

30 April 2026

Mr Scott Chapman
Director
IPART

Dear Mr Chapman,

Essential Water draft pricing determination 2026-2031

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to IPART's Draft Determination on Essential Water prices 2026-2031 (the Draft).

While we directly address selected issues contained in the Draft in this letter, we encourage IPART to refer to our initial submission in response to the consultation paper, and highlight our responses on key issues of affordability, cost sharing, and consistent NSW government supports.

NSW Government subsidy to support affordability

The JEC strongly support IPART's recommendation for ongoing NSW Government subsidy of Essential Water's efficient costs, to assist with ongoing community affordability. We consider capping prices and having the NSW Government 'top up' under-recovered amounts and appropriate solution.

We would also support transparently setting prices for full cost recovery and automatically 'rebating' an amount equivalent to the difference between full costs and those recovered by 'capped' prices. This would ensure actual costs remain transparent, with the amount of government support also transparent. This would serve as a more durable platform for future changes which may alter the subsidy for different water users – for example, by offering more significant support for a range of household cohorts experiencing disadvantage.

Such an approach would be amenable to wider reform measures which set a fixed proportion or percentage of affordability support – for instance 10, 15 or 20% - related to 'affordability' for eligible groups in the community, or ideally all eligible NSW water users.

We note the Draft includes a comparative affordability analysis of Broken Hill water prices against other regional water providers. This appears to show the un-subsidised costs for Broken Hill are comparable to those in Bourke and Balranald. Our intent in highlighting this is to reiterate the need for a more consistent support for the affordability of essential water services. We agree Broken Hill households need support for water affordability, but this

comparison highlights the inconsistency in not providing similar support to households in comparable areas, facing similar affordability stresses.

Accordingly, while we support IPARTs approach in this decision and their prioritisation of affordability, we don't consider this approach to affordability support to be preferable or sustainable long term. As we have noted across multiple processes, the NSW Government should implement measures to ensure the approach to supporting affordability is more consistent across all water utilities in the State. Affordability support – and NSW Government subsidy – should be determined on need, merit and consistent criteria, not dependent upon geography. We encourage IPART to recommend such reforms as part of their final decision.

Full cost recovery from non-residential consumers

We support IPART taking a differential approach, and not capping and subsidising costs for non-residential consumers. Affordability support for essential water services is an appropriate and established role of the NSW government. The same is not true for other commercial or more discretionary uses. We support establishing consistent principles for determining where subsidy is necessary and appropriate.

Charging structures

We do not support the 'front loading' of bill increases. In our experience consumers consistently express a preference for 'smoothed' implementation of cost changes across determination periods. Additionally, as we have noted, short term inflation and cost of living concerns make cost increases now much more significant than similar (or even larger) cost increases in later years. Cost increases now come at a time where all households costs are increasing, meaning they have a disproportionate direct impact on households. We strongly encourage IPART to consider a smoothed path for cost increases over the pricing period.

We also recommend IPART reconsider its draft decision to recover costs through increased fixed charges. This is generally regressive, a fact which is particularly important in a community where a larger proportion of households have extreme affordability concerns. The community has expressed a preference for cost increases to be in usage charges, even though they noted this is not without concerns.

In our experience NSW communities consistently express preference for cost increases to be on usage charges, where they are able to exercise some form of control. We do note the limitations of household flexibility in water use, and the particular concerns relating to lead, which exist in Broken Hill. Nonetheless, we recommend IPART reconsider higher usage charges, aligned with a recommendation that the NSW Government consider a 'proportionate' rebate support for affordability.

Maintaining prudent levels of investment

While we support a robust assessment of investment prudence and efficiency to support ongoing service affordability, we encourage IPART to ensure prudent long-term investments to maintain reliability, security and quality of service are not delayed. We note IPART is considering some investments, including Stephens Creek, and strongly encourage decisions

which enable efficient investment in projects which ensure security and quality of water supply for the Broken Hill community.

Performance measures

We welcome IPART's measures to improve Essential Water's performance reporting and to ensure it better captures indicators which are relevant to key household consumer outcomes. We support further consideration of our own recommendations for the inclusion of further indicators – particularly those related to payment difficulty and support – as well as those recommended by EWON.

Continued engagement

We would welcome any opportunity to discuss these or any other issues further with IPART.

Yours sincerely

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