

Submission to IPART: Essential Water 2026 to 2031 Pricing Proposal

From: Foundation Broken Hill

To: Independent Pricing and Regulatory Tribunal (IPART)

Re: Review of Essential Water and Murray River to Broken Hill Pipeline Prices (2026-31)

Date: November 2025

About Foundation Broken Hill

Foundation Broken Hill was established in 2000 to facilitate employment opportunities and encourage social development in Broken Hill and the surrounding region. We provide loans and grants from a protected capital fund to support the local community.

Our purpose is to assist Broken Hill and Far West NSW to build an economy that can sustain itself through mining cycles and beyond them. We invest in local business, support employment initiatives and advocate for our community's economic future.

Foundation Broken Hill made a previous submission to IPART in 2021 regarding Essential Water pricing. While circumstances have evolved since then, our core concern remains the same: ensuring pricing structures support community wellbeing and economic opportunity.

Executive Summary

Foundation Broken Hill understands that Essential Water needs to maintain infrastructure and comply with environmental standards. However, the proposed pricing (approximately 15% annual increases over 5 years that would more than double household bills by 2031) is simply not viable for this community. Our concerns are:

- The Wills Street Wastewater Treatment Plant replacement is a major capital project now proposed to be completed through price increases over a compressed timeframe.
- The proposed increases are heavily weighted toward fixed charges, meaning low use households are penalised with the same increases as high consumers, also minimising incentive to conserve water.
- The proposal lacks adequate support for vulnerable households.
- Essential Water has not secured a long term government funding commitment for infrastructure.
- The proposal risks undermining economic growth opportunities in Broken Hill and the surrounding region.

We are calling on IPART to reject this proposal and require a realistic path that acknowledges the Wills Street Wastewater Treatment Plant replacement as a major capital project requiring separate government funding. Major infrastructure replacement of this scale requires government support, not cost recovery from a community with limited capacity to pay.

Big Ticket Infrastructure Funding

The Wills Street Wastewater Treatment Plant was built in the 1930s and is no longer compliant with contemporary environmental standards. It has now reached the end of its life and requires replacement. Essential Water has also identified that 200 km of water mains require replacement within the next 40 years to resolve higher levels of mains bursts and 210 km of sewer mains require relining within the same timeframe.

Essential Water has undertaken ongoing asset maintenance within budget constraints over the years. However, replacing the Wills Street Wastewater Treatment Plant is not routine maintenance. This is a major capital project that represents a primary driver of the proposed price increases, alongside the water and sewer mains replacement program.

Essential Water has indicated that \$252 million investment is needed over the next 5 years. The NSW Government has approved a \$17.6 million grant for the Wills Street Wastewater Treatment Plant, however, this represents only a portion of the total capital investment required. The remainder of the bill for this major infrastructure program is now proposed to be handed on to one of the most socio-economically disadvantaged communities in NSW (ranked in the lowest 11% of communities for relative disadvantage) through customer charges.

The question is whether major capital replacement projects of this scale should seek to be funded through customer billing, or whether government has a responsibility to fund big ticket infrastructure replacement separately from ongoing operational costs.

Proposed Pricing Is Not Affordable

Essential Water is proposing to increase bills for typical customers by \$342 on average (a 15% increase) each year over the next 5 years. This is a proposed increase for a typical household from \$1,624 per year in 2025-26 to \$3,333 per year in 2030-31, plus inflation. For many households here, this price increase makes a huge difference.

Broken Hill isn't based in a densely populated region. We don't have the income levels or employment diversity to absorb utility increases of this scale. The community has household incomes below state averages, with a high proportion of disadvantaged families and retirees on fixed incomes. Our geographic isolation means that people can't simply find jobs and higher paying work while remaining in their homes and around their family, friends and important support networks.

To increase prices without properly considering the socio-economic factors affecting Broken Hill is short-sighted and fails to address the real impact of this proposal on our community.

Pricing Structure Is Inequitable

The proposed pricing structure places a disproportionate burden on customers through fixed charges. Essential Water proposes to increase the water service charge by an annual average of 26% and the wastewater service charge by an annual average of 17% for residential customers (21% for non-residential).

This structure means all customers bear the impact of major capital replacement costs.

Fixed charges should cover basic connection costs only. Cost recovery for major capital projects, like the Wills Street Wastewater Treatment Plant replacement, should not be extracted through fixed charges simply because it provides a means for revenue.

Pricing Impact on Community Growth Potential

Foundation Broken Hill exists to strengthen the economic resilience of Broken Hill and Far West NSW. For more than 25 years, we've supported local businesses; backed employment, education and training; and advocated for opportunities that diversify and sustain the regional economy.

Broken Hill is positioned for significant growth. The mining sector is experiencing a resurgence, with multiple projects at various stages of development. Many of these projects have long projected lifespans and substantial forecast workforces. This mining activity will create direct and indirect jobs, stimulate housing demand and grow opportunity across all sectors of the economy.

However, the price increases proposed by Essential Water would add barriers to achieving this growth.

Businesses considering investment in the region factor in operating costs. Higher water costs increase operating expenses regardless of revenue. This makes it harder to sustain existing enterprises or attract new investment into the region.

Workforce attraction and retention is particularly critical for a region on the cusp of expansion. Every potential employee weighs cost of living against wages and lifestyle. When water and wastewater bills increase, that affects the attractiveness of relocating to Broken Hill, precisely when we need to be appealing to workers for emerging opportunities.

All sectors (residential, commercial, industrial) need sustainable pricing to support Broken Hill's economic future. Mining operations employ local people and contribute significantly to our economy. These operations need to remain viable as part of our economic foundation.

Utility pricing that makes it harder for people to relocate here, or for businesses to operate, directly contradicts the work of Foundation Broken Hill and many other organisations, community groups, businesses and individuals positioning Broken Hill for growth. When we invest in business development, employment programs and community initiatives to support expansion, unaffordable utility pricing adds an additional challenge that undermines that work.

What Needs to Be Addressed

1. Cap Price Increases

The community should not be expected to pay for major capital works requiring urgent funding. Pricing should be capped for fairness and to avoid uncertainty.

Essential Water should also shift away from fixed charge increases, which place unavoidable pressure on customers regardless of water use. Keeping fixed charges stable protects affordability, maintains pricing fairness and ensures customers are not penalised simply for being connected to the system.

Price increases will deter the workforce attraction and business investment that Broken Hill needs. By discouraging population and business growth, Essential Water's pricing undermines its own long-term customer base expansion.

2. Establish Genuine Affordability Support

Essential Water should expand and properly fund a transparent hardship program to offer comprehensive support for vulnerable households, regardless of the pricing outcome.

Establishing genuine mechanisms for affordability support means expanded rebate schemes for pensioners, low income families and unemployed residents; flexible payment plans that don't penalise financial hardship; no disconnections for households demonstrating genuine financial difficulty.

Pensioner rebates should be increased to levels at least comparable with other NSW utilities.

3. Secure Long Term Government Support

Government funding for Essential Water has been extended periodically rather than through a permanent arrangement. The NSW Government has indicated commitment to continue the pipeline subsidy and provided a grant for the Wills Street Wastewater Treatment Plant. However, periodic arrangements create constant uncertainty and do not provide adequate support.

Major infrastructure projects should be funded primarily through government grants, not recovered through customer utility bills. There needs to be a long term commitment over multiple decades, or in perpetuity, distinguishing between major infrastructure replacement and ongoing operations (with routine maintenance).

This approach is appropriate given Broken Hill's strategic importance and economic circumstances. It is not reasonable to expose the community to a constant cycle of funding and pricing uncertainty every few years.

4. Ensure Full Transparency and Accountability

IPART should require an independent review of Essential Water's capital expenditure, including verification of cost estimates, procurement processes, evidence of efficiency measures and cost discipline in project delivery. When price increases of this scale are proposed, transparency and accountability are crucial.

The allocation of Essential Energy's corporate overheads to Essential Water needs genuine review and reconsideration. Corporate overheads should reflect the direct services required by Essential Water's operations, not the overhead structure of a significantly larger electricity distribution business. Broken Hill customers should not subsidise corporate structures designed for a much larger organisation.

5. Conduct Economic Impact Assessment

Before any final determination, there should be an independent assessment covering the impact on household budgets (across different income brackets), the effect on business and mining (including for small local enterprises) and the broader economic implications for the region.

Utility pricing decisions have far reaching consequences for community sustainability. Those consequences need to be properly understood and weighed.

Conclusion

Foundation Broken Hill believes Broken Hill has a future as a viable regional community with diverse economic foundations. This water pricing proposal has the potential to add to the challenges that are working in opposition to that future.

Loading the cost of major capital replacement onto a community with limited financial capacity, using a pricing structure that impacts everyone through fixed charges, with inadequate government funding for big ticket infrastructure, doesn't work for Broken Hill.

IPART has a decision to make: approve a pricing path that extracts short term revenue and risks long term community viability, or require an approach that balances infrastructure investment with economic and social sustainability.

We encourage IPART to reject this proposal and require Essential Water to develop a revised approach that caps price increases at affordable levels, establishes comprehensive affordability protections, secures long term government support commitments, addresses corporate overhead allocations, and demonstrates genuine efficiency and cost discipline.

Water affordability is not separate from economic and social development. It is fundamental to it. A community cannot successfully capitalise on growth opportunities and thrive, while struggling with the cost and burden of its essential services.

Submitted by Foundation Broken Hill

November 2025

Foundation Broken Hill acknowledges the Wilyakali people of the Barkindji Nation as the Traditional Custodians of the land on which we live and work. We recognise and value their continuing connection to Country and pay our respects to their Elders past, present and emerging.