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Cameron LeMaitre  
Urban Water Security Branch  
Department of the Environment, Water, Heritage and the Arts  
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waterinformation@environment.gov.au

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Dear Mr LeMaitre

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to comment on the Draft National Water Initiative Pricing Principles (Draft Principles).

TasCOSS is the peak body for the Tasmanian community services sector. Its 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 their clients to government, regulators, the media, and the public. TasCOSS is taking an active role in Tasmania's urban water reform process, advocating for consumer protections and pricing and concessions frameworks that will enable Tasmanians on a low income to access affordable, clean and reliable water supplies.

The importance of adequate water supplies to Australian society is undeniable and TasCOSS supports the development of these Draft Principles to ensure that the efficient costs associated with the delivery of water as an essential service are recovered.

We would like to draw your attention to Draft Principle 6, Community Service Obligations, on page 16. This Draft Principle states that,

*Where practical, jurisdictions should aim to reduce or eliminate subsidies or Community Service Obligations. Any shortfall between the revenue required to achieve cost recovery from water users and the total costs recovered through water charges, should be transparently reported.*

TasCOSS is concerned that this Principle treats all subsidies and Community Service Obligations (CSOs) as similar instruments, and calls for their reduction without acknowledgement of their difference or the benefits provided by appropriately designed CSOs.

As TasCOSS understands, in keeping with National Competition Policy, Community Service Obligations provided by water entities *are* (or now should be) fully commercially costed and separately and transparently funded through Government consolidated funds. Such CSOs have been designed to remove cross subsidies within business operations while still allowing social policy objectives (positive externalities) to be achieved.

TasCOSS is of the opinion that greater clarity is required from this Draft Principle. We do not feel that it is appropriate to call for the reduction of CSOs 'where practical'. Rather, we feel it is appropriate that CSOs be reduced if the social policy objective behind their provision is achieved. For example, many CSOs in urban water will be provided to ensure that water, an essential service, is affordable for all. If a water business was able to conduct its operations so that the price of water became affordable to all (and the concept of 'affordable' was independently verified) then it would be appropriate to remove any existing CSO designed to provide a concession to low income customers.

Therefore, TasCOSS is of the opinion that the principle should make no reference to reducing or eliminating CSOs 'where practical' and should instead concentrate on ensuring that CSOs are appropriately designed, fully costed and transparently funded.

We hope our comments have been helpful. Please contact Miranda Kellett on 6231 0755 if you require any further information or clarification.

Yours sincerely



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