

Essential Water 2026-31 Pricing Proposal

Customer Summary

This document provides a snapshot of our Pricing Proposal, including our investment and maintenance plans for the five years from 1 July 2026 to 30 June 2031 and how our Proposal would affect our customers' bills.

Overview

Essential Water is committed to delivering clean, safe and reliable water and wastewater treatment services to our customers in Broken Hill, Menindee, Sunset Strip and Silverton.

Over the years we have invested heavily in the maintenance and upgrading of our ageing infrastructure and processes to fulfill our promise to the community. However, that investment now requires a significant increase to meet current environmental standards and to ensure we can continue to provide the quality services our customers deserve.

As a result, Essential Water is proposing to the Independent Pricing and Regulatory Tribunal (IPART) that we be allowed to increase prices for water and wastewater treatment services by around 15 per cent each year before inflation, for the five-year period from 1 July 2026 to 30 June 2031.

We appreciate that the bill impact for our customers is significant, however the consequences of not undertaking these major renewals are also significant and will have a major impact on the communities we serve:

- > The Wills Street Wastewater Treatment Plant has come to the end of its life and its failure would lead to raw sewage flowing into local creeks, causing significant environmental damage.
- > Failure to undertake our wastewater pipe renewal plan could lead to an increase in blockages and the risk of raw sewage backing up and flowing on to our community's streets.
- > In the case of our potable water pipe renewal plan, failure to complete this would lead to more water pipes bursting, causing prolonged disruptions to our customers and a high risk of localised flooding and damage to roads.

Our prices have remained largely unchanged, except for inflation, since 2014. We have worked hard to keep our prices down for our customers while managing maintenance and upgrades, but the point has been reached where a significant amount of money needs to be invested to ensure our services can be maintained.

Essential Water is in the unique position of only having a small and remote customer base with which to share the costs of maintaining the vital services it provides.

Therefore, we are suggesting that there may be a case for a greater share of costs to be recovered via further government support - to help make our customers' bills more affordable and offset the necessary extra funding needed to upgrade our services.

Essential Water's 2026-31 Pricing Proposal (Proposal) to IPART outlines our planned investments, service improvements, and cost forecasts for the next five-year period. Our Proposal aligns with IPART's updated water regulation framework, focusing on customer value, cost efficiency, and credibility - known as the 3Cs framework.

We encourage our customers and community to participate in IPART's price review process, and we look forward to ongoing engagement with all our stakeholders.

What's changing and why

Essential Water's infrastructure is ageing, and some major upgrades are needed to ensure the reliability and safety of your water.

The most significant capital investment is to replace the Wills Street Wastewater Treatment Plant so we can continue to supply environmentally compliant wastewater services for the community. The treatment plant, which is now nearly 100 years old, is reaching its end of life and no longer meets modern environmental standards. This work is critical and, without the upgrade, poses a significant risk of plant failure and disruption of wastewater services to the Broken Hill area. The proposed new facility would greatly improve the reliability and efficiency of the treatment process, reducing operating costs over the long term.

We are also proposing a significant uplift in both the water mains and wastewater mains replacement programs to reduce higher maintenance costs in the form of emergency repairs and impacts to our customers. Broken Hill's water network of approximately 250 kilometres (km) of water pipes is nearing the end of its lifespan, making it more prone to bursts and service disruption. The proposed increase in the program will see us replace or reline up to 10km of ageing pipes a year. This will allow us to reduce the frequency and impact of water outages and enhance the quality of the water using modern materials. Our wastewater pipes have similar issues because of their age, and increased levels of renewals are needed to prevent blockages and bursts.

We are working hard to keep costs down, but we face some unique challenges. Essential Water operates in a remote area with limited resources and a small customer base. To deliver these upgrades efficiently, much of the work will be carried out by contractors through a competitive tender process. This is to ensure we can meet project deadlines, maintain high standards and allow our staff to continue to undertake business-as-usual services for our customers.

Our operating costs are expected to remain mostly stable; however, we do anticipate a slight increase due to the rising labour costs needed to deliver our services.

In developing our proposed cost allowances, we have included an annual 0.5% productivity improvement to challenge our business to continually find and implement cost-saving measures. This is in addition to our efficiency measures already implemented to date and as outlined in the Cost Efficiency Strategy that accompanies this Proposal.

We also pay bulk water charges to WaterNSW for supply through the Broken Hill Pipeline. These costs are increasing, but we have assumed an equivalent increase in the existing NSW Government contribution to cover this.

Customer Engagement and Priorities

Our Proposal has been informed by extensive engagement with our customers and community. We conducted a customer-wide survey, formed an Essential Water Customer Panel, have spoken with stakeholders and held community events to gather feedback.

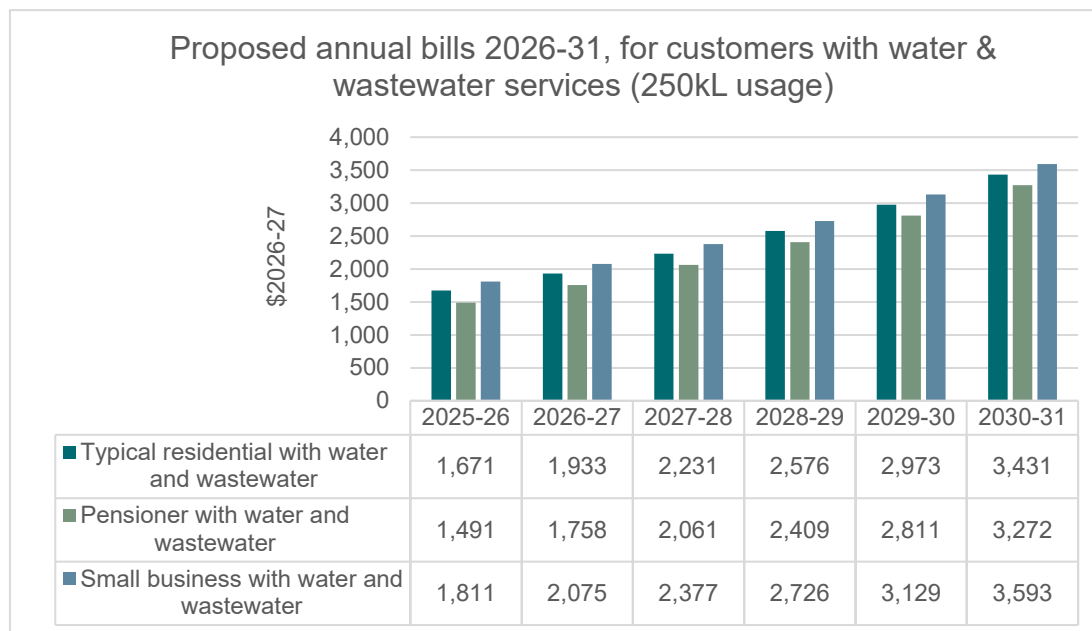


Through this process, customers have told us what matters most to them, which is clean and safe drinking water, long-term water security, environmental sustainability, affordable bills, better customer service, and ongoing consultation.

Our Proposal reflects these priorities through our planned expenditure program and targeted customer outcomes and aligns with our Customer Engagement Strategy developed for the 2026 determination period.

Proposed Prices and Bill Impacts

The increases in expenditure required to deliver the outcomes our customers need and expect are recovered through higher customer prices. Unlike some other water businesses, we only have a small population of customers to share across the increased costs.



To recover our efficient costs (or revenue requirements) under our Proposal, water and wastewater bills for a typical residential customer would need to increase by about 15 per cent each year from the financial year 2025-26 to 2030-31, before inflation. Pensioners and businesses would generally face bill increases of similar levels. We will smooth price increases over the 2026 determination period to manage the bill shock for our customers. The chart above shows the proposed impact on a typical customer with both water and wastewater services.

We are aware of the importance of ensuring our services are affordable to our customers and community. Therefore, our service delivery has been designed as efficiently as possible, and we have reflected the full scope for potential future efficiencies in our cost forecasts. Our Proposal includes only the prudent expenditure required to deliver safe and reliable water and sewerage services to our customers.

We recognise that if our prices are set to recover the efficient costs outlined in our Proposal, the bill impacts on our customers would be significant. These bill levels are the outcome of the necessary expenditures on our ageing and dispersed network being recovered solely from our small customer base. Unlike larger water utilities, we do not have the benefit of economies of scale.

Affordability and Government Support

Our Proposal, including the potential bill impacts outlined above, assumes a continuation of the current subsidy from the NSW Government to cover the costs of bulk water supplied from WaterNSW through the Broken Hill Pipeline. It also assumes the existing rebates are still available to eligible customers.

Given the potential bill impacts under our Proposal, there may be a case for further government subsidies to maintain affordability over the 2026-27 to 2030-31 period due to the proportion of disadvantaged customers and members of our community. For example, Broken Hill and the surrounding areas have a high number of customers on various Centrelink support payments, with the median weekly income 36 per cent lower than that for the population of NSW.¹

¹ 2021 Broken Hill, Census All persons QuickStats | Australian Bureau of Statistics

Performance and Accountability

We will report annually on our performance in delivering the outcomes that matter most to our customers, including maintaining water quality and security (reliability), as well as environmental outcomes and customer service. The table below summarises our customer outcomes, performance measures and the targets developed to challenge us over 2026-31.

CUSTOMER OUTCOMES	PERFORMANCE MEASURES	TARGETS
Water Reliability - reliable access to drinking water	Average number of unplanned interruptions per customer	0.04 per annum
	Average number of customer minutes lost from unplanned interruptions	15.4 in 2026-27, reducing gradually to 12.5 in 2030-31
Water Quality - clean and safe drinking water	Percentage compliance with Australian Drinking Water Guidelines	100% compliance with Australian Drinking Water Guidelines
Sustainability and environmental protection	Wastewater service interruptions (frequency, duration and number of customers affected by planned and unplanned interruptions)	No wastewater service interruptions
	Notifiable environmental impacts (number by type and response time)	No notifiable environmental impacts
Good customer service	Number and type of customer complaints	No increase in complaints
	Response time for customer complaints	Maintain response times - Respond to 95% of complaints or enquiries within 4 working days of receipt
	Notify customers of planned outages within agreed notice periods	Continue to notify customers within agreed timeframes – 2 days written notice for residential customers and 7 days' written notice for non-residential customers.

Next Steps

Our Proposal for 2026-31 focuses on delivering safe, reliable and sustainable water and wastewater services consistent with our customers' preferences, by undertaking much needed investments in our supply network. We acknowledge concerns about affordability, and we will advocate for additional government support.

Customers are encouraged to participate in IPART's review process and stay informed through Essential Water's updates available on our website – [Essential Water News And Updates](#).