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Fiona Towers
Executive Director, Pricing and Policy
Submitted online

Dear Fiona

Review of prices for Essential Water & the Murray River to Broken Hill pipeline

The Justice and Equity Centre (JEC) welcomes the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal's (IPART) review of prices for Essential Water and the Murray River to Broken Hill pipeline (the review).

The JEC strongly supports IPART's efforts to assess and support water service affordability in its determination for this process. We note IPART is considering enhancements to existing measures to support affordability through reducing the level of costs recovered from Essential Water consumers. We support such measures, though highlight the value of ensuring this is done transparently and according to principles which can be consistently applied to other NSW service providers in similar circumstances.

As we have noted in recent submissions to IPART – in relation to Sydney Water, Hunter Water, Central Coast Council Water – and the review of Local Water Utility funding, there is a need for a more comprehensive review of how water infrastructure investment is identified, implemented and paid for. Existing approaches struggle to maintain equity and affordability in water service provision, and measures to protect affordability – such as those implemented for Essential Water – are inconsistent and result in potential inequities among NSW households.

We strongly encourage IPART to promote more comprehensive reforms to support affordability, in parallel to its consideration of measures to support affordability for household customers of Essential Water.

In relation to issues highlighted in the consultation paper, we make the following comments and recommendations in relation to key issues.

Implementing bill increases

We support a smoothed introduction of any bill increases. We highlight affordability considerations we have made in recent submissions – including to the review of Central Coast Council water and wastewater prices – and note that a smoothed increase minimises the impact in early years of the period, at a time when affordability is a critical concern for NSW households.

Causer pays approach to dust mitigation costs

We support considering measures ensuring entities associated with the causes of dust issues – necessitating dust suppression – are responsible for the associated water costs. It is neither reasonable nor fair for households to be responsible for these costs, particularly considering the broad impact this has on affordability of essential water services for households.

While we note there are concerns relating to the financial sustainability of mining entities should they face the costs of dust mitigation, these should be dealt with through direct, transparent government subsidy rather than impacting the bills of household customers of Essential Water.

Fairer charging structures for mining entities

A related issue is the fairness and efficiency in the structure of charges for mining entities. Water usage for mining has a fundamentally different value than that for essential household and business use, particularly given the scale at which it occurs. We strongly recommend IPART consider changes to water pricing structures for mining entities, including implementing a differential water usage value and/or an including block structure for higher levels of water usage. It is important that mining entities are incentivised to seek efficiencies in water usage, including through use of recycled water and recovery of wastewater. We recognise this may have implications for mining businesses, but consider any subsidy or support for mining businesses is better provided transparently through targeted government measures.

Balance of fixed and usage charges

We question the proposal to recover most additional costs through increased fixed charges. We consider this has unreasonable impacts on equity and reduces the scope for households to exercise any control on bill increases through more efficient, healthy usage. We encourage IPART to examine the impact of recovering increased costs through usage charges.

Considering and supporting affordability

We broadly support IPARTs measures to holistically consider affordability – highlighting input provided to recent reviews of Sydney, Hunter and Central Coast Council Water – and would support enhanced measures to support the affordability of water and wastewater services in response to expected escalations in Essential Water bills. We note the following in relation to consideration of enhanced affordability:

- IPART should reiterate the case for a consistent approach to upgraded water rebate support across NSW, with eligibility expanded beyond pensioners.
- Any additional targeted rebate or CSO payment to support the affordability of Essentials' water services should exclude large industrial, commercial or mining users. CSO's and rebates are justified to support equity in access to water as an essential service, not measures to support business profitability. Any support provided for this wider purpose should be transparently identified and justified separately.
- Affordability assistance measures should also include support for additional measures to improve household water use efficiency more durably – this could include targeted measures to address major leaks, broken or inefficient water fixtures (such as water

heaters, washing machines and toilets) – particularly for households experiencing disadvantage or payment difficulty.

- Requiring Essential to review its payment assistance policies and practices against best practice approaches of other water utilities, particularly Sydney and Hunter Water, to identify opportunities to improve their response to payment difficulty.
- Requiring Essential to implement a more comprehensive set of customer outcome-based performance metrics aligned with those we have recommended in response to recent reviews of Local Water Utility funding, including:
 - residential customer numbers,
 - customers in arrears, by category (30, 60, 90, 120 days),
 - customers receiving payment assistance measures,
 - customers in 'hardship' support,
 - customers disconnected/restricted (and figures on restoration),
 - customer debt carried to be recovered/ customer debt recovered (for instance through property),
 - unplanned service outages – number of outages, length of outages, customers impacted as a proportion of total connections,
 - water quality failures and boil-water notices – these should be measured against compliance requirements,
 - customer complaints (by category) – must include complaints on water quality, service availability, service standards, information failures, customer assistance failures, and bills.

These measures can be supplemented by specific metrics related to key areas of performance particular to Essential Water and communities in and around Broken Hill.

Investment in supplementary water supply

We broadly support Essential Water continuing to invest in supplementary water supply. Considering the materiality of the impact of a potential water supply security event – such as the blackwater event highlighted in the consultation paper – and the increased likelihood of such events in the context of climate change, it is prudent to invest in an alternative which can be drawn upon in emergency circumstances.

We would welcome the opportunity to discuss these issues with IPART and other stakeholders. Please do not hesitate to contact me with any opportunities to do so.

Yours sincerely

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