

SOUTH AUSTRALIAN WATER CONCESSIONS – RELATIVE VALUES AND IMPACT OF HOUSING TENURE

A report produced by AlviSS Consulting for the South Australian Council of Social Service (SACOSS), June 2018



Disclaimer

While we have taken great care to ensure accuracy of the information provided in this paper, we do not accept any legal responsibility for errors or inaccuracies.

Alviss Consulting Pty Ltd does not accept liability for any action taken based on the information provided in this report or for any loss, economic or otherwise, suffered as a result of reliance on the information presented.

Table of Contents

About this project	4
Executive summary and recommendations	5
1. Assumptions and methodology	11
1.1 Average household water consumption.....	11
1.2 SA Water charges	14
1.3 SA Water concession	16
2. Annual water bills for concession card holders from 2011/12 to 2017/18	17
2.1 Annual bills for single meter households (separate dwellings).....	17
2.2 Annual bills for shared meter households (apartments/units).....	21
2.3 The relative value of water concession from 2011/12 to 2017/18	24
2.3.1 Separate dwellings (single meters)	24
2.3.2 Apartments/units (shared meters)	28
2.4 Year on year impact of price and concession changes on households	31
2.4.1 2012/13 financial year	31
2.4.2 2013/14 financial year	33
2.4.3 2014/15 financial year	35
2.4.4 2015/16 financial year	36
2.4.5 2016/17 financial year	38
2.4.6 2017/18 financial year	40
2.5 Consumption level and household characteristics.....	42
3. Tenants' water bills and access to concessions	44
3.1 Tenancy, rent and income levels	44
3.2 South Australian tenants' water bills and access to concessions.....	49
4. Interstate comparison	55
5. Summary and recommendations	61

About this project

As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of proposed advice on the necessary market mechanisms and policy for essential services. Our research shows that the cost of basic necessities like water impacts greatly and disproportionately on vulnerable people. Our advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

SACOSS has long held the view that concessions are vital complimentary measures to the supply of essential services. They help ensure access and keep people from being restricted from supply. This current project has evolved out of a series of conversations with the South Australian Government about the adequacy of water concessions in South Australia as well as the impact of amendments to the Residential Tenancy Act (1995) in 2014, that made tenants responsible for paying all water supply and usage charges on separately metered properties (in the absence of an agreement with the landlord). SACOSS firmly believes these amendments were mistaken and have added to the cost of living for renters. SACOSS wishes to acknowledge the South Australian Government for expressed interest and engagement in this conversation.

Executive summary and recommendations

The first section of this report outlines the assumptions used and the methodology applied to analyse water bills for concession card holders in South Australia from 2011/12 to 2017/18. It outlines consumption levels, SA Water charges and concession arrangements in place during this period.

Section 2 analyses annual water bills for concession card holders from 2011/12 to 2017/18. The first part (section 2.1) focuses on bills for separate dwellings (single meter households) while the second part (section 2.2) looks at bills for customers living in apartments/units (shared meter). As outdoor water usage accounts for a high proportion of total residential water usage, households residing in apartments/units have significantly lower water consumption. We have assumed a medium consumption that is 40% less compared to single meter households.

For medium (average) consumption households living in separate dwellings (single meter), bills peaked in 2012/13 and 2015/16 for both tenants and owner occupiers.¹ In 2012/13 the annual water bill for average consumption owner occupiers increased by \$155, or 33%, compared to the previous year. For tenants paying for usage only, the bill increased by \$111 (38%) and for tenants paying both supply and usage charges it increased by \$164 (35%). By 2014/15, however, the annual bills had reduced by approximately \$60-85, or 13-14%, compared to two years earlier (2012/13). In 2015/16, the bills again increased by 10-15% compared to the previous year and the biggest increases affected tenants. Since then bills have decreased for all concession card households and the greatest decreases (17-18%) have benefited tenants.²

Concession card households with quite high and high consumption continue to face high water bills despite price decreases and increases to the concession. As of 2017/18, a high consumption household responsible for both supply charges and usage charges would pay \$1,175 per annum after the concession was applied. A high consumption tenant paying for usage charges only would have an annual bill of \$950 if they are able to access the water concession.

As in the case of single meter dwellings, bills peaked in 2012/13 and 2015/16 for both tenants and owner occupiers residing in apartments/units.³ In 2012/13 the annual water bill for average (medium) consumption owner occupiers increased by \$101, or 32%, compared to the previous year. For tenants paying for usage only, the bill increased by \$55 (41%) and for tenants paying both supply and usage charges it increased by \$99 (30%). By 2014/15, however, the annual bills had reduced by approximately \$50-60, or 12-28%, compared to two years earlier (2012/13). In 2015/16, the bills again increased by 8-25% compared to the previous year and the

¹ Note that the 2012/13 bill is based on concessions and water charges as of July 2013 and that the concession did increase on 1 January 2014.

² Percentage decreases based on 2017/18 compared to 2015/16.

³ Note that the 2012/13 bill is based on concessions and water charges as of July 2013 and that the concession did increase on 1 January 2014.

biggest increases affected tenants paying for usage only. Since then bills have decreased for all concession card households (13-33%) and the greatest decreases have benefited tenants paying usage charges only.⁴

Small households (i.e. couples or people living alone) in apartments are likely to have low or quite low consumption. However, the significant fixed supply charge means that concession card holders responsible for paying this charge will have reasonably high water bills despite their low usage and increases to the concession.

In section 2.3 we assess the relative value of the water concession for owner occupiers, tenants paying both supply and usage charges, and tenants paying usage charges only from 2011/12 to 2017/18 for five consumption levels.

For separate dwellings (single meter) the relative value of the water concession is most similar for households with average (medium) water consumption. Medium usage concession households currently receive a concession of 30% if they pay both supply and usage charges, and a concession of 27% if they pay usage charges only.

As the maximum concession threshold for tenants, or as of 2017/18⁵, tenants that pay usage charges only, is significantly lower than it is for households paying both usage and supply charges, the relative value of the concession is lowest for tenants with a high consumption level. The maximum concession threshold for tenants paying usage charges only has increased by 28% since 2011/12. The maximum threshold for owner occupiers and, now, tenants paying both supply and usage charges, on the other hand, has increased by 50%.

We note that the supply charge has increased by more than the usage charges over the same period (24% for supply charges and 20% for usage charges) but it still means that higher usage tenants will reach the lower maximum threshold earlier than owner occupiers or tenants that pay for both supply and usage charges.

Unlike the case for single meter households, the relative value of the water concession is most similar for shared meter households with quite high and high water consumption. This is because these households typically use less water compared to single meter households (due to the absence of gardens in apartments and units). For medium consumption households the relative value of the concession is greatest for tenants that do not pay supply charges (currently 51%). By comparison the relative value of the concession is currently 35% for households that pay both supply and usage charges.

In section 2.4 we analyse the year on year impact of water price and concession changes on households. The analysis shows that the South Australian water concession has offered various level of support to various customer groups between 2011/12 and 2017/18. Changes to water prices, water consumption, percentage

⁴ Percentage decreases based on 2017/18 compared to 2015/16

⁵ Recent changes to the concession arrangements allow all customers paying for usage and supply charges, irrespective of tenure, to access the higher thresholds. Prior to 2017/18 only owner occupiers could access the higher thresholds.

discounts, minimum and maximum thresholds as well as access to the different thresholds mean that bills, and concession received, have varied greatly.

We do note, however, that the recent changes that adjust concession thresholds to CPI and allow all customers paying for usage and supply charges, irrespective of tenure, to access the higher thresholds will reduce some of these variations. These moves have made the water concession more vertically equitable, but a key concern is that the maximum threshold kicks in too early for single dwelling households and thus makes water unaffordable for larger family concession households.

The analysis in section 2.4 unsurprisingly shows that high water usage results in higher water bills and that the relative value of the concession decreases due to the maximum thresholds. However, it also shows that the lower maximum thresholds applied to tenants paying only for water usage charges results in these households receiving less assistance with their water consumption costs compared to households that pay both supply and usage charges. Section 2.5 therefore focuses on consumption levels and household characteristics.

Water usage levels are heavily linked to the number of people living in a household. While a single person household will have a higher per capita consumption level than a family, key water usage activities, such as showering and laundry, mean that household usage typically increases with the number of people per dwelling.⁶

We also argue that low income tenants' ability to reduce water usage mostly comes down to taking shorter showers, turning off the tap when brushing teeth etc., only turning on dishwasher when full and collecting water in jugs and bowls for use in garden. Measures that can have a more significant impact on reducing consumption levels are typically costly or require the landlord's consent.

The third part of this report looks at tenants' water bills and access to concessions. Section 3.1 discusses trends in private rentals, changes to rents as well as socio-economic indicators of areas where households are more at risk of facing water affordability issues.

South Australia has almost 15,000 more households renting privately in 2016 compared to 2011 and the increase in rentals has occurred for the two lowest income quartiles while rental has decreased for the two highest quartiles during the same period. 75% of South Australian tenants are in the two lowest income quartiles.⁷

⁶ See, for example, Arbon, N., Thyer, M., Hatton MacDonald, D., Beverley, K., Lambert, M., 2014, Understanding and Predicting Household Water Use for Adelaide, Goyder Institute for Water Research Technical Report Series No. 14/15, Adelaide, South Australia, 2014 and Griffith University, Identifying the drivers of water consumption: A summary of results from the South East Queensland residential end use study, 2012

⁷ Numbers compiled by .id (<https://home.id.com.au>) based on ABS, Census of population and housing 2011 and 2016.

While the average (median) rent has not changed significantly in recent years our analysis shows that the median rent has increased significantly in some areas.⁸ Increases in rent indicate a tightening of the rental property market and low-income tenants will have very little bargaining power. Tenants already struggling to secure an affordable and suitable rental property are less likely to query landlords about water costs and request SA Water bills be forwarded for their review.

An analysis of 50 postcodes with high levels of electricity disconnections also shows that compared to the South Australian average almost half of these have higher unemployment rates, higher rates of rental tenancy, and a higher number of households with weekly earnings of less than \$650.⁹ Almost all of these postcodes also have a greater than average proportion of one parent families and some have a high proportion of couples with children households as well.

Household water consumption does increase with the number of people residing in a dwelling and when these households also have low incomes (due to single income and/or unemployment) and live in rental properties that may lack basic water efficiency measures, they are more likely to face difficulties in paying for water costs. Access to the water concession is likely to be crucial for many of these households.

In section 3.2 we look at how tenants are billed for water in South Australia, Victoria, NSW and Queensland, as well as how water charges are presented in property listings for prospective tenants. Of these four jurisdictions, South Australia is the only state that allows landlords to pass water supply charges on to tenants and while Victorian tenants pay for usage charges, they are billed directly by their water provider and not through their landlord. In NSW and Queensland water charges can only be passed on to tenants if the property is water efficient.

The examination of rental listings highlights the confusion tenants may face in relation to water bills. Moreover, the arrangement of tenants being charged for water bills without receiving the bills from SA Water increases the risk of vulnerable households missing out on concessions. We argue that by leaving billing of an essential service to provisions in the Tenancy Act, a large proportion of the South Australian population is placed in a precarious situation.

While this arrangement may be justified as a way of sending price signals to end users in order to reduce consumption, there is still very little a tenant can do to reduce consumption drastically. Arguably, the price signal is actually sent to the wrong person as landlords may be more inclined to make properties more water efficient if they faced the cost of the water usage.

⁸ This analysis is based on SA Housing's quarterly rent reports as of March Quarter in 2015, 2016, 2017 and 2018 and the median rent for an area/property type is based on rental bond data. The data is available at <http://dcsi.sa.gov.au/services/housing-sa/rent-reports>

⁹ The postcodes were identified in St Vincent de Paul Society, Households in the dark, Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland by Alviss Consulting, May 2016 and the socio-economic indicators are based on data from the ABS, Census 2016.

Section 4 of this report compares water and sewerage bills for concession and non-concession customers in South Australia, Victoria, NSW and Queensland.¹⁰ The analysis shows that the relative value of the South Australian water and sewerage concession, as well as eligibility, compares well with the other states. It is lower than that of NSW for owner occupiers but as it is available to more households (e.g. tenants) it should also be available to a higher proportion of low income households. Compared to Victoria, however, the relative value of the concession for tenants is higher but the accessibility of the concession is much lower. In Victoria, where all tenants are billed by the water companies and the concessions are deducted from these bills all eligible tenants, aware of their concession status, can receive this bill reduction. In South Australia, where tenants are billed by their landlords, the uptake is likely to be lower. It is therefore an access issue, rather than the value of the concession itself, that makes low income South Australian tenants vulnerable water consumers.

The fifth and final part of this report provides a brief summary of key findings and makes four recommendations.

We argue that the Government should reverse the decision that allows landlords to pass on supply charges to tenants. By doing so, tenants (a high proportion of which are low income) will receive lower bills and the Government would save on concession expenditure. Arguably, a dwelling cannot be a home if it is not connected to water and a landlord cannot let a property without there being a water supply. Furthermore, a majority of landlords are negatively geared¹¹ and federal tax regulations allow for water charges to be included in landlords' property schedule expenses. Ensuring that tenants pay for a service that landlords can already claim is therefore a curious decision.¹² Adding to this, the South Australian Government pays a water concession to help low-income tenants afford this essential service when the expense could have been claimed by landlords and paid for through the Commonwealth budget.

We also note that the arrangement of passing water supply charges over to private tenants also differs from the approach the Government itself takes to being the landlord of public housing. Housing SA does not require their tenants to pay water supply charges:

“If your public rental property has a separate meter, you pay for the amount of water you use. If your property has a shared water meter, the first 30% of the

¹⁰ As the sewerage concession is not a separate concession in Victoria and Queensland, this interstate comparison is based on the relative value of the combined concession applied to different customer groups (e.g. Owner occupiers, tenants paying for usage only (including sewerage volumetric charges in Victoria) and tenants paying for both usage and supply charges.

¹¹ Grattan Institute, *Hot Property, Negative gearing and capital gains tax reform* by John Daley and Danielle Wood, April 2016, 25 at <https://grattan.edu.au/wp-content/uploads/2016/04/872-Hot-Property.pdf>

¹² We note that landlords would not be able to claim water costs as an expense if it is actually paid by the tenant but we do not know to what extent the ATO polices water cost claims from negatively geared property investors, especially as the investors will have receipts from SA Water to substantiate the claim in the first place.

total water bill for the group is paid by Housing SA and the rest is divided up equally among the properties that share the meter.”¹³

Recommendation 1

That the South Australian Government reverse the decision to allow landlords to pass on water supply charges to tenants in order to:

- Lower the cost of an essential service to a customer group that is already overrepresented by lower income households.
- Save, and redirect, parts of the concession budget to other areas of need.

Recommendation 2

That the South Australian Government stipulate that SA Water must issue water usage bills to the occupants of a household in order to:

- Ensure broad and easy access to the water concession.
- Ensure that households eligible for a concession have this concession applied to their water bills prior to paying for an essential service rather than claiming it in arrears.

Recommendation 3

If recommendation 2 is deemed too difficult or costly, the South Australian Government should change the Tenancy Act to allow landlords to pass on water usage charges in full (upon the tenant receiving the bill from the landlord) only if the landlord can prove that the property is water efficient. This should result in:

- Providing landlords with a strong incentive to make investment properties more water efficient.
- Providing tenants with an incentive to minimise water waste through behavioural measures.

Recommendation 4

If both recommendation 2 and 3 are deemed too difficult or costly, the South Australian Government should change the Tenancy Act to allow landlords to pass on water usage charges above a certain consumption level only (and upon the tenant receiving the bill from the landlord). This would be an alternative approach to:

- Provide landlords with an incentive to make investment properties more water efficient.
- Provide tenants with an incentive to minimise water waste through behavioural measures.

¹³ See <https://www.sa.gov.au/topics/housing/public-and-community-housing/tenants/rent-water-and-other-charges/water-concessions-and-charging-disputes-in-public-rental-properties>

1. Assumptions and methodology

1.1 Average household water consumption

The first part of this analysis focuses on five consumption levels for all single metered households. As we have not been able to obtain actual water usage data, we have based medium (average) household consumption on the Bureau of Meteorology's (BOM) National Performance Reports for urban water utilities.¹⁴ As the report for 2017-18 has not yet been released, we have assumed the same average consumption level for 2017/18 as that reported in 2016/17.

In order to estimate annual consumption for low and high usage households we applied Victoria's City West Water ratios to determine low and high consumption. According to City West Water, customers with a high consumption use 130% more than average (medium) and households with a low consumption use 41% less than average.¹⁵ Quite low and quite high consumption levels have been set at half way between low and medium and high and medium annual usage.

Table 1 Estimated annual residential water supplied (kL/property) to dwellings with single meters (separate dwellings) for five consumption levels in greater Adelaide

	Low	Quite Low	Medium¹⁶	Quite High	High
<i>2011/12</i>	105.6	142.3	179.0	295.4	411.7
<i>2012/13</i>	113.9	153.4	193.0	318.5	443.9
<i>2013/14</i>	108.0	145.5	183.0	302.0	420.9
<i>2014/15</i>	109.7	147.9	186.0	306.9	427.8
<i>2015/16</i>	121.5	163.8	206.0	339.9	473.8
<i>2016/17</i>	100.9	135.9	171.0	282.2	393.3
<i>2017/18</i>	100.9	135.9	171.0	282.2	393.3

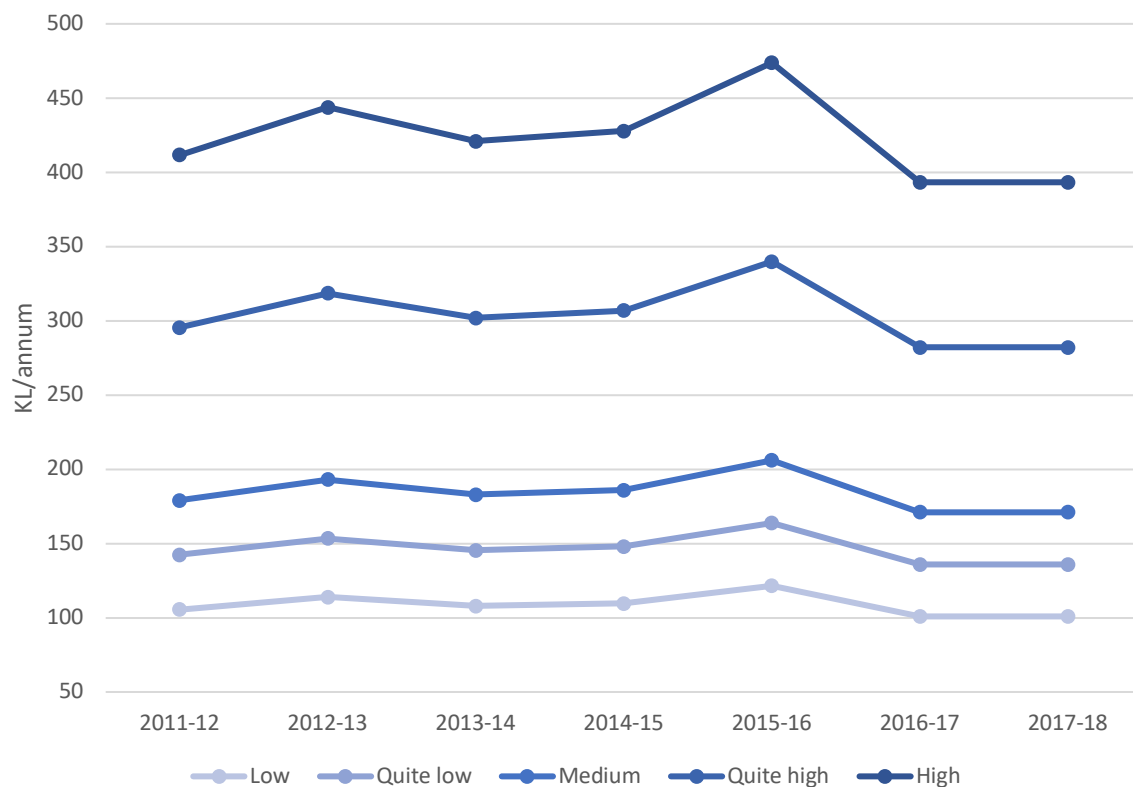
Chart 1 below shows the same consumption levels as Table 1 above and it is clear that water consumption increased in 2012/13 as well as 2015/16.

¹⁴ See Table 2.3 in BOM, National performance report 2015-16: Urban water utilities and National performance report 2016-17: Urban water utilities.

¹⁵ City West Water, Price submission at a glance, 2018

¹⁶ See Table 2.3 in BOM, National performance report 2015-16: Urban water utilities and National performance report 2016-17: Urban water utilities.

Chart 1 Estimated annual residential water supplied (kL/property) for five consumption levels in greater Adelaide, single meter



For residential customers with a shared meter (typically apartments), we have assumed a medium consumption that is 40% less compared to single meter households. It is difficult to estimate outdoor water consumption as it varies between seasons, weather events, size of gardens as well as socio-economic status.¹⁷ However, as both the Goyder Institute for Water Research and research presented by the Smart Water Fund in Victoria show that outdoor water consumption makes up approximately 40% of typical household consumption, we have used this measure to estimate consumption for households with shared meters.¹⁸

¹⁷ See Arbon, N., Thyer, M., Hatton MacDonald, D., Beverley, K., Lambert, M., 2014, Understanding and Predicting Household Water Use for Adelaide, Goyder Institute for Water Research Technical Report Series No. 14/15, Adelaide, South Australia, 2014 p 77

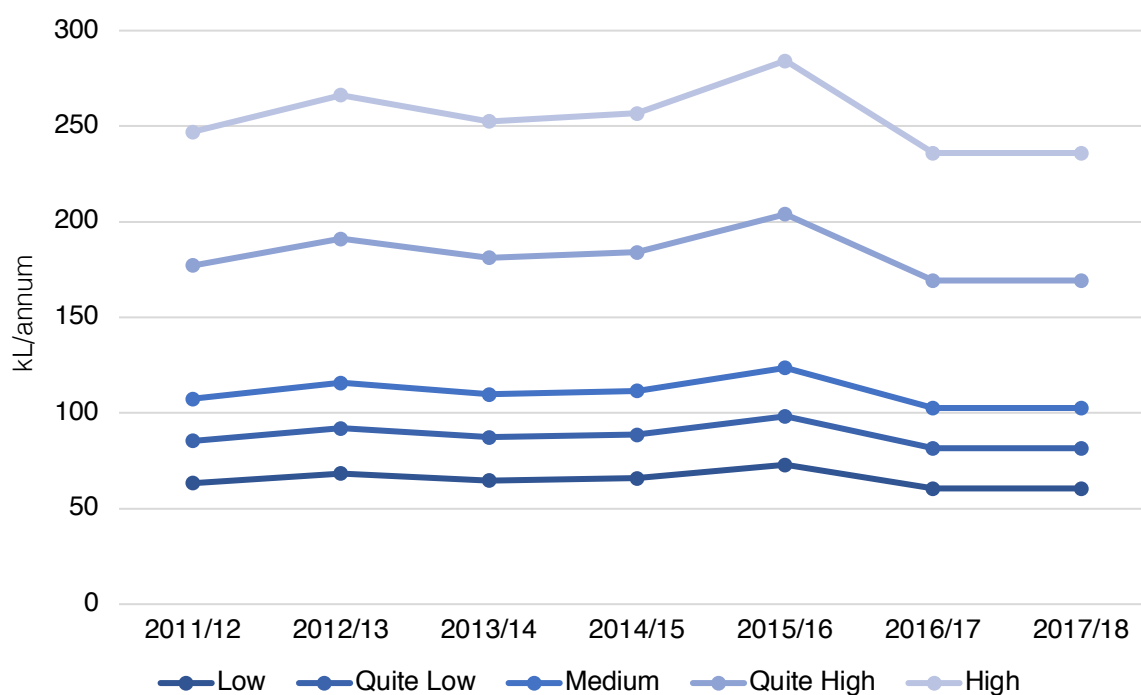
¹⁸ The report by the Smart Water Fund found that outdoor water use is approximately 21/L/day per capita. Smart Water Fund, Melbourne Residential Water Use Studies, June 2013

Table 2 Estimated annual residential water supplied (kL/property) to dwellings with shared meters (flats/apartments) for five consumption levels in greater Adelaide

	Low	Quite Low	Medium ¹⁹	Quite High	High
2011/12	63.4	85.4	107.4	177.2	247.0
2012/13	68.3	92.1	115.8	191.1	266.3
2013/14	64.8	87.3	109.8	181.2	252.5
2014/15	65.8	88.7	111.6	184.1	256.7
2015/16	72.9	98.3	123.6	203.9	284.3
2016/17	60.5	81.6	102.6	169.3	236.0
2017/18	60.5	81.6	102.6	169.3	236.0

Chart 2 below shows the same consumption levels as table 2 above.

Chart 2 Estimated annual residential water supplied (kL/property) for five consumption levels in greater Adelaide, shared meter



¹⁹ This is based on 40% less consumption than medium consumption as per BOM data. See Table 2.3 in BOM, National performance report 2015-16: Urban water utilities and National performance report 2016-17: Urban water utilities.

1.2 SA Water charges

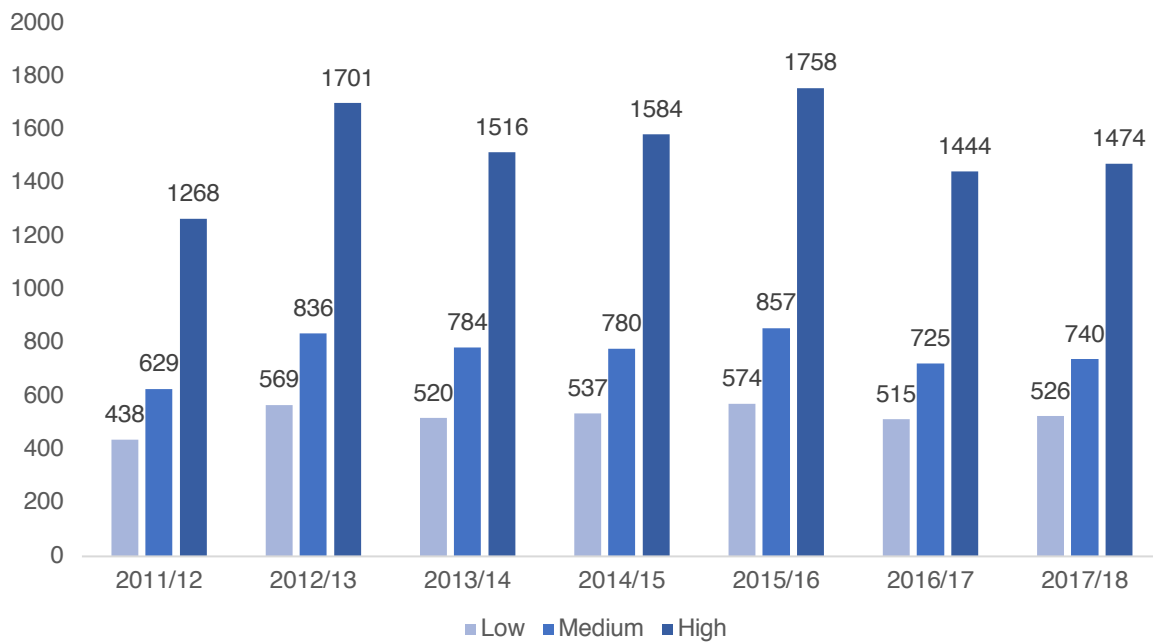
The residential water charge comprises a fixed supply charge and a three tier consumption charge. The consumption charge increases with consumption and the lowest rate applies to the first 30kL used per quarter, the second rate to usage between 30 and 130kL and the third rate for any usage above 130kL per quarter. For residential customers in apartments and units with a shared meter, however, only the first two rates apply. Customers with shared meters pay the second rate for all consumption above 30kL per quarter. Table 3 below shows SA Water's charges from 2011 to 2018.

Table 3 SA Water charges from 2011 to 2018

Year tariff took effect	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<i>Quarterly supply charge</i>	58.65	73.25	68.7	70.7	71.6	71.6	73.1
<i>1st step usage \$/kL</i>	1.93	2.42	2.26	2.32	2.35	2.27	2.318
<i>2nd step usage \$/kL</i>	2.75	3.45	3.23	3.32	3.36	3.24	3.308
<i>Remaining usage \$/kL</i>	2.98	3.73	3.49	3.59	3.63	3.51	3.584

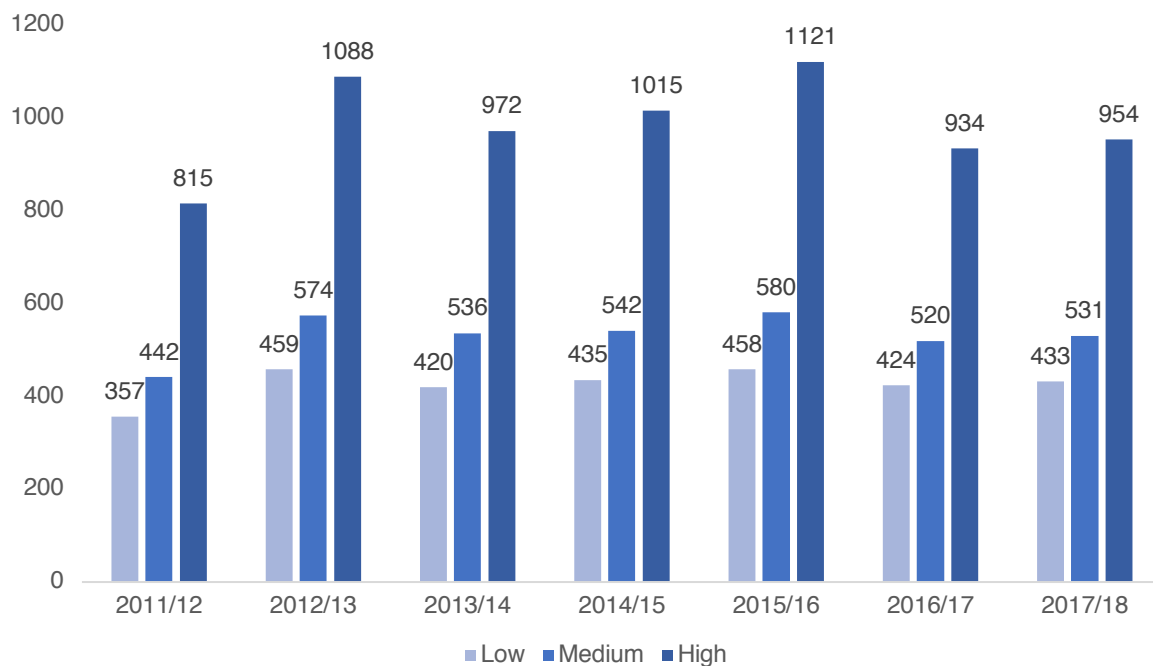
An annual water bill for a medium consumption household not eligible for the water concession, and paying both supply and usage charges, is currently \$740 per annum compared to \$629 in 2011/12. For a high consumption household, the annual bill is currently \$1,474 and for a low consumption household it is \$526. See chart 3 below.

Chart 3 Annual bills for non-concession households with low, medium and high consumption from 2011/12 to 2017/18, single meter households (separate dwellings) paying both supply and usage charges



For customers residing in apartments/units and thus have an overall lower water consumption, the annual bill is currently \$531 for medium consumption compared to \$442 in 2011/12. For a high consumption household, the annual bill is currently \$954 and for a low consumption household it is \$433. See chart 4 below.

Chart 4 Annual bills for non-concession households with low, medium and high consumption from 2011/12 to 2017/18, shared meter households (apartments/units) paying both supply and usage charges



1.3 SA Water concession

The SA Water concession offers eligible customers a percentage discount off their water bills with minimum and maximum thresholds in place. The minimum and maximum thresholds for tenants are lower compared to owner occupants because “tenants are not generally liable for the supply charge component of water bills”.²⁰ However, landlords are able to transfer responsibility for supply charges to tenants and some tenants will therefore receive a lower concession compared to owner occupiers.²¹

In 2011/12, the water concession was 25% with the following minimum and maximum thresholds in place:

Table 4 Minimum and maximum water concession thresholds (\$ per annum), 2011/12

	Minimum	Maximum
<i>Owner occupier</i>	\$125	\$235
<i>Tenants</i>	\$72	\$182

In 2012/13, the percentage discount remained the same (25%) but the minimum and maximum thresholds increased. The following minimum and maximum thresholds took effect in 2012/13 and remained unchanged until January 2014:

Table 5 Minimum and maximum water concession thresholds (\$ per annum), 2012/13 (until January 2014)

	Minimum	Maximum
<i>Owner occupier</i>	\$155	\$265
<i>Tenants</i>	\$90	\$200

From the 1st of January 2014, both the percentage discount and the thresholds changed. The percentage discount increased to 30% and the thresholds increased to:

Table 6 Minimum and maximum water concession thresholds (\$ per annum), From January 2014 to 2016/17 (inclusive)

	Minimum	Maximum
<i>Owner occupier</i>	\$185	\$295
<i>Tenants</i>	\$120	\$230

²⁰ <http://www.sa.gov.au/topics/care-and-support/financial-support/concessions/water-and-sewerage-rate-concession>

²¹ The Tenancy Act has allowed landlords to pass on water charges to tenants for lease agreements entered since 1 March 2014.

The water concession then remained unchanged until 2017/18 when the South Australian Government indexed the minimum and maximum concession amounts to CPI. The ability of tenants that pay both supply and usage charges in full to access the higher thresholds (previously only available to owner occupiers) was also introduced. The lower thresholds are now for tenants that pay for one charge only (supply or usage).

Table 7 Minimum and maximum water concession thresholds (\$ per annum), 2017/18 ²²

	Minimum	Maximum
<i>Owner occupier and tenants that pay both supply and usage charges</i>	\$187.50	\$298.90
<i>Tenants that pay for one charge (supply or usage) only</i>	\$121.60	\$233.10

The water concession is available to customers holding one of the following cards:

- Pensioner Concession card
- Low Income Health Care Card
- Gold Card from the Department of Veteran’s Affairs

Customers receiving one of various Centrelink payments such as Newstart Allowance, Youth Allowance, Austudy, Widow Allowance and Parenting Payments are also eligible for the water concession.

2. Annual water bills for concession card holders from 2011/12 to 2017/18

2.1 Annual bills for single meter households (separate dwellings)

The below analysis shows estimated annual water bills (including concession) for five different consumption levels from 2011/12 to 2017/18 for single meter/separate dwellings.²³

For medium (average) consumption households, bills peaked in 2012/13 and 2015/16 for both tenants and owner occupiers.²⁴ In 2012/13 the annual water bill for average consumption owner occupiers increased by \$155, or 33%, compared to the previous year. For tenants paying for usage only, the bill increased by \$111 (38%) and for tenants paying both supply and usage charges it increased by \$164 (35%). By 2014/15, however, the annual bills had reduced by approximately \$60-85, or 13-

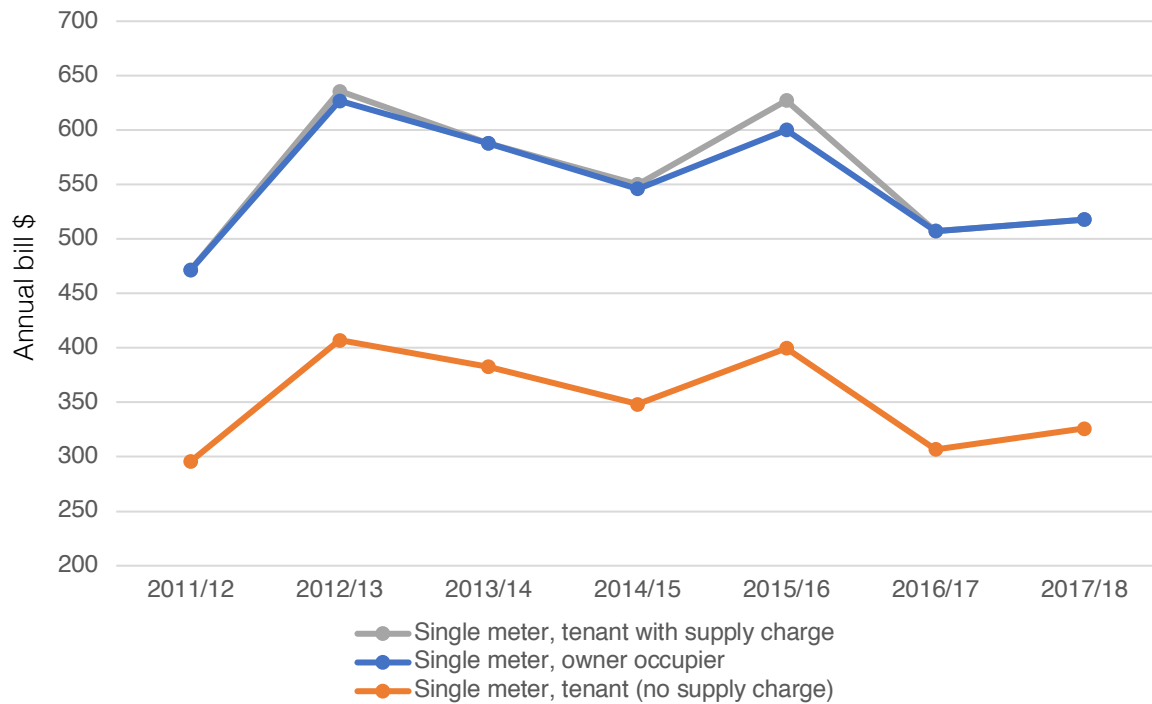
²² See <https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/water-and-sewerage-rate-concession>

²³ This analysis is based on consumption levels presented in table 1

²⁴ Note that the 2012/13 bill is based on concessions and water charges as of July 2013 and that the concession did increase on 1 January 2014.

14%, compared to two years earlier (2012/13). In 2015/16, the bills again increased by 10-15% compared to the previous year and the biggest increases affected tenants. Since then bills have decreased for all concession card households and the greatest decreases (17-18%) have benefited tenants.²⁵

Chart 5 Estimated annual water bills for concession recipients with average (medium) consumption, single meter



Charts 6 to 9 below show annual bills for concession recipients with low, quite low, quite high and high consumption levels.

²⁵ Percentage decreases based on 2017/18 compared to 2015/16.

Chart 6 Estimated annual water bills for concession recipients with low consumption, single meter

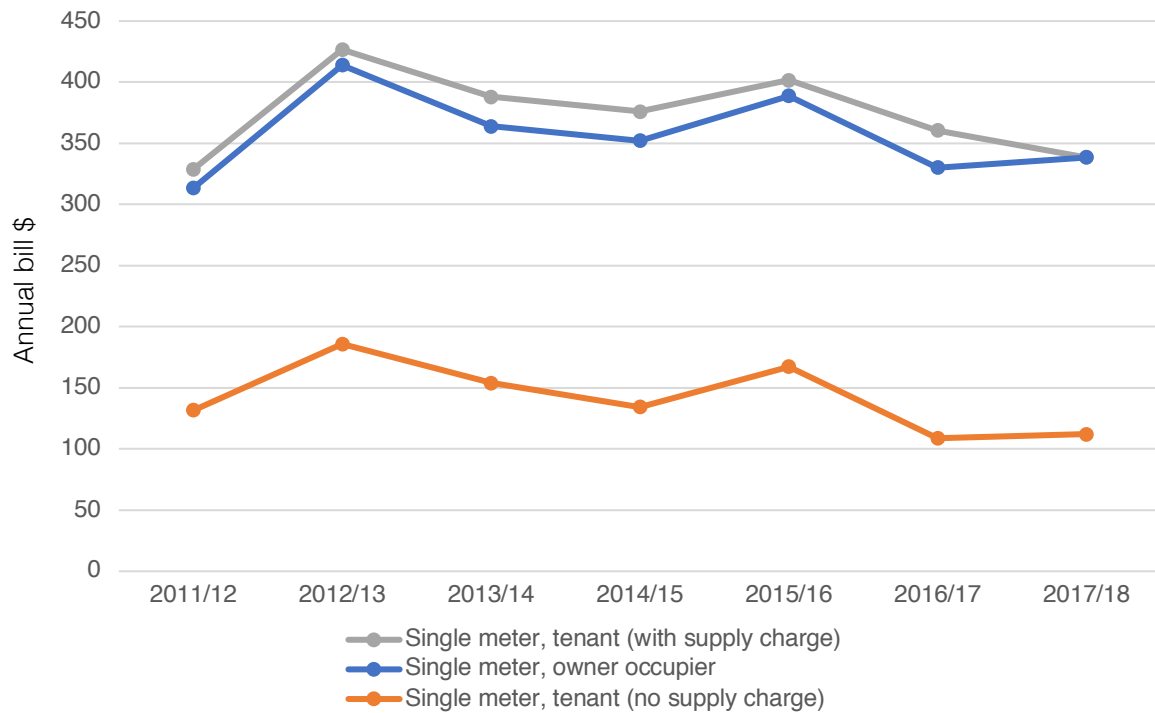


Chart 7 Estimated annual water bills for concession recipients with quite low consumption, single meter

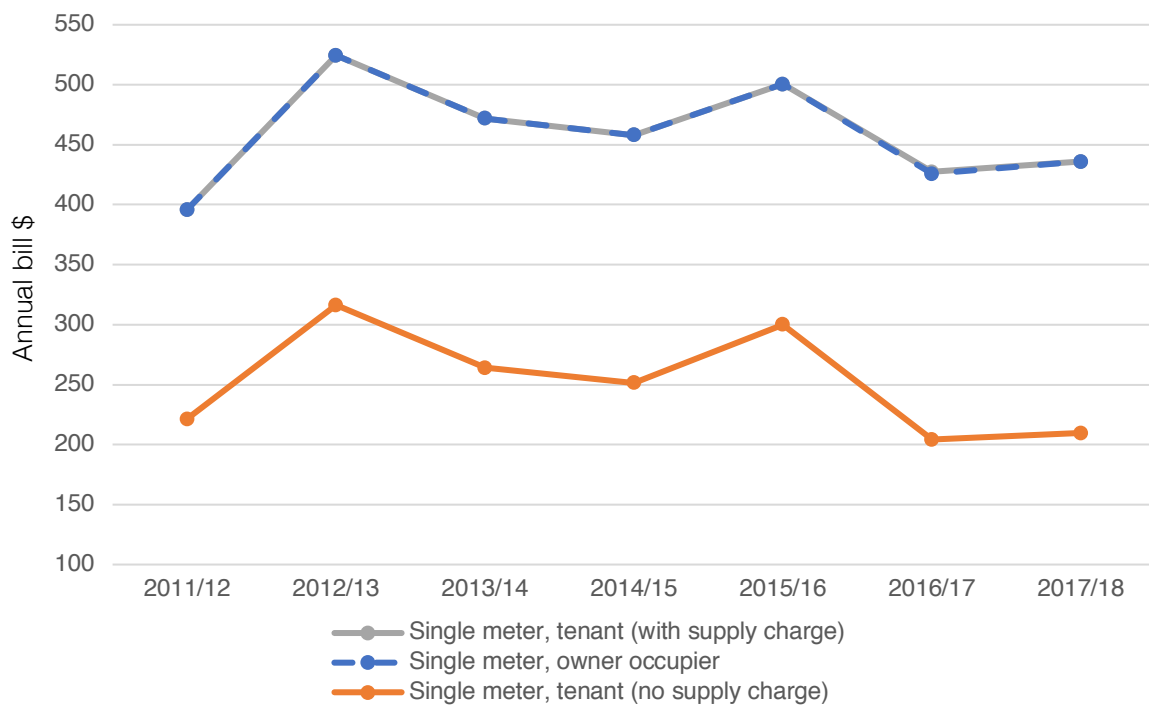


Chart 8 Estimated annual water bills for concession recipients with quite high consumption, single meter

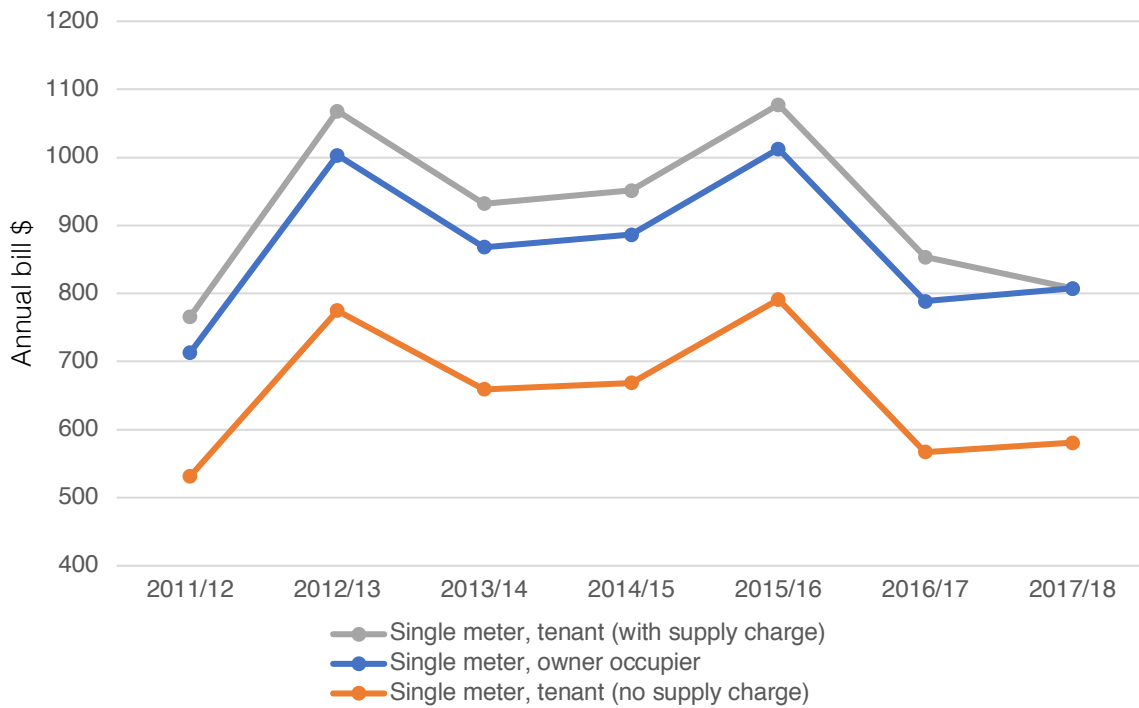
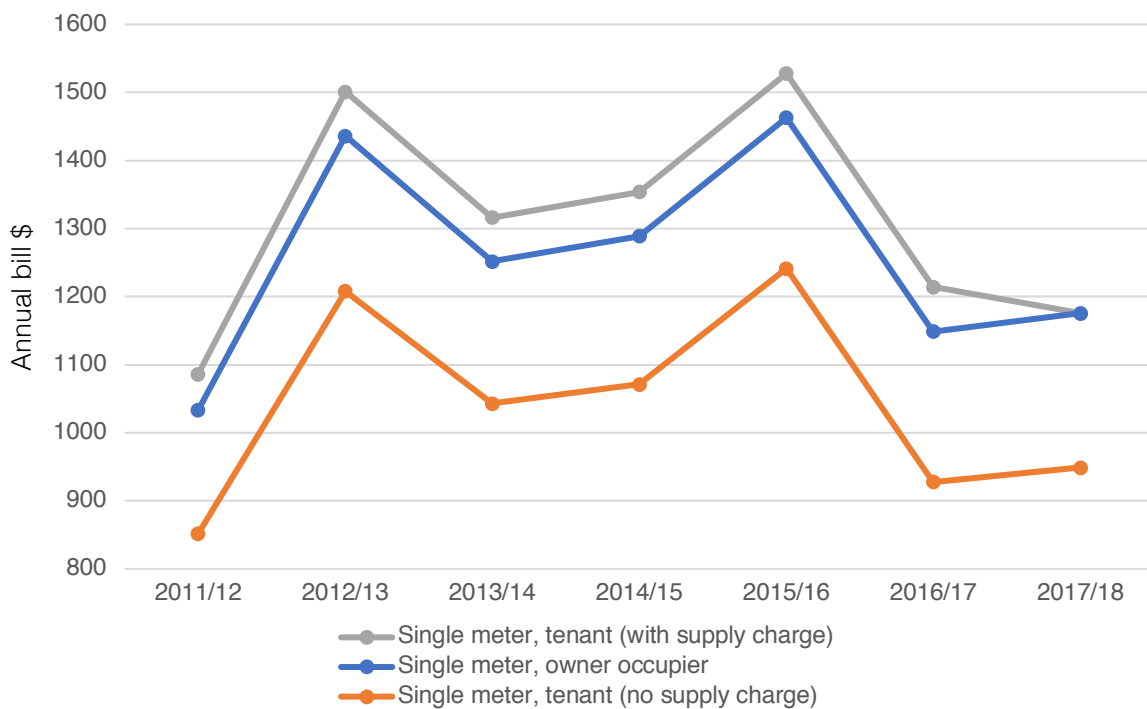


Chart 9 Estimated annual water bills for concession recipients with high consumption, single meter



Concession card households with quite high and high consumption continue to face high water bills despite price decreases and increases to the concession. As of 2017/18, a high consumption household responsible for both supply charges and

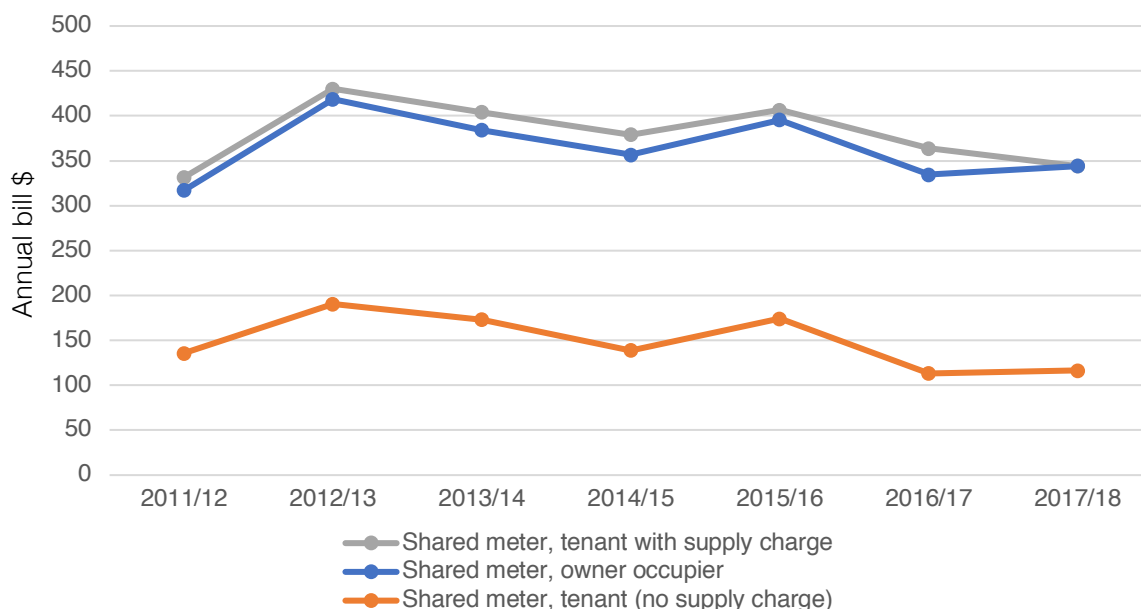
usage charges would pay \$1,175 per annum after the concession being applied. A high consumption tenant paying for usage charges only, would have an annual bill of \$950 if they are able to access the water concession.

2.2 Annual bills for shared meter households (apartments/units)

While only 6.6% of South Australian dwellings are apartments or units, a large proportion of these dwellings are found in central Adelaide. In the Adelaide postcode 5000, for example, almost 61% of dwellings are apartments or units.²⁶

The below analysis shows estimated annual water bills (including concession) for apartments/units with five different consumption levels from 2011/12 to 2017/18.²⁷ As in the case of single meter dwellings, bills peaked in 2012/13 and 2015/16 for both tenants and owner occupiers.²⁸ In 2012/13, the annual water bill for average (medium) consumption owner occupiers increased by \$101, or 32%, compared to the previous year. For tenants paying for usage only, the bill increased by \$55 (41%) and for tenants paying both supply and usage charges it increased by \$99 (30%). By 2014/15, however, the annual bills had reduced by approximately \$50-60, or 12-28%, compared to two years earlier (2012/13). In 2015/16, the bills again increased by 8-25% compared to the previous year and the biggest increases affected tenants paying for usage only. Since then bills have decreased for all concession card households (13-33%) and the greatest decreases have benefited tenants paying usage charges only.²⁹

Chart 10 Estimated annual water bills for concession recipients with average (medium) consumption, shared meter



²⁶ ABS, Census 2016 data

²⁷ This analysis is based on consumption levels presented in table 2

²⁸ Note that the 2012/13 bill is based on concessions and water charges as of July 2013 and that the concession did increase on 1 January 2014.

²⁹ Percentage decreases based on 2017/18 compared to 2015/16.

Charts 11 to 14 below shows annual bills for concession recipients with low, quite low, quite high and high consumption levels.

Chart 11 Estimated annual water bills for concession recipients with low consumption, shared meter

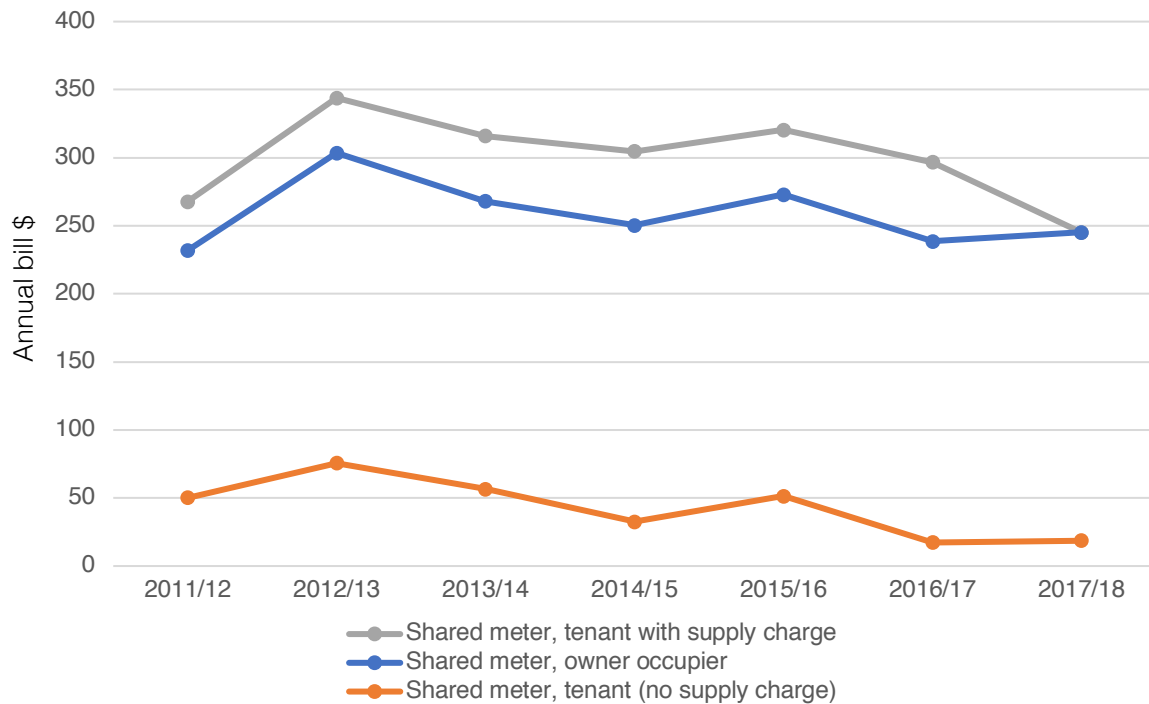


Chart 12 Estimated annual water bills for concession recipients with quite low consumption, shared meter

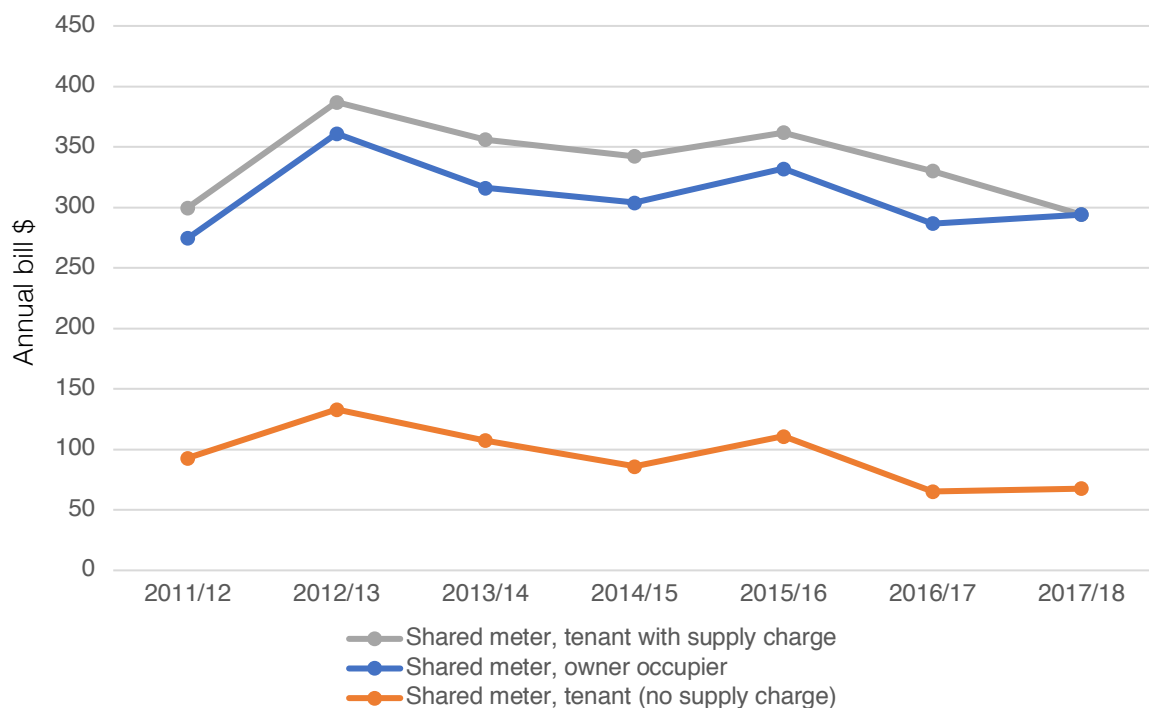


Chart 13 Estimated annual water bills for concession recipients with quite high consumption, shared meter

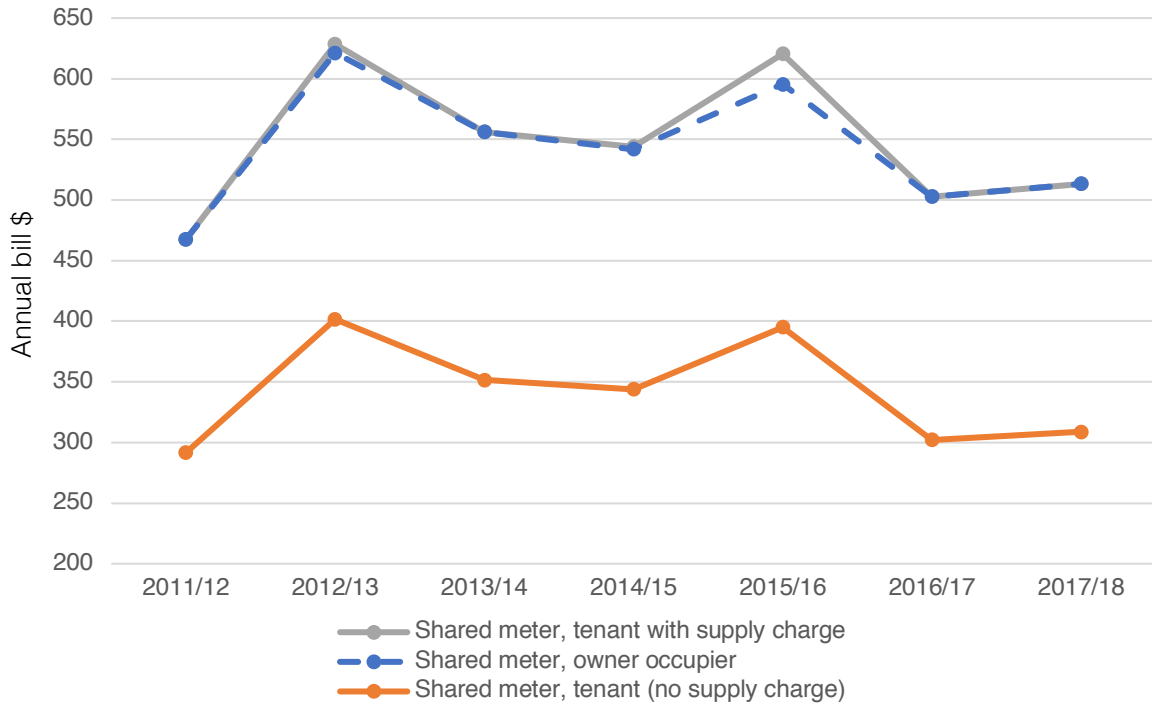
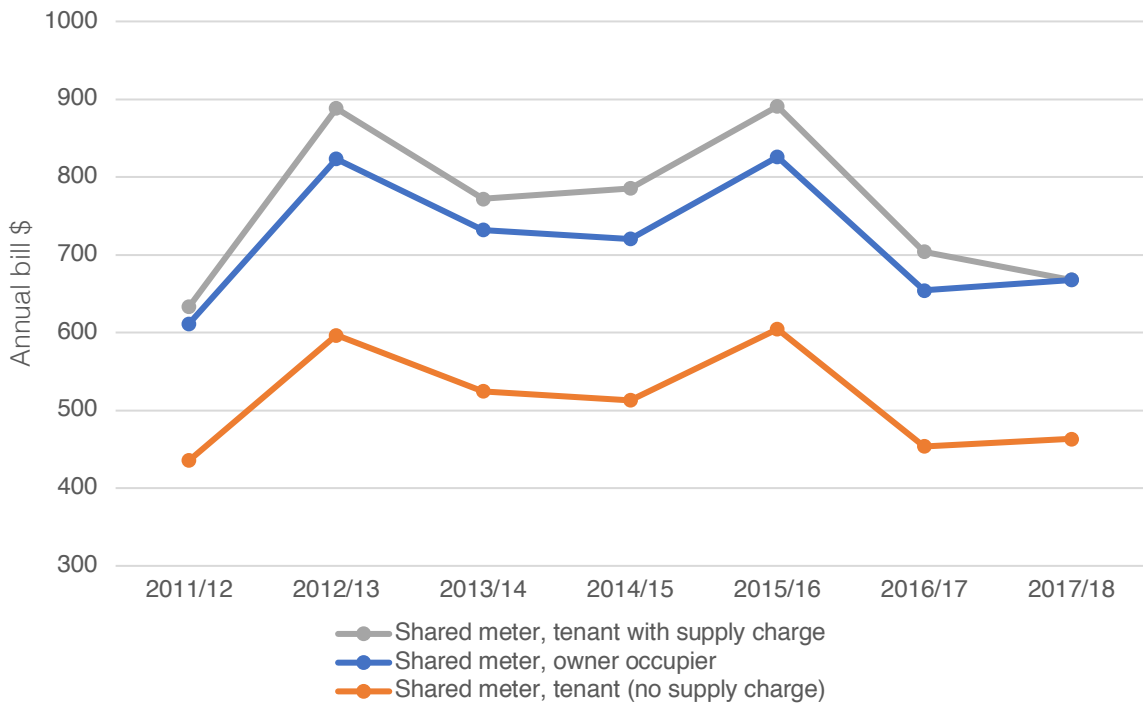


Chart 14 Estimated annual water bills for concession recipients with high consumption, shared meter



Customers living in apartments and units typically use less water because they do not have gardens. Small households, couples or people living by themselves, and in apartments are likely to have low or quite low consumption. However, the significant

fixed supply charge means that concession card holders responsible for paying this charge will have reasonably high water bills despite their low usage and increases to the concession.

2.3 The relative value of water concession from 2011/12 to 2017/18

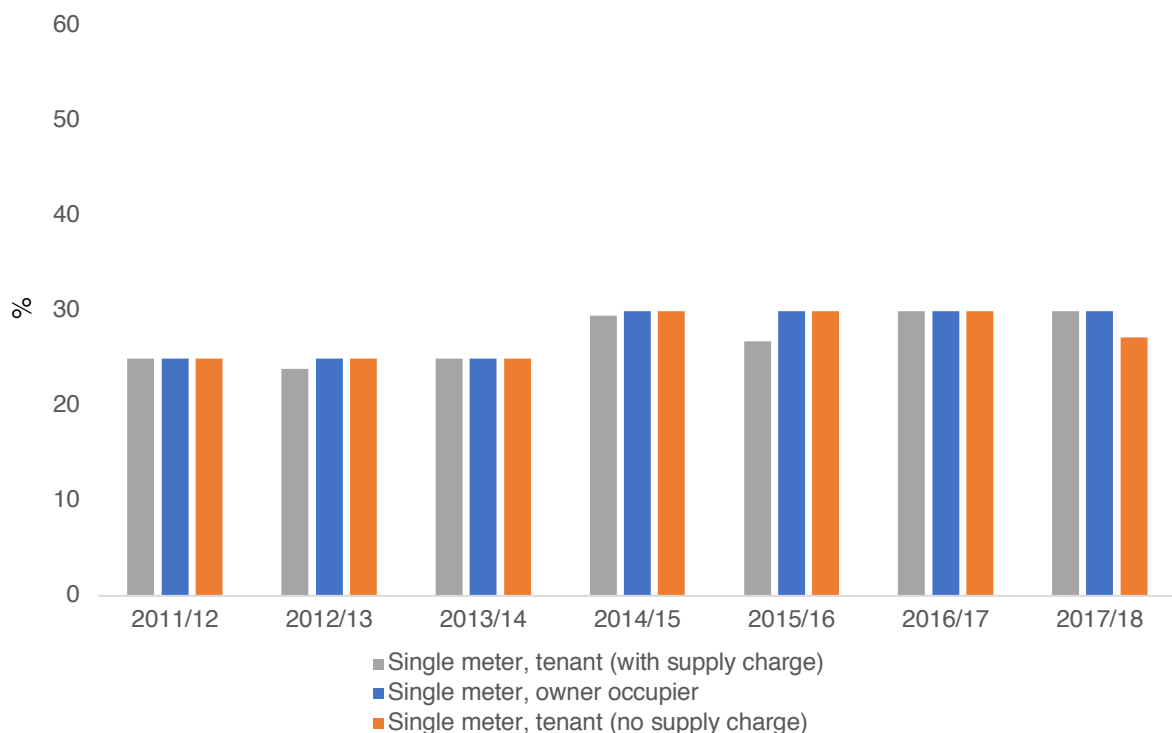
The below analysis shows the relative value of the concession for owner occupiers, tenants paying both supply and usage charges and tenants paying usage charges only, from 2011/12 to 2017/18 for five consumption levels.

2.3.1 Separate dwellings (single meters)³⁰

Until 2017/18, the relative value of the concession was less for tenants that pay both supply and usage charges compared to owner occupiers for all consumption levels. As they now can access the same minimum and maximum thresholds as owner occupiers, there is no difference between home owners and these tenants' water concession as of 2017/18 if it is obtained.

The relative value of the water concession is most similar for households with average (medium) water consumption. Chart 15 shows that medium usage concession households currently receive a concession of 30% if they pay both supply and usage charges and a concession of 27% if they pay usage charges only.

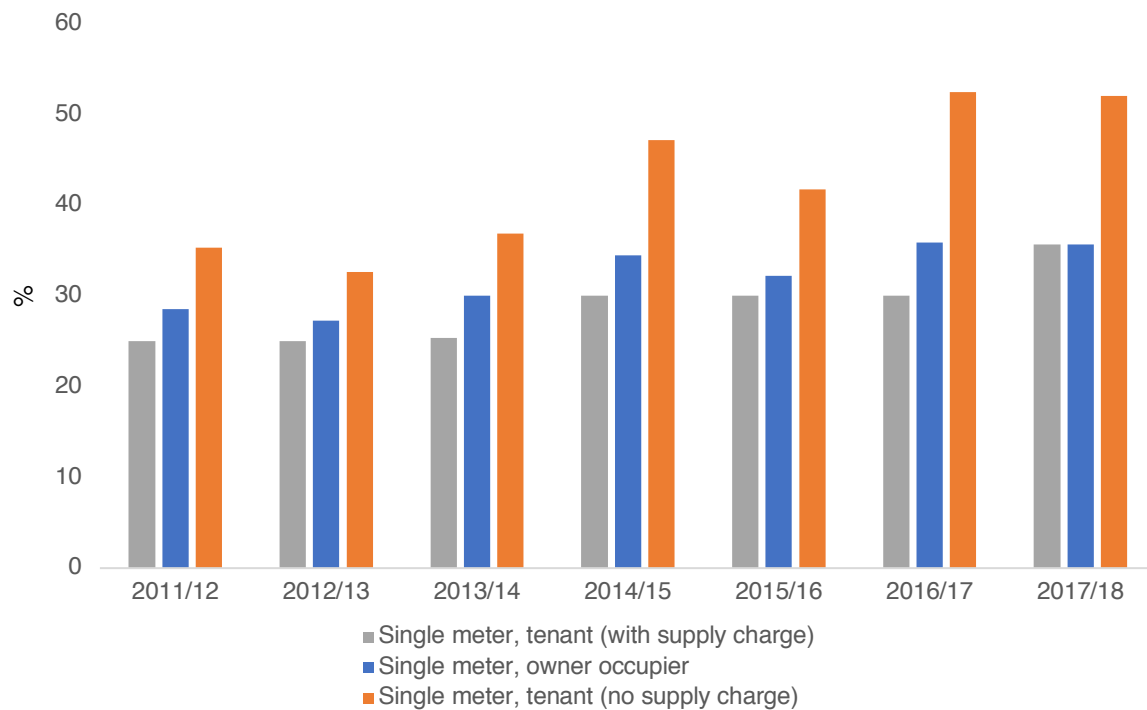
Chart 15 The relative value (%) of water concession for average (medium) consumption households, single meter



³⁰ This analysis is based on consumption levels presented in table 1

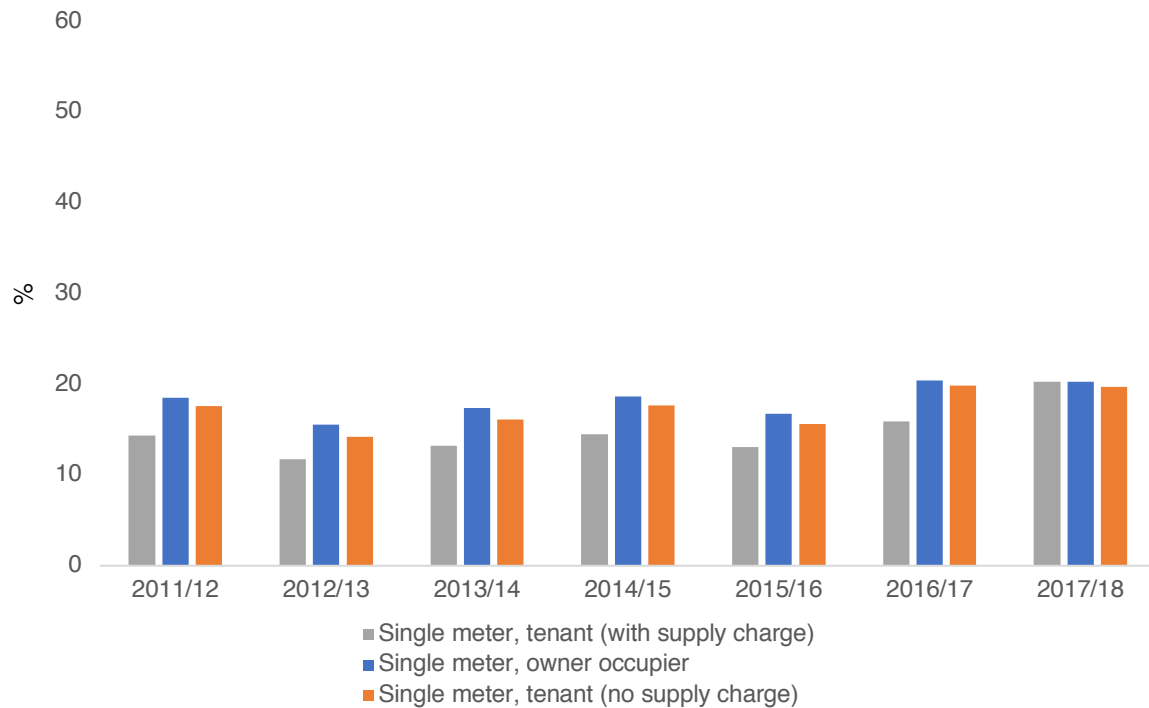
For low consumption households, the relative value of the concession has varied significantly between households (tenants) that pay usage charges only and households that pay both usage and supply charges. As of 2017/18, a tenant paying for usage charges only will receive a water concession of 52% compared to 36% for households paying for both supply and usage.

Chart 16 The relative value (%) of water concession for average low consumption households, single meter



For high consumption households, on the other hand, all households currently receive a concession of 20%.

Chart 17 The relative value (%) of water concession for average high consumption households, single meter



Charts 18 and 19 below show the relative values of the water concession for households with quite low and quite high consumption levels.

Chart 18 The relative value (%) of water concession for average quite low consumption households, single meter

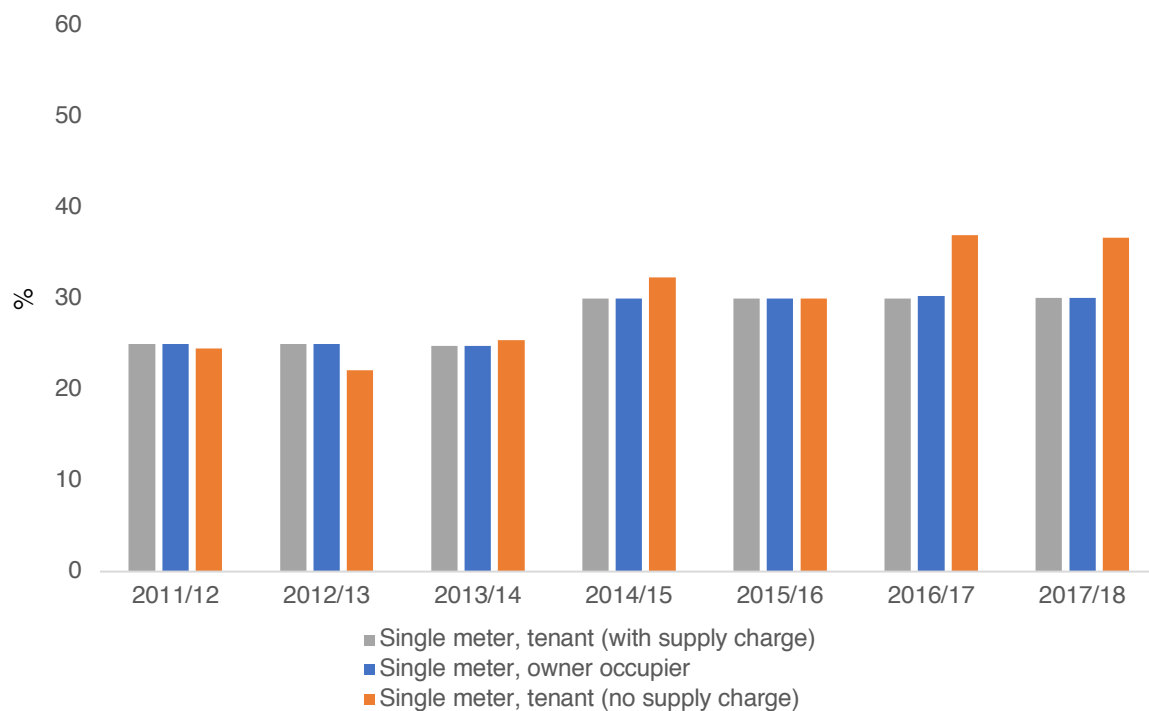
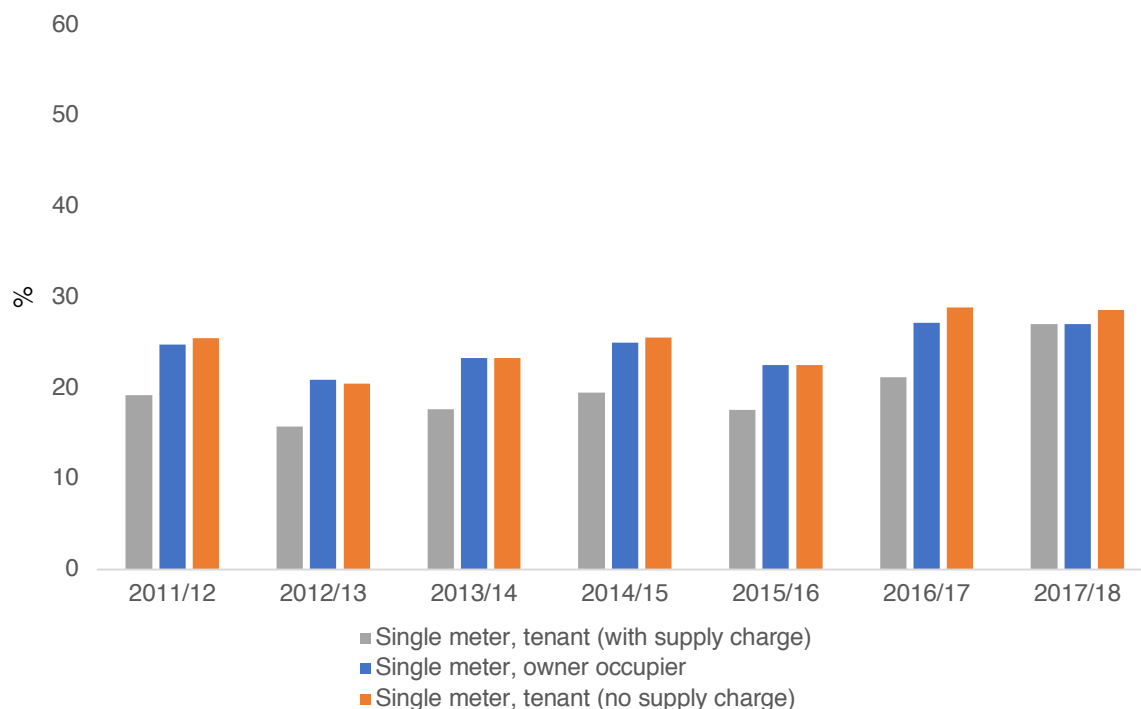


Chart 19 The relative value (%) of water concession for average quite high consumption households, single meter



While water usage charges have increased by approximately 20% for all usage charges since 2011/12, the significant difference in price between the first price (applied to the first 30kL used each quarter) and the second price (applied to the next 100kL/quarter used) means that high consumption households will have significantly higher bills compared to low consumption households.

Furthermore, as the maximum concession threshold for tenants, or as of 2017/18, tenants that pay usage charges only, is significantly lower than it is for households paying both usage and supply charges, the relative value of the concession is lowest for tenants with a high consumption level. The maximum concession threshold for tenants paying usage charges only has increased by 28% since 2011/12. The maximum threshold for owner occupiers and, now, tenants paying both supply and usage charges, on the other hand, has increased by 50%.

We note that the supply charge has increased by more than the usage charges over the same period (24% for supply charges and 20% for usage charges) but it still means that higher usage tenants will reach the lower maximum threshold earlier than owner occupiers or tenants that pay for both supply and usage charges.

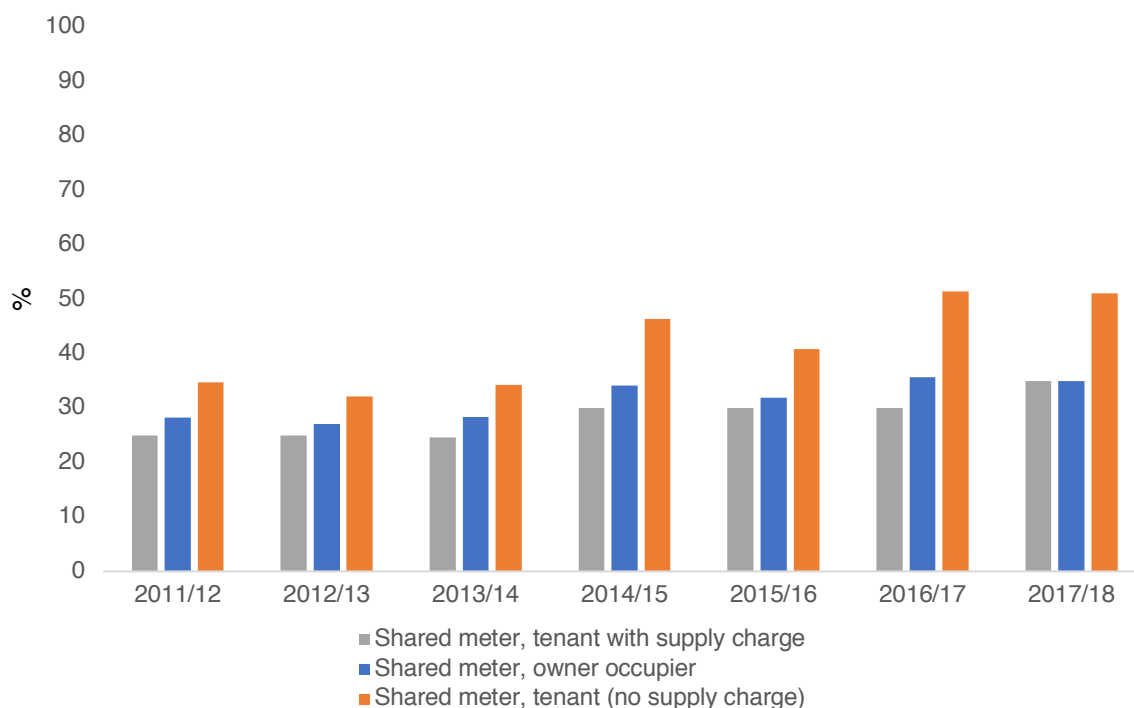
Chart 9 in section 2.1 above shows that the annual bill for a high consumption tenant paying for usage charges only is currently \$949 including concession. For households paying both supply charges and usage charges, the bill is \$1,175. The difference (\$226 per annum) is therefore less than the current annual supply charge

of \$292, meaning that households paying for both supply and usage charges receive \$66 more per annum towards their usage charges than tenants only paying usage charges.

2.3.2 Apartments/units (shared meters)³¹

Unlike the case for single meter households, the relative value of the water concession is most similar for shared meter households with quite high and high water consumption. This is because these households typically use less water compared to single meter households (due to the absence of gardens in apartments and units). For medium consumption households the relative value of the concession is greatest for tenants that do not pay supply charges (currently 51%). By comparison the relative value of the concession is currently 35% for households that pay both supply and usage charges. See chart 20.

Chart 20 The relative value (%) of water concession for average (medium) consumption households, shared meter



As in the case of single meter households, the relative value of the concession has varied significantly between households (tenants) that pay usage charges only and households that pay both usage and supply charges for low consumption households. As of 2017/18, a tenant paying for usage charges only will receive a water concession of 87% compared to 43% for households paying for both supply and usage.

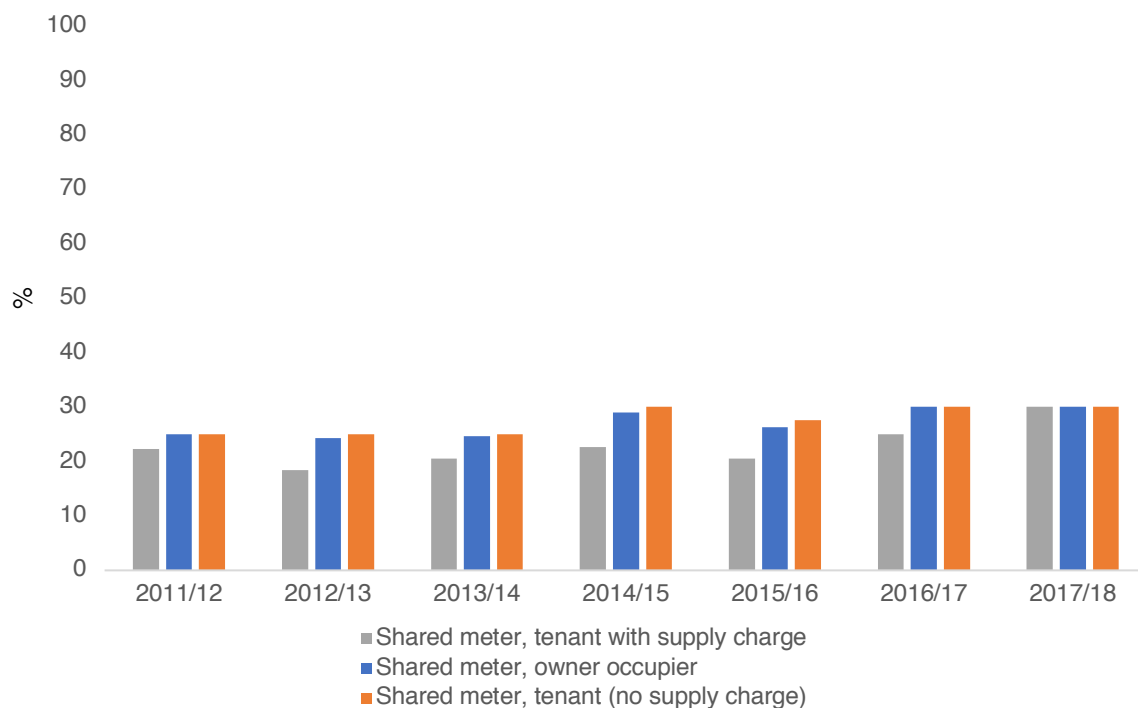
³¹ This analysis is based on consumption levels presented in table 2

Chart 21 The relative value (%) of water concession for average low consumption households, shared meter



For high consumption households, on the other hand, all households currently receive a concession of 30%.

Chart 22 The relative value (%) of water concession for average high consumption households, shared meter



Charts 23 and 24 below shows the relative values of the water concession for households with quite low and quite high consumption levels.

Chart 23 The relative value (%) of water concession for average quite low consumption households, shared meter

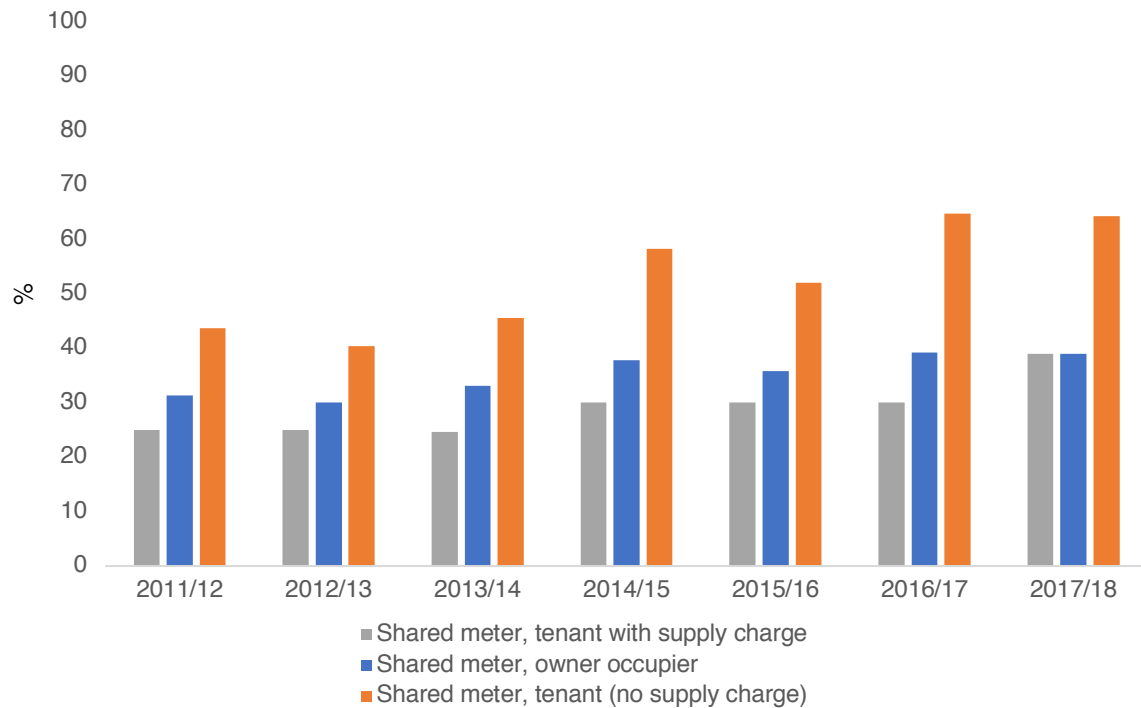
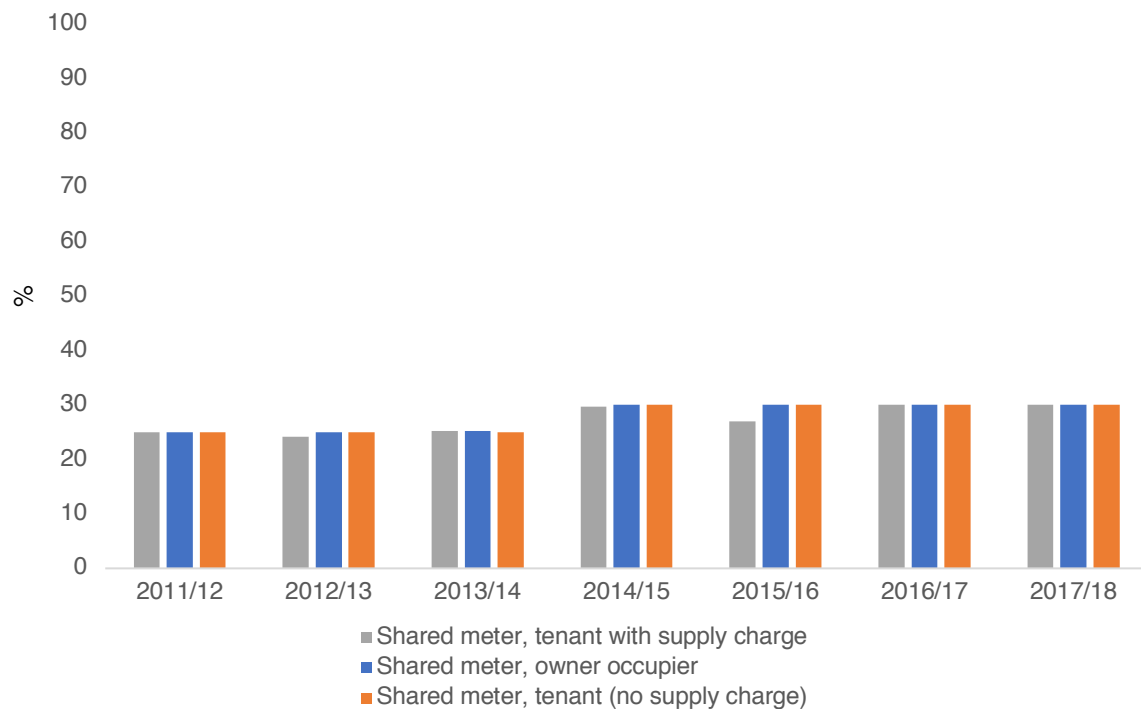


Chart 24 The relative value (%) of water concession for average quite high consumption households, shared meter



2.4 Year on year impact of price and concession changes on households

2.4.1 2012/13 financial year

In 2012/13, both the water supply charge and the water usage charges increased significantly. The percentage based concession remained the same (25%) while both the maximum and minimum annual threshold increased. For owner occupiers both thresholds increased by \$30/annum while for tenants the thresholds increased by \$18/annum. At the same time, we estimate that water consumption increased in 2012/13 compared to the previous year. The impact this had on concession households' bills in 2012/13 is summarised in table 8 below.

Table 8 Impact of changes to water prices, concessions and consumption in 2012/13 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied.

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	\$100	\$129	\$155	\$290	\$403
Single meter, tenant (no supply charge)	\$54	\$95	\$111	\$243	\$357
Single meter, tenant (with supply charge)	\$98	\$129	\$164	\$302	\$415
Shared meter, home owner	\$72	\$87	\$101	\$154	\$212
Shared meter, tenant (no supply charge)	\$25	\$40	\$55	\$110	\$161
Shared meter, tenant (with supply charge)	\$76	\$87	\$99	\$161	\$255

For owner occupiers in separate dwellings (single meter) the water usage bill increased due to rate increases as well as increases in water consumption. The supply charge also increased significantly this year, noticeably pushing up the bill for low consumption households. As the minimum and maximum concession amount for owner occupiers also increased (by \$30/annum), low consumption owner occupiers would have been able to access the minimum threshold of \$155/annum. Households with quite low consumption would have claimed a 25% concession of \$175/annum while medium consumption households would have received \$209/annum in assistance. Households with quite high or high consumption would have received the maximum threshold of \$265/annum.

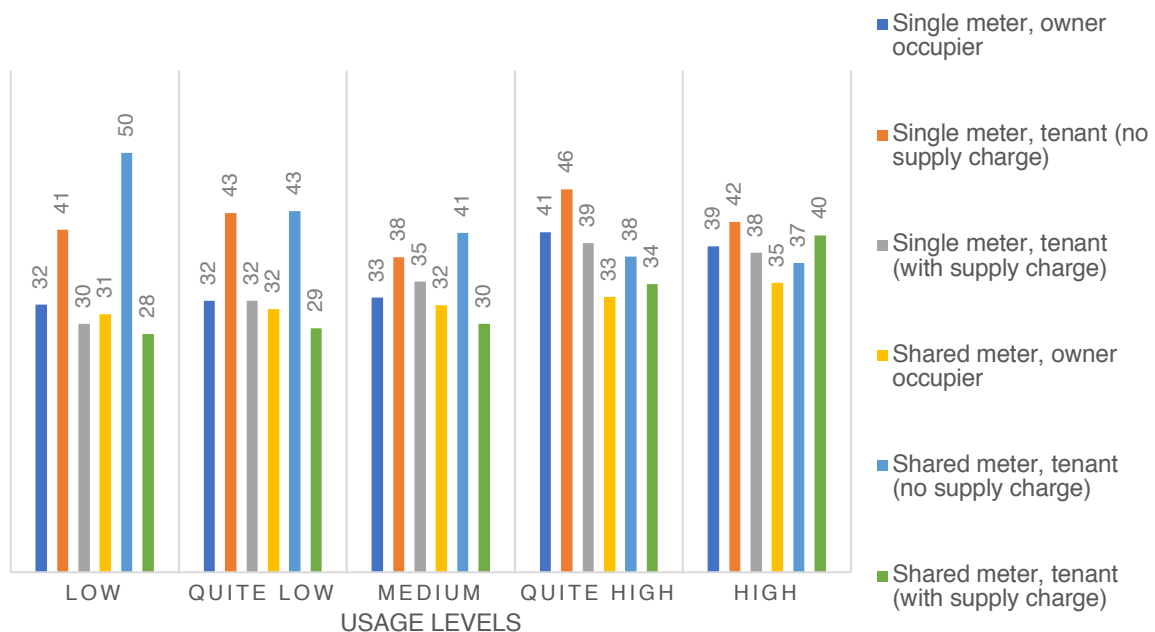
A low or quite low consumption tenant responsible for paying both usage charges and supply charges would have received similar assistance to owner occupiers due to the 25% concession. For tenants with medium, quite high or high consumption however, the maximum threshold of \$200 per annum would have kicked in, resulting in greater price increases for this group.

Tenants not responsible for paying the supply charge (which increased significantly in 2012/13) would have received the minimum concession (\$90/annum) if their consumption was low or quite low, the percentage based concession (25%) if they had medium consumption and the maximum concession of \$200/annum if they had quite high or high consumption. This group thus faced lower price increases (in \$ terms) than other customers in separate dwellings.

Customers in apartments/units (shared meters) typically use less water due to the lack of outdoor space. Their bills would therefore have been less impacted by the increase in usage charges but the increase in the supply charge would have impacted on both owner occupiers and tenants responsible for paying supply charges. The bill increases for these two customer groups were similar for low to medium consumption households but for tenants with quite high and high consumption, the (lower) maximum threshold would have kicked in, and therefore provided them with less assistance compared to owner occupiers.

Naturally, tenants not responsible for supply charges and living in apartments/units, (resulting in lower consumption) would have experienced the lowest bill increases in \$ terms. In percentage terms, however, low consumption tenants received the greatest price increase of 50% (see chart 25 below). The maximum threshold would not have kicked in for any of these consumption levels, meaning that these tenants would have received the 25% discount if they had quite high or high consumption.

Chart 25 Percentage increases to water bills (including concessions) from 2011/12 to 2012/13



2.4.2 2013/14 financial year

In 2013/14, both the water supply charge and the water usage charges decreased somewhat and the concession arrangements remained unchanged until 1 January 2014. We have also estimated that water consumption decreased in 2013/14 compared to the previous year. The impact this had on concession households' bills in 2013 (prior to new concession arrangements taking effect) is summarised in table 9 below.

Table 9 Impact of changes to water prices, concessions and consumption in 2013/14 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied.

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	-\$50	-\$52	-\$39	-\$135	-\$184
Single meter, tenant (no supply charge)	-\$32	-\$52	-\$25	-\$116	-\$165
Single meter, tenant (with supply charge)	-\$39	-\$52	-\$48	-\$136	-\$185
Shared meter, home owner	-\$36	-\$45	-\$35	-\$65	-\$91
Shared meter, tenant (no supply charge)	-\$19	-\$26	-\$17	-\$50	-\$72
Shared meter, tenant (with supply charge)	-\$28	-\$31	-\$26	-\$72	-\$116

For owner occupiers in separate dwellings (single meter) the water usage bill decreased due to price decreases as well as decreases in water consumption. Low consumption owner occupiers would have been able to access the minimum threshold of \$155/annum. Households with quite low consumption would have claimed a 25% concession of \$157/annum while medium consumption households would have received \$196/annum in assistance. Households with quite high or high consumption would have received the maximum threshold of \$265/annum.

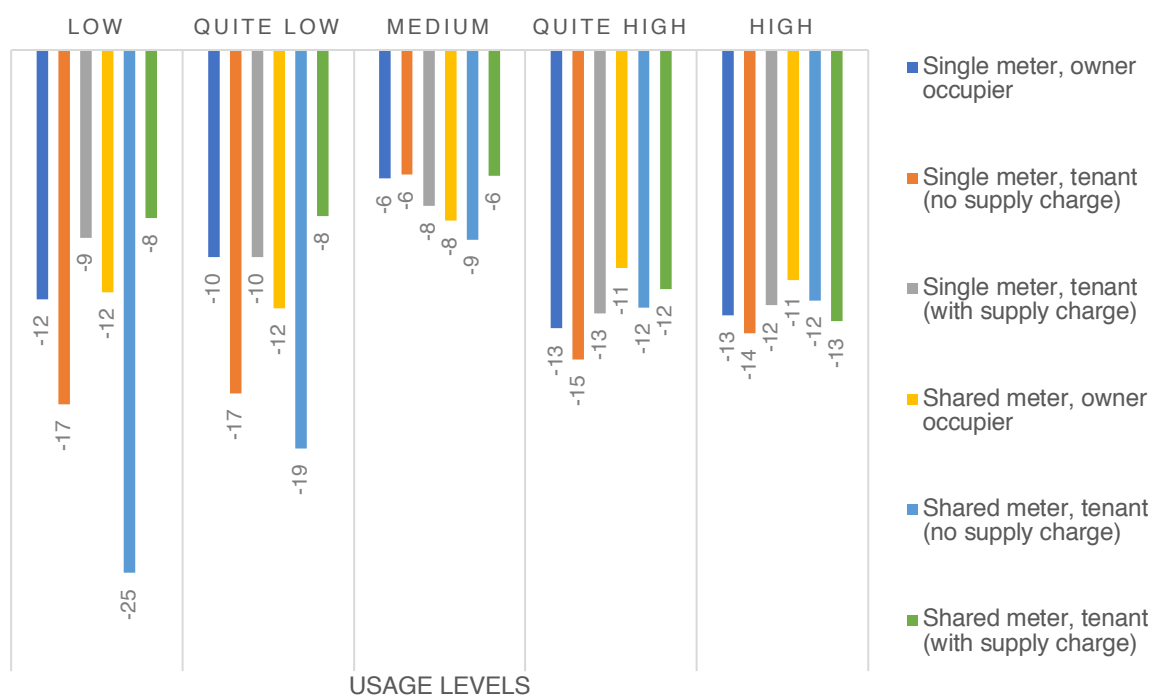
A low consumption tenant responsible for paying both usage charges and supply charges would have received less assistance compared to owner occupiers as the 25% concession was worth less than the minimum threshold for owner occupiers. A quite low or medium consumption tenant, however, would have received the same assistance as owner occupiers as they both would have received the 25% concession. For tenants with quite high or high consumption the maximum threshold of \$200 per annum would have kicked in. As the annual bills for these tenants were higher compared to owner occupiers in the previous year (2012/13), tenants with this consumption level would have received similar bill reductions to owner occupiers despite their maximum threshold being lower.

Tenants not responsible for paying the supply charge would have received the minimum concession (\$90/annum) if their consumption was low or quite low resulting in a relatively high bill reduction for households with quite low consumption (as the minimum threshold remained unchanged but prices and consumption reduced). The percentage based concession (25%) would have applied to medium consumption households and the maximum concession of \$200/annum if they had quite high or high consumption.

Customers in apartments/units (shared meters) typically use less water due to the lack of outdoor space. Their bill reductions would therefore have been less (in \$ terms) than it was for households in separate dwellings. Owner occupiers with low to medium consumption levels would have received more assistance than tenants responsible for the supply charge as the minimum threshold for owner occupiers was of greater value than the percentage concession applied to tenants. For households with quite high consumption, however, both groups would have received the 25% concession and the reduction being greatest for tenants due to higher bills in the previous year. Owner occupiers with a high consumption level would have received a relatively low bill reduction as the maximum threshold would not have kicked in as it did the previous year.

While low consumption tenants residing in apartments/units (shared meters) and not responsible for paying the supply charge had the greatest percentage increases in 2012/13, this same group had some of the greatest percentage decreases in 2013/14 (depending on consumption level).

Chart 26 Percentage decreases to water bills (including concessions) from 2012/13 to 2013/14



2.4.3 2014/15 financial year

In 2014/15 the water supply charge remained unchanged while the water usage charges increased. The concession arrangements also changed (on 1 January 2014) to offer a 30% discount (up from 25%) and the maximum and minimum thresholds for both home owners and tenants increased by \$30. We have also estimated that water consumption increased slightly in 2013/14 compared to the previous year. The impact this had on concession households' bills in 2014/15 is summarised in table 10 below.

Table 10 Impact of changes to water prices, concessions and consumption in 2014/15 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	-\$12	-\$14	-\$42	\$18	\$37
Single meter, tenant (no supply charge)	-\$20	-\$13	-\$34	\$10	\$28
Single meter, tenant (with supply charge)	-\$12	-\$14	-\$38	\$19	\$38
Shared meter, home owner	-\$18	-\$12	-\$27	-\$14	-\$12
Shared meter, tenant (no supply charge)	-\$24	-\$21	-\$34	-\$8	-\$12
Shared meter, tenant (with supply charge)	-\$11	-\$14	-\$35	-\$12	\$13

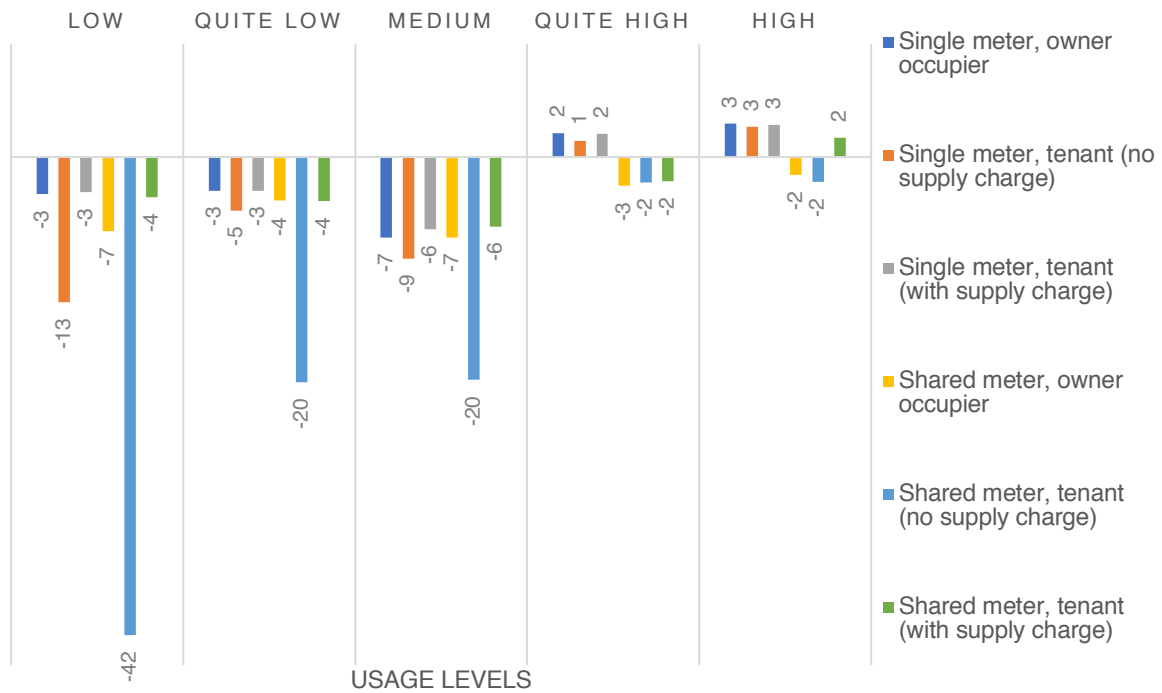
For owner occupiers in separate dwellings (single meter) with low to medium consumption, the water bills decreased despite there being an increase to water charges. The impact of the higher concession threshold as well as the greater percentage discount delivered these decreases. For quite high and high consumption households, however, the water bills increased despite the higher maximum threshold (now worth \$295 per annum).

A low to medium consumption tenant responsible for paying both usage charges and supply charges would have received similar assistance to owner occupiers. While the maximum threshold continued to be less for this group, quite high and high consumption tenants would have seen similar price increases to owner occupiers as their bills were higher the previous year.

Tenants not responsible for paying the supply charge would have received the minimum concession (now \$120/annum) if their consumption was low or quite low. The greatest \$ reduction to bills, however, would have been for those with medium consumption as they would now receive a 30% discount instead of 25%.

Customers in apartments/units (shared meters) typically use less water due to the lack of outdoor space but their bill reductions were typically greater due to the increases to the thresholds and the percentage based concession.

Chart 27 Percentage changes to water bills (including concessions) from 2013/14 to 2014/15



2.4.4 2015/16 financial year

In 2015/16 both the water supply charge and the water usage charges increased slightly while the concession arrangements remained unchanged. We have also estimated that water consumption increased in 2015/16 compared to the previous year. The impact this had on concession households' bills in 2015/16 is summarised in table 11 below.

Table 11 Impact of changes to water prices, concessions and consumption in 2015/16 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	\$37	\$43	\$54	\$126	\$174
Single meter, tenant (no supply charge)	\$33	\$49	\$51	\$123	\$170
Single meter, tenant (with supply charge)	\$26	\$43	\$77	\$126	\$174
Shared meter, home owner	\$22	\$28	\$39	\$54	\$105
Shared meter, tenant (no supply charge)	\$19	\$25	\$35	\$51	\$92
Shared meter, tenant (with supply charge)	\$16	\$20	\$27	\$77	\$105

For owner occupiers in separate dwellings (single meter) the water usage bill increased due to price increases as well as increases in water consumption. Low consumption owner occupiers would have been able to access the minimum threshold of \$185/annum. Households with quite low consumption would have claimed a 30% concession of \$215/annum while medium consumption households would have received \$257/annum in assistance. Households with quite high or high consumption would have received the maximum threshold of \$295/annum.

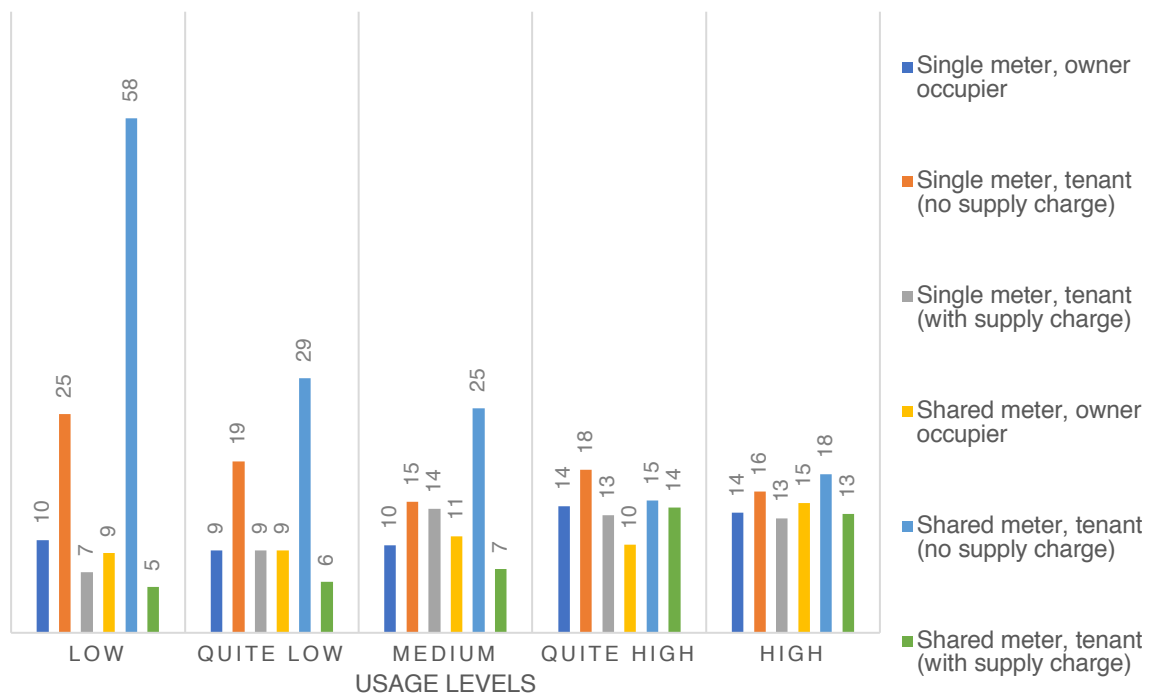
A low consumption tenant responsible for paying both usage charges and supply charges would have received less assistance compared to owner occupiers as the 30% concession was worth less than the minimum threshold for owner occupiers. A quite low consumption tenant, however, would have received the same assistance as owner occupiers as they both would have received the 30% concession. For tenants with medium consumption the maximum thresholds of \$230 per annum would have kicked in, resulting in greater price increases for this group than owner occupiers receiving the 30% concession. As the annual bills for quite high and high consumption tenants were higher compared to owner occupiers in the previous year (2014/15), tenants with this consumption level would have received the same bill increase as owner occupiers despite their maximum threshold being lower.

Tenants not responsible for paying the supply charge would have received the minimum concession (\$120/annum) if their consumption was low resulting in a relatively high bill increase for households with low consumption (as the minimum threshold remained unchanged but prices and consumption increased). The percentage based concession (30%) would have applied to quite low and medium consumption households and the maximum concession of \$230/annum if they had quite high or high consumption.

While their bills are relatively low, low to medium consumption tenants residing in apartments/units (shared meters) and not being responsible for the supply charge

would have received some of the greatest percentage price increases in 2015/16 (see chart 28 below). Both this group of tenants and home owners would have received the minimum threshold if their consumption level were low to medium. Tenants paying for the supply charge, on the other hand, would have received the percentage discount if they had the same consumption level. Compared to owner occupiers, the percentage based discount available to tenants would have been worth less than the minimum threshold available to owner occupiers if their consumption was low to medium.

Chart 28 Percentage increases to water bills (including concessions) from 2014/15 to 2015/16



2.4.5 2016/17 financial year

In 2016/17 the water supply charge remained unchanged while the water usage charges decreased. The concession arrangements remained unchanged. We have also estimated that water consumption decreased in 2016/17 compared to the previous year. The impact this had on concession households' bills in 2016/17 is summarised in table 12 below.

Table 12 Impact of changes to water prices, concessions and consumption in 2016/17 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	-\$59	-\$75	-\$93	-\$124	-\$314
Single meter, tenant (no supply charge)	-\$59	-\$96	-\$93	-\$124	-\$314
Single meter, tenant (with supply charge)	-\$41	-\$73	-\$120	-\$124	-\$314
Shared meter, home owner	-\$34	-\$45	-\$61	-\$93	-\$172
Shared meter, tenant (no supply charge)	-\$34	-\$45	-\$61	-\$93	-\$151
Shared meter, tenant (with supply charge)	-\$24	-\$32	-\$43	-\$118	-\$187

For owner occupiers in separate dwellings (single meter) the water bill reduced due to price decreases as well as decreases in water consumption. Low and quite low consumption owner occupiers would have been able to access the minimum threshold of \$185/annum. Households with medium consumption would have claimed a 30% concession of \$218/annum while households with quite high or high consumption would have received the maximum threshold of \$295/annum.

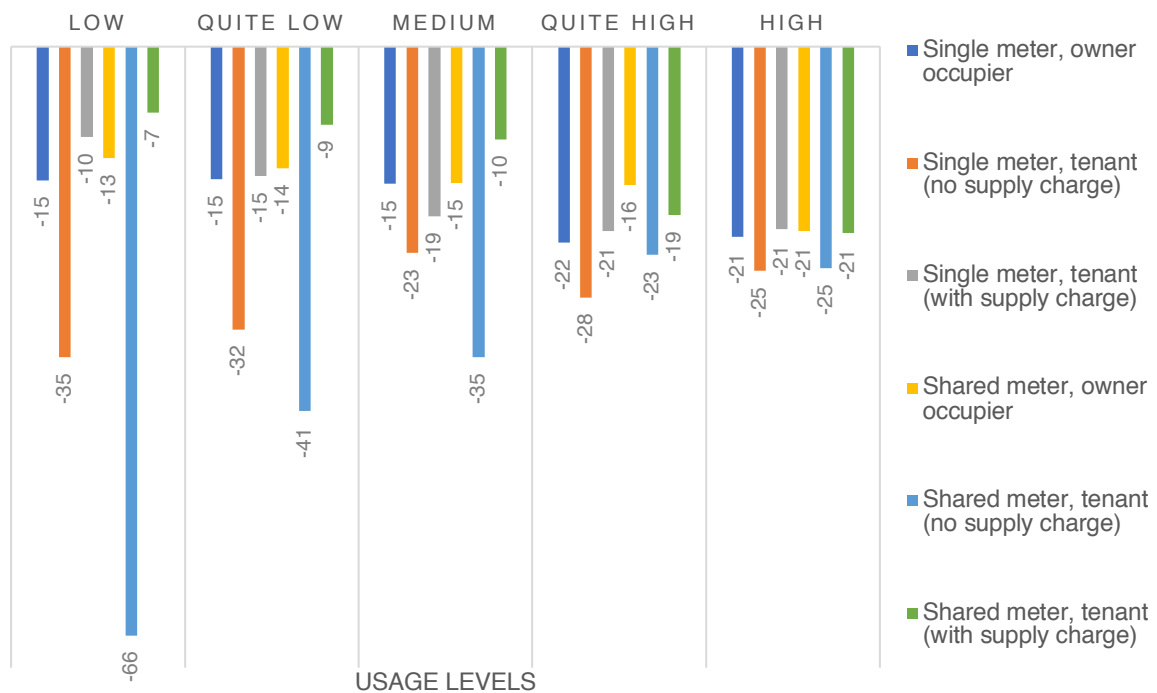
A low consumption tenant responsible for paying both usage charges and supply charges would have received less assistance compared to owner occupiers as the 30% concession was worth less than the minimum threshold for owner occupiers. A quite low consumption tenant, however, would have received the same assistance as owner occupiers as the 30% concession is worth approximately the same amount as the minimum threshold for owner occupiers. For medium consumption households, tenants (with supply charges) and owner occupiers would have received the same concession amount (based on 30%) but tenants would have experienced a greater bill reduction as this consumption level no longer hits the maximum threshold (as it did the previous year). As the annual bills for quite high and high consumption tenants were higher compared to owner occupiers in the previous year (2015/16), tenants with this consumption level would have received the same bill reduction as owner occupiers despite their maximum threshold being lower.

Tenants not responsible for paying the supply charge would have received the minimum concession (\$120/annum) if their consumption was low or quite low, resulting in a relatively high bill reduction for these households. The percentage based concession (30%) would have applied to medium consumption households, providing them with an annual concession worth \$131. The maximum concession of \$230/annum would have kicked in if they had quite high or high consumption.

While their bills are relatively low, low to medium consumption tenants residing in apartments (shared meters) and not being responsible for the supply charge would

have received some of the greatest percentage price decreases in 2016/17 (see chart 29 below). Both this group of tenants and home owners would have received the minimum threshold if their consumption level were low to medium. Tenants paying for the supply charge, on the other hand, would have received the percentage discount for consumption levels except high consumption, and the value of the concession received would have been lower compared to owner occupiers except for in the quite high and high consumption brackets.

Chart 29 Percentage decreases to water bills (including concessions) from 2015/16 to 2016/17



2.4.6 2017/18 financial year

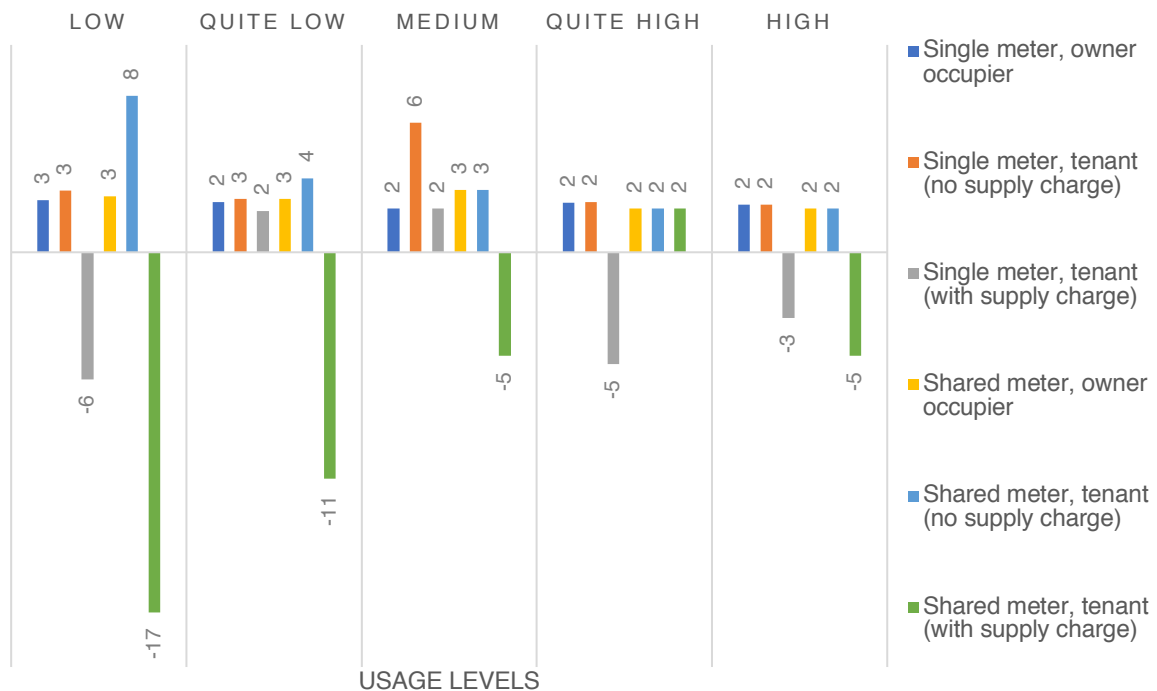
In 2017/18 both the water supply charges and the water usage charges increased. The concession arrangements also changed as minimum and maximum thresholds increased in line with CPI. The higher thresholds, previously only accessed by home owners, also became available to tenants that pay both supply and usage charges in full. As the water consumption figures by the Bureau of Metrology for 2017/18 have not yet been published we have not estimated any changes to consumption in 2017/18 compared to the previous year. The impact this had on concession households' bills in 2017/18 is summarised in table 13 below.

Table 13 Impact of changes to water prices, concessions and consumption in 2017/18 compared to the previous year, \$ increases to annual water bill. Green cells mean that minimum concession threshold has been applied, blue cells mean that the percentage based concession has been applied and red cells mean that maximum concession has been applied

Customer group	Consumption level				
	Low	Quite low	Medium	Quite high	High
Single meter, home owner	\$8	\$10	\$11	\$19	\$26
Single meter, tenant (no supply charge)	\$8	\$5	\$19	\$14	\$21
Single meter, tenant (with supply charge)	-\$22	\$9	\$11	-\$46	-\$39
Shared meter, home owner	\$6	\$7	\$9	\$11	\$14
Shared meter, tenant (no supply charge)	\$1	\$2	\$3	\$6	\$10
Shared meter, tenant (with supply charge)	-\$51	-\$36	-\$20	\$11	-\$36

Most of the concession card groups experienced moderate bill increases in 2017/18 (if their consumption levels remained the same as the previous year). However, as the higher minimum and maximum thresholds became available to tenants paying for both water usage and supply charges, this group has had decreases if their consumption levels qualify for the minimum or maximum concession. See chart 30 below.

Chart 30 Percentage changes to water bills (including concessions) from 2016/17 to 2017/18



The South Australian water concession has offered various level of support to various customer groups between 2011/12 and 2017/18. Changes to water prices, water consumption, percentage discounts, minimum and maximum thresholds as well as access to the different thresholds mean that bills, and concession received, have varied greatly.

We do note, however, that the recent changes that adjust concession thresholds to CPI and allow all customers paying for usage and supply charges, irrespectively of tenure, to access the higher thresholds will reduce some of these variations. These moves have made the water concession more vertically equitable, but a key concern is that the maximum threshold kicks in too early for single dwelling households and thus makes water unaffordable for larger family concession households.

2.5 Consumption level and household characteristics

Unsurprisingly, the above analysis shows that high water usage results in higher water bills and that the relative value of the concession decreases due to the maximum thresholds.

Moreover, it shows that the lower maximum thresholds applied to tenants paying for water usage charges only, result in these households receiving less assistance with their water consumption costs compared to households that pay both supply and usage charges.

Water usage levels are heavily linked to the number of people living in a household. While a single person household will have a higher per capita consumption level than a family, key water usage activities, such as showering and laundry, mean that household usage typically increases with the number of people per dwelling.³²

The Goyder Institute for Water Research survey of Adelaide water usage found that a 4-5 persons household had a mean daily *indoor* water usage of approximately 500 litres compared to approximately 150 litres for a one person household.³³ This equates to a difference of 128kL/annum in indoor water usage between a one person household and a 4 person household. The most significant difference in usage was due to showering. A one person household typically used 33 litres per day for showering while a 4 person household used 242 litres a day.³⁴ The report

³² See, for example, Arbon, N., Thyer, M., Hatton MacDonald, D., Beverley, K., Lambert, M., 2014, Understanding and Predicting Household Water Use for Adelaide, Goyder Institute for Water Research Technical Report Series No. 14/15, Adelaide, South Australia, 2014 and Griffith University, Identifying the drivers of water consumption: A summary of results from the South East Queensland residential end use study, 2012

³³ See Figure 4.3 in Arbon, N., Thyer, M., Hatton MacDonald, D., Beverley, K., Lambert, M., 2014, Understanding and Predicting Household Water Use for Adelaide, Goyder Institute for Water Research Technical Report Series No. 14/15, Adelaide, South Australia, 2014, 41

³⁴ Ibid.

explained that households with younger adults and households with children had significantly higher shower water usage than households with adults aged 55 or more only.

SA Water provides tips about how household can reduce indoor water consumption on their website.³⁵ For low-income tenants, however, it would be difficult to implement many of these recommendations. Table 14 shows SA Water’s recommendations and potential barriers that we have identified for tenants.

It shows that low income tenants’ ability to reduce water usage mostly comes down to taking shorter showers, turn off tap when brushing teeth etc., only turn on dishwasher when full and collect water in jugs and bowls for use in garden.

Table 14 Water saving recommendations and potential barriers to low-income tenants

	Recommendation	Barriers for low income tenants
Bathroom	Take shorter showers	None
	Install a dual flush toilet	Up to property owner
	Check for a leaking toilet cistern	None in order to check but may need property owner to fix
	Turn the taps off when you're brushing your teeth, washing your hands or shaving	None
	Install aerators on your taps	Low to moderate cost but requires know-how
Laundry	Adjust settings to suit load	Requires know-how and/or machine with appropriate setting
	Fix dripping taps	Up to property owner
	Install aerators on your taps	Low to moderate cost but requires know-how
	Consider using greywater from the laundry on the garden	Up to property owner as well as other restrictions
Kitchen	Choose water-efficient appliances	Cost
	Only turn the dishwasher on when it is full	None
	Collect water in a bowl or jug whenever you need to run the taps, and use it on your garden	None
	Fix dripping taps	Up to property owner
Appliances	You can save water and money just by choosing water-wise appliances	Cost

We also note that the Goyder Institute’s report also concluded that

³⁵ See <https://www.sawater.com.au/residential/water-in-your-home-and-garden/save-water-inside-your-home>

“Reductions in per person water use were primarily influenced by appliance characteristics and not by differences in behaviour, as behaviours (frequency/duration) were not found to significantly vary between efficient and non-efficient households in the Adelaide study.”³⁶

3. Tenants’ water bills and access to concessions

3.1 Tenancy, rent and income levels

The number of people living in private rentals has increased in recent years. Based on census data, South Australia has almost 15,000 more households renting privately in 2016 compared to 2011. The total number of dwellings increased by almost 30,000 during the same period, meaning that close to half of the increase was in private rentals.³⁷ As of 2016, almost 21%, or 141,000, of South Australian households were in the private rental market.

In terms of income groups, the increase in rentals has occurred for the two lowest quartiles while rental has decreased for the two highest quartiles during the same period.

75% of South Australian tenants are in the two lowest income quartiles.³⁸

While the average (median) rent has not changed significantly in recent years (from \$220 in 2011 to \$260 in 2016)³⁹ an analysis of Housing SA quarterly rent reports from 2015 to 2018 shows that the median rent has increased significantly in some areas.⁴⁰ In Adelaide the median rent for apartments increased for all sizes and in all areas except for 1 bedroom apartments in Western Adelaide. Rental prices for houses increased less than that of apartments but the median rent for a 2 bedroom house increased by 12.6% over the period in Adelaide North and houses with 4 bedrooms or more increased by 10% in Eastern Adelaide.

Charts 30 and 31 shows percentage changes to median rent for various sized apartments and houses in Adelaide from March 2015 to March 2018.

³⁶ Arbon, N., Thyer, M., Hatton MacDonald, D., Beverley, K., Lambert, M., 2014, Understanding and Predicting Household Water Use for Adelaide, Goyder Institute for Water Research Technical Report Series No. 14/15, Adelaide, South Australia, 2014, 40

³⁷ See <https://profile.id.com.au/australia/tenure?WebID=130> and http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/4

³⁸ Numbers compiled by .id (<https://home.id.com.au>) based on ABS, Census of population and housing 2011 and 2016.

³⁹ http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/4

⁴⁰ This analysis is based on SA Housing’s quarterly rent reports as of March Quarter in 2015, 2016, 2017 and 2018 and the median rent for an area/property type is based on rental bond data. The data is available at <http://dcsi.sa.gov.au/services/housing-sa/rent-reports>

Chart 30 Changes (%) to the median rent for apartments in Adelaide from March 2015 to March 2018

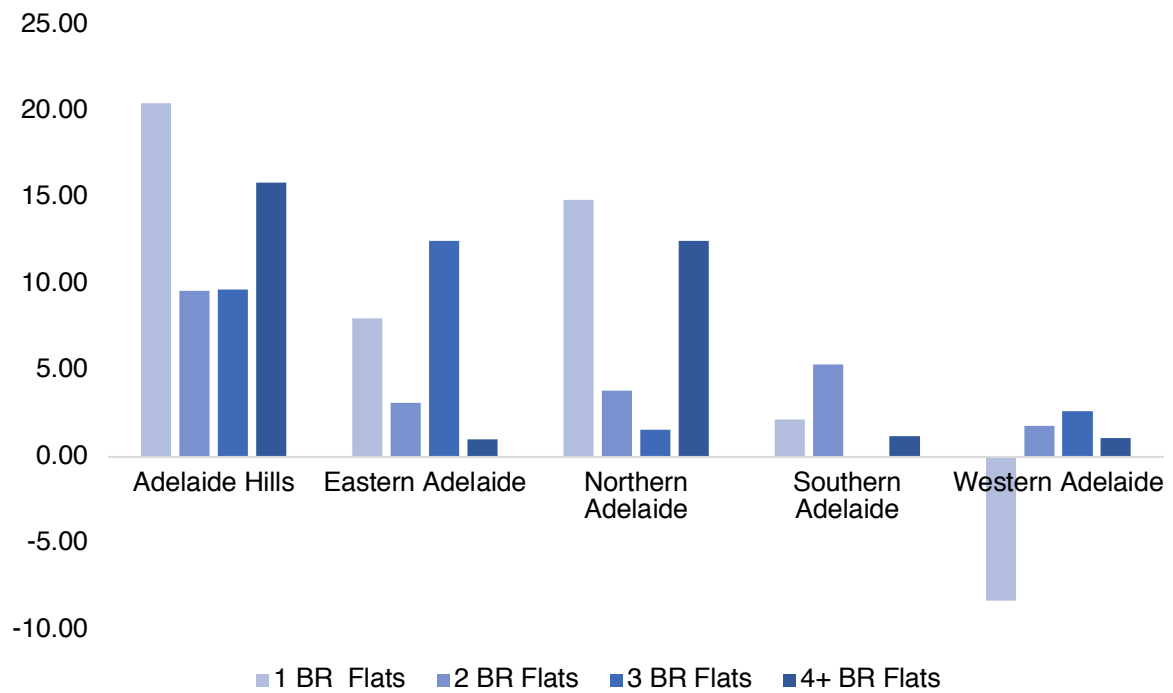
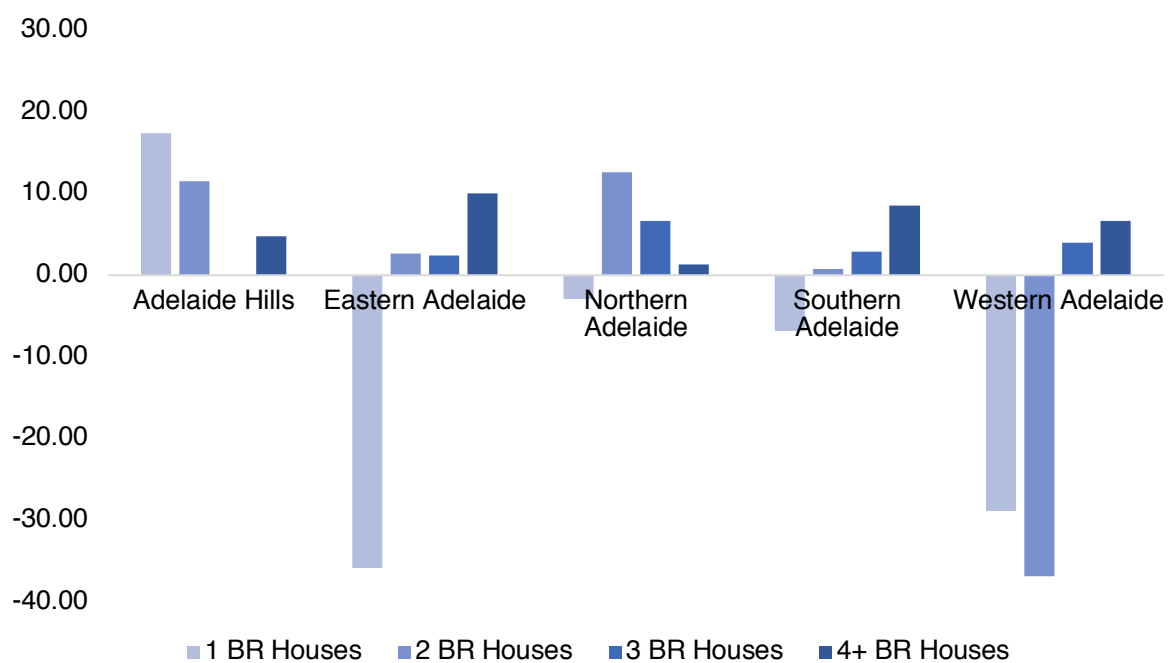


Chart 31 Changes (%) to the median rent for houses in Adelaide from March 2015 to March 2018



In other parts of South Australia the rent for 3 bedroom houses has increased in most areas.⁴¹ In the Murray and Mallee region and on the Limestone Coast the median rent for 3 bedroom houses has increased by 12-14%. It was only in the Eyre and Western region that the rent for 3 bedroom houses decreased over the period (see chart 32 below).

Chart 32 Changes (%) to the median rent for houses outside the Adelaide metropolitan area from March 2015 to March 2018



Increases in rent indicates a tightening of the rental property market and low-income tenants will have very little bargaining power. The Anglicare Rental Affordability Snapshot of Adelaide rental properties in April 2017 found that only 3.6% of households available in the private rental market were affordable for people receiving income support payments.⁴²

Tenants already struggling to secure an affordable and suitable rental property are less likely to query landlords about water costs and request SA Water bills being forwarded for their review.

⁴¹ According to census data over 50% of South Australian dwellings have 3 bedrooms and it is therefore the most common dwelling size.

⁴² Anglicare Rental Affordability Snapshot April 2017, 136 at <https://www.anglicare-nt.org.au/wordpress/wp-content/uploads/2017/05/RAS-2017-Report.pdf>

A 2016 study of electricity disconnections due to non-payment found that postcodes with high disconnection numbers had a greater presence of renters than average.⁴³ While we acknowledge that electricity bills are different to water bills and the size of the bills received can impact on disconnections for non-payments, we also believe that households facing difficulties in paying electricity bills are also likely to struggle with other essential utility bills. The 50 postcodes with the highest number of electricity disconnections (relative to population) in South Australia are listed in table 15 below. Table 15 also shows the proportion of unemployment in each postcode (the South Australian average is 7.5%), proportion of private dwellings that are rented (the South Australian average is 28.5%), and proportion of households with a weekly income of less than \$650/week (the South Australian average is 23.8%). All data is based on the 2016 census and postcodes with a higher proportion than the South Australian average are shown in red. 24 out of these 50 postcodes score higher than the South Australian average for all three indicators (postcodes in red).

Table 15 The 50 postcodes in South Australia with highest levels of electricity disconnections from 2012 to 2015

Postcode	Place	Unemployment %	Tenants %	Less than \$650/week %
5259	NARRUNG	5.1	26.2	26.5
5120	VIRGINIA	6.6	14.2	23.5
5690	CEDUNA	4.3	40.6	22.2
5700	PORT AUGUSTA WEST	10.4	40	29.5
5113	ELIZABETH PARK	21.7	47.8	39.2
5115	KUDLA	10.5	46.8	20.5
5606	PORT LINCOLN	6.4	35.2	27.1
5277	PENOLA	5.1	25.1	27.6
5608	WHYALLA STUART	15.7	44.5	38
5114	SMITHFIELD PLAINS	10.2	33	19.3
5253	NORTHERN HEIGHTS	9.4	36.1	29.9
5112	ELIZABETH VALE	15.8	42.5	36
5501	WILD HORSE PLAINS	7.1	11.9	18.5
5343	BERRI	7.8	37.9	30.9
5013	WINGFIELD	11	35	31.4
5271	NARACOORTE	4.3	27.6	22.8
5330	WAIKERIE	5.3	28.7	30.3
5012	WOODVILLE NORTH	13.6	43.7	31.5
5084	KILBURN	15.8	49.4	34
5345	BARMERA	7	28.7	31.7
5333	LOXTON	4.5	25.1	28

⁴³ St Vincent de Paul Society, Households in the dark, Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland by Alviss Consulting, May 2016

5095	MAWSON LAKES	8.6	36.6	18.3
5607	KARKOO	5.1	16.7	21.6
5165	CHRISTIES BEACH	11.2	43.1	29.7
5007	BROMPTON	7.7	51.1	25.1
5110	BURTON	9.4	24.8	20.9
5000	ADELAIDE	13.8	63.1	35.3
5341	RENMARK	7.6	30.3	28.0
5164	CHRISTIE DOWNS	14.9	45.6	39.3
5291	COMPTON	3.5	13.8	16.7
5252	KANMANTOO	4.8	21.2	14.1
5108	PARALOWIE	12.3	34.1	26.9
5556	WALLAROO	10.7	33.2	34.0
5163	HUNTFIELD HEIGHTS	10.0	29.1	26.9
5255	STRATHALBYN	4.9	20.6	22.3
5015	BIRKENHEAD	7.8	41.4	26.6
5168	OLD NOARLUNGA	9.0	32.6	29.2
5453	CLARE	3.0	25.6	22.0
5107	PARAFIELD GARDENS	10.4	27.3	22.8
5290	MOUNT GAMBIER	6.8	34.5	28.6
5031	MILE END	7.7	42.6	26.3
5251	MOUNT BARKER	6.2	32.6	21.2
5173	PORT WILLUNGA	9.0	30.0	24.2
5351	COCKATOO VALLEY	5.5	13.4	15.6
5116	EVANSTON	9.0	32.5	25.7
5011	WOODVILLE SOUTH	6.7	34.5	21.6
5023	SEATON	8.5	37.0	28.5
5554	KADINA	8.3	24.6	28.6
5046	WARRADALE	7.6	35.5	26.4
5045	GLENELG EAST	6.2	38.0	21.6

In terms of these 24 postcodes, they typically have a greater than average proportion of one parent families (except for Adelaide and Wallaroo) and some postcodes have a high proportion of couples with children households as well. The South Australian average for one parent families is 16.5% and 41.6% for couple families with children.

Table 16 Family composition in postcodes with utility stress

Postcode	Place	One parent family %	Couple family with children %
5000	ADELAIDE	12	19.4
5113	ELIZABETH PARK	36.1	31.7
5164	CHRISTIE DOWNS	30.3	33.1
5084	KILBURN	24	43.4
5608	WHYALLA STUART	27.3	33.3
5112	ELIZABETH VALE	28.3	37.3
5012	WOODVILLE NORTH	23	47.4
5165	CHRISTIES BEACH	27.2	31.2
5007	BROMPTON	18	32.6
5700	PORT AUGUSTA WEST	22.8	34.3
5556	WALLAROO	15.7	26.8
5115	KUDLA	26.5	42.8
5013	WINGFIELD	26.5	40
5031	MILE END	18.4	40
5343	BERRI	20.3	34
5015	BIRKENHEAD	24	31.9
5253	NORTHERN HEIGHTS	19.3	35.3
5023	SEATON	22.7	38.6
5108	PARALOWIE	25.5	43.2
5168	OLD NOARLUNGA	22.2	39
5046	WARRADALE	17.6	38
5116	EVANSTON	22.5	38.9
5163	HUNTFIELD HEIGHTS	23.4	37.6
5341	RENMARK	16.9	36.6

As outlined in section 2.5 above, household water consumption increases with the number of people residing in a dwelling and when these households also have low incomes (due to single income and/or unemployment) and live in rental properties that may lack basic water efficiency measures, they are more likely to face difficulties in paying for water costs. Access to the water concession is likely to be crucial for many of these households.

3.2 South Australian tenants' water bills and access to concessions

According to the South Australian Tenancy Act (1995), a landlord and tenant can reach an agreement regarding responsibility for water and supply charges at the beginning of a tenancy. If there is no specific agreement in place, and the lease was entered post 1 March 2014, the tenant is responsible for all supply and usage

By examining rental listings on www.realestate.com.au it is clear that prospective tenants in South Australia do not have much say or options in relation to how they are billed for water.

In screenshot 1, the tenant is requested to pay \$100 per quarter as a contribution towards water costs. The SA Water concession, however, is only available to tenants that pay usage and/or supply charges in full. A concession card holder would therefore not be eligible for a water concession if they rented this property.

Screenshot 1

- Large bedroom with ensuite access
- Large built-in robe
- Brand new kitchen with stainless steel appliances
- Beautifully renovated bathroom
- Large living area with timber flooring
- Split system heating and cooling
- Off-street carparking

Pets Negotiable: Sorry, no

Water Charges: \$100 per quarter contribution

In screenshot 2, the tenant is responsible for supply charges only. If a concession card holder rented this property they would be eligible for the lower threshold concession.

Screenshot 2

Tenants will be responsible for Quarterly supply charges only

This property is strictly NO PETS allowed [show less](#)

In screenshot 3, it is unclear whether a concession card holder would be able to receive a water concession. The listing states that “tenant to pay water usage and supply shared usage between units” indicating that this rental property has a shared

water meter. It would most likely depend on the details of the rental agreement whether a tenant would qualify for a lower or higher threshold concession.

Screenshot 3

<p>FAST FACTS</p> <ul style="list-style-type: none">>\$250 per week>12 month lease>available 25th January>no pets permitted>tenant to pay water usage and supply shared usage between units <p>DESCRIPTION</p> <ul style="list-style-type: none">>ground floor unit>master bedroom with mirrored robes>2nd bedroom also has built in robes>lounge room with exposed beams to the ceiling>updated kitchen with electric cooling>low maintenance unit>1 car parking space	<p>Submit to secure you notified of a</p>
---	---

In screenshots 4 and 5, the listings state that tenants will be responsible for both usage and supply charges. These tenants should thus be able to qualify for the higher threshold concession if eligible.

Screenshot 4

<p>- Water usage & supply charges apply</p> <p>Fantastic Apartment - Make It Yours!</p>

Screenshot 5

<p>Pets: NO</p> <p>Water charges: SA Water Supply and Usage</p> <p>Exclusions from tenancy: N/A</p>

In screenshot 6, the listing is unclear whether the tenant will be responsible for the entire water bills, supply or usage charges only, or whether the tenant will be making a contribution. It is therefore unclear whether a prospective concession card tenant would receive the higher threshold water concession, the lower threshold or no concession at all.

Screenshot 6

PLEASE BE ADVISED THERE IS NO CARPARK FOR THIS PROPERTY

*Water charges apply for all rental properties

The above examples from www.realestate.com.au highlight the confusion tenants may face in relation to water bills. Moreover, the arrangement of tenants being charged for water bills without receiving the bills from SA Water increase the risk of vulnerable households missing out on concessions. As documented above, the water bills can be substantial for some households and many low-income households will need the concession in order to afford this essential service.

Leaving billing of an essential service to provisions in the Tenancy Act seems to place a large proportion of South Australian population in a precarious situation.

While the Tenancy Act may provide some protection, tenants do not have great bargaining powers in a rental market short on affordable properties. Many tenants will have to take what they can get, even if that means they agree to pay a high contribution to water costs.

While this arrangement may be justified as a way of sending price signals to end users in order to reduce consumption, there is still very little a tenant can do to reduce consumption drastically.

Arguably, the price signal is actually sent to the wrong person as landlords may be more inclined to make properties more water efficient if they faced the cost of the water usage.

In a 2013 inquiry, the Essential Services Commission of South Australia (ESCOSA) referenced the Productivity Commission's inquiry in to Australia's Urban Water Sector in order to explore new arrangements for billing of tenants in South Australia. ESCOSA stated:

“The Productivity Commission has recently suggested that where water is separately metered there is ‘no clear justification for landlords, rather than tenants paying for water usage’⁴⁸

The Commission further stated:

“Promoting greater economic efficiency is considered by the Commission to be consistent with its primary objective of protecting the long term interests of consumers. It is important to note that some of these consumers may not be SA Water ‘customers’.”⁴⁹

The Productivity Commission made the statement and used the examples of tenants paying for electricity, gas and telecommunications as a reason why tenants should also pay for water. They also noted, however, that it would be more economically efficient and administratively simple for tenants to face water bills directly, and pay them directly, rather than paying through rents.

“There is no clear justification for landlords, rather than tenants, paying for water usage in those states and territories where water is separately metered. Tenants pay bills for other utilities such as electricity, gas and telecommunications, and it is difficult to see a case for treating water differently. In any event, where tenants do not pay for water directly, they generally pay for it through higher rents. It would be more economically efficient for tenants in separately metered properties to face water consumption charges directly, and more administratively simple for them to also pay for the fixed charge component of water and wastewater bills directly, rather than pay through rents.”⁵⁰

Firstly, without SA Water billing tenants directly, the economic and administrative efficiencies envisaged by the Productivity Commission are not realised in South Australia.

Secondly, we argue that telecommunication is very different from the other essential services mentioned as usage is completely unrelated to the standard of the property. In some cases, we would also argue that electricity and gas usage is more behaviourally driven than water. A clear exception would be properties with large gardens.

That said, it is typically the landlord that has made the decision to install the garden while the tenant will be required to maintain it. As such the landlord is arguably the user of the water even though it is the tenant that actually waters.

⁴⁸ ESCOSA, Billing consumers rather than landowners, Issues paper No. 6, August 2013, 1 at https://www.escosa.sa.gov.au/ArticleDocuments/431/130829-WaterPricingInquiry-IssuesPaper_6-ImpactsB.pdf.aspx?Embed=Y

⁴⁹ Ibid.

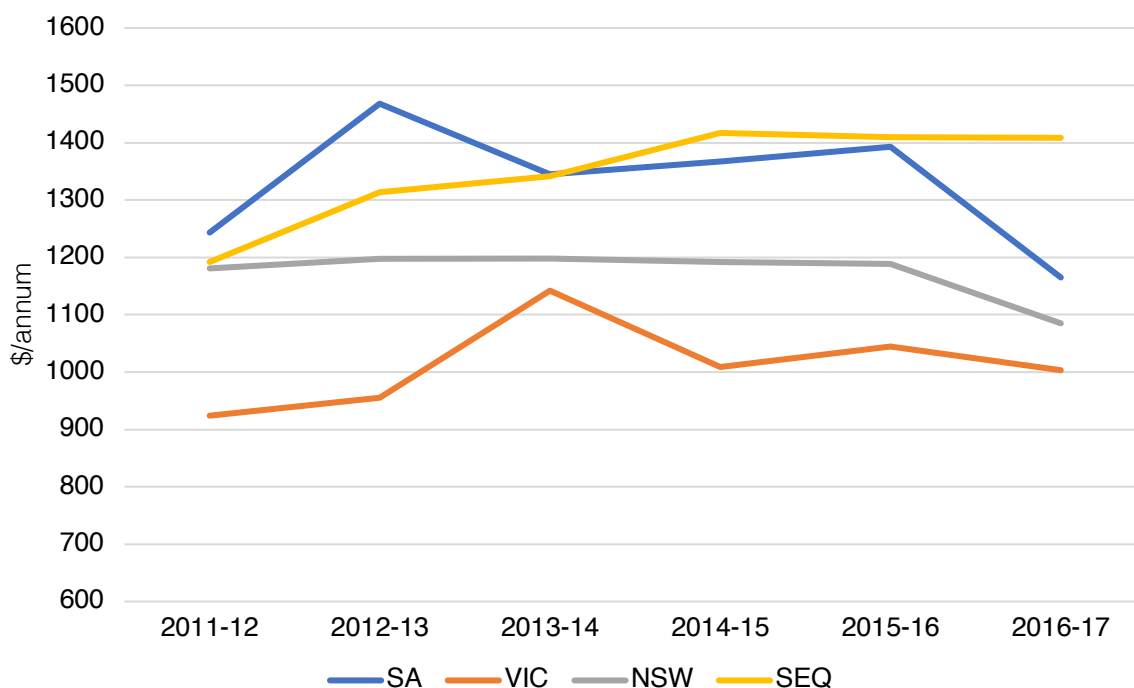
⁵⁰ Productivity Commission, Australia’s Urban Water Sector: Inquiry Report, Volume 1, August 2011, 159 at <https://www.pc.gov.au/inquiries/completed/urban-water/report/urban-water-volume1.pdf>

As discussed above, both NSW and Queensland require rental properties to be water efficient in order for tenants to be billed for water and we assume that this arrangement came into play because it was recognised that the water efficiency of the property would largely impact on tenants' water bills.

4. Interstate comparison

According to the Bureau of Meteorology (BOM), typical residential water and sewerage bills as of 2016/17 were greatest in South East Queensland and lowest in Victoria. South Australian households typically paid the same as households in South East Queensland in 2013/14 and 2015/16 but in 2012/13 South Australian's water and sewerage costs were significantly higher than in Victoria, NSW and South East Queensland. These figures, however, do not include any water concessions that may be paid to eligible households.

Chart 33 Typical residential water and sewerage bills for urban centres from 2011/12 to 2016/17⁵¹



Water concessions (or rebates) arrangements in South Australia, Victoria, NSW and Queensland vary significantly in terms of value and eligibility. As discussed in (section 1.3 above) the South Australian water and sewerage concession is available to concession card holders (PCC, HCC and DVA card holders) as well as recipients of various Centrelink payments and allowances (i.e. Austudy, Newstart, Youth Allowance, Parenting Payment and Sickness Allowance).⁵² Also, as the sewerage

⁵¹ Based on figures published in BOM, National performance report 2015-16: Urban water utilities and National performance report 2016-17: Urban water utilities.

⁵² See <http://www.sa.gov.au/topics/care-and-support/financial-support/concessions/water-and-sewerage-rate-concession>

concession is not a separate concession in Victoria and Queensland, this interstate comparison is based on the relative value of the combined concession applied to different customer groups (e.g. Owner occupiers, tenants paying for usage only (including sewerage volumetric charges in Victoria) and tenants paying for both usage and supply charges.

The water concession is currently a 30% discount on the water bill subject to minimum and maximum thresholds. The minimum threshold for an owner occupier is \$187.50 per annum and the maximum is \$298.90. For tenants paying water usage charges only, the minimum payment is \$121.60 and the maximum is \$233.10. Eligible tenants paying for both water usage and supply charges, receive a minimum of \$187.50 and a maximum of \$298.90. For sewerage costs the annual rebate is \$111.50 per annum.⁵³

The Victorian Water and Sewerage Concession offers a 50% discount, capped at \$313.10 per annum, to customers that hold a PCC, HCC or DVA card.⁵⁴ For households billed for a single service (e.g. water) only, the maximum threshold is reduced to \$165.55. The water concession is available to both owner occupiers and tenants.

In NSW, the Sydney Water Corporation may provide concessions to people with a PCC and DVA card. The criteria are set by the NSW Government and the concession is delivered by the water corporation on behalf of the Government. The concession provides a 100% discount on the water service charge to the maximum of \$23.01 per quarter and 80% on the quarterly sewerage service charge.⁵⁵ The rebate is only available to owner occupiers.

In Queensland customers with a PCC or a DVA concession card may receive a rebate of up to \$120 per annum for water and sewerage costs. As in NSW, the water subsidy is only available to owner occupiers.⁵⁶

The below analysis compares the relative value of the water concession in South Australia (based on Adelaide based SA Water customers), Victoria (based on customers in the City West Water area), NSW (based on Sydney Water customers), and Queensland (based on Brisbane customers with Urban Utilities). The first part of this analysis is based on the typical household consumption level by jurisdiction/utility.

According to ESCOSA, the typical residential water bill in the Adelaide metropolitan area based on average consumption in 2016/17 was \$771.⁵⁷ This bill calculation equates to an average annual household consumption of 168kL per annum. In

⁵³ Ibid

⁵⁴ See <http://www.dhs.vic.gov.au/for-individuals/financial-support/concessions/water/water-and-sewerage-concession>

⁵⁵ See <http://www.sydneywater.com.au/sw/accounts-billing/paying-your-bill/pension-rebates/index.htm>

⁵⁶ See <https://www.qld.gov.au/community/cost-of-living-support/water-subsidy>

⁵⁷ From ESCOSA's Time Series Data Tables as part of SA Water Performance Report 2016/17 available at <https://www.escosa.sa.gov.au/news/water-news/dec17-news-2017-w-rpr2016-17>

Victoria, the average consumption for a household (owner occupier) in the City West Water area is 155kL while it is 145kL for tenants.⁵⁸ As approximately 30% of Melbourne households are tenants, we have assumed an average annual consumption of 152kL.⁵⁹ In NSW, the Independent Pricing and Regulatory Tribunal (IPART) uses 160kL per annum to calculate bills for apartments and 220kL a year for houses.⁶⁰ Based on 2016 census data, 55% of households in greater Sydney were separate houses and we have therefore assumed an average consumption of 193kL for metropolitan Sydney.⁶¹ For South East Queensland, Seqwater has advised the Queensland Government that average household water usage is 156kL per annum.⁶² Table 17 below shows the average household water consumption used for each state in this analysis.

Table 17 Average annual household water consumption (kL)

SA	VIC	NSW	QLD
168	152	193	156

Victoria's City West Water reports on high consumption and low consumption in addition to average consumption. According to City West Water, a low consumption household uses 41% less than average consumption households and high consumption households use 130% more than average.⁶³ In order to compare low and high consumption bills, as well as concessions, between jurisdictions, we have applied the same percentage differences to estimate low and high consumption in the other states. Table 18 shows estimated low, average and high consumption levels for each jurisdiction.

Table 18 Estimated low, average and high annual household water consumption (kL)

	SA	VIC	NSW	QLD
Low	99	90	114	92
Average	168	152	193	156
High	387	350	444	359

In terms of additional bill components, such as sewerage, the billing approach varies from state to state.

⁵⁸ City West Water, Price Submission at a glance, 2018

⁵⁹ Census data available at

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/2010?opendocument

⁶⁰ IPART, Sydney Water price review – residential customers, 14 June 2016 at

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/investigation-legislative-requirements-water-metropolitan-water-sydney-water-corporation-pricing-investigation-commencing-from-1-july-2016/fact-sheet-sydney-water-price-review-residential-customers-14-june-2016.pdf>

⁶¹ Census data available at <https://profile.id.com.au/australia/dwellings?WebID=250>

⁶² <https://www.business.qld.gov.au/industries/mining-energy-water/water/sewerage-service-providers/pricing/bulk-water/prices-seq>

⁶³ City West Water, Price Submission at a glance, 2018. These consumption numbers have been adjusted to reflect that 30% of households are tenants.

In South Australia, sewerage costs are calculated based on property value. As median property value (in Adelaide) as of June 2017 was \$453,500 we have estimated the annual sewerage charge to be \$456.70.⁶⁴ In Victoria, the sewerage component of bills is made up of a fixed charge and a volume charge. City West Water’s fixed sewerage charge is currently \$256.56 per annum. The sewerage volume charge is calculated based on volume of water used as well as a seasonal factor (which differentiates between houses and units) and a discharge factor.⁶⁵ According to the Essential Services Commission (ESC) Victoria, the sewerage volume charge accounts for approximately 22% of the bill for an owner occupier using 152kL per annum and 44% of a tenant’s bill (the proportion is greater as tenants do not pay fixed water or sewerage charges).

In NSW and Queensland, the sewerage charge is based on a fixed charge only. Sydney Water currently charges \$595.98 per annum and Urban Utilities in Queensland charges \$527.28 per annum. Customers in Queensland also pay a state government bulk water charge that is based on water consumption. The bulk water charge is currently \$2.817 per kL.

Table 19 Concessions and rebate

	SA	VIC	NSW	QLD
Water	30% or a maximum/minimum of \$298.90/\$187.50 for owner occupiers and tenants that pay all water usage and supply charges, and a maximum/minimum of \$233.10/\$121.60 for tenants paying all water usage only.	50% up to a maximum of \$313.10 for owner occupiers and \$153.55 for tenants.	100% rebate of the network/supply charge	A subsidy of \$120 per annum (max)
Sewage	\$111.50/annum	N/A the water and sewage concession are combined	80% discount on the sewage network fee	N/A the water and sewage concession are combined

As only owner occupiers can access the water and sewage concessions in NSW and Queensland, low income tenants that do pay for water consumption are not eligible for assistance. In South Australia, tenants are eligible if they pay for usage and/or usage and supply charges in full. If they simply pay an amount towards water costs as stipulated by a tenancy agreement, however, they will not be able to claim any

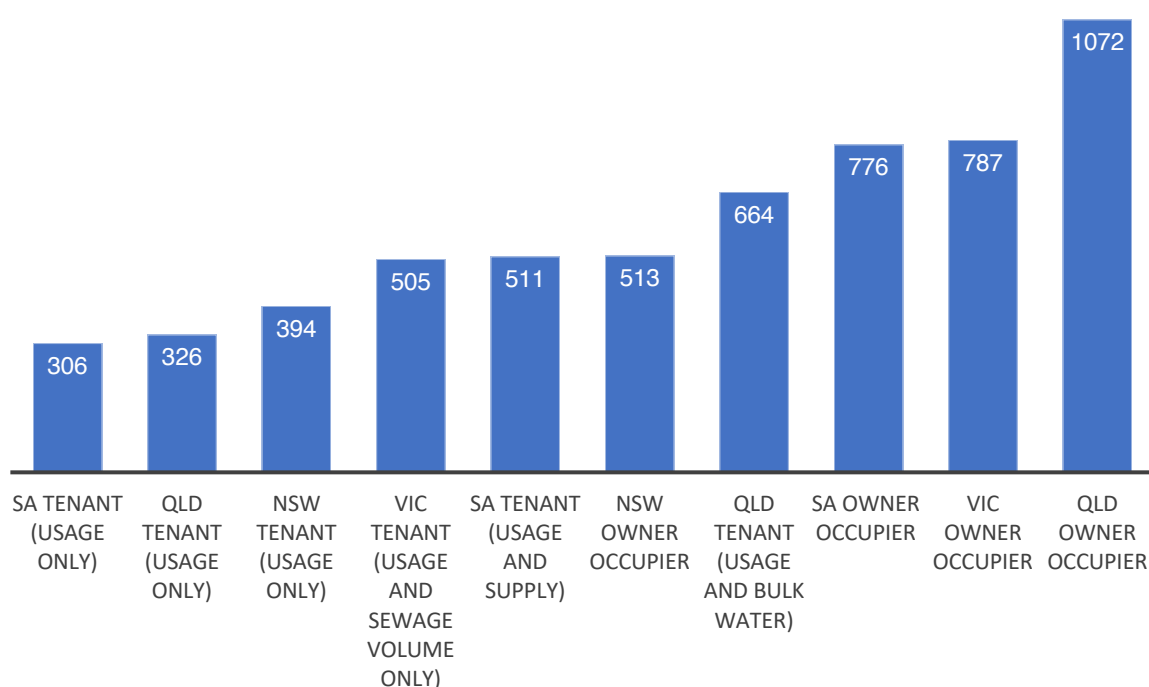
⁶⁴ The quarterly sewerage charge is based on property value divided by 1000 and multiplied by \$0.25175 (in metropolitan areas). A minimum sewerage charge of \$78.35 per quarter applies if the calculation based on property value is less than that. For median property value see <https://www.sa.gov.au/topics/planning-and-property/buying-a-home-or-property/researching-a-property/median-house-sales-by-quarter>

⁶⁵ The average seasonal factor is 1.16 (based on monthly factors for houses and units). See City West Water, Pricing Handbook 2017/18, version 03b

concessions. In Victoria, where tenants are billed directly by the water companies, all eligible tenants can receive the concession.

Based on the average/medium consumption levels presented in table 18 above, South Australian tenants (charged for usage only) that receive the concession had the lowest water bill in 2017/18 while owner occupiers in South East Queensland had the highest despite receiving the pensioner subsidy. Chart 34 shows that a South Australian tenant with average consumption level paid \$306 per annum (after concession) in 2017/18 while a Queensland owner occupier paid \$1,072.

Chart 34 Annual water and sewerage bill for medium consumption households in South Australia, Victoria, NSW and Queensland 2017/18, inclusive of concessions where available



We do note, however, that a South Australian tenant unable to obtain the concession (e.g. because they pay the landlord a contribution towards the water usage costs only) may have ended up with a higher annual water bill than tenants in Queensland and NSW who are ineligible for a concession.

Chart 35 shows annual bills for concession recipients and non-concession recipients in South Australia, Victoria, NSW and Queensland. Where tenants are ineligible to receive a concession (Queensland and NSW) the annual bill is unchanged.

Chart 35 also highlights that households eligible for the concession in NSW are the households that receive the greatest discount off their water bills. The annual water

and sewage bill for an owner occupier in NSW was reduced by \$569, or 53%, if they received the concession.

Chart 35 Annual water and sewerage bill for medium consumption households in South Australia, Victoria, NSW and Queensland 2017/18, exclusive and inclusive of concessions (where available)

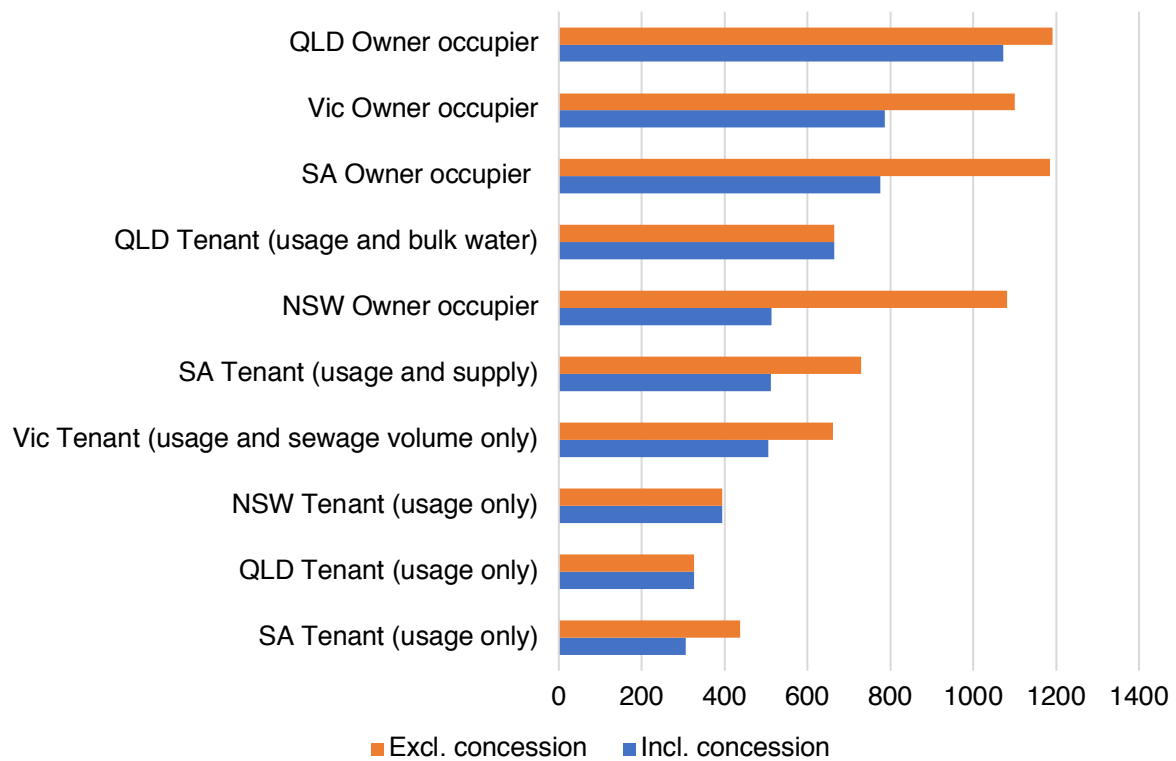
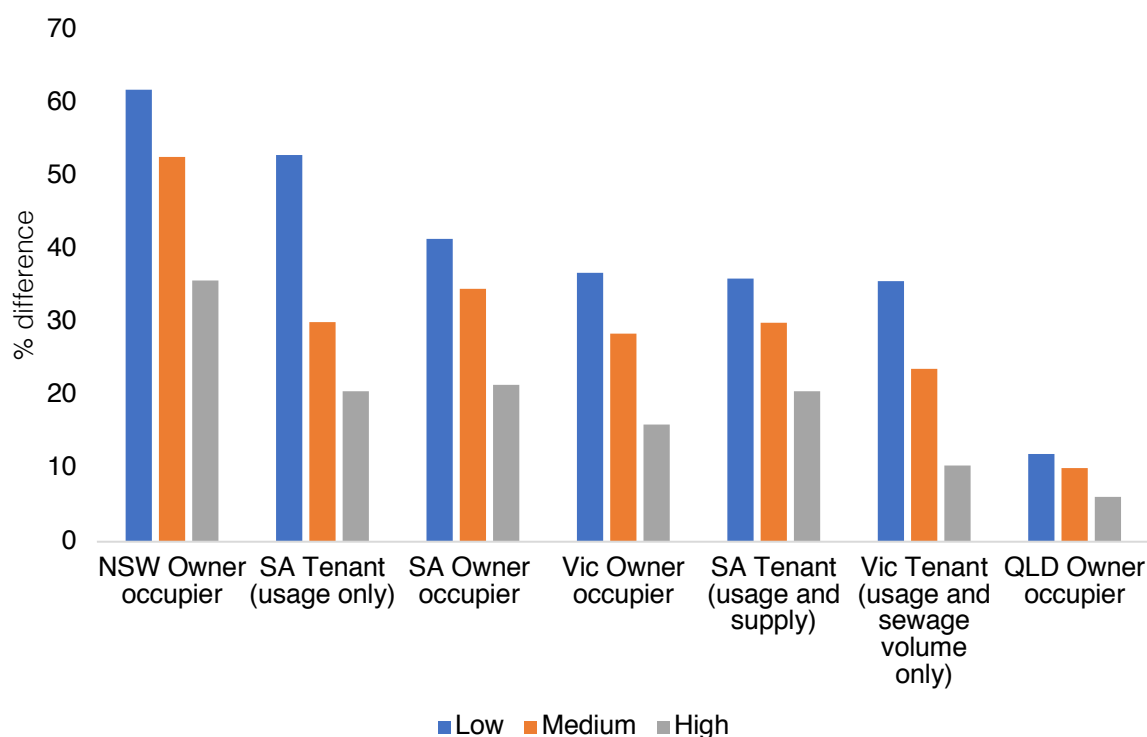


Chart 36 below shows the percentage difference between water and sewerage bills excluding the concession and including the concession for low, medium and high consumption households (as defined in table 17) as of 2017/18. It shows that among owner occupiers, NSW concession households receive the greatest reduction for all three consumption levels, followed by South Australian households, Victorian and Queensland with the lowest bill reduction. In terms of tenants, the South Australian concession provides a greater bill reduction compared to the Victorian concession for both South Australian tenants that pay for water usage only and for those that pay both water usage and the fixed supply charge.

Chart 36 Reduction (%) to annual water and sewerage bill for concession recipients with low, medium and high consumption in South Australia, Victoria, NSW and Queensland as of 2017/18



The above analysis shows that the relative value of the South Australian water and sewerage concession, as well as eligibility, compares well against the other states. It is lower than that of NSW for owner occupiers but as it is available to more households (e.g. tenants) it should also be available to a higher proportion of low income households. Compared to Victoria, however, the relative value of the concession for tenants is higher but the accessibility of the concession is much lower. In Victoria, where all tenants are billed by the water companies and the concessions are deducted from these bills all eligible tenants, aware of their concession status, can receive this bill reduction. In South Australia, where tenants are billed by their landlords, the uptake is likely to be lower.

It is therefore an access issue, rather than the value of the concession itself, that makes low income South Australian tenants vulnerable water consumers.

5. Summary and recommendations

The analysis presented in this report shows that the South Australian water concession framework has improved on paper. While tenants paying both usage and supply charges have received less assistance compared to home owners in the past, the application of the higher minimum and maximum concession thresholds for this group has sought to address this problem.

South Australia's water concession arrangements have become more vertically equitable but horizontal equity (i.e. ensuring that all eligible households needing assistance with water bills can actually access it) remains a key challenge.

Access to water concessions is currently hampered by the arrangement that landlords and tenants should negotiate and agree on water costs, including how much should be passed on and how it is passed on. As previously argued by SACOSS:

“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.”⁶⁶

Clearly one option would be to ensure that SA Water bills tenants directly and that the concession is therefore applied to the bills eligible households receive. This measure would increase the horizontal equity of the South Australian water concession significantly.

There is, however, another measure the South Australian Government could introduce that would assist all tenants (a high proportion of which are low income) through lower water bills. If the Government reverses the decision to allow landlords to pass on supply charges to tenants, tenants will receive lower bills and the Government would save on concession expenditure. Arguably, a dwelling cannot be a home if it is not connected to water and a landlord cannot let a property without there being a water supply. Furthermore, a majority of landlords are negatively geared⁶⁷ and federal tax regulations allow for water charges to be included in landlords' property schedule expenses. Ensuring that tenants pay for a service that landlords can already claim is therefore a curious decision.⁶⁸ Adding to this, the South Australian Government pays a water concession to help low-income tenants afford this essential service when the expense could have been claimed by landlords and paid for through the Commonwealth budget.

We also note that the arrangement of passing water supply charges over to private tenants also differs from the approach the Government itself takes to being the landlord of public housing. Housing SA does not require their tenants to pay water supply charges:

⁶⁶ SACOSS, *Utilities Cost of Living Policies*, SA State election 2018, 18

⁶⁷ Grattan Institute, *Hot Property, Negative gearing and capital gains tax reform* by John Daley and Danielle Wood, April 2016, 25 at <https://grattan.edu.au/wp-content/uploads/2016/04/872-Hot-Property.pdf>

⁶⁸ We note that landlords would not be able to claim water costs as an expense if it is actually paid by the tenant but we do not know to what extent the ATO polices water cost claims from negatively geared property investors, especially as the investors will have receipts from SA Water to substantiate the claim in the first place.

“If your public rental property has a separate meter, you pay for the amount of water you use. If your property has a shared water meter, the first 30% of the total water bill for the group is paid by Housing SA and the rest is divided up equally among the properties that share the meter.”⁶⁹

Recommendation 1

That the South Australian Government reverse the decision to allow landlords to pass on water supply charges to tenants in order to:

- Lower the cost of an essential service to a customer group that is already overrepresented by lower income households.
- Save, and redirect, parts of the concession budget to other areas of need.

Recommendation 2

That the South Australian Government stipulate that SA Water must issue water usage bills to the occupants of a household in order to:

- Ensure broad and easy access to the water concession.
- Ensure that households eligible for a concession have this concession applied to their water bills prior to paying for an essential service rather than claiming it in arrears.

Recommendation 3

If recommendation 2 is deemed too difficult or costly, the South Australian Government should change the Tenancy Act to allow landlords to pass on water usage charges in full (upon the tenant receiving the bill from the landlord) only if the landlord can prove that the property is water efficient. This should result in:

- Providing landlords with a strong incentive to make investment properties more water efficient.
- Providing tenants with an incentive to minimise water waste through behavioural measures.

Recommendation 4

If both recommendation 2 and 3 are deemed too difficult or costly, the South Australian Government should change the Tenancy Act to allow landlords to pass on water usage charges above a certain consumption level only (and upon the tenant receiving the bill from the landlord). This would be an alternative approach to:

- Provide landlords with an incentive to make investment properties more water efficient.
- Provide tenants with an incentive to minimise water waste through behavioural measures.

⁶⁹ See <https://www.sa.gov.au/topics/housing/public-and-community-housing/tenants/rent-water-and-other-charges/water-concessions-and-charging-disputes-in-public-rental-properties>