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Urban Water Inquiry  
Productivity Commission  
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Submission in response to the Productivity Commission Issues Paper:  
*Australia's Urban Water Sector*, September 2010

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to comment on issues raised in the Productivity Commission paper, *Australia's Urban Water Sector*.

TasCOSS is the peak body for the Tasmanian community services sector. Our membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and advocates for the interests of low income and disadvantaged Tasmanians to government, regulators, the media, and the public.

Our particular interest in water reform is related primarily to ensuring the provision of safe, affordable household water supply and wastewater services to Tasmanian households, regardless of their means.

As you may be aware, the Tasmanian Government is currently undertaking major reforms of the state's water and sewerage sector and many of the issues raised in the Commission's paper are highly relevant to those reforms. TasCOSS has been an active participant in the ongoing consultations involved in the reform process and has consistently advocated for the principles of equity and affordability in the reform of Tasmania's water and sewerage services.

Your issues paper rightly acknowledges that water and sewerage services are essential to public health and community wellbeing. This is the context in which reforms are being undertaken in Tasmania, and in which further reforms are being considered nationally. It follows that the objective of reform must therefore be to ensure universal access to high quality urban water and sewerage services.

In Tasmania, this necessitates significant investment in water and sewerage infrastructure so that services can meet environmental, health, service and other regulatory standards. Tasmania's water and sewerage infrastructure is currently in a parlous state after years of neglect in many areas. The cost required to bring the state's infrastructure up to current standards is estimated to be around \$1 billion

which is far more than can be reasonably recovered from consumers. It is therefore imperative that both the Tasmanian and the Federal governments make major investments in Tasmanian water and sewerage infrastructure.

The objective of reform also requires the development of pricing principles and structures that ensure ongoing affordability of water and sewerage services. TasCOSS supports tariff structures that recognise the essential nature of water supply and provide a first tariff block that is priced very low (or is provided at no cost), with subsequent inclining blocks priced appropriately (to encourage conservation and to recover costs) and supported by an effective concession system for those living on low incomes.

Equitable access to essential services, including water and sewerage services, is a significant issue in Tasmania, as it is across Australia. Our members report that people living on low incomes are finding it increasingly difficult to meet the basic costs of living as housing, energy, food, transport and other costs rise. It is therefore imperative that water and sewerage services are buttressed by pricing structures and support systems that ensure ongoing affordability and equity of access.

TasCOSS supports the principle of uniform or 'postage stamp' pricing within jurisdictions.

We also support the requirement that water and sewerage service providers establish and implement approved hardship policies that ensure that no household is disconnected from supply for inability to pay. Hardship policies should deal proactively with consumers experiencing financial hardship by offering such options as payment plans with instalments tailored to individual consumer circumstances; referral to financial counselling and support services; and occasional and negotiated payment or total bill waivers.

We see a major role for governments in the provision of water supply and wastewater treatment as essential services. Many state governments own water and sewerage services, and in Tasmania, the services are now provided by entities wholly owned by consortia of local governments. The services are, by their infrastructure intense nature, natural monopolies and are – appropriately – robustly regulated.

It is appropriate that these services, as public goods, are provided by governments and we see no need to artificially impose market structures and/or competition at any level in the water supply and waste water service chains. While markets are believed to allocate scarce goods and services efficiently, they also push up prices in pursuit of profits and, in allocating essential services, create financial hardship amongst vulnerable and disadvantaged people. Reform processes in this area should focus instead on the key objective of providing universal access to high quality urban water and sewerage services.