

23 June 2025

Ms Carmel Donnelly  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

Dear Ms Donnelly

### **Draft report - Review of prices for Sydney Water 2025-30**

Thank you for the opportunity to comment on this draft report as part of IPART's Review of Prices for Sydney Water from 1 July 2025.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from water providers such as Sydney Water, Hunter Water and Shoalhaven Water.

The draft decision will see the variable water usage price increase by around 31% between 2025 and 2030. The fixed water service charge would decrease by around 53% over the same period.

As part of this review, the NSW Government asked IPART consider the cost-of-living impacts of Sydney Water's prices over the regulatory period. To do this, IPART has adopted an affordability benchmark based on the United Nations position that water costs should not exceed 3% of household income.

IPART has identified that bill increases would predominantly impact low-income households. For example, low-income owner-occupier households eligible for Health Care Cards will see bills representing more than 3% of their income over the 2025 determination period, including households:

- receiving Couple Parenting Payment from Services Australia
- receiving Jobseeker Payment from Services Australia.

This draft pricing decision also means that renters will be impacted by a more significant increase (5.6%) in cost per year than owner-occupiers (4.6%), and non-occupier owners (landlords) (3.8%) – plus inflation.

### **Cost-of-living benchmarking**

We are concerned that the cost-of-living benchmark applied to the draft decision does not account for the impact that an increase in water prices will have for the total housing costs for each customer group. For example, the Australian Institute of Health and Welfare (AIHW) notes that the simplest measure of housing affordability compares housing costs to gross household income, where housing costs are defined as the sum of rent payments, rate payments (**including water**), and housing-related mortgage payments.

Using this benchmark, housing stress is typically described as lower-income households that spend more than 30% of gross income on housing costs.<sup>12</sup>

In this context, nearly one third of households in Sydney (32%), and one fifth of households in the Illawarra (22%), are renters.<sup>3</sup> Sydney is the most expensive capital city rental market in Australia for both houses and units.<sup>4</sup> For this reason, it is common for low-income households in the private rental market to be experiencing housing stress – even before the collective impact of the draft water price increases.<sup>5</sup>

The current housing crisis is not impacting all households equally. The impact of these price increases, and the decision to shift the increases to the variable water usage prices, should therefore not be assessed in isolation of the fact that many households are already experiencing housing stress.

### **Rebate reform**

In 2024, the NSW Productivity and Equality Commission completed a review of funding models for local water utilities. This reviewed included an analysis of Pensioner rebates and hardship schemes for water customers in NSW. IPART has referenced this report as part of the draft pricing decision. The Commission made findings, that:

- 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.
- These pensioner water rebates are provided regardless of the differential abilities to pay of both beneficiaries and local councils. Efficient and effective concession scheme are highly targeted to meet the defined objective.<sup>6</sup>

The Commission recommended that the NSW Government evaluate pensioner rebate on all water services before the 2025-26 Budget. This evaluation should:

- Establish the policy objective of the existing water pensioner rebates in New South Wales.
- Assess the appropriateness of the existing arrangements for providing concessions, including eligibility criteria.
- Evaluate the efficiency and effectiveness of existing pensioner rebates in meeting the policy objectives, taking into account the role of hardship schemes in providing emergency financial support for customers facing acute financial stress.
- Consider alternative policy options to deliver on the policy objective, including exploring broader cost of living options to address affordability challenges of utilities for low-income cohorts. This may involve a single rebate for utilities provided to both property owners and tenants or alternatively a hardship scheme to meet the needs of low-income cohorts who are struggling to afford utilities.<sup>7</sup>

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<sup>1</sup> <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>

<sup>2</sup> Ibid.

<sup>3</sup> Anglicare Australia, Rental Affordability Snapshot, Regional Reports 2024, Fifteenth Edition, p7

<sup>4</sup> Ibid.

<sup>5</sup> <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>

<sup>6</sup> The NSW Productivity and Equality Commission, Review of funding models for local water utilities, Final report, July 2024, p105

<sup>7</sup> The NSW Productivity and Equality Commission, Review of funding models for local water utilities, Final report, July 2024, p106

As you are aware, these issues are not new. IPART has previously called for the NSW Government to consider a user pays framework for water services, and a restructuring of pensioner rebates for water.<sup>8</sup> Reforms of this nature would help to align the support we provide customers at risk of vulnerability with the frameworks for Victoria, South Australia and Western Australia.

It is also our long-held view that rebates for water customers are not fit for purpose considering increased and increasing usage prices, and the potential further impact of the drought pricing mechanism.<sup>9</sup>

It is for all these reasons that we support IPART's draft recommendations 1 to 5 relating to water rebates in NSW. This includes consideration of a single rebate for utilities provided to both property owners and tenants.

I will be writing to the Hon. Rose Jackson, Minister for Water, to increase her awareness of IPART's draft recommendations and our own concerns about the effectiveness of rebates for water customers and consumers in NSW.

If you would like to discuss this matter further, please contact Bryce Purches, Senior Advisor – Policy, Impact & Knowledge (EWON) on (02) 9078 6901.

Yours sincerely



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

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<sup>8</sup> IPART, Review of Prices for Sydney Water from July 2020, Final Report, June 2020, p166; IPART, Review of the Sydney Water Corporation Operating Licence 2015-2020, Final Report, April 2019, p90

<sup>9</sup> IPART, Sydney Water Operating Licence Review 2023-24, Public Hearing Transcript, Thursday, 15 February 2024, pp17-19