

Projects

SEQ Bulk Water Pricing Review

Helping government assess pricing options that balance affordability, fiscal responsibility and long-term water security.



LOCATION

Queensland

CLIENT

Department of Local Government, Water and Volunteers

Regulatory Pricing

Background

The Queensland Government deferred the next Queensland Competition Authority (QCA) review of South East Queensland bulk water prices by two years, to 30 June 2028. This created an opportunity to review the South East Queensland bulk water pricing framework before the next referral notice is issued. The review was designed to consider options to improve the pricing framework so that it could better support the three key Government objectives: reducing price shocks for customers, minimising fiscal impacts on the State Budget, and ensuring Seqwater's long-term financial sustainability.

The review was progressed through an inter-agency working group involving DLGWV, Queensland Treasury, Queensland Treasury Corporation and Seqwater. The working group's purpose was to support collaboration across key government agencies, provide expertise and insights, and address the technical, financial and policy considerations needed to align the review with Government objectives.

Our role

NineSquared's role included building a regulatory pricing model, developing long-term pricing forecasts and evaluating alternative pricing methodologies, tariff structures, capital recovery mechanisms and regulatory arrangements. A key focus of the study was identifying how different parameters could affect affordability, fiscal outcomes and financial sustainability. Preliminary modelling identified that some alternative pricing options did not meet the Government's pricing criterion to reduce price shock for customers.

A key element of the engagement was working with government stakeholders to review and discuss options, undertake further shortlisting based on analysis and stakeholder input, and support detailed modelling and sensitivity analysis on agreed options. The outcome was a comprehensive review of the SEQ bulk water pricing framework, supported by financial modelling and sensitivity analysis to evaluate the impacts of external factors such as inflation, demand, operating expenditure and capital expenditure. The review was intended to support recommendations that balance customer affordability, fiscal responsibility and Seqwater's financial sustainability.

FOR FURTHER INFORMATION

For more information, find one of our experts at ninesquared.com.au/people