

Cost of Living Relief Package

SACOSS' quarterly *Cost of Living Updates* have consistently shown that while many households are hit with price rises in areas like utilities, low income households are particularly struggling to make ends meet. On average they spend proportionately more of their income on current housing costs and on basic necessities like food, electricity and water – all of which have been going up faster than the general inflation rate (and therefore faster than CPI-pegged incomes such as Newstart, Youth Allowance and many low income wages). Low income households also have fewer resources available to cope with rising prices, unexpected bills or other financial stresses.

SACOSS is proposing a Cost of Living Relief Package to relieve pressure on the most vulnerable South Australian households.

Housing

- Establishment of a Housing Stress Emergency Payment Fund to prevent homelessness
- Establishment of a moratorium on collection of rent arrears for people in public housing on recommendation from financial counsellors where debt cannot be paid

Utilities

- Change of Energy Concession to a percentage of bill (capped) rather than fixed amount
- Third Party decision on any electricity disconnection
- Expansion of existing medical heating/cooling concession
- Establishment of an "EEPS-equivalent" scheme for telecommunications

Transport

- Increase and index payments under the Patient Assistance Transport Scheme
- Free off-peak Public Transport between 9am and 3pm
- Increase and index the Access Cabs Subsidy

Debt

- Establishment of a "Good Money" shopfront for integrated low-income support services
- Establishment of a "Debt Deduct" type scheme
- Implementation of the agreed funding of consumer credit legal services

SACOSS hopes that in the context of the 2014 South Australian State Election, all political parties will consider this package and commit to implementing at least half of the cost of living relief measures in the first term of government.

Housing

Establishment of a Housing Stress Emergency Payment Fund to prevent homelessness

Housing is a significant cost of living pressure and early intervention to keep people in housing will be better than providing homelessness services once a family loses their home. Sometimes, particularly where people are dealing with a life-changing event like loss of employment or relationships, the inability to pay rent or mortgages is temporary or can be sorted out with more time. An emergency fund should be established to provide a one-off means tested payment of up to 4 weeks either rent or mortgage (interest) payment where there is an immediate threat of homelessness and a qualified financial counsellor is engaged and believes that homelessness could be averted by the temporary payment.

Establishment of a moratorium on collection of rent arrears for people in public housing on recommendation from financial counsellors where debt cannot be paid

Public housing should provide safe and sustainable housing for vulnerable people with rents capped at 25% of income. However, in some cases historical circumstances mean that there are rent arrears where the person – possibly because of age, unemployment, etc has no possibility of paying the money owed, but the accumulating debt takes their housing payments well beyond the 25% cap, pushing the person into unsustainable housing stress and risking homelessness. Where a financial counsellor is supporting the tenant and has assessed that the person is unable to pay the debt, there should be a moratorium on collection of the rent arrears so that rent is set in the normal capped way and housing stress is relieved for people who are already (by definition) vulnerable and disadvantaged.

Utilities

Change of Energy Concessions to a percentage of bill (capped) rather than fixed amount

High electricity prices and the subsequent increase to consumer bills are causing financial hardship for many low income households. The SA government provides concessions to low income households, but the current fixed rate energy concession has not kept pace with increasing energy prices and is not proportional to energy consumption. This means that those with bigger families or higher energy needs receive proportionately less assistance. The energy concession should be changed to a capped percentage of the bill rather than a fixed amount. This is how the water concession operates and would provide better assistance to those struggling with rising power bills.

Third Party review of any electricity disconnection decision prior to disconnection

Disconnection from the power supply is the worst possible outcome for many low-income households as it can have adverse health, safety and life impacts – while reconnection fees add to the financial burden. The decision to disconnect power is currently made by energy retailers, subject to the National Electricity Retail Rules. However, consumers may not understand the rules or their rights in the process, so there should be a third party review of any disconnection decision with a mechanism to intercede and for test for fairness before an energy disconnection is implemented.

Expansion of the existing medical heating/cooling concession

The concession for electricity customers who have a medical condition requiring use of air conditioning to control the temperature has been useful in supporting some people with sky-rocketing energy bills. However, current eligibility requirements are dependent upon an

applicant meeting two stringent criteria: that they have a medical condition of which there is a research base establishing that temperature variation causes deterioration *and* that the individual applicant has a history of deterioration when exposed to temperature variation. This requires pain, suffering and deterioration to establish eligibility, whereas the concession should come in where a person has a relevant medical condition and their medical specialist considers that they are at risk of long term deterioration if exposed to temperature variation.

Establishment of an “EEPS-equivalent” scheme for telecommunications

The Emergency Electricity Payment Scheme (EEPS) is a one-off payment to assist people at risk of disconnection and has, in the words of the government when it announced an expansion of the scheme in 2012 “been a lifeline to many families in need”. However, the SACOSS Cost of Living Update in August 2013 noted that households spend more on telecommunications than on energy, and that phone and internet bills had many of the same problems as the other utilities – they are rapidly rising, lumpy expenditures that impact more on low income households. With government and cultural communications increasingly happening electronically, an EEPS equivalent scheme is needed to keep struggling households connected to communications.

Transport

Increase and indexation of payments under the Patient Assistance Transport Scheme

PATS provides much needed subsidies for people having to travel more than 100km to access medical treatment. However, payments have not increased for many years and are woefully inadequate. The government’s own PATS review acknowledged that people are missing out on treatment because of the cost of travel. The accommodation allowance should be increased from \$30 to \$100 per night, the petrol allowance increased from 16c/km to 25c/km, and the \$30 co-contribution requirement should be removed for those with a concession card. These increases require new and additional funding for the scheme and should not be funded from limiting eligibility requirements.

Free off-peak Public Transport between 9am and 3pm

Effective and affordable public transport is vital to provide opportunities for social and economic participation for vulnerable and disadvantaged South Australians. The non-peak period between 9am and 3pm is a time when metropolitan public transport is under-utilised, but almost by definition many of the people who utilise the services in that time are not working. Aged pensioners have free public transport in this period, others may have concession cards, but the extension of free transport would encourage social participation by those on tight budgets and would have other positive outcomes like decreasing car usage and traffic, increasing health and promoting habits of public transport use.

Increase and indexation of the Access Cabs Subsidy

The South Australian Transport Subsidy Scheme (SATSS) provides those with permanent and severe disabilities a 50% subsidy on taxi fares for those able to walk, and a 75% subsidy for those confined to a wheelchair. The subsidy is limited to the first \$40 of a trip for those with a 50% subsidy, or the first \$30 for those with a 75% subsidy. These caps are not indexed (and have not increased since December 2006) which means that as taxi fares have risen, the value of the subsidy has been progressively eroded. The Urban Transport Fares CPI for Adelaide has gone up over 23% since December 2006, so to restore the original value of the subsidy, the caps should rise to \$49 and \$37 respectively.

Debt

Establishment of a “Good Money” shopfront for integrated low-income support services

The Good Money shopfronts in Victoria run by Good Shepherd Microfinance are community finance hubs which offer affordable financial services for people on low incomes who are otherwise excluded from mainstream financial services. These include access to no-interest and low-interest loans, financial counselling and other supports services. This integration of services under one roof in a main street location makes Good Money a more visible and viable alternative to the growing fringe and payday lending sector. It also allows local support agencies to extend their reach and deliver services to new sections of the community who may not traditionally identify as being welfare clients.

Establishment of a “Debt Deduct” type scheme

Debt Deduct is a Good Shepherd microfinance pilot scheme in Victoria which provides no-interest consolidation loans of up to \$2,000 and support from a financial counsellor as a way of breaking cycles of unaffordable credit. Accessed through selected financial counsellors, the loans differ from NILS (which is only available for the loans for household necessities) by providing credit to clear high cost and high risk debts such as payday loans, credit line defaults, and appliance rentals and pawned goods. This consolidation of debt into an affordable loan product, coupled with advice and support assists people to get out of debt traps and builds financial capacity.

Implementation of the agreed funding of consumer credit legal services

In January 2013 SACOSS' major report on consumer credit legal services in South Australia found that approximately 1 in 10 adults have a consumer credit problem in any year, and for just over half of these 154,000 people, the problem requires legal assistance. For approximately 10,000 people, that legal need was not met. In response to the report, the government budgeted \$1.4m over four years to provide consumer credit legal services, but contracts with services have yet to be signed. There needs to be a commitment from all parties to support this funding.