



Submission to the National Water Reform 2026 Inquiry

April 2026

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Background

The South Australian Council of Social Service is the peak non-government representative body for health and community services in South Australia, and has a vision of Justice, Opportunity and Shared Wealth for all South Australians. SACOSS does not accept poverty, inequity or injustice. Our mission is to be a powerful and representative voice that leads and supports our community to take actions that achieve our vision, and to hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income consumers in South Australia. With a strong history of community advocacy, SACOSS and its members aim to improve the quality of life for people disadvantaged by the inequities in our society.

SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities, like water and electricity, impacts greatly and disproportionately on people experiencing vulnerability and disadvantage.

Part A: NWI assessment

While the broad terms of reference for this inquiry focus on progress under the 2004 National Water Initiative, it is difficult (and potentially redundant) to assess many aspects of this in South Australia given that the review comes at a time of significant potential changes in the way water infrastructure and water services will be delivered in the state. This arises from the government's promise as part of the 2026 election that the re-elected Labor government would establish the SA Gas and Water Trust (SAGWT).

The SAGWT will mean repealing the legislation that creates the publicly owned corporation SA Water and replacing it with the trust. At this point, the government has indicated they intend to make the necessary legislative changes in the 26/27 financial year.

The SAGWT's final form will not be known until legislation has passed, and accordingly, the following comments are tentative. They are based on limited information available at this point, and SACOSS does not have firm position on the SAGWT. However, we anticipate the legislation and operation of the SAGWT as being the key determinate for South Australia's compliance with the NWI.

It appears that the trust will have a much broader mandate than SA Water does currently. While the information provided so far has been limited, the government has provided some key information. The purpose of the SAGWT is to "better integrate [SA Water] with economic development"¹ and specifically "support housing growth and facilitate major economic development projects, across mining, data centres, manufacturing, energy and agriculture in the states regions."

The SAGWT will also incorporate major industrial projects – Northern Water, the Strategic Gas reserve and smaller energy projects such as the Remote Area Energy Supply scheme and a range of community battery and energy masters programs.²

Vitality, the SA Government is proposing that the current regulatory determination process, undertaken by the independent regulator ESCOSA, would no longer happen.

"To ensure ongoing clarity and alignment on capital delivery, the SA Gas and Water Trust's capital budget setting process will be amended to **use forward estimates in the State Government's budget rather than the current 4-year regulatory periods.**"³ (Emphasis added by SACOSS)

The introduction of the SAGWT will also significantly alter the role of the independent regulator ESCOSA.

"The new regulatory framework for SA Gas and Water Trust will cut red tape and better align its work with the policy and priorities of Government.

¹ South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 2.

² South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 13.

³ South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 8.

The Essential Services Commission of SA (ESCOSA) currently regulates the price and quality of services provided by water retailers, including SA Water, under the Water Industry Act 2012 (SA).

Under this package, the Essential Services Commission 2002 (SA) will retain a role with the new SA Gas and Water Trust. **This role will be streamlined so that the current regulatory burden is reduced and red tape cut to increase efficiency and ensure alignment of its operations and planning with the state’s strategic objectives.**⁴ (Emphasis added by SACOSS)

What is unclear from what has been published is whether South Australia will retain an independent price setting process, independent analysis of spending and what level of independent oversight will remain. What is also unclear, is whether protecting the ‘long term interests of consumers’ will be the Government’s primary objective in decision-making around water investments, services and pricing or whether this objective will be mixed with other water and non-water-related objectives.

Again, SACOSS does not have a position either supporting or opposing the SAGWT, or aspects of it, but what has been published does raise significant questions around whether and how South Australia will adhere to the NWI and pricing principles. In light of this we make the following recommendation for this inquiry:

Recommendation:

That the Productivity Commission seek information from the South Australian government on the proposed SA Gas and Water Trust, its proposed operation and its relation to the NWI and pricing principles.

Specifically, the Productivity should seek information on:

- Whether the intention of the government is that the Trust legislation and SAGWT operation will be consistent with the NWI and pricing principles;
 - If the intention is that the Trust legislation and SAGWT operations will not be consistent, or that particular parts of the legislation or operations won’t be consistent, what are the reasons for the departure from the NWI;
- Will the current practices of cost-recovery and monopoly price regulation be applied to the Trust, or is an alternative pricing model being considered:
 - If an alternative price model is being considered, how would pricing be determined and what impact is this predicted to have on water pricing and approaches to cost-recovery;
- If the Trust’s capital investment is going to “use forward estimates in the State Government’s budget rather than the current 4-year regulatory periods” –
 - Will a return on a regulated asset base still be a driver of policy;
 - If a return on capital investment is not included in policy and price determination, how will an adequate level of investment in capital and maintenance be guaranteed (potentially in the face of other government budget priorities);

⁴ South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 4.

- What impact will a streamlined ESCOSA regulation have on the cost of regulation and on water prices;
- If ESCOSA regulation is to be streamlined or otherwise cut back, what avenues for consumer representation and advocacy will be maintained or implemented in the new regulatory regime.

Part B: Secure, resilient and sustainable services

Overall questions

Current water service arrangements

Given the current South Australian context, it is vital that independent oversight of water service arrangements is maintained. In most instances, the current regulatory determination process provides transparency and external governance. What has been announced under the proposed SAGWT will remove this, but to an unknown extent – or whether or how the proposed new structures will provide satisfactory alternatives. While SACOSS has often critiqued aspects of ESCOSA’s approach, we strongly support the principle of independent oversight to ensure prudent and efficient spending, adequate customer protections and transparency in how water retailers are operating.

For the purposes for this submission, we will outline some of the critiques we have of the current water service arrangements under ESCOSA.

Meter at the gate communities

It has been identified that there are a number of remote Aboriginal communities where entire communities are serviced by a single meter at the gate, despite having numerous households within them. By only being provided with a single meter at the gate, it results in the communities being forced to build and manage infrastructure within the community. This is an unreasonable burden and results in significant additional infrastructure costs. The community must also manage the distribution of water usage costs amongst the households in the community. Some have been able to install meters on each home, while other communities have not. SACOSS has seen a pattern of communities in this situation going into high levels of debt.⁵

Individuals who live in these communities bear unacceptable risks. ESCOSA is of the view that these communities do not fall under the *Water Industry Act 2012*. This Act covers both water retailers and provides some consumer protections.⁶

⁵ SACOSS, [Submission to the Essential Services Commission of South Australia review of the small-scale water and sewerage regulatory framework](#) (November 2025) 13-14.

⁶ SACOSS, [Annual SACOSS Briefing to the Minister: Issues Affecting South Australian Water Consumers](#) (July 2023) 8-10; 13.

SACOSS is currently developing a research and consultation project to do further work in this space and we hope to be able formulate more specific policies and proposals later in the year.

Verified Trust and Accountability (VTA) approach

In 2022 ESCOSA moved to a verified trust and accountability approach to regulatory oversight. SACOSS was not supportive of the introduction of this as we consider reliance on self-reporting for essential services was not in the long-term interests of water consumers, particularly those in regional and remote areas.

SACOSS is of the view that access to accurate data is central to informing appropriate policy development and regulatory reform, in order to ensure equitable access to affordable, clean and reliable water. The VTA approach has resulted in fewer reporting requirements, less prescription and reduced transparency around customer experience.⁷

SACOSS will continue to call for more prescriptive regulation, whether this is undertaken through ESCOSA or under the proposed SAGWT.

Definition of customer and the impact on tenants

SACOSS has repeatedly raised our concerns with SA Water's interpretation of customer, which excludes tenants. This means that SA Water does not have a billing relationship with tenants and tenants are in turn, largely excluded from consumer protections. The only way they can access hardship or payment plan protections is with the consent and active participation of their landlord.⁸

How do current arrangements affect how trade-offs are made between service reliability, long-term financial sustainability, affordability and any other objectives?

Difficulty finding a balance between these considerations is something that we have seen in many of the small-scale retailers in SA. The majority of these retailers operate community managed wastewater systems (CWMS) and a small number provide potable and non-potable water.⁹ In 2023 the Auditor General undertook a review into two of these small-scale retailers. Neither CWMS were found to be operating effectively, with one found to not financially sustainable over the long term and failing to provide a safe and reliable level of service in the medium to long term.¹⁰

ESCOSA undertakes periodic reviews of local governments (who are the majority of small-scale CWMS operators) and noted a pattern of misalignment of financial plans and infrastructure and asset management plans. While this relates to infrastructure and assets

⁷ SACOSS, [Annual SACOSS Briefing to the Minister: Issues effecting South Australian water consumers](#) (September 2024) 27-28.

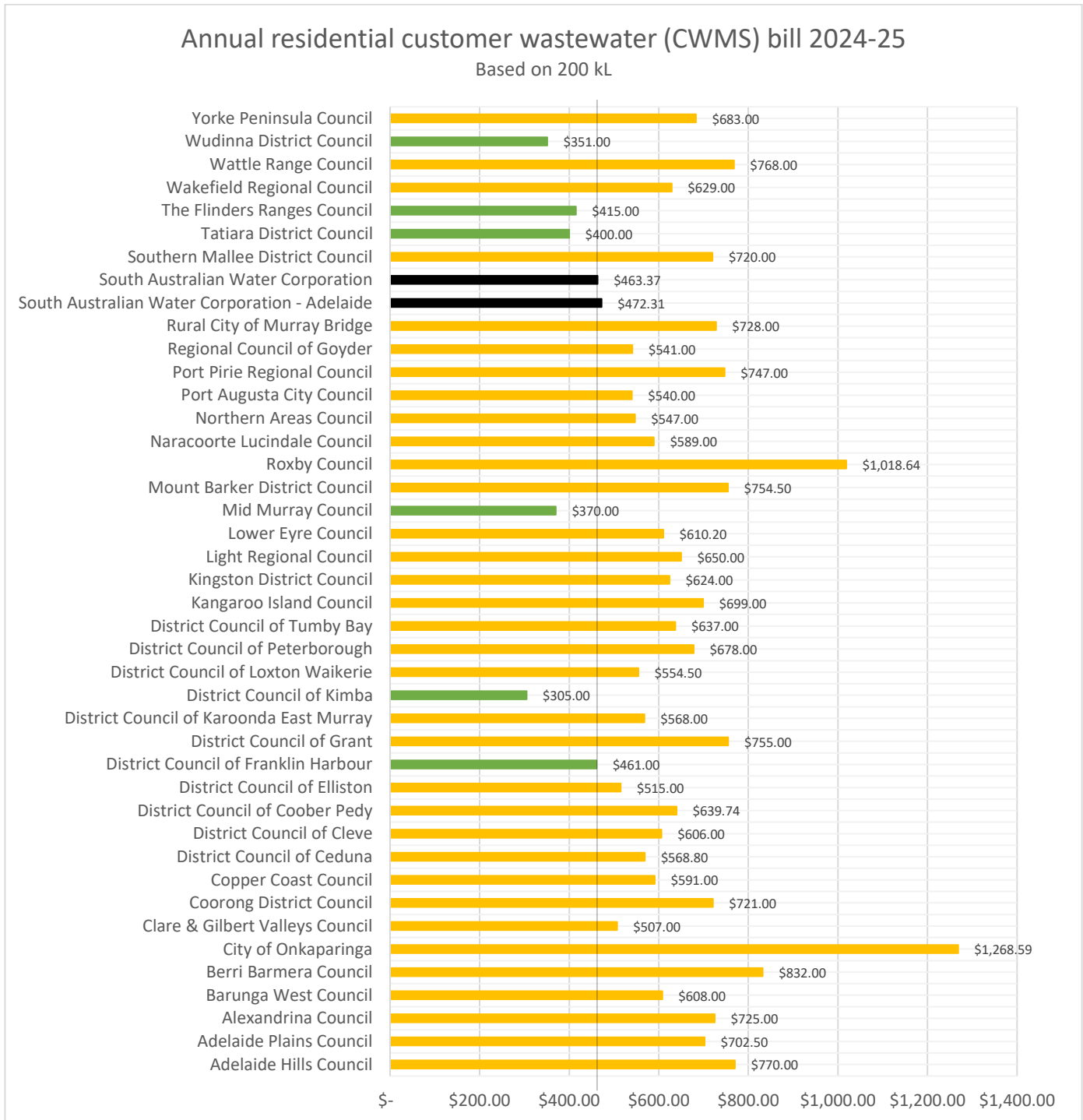
⁸ SACOSS, [Submission to the Essential Services Commission of South Australia on the SA Water Regulatory Determination 2024: Draft Decision](#) (March 2024) 26-28.

⁹ ESCOSA, [Small-scale water networks: Performance outcomes](#).

¹⁰ South Australian Auditor General, [Management of Community Wastewater Management System](#) (Report 4 of 2023) 1-2.

broader than CWMS, it is noted that CWMS generally form one of the major asset classes that is assessed.¹¹

While we see many small-scale retailers underfunding maintenance of their water services, we also have seen increased costs for water users. The recent National performance reports: Water information collected by the BOM highlights the increased costs.¹²



¹¹ ESCOSA, [Advice to Local Government 2025-26](#).

¹² Bureau of Meteorology, [National performance report: water and wastewater service providers](#) – indicator 2.

This data shows that of the 40 small-scale retailers included, 34 have higher CWMS charges than that of SA Water. Some retailers sit well above the SA Water rate, including the City of Onkaparinga¹³ and Roxby Council¹⁴ that both charge a flat rate tariff for CWMS services. This indicates that both affordability and long-term financial sustainability continue to be an issue when it comes to small-scale retailers in South Australia.

How well do current arrangements support safe, secure and culturally appropriate water services for Aboriginal and Torres Strait Islander communities?

As discussed above there are numerous Aboriginal communities that sit outside the current regulatory framework and there is a distinct lack of information around the water service management arrangements in these communities. What is also unknown is the preferred management arrangements that each community would like to have moving forward. The Department for Environment and Water undertook the 'Stocktake and Water Security Assessment for self-supplied Communities'¹⁵ which provided a snapshot of the status of these communities and identified risks.

What has become clear to SACOSS is that the arrangements in place for many Aboriginal communities in SA are ad hoc and vary greatly. While some communities are able to determine the approach taken to water management, other communities are stuck in a complex management structure that places significant burden and risk on those communities.

Are there specific reforms to water service arrangements that would materially improve outcomes?

For small-scale retailers, there has been longstanding issues in ensuring long-term sustainability of water services. Given this, we have called for measures to be put in place to support water users in these areas. This would include the extension of CSO payments to small-scale retailers.¹⁶

In the context of remote and regional Aboriginal communities, clarity around responsibility and recognition of the current untenable position is needed. It is vital that basic consumer protections are extended to all regional and remote Aboriginal communities, including those that do not currently have protections as a 'customer'.¹⁷ We have seen a pattern of a number of these communities going into significant levels of debt, which in some instances has resulted in the communities being on long term water restrictions.

Reform in this area is necessary, but there is no simple or generalised reform that is recommended. Rather, what this looks like must be informed by community preferences, recognising the unique needs of each distinct community. Reform in this area will be

¹³ City of Onkaparinga, [Existing CWMS customers – Schedule of Fees and charges](#) (Jan 2026) 37.

¹⁴ Roxby Council, [Roxby Water: Water & Sewerage Service Charges](#) (July 2025).

¹⁵ Department for Environment and Water, [Stocktake and Water Security Assessment for Self-Supplied Remote Communities](#) (March 2024).

¹⁶ SACOSS, [Statewide Pricing Policy: Minor and Intermediate Retailers](#) (2025) 4.

¹⁷ SACOSS, [Annual SACOSS Briefing to the Minister: Issues effecting South Australian water consumers](#) (September 2024) 13-14.

complex – distinct community needs, remote locations, a range of retail providers and potentially requiring legislative reform to implement.

Theme 1: Pricing and economic regulation

Trade-offs between policy objectives

South Australia finds itself at a cross road when it comes to balancing government policy objectives and the need for independent oversight of capital spending. Again, the proposed SAGWT has made clear that if it proceeds as proposed, the current regulatory determination process will no longer occur, with capital spending set under the state budget.¹⁸

It is not yet clear how considerations of cost-recovery, monopoly price regulation, regulated asset base, social equity or customer protections will be addressed under the SAGWT. Answers to these questions will be fundamental to developing our view of the operation of the SAGWT and we will be pushing the government to engage as early as possible to understand how these factors will be balanced.

The South Australian government has made it clear that a driving factor behind the proposed SAGWT is to “deliver more housing and support the growth of industry” and that it is necessary to “reform the architecture of Government” in order to do it.¹⁹ It is not clear whether ESCOSA’s current primary objective to protect ‘the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services’²⁰ will equally apply to the performance of the Government’s functions under the proposed SAGWT.

Again, we recommend that the Productivity Commission seek further information from the South Australian government as per our primary recommendation above.

How is affordability defined, considered and assessed in practice in price setting processes? Is affordability primarily addressed through targeted measures for customers experiencing hardship or vulnerability, through average/broader price moderation for all customers, a combination of both, or otherwise?

Throughout regulatory processes undertaken by ESCOSA, SACOSS has repeatedly raised that considerations of ‘price’ must include consideration of ‘affordability’. In previous regulatory determinations affordability has not been considered, which in our view does not enable ESCOSA to fully consider the impacts on customers.²¹

¹⁸ South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 8.

¹⁹ South Australian Labor, [SA Gas and Water Trust: An economic development reform](#) (2026) 2.

²⁰ [Essential Services Commission Act 2002](#), section 6.

²¹ SACOSS, [Submission to the Essential Services Commission of South Australia review of the small-scale water and sewerage regulatory framework](#) (November 2025) 7.

While broader price moderation is undertaken for customers that fall within the SA governments statewide pricing policy,²² those that are excluded are not supported through price moderation. These customers are serviced by small-scale retailers and must rely on hardship or payment plan options, which are not necessarily applied consistently between small-scale retailers. This puts those water users at significant risk and we have seen the impacts of this in a number of communities, with both water providers and customers going into high levels of debt.²³

Incentives and efficiency

How do current regulatory settings support efficient and prudent capital and operating expenditure?

The current arrangement with ESCOSA undertaking regulatory determinations for SA Water utilises the framework of prudent and efficient.²⁴ There have been instances where this framework and ESCOSA processes have been altered by Ministerial Directions to fund particular projects (often to support new housing developments), and SACOSS has expressed concerns over the lack of accountability of such measures.²⁵ Given the proposed SAGWT makes it clear that it prioritises delivering more housing and unlocking more industrial land, SACOSS' concerns about the ability to ensure prudent and efficient outcomes are increased, especially if the SAGWT will not meet the NWI agreement that the authority responsible for regulatory approvals be separate from the water provider.²⁶ It currently appears the SAGWT will undertake both roles.

Again, the questions we propose above as a recommendation to this inquiry will be important in ensuring prudent and efficient expenditure, and more broadly.

Theme 2: Governance, accountability and coordination

Roles, responsibilities and accountability

For those who fall outside of SA Water coverage, there is less clarity around who is responsible for what aspects of water service provision. For example, in some regional and remote areas, a small-scale provider bills the water user, but SA Water still maintains parts of the infrastructure. This is the case in the remote community of Umoona, but to add further confusion, SA Water only maintains water infrastructure, not sewerage.

As discussed above we also have communities that are responsible for their own infrastructure, but are billed by either SA Water or a small-scale retailer at a single meter at the gate. It does not appear that water users in these communities have access to consumer

²² SACOSS, [Statewide Pricing Policy: Minor and Intermediate Retailers](#) (2025).

²³ Coober Pedy is one such council. District Council of Coober Pedy, [Agenda Ordinary Meeting of Council](#) (25 March 2026) 150-152.

²⁴ ESCOSA, [SAWRD28: Framework and Approach Consultation Draft](#) (November 2025).

²⁵ SACOSS, [Submission to the Essential Services Commission of South Australia on SA Water Regulatory Determination 2028 \(SAWRD28\) – Framework and approach consultation draft](#) (December 2025) 5-6.

²⁶ DCCEEW, [Intergovernmental Agreement on a National Water Initiative](#) (2004) 34.

protections. This includes life-support, hardship, payment plan and concession provisions. The lack of protections afforded to those living in these communities is deeply troubling.

In a number of these communities the relationship with the water provider has broken down, due to increasing debt levels and the application of long-term water restrictions. This can lead to a breakdown of trust and limit opportunities to engage and resolve the issues in the long-term.

System coordination

How do current arrangements support effective coordination of water systems?

A potential opportunity presented by the introduction of the SAGWT is the chance to better integrate underutilised parts of our water management systems. Notably, stormwater and recycled water are not generally recaptured under current arrangements. Stormwater is not managed by SA Water and the fragmentation of responsibility has led to difficulty integrating those systems. A centralised approach under the SAGWT may allow for better integration of these water sources, but we await further detail to see if these opportunities manifest.

Theme 3: Regional, remote and equity considerations

Financial sustainability and viability

What structural or other factors (such as scale, customer density, workforce constraints or source water viability) affect provider viability?

As discussed above²⁷ there have been concerns raised by the SA Auditor General and ESCOSA regarding the ability for small scale retailers to fully cost recover. In our view, factors that contribute to this difficulty include a small customer base, lack of expertise to maintain infrastructure, lack of CSO funding and in some instances, the lack of financial separation of water entities from other local government functions.

In terms of what would likely improve performance, stricter reporting requirements to effectively monitor retailers and identify those who are falling short and recognition from government for regional and remote operators to be sustainable long-term CSO payments must extend to them. In some areas regional and remote providers have asked for SA Water to take over operations, allowing these communities to benefit from economies of scale and expertise brought by SA Water.²⁸

²⁷ See page 7.

²⁸ District Council of Ceduna, [Water West Advisory Committee](#) (December 2017) 8-10.

Service equity

How well designed are pricing and community service obligation arrangements to transparently balance cost-recovery and affordability?

As discussed above,²⁹ ESCOSA has moved to a self-reporting 'verified trust and accountability' (VTA) approach to oversight. What this has resulted in is significantly reduced levels of reporting and transparency. SACOSS has previously made submissions to ESCOSA outlining that this approach risks not identifying retailers that are not meeting their obligations. The VTA approach also means that ESCOSA does not make specific pricing determinations for small-scale retailers, unless it believes it is required.³⁰

These factors, along with the lack of CSO payments as discussed above, result in issues from both a cost-recovery and affordability perspective.

What have been the implications of lower service standards and reliability in regional and remote communities, such as economic and social outcomes?

SACOSS worked in conjunction with two regional service providers and engaged with two remote communities who are experiencing high water costs. Participants were identified through financial counsellors and then interviews were undertaken to hear how access to water was affecting their wellbeing. Wellbeing was considered on both an individual and community level. The results from that consultation were startling, with participants acknowledging a range of effects on their mental and physical health and also a break down in social cohesion. A lack of trust in the water provider was repeatedly raised, with many resorting to obtaining an independent supply of drinking water (eg. bottled water) due to fears around safety of the water and reliability.

For further information, please find the full report [here](#).³¹

Theme 4: National consistency and intergovernmental coordination

Throughout this submission we have raised questions as to whether the proposed SAGWT in its current form will be consistent with the agreed NWI principles. We see that this may present an ongoing challenge to national consistency if any inconsistencies in the final version of the SAGWT go beyond allowing jurisdictional flexibility. While recognising the need for flexibility, particularly when it comes to at risk communities and equity concerns, the questions we have raised in this submission remain.

We hope the Productivity Commission can pursue these questions so that there will be greater clarity and we can be assured that the long term interests of South Australian water consumers and the community more generally are protected and advanced.

²⁹ See page 7.

³⁰ SACOSS, [Submission to the Essential Services Commission of South Australia review of the small-scale water and sewerage regulatory framework](#) (November 2025) 9.

³¹ Department for Environment and Water, [Water and Wellbeing: Water affordability and impacts on individual and community wellbeing](#) (2025).