analysis frameworks. The following section summarises our historic expenditure according to driver with a focus on growth, renewals and compliance expenditure between 2021–22 and 2024–25.

Around 75% of total expenditure in the 2021–22 to 2024–25 period related to these three categories with several key projects dominating the expenditure profile.

Table 14. Historical capital expenditure by four-year period and driver (nominal, $million)

Capital cost category	2013–14 to 2016–17	2017–18 to 2020–21	2021–22 to 2024–25
Growth (water)	15.9	11.3	167.0
Growth (wastewater)	98.2	111.1	328.3
Renewals (water)	51.7	75.6	92.4
Renewals (wastewater)	110.9	155.2	241.6
Compliance	57.4	48.4	109.7
Improvement	38.3	51.2	37.6
Support	40.8	36.9	54.2
Other (overheads, capitalised interest)	74.5	74.1	213.1
Total	**487.8**	**563.8**	**1,244.0**

Around 40% of 2021–22 to 2024–25 expenditure in these categories relates to eight projects and programs of work. A sample of these are briefly explained in the sections below.

The rise in other expenditure between 2021–22 to 2024–25 reflects increased financing needs to meet higher levels of construction (capitalised interest). The increase is also due to the separate itemisation of direct overhead expenditure from 2022–23. [119]

6.2.1 Growth expenditure

For Unitywater, growth capital expenditure relates to investment undertaken to:

- increase network capacity or security of supply
- support population and connection growth inside the connection area and to enable connections in the future connection area, and
- enable development consistent with statutory planning frameworks, water servicing strategies and infrastructure agreements.

This includes:

- trunk water and wastewater infrastructure (pipelines, reservoirs, pump stations)
- water and wastewater reticulation infrastructure (pipelines, pump stations) upgrades
- treatment plant capacity upgrades driven by load growth, and
- growth-related infrastructure delivered by, or on behalf of, Unitywater under WIAs.

Previous chapters have highlighted our historic growth trajectory over recent years. Our service region is projected to account for the largest share of Australia's total population increase between 2026 and 2041, and to grow faster than Australia overall, with substantial expansion occurring both within existing connection areas and across new greenfield growth fronts. This growth has driven sustained increases in demand for network capacity, treatment capability and supporting infrastructure, requiring a corresponding uplift in capital investment to maintain service reliability and meet statutory obligations.

Historic investment patterns show a clear step-change in expenditure, particularly in growth-related infrastructure such as WWTP upgrades, network augmentations and new assets required to service emerging communities. This increase is consistent with the scale and timing of development across the region and demonstrates a deliberate and necessary response to ensure that infrastructure is delivered ahead of, or in line with, customer and demand growth.

Table 15 shows a summary of historic growth expenditure.

119 Up to and including 2021-22, direct overheads were reported against capital expenditure categories.

Table 15. Historic capital expenditure – Growth by treatment class (nominal, $million)

Category	2021–22	2022–23	2023–24	2024–25
Growth (water)	7.1	16.2	80.4	63.3
Growth (wastewater)	32.9	66.3	95.0	134.0
Total growth capital expenditure	**40.0**	**82.6**	**175.4**	**197.3**

Capital expenditure reached record levels in 2023–24 and 2024–25, reflecting the scale and timing of growth-related infrastructure required to service new development areas (Aura & Harmony program and Waraba [Caboolture West] infrastructure) while maintaining overall system integrity.

We have successfully managed scale increases in growth expenditure drivers without compromising other expenditure needs through improved systems and processes that we have developed over time.

Table 16 shows several larger projects contributed to the growth expenditure over this period.

Table 16. Major projects in previous period – Growth (nominal, $million)

Project/Program	2021–22	2022–23	2023–24	2024–25	Total project costs [120]
Aura program of works	3.6	17.3	134.6	76.2	245.8
Burpengary East WWTP Upgrade	3.9	1.8	10.4	42.7	130.9
Caboolture West Wastewater Network Infrastructure	0.9	1.7	2.8	29.2	44.7
Total	**8.3**	**20.8**	**147.8**	**148.1**	

120 Total project cost relates to the full cost of the project which may be greater than what was spent in the previous period. The Aura Program of works represents a range of projects attributed to the Aura and Harmony infrastructure program.

Aura program of works

The Aura and Harmony trunk infrastructure program supports growth in the southern Sunshine Coast growth corridor, one of Queensland's fastest-growing regions.

Aura (Caloundra South) and Harmony (Palmview) are large, master-planned greenfield communities identified in state and local planning frameworks to accommodate population growth and housing demand pressures in SEQ. The Aura program alone is forecast to accommodate approximately 69,000 people, with the Harmony program catering for a further 21,000 people, making this corridor a primary driver of long-term demand for water and wastewater services in our service area.

Both developments were initially serviced through interim network arrangements that were suitable for early stages of development, but which were not sufficient to support the next phase of growth without material risk to service standards. Updated population projections and development take-up showed that water storage, trunk conveyance and wastewater capacity limits would be reached within a short timeframe, creating a clear need for new trunk infrastructure to avoid service constraints, customer impacts and delays to development.

Early strategic planning between 2012 and 2014 assessed a wide range of bulk water supply and wastewater servicing options, including alternative trunk routes, gravity dominant systems, pumped systems and hybrid configurations.

These options were assessed against capital cost, whole-of-life operating cost, constructability, environmental impacts, operational risk and long-term network flexibility.

These outcomes were consolidated through the 2016 Infrastructure Master Plan, which established the technical basis for the Infrastructure Agreements and effectively transitioned the project from strategic option selection into implementation planning.

The scope of this program of work includes:

- two 12 ML water reservoirs
- 16 km water mains, 375 mm to 600 mm diameter
- 14 km wastewater rising main, 710 mm to 900 mm diameter
- one Wastewater Pump Station with 660 L/s capacity

The resulting program provides permanent external trunk infrastructure to replace interim arrangements and delivers the following outcomes:

- Harmony water capacity increases from 61 L/s (12,022 Equivalent Persons [EP]) to 108 L/s (20,584 EP) with the new reservoir[121]
- Aura water capacity increases from 74 L/s (24,561 EP) to 104 L/s (34,000 EP)
- Aura wastewater peak wet weather flow capacity increases from 239 L/s (24,561 EP) to 315 L/s (45,000 EP).

In addition to technical capacity benefits, the program enables orderly development of two major greenfield communities and supports regional economic growth and housing supply objectives.

Burpengary East wastewater treatment plant

The Burpengary East WWTP upgrade is required to service rapid and sustained population growth across the Burpengary East, Narangba, Morayfield, Beachmere and Deception Bay catchments.

These catchments are forecast to increase from approximately 74,000 EP in 2026 to approximately 194,000 EP by 2051, reflecting significant residential and industrial development in the City of Moreton Bay growth corridor.

121 Equivalent Person (EP) is a standard unit representing the average wastewater load generated by one person, used to quantify and plan wastewater system capacity and growth demand.

The existing plant, commissioned in the 1970s and last materially upgraded in 2012, has a reliable operating capacity of approximately 49,900 EP and is currently operating above this level under a negotiated EA mass load licence.

As forecast growth is realised, this flexibility will be exhausted, creating an increasing risk of environmental non-compliance and constraining our ability to service committed development if additional treatment capacity is not provided.

The project has both a growth-driven and compliance-driven element. The primary driver relates to servicing population growth. However, investment will ensure ongoing compliance with the plant's EA as growth loads increase. Failure to deliver the upgrade would result in a high risk of regulatory non-compliance and potential refusal of new connections in a designated growth area.

The scope of the upgrade includes:

- inlet works with four screen channels fitted with 3 mm band screens and new grit removal chambers. The design allows for future capacity requirements to 120,000 EP
- an Odour Control Facility serving the new inlet works to meet increasingly stringent odour legislation
- a bioreactor with a capacity of approximately 30,000 EP, with a dedicated blower room and switch room
- secondary clarifier to service approximately 30,000 EP
- piping and electrical upgrades
- upgraded chlorine disinfection facility.

The upgrade will allow us to continue servicing growth without constraining development, while deferring some capital expenditure through efficient staging and reuse of the existing site and assets.

Caboolture West (Waraba) wastewater network infrastructure

The Caboolture West Wastewater Network Infrastructure project is a historical growth-driven capital investment undertaken as part of a broader, planned servicing strategy for the Caboolture West precinct. Waraba is a large 40-year growth area with an estimated fully developed population of about 70,000 people (84,000 EP). In terms of facilitating development it has, for some years, been City of Moreton Bay's highest priority. It is also the State's priority in terms of major greenfield developments within SEQ.

We entered into a Building Acceleration Funding (BAF) Agreement with the Minister for Economic Development Queensland in July 2021. The purpose of this BAF was to assist in the provision of water and wastewater trunk network infrastructure to service Neighbourhood Development Plan No. 1 of Caboolture West. Under the BAF we are required to build the larger external connecting works while a consortium of developers agreed to build the internal works and early external connecting works.

The scope of the project includes:

- a new wastewater pumping station
- approximately 4.5 km of new wastewater pipeline.

Importantly, the infrastructure was designed and delivered in a manner that ensured compatibility with the existing network, supporting both operational performance and long-term scalability as the development area continues to grow.

Delivering the infrastructure at the appropriate time in the development cycle ensures that capacity is available when required, while avoiding premature investment. This timing alignment is critical in growth areas, where delivering infrastructure too early can result in underutilised assets, while delays can restrict development and impact customers.

The project was driven by externally defined development requirements, supported by established planning and infrastructure agreements, and delivered through a funding and procurement model that ensures appropriate cost allocation and efficient delivery. Trunk works for Waraba and Pine Valley are being constructed by us in parallel with developer reticulation works funded under the BAF loans program detailed above.

6.2.2 Renewals expenditure

For Unitywater, renewals capital expenditure relates to investment undertaken to maintain the service capability, safety, reliability and compliance of existing water and wastewater assets. Renewal projects are driven by asset condition, failure risk, safety exposure and regulatory obligations, rather than growth in demand.

Investment in renewals is governed by prudent frameworks, currently embodied in the Asset Class Strategies supported by the Asset Renewal Business Rules methodology. These processes are designed to ensure investment timing reflects whole-of-life costs, balancing the relative risks, costs and consequences of investing too early and investing too late.

Table 17 shows a summary of historic renewals expenditure.

Increases in renewals investment reflects the maturing age profile of legacy assets inherited at our establishment. The maturity of risk-based asset management, condition assessment and governance processes has resulted in better identification of investment need for assets presenting elevated service or compliance risk. Wastewater renewals account for the significant share of this investment. We are responsible for both wastewater transport and treatment assets, while Seqwater is responsible for potable water treatment.

Figure 38 illustrates a trend in the number of wastewater mains breaks and chokes per 100 km over time. Improved customer outcomes have been achieved despite a growing network, increasing asset age and expanding service footprint. Targeted renewal programs are one contributor to these improved outcomes, alongside maintenance, operational response, network management and external conditions.

This targeted investment has delivered significant benefits to customers in terms of reliability performance (Figure 36, Figure 37 and Figure 38) while at the same time ensuring cost and affordability outcomes for customers are maintained.

Table 17. Historic capital expenditure – Renewals by treatment class (nominal, $million)

Capital cost category	2021–22	2022–23	2023–24	2024–25
Renewals (water)	21.1	15.5	29.2	26.5
Renewals (wastewater)	39.4	49.3	72.5	80.4
Total renewals capital expenditure	**60.6**	**64.8**	**101.7**	**106.9**

Figure 38. Wastewater mains and breaks per 100 km (source 2024–25 NPR)

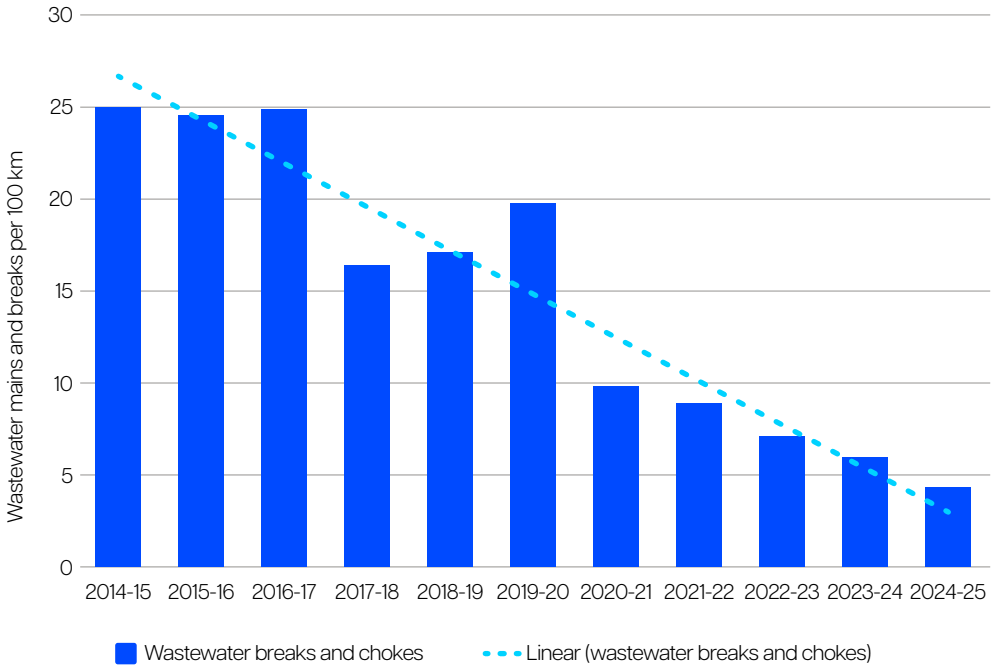


Table 18 shows several larger programs contributed significantly to the renewals expenditure over this period.

Table 18. Major capital projects – Renewals (nominal, $million)

Project/Program	2021–22	2022–23	2023–24	2024–25	Total project costs [122]
Wastewater Gravity Mains Renewal Program	9.1	15.6	15.2	11.4	Ongoing
Water Mains Renewal Program	6.3	8.7	5.5	11.5	Ongoing
Valve and Hydrant Renewal Program	4.4	0.4	9.7	7.2	Ongoing
Maroochydore WWTP Renewals Program	3.2	2.7	8.5	11.3	46.0
Total	**23.0**	**27.5**	**38.7**	**41.4**	

Wastewater gravity mains renewal program

The Regional Wastewater Gravity Mains (WGM) Renewal Program is one example of a condition-based renewals program targeting ageing wastewater assets with elevated failure risk. The program utilises CCTV inspection, condition grading and risk assessment to prioritise intervention and to select the most appropriate treatment (predominantly trenchless relining, with replacement used only where rehabilitation is not feasible).

The renewal program targets existing assets that have deteriorated to a point where renewal is required to maintain serviceability, reduce operational risk and optimise lifecycle cost outcomes. This program has addressed risk with associated improvement in asset performance with wastewater main blockages and chokes reducing year-on-year. This has a positive impact on the environment with reduced dry weather overflows and flow on benefits for maintenance teams with reduced reactive works. The annual renewal scope continues to be optimised in line with the business risk appetite. After peaking in 2024–25 to address the backlog, expenditure reverts to normalised levels. We are forecasting a reduced program over the price monitoring period.

Water mains renewal program

Our business invests annually in water mains renewals to ensure the ongoing reliability, safety and performance of our water supply network, which consists of more than 6,500 km of water mains.

Like other asset classes, historical renewals investment in water mains has been guided by a structured, risk-based framework consistent with the Asset Management Plan, incorporating:

- likelihood of failure, derived from condition modelling and historical data
- consequence of failure, particularly customer disruption, safety and critical service impacts
- identification of high-risk mains, including large trunk assets and critical supply links.

A key driver to renewals has been the progressive deterioration of older pipe materials, particularly asbestos cement and cast-iron mains, largely installed prior to the 1990s. Condition modelling indicates that a significant proportion of older asbestos cement mains are in poor to very poor condition, reflecting higher failure probabilities across the network.

The program continues to direct investment to areas of most need – customers who have been impacted by poor performing water mains. By focusing only on assets that have known performance issues, we have continued to maintain service levels as assets age.

122 Total project cost relates to the full cost of the project which may be greater than what was spent in the previous period. Annual programs of work are ongoing and do not have a finite project cost.

The program will continue to grow modestly as the percentage of end-of-life assets is predicted to increase over time.

Maroochydore renewals program

The Maroochydore WWTP is one of the largest treatment plant facilities that we manage and maintain, receiving wastewater from one of the largest catchments in our service region.

Comprising two treatment streams (Plant A and Plant B) the facility is considerably aged, with Plant A built in 1974 and Plant B built in 1998. The plant was not performing in 2022 with multiple compliance issues suggesting a major upgrade was required. Through rigorous analysis, testing and optioneering, our team determined that it was feasible to renew the existing assets and return the plant to design capacity rather than building an additional train which would have cost in excess of $100 million. The challenge remained, how to take an entire train offline to renew while maintaining plant compliance.

Total design capacity of the WWTP is 136,000 EP and it is estimated to be operating at 110,000 EP with an overall potential plant capacity of 141,000 EP once condition improves.

As of May 2026, the majority of the Plant A train works have been completed and the plant has been returned to normal operating mode.

A significant benefit in this program was the ability to divert flows from Kawana WWTP once Maroochydore WWTP capacity was achieved. This gives us the flexibility to manage growth in the Kawana catchment using the Maroochydore plant. Reliability of the plant has improved since returning to service.

6.2.3 Compliance expenditure

Compliance expenditure is associated with meeting legislative or associated regulatory obligations, and includes investment response to non-compliance at existing facilities, or in response to new regulations or changes in government directives.

Compliance expenditure is distinct from growth and renewals, although in practice some projects exhibit overlapping drivers. For the purposes of this chapter, expenditure is classified as compliance where the primary driver is an external obligation or regulatory requirement, rather than capacity demand or routine asset replacement.

Table 19 shows a summary of our historic compliance expenditure.

The observed increase in compliance expenditure between the 2021–22 and 2022–23 financial years reflects a regulatory shift toward prevention-based and outcome-focused environmental regulation rather than an existing compliance failure.

Later years of the period show a higher proportion of compliance expenditure associated with complex environmental outcomes (for example, nutrient management, recycled water schemes, microplastics), rather than traditional point-in-time upgrades.

Table 20 shows that historic compliance expenditure was largely driven by the Wamuran Irrigation Scheme (WIS) project.

Table 19. Historic capital expenditure – Compliance by treatment class (nominal, $million)

Category	2021–22	2022–23	2023–24	2024–25
Compliance (water)	4.3	2.7	3.5	3.6
Compliance (wastewater)	19.9	46.8	18.4	10.1
Compliance (non-water and wastewater)	0.4	0.0	0.1	0.0
Total compliance capital expenditure	**24.6**	**49.5**	**22.0**	**13.8**

Table 20. Major capital expenditure projects – Compliance (nominal, $million)

Capital Project/Program	2021–22	2022–23	2023–24	2024–25	Total project costs [123]
Wamuran Irrigation Scheme	24.6	82.7	19.7	3.1	143.0

123 Total project costs shown in Table 20 include project expenditure across all capex categories (growth, renewals and compliance). Only the compliance-allocated portion of the project's annual expenditure is reflected in Table 19.

Wamuran irrigation scheme

The WIS is a large scale recycled water reuse scheme to divert treated wastewater from the Caboolture South WWTP for beneficial use in agricultural irrigation. The scheme comprises a fully integrated system of treatment, pumping, storage and distribution infrastructure that enables the delivery of Class A+ recycled water to farms in the Wamuran region. WIS therefore represents a prudent shift from a disposal-focused wastewater management approach to a circular economy model in which treated wastewater is used as a resource rather than a waste stream.

The scheme was developed in response to a specific and escalating environmental and regulatory problem in the Caboolture River catchment. Population growth in the catchment and the associated increase in nutrient loads entering the river system created a risk of non-compliance with licence conditions. Continued reliance on direct discharge would have increased our exposure to future regulatory uncertainty and progressively reduced the flexibility available to accommodate population growth within the catchment.

WIS was assessed as the most efficient option to address these risks at 47% of the estimated lifecycle cost of the next-best alternative, with an estimated NPV of approximately -$165 million compared to -$349 million for the ocean outfall option. This lifecycle cost differential of more than $180 million demonstrates that the preferred option represents the most efficient and prudent investment while achieving the required service outcomes.

While some alternatives offered partial benefits, they were ultimately found to be higher cost, more uncertain from a regulatory perspective, or unable to fully address the underlying wastewater management challenge. In contrast, WIS delivers a complete solution by combining treatment, storage and reuse infrastructure, allowing us to directly control outcomes and demonstrate compliance with environmental obligations. The project was delivered at around half the estimated cost of the next best alternative.

WIS is a demonstration of how our business responds to long-term growth and environmental constraints through efficient investment in resource recovery infrastructure (rather than limiting solutions solely to traditional wastewater disposal pathways). Rather than relying on disposal solutions that were observed to be higher cost and higher risk over time, we adopted a scalable and controllable reuse scheme that supports future growth, improves waterway health and provides enduring value from an existing wastewater stream. The investment therefore demonstrates how innovation can be applied in a disciplined manner to improve customer growth and environmental outcomes while reducing long-term cost and regulatory risk.

6.3 Forecast capital expenditure 2027–28 to 2029–30

Unitywater's forecast capital expenditure to 30 June 2030 is aligned with the organisation's strategic ambition to support healthy and thriving communities in our service area. Continued growth in the region requires responsible and timely investment in new network and treatment capacity often ahead of full customer take-up, to ensure orderly development and avoid service constraints.

Renewals and compliance investment must also be carefully balanced during this growth period to ensure affordability expectations can be delivered while maintaining high levels of water and wastewater reliability.

Tighter environmental regulation and increasing community expectations necessitate prudent investment to manage nutrient loads, odour and treatment performance. Our forward capital program also includes investment in asset resilience to address climate variability, critical infrastructure obligations and evolving security requirements.

Our investment cycle is operating in a persistently higher-cost delivery environment, with construction, labour and supply-chain pressures increasing the unit cost of capital works. These cost pressures place upward pressure on forecast expenditure, even where the underlying scope of work reflects continuation of prudent asset management practices.

The forecasts have been developed using a bottom up, needs based approach, informed by long-term strategic planning and refined through annual reprioritisation and affordability testing. Outer year forecasts are fundamentally driven by our statutory obligations to service significant population growth, maintain environmental compliance, and ensure network reliability.

As noted in Section 6.1, our investment program has clear line of sight to our strategic frameworks and direction. This includes our SAMP, Network Master Plans and supporting ACPs, which identify required investment to meet service standards over the long term. The forecast reflects the integration of demand projections, asset condition and performance information, regulatory obligations, and operational risk considerations, consistent with the principles of prudent and efficient investment.

These long-term needs are translated into a rolling multi-year capital program through established internal processes, including option assessment, prioritisation and staged approval through the Enterprise Gateway process.

The forecast capital expenditure has been constrained through governance processes and top down assessments which ensure:

- rigorous options analysis, including non-asset and lower-cost alternatives
- prioritisation against customer service expectations and affordability considerations
- market testing and use of collaborative procurement models
- lessons learned from historical delivery performance.

Importantly, the forecast does not assume unconstrained delivery. Projects remain subject to revalidation at each investment gate, and our governance framework provides for deferral, reprofiling or scope adjustment where growth assumptions, risk profiles or affordability considerations change.

Table 21 shows the forecast capital expenditure by drivers.

6.3.1 Growth expenditure

Our region is projected to grow faster than Australia overall and our growth program reflects this rapid expansion.

Table 21. Forecast capital expenditure (nominal, $million)

Category	2025–26	2026–27	2027–28	2028–29	2029–30
Growth	166.4	305.7	433.2	284.2	196.2
Renewals	124.5	123.5	90.6	88.0	90.1
Compliance	14.1	14.3	13.3	10.2	14.3
Improvement	27.2	26.1	28.8	28.7	29.4
Support	23.6	27.1	17.6	13.8	10.6
Other (overheads and capital interest)	80.0	89.1	90.1	100.0	96.2
Total	**435.8**	**585.9**	**673.6**	**524.9**	**436.7**
			Price Monitoring Period		

Growth expenditure forecasts are shaped by the spatial and temporal distribution of growth outlined in the Queensland Government's *ShapingSEQ 2023* regional plan, which forecasts the addition of more than 500,000 residents across SEQ over the next 20 years. The program is targeted to defined priority growth areas, including major greenfield development fronts and strategic infill locations.

Forward capital expenditure is dominated by several structured, location specific growth projects, with investment prioritised based on growth certainty, development readiness and short-term system capacity constraints. Projects are developed in a way which ensures infrastructure is delivered ahead of or in step with development and staged to minimise stranded capacity.

Table 22 shows a summary of forecast growth expenditure.

We are forecasting investment in over 130 identified growth projects over the price monitoring period. However, the majority of investment is concentrated within several key priority growth areas.

The concentration of investment driven by the convergence of multiple significant growth projects is managed through our collaborative water and wastewater infrastructure capital delivery model, BBT.

This delivery model supports flexible delivery at scale by enabling early contractor involvement and coordinated sequencing of works across multiple programs. This reduces exposure to procurement and capacity risk.

While growth areas require both water and wastewater, the higher proportional cost for wastewater growth investment is reflective of the higher capital intensity of wastewater works compared to water. For example, WWTPs and pump

Table 22. Forecast growth capital expenditure (nominal, $million)

Category	2025–26	2026–27	2027–28	2028–29	2029–30
Growth (water)	40.8	27.3	9.7	11.0	24.4
Growth (wastewater)	125.6	278.5	423.5	273.2	171.8
Total forecast capital expenditure	**166.4**	**305.7**	**433.2**	**284.2**	**196.2**
			Price Monitoring Period		

stations contain a greater concentration of mechanical and electrical components with shorter asset lives and higher renewal costs than many water network assets.

Wastewater investment is also elevated due to a combination of structural and efficiency factors.

- A significant proportion of forecast growth is occurring in catchments where wastewater treatment and conveyance capacity is already constrained, requiring upgrades to WWTPs, trunk sewers and pump stations, whereas comparable water supply capacity can often be accommodated through existing systems or incremental augmentation.
- Wastewater assets are subject to increasingly stringent environmental standards relating to nutrient discharge, odour, overflow performance and system resilience, resulting in a higher proportion of compliance-driven investment.

Table 23 shows major projects which have a primary growth driver.

Highlights of the forecast growth expenditure program appear below.

Table 23. Forecast growth capital expenditure – Major projects (nominal, $million)

Project/Program	2025–26	2026–27	2027–28	2028–29	2029–30
Kawana Program of Works	4.5	20.0	41.3	75.4	65.9
Caboolture South WWTP upgrade	2.6	12.4	67.3	43.1	48.1
Burpengary Wastewater Pumping Station Upgrade	7.8	18.4	58.8	68.2	0.0
Bioresource Recovery Facility	5.3	51.2	89.3	16.1	0.0
Total	**20.2**	**102.0**	**256.7**	**202.8**	**114.0**
			Price Monitoring Period		

Kawana wastewater treatment plant upgrade program

The Kawana Program of Works is a major growth related and compliance-driven investment that supports the long-term role of Kawana WWTP as the central wastewater treatment hub for the Sunshine Coast region. The program responds to sustained population growth, increasing wastewater volumes and progressively tightening environmental requirements, which together place increasing pressure on existing treatment and discharge infrastructure.

Kawana WWTP is currently one of our largest treatment facilities, with a current effective capacity of approximately 150,000 EP and is planned to ultimately expand to service up to 600,000 EP over time. This upgrade reflects the broader growth trajectory of the region, with the WWTP acting as a regional aggregation point for wastewater flows, including additional transfers from other catchments such as Landsborough. Regional aggregation improves operating cost efficiency. However, it contributes to the scale and complexity of infrastructure required at Kawana being significantly higher than that of a typical standalone treatment facility.

The program is characterised by a combination of capacity augmentation, technology replacement and supporting infrastructure upgrades.

Key elements include expansion of treatment capacity, upgrades to pumping and conveyance systems, modifications to discharge infrastructure and supporting electrical and control systems.

A key driver of the program is the existence of capacity constraints within critical plant components, particularly in relation to plant performance, wastewater handling and discharge systems. Current infrastructure, non-exhaustively including the treated wastewater pump station and outfall arrangements, is insufficient to fully match existing and future treatment capacity, creating a risk that treated volumes cannot be reliably conveyed and discharged under all operating conditions. In addition, the moving bed biofilm reactor plant and the media technology in the current plant is defective and requires redesign. These constraints have implications not only for operational efficiency but also for regulatory compliance, particularly during peak-flow events or asset outages.

Under the existing EA, discharge to the Mooloolah River is restricted to specific conditions, such as high inflow events or asset unavailability, and all such releases are reportable to the environmental regulator. Where infrastructure capacity is insufficient, there is an increased risk of non-compliant releases or reliance on less desirable discharge pathways.

As flows increase over time, the risks arising from the current inadequacies and underperformance of the WWTP become more pronounced, requiring investment to maintain compliance with environmental standards and general environmental duty.

While the investment is significant, it reflects the least cost long-term approach when compared to alternatives such as continued reliance on constrained infrastructure, increasing operational workarounds or deferral of treatment upgrades. Preferred solutions were selected based on a combination of capital efficiency, long-term operating cost, environmental outcomes and delivery risk, ensuring value for money over the asset lifecycle.

The preferred solution also reflects the need to maintain operational resilience and flexibility as the plant transitions to its future state.

The design approach allows new infrastructure to be integrated with existing assets and commissioned in stages, enabling continued operation during construction and reducing the risk of service disruption. This staged delivery approach is critical for a facility of this scale, where shutdowns or failures would have significant regional impacts.

South Caboolture wastewater treatment plant upgrade

The South Caboolture WWTP Upgrade responds to sustained population growth and development within the City of Moreton Bay local government area. The upgrade supports the long-term capability of the wastewater network to service expanding urban catchments, including large-scale development areas such as Caboolture West (Waraba), while maintaining compliance with environmental and service standards.

As large scale development proceeds, utilisation of available treatment capacity at South Caboolture WWTP will progressively increase with modelling indicating that the current configuration will be insufficient to accommodate future inflows within the planning horizon. In the absence of investment, the existing plant would face increasing constraints in managing peak and average flows, leading to reduced operational flexibility and increased risk of non-compliance with environmental licence conditions. The increased flows limit available treatment processes, hydraulic capacity and supporting infrastructure. This necessitates interim operational workarounds, including increased reliance on contingency arrangements, which become progressively less efficient and more risk exposed over time.

Alternative approaches, such as deferring investment or relying on operational mitigations, would result in increasing costs, reduced efficiency and heightened compliance risk over time.

The selected upgrade option is to invest in an advanced and scalable treatment process, enabling the plant to accommodate both near-term growth and longer-term demand increases, reducing the need for repeated incremental upgrades and supporting efficient lifecycle management of the asset base.

Forecast constraints are addressed through an expansion of treatment capacity, including the augmentation of core process units, expansion of hydraulic capacity and upgrades to supporting infrastructure such as pumping, electrical and control systems.

Unlike incremental network augmentations, treatment plant capacity upgrades require step changes in infrastructure, reflecting the need to provide sufficient hydraulic and process capacity to service future demand.

The program is delivered through a staged and modular approach, allowing new infrastructure to be integrated progressively with existing assets, minimising service disruption and enabling capacity to be brought online as required. This maximises utilisation of existing infrastructure, while also providing flexibility to respond to changes in growth forecasts and development sequencing across the region.

Bioresource Recovery Facility

The BRF is a growth-related enabling project that responds to current biosolids volumes and some future increases in biosolids volumes (and consequential disposal costs) associated with population growth and wastewater treatment expansion across our service area. It demonstrates how we approach complex, long-horizon growth, cost and compliance challenges that cannot be resolved through incremental network augmentation alone.

We currently produce biosolids from WWTPs and manage these through dewatering, transport for beneficial reuse on land, or disposal to landfill. These pathways expose us to increasing and uncertain management and compliance risk as volumes grow. As outlined in Section 2.9, environmental obligations, stewardship and compliance are becoming more demanding across our operating environment. This includes stronger prevention-based regulation, evolving PFAS and biosolids management requirements, site-specific EA conditions and heightened expectations for managing contamination, odour and receiving-environment risks.

Section 2.9 also explains that PFAS and other emerging contaminants create direct cost and complexity for wastewater service providers, which are often passive receivers of contaminants entering the wastewater network from domestic, commercial and industrial sources.

These issues are sector wide. WSAA's 2025 biosolids assessment identifies rising operating costs, PFAS, microplastics, regulatory uncertainty, capital constraints and changing customer and community expectations as key challenges for biosolids management across Australia and New Zealand.[124] WSAA recognises that land application may become unviable for some locations depending on how the national PFAS management framework is implemented.

Resulting cost pressures are already evident in SEQ. The City of Gold Coast identifies biosolids management as one of its largest operational costs and is trialling new solutions to reduce biosolids volume transport and management costs.[125]

Logan Water has also trialled alternative solutions to address the existing transport pathway which costs around 30% of Loganholme WWTP operating costs.[126]

Forecast growth in population and wastewater loading is expected to increase biosolids volumes materially over the long term, with modelling indicating growth of approximately 70% by 2051 under existing treatment configurations.

Current studies indicate that existing biosolids handling arrangements can accommodate forecast volumes into the late 2030s, but only with increasing reliance on third-party contractors, longer haul distances and greater exposure to volatile disposal markets and regulation.

Growth places increasing pressure on disposal pathways in terms of scale, logistics, contracted disposal capacity and exposure to future cost escalation. Disposal based solutions become progressively less flexible and more exposed to cost and compliance risk (including the End of Waste Code) as volumes increase. Our own analysis suggests reliance on disposal-only pathways could cost $1.6 billion over 26 years and remains subject to ongoing regulatory, market and cost risks.

The BRF solution involves investment in centralised facility designed to process biosolids through drying and carbonisation, converting dewatered sludge into biochar and reducing the volume of residual material requiring disposal. This represents a shift from a traditional disposal-focused biosolids management approach to a scalable resource recovery model that converts a growing waste stream into a beneficial product while reducing long-term disposal liabilities.

The investment recognises that biosolids growth is structural and unavoidable over the long term. A prudent and efficient approach to solutions beyond the short-term horizon requires extended planning lead times, site selection, regulatory approvals and market testing.

The preferred configuration applies innovation in a disciplined manner, transforming a growing waste stream into a recoverable resource balancing capital efficiency, operational resilience with future scalability.

6.3.2 Renewals expenditure

Our renewal programs are designed to maintain and enhance customer service levels now and into the future. As the eighth largest water utility in Australia (by pipe length) we manage a significant proportion of asbestos cement pipes and associated infrastructure in areas with challenging soil conditions and terrain.

Renewals expenditure aims to balance long-term maintenance costs with risk-based asset replacement, ensuring our maintenance teams can sustainably manage network growth.

Renewal investment is driven by condition assessment and performance analytics, using risk-based prioritisation rather than age-based replacement. This ensures that forecast renewals expenditure targets assets that pose the greatest risk to service continuity, safety or compliance if left unaddressed. The future approach is a continuation of the existing strategy to prioritise renewal investment to areas of greatest need, ensuring our customers across the region receive equitable performance.

In Section 6.1 we noted a marked improvement in service outcomes for customers as a result of targeted renewals investment. The forward program has been tempered to maintain existing service levels through the price monitoring period after many years of sustained performance improvements.

Future impacts from climate change present emerging risks to infrastructure and as such new technologies are being assessed as part of renewals options, to strengthen long-term resilience and reliability.

The program of forecast works is developed and managed within a rolling five-year planning horizon, which allows renewals requirements to be continuously reassessed and reprioritised alongside growth and compliance needs.

Within this framework, renewals expenditure is targeted toward assets that present the highest risk to service continuity, safety or compliance, ensuring that limited funding is directed to areas of greatest customer impact.

Table 24 shows the forecast renewals expenditure in the price monitoring period.

124 Water Services Association of Australia 2025, *Weighing up the options: Sustainable biosolids management assessment*, Final Report, 25 July, Water Services Association of Australia, viewed 27 July 2026.
125 City of Gold Coast 2026, *Biosolids drying demonstration plant*, City of Gold Coast, viewed 27 July 2026.
126 Logan City Council 2026, *Biosolids gasification*, Logan City Council, viewed 27 July 2026.

Table 24. Forecast renewals capital expenditure (nominal, $million)

Category	2025–26	2026–27	2027–28	2028–29	2029–30
Renewals (water)	27.4	44.0	29.7	37.5	30.2
Renewals (wastewater)	97.2	79.5	60.9	50.5	59.9
Total forecast capital expenditure	**124.5**	**123.5**	**90.6**	**88.0**	**90.1**
			Price Monitoring Period		

Table 25. Forecast renewals capital projects (nominal, $million)

Significant renewals expenditure projects	2025–26	2026–27	2027–28	2028–29	2029–30
Wastewater Gravity Main Renewal Program (incl maintenance holes)	15.2	10.2	10.5	10.8	11.0
Water Main Renewal Program (incl valves and hydrants)	14.0	28.9	17.8	27.9	25.3
Murrumba Downs WWTP Renewal Program	1.0	2.2	13.2	1.5	0.0
Redcliffe WWTP Renewals Program	3.2	7.2	3.4	0.3	0.0
Total	**33.4**	**48.5**	**44.8**	**40.5**	**36.4**
			Price Monitoring Period		

After the first two years, renewals expenditure remains broadly consistent with historical levels in aggregate, with timing differences reflecting program optimisation rather than a reduction in underlying need. There is a step down in wastewater renewals spend in 2027–28 following a targeted investment in wastewater mains over recent years.

The forecast reflects selective deferral of some low-risk assets to accommodate growth and compliance investment. Any potential increased risk of unplanned asset failures is actively mitigated through targeted investment in critical assets and ongoing monitoring of network performance.

Table 25 shows the forward capital program for renewals relates to ongoing programs as well as specific renewals work. Several key renewal programs are described below along with example renewal capital projects.

Wastewater Gravity Mains Renewal Program

WGM renewals is an example of a risk-based rolling program of relatively small scale but high volume renewals works.

Our gravity wastewater network extends over 5,600 km and forms the foundational component of the wastewater system, transporting flows from customers through multiple catchments to treatment facilities. The WGM Program of Works is a risk-based capital investment program that supports the ongoing performance, reliability and compliance of our wastewater network, while accommodating the impacts of population growth and network expansion across the service region.

A key driver of the program is asset deterioration, which occurs progressively over time due to a range of operational and environmental factors including corrosion, infiltration, root intrusion, structural deformation and third-party damage. These mechanisms can reduce hydraulic performance, accelerate asset degradation and increase the likelihood of failures such as blockages, collapses and wastewater overflows.

An element of the program is growth driven. As population growth drives increased wastewater flows, network utilisation increases, which can exacerbate existing asset defects and reduce the tolerance for failures.

Assets are identified and prioritised through a structured, data driven process incorporating condition assessments, CCTV inspections, performance data and risk modelling. Assets exceeding acceptable risk thresholds are progressively incorporated into the annual program of works for delivery.

The program represents a continuous pipeline of condition-based interventions across the network, represented by a rolling program of relatively small scale works such as relining, rehabilitation or targeted replacement delivered across multiple locations each year.

The regularity of program works enables efficient delivery through established contracting arrangements and consistent methodologies.

The level and timing of expenditure reflect a balanced approach to maintaining service standards, managing risk and aligning with financial constraints, rather than discretionary expansion of scope.

Water mains renewal program

The proposed renewal program over the price monitoring period includes some large works such as the Hornibrook Esplanade water main renewal. This project forms part of the Regional Water Mains Renewal Program and addresses a critical ageing asset within a highly constrained and high impact location. The pipeline is approaching the end of its useful life, with condition assessment and deterioration modelling indicating a remaining life of approximately five to seven years. The asset has experienced progressive degradation due to internal and external corrosion mechanisms, including exposure to tidal groundwater and defective cement lining, resulting in reduced structural integrity and increased likelihood of brittle failure.

Past failures have occurred within a Department of Transport and Main Roads (DTMR) corridor, resulting in traffic disruption, emergency repairs, and customer supply interruptions. In addition, the asset presents significant operational challenges, including missing or non-functional valves, limiting the ability to isolate sections and increasing the impact of unplanned events. As a result, the asset is considered operationally unreliable and no longer fit-for-purpose under current service requirements.

The preferred option following a multi-criteria assessment involves full renewal of the existing main using a trenchless slip lining methodology. The renewal will also include replacement of associated valves, hydrants, and customer service connections, addressing known operational deficiencies and improving network resilience.

Delivery of the project will be staged over multiple financial years due to its scale, location within a DTMR corridor, and the need for detailed investigations and approvals. The primary benefits of the project include mitigation of failure risk, improved reliability of water supply within the Clontarf South DMA, and reduced likelihood of reactive maintenance and emergency response costs.

The total program includes up to 40 individual projects which have been prioritised for delivery based on customer impact and remaining useful life. The program also includes an annual package of valve and hydrants which will be identified and prioritised during the annual inspection program. These works are critical to ensure we continue to deliver our high standard of service across the entire region and maintain existing services levels through the price monitoring period.

Murrumba Downs wastewater treatment plant renewal program

The Murrumba Downs WWTP is a key node within our wastewater network, originally designed to service approximately 159,000 EP. The Murrumba Downs WWTP Renewal Program consists of six projects that have been bundled together to be delivered efficiently. The projects are heavily interrelated and together will enhance the ability of the plant to deliver its design capacity.

In particular, a number of projects are required to return a bioreactor to service. This bioreactor has been mothballed for an extended period and is now approaching the end of its serviceable life in its current condition.

The operating bioreactor is currently accommodating flows and loads approaching or exceeding its nominal design capacity, supported by favourable operating conditions and system performance. Modelling indicates that available capacity will be fully utilised within the planning horizon, reducing operational flexibility and increasing exposure to compliance risk.

While the plant continues to meet environmental licence requirements, in the absence of renewal works the plant would continue to operate with a single bioreactor under increasing load, resulting in heightened risk of non-compliance with EA conditions, particularly during peak flow or adverse operating scenarios.

The proposed scope of works involves a comprehensive renewal and rehabilitation of the existing bioreactor, including renewal of interconnecting valves, remediation of structural assets, replacement or refurbishment of mechanical equipment, and upgrade of electrical, control and instrumentation systems. These works are required to restore the asset to an operational standard that meets current performance, safety and compliance requirements. The Odour control system will be reconfigured to ensure ongoing service and resolve some ongoing odour compliance issues at site.

The timing of the project reflects a planned and proactive response to both asset condition and forecast demand. Delivering the renewal works ahead of the point at which existing capacity becomes fully constrained ensures that required treatment capacity is available when needed, while allowing sufficient time for procurement, construction and commissioning activities associated with the renewal of a complex treatment asset.

Any delay in recommissioning would reduce redundancy within the treatment process, limiting the ability to undertake maintenance on critical assets and increasing reliance on contingency measures. The investment therefore represents a prudent and efficient point of intervention to balance risk, cost and service outcomes over the long term.

Redcliffe wastewater treatment plant renewal program

The Redcliffe WWTP is located in the suburb of Clontarf on the Redcliffe Peninsula. Its services residents and businesses in the suburbs of Rothwell, Kippa-Ring, Redcliffe, Clontarf, Scarborough, Margate and Woody Point. Redcliffe WWTP operates in a medium growth catchment and has been assessed as not requiring a major upgrade in the short term. There are however a number of asset condition, obsolesce and compliance issues at site and a number of projects have been assessed as being required in the short term.

The scope includes seven projects targeting:

- roadway and stormwater asset renewals due to significant condition issues that will lead to environmental non-compliances
- wastewater management renewals including renewal of an end-of-life UV disinfection system and upgrading the chlorine system to ensure ongoing compliance with the environmental licence
- upgrades to the control system to meet current standards and various small renewal projects to address end-of-life assets.

Each project has been through a structured optioneering process with all options from continued maintenance considered as the do-nothing option and various renewal and replacement options considered to address the root causes.

As Redcliffe WWTP is an aged asset, the option for continued maintenance in many cases was no longer available. Furthermore, spare parts to address ongoing failures are no longer available, and our business had worked for many years to secure the last available parts.

This program of work is deemed critical to the ongoing reliability and performance of the Redcliffe WWTP and works are being actively expedited to address ongoing business risk. The bundling of the works will deliver efficiencies in program overhead and ensure consistency in delivery outcomes.

6.3.3 Compliance expenditure

Unitywater includes compliance projects in its forecasts where there is a clear external trigger, such as EA conditions, drinking water obligations, workplace health and safety requirements or other statutory obligations.

The forecast compliance program is characterised by a series of discrete, project-specific investments, rather than a continuous baseline of expenditure. Where a compliance obligation arises, we have limited ability to defer or materially reduce scope without increasing the risk of non-compliance.

As a result, the forecast profile is inherently lumpy, with expenditure concentrated in years where major compliance projects are required to maintain licence conditions or avoid regulatory breach.

Table 26. Forecast compliance capital expenditure (nominal, $million)

Compliance expenditure	2025–26	2026–27	2027–28	2028–29	2029–30
Compliance (water)	3.6	4.4	1.8	1.9	0.8
Compliance (wastewater)	10.5	10.0	11.5	8.3	13.4
Total compliance capital expenditure	**14.1**	**14.3**	**13.3**	**10.2**	**14.3**
			Price Monitoring Period		

From a portfolio perspective, compliance investments are preserved within the affordability envelope ahead of lower-priority or discretionary works. Where possible, projects are staged or scopes refined to manage affordability considerations while still maintaining compliance outcomes.

In some cases, this results in reprofiling of expenditure across the forward years, delaying non-critical elements of a compliance response while ensuring that key regulatory milestones are met.

Table 26 shows compliance-related expenditure for the price monitoring period.

As growth-related expenditure increases significantly to service population expansion, maintaining a sufficient envelope for compliance becomes more challenging, requiring active prioritisation across the capital program. The outcome is a prioritised program that protects critical compliance outcomes while managing overall expenditure within financial-limits, recognising that deferral of compliance-driven projects carries direct regulatory, environmental and reputational risks.

Unlike growth or renewals investments, the forecast compliance expenditure incorporates a relatively small number of major projects and a proportionally higher number of smaller value (less than $1 million) projects. Table 27 shows the significant compliance projects currently recognised in the forward expenditure program.

Table 27. Major capital expenditure projects – Compliance (nominal, $million)

Project/Program	2025–26	2026–27	2027–28	2028–29	2029–30
Wastewater Pump Station Compliance Program	2.9	1.1	0.8	1.3	1.5
WWTP Compliance Program	0.0	0.4	0.9	1.5	0.6
Pine River Nutrient Offset Project	0.1	1.0	0.6	4.1	2.0
Total	**3.0**	**2.5**	**2.3**	**6.9**	**4.1**
			Price Monitoring Period		

Wastewater pump station compliance program

The proposed wastewater pump station compliance program consists of 18 projects to be delivered across our 802 wastewater pump stations to ensure continued compliance with statutory obligations. In particular, this program is heavily focused on investment required to maintain environmental performance and ensure ongoing adherence to licence conditions under the EA.

The scope includes:

- odour management upgrades, driven by the Wastewater Corrosion and Odour Management Plan. These projects have been identified through a multi-year odour study across multiple catchments. Options have been assessed from odour mitigation works such as chemical dosing to odour treatment works such as odour control units. The works are driven by known odour hotspots in the network or modelled future hotspots driven by growth in specific catchments.
- health and safety upgrade works to improve the safety of Unitywater team members and the public. These works include installation of approved safety systems and management of known safety risks with public access.
- installation of screened overflow points to reduce the occurrence of system overflows or ensure overflows are directed away from public amenity.

All projects have been optioneered to achieve the best overall outcome for the community at lowest whole-of-life cost and prioritised based on risk.

The primary benefits associated with the program are compliance and risk mitigation outcomes, including:

- reduced likelihood of odour nuisance breaches
- improved environmental performance and alignment with regulatory expectations
- reduction in customer complaints and associated reputational impacts
- avoidance of potential regulatory penalties.

Wastewater treatment plant compliance program

The WWTP compliance program consists of nine projects that address current and future compliance issues at WWTPs. Our WWTPs must remain complaint across environmental legislation, health and safety legislation and Australian standards. The scope of the program includes:

- odour improvement works (odour treatment works and odour mitigation works) to maintain adherence to environmental approval conditions and to manage increasing risks to community amenity associated with odour emissions
- health and safety works to ensure compliance with health and safety legislation and reduce risk to Unitywater team members
- wastewater management works (holding tanks, pipework renewal and clarifier upgrade works) to ensure continued compliance with the EA.
- UV system upgrades to address final wastewater quality risks due to challenging influent characteristics and equipment performance and maintenance issues.

Community expectations and regulatory focus on environmental performance have increased over time, resulting in a lower tolerance for odour impacts and higher reputational and compliance consequences.

Deferring or avoiding investment would result in a continued exposure to non-compliance risk, including potential breaches of EA conditions, increased customer complaints, and the potential for regulatory investigation or enforcement action. The proposed works are required to ensure that the facilities can continue to meet its regulatory obligations while maintaining acceptable levels of community amenity.

The primary benefits associated with the project are compliance and risk mitigation outcomes, including:

- reduced likelihood of EA breaches
- improved environmental performance and alignment with regulatory expectations

- reduction in customer complaints and associated reputational impacts
- avoidance of reactive operational costs and potential regulatory penalties.

Pine River nutrient offset project

The Pine River Nutrient Offset Project is a strategic improvement initiative required to manage the environmental impacts of population growth while maintaining compliance with regulatory obligations and protecting waterway health. In addition to compliance benefits, the project delivers a range of co benefits, including improved biodiversity, carbon sequestration, enhanced community amenity, and increased resilience to climate change through restoration of riparian corridors. The proposed nutrient offset measures are primarily focused on riverbank stabilisation, revegetation, and waterway rehabilitation works. These interventions function by reducing sediment mobilisation, enhancing nutrient uptake, and improving overall ecosystem function.

Murrumba Downs WWTP discharges treated wastewater to the South Pine River, a sensitive receiving environment subject to increasing pressure from urban development. Forecast growth within the catchment is expected to increase the serviced population by approximately 43,000 EP by 2051. Murrumba Downs WWTP is expected to exceed acceptable flow and/or nutrient WWTP EA limits as early as 2027.

While the WWTP will continue to operate within its EA discharge limits, this increase in nutrient load presents a material risk to downstream waterway health and introduces potential challenges in demonstrating compliance with broader environmental obligations.

The nutrient offset project is therefore required to counterbalance this forecast increase in nutrient discharge through the implementation of nature-based solutions within the Pine River catchment.

The project was originally assessed against alternative options for managing nutrient loads for the Brendale WWTP, including:

- treatment plant upgrades to achieve lower wastewater nutrient concentrations
- expansion of recycled water schemes to reduce discharge volumes
- do-nothing/reliance on existing compliance limits.

These alternatives were assessed as less efficient or higher cost on a whole-of-life basis. Nutrient performance upgrades at comparable facilities have been estimated at significantly higher capital cost, while recycled water solutions require substantial infrastructure investment and depend on demand uptake. In contrast, nutrient offsets provide a comparatively low-cost and scalable approach to achieving environmental outcomes while maintaining flexibility to respond to future growth and regulatory changes. Importantly, the 'do nothing' option would not be consistent with prudent and efficient operation, as it would result in increasing pollutant loads to the receiving environment and limit our ability to demonstrate compliance with general environmental duty obligations.

The project has been assessed with two main options for managing nutrient loads for Murrumba WWTP, including:

- the base case of treatment plant upgrades in 2024 to achieve lower wastewater nutrient concentrations
- the proposed solution of an initial investment in nutrient offset followed by minor upgrades to the treatment plant in 2044.

The base case of WWTP upgrade is estimated to have a present value of $24.8 million, comparatively higher to the present value of $19 million for nutrient offset.

6.3.4 Improvement expenditure

As illustrated in Table 28, Unitywater's forecast improvement expenditure reflects targeted investment required to maintain efficient operations, manage the complexity associated with growth and sustain fit-for-purpose systems, rather than discretionary service enhancements.

Table 29 on the following page shows our major capital spend for improvement projects.

Table 28. Forecast improvement capital expenditure (nominal, $million)

Category	2025–26	2026–27	2027–28	2028–29	2029–30
Improvement (water)	10.9	8.5	14.4	14.3	17.6
Improvement (wastewater)	9.1	10.3	7.2	6.3	3.2
Improvement (information and communications technology [ICT])	7.1	7.4	7.2	8.1	8.5
Total	**27.2**	**26.1**	**28.8**	**28.7**	**29.4**
			Price Monitoring Period		

Table 29. Major capital projects – Improvement (nominal, $million)

Project/Program	2025–26	2026–27	2027–28	2028–29	2029–30
Digital Water Meter Network Program	15.8	14.9	16.2	16.6	19.6
Solar and Battery Storage	1.5	0.3	3.0	4.9	0.0
Total	**17.4**	**15.1**	**19.2**	**21.5**	**19.6**
			Price Monitoring Period		

Digital Water Meter Network Program

The Regional Digital Water Meter Network Program involves the progressive replacement of legacy mechanical water meters with modern digital meters and associated communications and data management infrastructure across our service area. This project builds directly on the outcomes of our large scale digital metering trial, known as the Digital Neighbourhood Program.

Our pilot program installed digital technology in over 10,000 properties and early leak identification support for more than 3,500 households. The expanded program has since delivered more than one billion litres of water savings, and more than $6.2 million in customer savings.

Following completion of the trial phase, we undertook a structured evaluation of options and prepared a Digital Metering Concept Business Case, which was approved by the Board in March 2024.

The Regional Digital Water Meter Network Program represents the scalable, production phase of digital metering deployment across the service area.

Importantly, the program is not a simple replication of the trial. Instead, it incorporates the trial learnings through:

- selection of proven communications technologies and device types
- adoption of a single meter data management system to reduce operational complexity
- automation of onboarding, communications and data handling processes
- a clearly defined future operating model and change management approach
- a staged, DMA-based rollout sequence designed to maximise early water conservation and network benefits.

The Digital Water Meter Network Program is expected to generate significant ongoing operational and customer benefits through improved leak detection, reduced water losses, avoidance of manual meter reading and improved network management. The business case estimates 2.7 to 3.4 GL per annum of water savings through proactive identification of customer-side and network leaks. Over rollout of the program, the recommended option is forecast to deliver approximately $377 million in quantified benefits. These efficiencies will contribute to lower future operating costs and improved service outcomes for customers.

Solar and Battery Storage Program

Electricity remains a significant operating cost, particularly at WWTPs, which account for close to 70% of total consumption.

This creates opportunities to reduce energy costs through three complementary approaches:

- pay less – improved energy procurement strategies
- buy less – increased on-site generation and storage
- consume less – process and operational efficiency improvements.

In this context, we have progressed a structured program of behind-the-meter solar generation and energy optimisation initiatives, underpinned by the Energy Management Plan (2020) and Energy Flexibility Strategy (2021). These strategies identified distributed energy resources – including solar, battery storage and demand response – as a means to reduce grid electricity consumption, lower operating costs and improve long-term affordability outcomes for customers, while also contributing to emissions reduction targets.

This program satisfies prudency requirements through:

- **Achieving net zero emissions:** The investment directly supports our commitment to achieve net zero carbon emissions by 2040, as outlined in the Energy Flexibility Strategy (2021). WWTPs are among our largest energy-consuming assets, and transitioning to on-site renewable generation is a cost-effective and credible pathway to reduce both emissions and long-term operating expenditure.
- **Evidence-based development and prior studies:** The program is underpinned by multiple technical and commercial inputs, including concept business cases prepared by Jacobs, site layouts informed by preliminary investigations, and Design Certification Reports prepared for Energex submissions. These inputs ensure that proposed solutions are technically feasible and appropriately scoped prior to detailed design.

- A staged and risk-managed delivery approach: The program is deliberately structured in three stages. Stage 1 focuses on three large WWTPs (Redcliffe, South Caboolture, and Murrumba Downs), maximising early benefits while allowing design, procurement, and construction risks to be managed before broader rollout. Stage 2 builds on this, incorporating lessons learned and addressing more complex sites such as Maroochydore, where known risks (for example, switchboard upgrades and Energex non-compliances) have appropriately deferred delivery.

Efficiency is demonstrated through:

- **Optimised asset utilisation and sizing:** Solar photovoltaic systems have been sized and located based on individual WWTP demand profiles and available space, supporting high levels of on-site consumption and minimising export constraints or network augmentation costs.
- **Leveraging existing infrastructure:** The design intent prioritises use of existing switchboards, cable routes, and electrical infrastructure where suitable, reducing duplication and unnecessary capital expenditure. Early identification of constraints (such as switchboard suitability) ensures only necessary upgrades are undertaken.
- **Standardised delivery with scalability:** The use of consistent principal project requirements, Energex processes, and repeatable design frameworks enables efficiencies across multiple sites, while still allowing site-specific optimisation.
- **Alignment with delivery timelines and regulatory constraints:** The program is sequenced to align with Energex technical study validity periods and connection contract deadlines, avoiding rework, reapplication costs, and delays that would reduce efficiency.

These systems are designed to offset a material portion of site electricity demand (typically 20 to 30%), thereby directly reducing electricity costs over the asset life. Targeted efficiency adjustments are delivered through staged and site-specific deployment of energy solutions, prioritising locations with the strongest financial and operational outcomes. Our operating expenditure efficiency adjustments are explained in Section 7.3.

These investments have not been made in isolation. We are also implementing a suite of complementary energy optimisation initiatives across its treatment network. These include process optimisation (such as aeration and digester improvements), equipment upgrades (such as blowers, membranes and diffusers) and operational changes that reduce energy intensity. These initiatives deliver ongoing operational savings and improve energy efficiency, forming a key component of the overall energy management strategy alongside capital investment in generation assets.

6.3.5 Support expenditure

Unitywater forecasts approximately $42.1 million of support capital expenditure over the price monitoring period, representing approximately 10% of total forecast capital expenditure. Support capital expenditure comprises investment in non-network enabling assets required to support the delivery of water and wastewater services. This includes information and communications technology (ICT), plant and fleet, facilities and associated support infrastructure.

While modest relative to growth and renewals investment, support expenditure is essential to sustaining the operational capability, workforce safety and systems reliability that underpin delivery of all other capital and operational programs. Without continued investment in fleet, facilities, and technology infrastructure, our ability to operate, maintain and construct its water and wastewater network would be materially constrained.

The forecast support program is shaped by three distinct drivers:

- Fleet and plant expenditure follows an asset lifecycle pattern, with annual investment reflecting the timing of vehicle and equipment replacement rather than underlying growth in fleet scope.
- Facilities expenditure peaks in 2026–27, driven by the implementation of our Accommodation Strategy and the delivery of Southern Hub operational facilities before declining sharply as major construction activity concludes.
- ICT support expenditure is broadly stable across the period, reflecting ongoing lifecycle renewal of core business and operational technology systems.

While support expenditure does not directly expand network or treatment capacity, it underpins the operation, maintenance and management of core service assets and is therefore essential to sustaining service performance, regulatory compliance and organisational capability. This is particularly the case for our business during its significant investment growth phase.

Table 30 on the following page shows our forecast support capital expenditure.

Table 30. Forecast support capital expenditure (nominal, $million)

Category	2025–26	2026–27	2027–28	2028–29	2029–30
Fleet and Plant	8.3	4.4	4.7	8.0	8.2
Facilities	13.5	20.4	10.3	3.9	0.7
ICT support expenditure	1.8	2.3	2.6	1.9	1.8
Total forecast capital expenditure	**23.6**	**27.1**	**17.6**	**13.8**	**10.6**
			Price Monitoring Period		

Fleet and plant works

Plant and fleet assets are a critical enabler of our operations, supporting:

- maintenance of water and wastewater networks
- inspection, monitoring and compliance activities
- emergency response during network failures or extreme events.

Fleet and plant expenditure over the forecast period reflect the interaction between asset lifecycle requirements, program smoothing decisions, improvement initiatives and related strategic conditions. Fleet replacement is governed by a structured lifecycle framework, with assets replaced based on age, utilisation and condition. The current replacement settings assume replacement of light vehicles at approximately five years or 150,000 km and heavy vehicles at approximately eight years or 200,000 km.

Fleet assets are procured in groups and therefore reach end of life in similar periods. Consistent with good asset management practice, replacements are timed to balance maintenance cost, reliability and residual value considerations. This creates lumpy replacement demand, rather than a uniform annual requirement.

We actively manage this variability through a rolling replacement program, which seeks to smooth expenditure over time. However, some variability eventuates due to operational replacement needs, the specialised nature of certain assets and market availability.

Current assumptions include forecasting on a replacement-only basis, with no increase in fleet driven by growth. Initiatives targeted at improved utilisation will aim to mitigate needs for fleet expansion.

The forecast incorporates an adaptive fleet strategy, including the gradual transition to alternative fuel vehicles. This introduces additional variability due to the timing of trials, differences in asset costs, and the need to align investment with technology readiness and market conditions. The strategy adopts a flexible, staged approach, with investment decisions adjusted over time based on emerging information. This flexibility of our fleet composition will contribute to productivity improvement by reducing hire costs and improve response travel times. We are confident this will contribute to our productivity adjustments in future years. Our efficiency and productivity initiatives for operating expenditure are explained in Section 7.4.

Major ICT support projects

The ICT forecast expenditure profile reflects the increasing operational dependency on secure, resilient and integrated technology capability required to support the delivery of regulated water and wastewater services. Forecast expenditure includes both operating and capital expenditure. Recurring costs, and operating costs associated with ICT projects are explained in Chapter 7.

The forecast investment profile reflects continued investment in:

- operational resilience and cyber security
- lifecycle renewal and end-of-life remediation
- enterprise and operational technology capability
- digital customer and developer capability
- operational efficiency and analytics capability
- cloud and infrastructure modernisation.

Technology investments comprise the largest component of forecast ICT investment expenditure and support the ongoing operation, renewal, resilience and modernisation of our technology environment.

Significant facilities investment

Our facilities expenditure reflects the renewal, upgrade and expansion of buildings and site infrastructure across a large, geographically dispersed property portfolio, which supports the delivery of our water and wastewater services across the sprawling City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas.

Facilities expenditure can exhibit some lumpy or step-change characteristics in years where major assets (such as office facilities, laboratories or critical operational sites) reach the end of their useful life or require replacement or relocation. These

are typically long-lived assets with renewal events occurring infrequently, but at relatively higher cost when they arise.

As the majority of facilities assets are low consequence of failure, we run most assets to fail so as to maximise asset life and reduce renewal cost. For example, an air-conditioning unit not supplying a critical asset, such as a server room, will be maintained and inspected but run to fail. An air-conditioning unit supplying a critical server room will be maintained and inspected and renewed just before the end of its useful life.

A key feature of our facilities investment requirement is the regional operating model. Our business manages assets across more than 5,000 km² of land, with hundreds of sites distributed across a large and diverse service area. Rather than being concentrated in a small number of major locations, investment is spread across many sites, often involving small to medium scale projects such as building upgrades, compliance works, security enhancements, refurbishment of operational facilities and replacement of ageing building services (for example, heating, ventilation and air conditioning, security and electrical systems). This creates a relatively stable but continuous capital requirement over time.

Facilities investment in the forecast period relate to the finalisation of works in the northern and southern hubs and a renewed focus on the renewal and expansion of laboratory functions.

The relocation of office facilities from Caboolture to Mango Hill following the lease expiry reflected our Accommodation Strategy centring on a two-hub model, comprising:

- Northern Hub: Service Centre at Fisherman's Road (Kuluin) and a leased Corporate Centre in the Maroochydore precinct
- Southern Hub: Service Centre at Weier Road (Morayfield) and a leased Corporate Centre in the North Lakes precinct.

This strategy was developed after analysis of location options for corporate and operational functions The adopted strategy separates operational depot functions (on owned land) from corporate office functions (leased in commercial centres), delivering efficient and adaptable accommodation solutions closer to where people live.

Extensive options analysis demonstrated that a hybrid model of owned operational facilities plus leased corporate accommodation delivers the lowest net cost solution relative to alternatives such as full co location or new purpose-built headquarters. The model has the added advantage of ensuring our business is still attractive to the Brisbane employment market, while ensuring customers and employees in the north of the region aren't disrupted by excess unproductive travel times.

In 2025–26 critical laboratory facilities reached the end of their useful life. Investment in the forecast period reflect renewal and expansion of facilities.

6.3.6 Other expenditure

Overhead allocation

Unitywater distinguishes between direct and indirect overheads for capitalisation.

- Direct overheads are costs that can be clearly linked to the delivery of capital projects (for example, project management, engineering, design and technical assurance roles directly supporting capital works).
- Indirect overheads are enabling costs that support capital delivery but cannot be attributed to a specific project (for example, planning, governance, commercial support and shared systems used across the capital program). These are determined through our established Overhead Cost Allocation Methodology (OCAM).

Table 31 below shows our forecast for other capital projects expenditure that is allocated to capital works.

Table 31. Forecast other capital expenditure (nominal, $million)

	2025–26	2026–27	2027–28	2028–29	2029–30
Direct Overhead	25.6	28.4	28.1	27.8	28.5
Indirect Overhead	39.9	44.4	47.8	51.5	54.4
Capitalised Interest	14.5	16.4	14.3	20.8	13.3
Total	**80.0**	**89.1**	**90.1**	**100.0**	**96.2**
			Price Monitoring Period		

Indirect overhead allocation methodology

We apply an established OCAM in our annual planning process to ensure that the cost of delivering capital assets appropriately reflects the enabling activities required to plan, design, procure, deliver and commission those assets. Although these enabling activities are undertaken within shared service and corporate support functions, a portion of their expenditure directly supports capital delivery and should therefore be recognised within capital expenditure.

For the purposes of the Part 2 submission, indirect overhead is forecast using the BST method that also applies to operating expenditure.

This ensures that the escalation of common cost pools is the same, prior to the allocation of these cost pools to the representative capital and operating elements. Our approach to calculating indirect overhead using the BST method is explained in Chapter 7.

Application within the capital forecast

Direct and indirect overheads are brought together into a single overhead pool in the capital expenditure forecast and for allocation. Consolidating all capital related overheads into one pool avoids multiple treatments and provides a uniform and transparent basis for capitalisation. Allocation to individual assets is undertaken for RAB roll forward purposes, detailed in Chapter 8, when the associated assets are commissioned. This aligns the treatment of overheads in the RAB with the timing and scale of underlying capital investment. Overheads that are corporate in nature, or that relate to ongoing business operations rather than asset creation, are excluded and remain as operating expenditure. This methodology provides a coherent treatment of overheads across capital expenditure, operating expenditure and the RAB roll forward and reflects our established OCAM framework for transparency, comparability and prudent forecasting.

Capitalised interest

Capitalised interest represents the financing costs incurred during the construction of qualifying capital assets and is capitalised in accordance with our established accounting policies. Interest is capitalised only while assets are under construction and ceases upon commissioning. This treatment reflects standard industry practice and ensures that the full economic cost of asset creation is recognised over the life of the asset through depreciation, rather than expensed upfront.

Capitalised interest does not influence project selection or timing decisions and is applied consistently across the capital program. Capitalised interest peaks in 2028–29 aligned with a peak in the accumulation of expenditure attributable to eligible projects.

To ensure consistency with revenue calculations, Table 31 incorporates capitalised interest embedded within the RAB roll-forward calculation including relevant input assumptions. Section 8.1.1 includes details of the approach to applying capitalised interest for the purposes of the RAB roll-forward model.

6.3.7 Capital expenditure productivity and efficiency

Unitywater's capital program is consolidated into three major program streams delivered by three program partners and one program-services partner (with limited non-framework delivery).

This simplifies a program of more than 700 projects into three programs of work, improving decision making, consistency, and delivery cost and efficiency.

The water and wastewater capital program will achieve the following cost efficiency outcomes.

- **Avoided costs:** The structure of the framework partnerships involves the collaborative development of target outturn costs to provide project solutions to meet our growth and renewal needs. We will negotiate to avoid cost and mitigate risk by leveraging the open book arrangements within the partnership agreements. Proven new technologies, reusing existing asset components, and just in time asset construction are examples of this type of efficiency. Effective project development targeting projects of increased size to achieve leaner project overhead with bundled delivery across growth and renewals needs and asset classes will reduce cost to deliver per project.
- **Cost reduction:** Construction contingencies are developed with partners at the project and program level and are calculated using risk assessments and Monte Carlo analysis to arrive at a budget allowance for risk. Risks are actively managed to minimise the draw on the project or program contingency allowance. We will target 0.7% efficiency on average by retiring contingency through sound risk management. This provides an opportunity for deferred works to be considered for earlier delivery if service needs justify bringing expenditure forward. For the price monitoring period of 2026–27 to 2029–30, it would be an average of $2.89 million per annum. The 0.7% is consistent with the efficiency target from the QCA's Gladstone Area Water Board price monitoring investigation 2025–30.

CHAPTER 7

Operating expenditure

Unitywater forecasts total operating expenditure of $1.6 billion (including $0.8 billion bulk water costs and $0.8 billion of Unitywater operating expenditure) over 2027–28 to 2029–30 to deliver safe, reliable and compliant water and wastewater services to a growing customer base.

This forecast reflects the efficient cost of maintaining current service performance, while responding to the increasing scale, complexity and regulatory requirements outlined in Chapter 2.

Our historical operating expenditure performance and forecasts are underpinned by a disciplined and transparent approach to assessing prudency and efficiency. Costs have only been included where they are required to support service delivery and have been subject to structured internal review, benchmarking and governance processes.

This approach aligns with our broader planning and investment framework described in Chapter 6, which ensures that operating and capital expenditure decisions are considered holistically to achieve the lowest efficient cost of delivery across the asset lifecycle.

The forecast operating expenditure represents an average 2.7% annual increase between the base year (2025–26) and the end of the price monitoring period (2029–30). The forecast builds on our demonstrated history of cost discipline and efficiency, as evidenced by sustained real reductions in operating expenditure per connection illustrated in Figure 39, while supporting the strong service outcomes presented in Chapter 4.

Our demonstrated history of cost discipline provides a well-supported foundation for an efficient forecast, ensuring that projected costs are driven by benchmark input price changes and underlying service requirements, including population growth, network expansion, environmental obligations and operating risks, rather than inefficiency. Discipline is maintained through an ongoing efficiency target applied cumulatively for all forecast years to 2029–30.

Table 32. Operating expenditure forecast for price monitoring period (nominal, $million)[127]

	2027–28	2028–29	2029–30
Recurrent expenditure	306.0	322.5	337.8
Less capital overhead	(47.8)	(51.5)	(54.4)
Unitywater operating expenditure	**258.2**	**271.0**	**283.4**
Bulk water costs	262.0	265.5	269.1
Total operating expenditure	**520.2**	**536.5**	**552.4**

127 In this chapter, total operating expenditure refers to the operating expenditure building block used in the calculation of MAR in chapter 10. This building block excludes some elements of operating expenditure recovered through other MAR building blocks (interest, depreciation). Total operating expenditure comprises bulk water costs and Unitywater operating expenditure. Unitywater operating expenditure and capitalised overhead (referred to as recurrent expenditure when aggregated) are forecast using the Base-Step-Trend method. The separation of capitalised overhead from the recurrent expenditure forecast is explained in Section 7.7.

> Our historical operating expenditure performance and forecasts are underpinned by a disciplined and transparent approach to assessing prudency and efficiency

Figure 39. Unitywater operating expenditure by connection

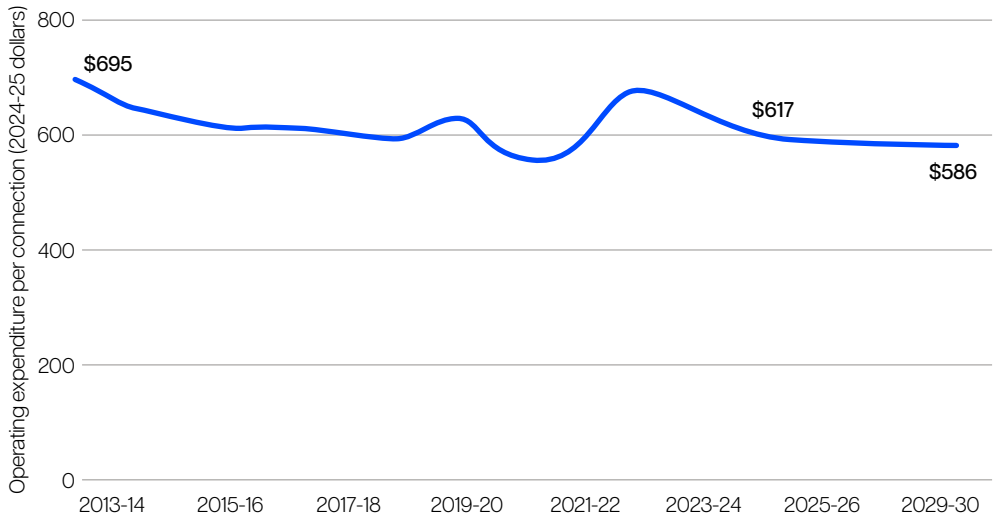


Table 33. Forecast recurrent expenditure (nominal, $million)

	2026–27	2027–28	2028–29	2029–30
2025–26 Base-year	281.5	281.5	281.5	281.5
Trend	5.8	18.8	32.5	46.8
Step changes	2.8	5.7	8.5	9.5
Total recurrent expenditure	**290.1**	**306.0**	**322.5**	**337.8**
		Price Monitoring Period		

Recurrent expenditure is forecast using a BST model commonly applied in regulated frameworks.[128] Table 33 shows the breakdown of recurrent expenditure forecasts using this method. This includes the application of input price escalation, output growth and a continuing efficiency adjustment, before incorporating discrete step changes to determine total recurrent expenditure. This structured approach ensures that the forecast reflects both the underlying cost pressures facing our business and the opportunities to deliver services more efficiently over time.

Consistent with customer expectations outlined in Chapter 3, we have balanced the need to maintain reliable services and environmental outcomes with affordability considerations. Cost increases have been limited to those supported by clear and evidence-based drivers, with active consideration given to opportunities to defer, mitigate or deliver services more efficiently.

This chapter:

- provides details supporting the operating expenditure forecast and how it meets prudency and efficiency requirements
- outlines a brief history of the impacts of our demonstrated cost discipline
- establishes 2025–26 financial year as an efficient base year for BST forecasting
- describes trends, efficiencies and step changes applied to determine forecast recurrent expenditure
- outlines methodologies and justification for forecast bulk water costs and shared service cost allocations for capital.

Through this chapter, we demonstrate that we continue to face significant cost pressures associated with population growth, expansion of water and wastewater infrastructure, increasing regulatory and compliance obligations, and rising input costs. These factors place upward pressure on operating expenditure throughout the price monitoring period and increase the challenge of maintaining affordable customer prices while continuing to deliver safe, reliable and compliant services. Despite these pressures, we remain focused on maintaining affordability for our customers.

Our forecast includes material efficiency targets that reduce costs for our customers over the price monitoring period and reflect a high expectation of future performance, particularly given independent benchmarking indicates we are already operating from an efficient base. Achieving these targets will require the successful delivery of the forecast step changes and continuous improvement initiatives, which are expected to generate productivity benefits through technology enablement, process optimisation and more efficient service delivery. Collectively, our forecast balances affordability objectives with the efficient provision of safe, reliable and compliant water and wastewater services.

128 Recurrent expenditure refers to Unitywater operating expenditure plus capitalised overhead.

7.1 Historical operating costs

7.1.1 Historical trends in total operating costs

Unitywater's **Part 1 submission** demonstrated our track record of delivering strong service performance while maintaining cost discipline. Our operating expenditure per connection has declined in real terms over the past 12 years, reflecting sustained efficiency improvements achieved through procurement reform, asset management maturity, and continuous optimisation of operations. These outcomes have been delivered during a sustained period of growth, while still maintaining high levels of service reliability, public health outcomes and customer satisfaction.

This performance context is fundamental to assessing the prudency and efficiency of our forecast. It supports the use of the current cost base as an efficient starting point and provides confidence that forecast costs are not driven by inefficiency, but by the underlying growth and complexity of the service environment.

We operate in a region characterised by rapid population growth, geographic diversity and a complex asset base. We outlined in Chapter 2 an operating environment with ongoing population growth, a large seasonal visitor population and an extensive service footprint. All these factors impact the operating effort required to maintain service reliability, environmental compliance and customer outcomes. This includes an increase of the scale of operations and the intensity of ongoing maintenance, energy use and increasing compliance activity required to deliver safe and reliable services.

At the same time, customers and Participant Councils have consistently expressed strong support for maintaining service reliability and environmental outcomes, while expecting these services to be delivered efficiently and with appropriate regard to affordability.

Against this backdrop, we have continued to actively manage costs and embed efficiency across our operations. Our operating expenditure growth reflects the expected level required to respond to increasing demand, increasing regulatory obligations and increasing operating risks. Efficiency is explicitly incorporated into the forecasting approach, with our commitment to delivering efficient outcomes embedded in our operating practices, strategic initiatives and demonstrated through historical performance.

2013–15 Price Monitoring Review

Both the QCA and its consultant at the time of the 2013–15 price monitoring review largely accepted our operating costs as prudent, with policies and processes consistent with good industry practice and, after minor adjustments (totalling 0.2%), were satisfied operating cost estimates could be used to establish an efficient operating expenditure allowance.[129]

The 2013–15 review identified the following areas for operational maturity:

- the inclusion of valid and reliable benchmarking to inform bottom-up budgeting approaches so performance can be compared against industry peers[130]
- embedding of procurement and material management reforms to ensure savings are captured[131]
- continuous improvement in asset management and maintenance to optimise asset lifecycles using risk-based approaches.[132]

Progress since 2013–15 review and current performance

Since the 2013–15 price monitoring review, we have invested in a range of initiatives aimed at operational maturity, scale efficiency and improved delivery.

- Active participation in national WSAA and NPR benchmarking provides an increased awareness and understanding of our relative performance to peers and assists the assessment of expenditure trends at a top-down and cost-category level.
- A number of strategic procurement reforms have been implemented since the time of the 2013–15 price monitoring review to ensure both capital and operating services are market tested at scale.
- Our SAMP and Asset Class Maintenance Strategies are now aligned with ISO 55000 improving maintenance planning and achieving a better balance between predictive and reactive maintenance.

These improvements were recognised by the QCA in their Part 1 report where they found no material deficiencies in our operating forecast framework. The QCA stated forecasting practices feature clear accountability, structured review processes, integration across planning functions and mechanisms for ongoing evaluation.[133]

As noted in our Part 1 submission, mature forecasting processes and disciplined cost management have contributed to recurrent operating cost increases being maintained below CPI on average as illustrated in Figure 39.

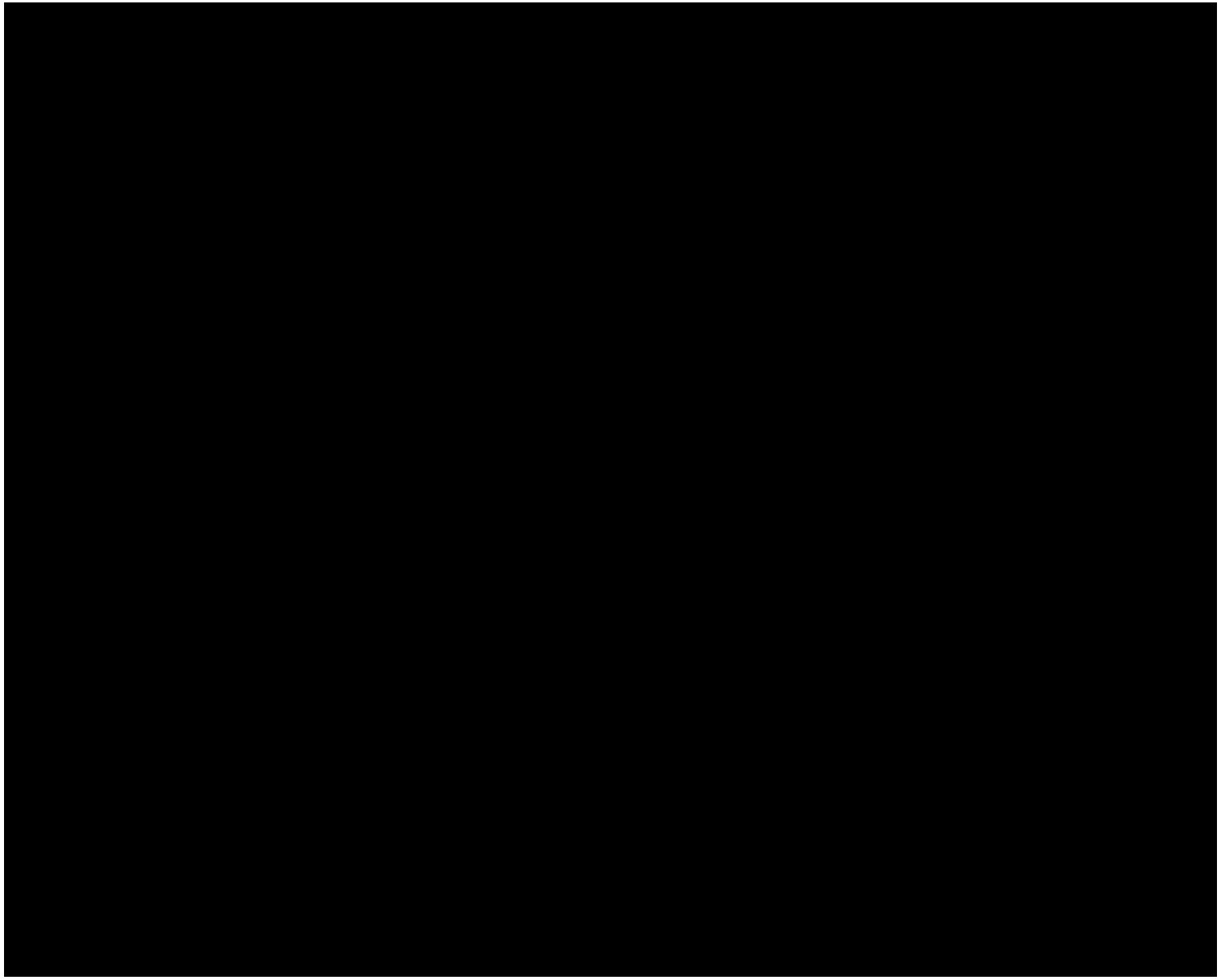
Between 2013–14 and 2025–26, our operating costs per property declined in real terms by 11.2% or approximately 1.0% per annum.[134] This improvement was achieved while we maintained strong service outcomes, including improved wastewater reliability and strong water network performance.

129 Queensland Competition Authority: *SEQ price monitoring for 2013-15 Part B - Unitywater Final Report*, 2014 p76.
130 SKM: Prudency and Efficiency Assessment - Unitywater, January 2014, p22.
131 SKM: Prudency and Efficiency Assessment - Unitywater, January 2014, p88.
132 SKM: Prudency and Efficiency Assessment - Unitywater, January 2014, p89.
133 QCA: *Price Monitoring Review 2026-27: Unitywater*, p20.
134 Source: Unitywater analysis of annual reporting data.

Benchmarking

The WSAA benchmarking results provide a useful top-down cross-check of our operating expenditure efficiency. The results should be interpreted as a directional benchmark because WSAA does not normalise for all differences in geography, asset configuration (particularly wastewater), service area, growth profile, regulatory obligations or operating environment. The study is a comprehensive industry comparison which includes 26 water utilities, and benchmarks operating costs across the water industry value chain using cost-category specific normalisers.

The water network benchmark indicates that our water network operating expenditure is efficient relative to peers.



[redacted]

It indicates that, despite recent growth, network complexity, wet weather impacts and increasingly stringent treatment and environmental obligations, our core wastewater treatment operating costs are broadly in line with peer water utilities.[135]

Together, these benchmarks provide additional supporting evidence that our core direct operating expenditure is within the efficient range of expenditure performance. These expenditure results when combined with the high performing and sustained service outcomes we outlined in Chapter 4 and engagement outcomes in Chapter 3 provide a strong demonstration that we are efficiently delivering the outcomes our customers value.

135 Comparisons should be considered in the context of differences in treatment standards and environmental obligations across water utilities. Unitywater operates several tertiary treatment facilities and faces increasingly stringent nutrient and environmental compliance requirements.

7.2 Forecasting methodology

7.2.1 Established forecasting discipline

Unitywater has a transparent, documented process for developing an annual five-year rolling forecast of operating expenditure (which in turn supports five-year and 10-year financial projections). The process includes scenario analysis and assessment of implications for customer prices and affordability.

These affordability assessments are used to inform management-led prioritisation and trade-off discussions between customer price outcomes, financial sustainability and expenditure levels.

This forecasting process is re-baselined each year to ensure forecasts represent the most recent available information, recognising that unpredictable events arising within the year must still be managed. Forecast operating expenditure is subject to a layered review and challenge process.

Budget owners develop detailed cost forecasts and identify cost pressures, risks and efficiency opportunities. A transparent governance process is applied to review and challenge the forecasts. Executive Managers endorse costs for inclusion in the plan, the ELT collectively reviews enterprise financial plans and productivity assumptions, and the CFO, CEO and Board consider affordability, risk, service quality and efficiency outcomes before final approval.

Information regarding our annual process was provided to the QCA and its consultant URA as part of the Part 1 investigation with the QCA finding that our forecasting practices are consistent with good industry practice and are characterised by clear accountability, structured review processes and integration across planning functions with mechanisms for ongoing validation and improvement. URA found that our approach 'integrates structured cost forecasting with the discipline of the annual budget process, providing a transparent basis for estimating operating expenditure while maintaining flexibility to respond to emerging cost pressures and operational priorities'.[136]

URA also found that:

- forecasting governance design is mature and integrated with long-term financial sustainability planning, capital planning and risk management processes
- the forecasting governance framework is structurally sound, clearly owned and integrated with corporate oversight mechanisms
- integration is achieved through dedicated modelling, capital planning and the annual budgeting process
- operating expenditure forecasts are iterated with both demand forecasts and capital plans through an annual planning process

136 Utilities Regulation Advisory, *Unitywater Price Monitoring 2026–30 Consultants Expenditure Review – Phase 1*, 2026, p. 46.

- references to national performance reporting and WSAA totex benchmarking contextualise performance with internal peer review and executive challenge applied across all cost categories.

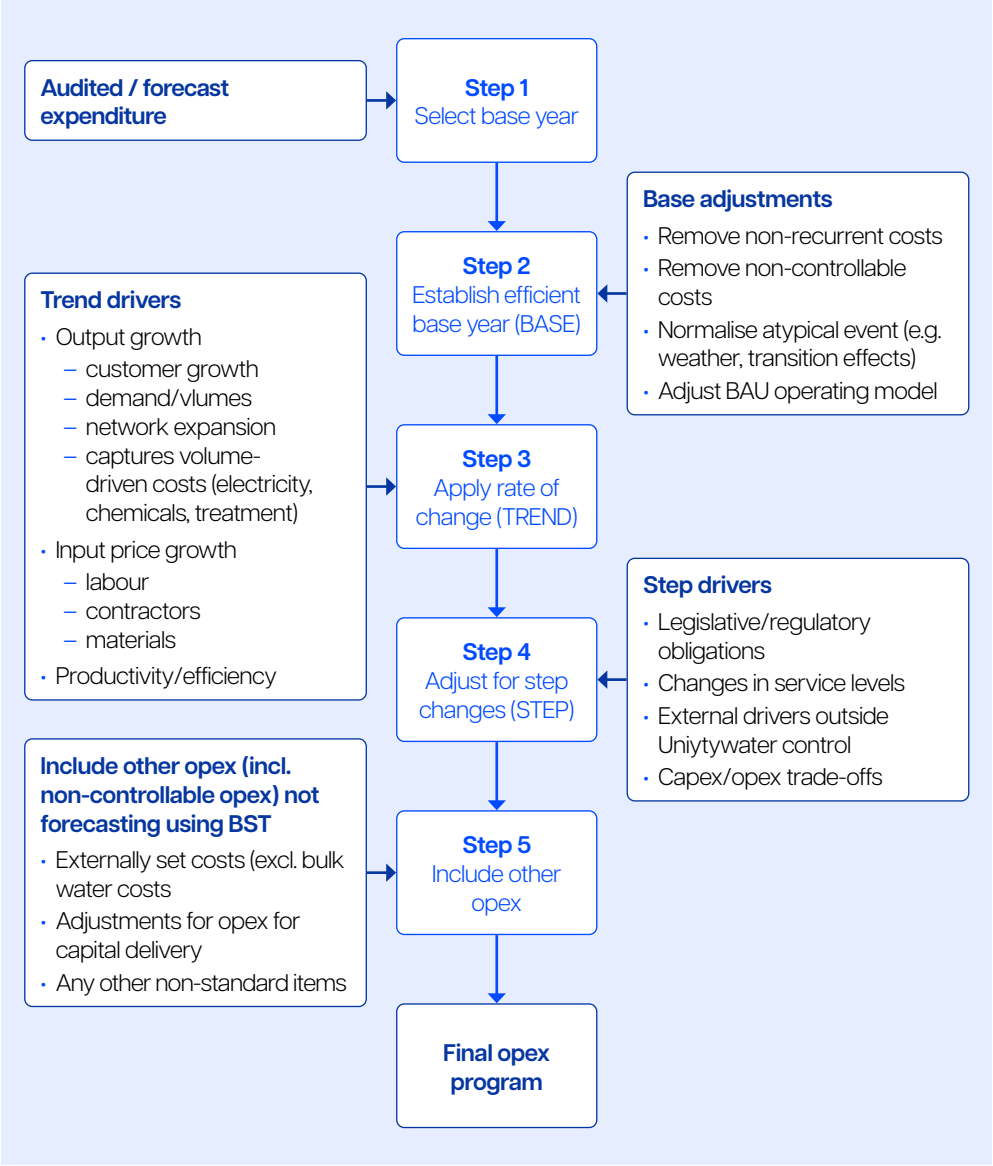
URA recommended some improvements to our multi-year operating expenditure forecasting method to support forecasting for the price monitoring period in our Part 2 submission. These improvements include:

- establishing clear criteria for when a cost change qualifies as a step, how materiality thresholds are applied and how steps interact with baseline escalators
- addressing the application of a contingency mechanism within the context of any multi-year forecast method.

7.2.2 Forecasting methodology adjustments

Unitywater has adjusted its multi-year forecasting approach to incorporate URA's recommended improvements to assist the Part 2 review. We have adapted the common principles of the BST methodology to provide a structured and transparent forecasting framework, consistent with approaches applied across Australian utility regulation and economic reviews. Figure 42 illustrates the BST forecasting methodology applied by our business for the purposes of this submission.

Figure 42. Forecasting methodology using a Base-Step-Trend approach



A summary of our BST approach is as follows.

- The 2025–26 operating expenditure estimate is used as the base year for developing the forecast. Historical analysis of expenditure, and cost performance relative to peers as referenced in Section 7.1.1, justifies its use as an efficient base year. For the purposes of the BST, bulk water costs are removed from the base year total operating expenditure. To ensure consistent escalation across all recurrent cost centres, the portion of shared service overheads allocated to capital expenditure (capitalised overhead) is added back to the base year solely for the purpose of applying trend adjustments to the full underlying cost of these functions. After trending the base year recurrent expenditure, the capital-related share is removed and allocated to capital expenditure (refer to Section 7.7).
- Forecast expenditure is then derived by applying relevant efficiency/productivity, price escalation and growth assumptions. Base year costs are trended before step changes are applied (refer to Section 7.4).
- Discrete step changes identified are applied where known changes in obligations, operating conditions or service requirements are not adequately captured through trend assumptions (refer Section 7.5).

The BST approach provides a transparent link between current efficient expenditure and forecast operating requirements. It also avoids using broad escalation factors where more reliable line-item information is available, ensuring a reliable forecast of expenditure.

7.2.3 Categorising expenditure into cost categories

Unitywater has adopted a cost category structure that provides the basis for the application of growth drivers, escalation assumptions and step change assessments within the BST model.

Different expenditure categories exhibit different cost behaviours and operational drivers and therefore require different forecasting treatments.

Table 34 on the following page shows the cost categories used in developing recurrent expenditure forecasts.

Table 34. Expenditure cost categories

Cost category	Description
Salaries and wages	Employee-related expenditure, including labour costs associated with operational, technical, corporate and support functions.
ICT costs	Costs associated with technology expenditure, including digital systems, software licensing, cyber security, cloud services and technology-related operating support costs.
Electricity	Electricity costs associated with treatment plants, pumping stations, network operations and other operational infrastructure.
Biosolids	Costs associated with biosolids treatment, transport, disposal and management activities.
Customer costs	Customer servicing expenditure, including billing, contact centre operations, customer communications and related support activities.
Chemicals	Treatment chemical costs associated with water and wastewater operations.
Repairs and maintenance	Planned and reactive maintenance expenditure associated with network, treatment and operational assets.
Plant, fleet and facilities	Recurrent expenditure associated with fleet, operational equipment, buildings, depots and WWTPs, reservoirs, pump stations and other network facilities.
Professional services	External professional and specialist service costs, including consulting, technical advisory and specialist operational support.
Compliance and regulation	Costs associated with regulatory obligations, environmental compliance, reporting and governance activities.
Insurance	Insurance expenditure associated with operational, corporate and asset-related insurance coverage.

7.2.4 Contingency

Unitywater has previously outlined to the QCA our disciplined governance framework for managing within year expenditure variability, including the use of contingency to address emerging risks and uncertainties not fully known at the time of annual budgeting. Our framework provides a controlled and centralised mechanism for managing uncertainty, ensuring that expenditure above forecast is only incorporated where it is sufficiently certain, well understood and supported by evidence.

While URA accepted the robustness of this governance framework, it sought clearer articulation of how contingency interacts within the BST methodology so that the mechanism provides transparency by explicitly identifying risk-related expenditures rather than embedding them within the base year, baseline or step changes. With the adoption of the BST methodology for operating expenditure forecasting, consistent with URA's recommendation and to maintain regulatory clarity, we have excluded contingency from forward-year operating expenditure. This ensures the forecast reflects only efficient baseline costs, escalation and step changes, with risk-related expenditure identified and managed outside the forecast.

Both the QCA and its consultant commented favourably on our framework for managing uncertainty and variability, including budget scrutiny year-on-year.[137] Where unforeseen expenditure arises, these costs will initially be managed through these established governance and contingency arrangements. To the extent that the expenditure is realised, prudent, efficient and ongoing in nature, it may be incorporated into future expenditure forecasts. This approach ensures customers only fund costs that have actually been incurred and demonstrated to be required for ongoing service delivery, rather than paying in advance for uncertain future risks.

7.3 Establishment of base year costs

7.3.1 Estimated 2025–26 operating expenditure used as a base year

Unitywater has adopted 2025–26 financial year as the base year for the recurrent operating expenditure forecast. The 2025–26 financial year was selected as it represents the most recent and comprehensive internally developed forecast year available during preparation of the submission. The base year has been derived using unaudited full year operating expenditure performance due to timing of finalisation of the audited financial statements.

137 URA, Unitywater Price Monitoring 2026–30 Consultants Expenditure Review – Phase 1, 2026; QCA, Price Monitoring Review 2026–27: Unitywater, 2026.

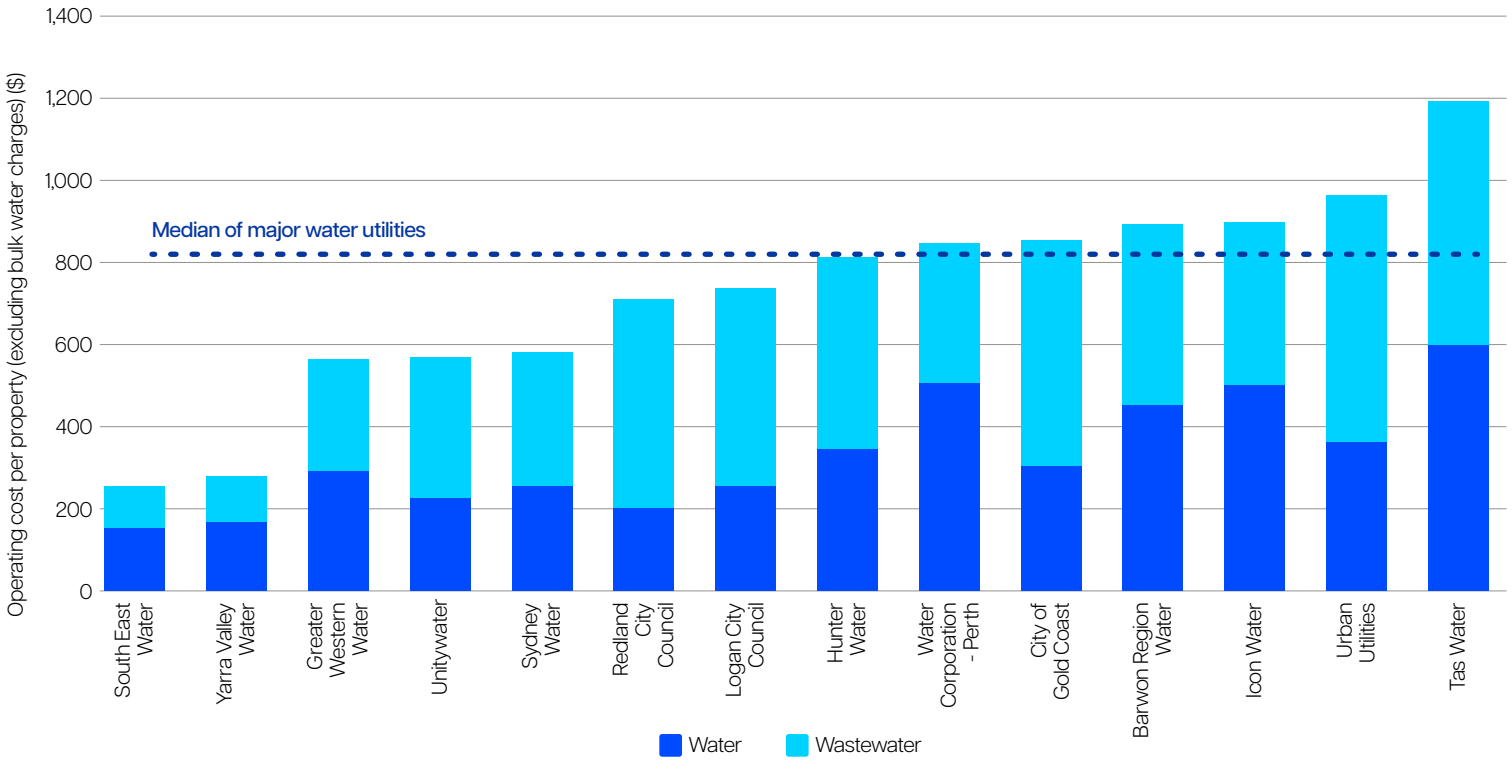
Demonstration of efficiency of base year

In Section 7.1, we provide evidence supporting the efficiency of our base year operating expenditure, including analysis of historical operating expenditure on a per-connection basis relative to CPI, demonstrating sustained cost discipline over time. This is complemented by benchmarking against comparable regulated water utilities, which shows that we perform favourably relative to businesses whose operating expenditure has been assessed through established regulatory processes.

Figure 43 illustrates 2024–25 NPR and annual report data across our business and peer water utilities.[138] The analysis shows our operating expenditure per connection is below the median of sample peer businesses. While water utilities differ in size, typology and environment, a high-level comparison with peer businesses demonstrates our operating costs per connection are 30% below the median of sample water utilities and 19% below the business in SEQ with the next lowest operating expenditure per connection value.

While other regulated businesses are typically assessed against pre-determined regulatory allowances, such direct comparisons are not available to us under the current price monitoring framework.

Figure 43. 2024–25 Operating expenditure excluding bulk water per property ($) per NPR



Note: 2024–25 data for SA Water is not available.

Notwithstanding this, our internal performance monitoring and budgeting framework instils strong cost discipline, supported by structured governance, regular performance review, and executive oversight.

URA did not identify any material gaps in forecasting governance or data but noted that additional evidence demonstrating how performance monitoring and variance analysis inform forward forecasts and portfolio decisions would strengthen confidence.

In response, our detailed analysis of historical out-turn performance across all major cost categories, including assessment of variance drivers and their implications for future forecasts is available to the QCA upon request.

138 Source: Unitywater analysis of NPR and Annual Report data.

7.3.2 Adjustments to base year expenditure

Adjustments required to establish an efficient and representative base year expenditure position that can be trended under the BST method include:

- removal of bulk water costs (to derive our operating expenditure)
- adding back of shared expenditure allocated to capital through cost allocation (to derive recurrent expenditure)
- removal of any temporary, atypical or non-recurrent operating expenditure items in 2025–26 from the recurrent base year amount.

Table 35 shows the movement between estimated operating base year expenditure and the efficient base year applied in our BST forecast.

Separation of non-trended expenditure

Our operating expenditure forecast distinguishes between recurrent expenditure forecast using the BST methodology and other operating expenditure categories that are forecast separately.

Bulk water costs are externally determined and therefore excluded from internal trend forecasting, as they are not suitable for standard BST treatment.

Table 35. Estimated operating expenditure reconciled to efficient base year recurrent expenditure

Category	2025–26
Estimated operating expenditure [139]	499.4
Less non-trended expenditure (bulk water)	(253.8)
Add shared expenditure allocated to capital	39.9
Estimated recurrent expenditure	**285.5**
Less non-recurrent base year adjustments	(4.0)
Adjusted base year recurrent expenditure	**281.5**

139 Operating expenditure less depreciation and amortisation, borrowing costs and asset write-offs.

Adding shared expenditure allocated to capital

Our OCAM recognises that some operating costs directly support the delivery of capital projects. Functions such as technology, systems, safety, asset planning, infrastructure support, property and business support all contribute to the creation or delivery of capital assets.

Our OCAM identifies the capital-related portion of eligible shared service costs and allocates this to capital, ensuring the cost of delivering capital assets includes an appropriate share of the support functions required to plan, manage and deliver those assets. This treatment avoids overstating operating expenditure and understating capital expenditure.

To ensure consistency within the BST framework, the capitalised portion of overheads is added back to our operating expenditure base year recurrent expenditure.

Once trended, the capitalised portion is removed and allocated to the capital expenditure forecast. These forecasts are included as indirect overhead in Section 6.3.6, with the assumptions underpinning the apportionment of shared costs to capital explained in Section 7.7.

Non-recurrent base year adjustments

Adjustments required to establish an efficient and representative base year expenditure position that can be trended under the BST method include any temporary or atypical operating conditions, or non recurrent expenditure in 2025–26.

We have identified $4 million in non-recurring base year adjustments consisting of:

- non-recurring accounting position changes
- timing of project-based activities, including maintenance backlogs
- non-recurring spend-to-save activities.

This indicates that 2025–26 provides a representative starting point for the forecast, with only specific adjustments required to remove or reclassify costs that are not considered part of the efficient recurrent operating cost base.

7.4 Trend

Trend adjustments reflect changes in efficient recurrent expenditure over time. Unitywater applies trend adjustments through three separate components:

- Efficiency adjustments incorporate identified efficiency initiatives and an ongoing productivity adjustment.
- Output growth reflects the additional operating effort required to service a growing customer base and asset base.
- Price escalation reflects expected changes in input costs such as labour, software, electricity, chemicals, repairs and maintenance.

Table 36 shows the outcome of trend factors applied to base year expenditure.

7.4.1 Efficiency

Unitywater's **Part 1 submission** incorporated a productivity target of 1.0% for 2026–27. Following detailed enterprise planning and a review of expenditure we have increased our productivity and efficiency adjustment applied to the 2026–27 operating expenditure forecast to 2.9%. This additional adjustment reflects the cost reductions required to support the 2026–27 water price freeze to our water access and volumetric charges for 2026–27 announced in June 2026, recognising the Queensland Government's request to further ease cost-of-living pressures currently experienced by customers across our region.

Table 36. Forecast recurrent expenditure escalation due to trend factors (nominal, $million)

	2026–27	2027–28	2028–29	2029–30
Efficiency	(8.2)	(10.2)	(12.4)	(14.7)
Growth	4.8	9.8	15.0	20.4
Price escalation	9.2	19.2	29.9	41.1
Total	**5.8**	**18.8**	**32.5**	**46.8**
		Price Monitoring Period		

Efficiency initiatives include targeted productivity initiatives such as beneficial procurement outcomes and benefits realised from previous investments. The balance reflects that additional productivity and efficiency opportunities will continue to be identified through established planning, budget, procurement and performance management processes.

While benchmarking results indicate that our operating cost base is efficient relative to peers, we are committed to achieving the 2.9% efficiency in 2026–27.

Efficiency adjustments factor from 2026–27

Our 2026–27 efficiency adjustment flows through to the price monitoring period, with these savings embedded in the forecast operating cost base. From 2027–28 onwards, the forecast includes an ongoing productivity and efficiency target of 0.7% per annum to recurrent expenditure. This reflects the expectation that further efficiencies will be achieved through process optimisation, technology enablement, procurement discipline and continuous improvement activities embedded within planning and budget processes.

The 0.7% adjustment is broadly consistent with findings from the QCA's consultant, Aither, which recommended an efficiency factor of 0.7% for Gladstone Area Water Board reflecting the median outcome across relevant regulatory precedents.[140] It is also broadly consistent with recent regulatory determinations in the water sector. Further, ABS productivity data for the Electricity, Gas, Water and Waste Services sector shows modest, and in recent years negative, productivity growth.

Accordingly, it is our view that a 0.7% annual productivity adjustment is appropriate and balances affordability objectives with the ongoing delivery of safe, reliable and compliant services.

Under the BST model, efficiency is applied to all recurrent expenditure which includes that element of shared costs allocated to capital projects.

As noted in Section 6.3.7 capital expenditure forecasts will reflect the efficiency targets applied to recurrent expenditure for those costs allocated to capital expenditure through OCAM.

140 Aither, *Prudency and efficiency review: Review of Gladstone Area Water Board's forecast capital and operating expenditure for 2025–30*, report prepared for the Queensland Competition Authority, 4 October 2024.

7.4.2 Growth methodology

Growth adjustments reflect changes in operational demand, including customer growth, network growth, and customer water consumption. Unitywater have applied different growth factors depending on the nature of the expenditure category and the extent to which costs are driven by growth in customers, network scale or treatment demand.

Table 37 shows the connection growth which has been applied to expenditure categories that are expected to broadly scale with customer growth and operational network scale. Customer water consumption growth has been applied to categories that are more directly influenced by water production and treatment volumes. Nil growth has been applied where expenditure is expected to remain relatively stable over the price monitoring period.

To assist with the application of output growth factors to different cost categories, we have developed an internal technical paper. This can be made available to the QCA upon request.

To assist with the application of output growth factors to different cost categories, we have developed an internal technical paper. This can be made available to the QCA upon request.

Connections

Connections are a strong proxy for growth in customer costs, repairs and maintenance, plant fleet and facilities, biosolids and insurance. These cost categories scale with the size of the customer and asset base. Connections growth increases billing, meter reading and other customer service activity.

Connection growth increases wastewater volumes, which in turn contributes to higher biosolids management costs. The resultant expansion of the asset base and service footprint will drive increased maintenance, field activity, depot usage, vehicle utilisation, tools, equipment and facilities support. Insurance costs will also need to reflect an increase in the number of operational sites and replacement cost exposure.

The growth factors applied are consistent with those used for pricing. Section 10.2 notes we have adopted a 10-year compound average connection growth rate of 2.59% per annum. This profile closely aligns with the underlying Netserv Plan growth outlook and is a reasonable basis for trending relevant operating expenditure cost categories.

Customer water consumption

Changes in customer water consumption will drive changes in costs related to both chemicals and electricity. Higher volumes of water pumped, stored and treated will grow volume of chemicals used and amount of electricity consumed.

The growth factors applied are consistent with those used for pricing and demand forecasting. Section 5.2 notes that forecast water consumption is derived by applying forecast average water connections to regional average consumption assumptions, expressed in litres per connection per day. These forecasts provide a reasonable basis for trending electricity and chemical costs that vary with network throughput and treatment activity.

Full-time equivalent employment

There is a strong correlation between customer and asset base increases and the level of resourcing required to operate, maintain and support higher customer numbers and expanded service footprint. However, scale impacts are not perfectly correlated, particularly in a high growth environment. Consistent with the QCA's preference for adopting conservative estimates where a range of plausible escalators are available, we have applied an assumed growth rate in FTE as an alternative output escalator to connections growth.

FTE growth is a reasonable activity-based growth factor for ICT costs because demand for ICT services generally increases as the organisation's workforce expands. Additional employees require user devices, software licences, network access, cyber security controls, service desk support, data storage and broader systems administration.

This escalator allows for a greater focus on headcount escalation for these costs during a period of higher connections growth and provides a stronger cost discipline on our business to manage operating costs below real operating cost per connection.

Table 37. Growth factors (%)

Growth driver	2026–27	2027–28	2028–29	2029–30
Connections	2.59	2.59	2.59	2.59
Customer water consumption	2.00	2.22	1.78	1.72
Full-Time Equivalent Employment (FTE)	1.40	1.40	1.40	1.40
		Price Monitoring Period		

7.4.3 Input price escalation methodology

Input price escalation adjustments reflect forecast changes in costs over the price monitoring period. Escalation factors have been applied at a cost category level to reflect the underlying expenditure type and cost driver. Table 38 sets out the escalation factors applied across the operating expenditure forecast.

Figure 44 shows the proportion of the base year cost forecast subject to each escalation methodology. The overall impact of input price escalation is influenced by both the escalation rates applied and the share of expenditure to which each rate applies. Consequently, categories representing a larger proportion of the cost base have a greater influence on forecast.

Figure 44. Proportion of base year costs by input price escalator (%)

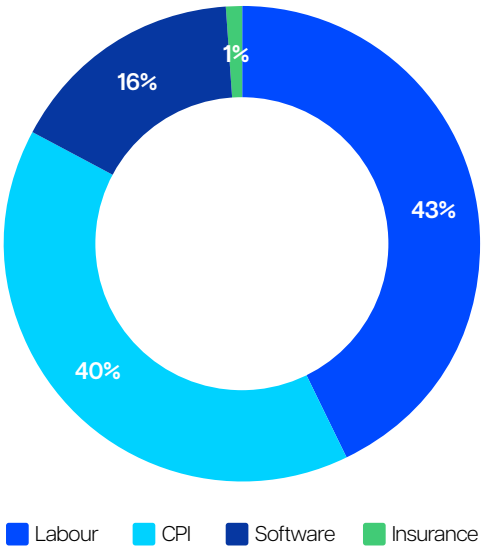


Table 38. Expenditure price escalation factors (%)

Escalator	2026–27	2027–28	2028–29	2029–30
CPI	2.40	2.50	2.50	2.50
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		Price Monitoring Period		

CPI escalation

We have deliberately adopted Consumer Price Index (CPI) as a targeted and conservative escalation assumption across the majority of operating cost categories. This reflects an explicit efficiency position where cost escalation is defaulted to general inflation assumptions unless there is clear, observable evidence that underlying cost drivers will materially differ to CPI and, if they exceed CPI, cannot be mitigated through management action.

This approach is consistent with regulatory practice, which applies CPI as the default indexation method while allowing departures only where cost drivers are demonstrably different from general inflation and efficiencies cannot be reasonably achieved.

We have adopted the standard regulatory method for forecasting CPI, using short term forecasts from the Reserve Bank of Australia (RBA) and then applying a linear glide path from the year two RBA forecast to a rules-based long-run anchor of 2.5% in the fifth year ahead.

The rationale for CPI application to each cost category is outlined below:

- **Customer costs**: these costs support core customer-facing functions such as billing, customer service, collections, communications, account management, hardship support, digital service channels and customer systems. As a mix of activities and inputs, customer costs are subject to inflationary pressure and CPI indexation provides an appropriate approximation of future price growth.
- **Chemical costs:** chemical costs are influenced by supplier contract prices, raw material and feedstock costs, energy costs, transport and logistics, exchange rates, demand from municipal and industrial users, and product-specific supply conditions. Cost movements are likely to be more volatile than CPI indexation. However, there is no single alternative index that applies consistently across all chemical inputs, so CPI has been applied as the default escalation method.

Table 39. Current CPI assumptions using national inflation forecasts (%)

Financial year	2026–27	2027–28	2028–29	2029–30
Consumer Price Index (CPI)	2.40	2.50	2.50	2.50
		Price Monitoring Period		

- **Biosolids**: there is a high risk that biosolids costs will increase by more than CPI over the price monitoring period as outlined in Chapter 6.3.1. Biosolids costs are exposed to drivers such as haulage distances, fuel prices, contractor disposal charges, gate fees and landfill costs. Potential changes in regulatory requirements particularly PFAS-related restrictions could increase disposal costs if a greater share of biosolids needs to be transported to alternative reuse sites or landfill. With the development of the bio-resource recovery facility, the exposure to the higher-cost drivers has been limited, reducing the exposure to high-cost escalation impacts. The application of CPI indexation is a conservative assumption in the absence of an alternative benchmark.
- **Electricity**: electricity costs are influenced by a combination of wholesale energy prices, network tariffs, environmental scheme costs, retail margins, contract structure and demand profile. Electricity prices are more volatile than CPI indexation, and regulatory precedent supports the use of alternative benchmarks and market-based observations. Our electricity plan which leverages targeted energy contracting, on-site generation and cogeneration has mitigated impacts of higher price volatility over the forecast period. As such we have kept input price escalation in line with CPI as a conservative assumption.
- **Repairs and Maintenance**: Regulatory precedent suggests that a blended labour/CPI escalator may be appropriate for repairs and maintenance. This recognises that the majority of repairs and maintenance expenditure is exposed to labour-market cost pressures, while still allowing for a general inflation component for materials and other non-labour inputs. A blended escalator would result in a higher escalation rate than CPI alone. As a deliberately conservative assumption, we have applied CPI only indexation for repairs and maintenance in the price monitoring period.
- **Plant, fleet and facilities**: this category comprises a broad mix of recurring operating costs, including plant support, fleet, facilities management, property services, maintenance and site-based services. Because these costs are not driven by a single input market, CPI provides an appropriate broad-based measure of general inflation.
- **Professional Services**: the main driver of professional services is labour and there is regulatory precedent for the application of a labour escalator rather than CPI for this cost category. As a deliberately conservative assumption, we have applied CPI only indexation for professional services in the price monitoring period.
- **Compliance and Regulation**: this category comprises a broad mix of recurring operating costs associated with meeting regulatory, legal, environmental, safety, reporting and compliance obligations. In the absence of a more specific index, we have assumed this cost category is subject to CPI escalation.

Labour price escalation

Labour costs are directly exposed to labour market conditions and are therefore more appropriately escalated using labour-specific evidence rather than a general consumer price measure. Recent regulatory decisions across the water sector have accepted labour-specific escalation where they are supported by wage forecasts, enterprise agreements and jurisdiction-specific labour market evidence.

As outlined in Chapter 2, labour market pressures have remained elevated in recent years and are expected to persist over the price monitoring period.

Sustained infrastructure investment, population growth and competition for skilled labour continue to place upward pressure on wages, contractor rates and workforce costs. These demand pressures are compounded by structural supply constraints, including an ageing workforce, skills shortages and limited availability of job-ready labour. Consistent with these conditions, the Queensland Wage Price Index (WPI) has averaged 3.6% over the past five years, compared with long-term averages of 2.7% over both 10 and 15 years. Commonwealth Treasury, the Reserve Bank of Australia and Queensland Treasury forecasts similarly indicate wage growth of approximately 3.0% to 3.5% across most of the forecast period.

Enterprise agreements provide the most direct evidence of our future labour costs because they reflect legally binding wage obligations rather than forecast or market-wide indicators. Established Enterprise Agreements prescribe wage rates through 2026–27 and most of 2027–28. Accordingly, enterprise agreement outcomes have been adopted as the primary escalation factor for agreement covered employees.

For periods beyond the current enterprise agreement, historical trends in enterprise agreement outcomes have been applied to inform forecast labour cost movements. This approach reflects our actual labour cost experience and provides a reasonable basis for forecasting labour expenditure over the price monitoring period. Table 40 sets out the labour escalation rates applied in the forecast. Further analysis can be made available to the QCA upon request.

[redacted]

	2026–27	2027–28	2028–29	2029–30
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		Price Monitoring Period		

ICT costs

[redacted]

These forecasts are consistent with regulatory evidence and benchmarking undertaken across the Australian water sector, which demonstrates that technology expenditure has been experiencing cost growth materially above CPI and broader operating expenditure categories. Historical renewal experience, market intelligence and WSAA totex benchmarking also indicate increasing expenditure pressures associated with cloud adoption, cyber security obligations, data platform expansion, operational technology requirements and software licensing.

[redacted]

Table 41 shows our ICT escalation factors which is supported by, observed market developments in software and cloud services, independent forecasting analysis and our historical experience with software, cloud and security platform renewals and regulatory considerations where cost drivers are materially different from general inflation.[141]

141 Queensland Competition Authority 2021, *Inflation forecasting: Final position paper*, Queensland Competition Authority, Brisbane, October 2021.

Table 41. ICT costs escalation assumptions (%)

	Allocation	2026–27	2027–28	2028–29	2029–30
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
General ICT costs	40.00	2.40	2.50	2.50	2.50
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
			Price Monitoring Period		

Insurance

Insurance costs are influenced by insurance and reinsurance market conditions (domestic and global), claims inflation, natural hazard risk, asset replacement values, deductible settings, coverage limits and insurer appetite for infrastructure-sector risks. These factors can move independently of CPI and justify separate treatment of insurance escalation.

We have assessed insurance escalation using a combination of ABS insurance price data, recent regulatory precedent, infrastructure-sector premium forecast evidence and Unitywater-specific renewal and insurance program information.

Over the past five years, annual insurance price escalation has averaged approximately 8.2%, based on the ABS CPI Insurance expenditure class. While useful as a transparent public benchmark, it primarily reflects household insurance products and is not a direct measure of our commercial insurance program.

Our insurance premium renewals have reflected both market wide pricing pressure and Unitywater specific factors such as asset value growth and enhancements to coverage levels required to maintain appropriate risk protection.

Forward forecast in insurance inflation incorporates new facilities and maintenance of risk protection. Price escalation assumptions are consistent with both recent renewal experience and market outlook.

Regulators have accepted above-CPI insurance escalation where there is evidence of market-wide premium pressure and where the forecast reflects the efficient cost of maintaining prudent insurance coverage. For example, the ***QCA's Inflation Forecasting Final Position Paper (2021)*** recognises that input-specific

or sector-specific escalation factors may be appropriate where cost drivers are materially different from CPI.

This would extend to categories such as insurance where there is evidence of market-wide premium pressure and where the forecast reflects the efficient cost of maintaining prudent insurance coverage.[142]

7.5 Step changes

Step changes are discrete adjustments to the efficient base year recurrent expenditure where an identified a material change in expenditure that is not adequately captured, either in the efficient base year or through general growth, escalation or productivity assumptions.

Step changes may reflect expenditure relating to new or changed obligations, changes in operating conditions, changes in service requirements, or specific cost reductions from approved efficiency initiatives.

Unitywater has included step changes only where there is a clear basis for the adjustment and where the cost change is expected to materially affect the level of expenditure required to deliver safe, reliable and compliant water and wastewater services. Proposed step changes have been grouped according to the primary change-driver:

- **Compliance-driven step changes:** We will incur cost changes to respond to new or evolving regulatory, legislative or environmental obligations. These step changes capture operating expenditure requirements that are not fully reflected in the base year, including costs associated with new obligations and operating expenditure to support capital investments that were not incorporated in the base year.
- **Improvement-driven step changes:** Our targeted investments to improve operational performance, business capability, customer outcomes, business risk and long-term efficiency. These initiatives support our commitment to continuous improvement while maintaining reliable and affordable services. The efficiencies generated from these step changes will be across both operational cost and capital cost.
- **Technology renewal-driven step changes:** this relates to cost impacts of the replacement and modernisation of operational technology platforms that have reached end-of-life, end-of-support or lifecycle renewal triggers that were not included in the base year.

Table 42 shows the step changes by driver that have been applied to each year of the forecast.

Table 42. Step changes (nominal, $million)

	2026–27	2027–28	2028–29	2029–30	Total
Compliance-driven	2.1	(1.2)	0.0	0.4	1.3
Improvement-driven	0.7	3.5	2.3	0.4	6.9
Technology renewal-driven	0.0	0.6	0.5	0.2	1.3
Total	**2.8**	**2.9**	**2.8**	**1.0**	**9.5**
Cumulative total	**2.8**	**5.7**	**8.5**	**9.5**	
		Price Monitoring Period			

7.5.1 Compliance driven step changes

Table 43 shows our compliance step changes applied to each year of the forecast.

Table 43. Compliance step change costs (nominal, $million)

	2026–27	2027–28	2028–29	2029–30
ICT projects	0.4	0.2	0.2	0.3
SOCI	0.6	0.0	0.0	0.0
Other	1.1	(1.4)	(0.2)	0.1
Total	**2.1**	**(1.2)**	**0.0**	**0.4**
		Price Monitoring Period		

142 QCA: Inflation and the Regulatory Framework, 2021, p. 15.

ICT projects

The forecast includes a step change in ongoing technology operating expenditure reflecting the higher level of cyber security capability required to ensure the protection of systems, and customer data. This expenditure is driven by increasing compliance obligations, heightened cyber security risks and the need to protect customer information and critical operational systems. Investment and ongoing support of cyber security platforms, threat monitoring, access controls and data protection capabilities represents a prudent and efficient response to these obligations and is necessary to maintain regulatory compliance, protect customer privacy and support the resilience of essential water and wastewater services.

SOCI

Our business is subject to expanding and non-discretionary regulatory obligations under the SOCI Act, which mandates the establishment, maintenance, and monitoring of a CIRMP. Compliance requires an 'all-hazards' approach to risk management across both enterprise ICT and operational technology environments. Consequently, step changes are required to fund continuous cyber security maturity uplifts, targeted upgrades to Supervisory Control and Data Acquisition (SCADA) systems, enhanced threat monitoring, and identity and access management controls.

To ensure efficiency, we leverage existing enterprise risk, asset management, and resilience frameworks to operationalise SOCI requirements, thereby avoiding administrative duplication. Costs are carefully constrained to ensure that material risks are mitigated 'so far as is reasonably practicable', representing the minimum efficient intervention required to sustain statutory service standards and protect critical public infrastructure. The understanding and verification of SOCI compliance in ongoing. Costs included in the forecast reflect known obligations meaning that a changing assessment of our compliance requirements will result in higher costs than what is forecast.

Other

Positive and negative step changes are required to support the cyclical nature of certain compliance obligations such as the review and renegotiation of our four EAs, which have nominal expiry dates between April and November 2028 and economic regulation.

7.5.2 Improvements-driven step changes

Table 44 shows our improvement-driven step changes applied to each year of the forecast.

Table 44. Improvement step change costs (nominal, $million)

	2026–27	2027–28	2028–29	2029–30
Enterprise information resilience	0.4	1.8	2.7	0.2
Digital meter program	0.3	1.7	(0.4)	(0.3)
Smart sewers	0.0	0.0	0.0	0.5
Total	**0.7**	**3.5**	**2.3**	**0.4**
		Price Monitoring Period		

Enterprise Information Resilience

Our Technology and Digital Plan (2026–30) identifies the capabilities required to support the safe, reliable and efficient delivery of water and wastewater services across one of Australia's fastest-growing regions. The plan outlines a strategic transition from a stable but increasingly constrained legacy technology environment to a more integrated, data-driven and cloud-enabled operating model.

This transition is necessary to support growing customer expectations, increasing asset complexity, heightened regulatory obligations and the scale of infrastructure investment required to service future growth.

The forecast includes discrete step changes in ongoing technology operating costs associated with establishing and sustaining new digital capabilities. These increases are primarily driven by the transition to SaaS platforms, expansion of enterprise software licensing, adoption of artificial intelligence capabilities, and increased cloud hosting, storage and data processing requirements. While these initiatives introduce ongoing operating costs, they replace fragmented systems, manual processes and legacy technologies with modern platforms that improve information quality, accessibility, governance and operational resilience.

A significant component of the investment is focused on enhancing our information, knowledge and decision-support capabilities. While robust processes, systems and governance already exist to support service delivery, these initiatives build on those foundations by creating greater connectivity between information sources, improving access to organisational knowledge and enabling more advanced use of operational and asset data. Investments in lifecycle management, digital engineering, program controls, knowledge management, operational intelligence, predictive analytics and artificial intelligence will strengthen our

ability to identify opportunities, generate insights and support more informed operational, asset and investment decisions. Together, these capabilities improve the accessibility, relevance and quality of information available to employees, supporting enhanced planning, prioritisation and decision making across our organisation.

The resulting step change in expenditure is expected to deliver enduring benefits through improved productivity, stronger governance and compliance outcomes, reduced delivery and operational risk, and more efficient management of assets, projects and customer services. Collectively, these investments provide the digital foundations required to manage an increasingly complex utility, support continued growth and enable the prudent and efficient delivery of services over the price monitoring period.

Digital Metering Plan

Chapter 3 highlights the progressive rollout of digital metering in response to managing water demand, customer preferences for improved visibility of their water use, as well as our own commitment to meet customer expectations regarding cost of living. Capital investment in the DMP outlined in Chapter 6 will allow us to detect customer-side leaks earlier with additional benefits relating to demand and leakage management within our network.

Implementation of digital meters will result in step change decreases from 2025–26 base year costs associated with manual meter reading and associated customer services costs. The investment also introduces new operating expenditure requirements not captured in the 2025–26 actuals. These increases include:

- new personnel and targeted workforce capabilities required for field callouts and proactive maintenance as well as handling, aggregating and managing interval-based meter data, and supporting automated business platforms
- additional costs associated with vendor fees for data management and access to communications networks as well as associated cloud hosting and software costs.

Chapter 5 outlines several additional NRW benefits in the context of the Digital Metering Plan and the SLMP. Real-time data enables us to detect anomalies in water flows and identify potential leaks in the water distribution network much earlier. Over time these consistent reductions will lead to savings in bulk water purchasing costs which will ultimately be passed on to customers in the form of lower prices.

As noted in Section 6.3, our pilot program installed digital technology in over 10,000 properties and early leak identification support for more than 3,500 households. The expanded program has since delivered more than one billion litres of water savings, more than $6.2 million in customer savings.[143]

Section 7.8 includes our estimates of bulk water costs, which includes adjustments associated with the rollout of the plan. Our analysis suggests the rollout will contribute to around one sixth reduction in water losses compared to the status quo. Further details are provided in Section 5.3.2.

Smart Sewers

The Smart Sewer program is an identified step change in expenditure. The program introduces new digital monitoring and analytics capabilities that support the maintenance of service standards described in Chapter 4. As the wastewater network grows in scale and complexity, these capabilities provide enhanced visibility of network performance and emerging risks, enabling more informed operational and investment decisions. Some costs associated with data management, connectivity, monitoring and analytics platforms were not in the base year, and are necessary to sustain these improvements and support a more proactive and risk-based approach to network management. The program is expected to improve network resilience, optimise intervention strategies and assist our business maintain reliable wastewater services for customers while prudently managing future operational and capital expenditure requirements.

143 Unitywater, 'Unitywater to install 3500 digital water meters to help residents identify hidden leaks in June', Unitywater website, 15 June 2026.

7.5.3 Technology renewal-driven projects

A step change in ongoing technology costs is required to support the renewal and modernisation of several core operational platforms that have reached key lifecycle, resilience or supportability triggers. These platforms underpin critical business processes including asset management, maintenance planning, customer service delivery, billing, operational technology and enterprise data management. As technology vendors continue to transition products to cloud-based support models and legacy platforms approach end-of-support milestones, Unitywater must invest in modern, supported environments to maintain the reliability, security and resilience of these critical services.

Key drivers of the step change include the transition of the Maximo asset management platform from an on-premises environment to a SaaS model, enhancements to operational technology networks supporting water and wastewater operations, modernisation of the customer management and billing platform, and investments in database resilience. These initiatives establish supported, secure and resilient platforms capable of meeting future business requirements while reducing technology obsolescence risks and improving service continuity.

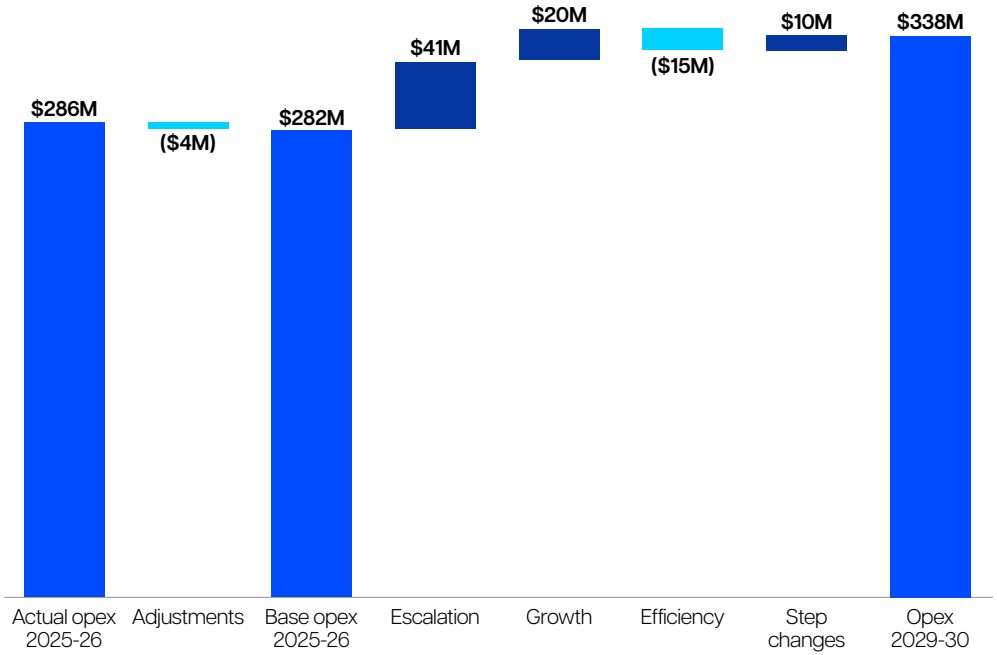
The ongoing operating costs associated with these platforms reflect software subscription fees, vendor support arrangements, cloud hosting, resilience and recovery capabilities, platform monitoring and ongoing maintenance services required to sustain these environments. While these costs represent a step change from historical operating expenditure, they are necessary to maintain the reliability of core business systems, support operational and customer service outcomes, strengthen cyber and resilience capabilities, and ensure we can continue to efficiently manage assets, customers and operational information over the price monitoring period. Collectively, these investments represent a prudent and efficient response to the lifecycle replacement and ongoing support requirements of essential technology platforms that underpin service delivery.

7.6 Recurrent expenditure summary

Figure 45 illustrates Unitywater's movement from the efficient recurrent base year expenditure of $281.5 million to forecast recurrent expenditure of $337.8 million by 2029–30. The figure highlights the relative contribution of price escalation, output growth, efficiency adjustments and step changes, illustrating how each component contributes to the overall forecast and providing a transparent reconciliation between current expenditure and future operating requirements.

The recurrent expenditure forecast demonstrates that we continue to face significant cost pressures associated with population growth, expansion of water and wastewater infrastructure, increasing regulatory and compliance obligations, and rising input costs. These factors place upward pressure on operating expenditure throughout the price monitoring period and increase the challenge of maintaining affordable customer prices while continuing to deliver safe, reliable and compliant services.

Figure 45. Summary of BST recurrent expenditure forecast (nominal, $million)



Despite these pressures, we remain focused on maintaining affordability for our customers. This has historically been supported through disciplined expenditure management, continuous improvement initiatives and ongoing cost challenge processes. As part of its Part 1 review, both the QCA and its independent consultant, URA, concluded that Unitywater's forecasting, governance and productivity frameworks are mature, well-established and consistent with good industry practice.

This forecast builds on this approach by incorporating identified productivity and savings initiatives together with ongoing efficiency targets that reduce costs for our customers over the price monitoring period. These efficiency adjustments are material and reflect a high expectation of future performance, particularly given independent benchmarking indicates we are already operating from an efficient base and will embed a substantial efficiency adjustment in 2026–27.

Achieving these targets will require the successful delivery of the forecast step changes and continuous improvement initiatives, which are expected to generate productivity benefits through technology enablement, process optimisation and more efficient service delivery.

Collectively, this approach balances affordability objectives with the efficient provision of safe, reliable and compliant water and wastewater services.

7.7 Overhead cost allocation to capital

As noted in Section 7.3, Unitywater's OCAM identifies the capital-related portion of eligible shared service costs and allocates this to capital, ensuring the cost of delivering capital assets includes an appropriate share of the support functions required to plan, manage and deliver those assets.

The OCAM establishes an apportionment of shared cost pools to determine the proportion of shared costs allocated between operating and capital portions. Historical analysis shows that the OCAM pool (the amount of shared costs to be allocated to both capital and operating expenditure) broadly equates to 35% of the following cost categories:

- salaries and wages
- ICT costs
- compliance and regulation
- plant, fleet and facilities.

This proportion is applied to the annual aggregate expenditure for these cost categories calculated through the BST model to derive the OCAM shared cost pool for each year of the price monitoring period.

To determine the capital-related portion of the OCAM pool, we have applied an OCAM allocation percentage of 64.8%, which reflects a moderated allocation profile of forecast capital and operating expenditure to smooth temporary between-year fluctuations. Table 45 shows how the capitalised portion of shared costs is separated out.

7.8 Bulk water costs

Bulk water costs represent Unitywater's purchase of treated bulk water from Seqwater for supply to customers, forming a major input cost to our water supply services. These costs are always passed through without margin and are not set by our business. To ensure transparency, bulk water purchase costs are separated out from the base year and treated as a standalone allowance. The bulk water price, tariff structure and associated supply arrangements are established through Queensland Government and Seqwater pricing processes.

The Queensland Government announced a freeze on the bulk water price for 2026–27 and 2027–28 in late June 2026. There is no published guidance available for the bulk water price path for the last two years of the price monitoring period. In the absence of this detail, we have assumed zero bulk water price growth in 2028–29 and 2029–30. This represents a modelling assumption rather than a forecast of Seqwater's future prices, and may differ from those ultimately set by Seqwater. Further detail on this assumption is provided in Section 10.3.

Any future increase in Seqwater's bulk water price would flow directly through our bulk water costs, including the cost of NRW, as bulk water costs are treated as a standalone pass through allowance. Accordingly, any changes to Seqwater's price path would increase our modelled NRW costs over the price monitoring period.

Table 46 shows our bulk water volumes reflect our forecast volumes purchased, comprising billed metered consumption and NRW. Forecast billed consumption applies the connection growth rate assumption set out in Chapter 5.

These forecasts also incorporate the expected benefits from the rollout of the DMP as outlined in Section 7.5, which delivers reductions in water losses.

We continue to pursue opportunities to improve outcomes for customers through reduced water losses, improved network efficiency and lower long-term costs and prices.

Table 45. Calculation of shared costs to be capitalised (nominal, $million)

	2027–28	2028–29	2029–30
BST calculation of shared cost categories	210.8	226.9	239.9
OCAM shared cost pool (35% of identified cost categories)	73.8	79.4	84.0
Shared expenditure allocated to capital (64.8% of OCAM pool)	47.8	51.5	54.4

Table 46. Forecast bulk water purchase costs

	2027–28	2028–29	2029–30
Bulk water purchased volume (ML)	74,500	75,500	76,504
Bulk water purchase price ($/kL)	3.517	3.517	3.517
Bulk water purchase costs ($M)	**262.0**	**265.5**	**269.1**

CHAPTER 8

Regulatory asset base

To assist in determining Unitywater's MAR over the price monitoring period, the referral notice requires the QCA to roll forward our RAB from 1 July 2013 to 30 June 2030.

The RAB roll-forward is used to determine the return on capital and return of capital MAR building blocks and is also used as an input to calculate the tax allowance building block. This section sets out our approach to roll forward the RAB and the results from the application of our roll-forward model.

8.1 RAB roll-forward approach

Unitywater has applied a consistent methodology throughout the RAB roll-forward process, in line with the QCA's preferred approach and the requirements of the referral notice. The key assumptions adopted as part of the modelling approach are set out below.

8.1.1 Addition of new investments

Unitywater's roll-forward model adopts an as-commissioned approach where new investments are added to the RAB once the asset is commissioned. This is aligned to the QCA's approach in similar regulatory processes, including for other water utilities. As part of the as-commissioned approach, certain overheads and costs incurred during construction, such as interest on debt, have been incorporated into the value of assets added to the RAB where appropriate.

The value of additions to the RAB has been informed by a range of information sources as set out below.

- **1 July 2008 to 30 June 2013**: We have leveraged information from our corporate records, including information provided by Participant Councils, and information template returns provided by our business to the QCA in prior price monitoring investigations.
- **1 July 2013 to 30 June 2026**: Information on asset additions has been extracted from our detailed asset register, which is recorded at the individual asset level. For the 2025–26 financial year, our value of additions incorporates nine months of actual additions, with additions from the June quarter estimated based on the expected commissioning dates for assets.
- **1 July 2026 to 30 June 2030**: Additions have been based on approved project and program lists from our five-year capital plan. The capital plan includes information on expected project commissioning dates, which have been used to determine the year in which assets are to be added to the RAB. This process has also taken into account project staging, where some assets have already been commissioned and providing services to our customers before completion of the full project, so that assets are not double-counted. Where appropriate, an allowance has been made for the capitalisation of direct and indirect overheads. For capital projects with an expected duration exceeding 12 months, capitalised interest has also been incorporated into the value of assets added to the RAB.

Capital overheads are discussed in Chapter 6. Direct overheads relate to costs directly linked to the delivery of capital projects and are forecast within the capital program. Indirect overheads relate to shared costs apportioned between our operating expenditure and capital expenditure, reflecting the support of both capital works and operations. Chapter 7 outlines the process of forecasting the indirect overhead cost pool consistently with other recurrent expenditure, and the approach taken to separate the capitalised portion for inclusion in the capital expenditure forecast.

For the period up to and including the 2025–26 financial year, capitalised interest has been included in addition to the RAB for capital projects whose duration exceeded 12 months.

From the 2026–27 financial year, the forecasts of capitalised interest shown in Chapter 6 have been derived on a project-by-project basis for projects that extend across more than one financial year. The interest amount has been calculated using the cost of debt component of the forecast

rate of return shown in Chapter 9 and has assumed 60% of the project cost is met through debt, in line with the capital structure assumptions incorporated into the rate of return.

8.1.2 Treatment of contributed assets and capital expenditure

Consistent with the approach adopted under the QCA's 2013–15 price monitoring review, contributed assets and capital contributions are included in the RAB where they were made between 1 July 2008 to 30 June 2013. We cannot earn a return on and return of capital for contributed assets or capital contributions, since these investments have already been paid for by developers. Our proposed MAR therefore included a revenue offset to account for contributed assets and capital contributions received during this period. More details on the calculation of this revenue offset are outlined in Section 10.1.

Contributed assets provided to us on or after 1 July 2013 are excluded from the RAB, consistent with the asset offset method used by the QCA. Our information systems generally do not allow us to match capital contributions with specific assets so they can be excluded from the RAB. In modelling the RAB, we have treated accumulated gross capital contributions as a separate asset class with a negative balance and an asset life of 50 years. Receipts of gross capital contributions have been treated as an addition to this asset class and the accumulated balance is subject to inflation addition and straight-line depreciation in a way that mirrors the treatment of the underlying assets constructed by us with these contributions.

In some cases, the capital contributions received from developers are designed to offset refunds paid by our business to developers. These refunds typically occur where a developer constructs and contributes assets to our network that are of a scale beyond the needs of their stage of development and are designed to meet the expected requirements of the service area once the development potential is fully realised. Failure to account for the refunds to developers while accounting for all capital contributions would result in the RAB being understated.

Our systems do not allow capital contributions to be reconciled against infrastructure offset refunds. Therefore, in developing our RAB and MAR, the accumulated balance of infrastructure offset refunds since 2013–14 is treated as a service liability akin to a working capital requirement with the estimated servicing costs accounted for as a separate revenue adjustment to our MAR. More detailed information on the calculation of this revenue adjustment is included in Chapter 10.

8.1.3 Disposals

Under the RAB roll-forward model, assets that are disposed of are removed from the RAB. Unitywater recognises that the value of disposals for the RAB roll-forward model is likely to differ from the values recorded in our financial accounts. This reflects differences in the depreciation profiles and that the RAB roll-forward model includes an inflation addition step. We have therefore accommodated these differences such that the values adopted for our RAB roll-forward model reflect the appropriate treatment of depreciation and inflation addition.

The value of disposals from the RAB has been developed from the data sources described below.

- **1 July 2008 to 30 June 2013**: As for the data on additions, we have leveraged information from our corporate records, including information provided by Participant Councils, and information template returns provided by us to the QCA in prior price monitoring investigations.
- **1 July 2013 to 30 June 2026**: Information on asset disposals has been extracted from our detailed asset register, which records assets at the individual level. The values reported for disposals in the RAB roll-forward model account for inflation addition and depreciation profile differences between the values reported in the statutory accounts. For the 2025–26 financial year, our value of disposals included in the RAB roll-forward model incorporates nine months of actual data which has been pro rated for the 12-month period.
- **1 July 2026 to 30 June 2030**: Our capital plan does not incorporate estimates of disposals. For the purposes of modelling the RAB, we have estimated the value of disposals over the 2026–27 to 2029–30 financial years to be the same, in real terms, as the average value of disposals in the 2023–24 and 2024–25 financial years. We have not used the 2025–26 disposals in arriving at this forecast disposals profile, as there were some large one-off impacts that increased disposals in the most recently completed financial year.

8.1.4 Inflation addition

Unitywater's model consistently indexes the RAB based on the year-ended percentage change in the CPI to the June quarter each year. Where actual CPI measures are available, the Brisbane CPI is used as the basis for calculation. Where forecasts must be relied upon, our roll-forward model adopts the inflation forecasting approach set out in the **QCA's final position paper** from its *Inflation forecasting review 2021*. The QCA's approach leverages available national inflation forecasts from the Reserve Bank of Australia, after which the forecasts follow a linear glide path to a rules-based anchor point.

Net additions by financial year (that is, additions less disposals) are assumed to follow the two-part commissioning profile described below.

- Half the value of the net additions is assumed to be commissioned at the start of the financial year. Our roll-forward model applies a full year of inflation and straight-line depreciation to this portion of the net additions.
- The other half of the net additions is assumed to be commissioned at the end of the financial year. This portion does not have inflation addition or depreciation applied in the year of commissioning. Instead, these additions are combined with half of the following year's net additions for calculating straight-line depreciation.

The exception is the standalone establishment costs asset class, where capitalised costs are treated as having been incurred on 30 June 2010. As a result, inflation addition and straight-line depreciation for this particular asset class only commenced at the beginning of the 2010–11 financial year.

8.1.5 Allocation of assets to service categories

In previous price monitoring investigations, the QCA's regulatory information templates required us to disaggregate components of our RAB by both service category and asset class. For consistency with the QCA's previous approaches, our RAB roll-forward model has continued this classification approach. Each asset that provides services to our customers is therefore assigned both a service category and an asset class to enable the application of straight-line depreciation.

We are aware this results in significantly greater complexity for the modelling task and have chosen to present information at the aggregate level in the submission.

Table 47 shows the service categories used in the development of the RAB. The six service categories in the left column have been used to roll forward the initial RAB from 1 July 2008 on a consistent basis. As required under the previous QCA regulatory information templates, we provide information on assets used for non-regulated services. While these assets form part of the roll-forward, they do not form part of our RAB for the purpose of calculating the MAR.

In the summary asset data available from our corporate records covering the period up to 30 June 2013, four additional service categories, shown in the right column of Table 47, were used. These categories have been retained in the calculation of the RAB to preserve the integrity of this historical information; however, no new additions or disposals have been incorporated into these categories from 1 July 2013 onwards. Given the relatively small allocation of assets by value to these service categories, and the approach we have adopted in setting asset lives for the RAB roll-forward model, we consider these additional service categories do not materially affect the aggregate value of the RAB or the aggregate depreciation profile.

Table 47. Unitywater RAB roll-forward service categories

Service categories used for RAB rebuild from 1 July 2008	Service categories used up to 2012–13 only
Drinking water	Operations business support
Other core water services[1]	Corporate support
Wastewater via sewer	Aggregated non-core water services
Trade waste	Aggregated non-core wastewater services
Other core wastewater services[2]	
Aggregated non-regulated services[3]	

Notes:
1. This includes, for example, the supply of recycled water.
2. Includes services such as biosolids management.
3. Services that are not required to satisfy any specified legal obligation or are contestable services provided by other service providers in a competitive market. This includes, for example, third-party laboratory services and private works.

8.1.6 Asset classes and asset lives

Each asset in the service categories set out above is further allocated into 14 distinct asset classes for the purpose of modelling straight-line depreciation of Unitywater's assets. Consistent with the top down approach common across roll-forward models used for economic regulation purposes, our roll-forward model sets asset lives at the level of the service category and asset class, rather than at the individual asset level.

These asset classes, working definitions of what these classes include, and the associated new asset lives are set out in Table 48 on the following page.

Table 48. Unitywater RAB asset classes and associated lives for new assets

Asset class	Scope of assets included	Service categories (where not all)	Asset life (years)
Billing systems	Customer billing and metering data management systems. Customer information system platforms used for regulated services.		10
Buildings (other than infrastructure housing)	Includes the building shell for office buildings, depots and laboratories. Excludes buildings that are integral to infrastructure, such as pump station buildings.		60
Corporate systems	Regulated service proportion of finance, human resources, asset management and document management systems.		8
Meters	Customer and bulk meters. Includes meter hardware but may exclude advanced metering infrastructure communications if these are classified elsewhere, particularly under telemetry and control systems.		15
Other distribution infrastructure	Network assets that are not mains, pump stations or reservoirs. Includes valves, hydrants, maintenance holes, pits, chambers, vents and vent poles, standpipes and service connections.	Wastewater via sewer; other core wastewater services	80
		Other service categories	50
Pump stations	Water or wastewater pumping facilities, including pumps, motors, structures and electrical assets. Can include booster stations.	Drinking water; other core water services	35
		Other service categories	30
Reservoirs	Water storage assets within the supply system, such as service reservoirs and clear water reservoirs.		60
Sundry property, plant and equipment	Minor assets that do not fit into another category and includes: i. tools, furniture and small equipment ii. internal fit-out/equipment of non-infrastructure buildings iii. fences iv. laboratory assets.		13
Telemetry and control systems	Control systems directly supporting regulatory infrastructure and communications equipment where used for operational control. Includes SCADA systems, telemetry, programmable logic controllers and remote terminal units.		20
Treatment	Assets used to treat water or wastewater, such as water treatment plants, WWTPs and process equipment. Covers civil, mechanical and electrical treatment assets.	Wastewater via sewer; other core wastewater services	40
		Other service categories	35
Mains	Covers pipes forming the primary distribution or collection network for water or wastewater via sewer services, such as water or wastewater mains. Includes pressure-reducing valves, but excludes service connections.	Wastewater via sewer; other core wastewater services	100
		Other service categories	90

Asset class	Scope of assets included	Service categories (where not all)	Asset life (years)
Land	Land used for regulated assets.		N/A
Support services	Shared services, such as information technology support, fleet management (including motor vehicles), workshops and stores, supporting regulated activities. Usually allocated by cost driver.		10
Operations (only used up to 2012–13)	This category was used in the earlier asset information up to 2012–13. For modelling purposes, we have assumed an asset life in line with the support services asset class.		10
Establishment costs	One-off costs associated with the establishment of Unitywater's regulated business on 1 July 2010. Includes initial systems and regulatory setup arrangements.		45
Capital contributions since 1 July 2013 (contra asset)	Includes financial contributions from developers, non-equity injections from Participant Councils and grants from the Queensland or Australian Governments to Unitywater-constructed water and wastewater infrastructure.		50

The asset lives proposed at the class level in the above table are designed to approximate weighted averages of all assets included in the asset class. This reflects that, in practice, each asset class includes multiple types of assets, each with their own asset lives. The asset lives in the RAB roll-forward model reflect the economic life of assets within that class, which represents the period over which the asset is expected to remain capable of performing its current or intended function.

As a simplification to the RAB roll-forward modelling process, we have adopted the default assumption that the lives of new assets of the same type are common across service categories. There are several exceptions to this rule, as outlined in Table 48 above. The principal exception is the mains asset class, where technical design considerations justify a longer asset life for wastewater mains than water mains.

Establishment costs (approximately $13.1 million) incurred at the time of our formation have been capitalised as at 30 June 2010 and are treated collectively, rather than separated by service category. Similarly, capital contributions received from developers or grants received from Queensland or Australian Governments since 1 July 2013 are treated as a single asset class that is not further disaggregated by service category

8.1.7 Straight-line depreciation

For existing assets as at 1 July 2008, the weighted average remaining lives have been derived for most service category and asset class pairs using the depreciation profiles provided by Participant Councils and regulatory information returns provided by Unitywater to the QCA for price monitoring investigations covering 2010–11 to 2014–15. For some asset classes, including treatment and metering assets for some service categories, the existing depreciation profile implied asset lives for existing assets that were well above the lives considered appropriate for new assets. In these circumstances, we applied adjustments to some remaining asset lives to ensure plausible outcomes.

For assets added since 1 July 2008, we have adopted the year-by-year tracking approach for the straight line depreciation of net additions to the RAB. In the economic regulatory context, this approach is generally considered to provide more accurate estimates of depreciation than methods that involve iterative updates to the weighted average remaining asset lives of assets by class.

8.2 Opening RAB as at 1 July 2013

The referral notice requires that the QCA roll forward the RAB as at 1 July 2013. The QCA's 2013–15 price monitoring investigation established an estimate for this opening RAB. However, subsequent analysis of previous RAB roll-forward calculations has identified differences in input data and the approach to indexation over the period from 1 July 2008 to 30 June 2013.

Unitywater has calculated an updated opening RAB as at 1 July 2013 by rolling forward our initial RAB from 1 July 2008. The initial value was based on amounts set by the then Minister for Natural Resources, Mines and Energy and Minister for Trade in March 2010.

The QCA's 2013–15 price monitoring investigation final report was published in March 2014 and proposed a combined water and wastewater RAB of approximately $3,013.6 million as the opening RAB value as at 1 July 2013. The QCA also proposed to work with us to seek to resolve differences with respect to the RAB. In August 2014, there was correspondence between our business and the QCA that sought approval to revise the RAB roll forward calculations. As part of this process, the QCA proposed an opening RAB balance as at 1 July 2013 of $3,031.0 million.

As part of our roll-forward model, we have leveraged information from our corporate records, including information provided by Participant Councils, and information template returns provided by our business to the QCA in prior price monitoring investigations. This information has been used to roll forward the initial RAB from 1 July 2008 to 1 July 2013 to develop an updated estimate of the opening RAB balance for 1 July 2013 of $2,976.2 million, which excludes non-regulated assets. The main reason this estimate is lower than the earlier QCA value is the reduction in remaining asset lives for certain asset classes, as explained in Section 8.1.7. Table 49 shows the summary of outputs of the RAB roll-forward model to establish this opening RAB value.

As noted in Section 8.1, contributed assets and capital contributions are included in the RAB during the period 1 July 2008 to 30 June 2013. The effect of including these contributions in the RAB is removed through a revenue offset, as explained in Chapter 10.

Table 49. Unitywater RAB roll-forward to 1 July 2013 opening balance (nominal, $million)

	2008–09	2009–10	2010–11	2011–12	2012–13
Opening balance (as at 1 July)	**2,029.7**	**2,124.7**	**2,410.8**	**2,599.0**	**2,810.8**
Additions (as commissioned)	132.8	303.2	181.4	281.9	212.0
(less) Disposals	10.7	13.5	1.7	1.1	2.6
Inflation addition	42.1	73.3	95.3	24.6	58.8
(less) Straight-line depreciation	69.2	76.9	86.7	93.7	102.8
Closing balance (as at 30 June)	**2,124.7**	**2,410.8**	**2,599.0**	**2,810.8**	**2,976.2**

Note: Excludes assets that are used to provide non-regulated water and wastewater services.

8.3 Roll-forward of the RAB to 1 July 2030

8.3.1 RAB roll-forward to 30 June 2027

Table 50 on the following page shows the results of the RAB roll-forward model over the period 1 July 2013 to 30 June 2027. By the end of the roll-forward to 30 June 2027, Unitywater's RAB is estimated to be close to $4.0 billion.

The relatively stable value of the RAB does not fully reflect the strong underlying growth in our asset base, particularly over the period 2013–14 to 2023–24. During this period, significant population and development growth within our service region resulted in substantial augmentation of our network. However, the relative stability in the value of the RAB reflects the impact of more than $700 million in gross capital contributions received from developers over this 11-year period. In some years, most notably 2015–16, the gross value of capital contributions recognised in the RAB roll-forward model exceeded gross asset additions, resulting in a net negative additions figure. This reflects the treatment of capital contributions within the roll-forward model and does not indicate a reduction in our physical asset base.

More recently, the considerable increase in assets to be commissioned from 1 July 2024 results in a marked increase in the RAB according to our roll forward model.

Table 50 shows the inflation addition component increases the RAB in most years. The exception is in 2019–20, where the negative inflation addition reflects a fall in the Brisbane CPI over the year to the June quarter 2020, driven by the economic impacts of the COVID-19 pandemic.

Table 50. Unitywater RAB roll-forward from 1 July 2013 to 30 June 2027 (nominal, $million)

	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
Opening balance (as at 1 July)	**2,976.2**	**3,042.9**	**3,096.3**	**2,999.3**	**2,971.1**	**2,914.2**	**2,839.1**	**2,741.5**	**2,876.9**	**3,066.9**	**3,162.6**	**3,165.5**	**3,349.2**	**3,533.8**
Additions (as commissioned)	81.0	125.9	(19.1)	43.2	49.0	3.6	49.3	118.4	111.8	45.8	49.4	256.7	196.4	487.8
(less) Disposals	1.1	4.4	2.7	2.9	30.2	8.7	6.6	4.5	6.3	7.6	11.8	10.6	24.4	12.0
Inflation addition	97.6	47.8	44.7	54.5	51.2	48.5	(28.9)	139.2	213.1	195.1	106.8	81.7	164.9	90.5
(less) Straight-line depreciation	110.8	115.8	119.9	123.1	126.8	118.5	111.3	117.7	128.7	137.5	141.5	144.1	152.3	153.0
Closing balance (as at 30 June)	**3,042.9**	**3,096.3**	**2,999.3**	**2,971.1**	**2,914.2**	**2,839.1**	**2,741.5**	**2,876.9**	**3,066.9**	**3,162.6**	**3,165.5**	**3,349.2**	**3,533.8**	**3,947.2**

Note: Excludes assets that are used to provide non-regulated water and wastewater services.

The negative value in this year reflects that the value of capital contributions recognised in the RAB roll-forward model exceeded gross asset additions.

* The negative inflation addition over 2019–20 reflects a fall in the Brisbane CPI over the year to the June quarter 2020, driven by the economic impacts of the COVID-19 pandemic.

8.3.2 RAB over the price monitoring period (1 July 2027 to 30 June 2030)

Table 51 shows the results of the RAB roll-forward model over the price monitoring period. By the end of the price monitoring period, Unitywater's RAB is forecast to be more than $5.2 billion. The significant increase in the RAB reflects the expected completion of several high-value projects driven by growth requirements, as set out in Chapter 6. Capital contributions from developers are expected to continue to reduce the costs to our customers over the price monitoring period.

The forecast additions for the price monitoring period reflect a material step-up from historical levels, driven by the commissioning of several major infrastructure projects that have been planned and procured over prior years. The largest single-year increase in additions (net of capital contributions) of $715.7 million in 2028–29 primarily reflects the expected commissioning dates drawn from our five-year capital plan for the following projects:

- the BRF, which involves the construction of a new centralised facility to receive, dry and carbonise biosolids to produce biochar
- the Burpengary Wastewater Pump Station and Wastewater Rising Main Upgrade, which upgrades wastewater infrastructure to accommodate forecast population growth within the vicinity of Narangba and Burpengary
- the Brendale WWTP Upgrade, which will enable the WWTP to accommodate forecast population growth across the southern and western parts of the City of Moreton Bay
- the Caboolture West Wastewater Gravity Main Trunk Sewer, which upgrades the existing gravity network to accommodate forecast population growth in communities south of the Caboolture River.

Some of these projects are described in more detail in Chapter 6. As the timing of additions reflects expected commissioning dates, rather than expenditure incurred during construction, the impact on the RAB is concentrated in years when assets enter service rather than spread across the construction period.

Table 51. Unitywater RAB roll-forward from 1 July 2027 to 30 June 2030 (nominal, $million)

	2027–28	2028–29	2029–30
Opening balance (as at 1 July)	**3,947.2**	**4,230.7**	**4,866.5**
Additions (as commissioned)	357.1	715.7	470.0
(less) Disposals	12.3	12.6	12.9
Inflation addition	103.0	114.6	127.4
(less) Straight-line depreciation	164.2	181.9	202.2
Closing balance (as at 30 June)	**4,230.7**	**4,866.5**	**5,248.7**

Note: Excludes assets that are used to provide non-regulated water and wastewater services.

CHAPTER 9

Rate of return, return on working capital and tax allowance

The referral notice requires the MAR for Unitywater to include a return on assets, being the rate of return multiplied by the RAB. The referral notice also specifies that the MAR is to include a return on working capital and an allowance for tax. This chapter sets out our approach to calculating the rate of return, return on working capital and tax allowance building blocks of the MAR, as required by the referral notice.

We have estimated the rate of return using the QCA's established methodology. For the return on working capital and tax allowance, our methodology aligns with the QCA's approach in recent price monitoring investigations for other water utilities.

9.1 Rate of return

Unitywater's rate of return follows the method set out in version 4 (September 2024) of the QCA's ***Rate of Return Review Final Report*** and is informed by recent QCA precedent and relevant regulatory precedent in other jurisdictions. We have also sought advice from Sequana on key elements of the rate of return. Overall, our aim is to ensure that our proposed rate of return is commensurate with the commercial return that an investor would require for an efficient water and wastewater distributor-retailer with a similar scale and scope of operations to our business.

Table 52 summarises the key calculations and data sources that underpin key elements of our proposed rate of return of 7.14%. For more details on the approach, refer to the *Weighted Average Cost of Capital Report* (May 2026) prepared by Sequana.

As part of the price monitoring review process, we plan to review the rate of return annually, particularly to reflect updates to the 10-year trailing average cost of debt. This will allow us to benchmark our revenues using the most up-to-date and relevant information for price-setting purposes.

Table 52. Unitywater's proposed rate of return

Parameter	Proposed value	Data source/rationale
Nominal risk-free rate	5.04%	40 business-day average of the yields of 10-year Australian Government nominal bonds (ending 7 May 2026).
Capital structure (% debt)	60%	Consistent with QCA precedent and debt structures adopted by other jurisdictional water regulators.
Market risk premium	6.40%	The most recent QCA calculation, being the April 2026 final report for the Gladstone Area Water Board (water security assets).
Asset beta	0.40	Consistent with QCA regulatory precedent for water utilities, including Seqwater.
Debt beta	0.12	Assumption from the QCA's *Rate of Return Review Final Report*.
Equity beta	0.82	Calculated using the Brealey-Myers levering formula, as set out in the QCA's *Rate of Return Review Final Report*.
Cost of equity	**10.29%**	**Calculated using the Sharpe-Lintner CAPM framework adopted by the QCA.**
Benchmark credit rating	BBB	Consistent with QCA precedent and benchmarks adopted by other jurisdictional water regulators.
Cost of debt (trailing average)	4.94%	10-year trailing average of interest rates on BBB-rated corporate bonds, calculated using the method in the QCA's *Rate of Return Review Final Report*.

Parameter	Proposed value	Data source/rationale
Debt-raising costs	0.10%	Assumption from the QCA's *Rate of Return Review Final Report*.
Cost of debt	**5.04%**	**Sum of the trailing average cost of debt and debt-raising costs.**
Gamma	0.484	Assumption from the QCA's *Rate of Return Review Final Report*.
Weighted Average Cost of Capital	**7.14%**	**Calculated using the QCA's preferred nominal post-tax Officer WACC3 framework.**

9.2 Return on working capital

The working capital allowance, calculated by applying the rate of return to the working capital balance, is designed to compensate businesses subject to economic regulation for delays between the delivery of regulated goods or services and payment received for those goods or services. To determine the working capital requirement, Unitywater has adopted the following formula, which is consistent with the approach used by the QCA in previous investigations, including the most recent investigation into Seqwater's bulk water prices.

More details on the approach used to calculate the average days relevant to each balance are set out below. In determining the preferred calculation methods for the average days inputs, we considered several alternatives as set out in a July 2018 **Deloitte report** prepared for IPART.

Net working capital

= average accounts receivable balance – average accounts payable balance
+ average inventories balance

$$= \left(\frac{\text{average receivables days}}{365}\right) \times \text{annual forecast revenue}$$

$$- \left(\frac{\text{average payable days}}{365}\right) \times \text{annual forecast operating expenditure}$$

$$+ \left(\frac{\text{average inventory days}}{365}\right) \times \text{annual forecast operating expenditure}$$

9.2.1 Accounts receivable days

Unitywater has estimated benchmark average receivable days based on half of the meter reading cycle plus the historic average period between meter reading and customer payment. This calculation approach is aligned with option one for calculating average receivable days in the 2018 Deloitte report.

Table 53 shows how our approach modifies the Deloitte methodology by treating bill issuance as a separate intermediate step in the calculation. Since our customers are billed for all charges in arrears, no adjustment is made for upfront payment of fixed charges.

9.2.2 Accounts payable days

Unitywater's accounts payable days estimate of 26.95 days is based on a three-year average of historical payment days from the date of invoice based on all supplier payments. This reflects the weighted average of payment terms for large suppliers (generally 30 days), small suppliers (generally 20 days under the Australian Government's Payment Times Reporting Scheme) and other specific contracted amounts (such as seven or 14 days). Broadly, this approach is similar to option two being the weighted average of different expenditure components for the average accounts payable days calculation explained in Deloitte's report to IPART.

Table 53. Accounts receivable days calculation

Economic indicators	Days	Notes
Half of the meter reading cycle period	45.66	Reflects that the vast majority of customers are billed quarterly and that fixed and variable charges are billed in arrears
Average days between meter reading and bill being issued	5.20	Three-year historical average
Average days for customer payment from bill being issued	30.33	Three-year historical average
Estimated accounts receivable days	**81.19**	

9.2.3 Inventory days

The average inventory days estimate is based on the average historical stock levels held by Unitywater as a proportion of total operating expenditure, consistent with option one in Deloitte's 2018 report for IPART.[144] This is also in line with the method the QCA applied in the most recent Seqwater bulk water price review.[145] Based on a three-year average inventory level of approximately $5 million, the average inventory days estimate is 3.99 days.

9.2.4 Proposed return on working capital

Table 54 shows the applied formula set out earlier in this section to the revenue and operating expenditure forecasts for the 2027–28 to 2029–30 financial years to estimate the return on working capital MAR building block.

Table 54. Return on working capital allowance (nominal, $million)

	2027–28	2028–29	2029–30
Forecast revenues	860.3	900.1	961.9
Forecast operating expenditure (including bulk water costs)	520.2	536.5	552.4
Forecast working capital balance	158.6	166.5	179.2
Forecast return on working capital	**11.3**	**11.9**	**12.8**

144 Deloitte Access Economics, *Return on Working Capital in the Notional Revenue Requirement: Final report for the Independent Pricing and Regulatory Tribunal*, 5 July 2018.

145 Queensland Competition Authority, *Final report: Seqwater bulk water price review 2022–26*, March 2022.

9.3 Tax allowance

The building blocks for the MAR include an allowance for tax payable, since a post-tax rate of return is to estimate the return on capital building block. The tax allowance is designed to reflect the tax liability to which a comparable commercial business would be subject, such that the MAR reflects the fully efficient costs a utility would incur if it were operating in a competitive market.

Unitywater has calculated the tax allowance by multiplying our notional taxable income by the corporate tax rate (30%) and then subtracting the value of the dividend imputation credits, based on the value of gamma determined in Section 9.1. The estimate of taxable income includes revenue from the developer capital contributions, since the latter is considered part of revenue for taxation purposes.

The estimate of forecast revenues initially excludes the estimated tax liability, but the amount of the tax liability is then grossed up to ensure the appropriate tax rate is applied once the forecast tax allowance is added back to the forecast revenue amount. The following are then deducted from total revenues to determine the taxable income:

- operating expenditure
- interest payments on debt, which is derived using the average RAB balance for the year, the assumed capital structure of 60% debt (as shown in Table 55) and the rate of return
- depreciation for tax purposes, which has been derived using our TAB model.

Table 55 shows our estimated tax allowance for each financial year from 2027–28 to 2029–30.

Table 55. Tax allowance (nominal, $million)

	2027–28	2028–29	2029–30
Forecast revenues (before tax allowance)	835.7	875.6	934.4
Forecast developer capital contributions	79.8	85.9	92.5
(less) Forecast operating expenditure (including bulk water costs)	520.2	536.5	552.4
(less) Forecast tax depreciation (from TAB model)	131.7	147.4	165.2
(less) Benchmark interest expense	129.3	143.5	159.4
Taxable income (before tax allowance)	**134.3**	**134.1**	**149.9**
Tax liability before imputation credits	47.7	47.6	53.2
Dividend imputation credits (gamma)	23.1	23.0	25.8
Forecast tax allowance	**24.6**	**24.6**	**27.5**

CHAPTER 10

Revenue and pricing

In the price monitoring review covering 2013–14 and 2014–15, the QCA found we were recovering less than our MAR, concluding that there was no exercise of monopoly power. Since that time, the Unitywater component of our median bill has decreased in real terms, and we forecast that our revenues will be approximately 5% less than the MAR over the price monitoring period.

The referral notice from the Queensland Government requires the QCA to consider the forecast MAR and forecasts of our prices over the period from 1 July 2027 to 30 June 2030. It also requires the QCA to assess the changes in total annual typical residential customer bill, separately identifying the bulk water and distributor-retailer components of the bill.

While the QCA's economic regulatory framework features multi-year forecasting and revenue smoothing, we set prices for the next financial year through an annual budget and financial planning process that considers financial sustainability, financeability including debt serviceability, progressing price parity and managing affordability. We apply a Board-approved internal forecast revenue and derive prices for the coming year using forecast volumes. This approach enables us to adjust prices based on the latest available information and return any realised cost savings to customers more quickly than would occur under a multi-year regulatory determination approach based on the recovery of MAR.

We have adapted our pricing approach for the 2026–27 financial year to accommodate the requirements of the three-year price monitoring period. For our Part 2 submission, we have incorporated the medium-term forecasts for the 2027–28 to 2029–30 financial years which we prepare as part of our five-year financial plan.

This final section of our submission provides forecasts of the MAR, calculated consistent with the referral notice and the QCA's building block framework. Forecast prices for our services to apply over the 2027–28 to 2029–30 financial years are also shown. We then assess the changes in residential bills that result from these prices. Consistent with our commitment to affordability, our forecast prices are expected to recover less than the forecast MAR in each year of the price monitoring period.

Our prices and revenues presented in this chapter are forecasts. Customarily, we finalise prices and revenue requirements for the financial year ahead in May, which allows us to incorporate the latest available information that impacts our operating environment. Prices to apply from 1 July are then published in June. At present, there remain material uncertainties in the outlook for several external factors beyond our control, including but not limited to inflation and interest rates. Accordingly, we intend to review these forecast prices and revenues annually, consistent with our established price-setting timetable. We will report updates to pricing and revenue forecasts to the QCA through submissions in support of the periodic reports, as required under Stated Matter F(1.6). This approach will ensure that the actual prices and revenues appropriately reflect material updates in the external environment.

10.1 Forecast Maximum Allowable Revenue

10.1.1 Unitywater's forecast MAR

Table 56 shows the forecasts of Unitywater's MAR for the price monitoring period developed using the building blocks under the QCA's methodology. As we use the forecast MAR as a benchmark, rather than as the basis for setting prices, we have not smoothed our MAR forecasts across the three years.

Our operating expenditure forecasts, including for bulk water costs, reflect those set out in Chapter 7. The return on capital building block has been derived from the opening RAB balance, additions and disposals set out in Chapter 8 and the rate of return calculated in Chapter 9. The return of capital building block has been derived directly from the RAB roll-forward model set out in Chapter 8 as the amount of straight-line depreciation less inflation addition. A mid-year cash flow adjustment is included to reflect the assumed timing of other cash flows, consistent with relevant QCA precedent. The return on working capital and tax allowance building blocks are as calculated in Chapter 9. The revenue adjustments line item is explained in more detail in the next subsection.

Table 56. Unitywater's forecast MAR, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Operating expenditure	520.2	536.5	552.4
Unitywater operating expenditure	*258.2*	*271.0*	*283.4*
Bulk water costs	*262.0*	*265.5*	*269.1*
Return on capital	294.0	327.0	363.6
Return of capital	61.3	67.3	74.8
Mid-year cash flow adjustment	(12.0)	(13.4)	(14.9)
Return on working capital	11.3	11.9	12.8
Tax allowance	24.6	24.6	27.5
Total revenue adjustments	(39.1)	(53.8)	(54.4)
Forecast MAR	**860.3**	**900.1**	**961.9**

10.1.2 Revenue adjustments

Table 57 shows Unitywater's four revenue adjustments in relation to our forecast MAR. The basis for these adjustments is explained in more detail below.

Revenue offset for contributed assets and capital contributions

As noted in Chapter 8, our RAB includes contributed assets and the impact of capital contributions made between 1 July 2008 and 30 June 2013. We cannot earn a return on and return of capital for contributed assets or capital contributions, since these assets have been paid for by developers and therefore should not be recovered from customers.[146]

We have therefore sought to remove the impact of these assets and contributions from the MAR building blocks by calculating an appropriate revenue offset.

146 This treatment is confirmed in the QCA's final report on the *SEQ Interim Price Monitoring Framework*, published in April 2010.

Table 57. Revenue adjustments for calculating Unitywater's MAR, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Contributed assets and capital contributions (prior to 1 July 2013) revenue offset	(30.3)	(30.5)	(30.8)
BRF non-regulated revenue offset	0.0	(14.8)	(15.2)
Development services revenue	(13.1)	(13.1)	(13.1)
Infrastructure offsets revenue offset	4.3	4.6	4.7
Forecast total revenue adjustments	**(39.1)**	**(53.8)**	**(54.4)**

To determine the amount and allocation of contributed assets and capital contributions, we have used information from our corporate records, including that provided by Participant Councils, and information template returns we provided to the QCA in prior price monitoring investigations. We then developed a roll-forward model specifically for contributed assets and capital contributions received during this period, such that the return on and return of capital attributable to these assets and contributions could be estimated. The value of the revenue offset reflects the sum of the return of capital and return on capital building blocks, inclusive of a mid-year cash flow adjustment, derived based on this roll-forward model.

Non-regulated revenue from the bioresource recovery facility

Our proposed BRF, discussed in more detail in Chapter 6, is expected to commence operations in the 2028–29 financial year. The BRF is expected to generate the following three additional revenue streams for our business:

- biochar sales, which is an end-product from the BRF that can be on-sold to improve soil fertility, enhance water retention, and permanently sequester carbon
- sales of CO_2 Removal Certificates, which are a specialised type of high-quality carbon credit generated by engineered carbon removal technologies
- gate fees associated with accepting third-party biomass, which provides a supplementary energy source that supports the operational reliability of the BRF.

These revenue streams offer sources of non-regulated revenue that allow us to reduce the revenue required to be recovered from our customers.

Current business case forecasts for the total of these three revenue streams are included for 2028–29 and 2029–30 when the facility is expected to be operational. We recognise that delivery timing and third-party revenue realisation remain forecast assumptions and will monitor these through the price monitoring period.

Development services revenue

We provide a range of services to facilitate the connection of new customers to the network, including connection application, network works applications and inspection services. Some of these services can be performed by accredited third parties, while others, such as decisions on connection applications, can only be undertaken by our business.

While we retain responsibility for these non-contestable statutory decisions, the development services framework provides for contestability, with accredited third-party providers able to undertake most technical and inspection activities.

Our non-contestable functions are governed by legislated assessment criteria, published service standards and transparent pricing schedules. These safeguards ensure that we cannot exercise monopoly power in the delivery of development services.

These services are separate from the water and wastewater services provided by our business and have their own pricing schedules. Our operating expenditure forecasts in Chapter 7 include the costs of providing development services. The associated separately charged revenue is therefore deducted from our MAR to ensure these costs are not recovered through general water and wastewater charges.

Infrastructure refund offsets

As explained in Section 8.1, we provide infrastructure offset refunds to developers where they construct and contribute assets of a scale beyond the needs of their immediate stage of development. These assets are typically designed to meet the long-term needs of the broader service area once the development potential is fully realised. This results in prudent and efficient investment by avoiding the significant costs and disruption of returning later to suburbs once they are established to augment the network. Our approach is consistent with customer research confirming support for investment and planning approaches that maintain liveability and long-term cost balance.

In developing the RAB roll-forward model, we considered whether these infrastructure refund offsets should be netted against the gross amount of capital contributions received from developers. However, this treatment would likely overstate the RAB in the short term due to the timing mismatch between when we provide the refund and when capital contributions from subsequent development stages are received. Our current systems do not readily support a detailed reconciliation of the timing difference between these payments. Conversely, subtracting all capital contributions received from the RAB without recognising the refunds would understate our RAB, unless further adjustments were made to account for this feature of our approach to network development.

To ensure a transparent and consistent treatment, we have instead treated the accumulated balance of infrastructure offset refunds similar to a financing facility, or a service liability akin to a working capital requirement. The rate of return established in Chapter 9 has been applied to the accumulated balance of refunds provided since 2013–14 to estimate the cost of servicing this liability. This amount is included as a positive revenue adjustment in the MAR, ensuring the MAR appropriately reflects the cost of funding these refunds over time.

10.2 Revenue and pricing principles and tariff structures

10.2.1 Determining Unitywater's revenue requirement

Unitywater's pricing process is based on determining our utility revenue requirement and allocating this revenue to prices through our tariff structure. We do not derive the utility revenue requirement from the forecast MAR. Instead, we have used the MAR as a cross-check to ensure our utility revenue requirement remains reasonable over time and is not systematically higher than appropriate regulatory benchmarks.

Table 58 shows how we derive the utility revenue requirement based on assessing changes to underlying cost drivers, including operating expenditure, interest costs on our debt, depreciation as recorded in our financial accounts and bulk water charges.

Bulk water charges, which are set under the State Government's bulk water price path and passed through directly, have been a major driver of our revenue requirement over time, and our pricing decisions over previous years have helped moderate the impact of the increases in bulk water prices to our customers. Our utility revenue requirement forecasting process forms part of a comprehensive assessment of our financial sustainability. It helps ensure that we recover efficient operating costs, meet our debt servicing

Table 58. Unitywater's utility revenue requirement, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Prior year utility revenue requirement	**773.9**	**811.7**	**855.0**
Change in interest expense	17.8	18.0	17.2
Change in depreciation	6.9	14.0	6.1
Change in operating expenditure	8.0	12.1	19.8
Change in bulk water charges	4.6	3.5	3.5
Change in other cost drivers	0.6	(4.3)	1.3
Forecast utility revenue requirement	**811.7**	**855.0**	**902.9**

obligations and fulfil our obligations under the Participation Agreement. We also confirm that the proposed outcomes support compliance with key financial metrics associated with debt management.

The change in operating expenditure line item in Table 58 reflects an internal reassessment of our operating expenditure requirement separate from that documented in Chapter 7. This deliberate treatment allows the utility revenue requirement to incorporate anticipated cost savings required to moderate near-term bill impacts in line with the Queensland Government's bulk water price freeze over 2026–27 and 2027–28. At the time of lodging this Part 2 submission, we are still working through details on how this will be achieved and the subsequent impacts on our operations and customers.

These internal reassessed operating expenditure adjustments are affordability-driven and reflect our response to near-term bill moderation requirements. They do not change the efficient-cost benchmark applied in the calculation of the MAR. Efficient operating expenditure for MAR purposes continues to be based on BST operating expenditure, as presented in Table 41. This distinction maintains clarity between the efficient-cost framework underpinning the MAR and the affordability-constrained internal operating expenditure used for price setting.

Consistent with the views expressed in the Interim Update,[147] our targeted expenditure reductions will be achieved through means that will not undermine our financial sustainability nor defer necessary investment to deliver near-term cost of-living relief for our customers. We acknowledge, consistent with recent AWA and WSAA submission to the inquiry,[148] [149] that such actions could shift costs to future customers, increase future bill shocks and weaken long-term resilience of our network and our business.

10.2.2 Pricing principles and tariff structures

Unitywater's pricing approach for water and wastewater services incorporates the following key features:

- two-part tariff structure, comprising fixed access and volumetric usage components for our charges
- two-tier volumetric pricing, where a standard rate applies up to a daily usage threshold,[150] with a higher rate applying to usage above this threshold[151]
- pass-through of bulk water prices as determined by Seqwater, which are separately identified on customer bills and passed through without margin.

We have consistently applied a two-part tariff structure for water services, comprising a fixed access charge and a volumetric usage charge, since its establishment. The fixed access charges provide a stable and predictable revenue base to fund essential infrastructure and service delivery.

The volumetric usage charges reflect actual consumption and ensure customers who place greater demand on the network contribute proportionately to the network's operation and ongoing investment in infrastructure.

We apply a two-tier volumetric structure for residential customers based on a daily usage threshold. A standard rate applies to usage up to the threshold, and a higher rate applies to usage above it, supporting efficient water use. Non-residential customers are charged a single volumetric usage rate, without tiered pricing, reflecting a consistent pricing approach across these customers.

Since 2013–14, we have also applied a volumetric usage component to wastewater services. Wastewater usage for most customers is linked to water consumption using a 90% discharge factor, with tailored discharge factors applied to a small number of non-residential customers

147 Productivity Commission, *National Water Reform 2026: Water services reform directions – Interim update*, Australian Government, June 2026.
148 Australian Water Association, *National Water Reform 2026 Inquiry: Submission*, May 2026.
149 Water Services Association of Australia, *Submission to the Productivity Commission's Public Inquiry into National Water Reform 2026*, May 2026.
150 For residential customers, the daily water threshold of 822 L/day is equivalent to consumption of 300 kL per annum. The daily wastewater threshold of 740 L/day is equivalent to the discharge of 270 kL per annum.
151 For residential customers, volumetric wastewater charges are capped at the level of the wastewater threshold.

based on their business activities. For residential customers, the volumetric wastewater charge is subject to a daily cap, with charges applying up to the threshold only, providing a level of bill protection while maintaining an appropriate usage signal.

Our pricing structure is designed to reflect the cost to serve and infrastructure intensity of our network and seeks to balance equity and financial sustainability considerations. Taken together, this structure provides clear price signals, supports responsible water use, and ensures revenue is recovered in a manner that aligns with how customers use services.

10.2.3 Transition to uniform pricing for residential customers

At establishment, Unitywater inherited a range of varied and inconsistent tariff structures and pricing rules from former councils. These legacy arrangements have resulted in disparities in customer pricing across our service region, even though customers are supplied through an integrated distribution network operated as a single scheme.

Our business commenced tariff reform in 2013–14 to standardise pricing rules and methodologies across our service region, replacing the varied and inconsistent approaches inherited from former council arrangements. The subsequent eight-year freeze on our prices, implemented to keep customer bills low during a period of rising bulk water prices, extended the timeframe for achieving uniform pricing across our service region.

While the volumetric charge has been applied uniformly across the City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas for several years, fixed access charges still differ between customers in different Participant Councils.

We have adopted a measured and structured price path that applies differentiated increases across regions to enable the transition to a single pricing structure. While our **Part 1 submission** was based on achieving uniform pricing across our service region for residential customers by 2028–29, the price freezes have extended the timeframes for the transition. To help manage bill impacts for our customers, we now anticipate achieving a uniform pricing structure for residential customers after 2030–31, allowing for a suitable transition period following the restrained median bill increases in the early years of the price path.

10.2.4 Considering affordability in determining prices

Customer affordability remains a central consideration in Unitywater's pricing and revenue decisions. In developing the forecast prices, we take a balanced approach that seeks to recover prudent and efficient costs while minimising customer bill impacts.

Our pricing approach is guided by a clear commitment to customer affordability, fairness and long-term financial sustainability. Our Board-approved pricing applies structured and regionally differentiated increases that reflect the move away from legacy tariff arrangements and the transition toward regional alignment. This framework ensures that price movements are considered in the context of customer bill impacts, recognising that the two-part tariff structure and differing regional starting points result in varying outcomes across usage bands and locations. Benchmarking and customer insights further support a balanced and evidence-based approach to affordability.

We assess customer affordability using a broad set of indicators that reflect the lived experience of customers across our region, referring to observable behaviours that show how customers are actually managing their bills in practice.

These indicators include cost-of-living pressures, customer feedback, observed payment behaviour, hardship program participation, and the impact of price movements on median residential bills. As outlined in Chapter 3, these operational affordability indicators provide a practical and evidence-based view of how customers are managing their bills and where pressures are most concentrated.

Customer insights show that affordability pressures are not experienced uniformly across our customer base. While most customers continue to meet their payment obligations, some customers are more sensitive to bill increases because of their household circumstances, consumption levels or capacity to absorb higher costs. We consider these differences when assessing the distributional impacts of proposed price changes and in designing and delivering customer support programs available to customers experiencing payment difficulty. We will also continue to monitor customer affordability trends and customer outcomes over time as part of our ongoing commitment to responsible pricing.

Affordability also informs the pace of the transition towards uniform residential pricing across our service region. As fixed access charges currently differ between council areas, immediate alignment would result in sudden large bill increases for some customers.

Our business is therefore staging the transition over a longer period to moderate regional bill impacts, while continuing to move towards a consistent residential pricing structure. We will continue to monitor customer affordability trends and customer outcomes over time as part of our ongoing commitment to responsible pricing.

Our two-part tariff structure also influences how price movements translate into customer bills. Customers with higher consumption, and therefore higher

volumetric charges, experience different bill impacts to low-use households, and this variation is reflected in the distributional analysis performed during our annual price-setting process.

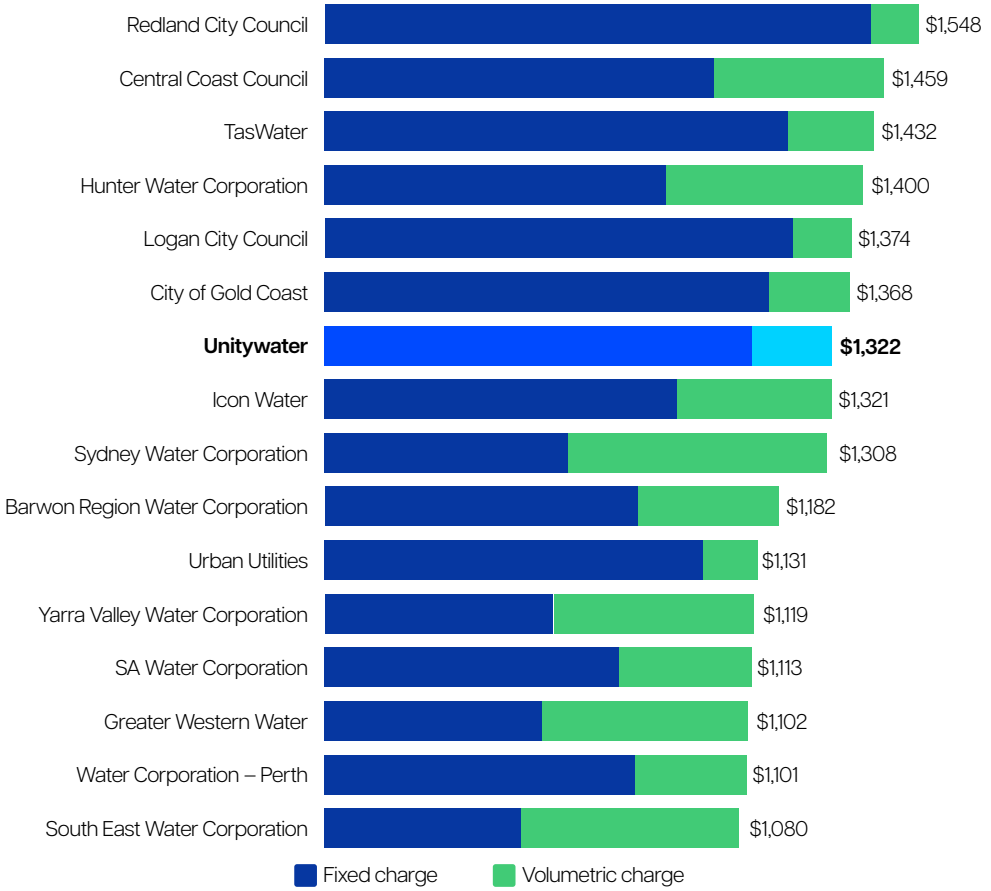
Distributional impacts also form part of our affordability assessment. While median residential bills provide a useful benchmark, we consider how price movements affect different customer groups, including higher-use households and customers in regions with varying service characteristics. This reflects how pricing settings translate into different outcomes across usage bands and regions. The bill impact tables, including those presented in this submission, illustrate how the forecast prices affect customers differently depending on consumption levels and regional tariff positions, ensuring that affordability considerations are grounded in real customer outcomes.

Benchmarking against other SEQ and national water utilities also informs our assessment of affordability. A comparison of median residential bills for 2025–26 was included as part of our **Part 1 submission**. Updated analysis using 2026–27 median residential bills shows that our customers' bills sit in the middle of the SEQ range, positioned between customer bills for regional peers such as Gold Coast and Logan above, and Urban Utilities below.

This relative position remains broadly unchanged when comparing the utility component alone across major water utilities nationally and is further supported by the comparison of fixed and volumetric components of the median bill, shown in Figure 46. This indicates that our tariff structure is broadly aligned with other major water utilities, with our volumetric charge sitting near the middle of the national range.

This result reflects structural characteristics of our service area, such as lower network density and the infrastructure requirements associated with strong population growth. Overall, this benchmarking provides an external reference point that supports our balanced pricing approach and demonstrates that forecast bill outcomes remain broadly consistent with regional expectations.

Figure 46. Comparison of fixed and volumetric components of the median bill, excluding bulk water (usage 137 kL per annum)



Our business seeks to ensure steady and predictable pricing that avoids unnecessary volatility and enables us to meet our financial obligations and maintain safe, reliable and resilient services. We will also maintain transparency about the bill impacts and explain the source of these impacts to our customers. As highlighted in Chapter 3, customer research shows our customers place strong emphasis on bill stability over time and clear explanations of how investment decisions translate into service outcomes. This reflects broader customer expectations that essential services are maintained alongside affordability considerations, and that decisions involving trade-offs should be made carefully and communicated openly.

Overall, our forecast prices reflect a responsible and customer-focused approach that balances financial sustainability with a strong commitment to affordability and long term bill stability. Customer affordability insights inform how we prioritise and sequence decisions, ensuring that affordability and service outcomes are considered together, and that pricing remains grounded in customer circumstances and expectations.

10.3 Forecast prices: 2027–28 to 2029–30

To develop a forward view of water and wastewater service prices and customer bills for the price monitoring period, Unitywater has been required to forecast the bulk water price charged by Seqwater.

While the Queensland Government announced a freeze on the bulk water price for 2026–27 and 2027–28 in late June 2026, there is no published guidance available for the bulk water price path for the final two years of the price monitoring period. In the absence of this detail, we have assumed an extension of the price freeze across 2028–29 and 2029–30, an approach in keeping with the QCA approach for Part 1.

Holding the bulk water price constant at $3.517 per kL across the price monitoring period represents a modelling assumption rather than a forecast of Seqwater's future prices, which may differ from those ultimately set by Seqwater.

If increases in the bulk water price path in line with previous QCA price monitoring reviews resumed following the two-year price freeze, the resulting prices could be materially different from the trajectory assumed in this submission. As noted in Chapter 7, any change to the bulk water price in 2028–29 or 2029–30 would also impact our total operating expenditure through NRW.

We pass through Seqwater's bulk water charges directly to customers without a mark-up or margin on the bulk water price. Accordingly, any future change in the bulk water price would reflect a change in Seqwater's charges rather than an increase determined by our business.

Table 59 shows the proposed prices, and the associated annual percentage increases, for residential customers over the period from 2026–27 to 2029–30 in the City of Moreton Bay. Similarly, Table 60 shows the proposed prices for residents of Sunshine Coast Council and Noosa Shire Council. Both tables show that, consistent with the Queensland Government's bulk water price freeze, we have also held water service prices at 2025–26 levels for the 2026–27 and 2027–28 financial years. As a result, only wastewater prices increase in 2026–27. The prices for 2026–27 therefore differ from those presented in our **Part 1 submission**.

Table 59. Forecast City of Moreton Bay residential customer prices, 2026–27 to 2029–30

	2026–27	2027–28	2028–29	2029–30
Water Access $/day	1.025	1.025	1.064	1.114
Water Tier 1 $/kL: 0 – 822 L/day	0.787	0.787	0.817	0.847
Water Tier 2 $/kL: above 822 L/day	1.570	1.570	1.629	1.689
Bulk Water $/kL	3.517	3.517	3.517	3.517
Wastewater Access $/day	2.096	2.191	2.286	2.394
Wastewater Usage $/kL: capped at 740 L/day[152]	0.802	0.834	0.865	0.897
		2027–28	**2028–29**	**2029–30**
Water Access		0.0%	3.9%	4.7%
Water Tier 1		0.0%	3.8%	3.7%
Water Tier 2		0.0%	3.8%	3.7%
Bulk Water		0.0%	0.0%	0.0%
Wastewater Access		4.5%	4.4%	4.7%
Wastewater Usage		4.0%	3.8%	3.7%

152 Wastewater usage is based on water consumption using a 90% discharge rate.

Table 60. Forecast Sunshine Coast Council and Noosa Shire Council residential customer prices, 2026–27 to 2029–30

	2026–27	2027–28	2028–29	2029–30
Water Access $/day	0.945	0.945	1.003	1.065
Water Tier 1 $/kL: 0 – 822 L/day	0.787	0.787	0.817	0.847
Water Tier 2 $/kL: above 822 L/day	1.570	1.570	1.629	1.689
Bulk Water $/kL	3.517	3.517	3.517	3.517
Wastewater Access $/day	2.038	2.173	2.283	2.388
Wastewater Usage $/kL: capped at 740 L/day	0.802	0.834	0.865	0.897
		2027–28	2028–29	2029–30
Water Access		0.0%	6.1%	6.1%
Water Tier 1		0.0%	3.8%	3.7%
Water Tier 2		0.0%	3.8%	3.7%
Bulk Water		0.0%	0.0%	0.0%
Wastewater Access		6.6%	5.1%	4.6%
Wastewater Usage		4.0%	3.8%	3.7%

Over the price monitoring period, fixed charges for customers in Sunshine Coast Council and Noosa Shire Council increase by more than City of Moreton Bay customers. These regionally differentiated increases form part of our gradual transition towards a single residential price structure across our service region.

Our **Part 1 submission** highlighted that just over 60% of the median residential customer's bill comprises fixed charges, with the usage component (including bulk water charges from Seqwater) accounting for just under 40% of the total bill. Table 59 and Table 60 highlight that daily access charges are expected to increase by more than volumetric prices over the price monitoring period, reflecting the need to fund significant capital investment activities over the next few years in response to regional growth. As a result, the share of the bill accounted for by fixed charges will increase slightly over the price monitoring period.

10.4 Bill impact

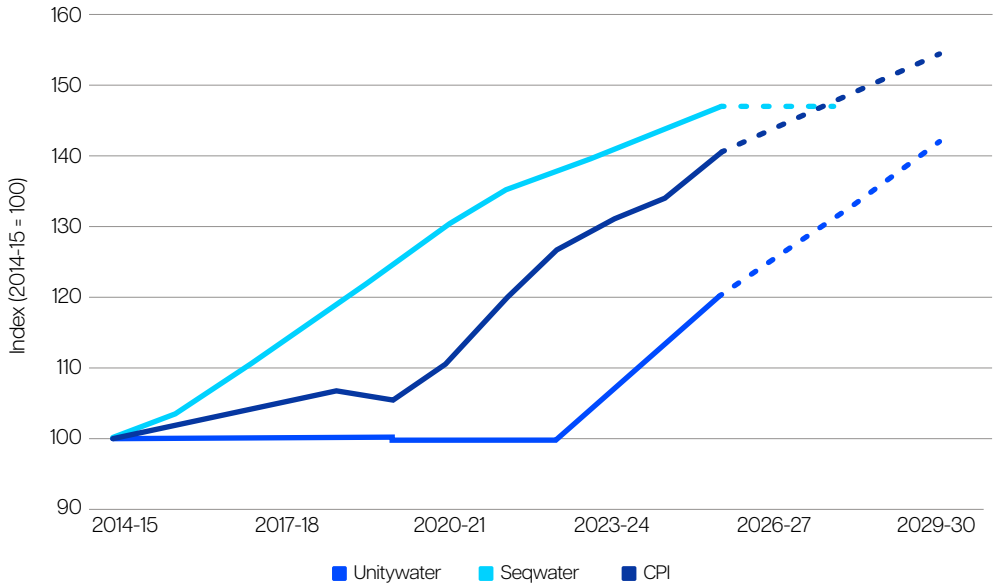
Under Unitywater's forecast pricing, the median residential bill is forecast to increase by 2.5% in 2027–28, 3.4% in 2028–29 and 3.5% in 2029–30, resulting in a cumulative increase of approximately 9.7% over the three-year price monitoring period. This results in the estimated annual bill for our average residential customers rising from $1,804 in 2026–27 to $1,980 in 2029–30. Over the three-year period, this is equivalent to an average increase of $59 per year, or $15 per quarterly bill.

These price increases for water and wastewater services reflect measured adjustments to support our long-term revenue sustainability while balancing customer affordability.

For 2026–27 and 2027–28, water service prices also incorporate the effect of the Queensland Government bulk water price freeze. Consistent with the approach outlined in Chapter 3, our affordability response focuses on targeted support for customers experiencing payment difficulty, while maintaining the revenue needed to sustain safe, reliable and resilient services for the broader customer base.

We consider that the overall bill impact remains reasonable, with targeted adjustments to access charges as part of the transition towards uniform residential customer pricing across our service region, which we now anticipate achieving beyond the price monitoring period. Our component of the median residential bill in 2029–30 is expected to be around 10% lower in real terms than in 2014–15 (refer Figure 47). In contrast, growth in the bulk water component has exceeded inflation over the past decade.

Figure 47. Unitywater prices since 2014–15 (index; 2014–15 = 100)

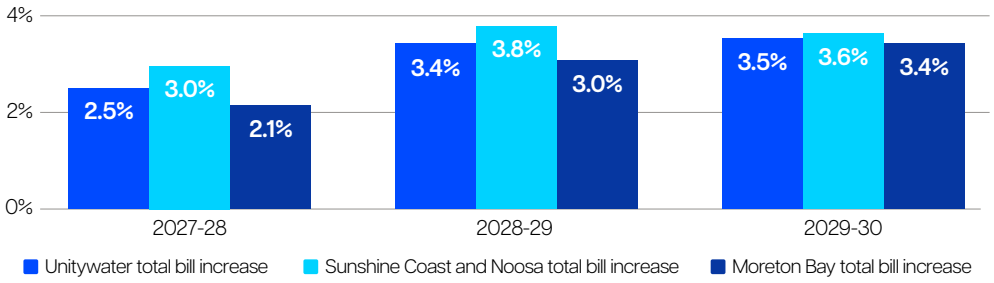


The 9.7% cumulative price increase over three years across our business incorporates a 10.8% (cumulative) increase over three years for Sunshine Coast and Noosa residential customers and an 8.8% (cumulative) increase for City of Moreton Bay customers. This difference arises because fixed access charges for Sunshine Coast Council and Noosa Shire Council customers increase by a greater amount as part of the transition to uniform pricing across our service region. For household bills, this equates to an average increase of $64 per year for the Sunshine Coast Council and Noosa Shire Council regions, and $54 per year for the City of Moreton Bay region.

A summary of the proposed price increases and their associated impacts on bills over the three-year price monitoring period is illustrated in Figure 48.

The bill for the median residential user in the City of Moreton Bay will increase $161 (8.8% cumulative) over three years. In line with the modelling assumption that the bulk water price stays constant over the price monitoring period, the increase in the total bill reflects the rise in the Unitywater component (12.0% cumulative).

Figure 48. Unitywater median customer bill, 2027–28 to 2029–30



Median bill $	2027-28	2028-29	2029-30
Unitywater	$1,850	$1,912	$1,980
Sunshine Coast and Noosa	$1,831	$1,900	$1,969
Moreton Bay	$1,866	$1,923	$1,989
Annual $ increase			
Unitywater	$46	$63	$67
Sunshine Coast and Noosa	$53	$69	$69
Moreton Bay	$39	$57	$66

Table 61 shows the customer impact across various customer types within the City of Moreton Bay region, with forecast price increases over the period from 2026–27 to 2029–30 impacting the median residential user in City of Moreton Bay as follows.

- Water access charges will increase by $32 (8.7% cumulative) and wastewater access charges will increase by $109 (14.2% cumulative).
- Unitywater component of volumetric charges, based on water consumption of 137 kL per annum will increase by $20 (9.6% cumulative).

Table 62 on the following page shows the breakdown of components of the bill, based on median residential consumption of 137 kL per year.

Table 61. City of Moreton Bay residential bill impact, 2026–27 to 2029–30 (including bulk water charges)

Annual usage band (kL)	% of total residential connections in band	Average usage in band (kL)	Annual bill ($)			
			2026–27	2027–28	2028–29	2029–30
0 kL	1	–	1,139	1,174	1,223	1,280
0 to 75 kL	19	48.0	1,380	1,416	1,468	1,529
75 to 165 kL	45	121.0	1,747	1,785	1,841	1,906
165 to 350 kL	31	229.0	2,290	2,331	2,394	2,465
350+ kL	3	617.0	4,259	4,303	4,388	4,482
Median user		**137.0**	**1,828**	**1,866**	**1,923**	**1,989**
Percentage change in annual bill from previous year				2027–28	2028–29	2029–30
0 kL				3.0%	4.2%	4.7%
0 to 75 kL				2.6%	3.6%	4.1%
75 to 165 kL				2.2%	3.1%	3.5%
165 to 350 kL				1.8%	2.7%	3.0%
350+ kL				1.0%	2.0%	2.1%
Median user				**2.1%**	**3.0%**	**3.4%**

Table 62. City of Moreton Bay residential bill breakdown of components, 2026–27 to 2029–30 (based on median consumption)

	Annual bill ($)				Total change over 2026–27 to 2029–30		Average annual change (2026–27 to 2029–30)	
	2026–27	2027–28	2028–29	2029–30	$	%	$	%*
Water access charges	374	374	388	407	32	8.7	11	2.9
Water usage charges	108	108	112	116	8	7.6	3	2.5
Wastewater access charges	765	800	834	874	109	14.2	36	4.7
Wastewater usage charges	99	103	107	111	12	11.8	4	3.9
Total Unitywater component	**1,346**	**1,384**	**1,441**	**1,507**	**161**	**12.0**	**54**	**4.0**
Bulk water charges	482	482	482	482	0	0.0	0	0.0
Total residential bill (based on 137 kL per year consumption)	**1,828**	**1,866**	**1,923**	**1,989**	**161**	**8.8**	**54**	**2.9**

Note: * The implied percentage change for the first year of the comparison period, assuming the average annual dollar increase is incurred in each of the three years.

The bill for the median residential user in Sunshine Coast Council and Noosa Shire Council will increase by $191 (10.8% cumulative) over three years, which reflects the rise in the Unitywater component of the bill (14.8% cumulative) due to the modelling assumption of no change in the bulk water price.

Table 63 on the following page shows the customer impact across various customer types within the Sunshine Coast and Noosa region, with forecast price increases over the period from 2026–27 to 2029–30 impacting the median residential user in Sunshine Coast and Noosa as follows:

- Water access charges will increase by $44 (12.7% cumulative), and wastewater access charges will increase by $128 (17.2% cumulative).
- Unitywater component of volumetric charges, based on water consumption of 137kL per annum will increase by $20 (9.6% cumulative).

Table 63. Sunshine Coast and Noosa residential bill impact, 2026–27 to 2029–30 (including bulk water charges)

Annual usage band (kL)	% of total residential connections in band	Average usage in band (kL)	Annual bill ($)			
			2026–27	2027–28	2028–29	2029–30
0 kL	1	–	1,089	1,138	1,199	1,260
0 to 75 kL	21	47.0	1,325	1,376	1,440	1,503
75 to 165 kL	44	119.0	1,687	1,740	1,808	1,876
165 to 350 kL	30	228.0	2,235	2,291	2,365	2,439
350+ kL	4	592.0	4,082	4,140	4,236	4,332
Median user		**137.0**	**1,777**	**1,831**	**1,900**	**1,969**
Percentage change in annual bill from previous year				2027–28	2028–29	2029–30
0 kL				4.5%	5.4%	5.1%
0 to 75 kL				3.8%	4.7%	4.4%
75 to 165 kL				3.1%	3.9%	3.8%
165 to 350 kL				2.5%	3.3%	3.1%
350+ kL				1.4%	2.3%	2.3%
Median user				**3.0%**	**3.8%**	**3.6%**

Table 64 shows the breakdown of components of the bill, based on median residential consumption of 137 kL per year.

Table 64. Sunshine Coast and Noosa residential bill breakdown of components, 2026–27 to 2029–30 (based on median consumption)

	Annual bill ($)				Total change over 2026–27 to 2029–30		Average annual change (2026–27 to 2029–30)	
	2026–27	2027–28	2028–29	2029–30	$	%	$	%*
Water access charges	345	345	366	389	44	12.7	15	4.2
Water usage charges	108	108	112	116	8	7.6	3	2.5
Wastewater access charges	744	793	833	872	128	17.2	43	5.7
Wastewater usage charges	99	103	107	111	12	11.8	4	3.9
Total Unitywater component	**1,296**	**1,349**	**1,418**	**1,487**	**191**	**14.8**	**64**	**4.9**
Bulk water charges	482	482	482	482	0	0.0	0	0.0
Total residential bill (based on 137 kL per year consumption)	**1,777**	**1,831**	**1,900**	**1,969**	**191**	**10.8**	**64**	**3.6**

Note: * The implied percentage change for the first year of the comparison period, assuming the average annual dollar increase is incurred in each of the three years.

10.5 Forecast revenue recovery

Table 65 shows the expected breakdown of Unitywater's revenues over the price monitoring period. Fixed access charges represent the majority of revenues received from our water and wastewater services, accounting for 71% of water-service revenue and 87% of wastewater-service revenue in 2029–30. Bulk water pass-through charges account for around 29% of our forecast utility revenues in 2027–28, with this share falling to 27% in 2029–30 under the modelling assumption of a price freeze for bulk water. Other services revenue, comprising revenue from recycled water, standpipes and trade waste services, accounts for less than 1% of total utility revenues and are expected to only grow modestly over the price monitoring period.

Table 66 compares our proposed revenue recovery over the price monitoring period as a share of our forecast MAR. Across all years of the price monitoring period, we do not fully recover our forecast MAR, with the maximum recovery rate being around 95% in 2028–29. This provides evidence that our approach to determining prices and revenues does not point to the exercise of monopoly power with respect to our water and wastewater services.

Table 65. Unitywater's forecast revenue, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Unitywater water charges	215.6	230.3	247.2
Access charges	*150.9*	*161.9*	*175.0*
*Volumetric charges**	*64.8*	*68.4*	*72.1*
Wastewater	351.8	376.1	402.8
Access charges	*303.1*	*324.6*	*348.5*
Volumetric charges	*48.8*	*51.5*	*54.3*
Bulk water pass-through charges	237.3	241.5	245.6
Other services revenue	7.0	7.2	7.3
Forecast revenue	**811.7**	**855.0**	**902.9**

Notes: Excludes revenue received for non-regulated services.
* Includes water rebates of between $2.1 million and $2.3 million per annum.

Table 66. Proposed revenue recovery, 2027–28 to 2029–30 (nominal, $million)

	2027–28	2028–29	2029–30
Forecast revenue ($M)	811.7	855.0	902.9
Forecast MAR ($M)	860.3	900.1	961.9
Proposed recovery of MAR (%)	**94.4**	**95.0**	**93.9**

Appendix

Glossary of acronyms and abbreviations

Shortened form	Full reference
2024–25 NPR	Bureau of Meteorology's *National performance report 2024–25: water and wastewater service providers*
ABS	Australian Bureau of Statistics
ACP	Unitywater's Asset Class Plan
ALD	Active Leakage Detection
AMP	Unitywater's Asset Management Plan
AWA	Australian Water Association
BAF	Building Acceleration Fund
BBT	Build Better Together
BoM	Bureau of Meteorology
BRF	Bioresource Recovery Facility
Capex	Capital expenditure
CCTV	Closed-circuit television
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Coronavirus disease caused by the SARS-CoV-2 virus
CPI	Consumer Price Index
CIRMP	Critical Infrastructure Risk Management Program
CSQ	Construction Skills Queensland
DMaTT	Demand Modeller and Tracking Tool
DMA	District Metered Area
DMP	Digital Metering Program
DRR Act	*South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (Qld)
EA	Environmental Authority
EDQ	Economic Development Queensland
ELT	Executive Leadership Team
EM	Executive Manager
EMP	Unitywater's Energy Management Plan
EP Act	*Environmental Protection Act 1994* (Qld)
EP	Equivalent Persons
FTE	Full-time equivalent employment
Interim Update	Productivity Commission's *National Water Reform 2026: Water services reform directions – Interim update*
IPART	New South Wales Independent Pricing and Regulatory Tribunal
ISO	International Organisation for Standardisation
kL	Kilolitre
L/C/D	Litres per connection per day
LGAQ	Local Government Association of Queensland

Shortened form	Full reference
LGIP	Local Government Infrastructure Plan
MAC	Maximum Adopted Charge
MAR	Maximum Allowable Revenue
ML	Megalitre
Netserv Plan	Unitywater's Water Netserv Plan Part A
NPR	Bureau of Meteorology *National performance report*
NRW	Non-revenue water
Opex	Operating expenditure
OCAM	Overhead cost allocation methodology
Participant Councils	City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council
PDAs	Priority Development Areas
PFAS	Perfluoroalkyl and Polyfluoroalkyl Substances
PFAS NEMP 3.0	PFAS National Environmental Management Plan 3.0
PIAs	Council Priority Infrastructure Areas
QCA	Queensland Competition Authority
qldwater	Queensland Water Directorate
RAB	Regulatory Asset Base
SAMP	Unitywater's Strategic Asset Management Plan
SCADA	Supervisory Control and Data Acquisition
WGM	Wastewater Gravity Mains Renewal Program
ShapingSEQ 2023	Queensland Government's *ShapingSEQ 2023: South East Queensland Regional Plan*
Service region	The City of Moreton Bay, Sunshine Coast Council and Noosa Shire Council local government areas serviced by Unitywater
SEQ	South East Queensland
SLMP	Unitywater's System Leakage Management Plan
SOCI Act/SOCI	*Security of Critical Infrastructure Act 2018* (Cth)
TAB	Tax Asset Base
UV	Ultraviolet radiation
WIAs	Water Infrastructure Agreements
WIOA	Water Industry Operations Association of Australia
WSAA	Water Services Association of Australia
WS Act	*Water Supply (Safety and Reliability) Act 2008* (Qld)
WWTP	Wastewater Treatment Plant

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Office of the Mayor
Cr Peter Flannery

15 June 2026

[redacted]

Anna Jackson
Chief Executive Officer
Unitywater

Via email: c/o [redacted]

Dear Anna

SUPPORT FOR UNITYWATER'S FIVE YEAR WATER AND WASTEWATER INFRASTUCTURE CAPITAL PROGRAM

Thank you for your presentation to Council on 3 June 2026 outlining Unitywater's proposed five-year water and wastewater infrastructure capital program.

On behalf of City of Moreton Bay, I write to express our support for Unitywater's continued commitment to delivering reliable, high-quality water and wastewater services to our community.

Council acknowledges that Unitywater's customers place a high priority on maintaining current service performance levels while taking a proactive, forward-looking approach to network investment. This approach is critical to ensuring sustainable, resilient infrastructure that continues to meet community expectations both now and into the future.

Reliable water and wastewater services are fundamental to the liveability, health and economic prosperity of our city. As one of the fastest growing cities in Australia, Moreton Bay is experiencing significant population growth and development pressures across our communities. It is projected that City of Moreton Bay will be home to 1 million residents in the next 30 years. This growth underscores the importance of well-planned, timely infrastructure investment that keeps pace with demand and supports continued economic expansion.

We recognise that Unitywater's capital program is shaped to maintain established service standards while also positioning the network to accommodate future growth. This balanced approach is essential to ensuring our city can continue to welcome new residents and businesses without compromising service quality.

Council values its ongoing partnership with Unitywater and looks forward to continuing to work collaboratively to support sustainable infrastructure delivery that benefits our shared communities.

Please do not hesitate to contact my office should you wish to discuss this further.

Yours sincerely

[redacted]

PETER FLANNERY GAICD
Mayor

Our ref: 75807250

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E council@moretonbay.qld.gov.au | **W** moretonbay.qld.gov.au

CITY OF MORETON BAY

Sunshine Coast COUNCIL

18 June 2026

Anna Jackson
Chief Executive Officer
Unitywater

Via email: [redacted]

Dear Anna,

Letter of Support – Unitywater Water and Wastewater Capital Program

Sunshine Coast Council is pleased to provide its support for Unitywater's proposed five-year water and wastewater infrastructure capital program.

Council recognises the importance of maintaining strong service performance for customers across the region. We acknowledge community expectations continue to focus on reliable services, proactive investment in infrastructure, and sustainable long-term outcomes.

The Sunshine Coast is a region shaped by its natural environment and strong tourism economy. Reliable and resilient water and wastewater services are essential to supporting both our growing community and our broader economic and environmental priorities.

Council understands Unitywater's planned capital program has been developed to maintain existing service standards while also accommodating future growth across the region. We support the approach of balancing asset renewal with strategic investment to meet both current and future customer needs.

We also acknowledge the program's focus on sustainability and its alignment with community and Council priorities. Initiatives such as the Yandina Creek Wetland upgrades and the Mooloolah River nutrient offset project are recognised as important contributions to environmental outcomes for the Sunshine Coast.

Sunshine Coast Council supports Unitywater's ongoing investment in water and wastewater infrastructure, which will help ensure reliable, sustainable services for customers today and into the future.

Should you require any further information, please do not hesitate to contact Council.

Yours sincerely,

[redacted]

John Baker
CHIEF EXECUTIVE OFFICER

NOOSA Council

19 June 2026

Mr Michael Arnett
Chair
Unitywater
PO Box 953
Caboolture Qld 4510

Via email c/o- [redacted]

Dear Mr Arnett

On behalf of Noosa Shire Council, I am pleased to provide this letter of support for Unitywater's ongoing delivery of water and wastewater services across our region and for its forward infrastructure planning.

Council acknowledges that maintaining current service performance levels remains a priority for Unitywater customers. We also recognise the importance of taking a proactive rather than reactive approach to investment in water and wastewater infrastructure to ensure sustainable, long-term outcomes for the communities we serve.

Reliable water and wastewater services are critical to the Noosa region. Our local economy is strongly underpinned by tourism and a community that places a high value on environmental protection. As such, the continued provision of high-quality, dependable services is essential not only for residents, but also for the many visitors who contribute to the vitality of our region each year.

Council understands that Unitywater's five-year water and wastewater infrastructure capital program has been developed to maintain service standards and meet evolving customer expectations, while also positioning the broader region to accommodate future growth. This balanced approach is both necessary and appropriate in supporting sustainable regional development.

We note and support the planned program of asset renewal and growth investment across the Noosa region. This investment is important to ensure that infrastructure continues to meet the needs of both current and future customers, and that service reliability is maintained over time.

Council also supports Unitywater's ongoing focus on incorporating sustainability initiatives into its projects and operations. This commitment aligns strongly with Noosa Council's strategic priorities and the expectations of our community, and delivers tangible outcomes on the ground, such as the work being undertaken in the Burgess Creek catchment.

Noosa Council values its ongoing partnership with Unitywater and looks forward to continuing to work collaboratively to deliver high-quality, sustainable water and wastewater services for our region.

Yours sincerely

[redacted]

Cr Frank Wilkie
Noosa Shire Mayor


Unitywater