22nd April 2026

To: Independent Pricing and Regulatory Tribunal (IPART)

Re: Review of prices for WaterNSW's Murray River to Broken Hill Pipeline from 1 July 2026

Email: ipart@ipart.nsw.gov.au

Introduction

The Association of Mining and Exploration Companies (AMEC) welcomes the opportunity to provide input into the Review of prices for WaterNSW's Murray River to Broken Hill pipeline services from 1 July 2026.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is the national peak industry body representing over 600 mining and mineral exploration companies and associated service providers across Australia, with more than 60 member companies actively exploring, mining and developing projects in NSW

The mining and exploration industry makes a critical contribution to the Australian economy. In 2023/2024, these companies collectively paid $3.7 billion in royalties and other taxes paid to the NSW Government.

New South Wales must balance environmental objectives with economic and strategic responsibilities. Ensuring access to mineral-prospective areas under appropriate regulation is in the long-term interests of the State.

Response to the Review of prices for WaterNSW's Murray River to Broken Hill Pipeline

The Murray River to Broken Hill Pipeline is essential to all aspects of life and work in Broken Hill and we endorse the IPART's commitment to:

- recover only the efficient costs of operating the Pipeline,
- provide price stability and regulatory certainty, and

- protect customers from unnecessary risk through the rejection of a broad general cost pass-through.

We strongly encourage the NSW Government to continue the Broken Hill Pipeline subsidy to ensure the long-term affordability, economic stability and social sustainability of Broken Hill and its industries.

2. Support for IPART's Draft Pricing Decisions

We support IPART's draft determination to set prices that reflect efficient expenditure while maintaining regulatory discipline. In particular, we note and support the following elements of the draft report:

- Adoption of a five-year determination period (2026–31), which provides certainty for planning and investment.
- Retention of maximum prices (price caps) rather than more volatile pricing mechanisms.
- Maintenance of the two-part tariff structure, reflecting the fixed and variable cost drivers of the Pipeline.
- Acceptance of most of WaterNSW's proposed expenditure, with targeted adjustments to ensure efficiency and value for money.
- Rejection of a general cost pass-through, which would have transferred broad, poorly defined risks to customers and reduced incentives for efficient risk management.

Overall, IPART's approach strikes an appropriate balance between WaterNSW's financial sustainability and customer protection.

3. Importance of Rejecting a General Cost Pass-Through

We strongly support IPART's draft decision not to adopt WaterNSW's proposed general cost pass-through mechanism.

From the perspective of customers, local businesses, and industries in Broken Hill, the rejection of a general cost pass-through:

- improves price certainty and predictability,
- reduces exposure to sudden mid-period price increases,
- supports long-term contracts and investment decisions, and
- maintains appropriate incentives for WaterNSW to manage controllable risks efficiently.

This approach is particularly important in a remote, regionally constrained economy such as Broken Hill, where businesses and communities have limited capacity to absorb unexpected cost shocks.

4. Impact of the Draft Bill Increase on Local Industry

We acknowledge that IPART's draft decision results in an increase of approximately **20% (plus inflation)** in the total bill for pipeline services to Essential Water.

Importantly, however:

- this increase reflects efficient cost recovery rather than inefficiency, and
- under current arrangements, the increase is covered by the NSW Government subsidy, meaning it does not directly flow through to households or most industries at this time.

As such, IPART's draft pricing decision does not, in itself, pose a material immediate impact on local industry. Instead, it supports the ongoing reliability and maintenance of the Pipeline, which is critical to Broken Hill's water security and economic viability.

5. Strong Need for Ongoing NSW Government Subsidy to support ongoing mining operations.

While we support IPART's pricing framework, we emphasise that the continued NSW Government subsidy is essential to the long-term wellbeing of Broken Hill.

Without the subsidy:

- significant cost increases could flow through to Essential Water customers, including local industries such as Perilya's Broken Hill Operations with an estimated annual water usage of 300-600ML/year and Broken Hill Mines with an estimated annual water usage of 400-700 ML/year
- The Pipeline was constructed to secure Broken Hill's water supply in recognition of the town's unique geographic, climatic, and economic challenges. Ongoing subsidy support is therefore consistent with:
- regional equity objectives,
- the NSW Government's commitment to strong regional communities, and
- the broader public interest in maintaining water security for Broken Hill.

We note that certainty regarding the subsidy is as important as its continuation. A longer-term commitment would significantly reduce uncertainty for households, businesses, and investors in the region.

6. Conclusion

We support IPART's draft pricing decisions and overall regulatory approach and commend IPART for rejecting a broad general cost pass-through. AMEC recognises that the draft bill increase reflects efficient and necessary costs and we strongly encourage the NSW Government to continue and where possible provide longer-term certainty for the Broken Hill Pipeline subsidy.

Maintaining this subsidy will ensure that Broken Hill remains a viable place to live, work and invest, while preserving the significant public investment already made in the Pipeline.

We welcome the opportunity to provide further input on this important issue.

Further Information

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