

Hall & Partners

Essential Water Customer Panel



Meeting 4 Report

June 2025



Background

Essential Water is the water and sewerage services provider for the Broken Hill, Menindee, Silverton and Sunset Strip areas of NSW and supplies services to 18,000 customers including a mix of residents and businesses. It is an operating division of Essential Energy, a NSW Government State Owned Corporation.

Similar to its parent company, Essential Water is required to develop a Pricing Proposal every five years which provides details of its upcoming expenditure and revenue requirements. The business is in the process of drafting the Pricing Proposal for 2026-31 and set up a new customer panel, the Essential Water Customer Panel (EWCP), as a mechanism for engaging with customers to provide input into its decision making.

Over the course of a year, the business has conducted in-depth engagement with this group on customer priorities, initiatives and pricing. This complements broader online engagement with all Essential Water customers and more targeted engagement with larger customers and other stakeholders that has been run concurrently by the business.

The EWCP has met in-person four times between November 2024 and June 2025 and this report outlines the findings and implications of the fourth meeting of the EWCP conducted in June 2025.



Objectives

The objectives of the **fourth session** were to:

- 1 Update the Panel on the levels of essential and optional costs
- 2 Ensure understanding of the baseline bill impacts for non-discretionary items before gaining the Panel's final preferences for optional components
- 3 Gain feedback on customer preferences for subsidy allocations and the public reporting of performance measures
- 4 Gain input into if, when and how Essential Water should communicate with customers on future changes and bill impacts





RECRUITMENT

Customers were invited by the business to submit an expression of interest (EOI) to be part of the EWCP.

Selection to the Panel was open to anyone who is a customer of Essential Water.

Essential Water collected demographic information from those who provided an EOI.

SAMPLING

Final selection to take part was based on obtaining a mix of demographics in terms of gender, age, ethnicity, business ownership, income and vulnerability.

Sixteen participants attended the first session of the Panel, thirteen the second and twelve attended the third and fourth meetings – their demographics are shown below.

METHODOLOGY

The first meeting was held in November 2024, the second in February 2025, the third in April 2025 and the fourth on 4 June 2025. The meetings were 2.5 hours and held from 6.00-8.30pm in Broken Hill Demo Club.

The format of the meetings consisted of a mix of information provision from Essential Water, Q&As, table discussions and activities and table feedback sessions.

Gender	Male	8
	Female	4
First Nations	Yes	4
Small business	Yes	2
Difficulty paying bills	Yes	3

Date of Birth	
1945-54	2
1955-74	2
1975-94	6
1995 +	1
Prefer not to say	1

Income	
Less than \$45,000	4
\$45,000-\$80,000	2
\$80,001-\$120,000	2
\$120,001 and above	1
Prefer not to say	3

Meeting structure and agenda

The twelve panel members at the fourth session were seated on two round tables of 6 people each. Each table had a facilitator from Hall and Partners (Liz Sparham and Zoe Brown).

The table facilitators guided participants through the discussions, asked questions on the topics and kept the tables to time. An overview of the agenda is included on the right with a full run sheet included in the Appendix).

The Head of Essential Water, Ross Berry, gave presentations on the topics, with questions welcomed throughout. Staff members were also on hand during discussions to answer any questions from panel members and to provide any additional information required.

Following the session there was also a short survey administered to gain Panel members' views on the public reporting of performance measures, as time was limited in the meeting for this topic.

An evaluation was conducted at the close of the session with participants completing an end of session survey – results are included in the Appendix.

Time	Agenda Item
6.00pm	Welcome and Introduction
6.10pm	Recap of what was covered in the last meeting
6.20pm	Update on essential and optional costs, along with bill impacts
6.40pm	Response to presentation and final preferences
7.10pm	Dinner
7.30pm	Subsidy and rebate allocation
8.00pm	Future communications
8.30pm	Close

Key takeaways

1

Although not happy with the level of essential investment required, the Panel understood the need for the increase and the reasons behind it. However, there was some concern for those who are on low incomes or pensions, who could struggle to pay that level of increase.

2

Preferences for the optional components remained unchanged for the most part, with unanimous agreement that Essential Water should introduce smart meters for an average bill increase of \$15 a year for the typical household. Most participants also supported some investment into pipe replacement with the 'moderate' option chosen of an increase from 1.5km to 5km for an extra \$30 a year for the average residential customer.

3

There were mixed views initially on subsidy allocation. However, when it was understood that other assistance (such as pensioner rebates) was expected to continue to be available for customers in need, there was support for a blanket rather than a targeted approach.

4

Transparency has been a consistent priority throughout the engagement. With this in mind, customers valued Essential Water publicly reporting its performance on all of the measures presented.

5

The Panel stressed the importance of Essential Water starting to communicate with the public earlier rather than later about its future plans. They suggested that early communications should outline the projects that will be occurring and the benefits of those to customers.

They also suggested that communications should outline the price review process and the customer engagement that has taken place to determine customer priorities and the support for specific projects such as the introduction of smart meters.

The Panel suggested that the level of bill increases should not be communicated until there is more certainty about the likely bill increase, reflecting on IPART's determination and possible subsidies that may be received.



01

Customer preferences

Information presented by Essential Water

After the introduction from Essential Water, which included a recap of what was heard last time and the agenda for the current session, participants were presented with an overview of the expected baseline bill increase and costs for the optional components that were selected in previous meetings (smart meters and a moderate increase in level of mains maintenance). The infographic is shown to the right. It was also stated that construction of the Grazier's Pipeline would be deferred until the next period and the current approach to fixed and usage charges would be maintained, in line with their preferences at previous meetings.

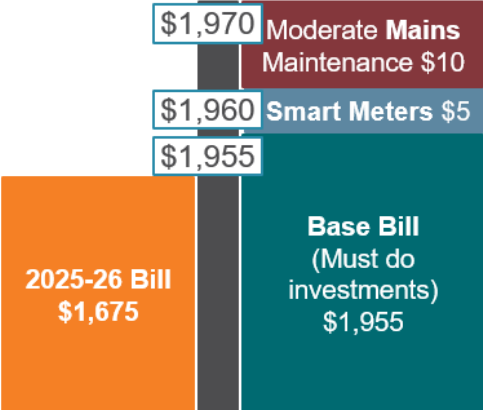
Essential Water clearly communicated that the expected level of 'must do' items to be included in the Pricing Proposal would most likely add approximately 17.5% per year to the average customer's bill; that is an increase of 17.5% every year during the five-year period (compounding). It was also stated that 17.5% may not be the final percentage increase, as IPART assesses water utilities' proposals in terms of efficiency, delivering customer value and affordability, before making its final determination. If prices are not deemed to be affordable, IPART may recommend an increase to the NSW Government subsidy amount; and/or changes to the way existing Government rebates are applied.

The information to the right was provided - in the context of the expected average residential bill for water/wastewater for 2026-27 it shows that the bill impact would be approximately \$300 year on year.

A recap of the options for smart meters and the mains maintenance program were provided, and with all this in mind, participants were asked to discuss and choose their final preferences.

Indicative 2026-27 bill for a typical residential customer with water and wastewater services (200kL pa)

Bill impact +17.5% = ~+\$300 per year



Investments you didn't want included

- x Accelerating mains replacement program
- x Increasing fixed charge and reducing usage charges (lead dust)
- x New raw water pipeline to supply 11 graziers.

Final customer preferences

At the beginning of the conversations, there was a lot of discussion about the proposed increase of 17.5%, and how this would have a significant impact on bills, particularly as it would be an additional 17.5% every year rather than a permanent one-off increase. Although generally there was understanding about the need for the increase, there was some concern for those who are on low incomes or pensions, who would probably struggle to pay that level of increase.

Mains replacement options

A recap was provided of the challenge regarding mains replacement. It was explained to the meeting that the majority of Essential Water's water and sewerage mains pipes are approaching their end of life and should be replaced by 2060. This requires replacing at least 5-10kms of mains pipes each year. The recent approach had been to limit water pipe replacements to around 1km each year to ensure no bill increases.

Most of the participants recognised that work was now needed to be carried out to upgrade the network with only a minority feeling that the current level was acceptable. Eight out of twelve participants retained the selection for a moderate level of the mains replacement program (an increase from 1.5km to 5km replacements per year for an average of \$30 per year).

Option C, which included replacements of 15km a year for an average of \$120 a year, was felt to be a higher level than required, for a bill increase that was a bit high for most customers. Only one participant chose this option.

“

“Something needs to be done as we haven't been doing maintenance for a long time. It needs to be done. If we just went with Option A it would take too long to upgrade the network. Option B is a happy medium.”

“I'm single, and I don't have children, so I'm looking at it in a more generalised way, but I know others wouldn't be able to afford \$120 a year.”

“Option C is a big increase on top of the 17.5%. The cost of living crisis means that people wouldn't be able to afford it.”

Final customer preferences cont...

Smart meters

Currently, Essential Water's meter readers visit properties each quarter to manually read water consumption data from analogue meters. It was explained to participants that the introduction of smart meters would deliver multiple benefits, such as allowing customers and Essential Water to see real-time water usage, enabling automatic leak detection and reducing meter reading costs in the future. However, the rollout would incur equipment and installation costs.

All of the participants at the meeting wanted Essential Water to include the introduction of smart meters in the next regulatory period, for on average increase of \$15 a year for customers. They recognised the long-term benefits of smart meters, particularly the ability to identify leaks early. There was a general sense that since the technology is available then it should be introduced.

There were some questions around whether Essential Water will save money by not paying workers to read meters and whether this will be taken off the costs of the initiative. There was a desire to understand how that is factored into the \$30 average yearly increase.

“

“Smart meters is a definite. It pays for itself if there are any leaks. The information provided will be useful to monitor water usage. The new technology is there and available so it should be introduced.”

“Analogue meters are old and inefficient.”

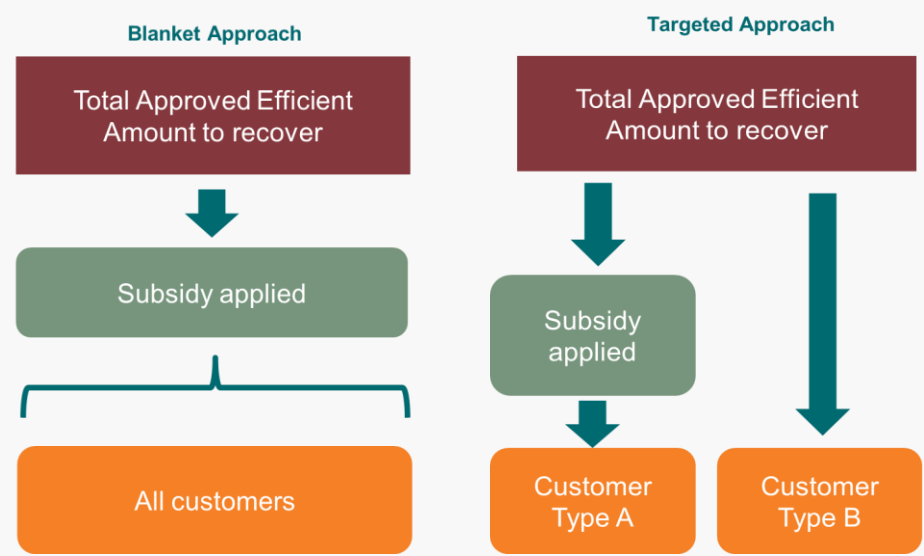


02

Subsidy allocation

Subsidy and rebate allocation

Following the discussion about final preferences, Essential Water reminded participants that IPART might suggest a change to a subsidy or rebate to address any concerns about affordability. The business wanted to understand customer preferences on how a subsidy should be applied. The aim was to understand whether the Panel thought that any subsidies should be applied in a blanket fashion or be targeted to specific customer groups. An example was provided of the NSW Government subsidy to fund the Wentworth-Broken Hill pipeline, which is applied in a blanket way – effectively it is a reduction in the total costs passed through to customers. However, subsidies can also be applied in a more targeted manner to reduce bills for a specific type of customer (as in the diagram below).



There were very mixed views regarding this topic at the beginning of the discussion, with many participants stating that they could see pros and cons for both approaches, with a debate over the benefits of an approach for equality versus equity. It was thought that a blanket approach was ‘fairer’, in that there would be equal allocation with no discrimination, whereas a targeted approach could be more equitable, if done correctly.

“A blanket arrangement is probably going to benefit people who are earning more, whereas targeted is going to benefit those not working, such a pensioners.”

Although there was broad consensus that support should be provided to those on low incomes, pensioners, and single parent households, there was concern about how the ‘need’ would be assessed under a targeted approach. It was thought that it could be quite complex and therefore difficult to achieve an equitable allocation. There was concern about those who are actually in need being assessed as being ineligible and vice versa.

“How would they actually work it out? Would they review assets, household income, other things?”

“If I’m working 4 jobs it doesn’t mean I’m entitled to less subsidy. Pensioners may have more assets.”

It was also mentioned that situations can change quite rapidly, for example those who are in seemingly more comfortable circumstances could lose their jobs or develop a health condition that impacts their ability to work.

“There is a lack of job stability in the area. I’m not sure if I’m going have a job in 6 months time as it is based on government funding that could be pulled. People in jobs and even in higher income brackets can be quite uncertain of their futures too.”

Subsidy and rebate allocation cont...

In the end, most came to the conclusion that a blanket approach was the fairest way to allocate any potential subsidies, on the proviso that those in need would continue to be supported via other avenues. With a blanket approach individuals could then have a choice as to whether or not to apply for additional support.

“For energy we just got a blanket subsidy. Everyone got the same. Then you apply for concessions based on your need.”

“If we have a blanket approach then it can be up to the individual whether or not to decide if want to apply for support. At least they have a choice then.”

“Assuming concessions continue then I think a blanket approach. It's fairer and doesn't discriminate against anyone.”

It was also thought that a blanket approach would avoid any animosity between those who receive the subsidy and those who don't under a targeted approach.





03

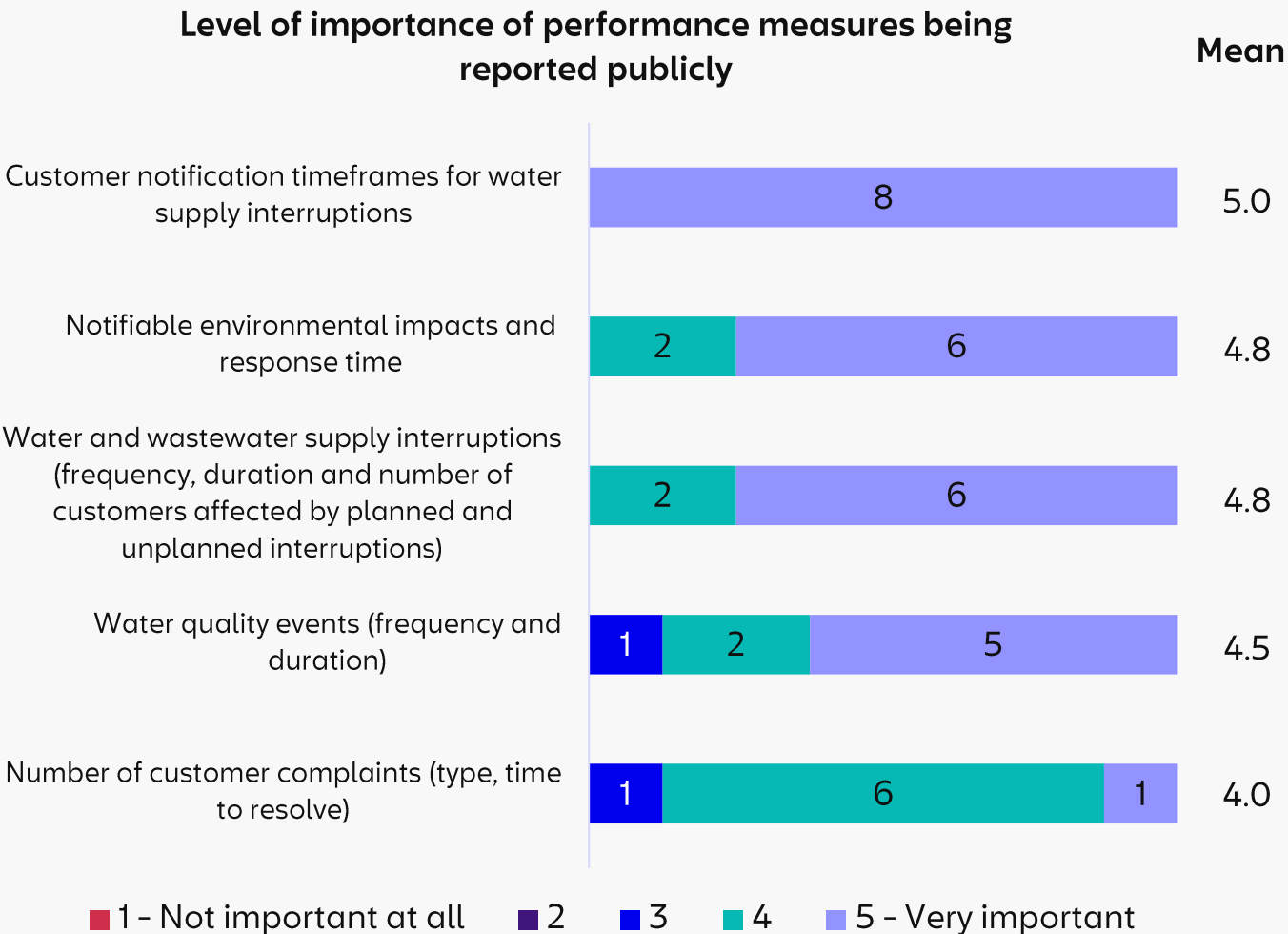
Performance reporting

Public reporting of performance measures

Due to time limitations in the evening, following the meeting, a short survey was sent out to the 12 participants to gain their views on the public reporting of performance measures.

It was explained that Essential Water currently collects data on various aspects of its performance and that there is an opportunity for the business to make the results of some, or all, of these measures public. The purpose of the survey was to ascertain which, if any, of the current measures and ideas for new measures, the Panel believed should be publicly reported, and to collect any ideas for additional measures.

Responses were received from 8 of the participants. Of the current measures listed, most Panel members believed that it was important (rating 4 or 5 out of 5) for all to be publicly reported. The most important measure for public reporting was believed to be customer notification timeframes for water supply interruptions. It was also believed to be very important to report on notifiable environmental impacts and response times, water and wastewater supply interruptions, and water quality events. Although still deemed important by most, the number of customer complaints was considered relatively less important.



Q: Essential Water currently collects data on the following aspects of its performance. Please rate on a scale of 1-5, where 1 is not important at all and 5 is very important, how important it is that Essential Water reports on each these measures publicly. Base: 8

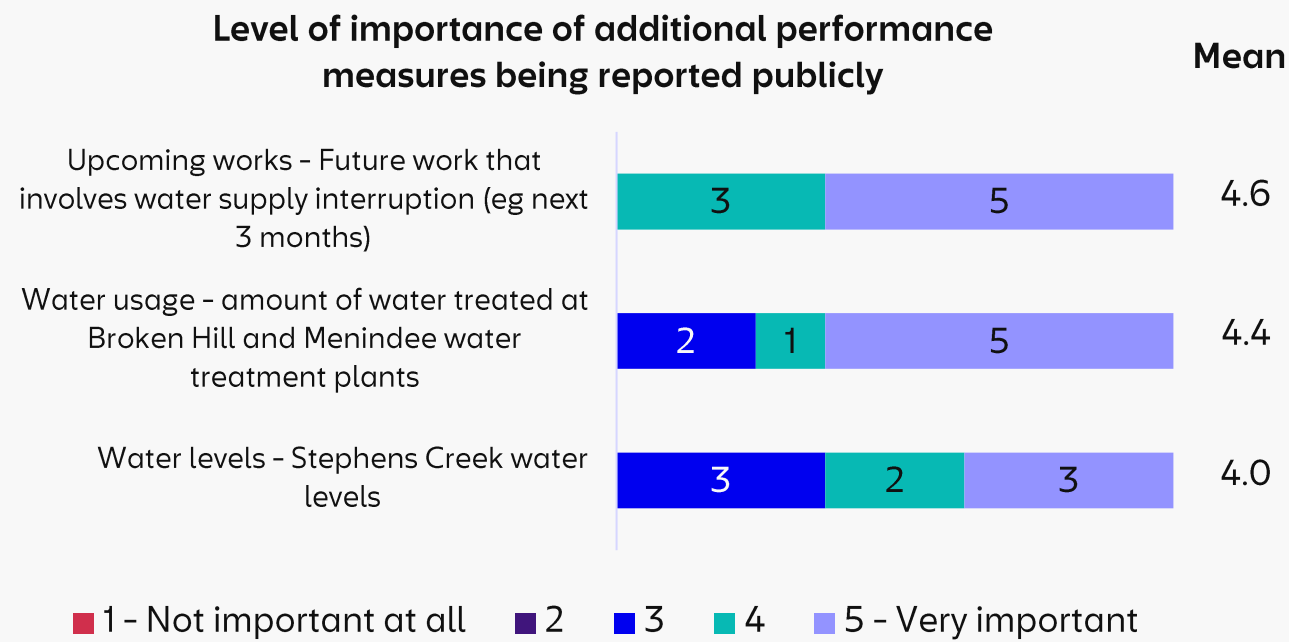
Public reporting of performance measures cont...

Participants were also asked about the importance of publicly reporting on some ideas for further measures.

In general, these ideas were also thought to be important for the business to report publicly, albeit generally less so than the current measures. Upcoming works that involve water supply interruptions was considered to be important to be made public by all participants (all rated it 4 or 5 out of 5). Water usage and the amount of water treated at the treatment plants in the area was deemed important by most. There were more mixed views about the importance of reporting water levels, e.g. Stephens Creek, although this could be deemed more important in times of drought.

Participants were asked if they had any other ideas for measures that the business should report on publicly. It was suggested that additional ideas could relate to the customer priorities developed in the first meeting (water quality, water security, sustainability/environmental protection, cost efficiency, customer interaction/ experience, communications/engagement transparency, and water efficiency) or relate to something else that they considered important.

There were a few suggestions put forward for public reporting or disclosure but these related to information rather than performance measures. These included new projects and upcoming timelines (not just works that involve water supply interruptions), the intended use, sale or lease of water related resources such as Umberumberka and Stephens Creek reservoirs, and financial information such as proposed bill increases and available customer support plans.



“Full transparency with anything seems to be something that is not very common so it would be fantastic to have a lot more details available.”

“It’s very important to be upfront with the proposed increases.”

“Cost saving plans for customers.”

Q: The following are some other ideas for further measures. Please rate on a scale of 1-5 how important it is that Essential Water reports on these publicly (where 1 is not important at all and 5 is very important)? Base: 8

04

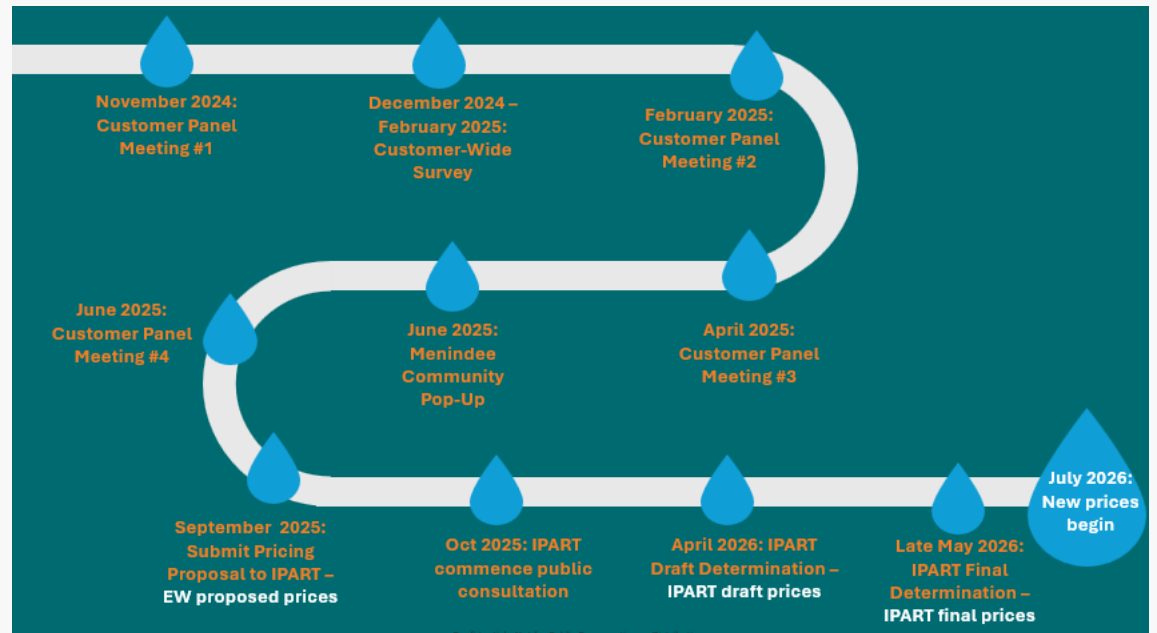
Customer communication

Customer communication

In the final session of the evening Essential Water wanted to explore with the Panel how and when they should communicate with customers about future prices and plans, and what they think customers will want to know. One of the key questions posed was at what point in the pricing proposal process the business should communicate to the broader community. The timeline was shown (to the right) and it was explained that the business will submit its proposed plans and prices in September this year, in October/November IPART will publish a discussion paper and hold a public forum, inviting public feedback. Then in April 2026, IPART will publish its draft determination which will present draft prices, followed by its final determination in May. At this point Essential Water will also understand if there will be any further financial assistance from the NSW Government.

The overarching feeling from the Panel members was that it is important that Essential Water communicates as soon as possible but does so in an incremental way to avoid information overload and unnecessary concern about price increases. Transparency was a common theme throughout the meetings and again it was voiced as an important principle for Essential Water's communication going forward.

For the first stage of communication, it was suggested that Essential Water should outline the customer engagement program that has taken place, including the Panel, and that they heard customers' priorities, developed plans and proposals in alignment with those and then gathered customers' preferences on whether those projects should be taken forward.



Next, it was suggested by participants that Essential Water actively provides information about the proposed projects and initiatives, such as the maintenance and upgrades to infrastructure, replacing the wastewater treatment plant, and the introduction of smart meters, along with the benefits that these projects will provide to customers.

It was suggested that the communications should mention that the regulator is reviewing the costs for the projects and the financial impacts on customers.

Customer communication cont...

It was thought that communications should refer to the IPART review process and how that is conducted (based on efficiency, customer value and affordability).

Once prices are set, it was felt that only then should the costs and bill impacts be communicated. At this point it was suggested that the context should be provided, e.g. that the government subsidy is remaining, maintenance and upgrades are needed and that bills have not increased for many years. It should also be very clear what the bill increase is funding.

“Just say that you are in negotiations with IPART about price increases. Don’t release the price increase until after the IPART determination.”

“You could say that IPART is now reviewing all these projects and we’ll let you know how much they will be.”

“Tell them that the cost hasn’t gone up since 2014. Soften the blow.”

“It needs to be clear that some parts are out of Essential Water’s and IPARTs control.”

Once the business is aware of the actual price increases, it was suggested that a bill calculator should be made available on the Essential Water website, so that customers can calculate exactly how the increases will impact them year on year though the next period. If a calculator is not feasible then an alternative visual display to show the increase was suggested.

“Any communication needs to be clear around the 17.5% and how this is compounding year on year. I would prefer to see numerical figures, e.g., your bill is going up by \$X. Transparency is key.”

Bearing in mind vulnerable customers, it was suggested that information should be prominent about the payment options and plans that are available to support customers in need, and how to apply for them.

In terms of channels, a variety of formats was suggested including the local paper, radio interviews, information with bills, social media, letter and/or emails. It was suggested that most customers would want a concise summary and more detailed information should be available on the website for those who want it.

It was suggested that information should be given in advance so customers are given enough notice to prepare for bill increases, e.g. at least one to two bill cycles prior if possible.



05

Conclusions

Summary and conclusions

Essential Water updated participants on the expected level of bill increases of around 17.5% every year over the five-year period (compounding). Although they were not happy with the level of investment required, generally the Panel understood the need for additional investment and were accepting of it. However, there was some concern for those who are on low incomes or pensions, who would probably struggle to pay that level of increase year on year.

This expected increase did not influence their preferences for the optional components. There was unanimous agreement that Essential Water should introduce smart meters for an average bill increase of \$15 a year for the typical household. Most participants also supported some investment into pipe replacement with the 'moderate' option of an increase to 5km for \$30 a year for the average residential customer preferred by most.

Most participants suggested that they preferred a blanket approach for any future subsidy or rebate allocation, assuming that existing support/concessions are retained for those most in need. It was felt that a targeted approach would be complex and difficult to administer, with a concern that those in need may not always benefit and vice versa. A blanket approach was thought to be fairer.

Transparency has been a theme throughout the meetings and is valued highly by the group. In that vein, participants felt that it is important that Essential Water publicly reports on most of the performance measures suggested.

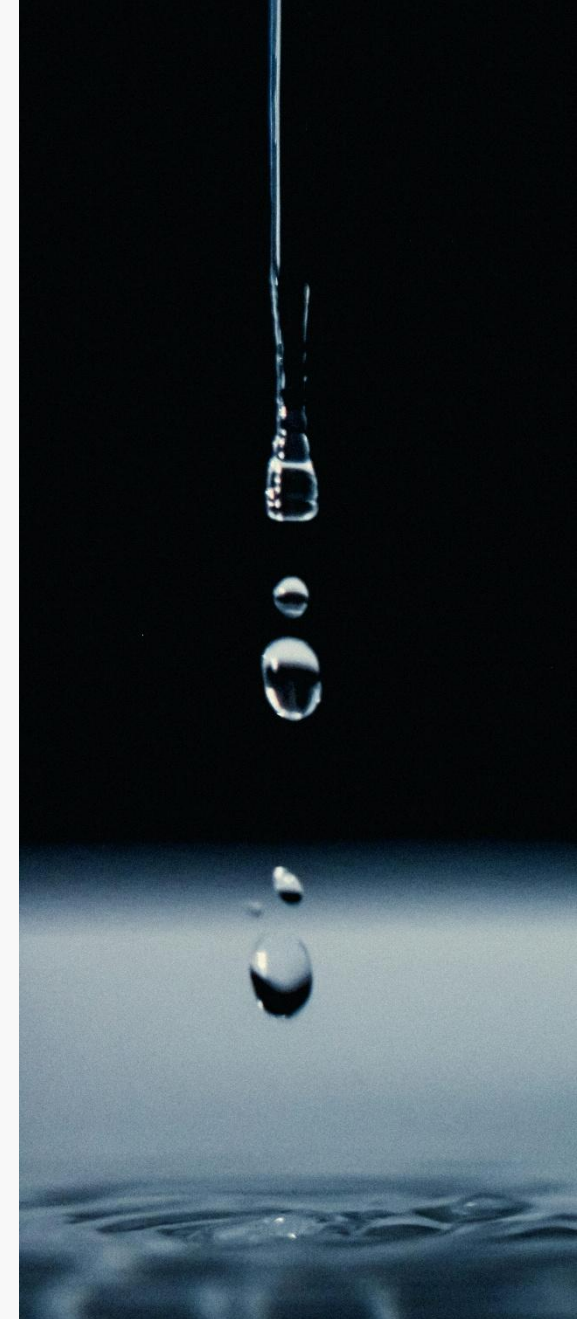
The last session of the evening involved a discussion about how Essential Water should communicate about the future

plans and resulting bill increases. The Panel stressed the importance of Essential Water starting to communicate with the public earlier rather than later.

They suggested that early communications should outline the projects that will be occurring and the benefits of those to customers.

Customers also suggested that communications should outline the price review process and the customer engagement that has taken place via the Panel to determine customer priorities and the support for specific projects such as the introduction of smart meters.

The Panel suggested that the level of bill increases should not be communicated until a later stage, due to the uncertainty surrounding the final determination and levels of any subsidies that might be received. It was thought that the level of bill increases should only be communicated when there is more certainty about the amounts involved. In the meantime, the business should stress that prices haven't been set and that IPART is reviewing its proposals (based on efficiency, customer value and affordability), and that there may be a recommendation for further government subsidies.



Summary and conclusions

In summary, some recommended messaging for the community includes:



The context - infrastructure is old and replacements are overdue, so action is required now to ensure the safe and efficient operation of the network for current and future generations.



The benefits of the new wastewater treatment plant and introduction of smart meters (in particular leak detection).



The price review process, including the role of customer engagement and IPART's evaluation criteria.



Government subsidies and support, e.g. the government subsidy for the pipeline is continuing for the next 5 years (providing \$XXX per household).



Compared to other water utilities Essential Water bills will remain relatively low.



A timeline for the price determination and bill increases.



A bill calculator to show expected increases for individual households (if possible).



The support that is available, and will continue to be so, for financially vulnerable customers.



The evaluation of the engagement shows that the Panel felt that they have been heard throughout the process and have made a valuable contribution to Essential Water's decision making. Almost all of the participants strongly agreed that events like this are a good way to consult the public about issues and that they had enjoyed taking part. It is recommended that Essential Water continues to engage with the Panel, in particular to keep them updated on the draft pricing proposal and progress towards the IPART determination.

06

Appendix

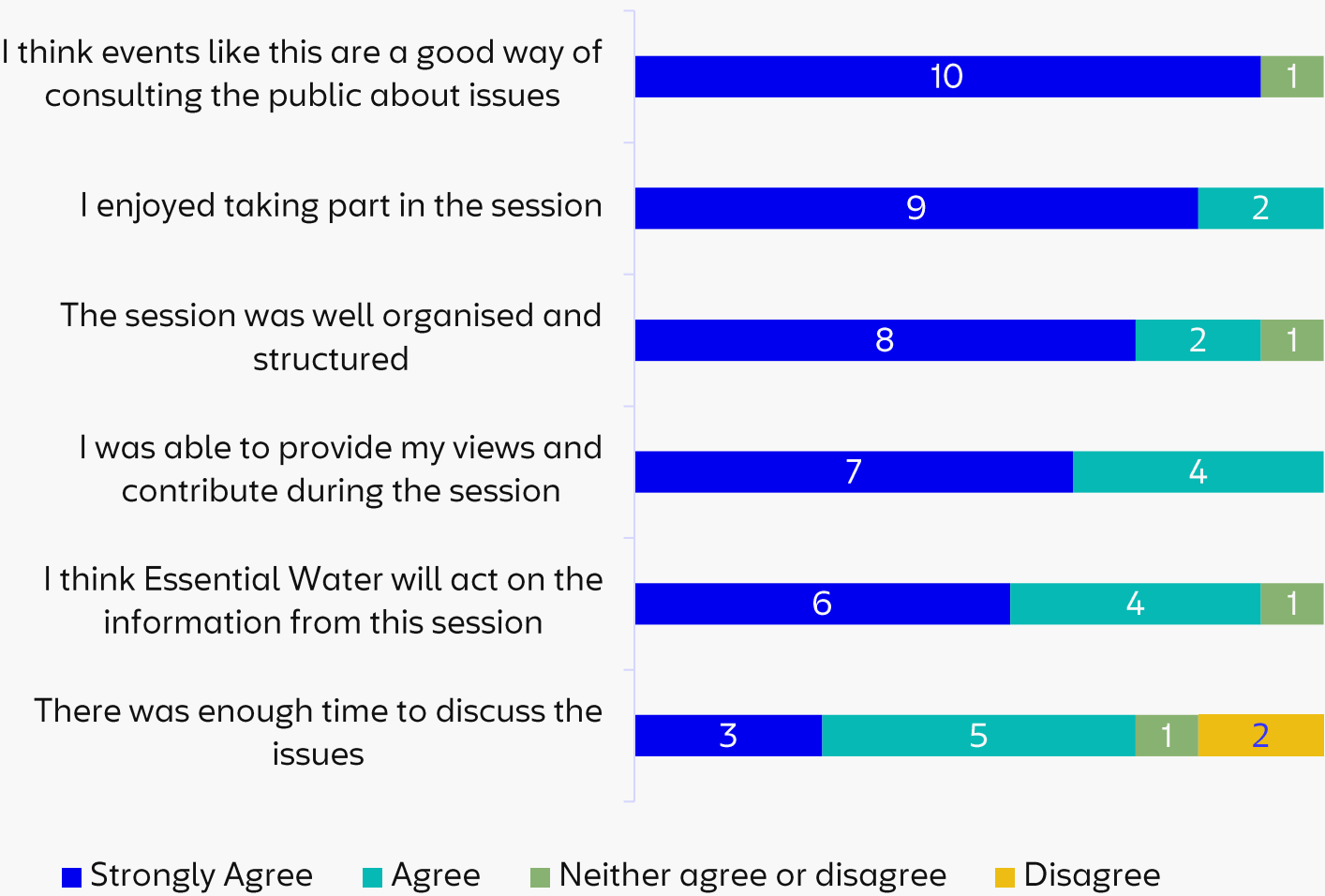
Customer Panel End of Session Feedback

Participants were asked to complete an end of session evaluation of the meeting. Results are shown on the right.

Almost all the participants strongly agreed that events like this are a good way to consult the public about issues and that they had personally enjoyed taking part. Most also strongly agreed that the session was well organised and structured and that they were able to provide their views and contribute during the session. Over half strongly agreed that Essential Water will act on the information from this session. Although two thirds agreed that there was enough time to discuss the issues, only around a third strongly agreed.

“I felt really included and learned a lot about Essential Water and the governing bodies, subsidies etc. I appreciated the presenters and the general engagement.”

“Thank you to Ross, the people from Essential Water and Hall & Partners for all of your transparency and putting up with all our questions and helping us all to understand it. Thanks heaps!”



June Base: 12

Essential Water Customer Panel Run Sheet

Time	Agenda Item	Responsibility	Materials
6.00pm-6.02pm (2 mins)	Facilitator Introduction - Welcome back to session 4. - Similar structure to the last session – mix of information provision, discussions/activities on tables and table feedback sessions. - Last session we went through the remaining priorities and options for those. <u>Tonight</u> we're going to bring it all together – get your final preferences. - Recap of guidelines - Housekeeping – toilets and emergency protocol - Photo permission forms - Introduce first speaker	H&P	
6.02pm-6.10pm (8 mins)	EW Introduction - Acknowledgement of Country - Recap: How we are using your feedback for the <u>5 year</u> plan - What we heard at the last meeting - What we will discuss this meeting - Recap of their preferences for water quality and water security	EW	PPT

6.10-6.40pm (30 mins)	Presentation: Finalising elements of the pricing proposal - Summary of customer priorities and EW actions - Explanation of how the final bill increase will be decided - Current forecasts of must do bill impacts - Total annual customer bill impacts of must do costs and optional items selected - Q&A <i>Objective: Customer Panel understands whole picture of expected cost impacts for must do items and also their preferences for optional components before final preferences.</i>	EW	PPT
6.40-7.00pm (20 mins)	Table discussion: Final preferences <i>Give out handouts 1-2 and go through each in turn:</i> - Do they still agree with their preferences from the previous sessions? Any changes? If so, why? - Any questions/areas for clarification required before final preference selection? <i>Facilitators to give out final preference sheets and ask participants to fill in. Ask them to hand back to you. Facilitators to tally up votes for each. Spokesperson to write tally of answers on flipchart and any reasons for changes.</i> - Any final thoughts on the options or must do costs?		Handouts 1-2 Final preference sheet

Essential Water Customer Panel Run Sheet cont...

7.30-7.35pm (5 mins)	Presentation: Subsidy allocations - If EW receives more subsidies, or is able to allocate more rebates, how should they be applied. - Make clear that EW doesn't make the decisions on <u>subsidies</u> but we want to find out how customers think they should be applied. Objective: Customer Panel are provided with information to be able to provide views on subsidy allocation	EW	PPT
7.35-7.55pm (20 mins)	Table discussion: Subsidy/rebates allocation - Should EW apply subsidies/rebates in a blanket way or targeted to specific customers? What are the reasons for their answers? - Which types of customers, if any, should benefit the most from subsidies? - If targeted to specific customers, which ones? Why? <u>So</u> to summarise, what principles should EW use to decide how to allocate any subsidies or any rebates? By the end of the discussion the group should have come up with some 'principles' for allocating subsidies. Spokesperson to write principles on flipchart.		

7.55-8.00pm (5 mins)	Table Feedback: Subsidies Table spokesperson to present principles for allocation of subsidies / rebates	H&P	Flipchart
8.00-8.20pm (20 mins)	Table discussion: Communication on future pricing - Should EW communicate about price increases? - When should EW communicate – refer to timeline shown on screen? - How should EW communicate with customers about future prices and plans? - What will customers want to know?	H&P	
8.20-8.25pm (5 mins)	Table Feedback: Communication Table spokesperson to present communication on future pricing	H&P	Flipchart
8.25pm-8.30pm (5 mins)	Recap of what we heard and next steps Objective: Customer Panel hears summary of what we heard and is clear about how we will use this feedback.	EW	

For more information please contact:

Liz Sparham

Partner

liz.sparham@hallandpartners.com.au

Zoe Brown

Account Director

zoeb@hallandpartners.com.au

Hall & Partners | Uncommon Insights

