

22 December 2025

The Hon. Penny Sharpe, MLC  
Minister for Energy

The Hon. Rose Jackson, MLC  
Minister for Water

Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Ministers

### 2026-27 Budget: Pre-Budget submission

I am writing to you with our 2026-27 Pre-Budget submission recommending that the NSW government consider:

- funding for a permanent energy debt relief scheme for NSW residential customers;
- appropriate funding for the review of the NSW water customer affordability scheme.

### Executive summary

Energy and water affordability for residential customers in NSW continue to be significant concerns and there are no signs that this will change in coming years. Past and future energy and water prices continue to add to the strain experienced by households which are also managing other rising cost of living impacts.

And as recently announced, the Commonwealth government funded National Energy Bill Relief Scheme has ended.

The energy industry has acknowledged the need for reforms to support energy affordability for households. We also note findings by the NSW Productivity and Equality Commission (PEC) and the Independent Pricing and Regulatory Tribunal (IPART) that the current framework for pensioner water rebates is not fit for purpose.

Water and energy customers experiencing financial vulnerability should not be left further behind in, and beyond, 2026-27.

Our submission contains two NSW Government Budget recommendations:

1. Fund and implement a permanent energy debt relief scheme to support and enhance the operation of other affordability schemes, such as energy rebates and Energy Accounts Payment Assistance (EAPA).
2. Fund a water customer affordability scheme for pension holders that ensures:

- households experiencing financial vulnerability can manage the significant price increases for water services over the next five years.
- the scheme also applies to customer groups, such as tenants, that are currently ineligible for pensioner rebates for water services.
- where possible, all water customers – including those serviced by local government authorities – have access to an equivalent level of pensioner rebates.

## Consultation questions

### Question 4. What challenge(s) would you like addressed in the 2026-27 NSW Budget, and why?

#### Energy affordability challenges

Energy affordability for residential customers in NSW continues to be a significant concern. Energy prices have increased significantly over the last three years, further impacting the cost of living.

At the same time, the Commonwealth government funded National Energy Bill Relief Scheme, which provided much needed support for households battling inflation, has ended.

These affordability challenges are reinforced by the Australian Energy Regulator (AER) which presented a package of game changer reforms to Energy Ministers for consideration at the Energy and Climate Change Ministerial Council (ECMC) meeting on 24 November 2023. These reforms included three main initiatives, aimed at addressing the fundamental issue that the National Energy Market and the National Energy Consumer Framework (NECF) were not designed to accommodate households that simply cannot afford to pay their energy costs and whose financial circumstances are unlikely to change. The reforms focused on:

- Lowering bills for consumers
- Ensuring financial counselling assistance is available
- Providing debt relief for consumers and helping to reduce their bills long term.

Global unrest, climate instability, increased cost of living and other complex pressures have intensified since the release of the AER's game changer reforms.

#### Water affordability challenges

Residential customers of urban water providers in NSW are facing significant price increases over the next five years. For example:

- the price of water and wastewater services increased 4.4% (before inflation) this year and will increase on average by 3.8% (before inflation) each year for the next four years for Hunter Water household customers.
- typical household bill for Sydney Water customers will increase by 13.8% from October 2025 and 5.1% on average each following year until 30 June 2030.
- Essential Water (servicing customers in Broken Hill and Brewarrina) is proposing to increase fixed water service charges by an annual average of 26%, and wastewater prices by an annual average of 17% for residential customers from 1 July 2026.

Households experiencing, or at risk of experiencing, financial vulnerability will face significant challenges in managing these price increases for water. Further, many of these households will be unable to respond to dynamic drought pricing, as there will be further increases to water usage prices in NSW if dam levels fall below 60% in the next 2-3 years.

The structure of pensioner, or low-income, rebates for NSW Water customers is no longer fit for purpose. This position is supported by the PEC review of funding models for local water utilities in 2024. The Commission made findings that pensioner water rebate amounts and funding are inconsistent across NSW. For example:

- different approaches mean that pensioners who are customers of Greater Sydney receive around \$602 per annum, Hunter Water receive only around \$380 per annum and Local Water Utilities receive \$175 per annum.
- pensioner water rebates are only available for households which pay a water service charge, which means renters are not eligible under current billing arrangements. If the objective is assisting pensioners with costs of living pressures the current approach is poorly targeted as only those pensioner households that own their own residence receive a payment.<sup>1</sup>

**Question 5. What are your ideas to address those challenges?**

**Recommendation 1: a permanent energy debt relief scheme**

NSW Budget 2024-25 included funding to support customers in long term energy debt to reduce or eliminate their debt as part of an Energy Debt Relief Trial. This was a significant step taken by the NSW Government towards implementing one of the AER's game changer reforms.

We recommend that the NSW Government consider how a permanent debt relief scheme could be funded and implemented in 2026-27 to support and enhance the operation of these other energy affordability schemes, such as energy rebates and EAPA.

EWON was involved with supporting the delivery of the NSW Energy Debt Relief Trial and would welcome opportunities to contribute to the further implementation of the game changer reforms.

**Recommendation 2: appropriate funding for fit-for-purpose pensioner water rebates**

EWON strongly supports the PEC and IPART recommendations relating to water rebates in NSW. This includes consideration of a single rebate for utilities provided to both property owners and tenants.

EWON notes that the NSW Government commenced a review of the water customer affordability scheme in FY2025-26. We recommend that the NSW Government provide appropriate funding to adopt and implement the PEC and IPART recommendations to reform water rebates in NSW. A fit for purpose water rebate scheme will:

- assist households experiencing financial vulnerability can manage the significant price increases for water services over the next five years.
- apply to customer groups, such as tenants, that are currently ineligible for pensioner rebates for water services.
- where possible, all water customers – including those serviced by local government authorities – have access to an equivalent level of pensioner rebates.

**Question 6. Are any programs in this policy area superseded by your proposal/s, or no longer necessary, or now a lower priority?**

**Recommendation 1: a permanent energy debt relief scheme**

The learnings obtained from the 2024-25 trial of a debt waiver scheme, which has already been discontinued, could be used to permanently fund and implement a debt relief scheme for 2026-27 and beyond, creating instead, a well-designed debt relief scheme that would support and enhance the operation of the other affordability schemes, like energy rebates and EAPA.

**Recommendation 2: appropriate funding for fit-for-purpose pensioner water rebates**

The NSW Government commenced a review of the water customer affordability scheme in FY2025-26. The completion of this review is an opportunity to replace the existing water rebates with a more equitable water customer affordability scheme.

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<sup>1</sup> The NSW Productivity and Equality Commission, Review of funding models for local water utilities, Final report, July 2024, p105

**Question 7. What new or alternate ways would you suggest to fund new, or continuing programs?**

**Recommendation 1: a permanent energy debt relief scheme**

EWON urges the NSW Government to consider how the learnings obtained from the 2024-25 trial of a debt waiver scheme could be used to permanently fund and implement a debt relief scheme for 2026-27 and beyond.

The NSW Government could explore opportunities for how a permanent debt relief program could be co-funded by industry. It would also be critical to ensure that a debt relief program is designed with guardrails in place to ensure energy retailers were meeting their affordability obligations to customers prior to debt relief being assessed.

We believe a well-designed debt relief scheme would support and enhance the operation of the other affordability schemes in operation, like energy rebates and EAPA.

**Recommendation 2: appropriate funding for fit-for-purpose pensioner water rebates**

Each year, water providers, such as Hunter Water and Sydney Water submit a Statement of Corporate Intent (SCI) to the NSW Government, which contains its business plans and expected costings for non-commercial activities such as payment assistance and pension rebate schemes.

We recommend that water providers and the NSW government consider scaling CSOs to allow for wholesale reform of rebates for water customers.

If you would like to discuss this matter further, please contact Rory Campbell, Manager Policy & Systemic Issues, on (02) 8218 5266.

Yours sincerely



**Janine Young**  
**Ombudsman**  
**Energy & Water Ombudsman NSW**