# Utilities Cost of Living Policies

## SA State Election 2018

SACOSS
South Australian Council of Social Service

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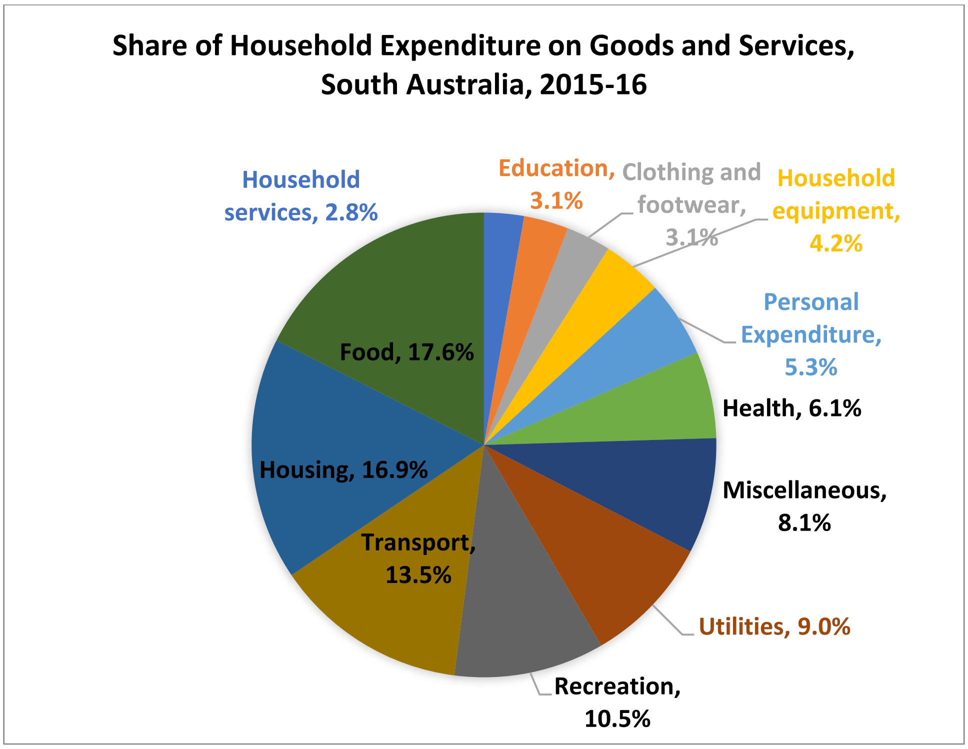
## Contents

# Introduction

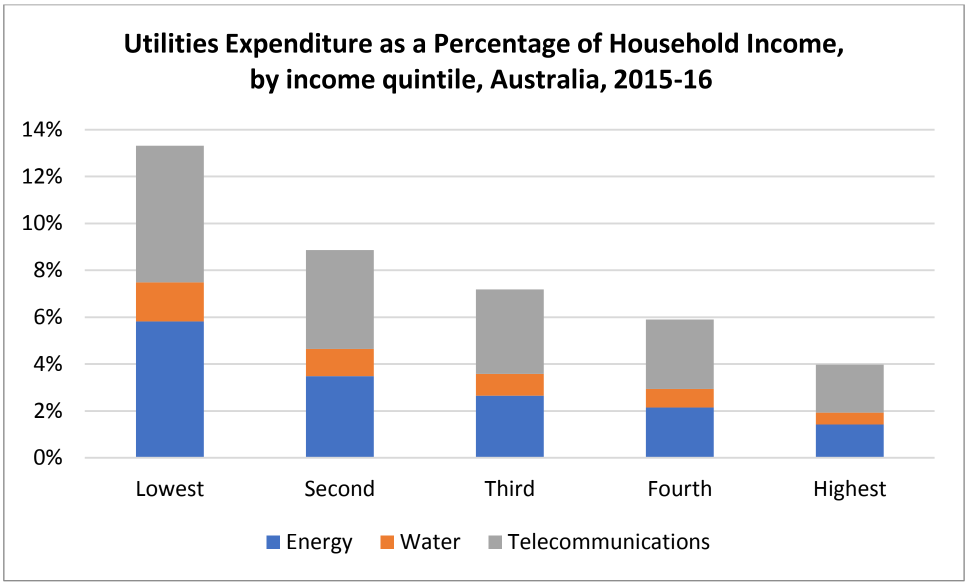
The utilities of energy, water and telecommunications are basic expenditures for all households and share the common characteristics of being essential services, significant costs in the household budget and regressive expenditures. SACOSS calculations from the latest ABS *Household Expenditure Survey* (ABS, 2017a) show that South Australian households spent on average $107.88 per week on the three utilities in 2015-16, constituting some 9% of average household income. That puts utilities as the 5th biggest household expenditure item.




*Source: ABS, 2017a*

The impact of utilities costs on the household budget is arguably greater than the simple proportion of expenditure figures suggest as the impact is magnified by "bill shock", where utility bills often arrive as lumpy expenditures. In the case of energy and water, bills can be highly seasonal and fluctuate significantly in terms of both price and usage (e.g. during heatwaves), making budgeting and planning difficult. For telecommunications, "bill shock" can arise from unexpected excess data or call charges on phone users.

While utilities expenditure impacts on all households, it impacts particularly on those on low incomes both because these households have less room to move in their weekly budget and because the expenditure is very regressive – that is, it accounts for a far bigger proportion of the income of the lowest income households than those on higher incomes. The ABS (2017a) national data shows that the lowest income quintile households spent 13.3% of their income on utilities, while for the highest income households utilities accounted for just 4% of their income. (The figures here are expressed as a percent of income rather than current expenditure, because the proportion of income is more relevant to the ability to pay and the potential hardship).




*Source: ABS, 2017a*

Within this regressive expenditure pattern, SACOSS's 2017 Anti-Poverty Statement identified a number of poverty premiums where those in the lowest income households were paying extra energy and telecommunications costs that were not paid by higher income households. The premiums ranged from 28% for energy customers unable to pay bills on time to 490% for mobile data for those who could not afford more expensive phone plans (SACOSS, 2017a).

It is not surprising then that a majority of low income households surveyed by SACOSS in 2016 said that energy and telecommunications bills were two of the top 5 most important factors in their household budget (Ogle & Musolino, 2016).

The necessity of energy, water and telecommunications, coupled with the significance of household spending on utilities, the regressive nature of that expenditure, the embedded poverty premiums and the hardship caused by rising prices and expenditures all mean that state governments must act to ensure all South Australians are able to have access to affordable utilities. This will be a key issue in the state the election and SACOSS expects that all parties will not only address price issues, but will focus policies on those who are struggling most with affordability.

# Policy Summary

**Energy**

- Modernising the energy concession so it is paid as a percentage of the bill
- Providing a land tax concession for residential landlords investing in government approved energy efficient activities
- Enabling a greater proportion of low income energy consumers to have access to free energy audits to help reduce energy consumption
- Ensuring targeted energy audits are only delivered by community sector organisations with expertise in managing vulnerability
- Introducing a residential energy efficiency disclosure scheme

**Water**

- Requiring landlords to pay water supply charge (unless otherwise agreed with tenant)
- Revising processes in place to identify, engage and assist water customers in hardship prior to restriction of water supply

**Telecommunications**

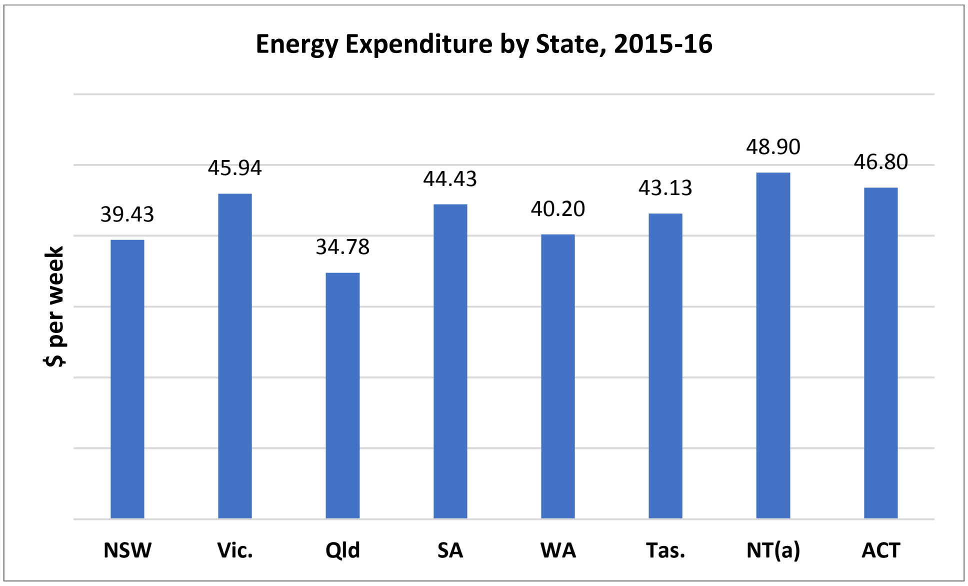
- Committing to specific initiatives to increase the provision of free public wi-fi in areas of digital disadvantage
- Making all sa.gov.au websites free (unmetered data) to users

# Policies

## Energy

### A percentage-based energy concession

In the 2015-16 *Household Expenditure Survey*, the average South Australian household paid around $44.43 per week for domestic fuel and power (ABS, 2017a). This was about the middle range among states and territories, but as a percentage of household income South Australian energy expenditure was the second highest in Australia (behind Tasmania – due to the lower average income in both SA and Tasmania).




*Source: ABS, 2017a*

Prices have been rising at a rapid rate over the last decade. In the last ten years, Adelaide's CPI for electricity has increased by 140% compared to the Adelaide general CPI rise of 25%. This includes a major 21% rise in the September Quarter this year (ABS, 2017b). Similarly, Adelaide's CPI for gas has risen by 90% since 2007, with an 8% increase in the last quarter.

In South Australia the state government provides a single Energy Concession to assist eligible customers with electricity, and if applicable, mains gas or LPG costs. The rebate is currently capped at $217.90 per annum. Eligibility includes recipients of a government concession card (Pensioner Concession Card, Low Income Health Care Card, Gold Card from the Department of Veterans Affairs) as well as recipients of various Centrelink payments, including Austudy, Newstart and Sickness Allowance. The concession is also extended to residents of residential parks who are billed by the park operators.

Data from the Auditor-General report to the Department for Communities and Social Inclusion (Govt of SA, 2016) below shows the changes in the value of the energy concessions over time, but it is important to note that these are the maximum concession rates and not all households receive the full concession.

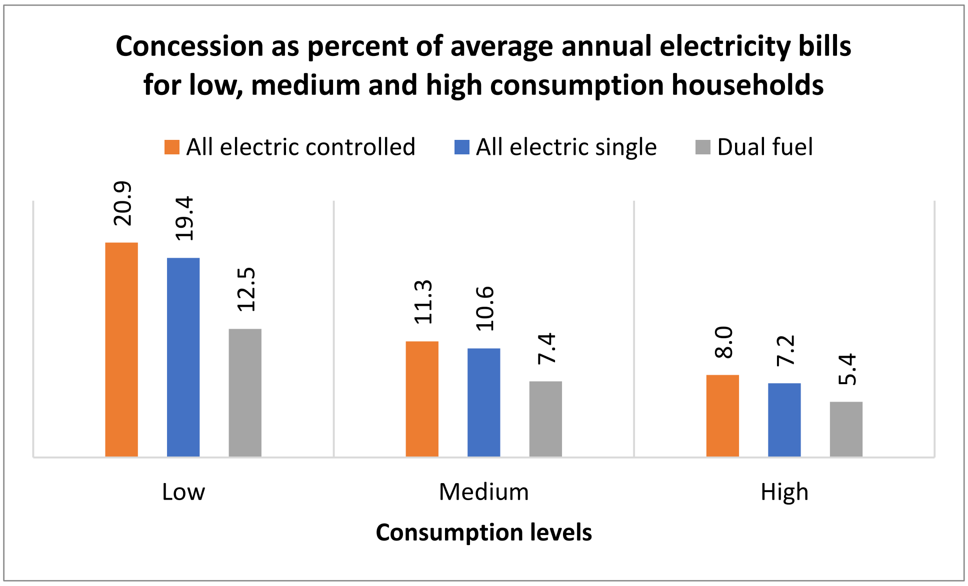
**Value of Energy Concession Over Time**

| Concession Type | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|---|---|---|---|---|---|
| Energy (Maximum) | 120 | 150 | 158 | 165 | 165 | 215 | 215 | 215 | 217.90 |

*Source: Govt of SA, 2016*

While there have been some significant and welcome increases in the flat rate concession, most notably in 2014, the 79% increase since 2009-10 has not kept pace with price increases with CPI for electricity rising by 106% in the same period (ABS, 2017b). It is also poorly targeted as it does not take account of differences in household consumption. Once a household qualifies for the concession (based on their income) the concession is paid at the same rate regardless of the energy consumption of the household. Accordingly, a family with two children may in practice receive the same concession relief as a single person household, despite having larger consumption needs and consequently higher energy bills.

The chart below shows that all-electric households with controlled load[1] and low overall consumption (3,000 kWh per annum) will receive a 21% reduction to their electricity bills. By comparison, for high consumption households (9,000kWh p.a.) the reduction is 8%. Similarly, for dual fuel customers, low consumption households (3,000 kWh and 11,000Mj), will receive a 12.5% reduction, while high consumption households (9,000kWh and 31,000Mj) will only receive a 5.4% reduction.[2]

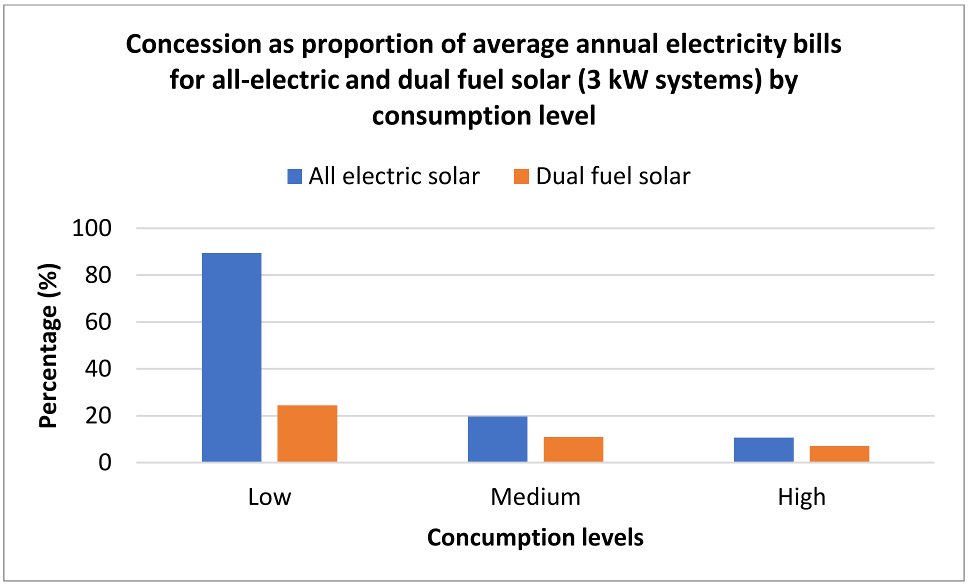



*Source: SACOSS calculations based on average market offer available as of January 2017, inclusive of pay on time discounts and GST*

1 'Controlled load' is electricity supplied to specific appliances, such as electric hot water systems or slab or underfloor heating, which are often separately metered.

2 All calculations are *inclusive* of pay on time discounts and GST, and based on offers available in South Australia from in January 2017

The concession is also payable (for those who are eligible on the income criteria) even if households have solar panels which greatly reduce net energy consumption and costs. Households with solar systems installed may have the same consumption needs as non-solar household but their electricity import rate is lower due to the electricity generated for own use. The chart below shows the concession as proportion of bill for all-electric (single rate) and dual fuel solar households with low, medium and high consumption (including generation). For the purpose of this comparison, we have assumed that the households are located in metropolitan Adelaide and have a 3kW system installed. As low consumption all-electric households with a 3kW system installed will hardly need to import electricity from their retailer, the concession received would mostly go towards covering the fixed supply charge. The concession would thus cover approximately 90% of the electricity bill.[3]




*Source: SACOSS calculations based on average market offer available as of January 2017, inclusive of pay on time discounts and GST*

In each case (electricity only, electricity/gas, and grid/solar electricity) low consumption households receive a relatively higher value concession compared to higher consumption households in South Australia. This does not suggest a concession system targeted to those customers that face the biggest payment difficulties.

A 2012 study by Simshauser and Nelson, based on AGL customer data, reveals the cohorts who are likely to experience hardship. It shows that relatively high consumption families (The "Family Formation" cohort) are over-represented amongst customers experiencing hardship. The study characterises the "Family Formation" cohort as:

> "[T]he head of house being aged between 30-49, living in a large house, with a substantial mortgage or rental costs and two uncontrollable consumers (otherwise known as children)" (Simshauser and Nelson, 2012: 2).

3 As this is based on average market offer bill and some retail offers would produce negative bills, the average includes six offers where the bill is zero (post concessions).

While only 10% of AGL's customers are aged between 40-44 years old, 16% of customers experiencing hardship are in this age group. By comparison, 5% of the customer base is between 75 and 79 years old but this age group only accounts for 1% of customers experiencing hardship. In relation to consumption, 51% of customers aged 65 or more (ie. pensioners/concession recipients) use less than 4,000kWh per annum while 49% of customers aged between 35 to 55 use more than 12,000kWh per annum.

In SACOSS' view, a single fixed-amount energy concession is not likely to adequately improve energy affordability across a large state with various, and complex, factors causing financial hardship.

A percentage based concession will deliver a more equitable outcome and it would ensure that the energy concession keeps pace with price changes. The better targeted percentage based concession will ensure that those most in need are able to access the appropriate level of support.

**SACOSS is therefore calling for all parties to commit to modernising the energy concession so it is paid as a percentage of the bill.** In the 2016/17 budget, the South Australian Government announced that the Energy Concession (as well as other concessions) would be indexed to CPI from 1 July 2017. While indexing the concession is a step in the right direction, the cost of energy may rise by more than CPI. In these circumstances, the relative value of the concession erodes over time, so a percentage-based concession remains a better alternative.

## Land Tax Concession for residential landlords investing in energy efficient activities

In South Australia, over a quarter of the population are renters, with rental occupancy growing steadily since 1981 (Shelter SA, 2015; ABS, 2017c). The number of private renters in South Australia has increased from 16% in 1991 to 21% in 2016, while the number of South Australians living in public housing has declined from 11% to 6% over the same time period (SACOSS, 2017b).

On average renter households have lower incomes than others (nationally $267 per week or 15% below the average of all households) (ABS, 2017c). This means it may be harder to afford energy efficient technology and activities which would help to lower household energy bills, such as insulation, glazing, upgrading water heaters or solar panels. And even if renters could afford such energy/cost saving technology, there are additional barriers to investing in it, including short term rental tenures and difficulties in gaining authorisation to alter elements of the rental property such as electrical wiring, fixtures or fixed appliances (QCOSS, 2017).

Further, with energy costs being born by tenants, there is very little incentive for landlords to invest in energy saving technologies. However, landlords pay annual land tax on investment properties and SACOSS believes that the tax system here could be used to provide incentives for energy-saving investments. Such a move would be popular with landlords (who would get tax concession), with renters who would potentially get the benefits of energy-saving technology they otherwise would not have access to, and with the general public. SACOSS' survey of South Australian attitudes to taxation found that 77% of survey respondents supported using tax concessions to promote positive social outcomes (SACOSS, 2017c), and reducing the energy consumption of a households also reduces overall demand on the grid.

**SACOSS is therefore calling for all parties to commit to implementing a land tax concession for residential landlords who invest in approved energy efficient activities.**

The framework for assessing and approving the eligibility of any investment for such a concession already exists in the list of Retailer Energy Efficiency Scheme (REES) Energy Efficiency Activities. The REES is established under the *Electricity (General) Regulations 2012* and *the Gas Regulations 2012*, and is administered by the Essential Service Commission of South Australia (ESCOSA) in accordance with the Retailer Energy Efficiency Scheme Code (ESCOSA, 2015). Each activity in the REES approved energy efficiency activity list has corresponding specifications and energy saving values (measured as GJ). For example, installation of insulation in an uninsulated ceiling space has a savings factor of up to 1.62 (DSD, 2017). The total energy savings from undertaking this activity is calculated by multiplying the energy savings factor by the insulation area the activity was applied to. Similar calculations and saving values can be calculated for eligible activities such as replacement or upgrade of water heaters, glazing retrofit, or installation of energy efficient lighting.

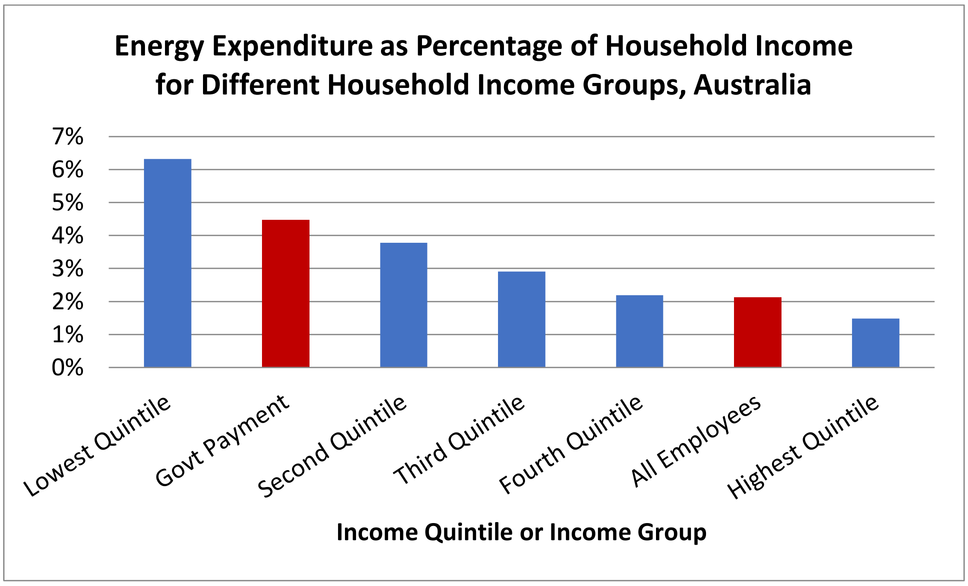
SACOSS is proposing that in order to qualify for the energy efficiency land tax concession, residential landlords would need to undertake approved REES energy efficiency activities at their rental property above a certain level of energy savings. ESCOSA should be asked to a make a recommendation as to the minimum energy saving required to qualify for the land tax concession, while Treasury would need to set the level of the concession. We anticipate that the concession would be in the form of a percentage of the expenditure up to a certain value (or perhaps up to a proportion of the land tax owed on the property).

To provide a useful incentive the concession would have to be significant, but for reasons of administrative simplicity and cost to revenue, SACOSS is proposing that it be a one-off concession. Essentially, it would be a discount on land tax in the year that the energy saving investment was made and it should also have a bar on raising rent (above CPI) for 12 months after the energy expenditure. However, we leave the actual level of the concession up to the parties in this election and a future government to decide.

## Free Home Energy Audits for a greater proportion of low income households

The 2012 study by Simshauser and Nelson, based on AGL customer data, shows that while 26% of AGL's total residential customer base are concession card holders, the proportion of concession card holder customers with imminent disconnection status is 18%. This statistic suggests that a significant proportion of customers experiencing payment difficulties may be low income earners not in receipt of government benefits, a group sometimes referred to as the working poor.

This observation is supported by the national data from the *Household Expenditure Survey* which shows that in 2015-16 those in the lowest income quintile spent on average 6.3% of their household income on energy (domestic fuel and power), which was significantly above the average of 4.5% for households whose major source of income was social security payments (SACOSS calculation from ABS, 2017a). Given that many Centrelink recipients would also be in the lowest income quintile, for these figures to work there are clearly considerable numbers of very low income households not on government benefits who are spending far more than 6.3% of their income on energy.




Source: SACOSS calculation based on (ABS, 2017a)

SACOSS is extremely concerned about this growing class of the working poor – a significant proportion of households who are struggling to make ends meet on low wages and salaries, or potentially less than full time work. This group is particularly vulnerable as they are unable to access the traditional supports such as government concessions, rebates and income support and unlikely to access financial services. For this reason, we are proposing that the Retailer Energy Efficiency Scheme (REES) Regulations make provision for the working poor to be able to access tailored support.

As part of the Scheme, retailers must meet annual targets for conducting home energy audits for 'Priority Group Households' (see clause 1.6 of the REES Code). Only priority group households are eligible for a free home energy audit, which involves an in-house visit by an authorised auditor assessing a household's current energy use practices and helping to identify practical ways to improve energy efficiency in line with minimum specifications set by the Minister.

Priority Group Households are defined to mean residential premises in which a person resides who is a recognised concession card holder, or who "falls within a class of persons who are experiencing hardship determined or approved by the Minister or the Commission for the purposes of these regulations".[4] In 2009, the Commission approved the inclusion of residential customers participating in retailer hardship programs as being within the

[4] See Regulation 23(1)(g) of the *Electricity (General) Regulations 2012* and Regulation 17(1)(g) of the *Gas Regulations 2012*

definition of priority group households (see clause 1.7 of the REES Code). In July 2016, the Minister added in residential customers who are referred by a registered financial counsellor (ESCOSA, 2017).

**SACOSS is proposing that the REES priority group be extended to include customers whose income falls below the minimum wage** (adjusted for household size[5])**.** This would expand the threshold and allow households on very low incomes, but who do not hold concession cards, to qualify for free home energy audits (before their energy security deteriorates to the point where they qualify under hardship provisions). Technically this would simply require the Minister to approve an additional inclusion of this low income group under the regulations (as was done in relation to financial counselling referrals in 2016). Retailers will act as the agent to approve status, as per the other priority group customers, and recent payslips could suffice as proof of eligibility.

## Vulnerability experts to deliver REES energy audits

As part of the current REES code, retailers are obliged to undertake energy audits in respect of priority group households to meet the obliged retailer's allocation of the annual energy audit target (ESCOSA, 2015). Energy audits are delivered by obliged energy retailers and/or third party providers to incentivise households and businesses to achieve energy savings. This delivery of audits by energy retailers or commercial providers stands in contrast to the Federal Government's Home Energy Saver Scheme (HESS) where community sector organisations were engaged to deliver energy audits. While the scheme was defunded prior to a formal evaluation, this scheme was highly regarded by community sector organisations and smaller versions of this scheme continue to operate in some jurisdictions.

The value of community sector workers carrying out the energy audit roles cannot be understated. These workers have an understanding of the client base and affordability issues affecting those under energy-related financial stress, such as unemployment, debt-burden, lack of housing options and specialised needs (e.g. mental illnesses, CALD, and people with disabilities). Community sector workers also have understandings of, and connection to organisations offering broader supports including concessions, financial counselling and income support.

An example of the type of wrap around services offered through community sector knowledge is provided in the case study below. In this case, the client was offered access to the energy concession, a financial counsellor and No Interest Loans Scheme as part of the energy assessment visit. This clearly demonstrates the value add of having a community sector vulnerability expert offering energy advice rather than simply an energy expert.

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5 The minimum wage is currently $149 per week above the Low Income Health Care Card eligibility limit for a single person. The eligibility criteria for REES priority group should apply the minimum wage equalised for household size using the OECD scale. For instance, for a two adult household the eligibility cap would be 1.5 times the minimum wage, and 1.8 times for two adults and a child. These equivalised caps would generally be above the Low Income Health Care Card (and would be available for those who have not applied for the Health Care Card).

Community sector organisations are also well-placed to deliver energy audits due to the sector's work in related programs. The South Australian Government has committed $850,000 p.a. over three years to refund the Utilities Literacy Program (now relaunched as ConnectEd). This is a welcome investment in a program that helps to deliver information sessions and training on managing electricity, gas, water and telecommunications bills to disadvantaged South Australians. It now includes 350 home energy visits to be conducted by Uniting Care Wesley Bowden, Uniting Communities and Uniting Country SA. Given the recognition and significant investment into building the capacity of community workers and volunteers across the three organisations, it is efficient to extend these skills and expertise as the REES provides access to a larger pool of vulnerable customers needing energy audits.

**SACOSS calls on all parties to make provision for REES energy audits to be delivered only by community sector organisations with expertise in managing vulnerability**. Provision for this is to be made under Clause 3.3.2 of the REES Code.

**Case Study**

*Uniting Communities provides free Home Energy Assessments to customers on energy hardship programs. One such client was referred to Uniting Communities with her electricity account $1800 in arrears with usage increasing each bill. The retailer hardship team had told her she needed to pay $130 per f/n to cover her current usage.*

*The client is a sole parent with 3 children under 12. Her partner recently moved out from the private rental home. Her 5 year old son suffers from severe asthma and has learning and behavioural issues. The 12 year old daughter has been struggling at school this year and the mother said she is having trouble trying to get her to school. Her income is Parenting Payment Single, FTB, rent assistance and a Carer's Allowance.*

*During the Home Energy Assessment, the energy worker examined the last bill and identified that she was not receiving the energy concession – despite being eligible for over 2 years.*

*The worker:*

- *Ordered copies of the account bills as from 1st January 2016 to email to the concessions hotline for backdating of the concession (over $250 to be credited to the account) and arranged for completion of the concession application;*
- *Advised her that she would be eligible for the Cost of Living Concession (which she had no knowledge of) and assisted in the application;*
- *Advised her that she would receive an 18% discount on usage if she were switched from a standard plan to a different offer;*
- *Identified a fan heater being used overnight as the source of high heating usage in winter (which was contributing to high bills) and discussed ways of minimising usage;*
- *Contacted the energy retailer to refund late payment charges on the account, and;*
- *Identified that the household has an electric hot water service but does not appear on the bill as controlled load – therefore the householder is paying peak rates for hot water. The energy worker discussed options for the family to reduce hot water use.*

*During discussions with the householder, the householder mentioned that she was very stressed and barely coping with her children and financial situation with no family support. The worker was able to tell her about a local community group for parents of young children with a crèche, as well as a specialist counselling for her daughter offered at her local community organisations.*

*The client admitted that she has been avoiding any contact with her retailer because she did not know what to do. She was at risk of disconnection. The worker rang the retailer on the client's behalf to change her payment plan into something more manageable, connected her to a Financial Counsellor in her local area and referred her to the local NILS provider.*

*This visit had several positive outcomes and even though it was to address home energy issues, the community services energy worker was able to respond to the whole household circumstances which can impact indirectly on energy costs.*

## Residential Energy Efficiency Disclosure Scheme

Improving the energy efficiency of South Australian households will not only reduce household energy bills, it will also improve the health and wellbeing of South Australians (EEC, 2016), particularly vulnerable South Australians living in sub-standard housing.

A recent report by ACIL Allen Consulting (2017) highlights the considerable evidence that improved household energy efficiency measures have multiple impacts, including positive impacts on health and wellbeing, supports for vulnerable people and public health expenditure savings. In addition, energy efficiency impacts the energy system and overall economy. The ACIL Allen Report found that non-energy benefits of household energy efficiencies policies / programs (such as increased home comfort and improved health outcomes) could be of greater value than the energy savings delivered.

The Australian Energy Efficiency Policy Handbook (EEC, 2016) recognises that while energy efficiency of new homes and appliances has improved as a result of minimum standards, existing homes are still very inefficient. Vulnerable households face particular disadvantage, as they have limited capital to invest and if renting, the landlord-tenant relationship splits the control and the benefits, resulting in few energy efficiency measures being taken up by landlords.

The Handbook recommends the development of a National Residential Energy Efficiency Disclosure Scheme. In 2009, COAG made a commitment in the National Strategy on Energy Efficiency to phase in mandatory disclosure of residential building energy performance at the time of sale or lease by May 2011 (COAG, 2009). The implementation of this strategy has been met with implementation issues, and ACT is the only State to have successfully introduced mandatory disclosure for energy efficiency of residential properties at point of sale. Other States are making progress. The Victorian government has announced a major expansion in the availability of the Residential Efficiency Scorecard by April 2018 (Govt of Vic, 2017), while the NSW Government has flagged energy efficiency performance ratings for homes being displayed at point of sale as an issue for consultation in their recent Draft Plan to Save Energy and Money (Govt of New South Wales, 2016). It is timely for the SA

Government to set a pathway to introduce mandatory energy efficiency ratings for homes at point of sale and lease.

SACOSS has made a submission to the South Australian Housing Safety Authority in response to the review of the *Housing Improvement Regulations 2017*, supporting the inclusion of minimum standards for energy efficiency for residential premises (SACOSS, 2017c). The introduction of energy efficiency performance ratings for homes at the point of sale, or an energy efficiency disclosure scheme, is a proven incentive for home owners to improve the energy efficiency of residential premises (EEC, 2016). **SACOSS is therefore calling for all parties to commit to introducing a residential energy efficiency disclosure scheme.**

# Telecommunications

## Increased provision of free public wi-fi in areas of digital disadvantage

The state government has recently announced a move to put free public wi-fi on public transport, and the Adelaide CBD also boasts free public wi-fi. This access to free public wi-fi should be expanded to other public places and could be particularly targeted to disadvantaged areas where the users would benefit most from such a free service.

Expanding the availability of free public wi-fi is particularly important to those on lowest incomes. SACOSS' *Connectivity Costs* report noted the struggles of those on low incomes to afford data and stay within the data limits on the telecommunications plan that were available for those on low budgets (Ogle & Mussolino, 2016). It is also the case that for one in five Australians, their only internet connection is via a mobile phone. Those on low incomes, not employed or with lower education levels are more likely to be mobile only users, as are Aboriginal Australians (Thomas et al, 2017). This is important because mobile data is the most expensive data on the market. SACOSS has calculated that those using mobile data can pay a poverty premium of 328% for a GB of data by comparison with those on home plans (SACOSS, 2017b), but many who are homeless, have insecure housing or just can't afford home-based computing devices may not have other connection options.

Provision of free public wi-fi would allow those on low incomes to retain some level of internet connection even where they did not have credit on a mobile phone. It would also help others stretch their data allowances across the month and their budget, and encourage/enable those on low incomes to have a greater digital presence and potentially more easily access services online.

Further, the provision of free public wi-fi in parks, malls, playgrounds and public spaces may also have community development benefits as it would also encourage people to utilise those spaces. This could help build vibrancy in those spaces and overcome the isolation that poverty, disadvantage and even home-based online activity may bring.

**SACOSS therefore calls on all parties to commit to increasing the provision of free public wi-fi in disadvantaged areas.** This could be done directly by government provision of services, or through grants or assistance to local councils, retail precincts, sporting clubs and community organisations to host free public wi-fi. Either way, provision for ongoing maintenance of the wi-fi connection would be crucial.

SACOSS is seeking more than a notional commitment to the idea of free public wi-fi. What is required is that parties detail either particular sites where the wi-fi is to be offered, or promise a particular sum of money for the provision of public wi-fi through a grant or other program, or a combination of both.

*This policy is also included in the SACOSS Digital Inclusion Policy*

## Unmetered access to government websites

Governments, both state and federal, reap the benefits of the cost savings in providing information and services online, and the South Australian government currently has a Digital by Default policy (Weatherill, 2014). However ,while moving information and services online has many benefits it also often transfers the cost of access onto the clients or citizens who have to pay the data (and printing) costs of downloaded or uploaded information. By definition, government websites provide vital access to government services and also provide information and feedback mechanisms for people to be active as citizens, so those sites and that information should be free to browse and download.

Those struggling with telecommunications affordability and juggling small data allowances (Ogle & Musolino, 2016) should not miss out on state government services or concessions (or any local or federal government service or payment for that matter) because they can't afford to freely browse the government website to find the right information and access points (or because their data runs out mid-download!). Similarly, if we would not accept a property qualification on voting in state elections, we should not accept an income/affordability barrier to participation in digital democracy where government websites (like YourSay) facilitate input into policy.

Accordingly, **SACOSS is calling for all sa.gov.au websites to be free to users**. In proposing this SACOSS notes that various telecommunications providers have agreements with entertainment providers like Netflix, Stan, Foxtel Play etc for non-metered content (presumably with the retailers wearing the cost in the hope of market share).

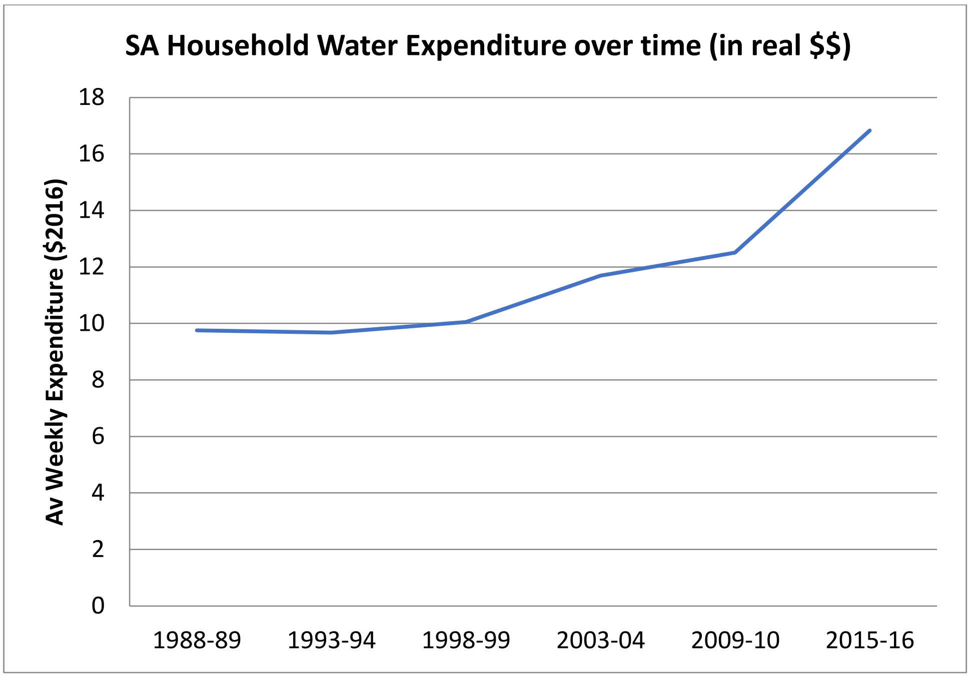
If similar arrangements were not possible for the state government, then the government should look to pay the telecommunication providers for the browsing, uploads and downloads to and from its websites. Even though this would involve cost to government, by encouraging online dealing with government, the state government would save itself staff time and money and allow better access to government for citizens. Further, there is an overall efficiency because the price per unit of data paid by the government should be far less than the top rates paid by many on low incomes who pay poverty-premiums on telecommunications plans (on this poverty premium, SACOSS, 2017b).

*This policy is also included in the SACOSS Digital Inclusion Policy.*

## Water

### Landlords to pay water supply charge (unless otherwise agreed with tenant)

In the *2015-16 Household Expenditure Survey*, the average South Australian household paid around $16.83 per week for water and sewerage rates and charges (ABS, 2017a). As noted above, there is a significant difference in income between tenants and home-owners. Water expenditure has significantly increased over time as illustrated below, and this has added to the pressures faced by tenants in paying for water.




*Source: ABS (2017a)*

One simple mechanism to reduce the cost of living pressures on tenants is to revisit water supply charge arrangements between landlords and tenants. Prior to 1 March 2014, rates and charges for water supply were borne by the landlord (in the absence of an agreement with the tenant) up to a limit fixed or determined by the regulations. Unless agreed otherwise, the tenant was only responsible for paying for water use over 136 kl per year.

On 1 March 2014 the *Residential Tenancies (Miscellaneous) Amendment Act 2013* (No 13 of 2013) came into effect. This made broad changes to the *Residential Tenancies Act 1995* (the Act), including to section 73 of the Act which relates to statutory charges. Tenants were made responsible for paying all water supply and usage charges on separately metered properties (in the absence of an agreement with the landlord). South Australia is the only state in Australia where the costs of water supply (an essential for life and a guaranteed human right[6]) are charged to the tenant.

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6 The Committee on Economic Social and Cultural Rights established to oversee the implementation of the International Covenant on Economic, Social and Cultural Rights (ICESCR), determined that the ICESCR includes a human right to water which encompasses entitlement to 'sufficient, safe, acceptable, physically accessible and affordable water for

The expectation that tenants will be able to negotiate an agreement with their landlord for payment of rates and charges for water supply on an equal basis, is unrealistic and unfair. Tight competition in the rental market and insecure tenure places tenants in an unequal bargaining position, inhibiting them from being able to meaningfully engage in negotiations with their landlord. Consequently, the March 2014 amendments have effectively made the default position one where tenants are responsible for the payment of water usage and supply.

The 2017-18 fee for the supply of water to South Australian homes by SA Water is $73.10 per quarter or $292.40 in supply charges per year – with the default position now being that this is to be paid by the tenant.

Put into the context of the water concessions, the maximum concession amount for tenants who pay water usage only (not supply charge) in 2017-2018 is $233.10, the maximum concession amount for tenants who pay full water and supply charges is $298.90 – so effectively the concession on the supply charge $65.80. If we deduct that concession from the total supply charge, we can see that even with a concession a renter paying the supply charge is now $223.90 per annum worse off as a result of the change which made them responsible for the supply charge. Obviously, this does not take account of any changes in rent to cover changes in water supply charges, but as noted above, it is an unequal power relationship and it is unlikely that rents would have been reduced to cover the changes. In fact, rents in the following year (2014-15) went up by 1.6%, which was above the general inflation rate of 1.2% (ABS, 2017b).

In addition, the South Australian taxpayer is also worse off as the government has had to pay the $65.80 for the higher concession rate that would not have applied if the landlord was responsible for the water supply charge.

In short, the 2014 amendments in relation to payment of water supply charges were mistaken and have added to cost of living for renters. **SACOSS is therefore calling for all parties to reverse the default responsibility for the water supply charge back from the tenant to the landlord.** Section 73 of the *Residential Tenancies Act 1995* should be amended to (once again) ensure the responsibility for payment of water supply charges lies with the landlord as the default position.

## Enhanced support for water customers at risk of restriction of water supply

In light of the increasing impact of utilities bills on vulnerable South Australians, existing hardship measures for South Australian water customers need to be reviewed. Water businesses must have robust processes in place to identify, engage and assist customers in hardship prior to restricting supply or taking legal action.

A survey of 600 South Australian water customers by Mint Research was commissioned by SACOSS to gain an insight into the experiences of water customers in relation to pricing,

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personal and domestic use' see CESCR General Comment No. 15: The Right to Water E/C 12/2002/11 http://www5.austlii.edu.au/au/legis/cth/bill_em/wab2015173/memo_0.html affordability, vulnerability and concessions (the Mint Report). It found that 29% of customers from lower income houses reported difficulty in paying their bill, with 87% of those customers experiencing difficulty always, often or sometimes. The most common reason for households experiencing difficulty paying their water bill was the increasing cost of living (47%). The majority of consumers surveyed (59%) felt that water bills had increased significantly over the past five years (Mint, 2017). Independent data supports this as noted in the policy above in relation to water expenditure.

In South Australia, customers face restriction of their water supply (where the flow rate of water at the household is reduced to a little more than a trickle) following the non-payment of bills. In 2015-16, 258 customers of SA Water had their water restricted under these circumstances. Water restriction for non-payment of bills significantly impacts vulnerable individuals and families who are going through serious financial stress and hardship.

A recent report (Urbis, 2017) was commissioned by SACOSS to gain a greater understanding of the profile of people who have had their water restricted, as well as the impact of water restriction on their lives. The Urbis Report found that the experience of restriction often heightened the stress that many customers were already feeling, as well as triggered a range of negative emotions such as feelings of shame, helplessness and embarrassment. Several customers delayed contacting SA Water, living with restricted water for long periods of time. This was because they did not feel they could afford to pay the water bill, and / or were not aware of bill payment supports.

The Report highlighted issues around the provision of information to customers at risk of water restriction, and recommended SA Water review its materials to ensure messaging promotes customer understanding and engagement with available supports. The Urbis Report noted that “despite receiving letters and notices, many customers were not aware of the supports available to customers experiencing financial hardship, and as a result, often delayed contacting SA Water.” Those customers who did contact SA Water found them to be supportive and helpful in managing their payment difficulties.

In contrast to South Australia, the Victorian experience has shown that a hardship-related guaranteed service level (GSL) has resulted in fewer water restrictions, where “all but one business with the hardship related GSL in place, reduced the number of restrictions they placed on customers’ water supply in 2010-11” (ESC, 2012: 21).

In 2010 the Victorian Essential Services Commission (ESC) required 9 of the 16 urban retail water businesses to implement a guaranteed level of service “which strives to prevent water restrictions being applied to customers in financial hardship” (ESC, 2012: 21). With the subsequent success of the Scheme, the ESC extended the hardship related GSL to all 16 urban retail water businesses in July 2012.

The hardship related GSL scheme provides that before a water business can restrict water to (or take legal action against) a customer, a minimum standard of contact with the customer must be undertaken by water businesses. A $300 fixed payment amount applies if there is a breach of this requirement. The payment can be made by the water business either directly to the customer or through a rebate.

The minimum standard of contact, defined as "reasonable endeavours" involves at least two attempts at personal contact either by phone or by personal visit on two separate days. If those two attempts at personal contact fail, then one further attempt must be made either by registered mail, or personal visit. Notably, if no number is on file, or the customer's number is disconnected, then the business must search the white pages for a contact number, and record the results of this search. One additional further attempt at personal contact by a personal visit with the customer must be made prior to restriction.

Although SA Water is currently required to fulfil a number of preconditions prior to the restriction of water for non-payment of bills under the Water Retail Code, including using their 'best endeavours' to personally contact the consumer by phone, mail, or visiting the property (ESCOSA, 2013), the Victorian checklist is significantly more comprehensive and provides a much higher standard for 'best endeavours' which must be satisfied by the water retailers prior to restriction. If not satisfied, the retailer must pay the customer, which creates an incentive.

ESCOSA has committed to work with SA Water and other stakeholders to ensure customer consultation occurs prior to the introduction of a regulatory customer payment scheme (including a GSL scheme) for SA Water's Regulatory Determination 2020 (ESCOSA, 2016b). In addition to this consultation, SACOSS supports ESCOSA conducting an investigation into the introduction of a mandatory hardship-related GSL in line with the Victorian example. The results of this investigation will be of relevance to ESCOSA's decision whether to introduce a Guaranteed Service Level Scheme for water businesses in South Australia as part of the next regulatory determination.

**SACOSS is seeking a commitment from all parties for the future Minister responsible for water to refer the question of the introduction of a mandatory hardship-related GSL for South Australian water businesses to ESCOSA for investigation and advice** pursuant to section 5(f) of the *Essential Services Commission Act 2002* (ESC Act).

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