Policy Brief

SACOSS South Australian Council of Social Service

May 2021

Residential energy efficiency disclosure scheme

Background

Residential energy efficiency disclosure builds on existing COAG recommendations to establish a national framework for energy efficiency disclosure at point of sale to include at point of lease. The ACT implemented a requirement for energy efficiency disclosure at point of sale under the Civil Law (Sale of Residential Property) Act 2003. This legislation requires that all homes sold in the ACT carry an energy rating.[1]

The rating and disclosure of a property's energy performance is intended to incentivize governments and owners to improve the energy efficiency of existing housing stock. Results from the 2018 National Social Housing Survey asked social housing tenants (public, community and state-owned Indigenous housing) what amenities were most important to them. The three most important amenities for tenants of social housing were safety and security, privacy and energy efficiency and thermal comfort.[2] However, for public housing tenants when asked if their prioritized amenities were met, only 55 percent stated that their need for thermal comfort was met.[3] This was the lowest score across Australia, indicating that public housing tenants in particular are living in sub-standard housing that affects the health and comfort of residents.

A study conducted by Myers et al (2019)[4] in the US, suggests that homeowners are largely ignorant of their homes energy efficiency and that this is a market failure that mandatory disclosure can improve. In addition, the study found that mandatory disclosure can assist over the longer term in improving the overall quality of housing and encouraging participation in energy efficiency incentive programs.

[1] ACT Government (2019) Energy Efficiency Standards, Ratings and Disclosure. https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy-efficiency-standards,-ratings-and-disclosure

[2] Australian Institute of Health and Welfare (2018) National Social Housing Survey. https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-2018-key-results/contents/table-of-contents

[3] Ibid.

[4] Myers, E., Puller, S., West, J. (2019) Effects of Mandatory Energy Disclosure in Housing Markets. NBER Working Paper No. 26436 https://www.nber.org/system/files/working_papers/w26436/w26436.pdf#page=1&zoom=auto,-18,801

Policy Response

Adopting a mandatory energy efficiency disclosure scheme would require thermal assessments using a house energy rating tool to be undertaken at the point of sale or rental. Options can range from a full thermal assessment of a property with an accredited building energy efficiency assessor, to more simplified assessments. However, it is recommended that assessments are undertaken by government approved assessors.

The Victorian Government introduced the Victorian Residential Efficiency Scorecard, which provides an efficiency rating for residential homes. Properties are assessed by government approved assessors and several not for profit organizations are also accredited to provide Scorecard assessments. The price of assessments ranges from $250 to $500. When an assessment is done, an energy star rating is provided for the property.[5] A National Scorecard field trial is being conducted in early 2021 with assessments available across Australia. Additionally, work is currently underway to extend the National House Energy Rating Scheme (NatHERS) to existing homes. [6]

SACOSS proposes that a mandatory residential energy efficiency disclosure scheme for public and private rental properties is implemented by the Department of Human Services, the Department for Energy and Mining and through the Attorney General's office who has responsibility for the Residential Tenancies Act 1995.

SACOSS Proposal

1. That the government introduces a mandatory residential energy efficiency disclosure scheme for public and private rental properties in SA, enacted at point of sale or rent.

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[5] State Government of Victoria (2021) What is a Scorecard assessment? https://www.victorianenergysaver.vic.gov.au/save-energy-and-money/get-a-home-energy-assessment/getting-an-assessment

[6] State Government of Victoria (2021) National Scorecard field trial. https://www.victorianenergysaver.vic.gov.au/save-energy-and-money/get-a-home-energy-assessment/news-and-publications/national-scorecard-roll-out

Policy Brief

SACOSS
South Australian Council of Social Service

February 2021

Improving thermal efficiency of public and community housing

Background

Energy efficient housing has been shown to reduce living costs and improve comfort levels for residential occupants, particularly in extreme heat and cold. While energy efficiency programs offered in SA, such as the Retailer Energy Productivity Scheme (REPS), offer incentives for energy efficiency and appliance upgrades, the likelihood of uptake of these incentives for people in public and community housing is low. In an analysis of retrofit subsidies, Willand et al[1], found an inequality of opportunity to retrofit homes in Australia with lower levels of uptake in areas that had a higher percentage of rentals and were more disadvantaged. As most public housing tenants are renters, this suggests that further incentives, beyond the REPS is needed to improve thermal efficiency of housing in Australia, in particular for existing homes and public and community housing.

Recent data from the National Social Housing Survey (2018)[2, 3] indicate that 4 in 10 social housing tenants, incorporating public, Aboriginal and community housing said that their homes do not meet their needs for thermal comfort (warm in winter, cool in summer). The amenities most important to tenants included thermal comfort and energy efficiency, as well as safety, security and privacy.[4] For social tenants in SA, energy efficiency and thermal comfort were rated the lowest of any state in Australia.[5]

Policy Response

The South Australian Government's Our Housing Future[6] strategy states an intention to invest $75 million to address maintenance issues and improve sustainability and energy efficiency of public housing where appropriate and possible. However, the strategy refers to the capital maintenance backlog to 2030, thus it is unclear how these funds will be spent and if energy efficiency will be prioritized.

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[1] Willand, N., Moore, T., Horne, R., and Robertson, S. (2020) Retrofit Poverty: Socioeconomic Spatial Disparities in Retrofit Subsidies Uptake. *Buildings and Cities*, 1(1), pp. 14-35. DOI: https://doi.org/10.5334/bc.13

[2] Australian Institute of Health and Welfare (2018) National Social Housing Survey. https://www.aihw.gov.au/reports/housing-assistance/national-social-housing-survey-2018-key-results/contents/table-of-contents

[3] Productivity Commission (2021) Report on Government Services 2021 – 18 Housing. https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/housing

[4] Australian Institute of Health and Welfare (2018), op. cit., p.32

[5] Ibid, pp.32-34

[6] Government of South Australia (2019) Our Housing Future 2020-2030. https://www.housing.sa.gov.au/__data/assets/pdf_file/0003/130692/Our-Housing-Future-2020-2030.pdf

The Victorian government budget 2020/2021 announced a raft of items for energy savings for households, totaling $797 million, including $112 million set aside for 35,000 social housing efficiency upgrades to seal windows and doors and to upgrade heating, cooling and hot water in social housing properties.[7] These incentives are targeted; however, SA already provides incentives for draught proofing and upgrades to heating cooling and hot water in the REPS program. The problem; however, is this is not targeted and what is needed is a similar commitment to Victoria to ensure that public and community housing tenants can benefit from energy efficiency incentives.

Based on the Victorian expenditure per household and the following number of public, community and Indigenous housing in SA, a financial commitment of approximately $64 million (or $1382 per household) for energy efficiency retrofits is proposed over four years.

- 32,147 public housing dwellings
- 1,388 state-owned and managed Indigenous houses
- 12,151 community housing tenancies
- [in 2019] 619 Indigenous community houses (2020 figures not available).

SACOSS proposes that additional funding of approximately $64 million is provided over four years specifically for public and community housing, combined with a targeted program to effectively utilize the incentives available for energy efficiency under the REPS. This would entail working in partnership with Housing SA and organizations such as the peak industry body for community housing, Community Housing Council of SA and Uniting Communities and Uniting Care Wesley Bowden or other similar organizations who have experience in delivering energy literacy programs and financial counselling. Providing funding support for these organizations to effectively target energy efficiency measures in public and community housing will address the access and inequity that is present in energy programs such as the REPS and time of use tariffs.

SACOSS Proposal

1. That the government commit additional funding of $64 million over for years for Housing SA and other community-based organisations discussed above to deliver a targeted energy efficiency program for public and community housing tenants.

[7] State Government of Victoria (2021) Victoria's Household Energy Saving's Package. https://www.victorianenergysaver.vic.gov.au/victorias-household-energy-savings-package

Policy Brief

SACOSS South Australian Council of Social Service

March 2021

"Knock before you disconnect" program

Background

Electricity is an essential service and there are a range of programs and regulatory requirements to enable people struggling with energy bills to remain connected to their energy supply. Disconnection for non-payment is nearly always the outcome of a customer not being to meet their energy costs, and should be viewed as a last resort – occurring (if at all) only after retailers have offered payment plans, hardship programs and followed all other regulatory requirements.

Last financial year, South Australia had the highest disconnection rate of any NEM jurisdiction in Australia (.9% down from 1.3% in 2018-19)[1]. Only 1.5% of customers in SA were on payment plans in 2019/20 (down from 2.2% in the previous year), and 1.92% of customers were on hardship programs. This is in circumstances where South Australia had the highest average debt for non-hardship customers in the NEM of $1,131 (over $200 higher than NSW), the highest average hardship debt on entry into hardship programs of $1,884 (up $800 since 2015-16),[2] and the highest average hardship customer debt of $1,970.[3] In Q3 2019/20 (before the COVID moratorium on disconnections), most disconnected customers in South Australia had debt levels of between $500 and $1500.

Of the 6988 customers disconnected in SA during 2019/20, only 3219 had been on a payment plan in the previous 12 months.[4] Under the Law and Rules, retailers must offer customers struggling to pay their bills a payment plan[5] and cannot disconnect those customers unless they been offered two payment plans in the previous 12 months.[6]

The introduction of smart-meters in South Australia also adds new complexities to the dangers of disconnection. Smart meters currently make up approximately 20% of the meter fleet in South Australia (around 200,000 households), and roughly 4000 smart meters are installed in SA each month. Smart meters enable disconnections to be processed remotely

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1 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 91

2 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 83 (see also AER Annual Retail Markets Report 2019-20 – Charts and Tables)

3 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 83 (see also AER Annual Retail Markets Report 2019-20 – Charts and Tables)

4 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, Schedule 3 Schedule 3: complaints, debt (non-hardship), Centrepay, missed pay on time discounts, credit collections, payment plans, disconnections Retail Performance Data

5 National Energy Retail Law , Section 50(1)(b)

6 National Energy Retail Rules, Rule 111(2)

(with no house visit required) making the process of disconnection both faster and cheaper. In Victoria, where there has been a state-wide roll out of smart meters, there appears to be a strong link between smart meters and increases in disconnection completion rates, as well as increases in households experiencing multiple disconnections.[7]

In SA, there are currently very few disconnections and reconnections completed using the "remote" capabilities of smart meters, but we understand this is soon going to change. SACOSS is firmly of the view that remote disconnections are not in the best interests of vulnerable customers, and it is vital to include the process of personal face-to-face contact prior to proceeding to disconnect for non-payment.

A trial of SA Power Networks' pre-visit service resulted in more than 50% of disconnection for non-payment service orders being cancelled.[8] SA Power Networks' program has been picked up by Essential Energy in NSW, with even greater success (an 80% disconnection cancellation order in their pilot "knock before you disconnect" program[9]). Remote disconnection and reconnection will remove SA Power Networks from any involvement in the disconnection process.

Policy Response

The number and type of disconnections in South Australia points to a failure on behalf of retailers to help customers manage their debt, and maintain a connection to their energy supply. SACOSS is aspiring to achieve the goal of no disconnections for non-payment, but in the interim is seeking the South Australian Government mandate a "knock before you disconnect" program to ensure there is active personal engagement with all customers faced with potential disconnection, including customers with smart meters. The two pilot programs from SA Power Networks and Essential Energy prove that personal contact prior to disconnection links customers with supports, avoids disconnection and reconnection fees, as well as the significant distress caused by living without an energy supply.

SACOSS is seeking SA Power Networks' site visits become part of the disconnection process, for all meter types. The state government could provide for this requirement under the *National Energy Retail Law (Local Provisions) Regulations 2013,* which allow for the state government to derogate from the National Energy Retail Rules as they are applied in SA.

SACOSS Proposal

1. Require all retailers to participate in pre-disconnection for non-payment site visit programs for all customers prior to disconnection, irrespective of meter type.

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7 St Vincent de Paul Society & Alviss Consulting, *Households in the Dark II: Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland*, by Sophie Labaste, August 2019. https://alvissconsulting.com/wp-content/uploads/2019/10/Households-in-the-Dark-II-Report.pdf

8 875 sites were "pre-visited" and 492 disconnection for non-payment service orders were cancelled prior to schedule date (56.23% successful pre-visit).

9 Essential Energy's personal contact approach to reducing disconnections was commended by the Energy Charter's Independent Accountability Panel in its Assessment of achievement of better outcomes for Australian energy consumers in 2019-20, December 2020

Policy Brief

SACOSS South Australian Council of Social Service

March 2021

Emergency Electricity Payment Scheme (EEPS) Review

Background

The Emergency Electricity Payment Scheme (EEPS) provides assistance to households in a financial crisis who are unable to pay their electricity debt. Currently, the assistance is a $400 payment, once every three years – on application from a financial counsellor. To be eligible, customers must be the energy account holder, must not have an energy debt greater than $2,000, and must be disconnected or at risk of disconnection. These eligibility criteria exclude customers of embedded networks (e.g. in caravan parks, apartment blocks), most customers with long-term energy debt (around 70 per cent of customers in debt for more than 24 months have debt over $2500[1]), and customers on payment plans or hardship programs (who are not, in theory, 'at risk of disconnection').

In 2019/20, South Australia had the highest disconnection rate of any NEM jurisdiction in Australia (.9% down from 1.3% in 2018-19)[2]. South Australia also had the highest average debt for non-hardship customers of $1,131 (over $200 higher than NSW), and the highest average amount of hardship debt on entry into hardship programs of $1,884 – up $800 since 2015-16.[3] The average debt of hardship customers in 2019/20 was $1,970 - also the highest in the NEM - up from $1,863 at the same time last year.[4]

On this basis, hardship customers with average or above average debt levels, as well as 70% of customers with debt older than 24 months, would currently be excluded from accessing the Scheme. This raises real concerns about whether EEPS, in its current form, can achieve its purpose of helping households in a financial crisis.

In 2019/20 only 817 customers in SA accessed EEPS,[5] and during the same period 6,988 residential customers were disconnected for non-payment (down from 10,317 in the previous year due to the COVID moratorium on disconnections).[6] Last financial year South

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1 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 71-72

2 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 91

3 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 83 (see also AER Annual Retail Markets Report 2019-20 – Charts and Tables)

4 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 83 (see also AER Annual Retail Markets Report 2019-20 – Charts and Tables)

5 Government of South Australia, Department of Human Services, Annual Report 2019-20, Administered Financial Statements, Emergency Electricity Payments, p.13

6 Australian Energy Regulator, Annual Retail Markets Report 2019-20, November 2020, p. 91 and Schedule 3, Q4 2019-20 Retail Performance Data

Australia had 26,570 non-hardship energy and gas customers repaying debt, 15,218 hardship customers and 13,651 residential customers on payment plans. The 817 customers assisted to maintain their connection to an energy supply, represents a fraction of the South Australian customers experiencing difficulty in paying their energy bills.

In addition, embedded network customers are excluded from accessing EEPS because they are not billed directly – as they are not the account holder. The bill goes to the caravan park owner, who often bundles all charges (rent, energy, water, sewerage) and then bills the customers. This then excludes a very vulnerable cohort of customers from emergency payment support.

Policy Response

The EEPS eligibility criteria need to be changed to remove these barriers to access. Specifically, SACOSS is seeking that:

- the $2000 debt limit is removed
- the requirement that the customer be disconnected or at risk of disconnection is removed
- the payment is increased from $400
- the payment is made more frequently than once every three years
- customers of embedded networks are included in the Scheme.

The Victorian Utility Relief Grants Scheme provides a good benchmark with much broader eligibility criteria and greater support: $650 for each utility (water, electricity, gas) every two years, or $1300 if customer only has one form of energy (e.g. electricity) every two years.[7] Customers can apply to their retailer for the Utility Relief Grants Scheme (URGS) themselves (as opposed to requiring a financial counsellor apply on the customer's behalf). Victoria also has a Utility Relief Grants Scheme (non-mains) which covers embedded network customers, providing help to pay a non-mains energy or water bill that is overdue due to a temporary financial crisis.

SACOSS Proposal

1. Change the eligibility criteria for EEPS to abolish the debt cap and ensure those on payment plans and hardship programs, as well as embedded network customers are not prevented from eligibility or referral.

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[7] Victoria State Government, Department of Health and Human Services website, Concessions and benefits, Utility Relief Grant Scheme and Utility Relief Grant Scheme (non mains)

Policy Brief

SACOSS South Australian Council of Social Service

March 2021

Concessions eligibility – Family Tax Benefit Part A Health Care Card

Background
There is an eligibility problem in the South Australian concessions scheme that renders a group of low-income single parent families issued with a Health Care Card ineligible for SA Concessions, unless they go through the process of applying for an additional Low-Income Health Care Card from Centrelink.[1] The same issue arises in relation to the Cost of Living Concession and creates an unnecessary bureaucratic barrier to accessing the concession(s).

South Australians are eligible for a SA Government concession (Cost of Living, Emergency Services Levy, Energy, Medical Heating and Cooling, Residential Park Scheme, and Water and Sewerage Rates concessions) if they are receiving one of a list of Centrelink payments, or they hold a Pensioner Concession Card, Gold Card (DVA), Low Income Health Care Card, or Commonwealth Seniors Health Care Card.

Centrelink issues Health Card Cards to recipients of certain Commonwealth benefits including the highest rate of Family Tax Benefit Part A. However, people who are issued with the Family Tax Benefit Part A Health Care Card by Centrelink, are **excluded** from eligibility for concessions in South Australia, as this card does not appear on the list of eligibility criteria – even though many recipients of this card are also eligible for the Low-Income Health Care Card which *does* appear on the list (as the income thresholds are similar). The eligibility thresholds for the FTB Health Care Card and the Low Income card are fairly similar, although the later depends on numbers of people in the household.

Any single parent who has a Family Tax Benefit Part A Health Care Card and applies for a concession is told they are not eligible as they have the wrong type of Health Care Card, creating a barrier to accessing a concession they may otherwise have been eligible to receive. These people then have to apply to Centrelink for a Low-Income Health Care Card, but Centrelink staff often consider the two cards are identical and don't understand why the family would want a Low-Income Health Care Card as they already have a Family Tax Benefit Part A Health Care Card. This barrier may also affect families receiving Family Tax Benefit B, who are earning less than the threshold amount, and eligible for a part payment of JobSeeker, but not claiming it due to the onerous nature of doing so.

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[1] Law, R & Ogle, G. (2019) *Working to Make Ends Meet: Low-income Workers and Energy Bill Stress*, South Australian Council of Social Service, Adelaide.

SACOSS Proposal

To avoid families having to reapply for a Low Income Health Care Card when they are already in receipt of a Family Tax Benefit Part A Health Care Card, SACOSS is seeking the eligibility criteria for concessions in South Australia be expanded to include families who are issued with a Family Tax Benefit Part A Health Care Card.