



Sinking Incomes

Advocacy for low income tenants in monopoly water and essentials pricing &
Essential goods pricing as a health and social health concern &
Consumer Engagement as a way to represent fairness, affordability and agreement.

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We may surmise that over 100,000 people cannot afford their water bills.

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Summary

This evidence based report was researched and written over six months. We covered groups from Onkaparinga to the Yorke Peninsula. We incorporated views from low-income persons from a range of cultural backgrounds.

Our evidence was drawn from research of practices and policies in other jurisdictions, from conversations with over four hundred persons and from financial reports. We contacted and communicated with peers in the sector to align our initial perceptions with long-term practices and views.

We propose thirty-three recommendations, which offer options for different directions to address serious gaps for tenants and others on low-incomes.

Primary Recommendations

Hardship

No hardship program exists for tenants. SA Water deals exclusively with land-owners, due to the historical fact that water use was a rate akin to council rates.

The lack of a hardship program for tenants pushes water expenses to a land-owner – tenant relationship, which often ends at the SACAT (South Australian Civil and Administrative Tribunal), where SACAT may end tenancies based on water bills owing from renter to owner.

We recommend that a scheme for allowing tenants to access hardship be initiated.

We further recommend that as hardship is currently captured (recognised and acted upon by SA Water) at \$1400 of debt, there is a need to lower this amount to around \$520

Water Efficiency Required in Tenancies

Amendments to the *Residential Tenancies Act* in 2014 saw the cost of water supply shifted from owners to tenants. Our view is that this amounts to ‘double dipping’ and is, along with high-volume water use, the biggest difficulty for tenants on low incomes regarding water as a utility.

In New South Wales, land-owners are required to install efficient fixtures if they are to charge their tenants for water supply and use.

We recommend that water efficiency measures be required in residential tenancies if the owner is to charge the tenant for supply and use of water.

Billing Tenants Directly

Billing tenants directly would alleviate many existing problems for tenants and landlords, and open new solutions – such as facilitating a hardship scheme.

By billing tenants directly, a hardship scheme could be enacted and additional rebates, caps and incentives could be offered directly to tenants. Such offerings could be an additional allowance per child in the household, alleviation of supply costs under certain circumstances (such as a recognised disability) or a usage cap.

Our research has indicated many recommendations relating to tenants on low incomes. Our recommendations are based on practices from other Australian States and other developed countries, and on mismatches between legislation and practices.

Further Recommendations

Further recommendations include incentivised toilet and shower retrofits, providing more information about concessions, incentivised solar hot water, solar PV and upgrades to electrical hot-water storage systems.

Full recommendations are detailed at the end of this document.

Background

Unaffordable Cost of Living for Low Income Tenants

The great Australian dream of a quarter acre block has seen its day¹. Rising house and service prices are dividing not only blocks², but also communities.

South Australia has seen an incredible urban sprawl, which is being replaced by a consolidation through increased urban density – both in houses and apartments – without a respective fall in prices.

Rising prices of apartments and new houses mean that increasingly few people and families are able to purchase a place to live. Consequently residential tenancies are going up in price – further decreasing savings and ability to purchase – tenancy is becoming life-long. Persons on a low income, \$12,000 to \$40,000 have almost no chance of ever owning their own house.

Government provided social housing has been given the boot – replaced with ‘affordable’ housing that caters to what would have once been termed ‘the middle class’. However, NRAS (National Rental Affordability Scheme) approvals have stalled “There are no further application rounds planned for NRAS”.³

Tenants face many difficulties – centred on both *cost* and *lack of control* of their living environment. Tenants have to move when they are told, tenants cannot reasonably purchase water or energy saving features, tenants cannot influence infrastructure. Tenants must pay what is asked.

Low income tenants are in particularly dire straits. *The cumulative effects of essentials pricing leaves people on Federal Government payments such as disability, pension or job seeker allowance in extreme poverty.* The growing divide between people on ‘average’ wages might be as much as ten times – a couple qualifies for affordable housing with a combined wage of \$95,000⁴ while a person on Federal Government disability payment receives around \$12,000⁵. A General Practitioner might earn between \$270,000 and even up to \$450,000 a year⁶ - more than 20 times the income of their patients.

At Uniting Communities, we regularly deal with people on low incomes, and we have seen the cumulative effects of essentials pricing sinking individuals and families and into debt and extreme poverty. We see people sacrificing quality food and dental care to pay for a roof over their head, essential utilities and transport to and from work.

The flow on effects of essentials pricing lead to cycles of debt and increased costs due to ‘poverty premiums’ through payday lending, unaffordable borrowings from families and friends and through late-fees and charges.

¹ Unsettled: Life in Australia’s private rental market

<https://www.choice.com.au/~/media/f689e86c9f2b4e7cbbd4403cc1ba552f.ashx?la=en>

² <http://www.news.com.au/finance/real-estate/adelaide-sa/adelaides-housing-blocks-stop-shrinking-ending-decadelong-decline/news-story/fb0bc052824889b48db810baaf7a1b4e>

³ <https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme> accessed 11/09/2017

⁴ <https://affordablehomes.sa.gov.au/>

⁵ Based on 100% General Rate at <http://clik.dva.gov.au/compensation-and-support-reference-library/payment-rates/current-payment-rates/1-january-2015/disability-pension-rates-supplements-1-january-2015>

⁶ <https://www.seek.com.au/general-practitioner-jobs> accessed 20/6/2017

Anglicare has indicated that in 2017 there are 711,900 unemployed people in Australia, with only 171,544 jobs available.⁷ The clear conclusion is that, Australia wide, 540,356 people who simply cannot and will not be able to afford water bills. Within South Australia, with a population of 1.7 million,⁸ and an unemployment rate of 6.2%⁹ we may surmise that over 100,000 people cannot afford their water bills.

We acknowledge the role of SA Water in their Customer Assist program and South Australian Government Concessions – but these are not adequate measures given the big picture.

SA Water deals with their customers in an adequate way, however tenants are usually unable to deal with them or to access Customer Assist, free plumbing or hardship plans. This stems from the fact that tenants are not SA Water customers.

Concessions are a measure that doesn't fully close the gap and there is an argument to be made that concessions for water supply amount to a cross subsidy for land-owners.

The larger picture is this: essentials cost more than a low income person earns.

Cost of Living

Essential goods and services are 1) Rent, 2) Electricity, 3) Food, 4) Transport, 5) Telephone, 6) Internet¹⁰, and 7) Water. These seven essential goods and services form the precondition of social inclusion. These seven essentials at a low reasonable cost amount monthly to:

Rent	\$800
Electricity (no air-conditioning, heating or cooking)	\$40
Food	\$400
Transport (car)	\$200
Telephone	\$30
Internet	\$60
Water	\$20
TOTAL (conservative estimate per month)	\$1,550
TOTAL (conservative estimate per year)	\$18,600

This conservative estimate by Uniting Communities does not account for school fees, any medical or medication, any dental work or preventative work, eating out, clothing, attending sports, memberships or club subscriptions, school fees, family or national celebrations and etc. This conservative amount equals roughly one and a half times a person's federally granted income for the month and year. It is in this setting that *water supply* – the most essential of all essentials – is *charged to tenants* – and within Australia - *only in South Australia*.

UNSW Social Policy Research Centre '*Budget Standards: A new healthy living minimum income standard for low-paid and unemployed Australians*' indicates that an unemployed person needs

⁷ <http://www.anglicare.asn.au/docs/default-source/default-document-library/jobs-availability-snapshot-2017.pdf>

⁸ <http://www.abs.gov.au/>

⁹ http://lmip.gov.au/default.aspx?LMIP/LFR_SAF0UR/LFR_UnemploymentRate

¹⁰ https://www.sacoss.org.au/sites/default/files/public/documents/Reports/161103_Connectivity%20Costs_accessible-web.pdf

\$433.68 per week¹¹ – That is \$22,551.36 per annum - around twice that which is offered on Newstart.

We make these assertions regarding cost of living and income to demonstrate that even as water is not the biggest expense, it is beyond affordable to those in our communities who are unable to work. We further assert that inability to find work is often beyond control of an individual, either due to illness, circumstance or structural economies which maintain a 4% to 6% unemployment rate.

Lack of Control for Tenants

Tenants face a situation in which they have little control over their housing and housing related essentials costs. Rental properties that are 'affordable' for low income persons in 2017 are down to 6% of available rentals. One can imagine that these are not 'premium' type properties. There were 0 (zero) properties affordable to a single parent on Newstart.¹² *SGS Economics and Planning* 'Rental Affordability Index' lists all of Adelaide – including outlying regions such as Nairne or Balhannah as 'Extremely Unaffordable'¹³ for persons on less than \$15,000 p.a.

Besides the dearth of available and suitable properties, tenants face a situation where they are not reasonably able to control expenditure. Tenants cannot reasonably be expected to pay for replacing inefficient toilets, to install water saving shower-heads or to install rainwater harvesting or compliant grey-water systems. There is no financial incentive for a land-owner to install such features in a rental property. As a compounding effect, tenants are certainly not in a position to install solar hot water, solar panels or insulation to offset overall essentials costs.

It is in this milieu that 2014 legislative changes pushed the full costs of water supply from land-owners to tenants.

¹¹ <https://www.sprc.unsw.edu.au/research/projects/a-new-healthy-living-minimum-income-standard-for-low-paid-and-unemployed-australians/>

¹² <http://www.anglicare.asn.au/research-reports/the-rental-affordability-snapshot> p. 113

¹³ <http://www.sgsep.com.au/maps/RAI.html>

Project and Key Outcomes

A driving factor for delivering this CARF project was to find out the impacts of these 2014 legislative changes that pushed supply and all water us onto tenants. The changes were brought in 3 years, and enough time has passed to assess whether these changes have worked and/or been well received by people who are on lower than average or median incomes, specifically tenants and to consider any areas for improvement.

What started as a fairly dry research topic ballooned into an excursion through many jurisdictions, organisations and individuals experiences and costs. What we found is that there are both universal approaches and jurisdictional differences in water delivery and charging. The underlying technology of water delivery is well trodden, but jurisdictional subsidies, schemes and charging is far from a 'one size fits all' approach.

Methodology

During the six month project we conducted 9 forums and formally surveyed 100 tenants. Our questionnaire was available on paper at our forums and online. We also met and discussed water charging with over 40 landlords through 1 forum and a short questionnaire. We met with and discussed various issues with SA Water and other key individuals and organisations in the tenancy space.

In addition to the formal surveys and forums, we spoke with between four and five hundred people about water use, price and technology (e.g. solar hot water) to direct and broaden our focus.

We also communicated with peak bodies and other advocates in the tenancy space regarding their views and perceptions regarding water pricing, practices and people's ability to pay.

The questions we asked tenants are shown in appendix (a) situated at the end of the report. Key findings were that only one out of three respondents knew about SA Government water use and supply concessions; and that water bills cause stress for almost six out of ten persons.

We give detailed reproductions of the questionnaire in appendix (a).

The key finding from the forum held with landlords is that landlords overwhelmingly support SA Water billing tenants directly – a view which we at Uniting Communities support.

Beyond consumer forums, questionnaires and discussions, we read and researched extensively on how water provisions and policies in jurisdictions similar to Australia in socio-economic terms; USA, Europe and other Australian states. What we found is that in Australia, no other state pushes as many costs on to tenants. We also found alternative models of charging for water and subsidy, rebate and incentive programs that would be of use to tenants and Government in South Australia.

Desired Outcomes

Our mission at Uniting Communities is to help build a community in which all people participate and flourish.

We are concerned, due to the reasons stated in the project 'background' that tenants on low incomes are either treading water or sinking.

Our desired outcomes for this project are to see water (and necessarily other essentials) priced and policed so that those on the lowest incomes can afford them without undue trade-offs.

Our recommendations range from ‘filling in the gaps’ i.e. enacting hardship programs for tenants and informing people of concessions on water bills, to structural reform, i.e. charging for water according to income. We also propose subsidy and incentive schemes such as solar hot water and shower-head upgrades.

Models of charging for water

“Safe drinking water is a basic human right, and I am so proud that Philadelphia is leading the nation with this landmark program.”¹⁴

What constitutes a fair and just way to charge for water?

Our context: 100,000 people cannot afford water and electricity due to circumstances beyond their control.

Concessions only go so far to alleviate the issue. What else can we do, what can we change to make water affordable for the 100,000 South Australians that struggle to put food on the table?

Our research has indicated that it is the supply charge and/or high volume water use that creates the burden for many people. Where the supply cost is not the burden, high-volume use will be a burden.

This brings us to propose differing models for charging for water.

Our goals are:

- 1) lower the cost per person to make water very affordable for tenants on low incomes,
- 2) incentivising water conservation.

The different models we can use as a range of options are:

- a) removing supply cost
- b) shifting supply cost back to owners
- c) removing supply cost and increasing usage charges
- d) charging supply and use as a product of income
- e) charging supply as a product of asset (land) value
- f) removing supply cost and charging use as a product of income, to a threshold, e.g. tier three

In following the notion that we wish to lower cost and save water, the Philadelphia ‘TAP and CAP’ program fulfils our goals. Within our context, we need to be clear about how important water saving and affordability is. The TAP (Tiered Assistance Program) is not enough, as it may see an increase in water usage, so the CAP (Conservation Action Program) becomes a dual responsibility of provider and consumer. On a simple analysis, a TAP which removes supply cost of water for 100,000 people would cost SA Water revenue \$30 million. Let us keep in mind that SA Water makes a profit of around \$265 million.

¹⁴ <https://beta.phila.gov/press-releases/mayor/philadelphia-launches-new-income-based-tiered-assistance-program/>

Without questioning the profit of SA Water, we could propose a rise in tier 3 prices to compensate for the loss of revenue. How much would this price rise affect high-volume water users?

By looking at a water bill of an average family – one parent and two children, we have a water bill of \$279.10 for a quarter¹⁵. Of this \$279.10, \$139.58 is comprised of tier 2 use, charged at \$3.24 per kL (2016-17 pricing¹⁶). We can see that as tier 3 prices start from 130kL per quarter, and our average family uses 77kL per quarter – that a raise in tier 3 prices would not affect most users.

Charging Rental Properties as Commercial Customers

Rental properties are investments – they are commercial entities.

With this in mind, we raise the option of charging land-owners a water supply fee based on property value, in line with existing commercial property charges. Current prices per quarter for commercial properties are \$0.17525 per \$1000 of property value, with a minimum charge of \$73.10. The supply fee under this model would remain \$73.10 for an apartment worth \$300,000 but would increase to \$105.15 for a house worth \$600,000¹⁷.

TAP (Tiered Assistance Program) and CAP (Conservation Assistance Program) in Philadelphia

Current structure of water charges ignores the fact that different people have different capacities to pay for water bills. A fixed supply fee does not work for those who are most marginalised and disadvantaged. In Philadelphia, USA, their Tiered Assistance Program (TAP)¹⁸ provides a fixed monthly bill based on income. The fixed fee is around 2 or 3 percent of income. The Philadelphia TAP is based on a program recommended (but ultimately not adopted) for Detroit by utilities pricing consultant Roger Colton.¹⁹

The Detroit and Philadelphia experiences were brought about by scenarios in which people were losing their houses due to debt and/or having water completely shut off – violating their human right to water. We acknowledge the range of initiatives in the South Australian case that make this extremely unlikely – water is accepted as necessary and as such we restrict flows to 2 litres a minute and have hardship schemes to prevent debt collectors being sent in to reclaim monies. Tenants in South Australia are however able to be evicted over unpaid water bills (which we claim is a violation of their human rights).

What the Philadelphia case shows is that there is another way for water use to be charged to people who are struggling financially.

“A lot of assistance programs require people to be delinquent. This is innovative in that it’s giving people an affordable rate so they’re able to stay current,” Revenue Commissioner Frank Breslin said.²⁰

¹⁵ With thanks to Unity Housing for providing a range of water bills

¹⁶ SA Water Website-1617-Rates-Sales-Fees-Charges.pdf

¹⁷ <https://www.sawater.com.au/accounts-and-billing/current-water-and-sewerage-rates/commercial-water-prices>

¹⁸ <https://beta.phila.gov/press-releases/mayor/philadelphia-launches-new-income-based-tiered-assistance-program/>

¹⁹ <https://www.thesourcemagazine.org/us-households-pressure-rising-water-bills/>

²⁰ <http://www.philly.com/philly/news/politics/city/for-low-income-residents-philadelphia-unveiling-income-based-water-bills-20170620.html>

“The expanded assistance program, estimated to cost \$18 million annually, already has affected water rates. The program was factored into the rate increase that started in July 2016, which will total 10 percent over two years.”²¹

The people of Philadelphia have accepted a small rate increase to ensure that all people continue to have access to water with affordable pricing.

The Philadelphia model does away with concessions, and instead charges people what they can afford. This entails a reduction of paperwork and corresponding reduction of state based expenses.

From the perspective of a low-income tenant, the Philadelphia model a good one. While the program must be applied for, like a concession – the program is more like a social tariff – shifting burdens of cost from those who need to those who can afford – within the scope of the business (i.e. SA Water).

If we were to charge an unemployed person on Newstart a fee of 2% based on income, then their water bill would be \$290 per annum, or \$72.50 per quarter. For our ‘average’ family with an annual bill of \$1059.92 (from our questionnaires) this represents a saving. For a single person in an apartment – our lowest level user, spending \$20 per month in addition to the \$73.10 supply charge would only have an annual saving of around \$80.

The immediate reply will be “but won’t a TAP increase usage?” Maybe it could – however SA has a large water use already, and a well-designed CAP could also bring that down. A CAP plan or scheme must also be implemented. Held against ‘Target 155’, South Australia has a long way to go to meet the target which is regularly achieved in Victoria and exceeded (under 155 L/day) in other jurisdictions. Target 155 is achievable, and low-income medium volume users on a TAP program would be a great place to start.

We stress that a TAP and CAP program would be opt in, but to opt in to the TAP one would be compelled to opt in to the CAP.

A CAP is Essential

One of the assumptions we went into this research project with was that the supply charge would form a bulk of many people’s water bills. While this remains true for a number of people, our evidence shows that average bills are around \$265 per quarter – around 28% of which is supply charge. If South Australians could limit their water use to Victorian or German levels, which is around half of what we currently use, the average saving could be \$100 per quarter! It turns out that a CAP is an essential road forward to helping low-income tenants manage bill shock.

A CAP program needs to raise awareness as well as provide practical assistance. SA Water states that 38% of water is used in “Bath, Toilet and Shower”²² followed by 37% in the garden and outdoors. Thus these two areas need to be the focus of a CAP program.

Scottish Water: Reversing the Flow

The case example of Scottish Water is widely regarded as a paradigm of consumer engagement and representation in the global water regulation industry. Scottish Water improved their service in every measurable area, and their rigorous program of consumer engagement and representation was a key driver to their rapid and far-reaching reforms.

²¹ Ibid

²² <http://www.sawater.com.au/residential/water-in-your-home-and-garden>

The Scottish Water case used a panel of experts to represent consumer interests. The panel was comprised of qualified individuals who were not necessarily current players in the water industry.

The Customer Forum did try and engage with consumers directly through an 'online portal' though the success of that program was questioned in their Legacy Report²³ published by the Customer Forum. They said that the 'online portal' failed to attract interest outside of the usual players. They also utilised market research to understand consumer's opinions and needs.

The success of the Customer Forum set-up is attributed to *qualified individuals, greater focus, clarity of purpose* and an *'outsider' approach*²⁴. Success in the ongoing process is seen as derived from a high level of empowerment, explicit accountability, freedom to operate and having robust backups in place²⁵

The *Forum* themselves admit a **greater direct consumer involvement would be a benefit** as an ongoing consideration²⁶. Given the nature of hindsight, the best successes of Scottish Water, as well as their recognised failures is something SA Water and other utilities could build into a similar model.

Coming to a shared model of decision making – representing directly consumer's situations, views and desires – is where Uniting Communities wants to head. A direct consumer 'round-table' composed of low-income tenants, land-owners, business owners, providers and others would enable a robust forum in the South Australian context to deliver fair outcomes for all groups. Only by talking about and coming to shared and empathic perspectives can SA Water and the Government of South Australia represent and account for a diversity of views and the continuation of a socially just pricing and development framework.

An attribution of the success of the Customer Forum and the increase of performance of Scottish Water was the freedom of the Customer Forum to operate. While the Forum was initially charged with the remit to explore options related to service level improvements and level of charges, it was given the trust and found the need to expand into a 'whole of business plan' exploratory role²⁷.

This notion of a 'whole of business plan' and the freedom to investigate and question the water industry professionals and staff of Scottish Water led to a strong ability of Scottish Water to improve their services. What might be seen by some to undermine the professional level of Scottish Water employees actually helped those employees to critically analyse their work and to improve upon it. A difficult road led to a great success.

The trust given to and accepted by the Forum constitutes in our opinion the strongest case for the legitimacy of the Forum.

²³ THE CUSTOMER FORUM FOR WATER IN SCOTLAND Legacy report: Lessons learned from customer involvement in the 2015-2021 Strategic Review of Charges, February 2015, p.17

²⁴ THE CUSTOMER FORUM FOR WATER IN SCOTLAND Legacy report: Lessons learned from customer involvement in the 2015-2021 Strategic Review of Charges, February 2015, pp.10-11

²⁵ THE CUSTOMER FORUM FOR WATER IN SCOTLAND Legacy report: Lessons learned from customer involvement in the 2015-2021 Strategic Review of Charges, February 2015, pp.12-13

²⁶ THE CUSTOMER FORUM FOR WATER IN SCOTLAND Legacy report: Lessons learned from customer involvement in the 2015-2021 Strategic Review of Charges, February 2015, p.18

²⁷ THE CUSTOMER FORUM FOR WATER IN SCOTLAND Legacy report: Lessons learned from customer involvement in the 2015-2021 Strategic Review of Charges, February 2015, p.5

Water Use

What is Best Practice Water Use?

Target 155

The State of Victoria has a target to limit residential water use consumption to 155 litres per person per day.²⁸ This target has regularly been achieved.²⁹

We have no doubt as to the benefits both financially and environmentally of saving water, however we have reservations that the current cost incentives in South Australia are enough to drive consumer behaviour.

Currently, South Australia uses 309.5 litres per person all usage included – including industry³⁰ as compared to use in Victoria, Australia (166 litres per person per day residential)³¹ (and as low as 146 litres per person per day as at 05/09/2017³²). In Germany³³ water use is only 123 litres per person per day.

Is lower use incentivised under current price structures?

If South Australia was to achieve a Target 155 the impact to low-income residential tenants would have a very small effect on these people's finances. At the target level of 155 litres per person per day, a single person household would be paying around \$73 for supply, and \$32 for water use. With two people in a house, it would be \$77 supply and \$64 water use cost (based on 14.1 kL use per quarter per person, charged at \$2.318 per kL).

For a single person household, a change from 309 litres a day to 155 litres a day would result in a cost decrease of around 25%, for a two person household, it would reduce bills by around a third. As the household size goes up, the level of incentive to save water increases assuming a fixed supply fee.

What this demonstrates for our purposes is that the current pricing structure of water is not efficient to drive behavioural changes – a decrease in water use will see a corresponding raising of awareness of the high cost of supply.

Thus we recommend as a possible route forward, to increase tier three water prices, with a corresponding reduction in supply charges – resulting in equivalent revenue for SA Water. We also propose a rebate of concession for households with a large number of residents (above four) to offset high tier three prices.

An Anecdote

On a tour of a SA Water treatment plant I talked with the tour-leader about *per capita* use of water in South Australia. The tour-leader remarked “but how can we make those changes in South Australia?”

²⁸ <http://target155.vic.gov.au/>

²⁹ <https://www.melbournewater.com.au/waterdata/waterstorages/Weekly-water-update/Pages/Weekly-water-update.aspx>

³⁰ SA Water Annual Report 2016-2017, p. 51

https://www.sawater.com.au/_data/assets/pdf_file/0009/193644/SA-Water-2016-17-Annual-Report-With-financial-statements.pdf

³¹ <https://www.melbournewater.com.au/waterdata/wateruse>

³² <https://www.melbournewater.com.au/waterdata/waterstorages/Weekly-water-update/Pages/Weekly-water-update.aspx>

³³ <http://www.bmub.bund.de/en/topics/water-waste-soil/water-management/drinking-water/>

A few minutes later, I visited the bathrooms. I flushed a high flush old style cistern and was presented with a torrent of water from the basin spout when washing my hands.

The moral: sometimes the changes we need to make are right before our eyes.

Target High Volume Water Users with Behavioural Changes

For a low-volume water using household, promoting behavioural changes will be of minimal impact.

We recommend that SA Water use its customer data to target any behavioural change programs to households with water use that exceeds a certain threshold. An appropriate level for such a threshold might be users who reach tier 3 use, or users whose use component of their bill are higher than their supply component of their bill. We could also support a 'Target 155' and use this number as a baseline for targeting behavioural changes.

Water Saving Fixtures Required

We propose and recommend that land-owners should only be allowed to charge tenants for water-use if water efficient showers, toilets and taps are installed, and only if they are in good order and not dripping. This practice currently exists in NSW³⁴ and QLD³⁵.

In Victoria, City West Water provides a showerhead replacement scheme free of charge³⁶, and a well-priced toilet replacement program³⁷.

South Australia's REES program³⁸, delivered by electricity companies, is targeted to deliver energy savings to low income households, and does allow for fitting of an efficient showerhead – the rationale being that showers use energy for heating the water. However REES is only available through nominated companies, and each company has a limit to how much support they provide each year.

Compliance with a water efficient rental property scheme would require a certificate of compliance issued by a licenced plumber each three to five years. If desired or required, a tenant could dispute the certificate (i.e. pointing out leaks) and have the issue rectified.

The notion of subsidising an owners cost by installing subsidised fixtures for tenants is not preferable, but under the rigour of *water saving* and overall use reduction such a scheme may be warranted. For all new builds, such water saving fixtures should be mandated at owners cost. For retrofits, it would be appropriate for government to subsidise fixtures in rental properties.

We recommend that a scheme similar to REES but targeting a range of water saving features be initiated. While this may amount to replacing a land-owners duty install such fixtures, it is a better option than none for tenants. It is not only good for tenants, but also good for the broader community through lowering the need for expensive public infrastructure.

³⁴http://www.fairtrading.nsw.gov.au/ftw/Tenants_and_home_owners/Being_a_landlord/During_a_tenancy/Passing_on_water_charges.page

³⁵<https://www.rta.qld.gov.au/Forms-and-publications/Fact-sheets/General-tenancy-fact-sheets/Water-charging-fact-sheet>

³⁶http://www.citywestwater.com.au/saving_water/advice/showerhead_exchange.aspx

³⁷http://www.citywestwater.com.au/saving_water/advice/toilet_replacement_program.aspx

³⁸<https://www.sa.gov.au/topics/energy-and-environment/using-saving-energy/retailer-energy-efficiency-scheme>

The scheme will benefit not only households but will lower the requirement for water in our dry state. It is also noted that SA Water spends over \$48 million on electricity³⁹, largely on 'country water pumping and networks'⁴⁰ – or more to desalinate water in necessary years. Thus a corresponding reduction in water use entails a saving in carbon emissions and a reduced requirement to build new electricity generators.

Focus on Changes that Can be Made

A common approach around the world is to look at ways in which behaviour can change rather than requiring a refitting of fixtures. For example, a promotion of shorter showers or less garden watering could reduce usage with a minimal upfront and no ongoing cost associated. The two drawbacks of this attitude are that the supply fee is for some low-volume users the largest component of water bills, and reduced usage will have minimal impact on low water using tenants on low incomes. The other drawback is that promoting modification of behaviour places all the blame on the end-user, while it remains true that retrofitting of fixtures will have a synergistic effect in conjunction with behaviour change.

For larger families, and for those wishing to maintain gardens, water use and behaviour modification remains more relevant as the supply fee is lower compared to the overall cost water .

In-store Demonstrations and Roadshows

One reason that tenants and other people may not change fixtures such as shower-heads is that they may not be convinced that new fixtures which use less water are as good as or better than older more consumptive fixtures. Showing off, displaying working fixtures or developing demonstrations of new fixtures is essential to convince owners and tenants of the benefits of upgrading fixtures.⁴¹

Professional plumbers also may lack knowledge and certainty of new fixtures and technologies – they may not be familiar with the best water saving products on offer. By providing information sheets for plumbers to give to their customers they identify who have high-flow fixtures, and by training or providing information and product demonstrations to plumbers they could have an impact on per capita usage. Utilising plumber's networks and unions could be a starting point for engagement.⁴²

³⁹ SA Water Annual Report 2015-16, p. 63

⁴⁰ SA Water Annual Report 2015-16, p. 29

⁴¹ Water Efficient House of the Future, UKWRIP Workshop October 2014, p.7

<https://www.theukwaterpartnership.org/wp-content/uploads/2015/04/Water-Efficient-House-of-the-Future.pdf>

⁴² Ibid.

Hardship Provisions

Hardship and Tenants:

Essential problem: tenants are not able to have much interaction with SA Water.

The flow on effect is that complaints are quickly escalated to SACAT, with a possibility that tenancies are ended due to water bills.

With other utilities such as electricity, it is the utility provider that underwrites the billing – so electricity can be cut off – not an ideal – but far less damaging than a tenant being evicted or forced to leave their home. We do commend SA Water for not restricting a tenant's water supply when the owner has not paid the bill.

We have evidence of tenants who are on the brink of eviction, and whose financial councillors have applied for small charitable grants to pay off their water bill. In other cases we have heard that SA Housing can pay a water bill if it is likely to result in a loss of tenancy. There is a lack of consistency of approach and pathway to resolution – and we feel that resolution for water bills should in most cases rest with SA Water.

There is also a lack of information and knowledge available to financial councillors about internal SA Water requirements for tenants in hardship, and about where else to turn to (i.e. Housing SA) to gain a tenant relief from an unpayable bill.

As things stand, tenants are usually unable to access hardship schemes, this single point blows out of proportion and the flow on affects are significant.

Current hardship provisions go a long way to inform providers of their responsibilities. Providers that have identified consumers in hardship go a long way to attempt to alleviate hardship, including a commitment to not utilise debt-collection agencies for those in hardship.

Tenants though, are falling through the gaps. Landlords do not have the same requirements to enact hardship schemes as do water suppliers.

The Worst Case Scenario – Evicted after Violence

A financial councillor at Zahra Foundation Australia⁴³ reported to us at our forum held in conjunction with the Anti-Poverty Network's conference *Fight Poverty Not the Poor* that a client of hers had been on the **verge of eviction due to non-payment of a water bill**. The client has been the victim of domestic violence, and when the perpetrator had moved out from the shared home, the client was left with six months of water bills which had not been paid. The real-estate agent threatened to issue a 'Form 2' or eviction notice to the client if the water bill was not paid within a very limited time frame. Only due to the intervention of the financial councillor was payment finally delayed and a grant obtained to pay the bill on the client's behalf.

This real-life scenario details clearly how the current lack of hardship plans can result in the eviction of tenants in dire circumstances beyond their control. Domestic and family violence should never put a person and their children at risk of homelessness due to an oversight or 'computer' issue.

This scenario raises the fact that real-estate agents and land-owners do not have the training, skills or capacity to assess hardship – and thus should not be able to require payment for essential goods. The solution is to conform to the *Water Industry Act 2012* Division (5) (37) that states that a water

⁴³ <http://zahrafoundation.org.au/>

supplier must enact a hardship plan – which in turn means that SA Water needs to bill tenants directly.

What is the ease of accessing hardship?

To access a hardship scheme, a consumer must essentially self-identify as ‘in hardship’ either directly to SA Water or to a financial councillor. For a landowner to access a hardship scheme they must usually invoke the magic words ‘I am in hardship’ when speaking with SA Water. For those not familiar with hardship schemes, this is a barrier to entry.

Tenants are in a much worse position. They are left out of hardship processes as they pay their water bills to their landlords. As landlords are not registered as water suppliers, they do not have to conform to the established schemes for hardship that registered water supply companies must enact under Division (5) (37) of the *Water Industry Act 2012*.

Landlords Not Registered under Water Industry Act 2012

We call into question the legality of landlords or their agents to pass on supply costs to tenants due to the fact that they are not registered or authorised under the *Water Industry Act 2012* to supply or charge for water. We note that they are entitled to do so under the *Residential Tenancies Act* as amended in 2014.

No Access to Payment Incentive Plans

Tenants are not entitled or accepted onto hardship plans, so they (tenants) miss out on Payment Incentive Plans which have recently offered by SA Water to match payment arrears, provided hardship payments are made on time.

Can a Tenant Actually Access Hardship?

SA Water has stated (personal conversation, Wednesday 30 August 2017) that it has happened that tenants have been accepted onto hardship programs. This needs to be clarified internally by SA Water, and externally to show how this process can be enacted and facility be made available to tenants.

Concession Awareness Contributes

Our research and conversations with people in the community indicate that many persons are unaware of the availability of concessions. Only 33% of surveyed persons in our forums replied ‘yes’ to the question ‘Do you know about the South Australian Government water use concession’. Personal conversations with Public Trustee South Australia, indicates that they are not aware and do not apply for water concessions on behalf of their clients. This lack of awareness of concessions further compounds the relief that could be found through hardship programs.

Details Required on Bill

Details of entitlement to concessions and hardship should be published on the SA Water bill. Currently, there is a line item under ‘Enquiries’ at the top right hand side of the bill that states ‘General, billing and payment difficulties 1300 650 950’.

We propose a clearer section on page two of the bill below ‘Paying your bill’ in a font and size the same as ‘Account details’ and ‘Paying your bill’ to be entitled ‘Concessions and hardship’ with a brief statement that concessions and hardship programs are available and the internet addresses and phone numbers to contact (of SA Government Concessions, and SA Water Customer Assist).

Level of Debt Need to be Lowered

Information provided to us by SA Water indicates that the average amount people enter a hardship program with is \$1400 of debt. We feel that this amount is significant, and payment difficulty, including the ability to shift or change water use patterns, comes too late. SA Water Payment Incentive Plans are very welcome and applauded, but still leave a large debt.

This \$1400 threshold is quite high. The formulation of 280 days on a hardship plan (the time we are told by SA Water that people spend on a hardship plan) requires people identified for hardship to pay \$5 a day, or \$35 a week to catch up (or half of that amount if a Payment Incentive Plan is offered and adhered to).

\$35 a week is significant to a person on Newstart or pension – even half that is burdensome. We believe that a lower threshold for recognising hardship needs to be in place – we recommend that hardship be captured at no more than twice an average bill. Any lower and it would be almost impossible to recognise hardship, any higher and it places an unjust burden of back-payment on a person on a low-income.

According to SA Water, only one out of three people (1504 of over 5000⁴⁴) successfully complete a hardship program. Presumably, this is due to failure to meet an agreed payment. Changes need to be put into place to allow less strict payment deadlines and a greater focus on retention of customers needing assistance in the program.

Payment Incentive Plans are welcome, but we think that matched payments should be made regardless of whether ‘on time’ payments are made. A broader method of inclusion could be that any payments made within a longer window (i.e., one year) should be ‘incentivised’.

Tenants are not eligible for ‘payment incentive plans’ as they pay their bills to their landlords.

Access of Assistance

Due to tenants not being directly billable, they are unable to access ‘free plumbing assistance’ and in-home water efficiency checks or installation of water efficient shower heads. It is theoretically possible for a land-owner to apply for ‘free plumbing assistance’ a property, however in practice only pensioners and single-parents are provided these services by SA Water due to ‘limited funds to administer the program’.⁴⁵

SA Water claims that due to limited funds, they are unable to provide advertised ‘free plumbing assistance’ or ‘water efficiency measures’ outside of the groups of pensioners, carers, or single parents. Newstart recipients are seen as ‘likely to gain employment’, which in many circumstances they are not. There is a large group of unemployed people who are not likely to gain employment. Unemployment is endemic, long term and structural in the very areas that SA Water finds most customers in hardship (Adelaide’s outer areas, Playford and Onkaparinga council areas).

Assistance with fixtures to alleviate future hardship

We recommend a system of installing fixtures and personalised advice on water saving equipment and methods by SA Water or a government funded entity for those identified as in hardship.

⁴⁴ SA Water Annual Report, 2015-16 p.16

⁴⁵ Telephone conversation with SA Water hardship team.

Annulment of Debt

Annulment of accrued debts if hardship plan is followed. People must have a reasonable chance to actually pay off accrued debts. We would recommend that registered financial counsellors (i.e. members of South Australian Financial Counsellors Association) be the best judge of a person's financial capacity. In circumstances where accrued debts are greater than a reasonable payment plan could be expected to pay off in a year or more, debt forgiveness or annulment would seem reasonable.

Hardship Conclusions

Tenants need to be able to access hardship schemes.

The easiest way to do this is to bill tenants directly as is done with every other user pays service. Landlords also support this conclusion⁴⁶, as there are problems for them in the billing of tenants.

Further, it is rare that a tenant/consumer will be put in hardship due solely to water bills. It is a drop that may tip the bucket. Water bills are the proverbial straw that breaks the camel's back.

Financial advice, subsidies and concessions from government(s) need to account for water but also for energy (electricity and gas) and other costs of living such as rent. For customers in severe or extreme financial hardship, a water concession or a \$100 one off payment simply is not enough. Cost of living for essentials is simply too much – therefore broader policies such as subsidised housing need to be addressed as part of the problem of the high cost of living for those on low incomes.

⁴⁶ Conversations with landlords, Landlords Association General Meeting 7/11/2017

Concessions

From 2012, water price drastically increased⁴⁷.

In 2014, the South Australian *Residential Tenancies Act 1995* [Division 11 – Statutory Charges, 73 (2) (b)] was amended to allow land-owners to pass on the full cost of water supply to their tenants.

These changes have seen water costs to tenants roughly double over the past five years.

We see that the rate and calculation of concessions, as set out in South Australian *Cost of Living Concessions Regulations 2009*⁴⁸ [4 (5)] was established in 2009, prior to the changes in 2014 – and need to be revised to incorporate the shifting of cost burdens and the massive increase in water use charges.

Currently (2017-2018), water supply cost is \$292.40 per annum,⁴⁹ with a minimum concession rate of \$121.60 and maximum of \$298.90, calculated at 30% of the total expense⁵⁰ - and dependent on whether supply fees are paid. For customers on low incomes (i.e., those eligible for concessions) and especially those in a one person household the current gap (e.g. \$360 minus 30%) of \$240 per annum represents a considerable financial burden.

We recognise that South Australian tenants enjoy one of the higher water usage concessions – but, unlike other States and Territories, South Australian tenants are the only Australian residents in the position of paying both usage and supply charges.

We recommend that concessions be increased to a base line of 100% of the supply charge (\$292.40 per annum) PLUS 50% of the usage charge to a cap of \$230 per annum (for a total supply and use concession maximum of \$510) – with a minimum rebate amount of \$292.40 PLUS \$110 or actual water usage, whichever is lower.

Further, we recommend that on top of the \$510 concession, an additional allowance be made for each resident and child at an address of \$120 per person, per annum. This \$120 level allows ‘free’ water to those eligible for concessions who stay within the target of 155 litres per person per day.

Our view is that a proportional water usage concession is in line with a water conservation methodology – it rewards tenants who use less water and proportionally charges those who use more.

We note that there may also be available to low-income tenants an additional concession under the *Cost of Living Act 2009* of \$101.40 (for tenants)⁵¹ as a once off annual payment, as well as an energy (electricity and gas) rebate of \$217.90.⁵² However, there remains a very large gap between essential goods and services pricing and the incomes of the lowest income tenants.

⁴⁷ http://www.treasury.sa.gov.au/_data/assets/pdf_file/0017/1196/regulatory-statement-201213.pdf

⁴⁸ <https://www.legislation.sa.gov.au/LZ/C/R/COST%20OF%20LIVING%20CONCESSIONS%20REGULATIONS%2009/CURRENT/2009.24.UN.PDF>

⁴⁹ <https://www.sawater.com.au/accounts-and-billing/current-water-and-sewerage-rates>

⁵⁰ <https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/water-and-sewerage-rate-concession>

⁵¹ <https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/cost-of-living-concessions>

⁵² <https://www.sa.gov.au/topics/care-and-support/financial-support/concessions/energy-bill-concessions>

As a different approach to pricing water, Philadelphia has enacted a model in which water is charged as a percentage of income, which seems like a progressive model that we look at in a separate section.

Consumer Funding of Social Tariffs

Social tariffs are concessional models that rely on a corporate body administering and funding a concession scheme that is wholly funded by the corporate body itself.

Social tariffs are about consumers “funding a social tariff they are ... potentially eligible for”.⁵³

For example, Anglian Water provides up to 80% discounts for those in need.⁵⁴

Social tariffs are a contestable approach to fairness and the provision of concessions within the advocacy and social justice field. Not everyone agrees that the State Government should give up its role as the provider of concessions. In this paper, we do not take a strong stance, but choose to raise the issue as it is clear that within SA Water’s revenue that there is room for SA Water to subsidise or even remove fees and forgive hardships to the 100,000 people who will struggle to pay their bills in this and subsequent years. In association with the direct billing of tenants, it may also serve to reduce government overheads in the concessions area by streamlining the concessional model.

In the United Kingdom, companies essentially provide concessions ‘in-house’ against general policies⁵⁵. The rationale for this is to 1) provide local rather than central financial support and 2) to stop cross subsidies.

One way to enact social tariffs rather than provide concessions would be to charge for use and supply as a product of income - a fair distribution of fees. One of the ways in which low-income tenants could be served by a social tariff is to not charge tenants for supply cost, or to charge tenants as a percentage of their income.

In the Philadelphia experience a social tariff raised overall prices by 10%, but allowed those struggling financially to access to an ‘affordable’ rate (which is based as a percentage of income). Our view is that within the scope of SA Water’s current profit, a social tariff could be enacted without a corresponding rise in prices. Alternatively, an extra tariff could be put onto high volume (third tier) water users to maintain the current level of profits.

A social tariff would seem to be in line with COAG resolutions not allowing cross subsidies from or to utilities from general revenue.

Stakeholder Groupings and Issues

Social and Community Housing

We have researched and compared social and community housing because only low-income persons qualify for tenancy in the social housing programs.

⁵³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69564/pb13787-social-tariffs-guidance.pdf

⁵⁴ <http://www.anglianwater.co.uk/household/your-account/bills-and-payments/tariffs/lite/>

⁵⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69564/pb13787-social-tariffs-guidance.pdf

Our research (consisting of personal conversations and email communications with providers) indicates social housing providers do not have a consistent policy or practice regarding charging for water – some pay full supply and water use, and some pass on the full cost of supply.

SOCIAL HOUSING PROVIDER	SUPPLY CHARGES PASSED ON TO TENANT?	USE CHARGES PASSED ON TO TENANT	CONSIDERATIONS
Salvation Army Housing	YES	YES	Fortnightly payment plan
Intellectual Disability Accommodation Association Inc.	YES	YES	Provider checks on concessions of tenants. Supply and use charged on all new leases and renewals.
Accessible housing Association	NO	PARTIAL	First tier water use included in rent
Community Housing Limited	NO	YES	
Westside Housing	YES	YES	New tenants pay full supply and use
Julia Farr Housing	NO	YES	
Common Equity Housing	NO	PARTIAL	Supply and first tier included in rent
Uniting Care Wesley Port Adelaide (Portway)	NO	PARTIAL	Supply and first tier included in rent
Common Ground Adelaide	NO	NO	
Housing Trust SA	NO ⁵⁶	YES	

Social housing providers can claim the ‘owner-occupier’ concession on behalf of tenants – which in itself *can* amount to the full supply charge but in those cases the concession does not account for the water use charge. The maximum concession rebate will only be paid if the tenant incurs use charges of around \$1000.⁵⁷ (Concession is calculated as 30% of the total cost). We propose that to incentivise water saving, the maximum concession rate be paid at a much lower threshold.

As social housing is exclusively for low-income persons, we recommend legislative action to ensure supply side of water charges are borne by either social housing providers or by providing social housing providers with concessions amounting to the full supply charge. This recommendation would bring all social housing water policy and practice in line with Housing SA from the point of view of tenants.

Concessions in Social and Community Housing

Community Housing organisations need to be able to apply for concessions on behalf of their clients. This is to ensure that eligible persons receive their concession, and to streamline the process for the

⁵⁶ <http://www.dcsi.sa.gov.au/services/housing-sa/housing-trust-policies/rent-debt-and-charges/water-policy>

⁵⁷ section 3.1.3 - http://www.dcsi.sa.gov.au/_data/assets/pdf_file/0017/18143/South-Australian-Government-Water-and-Sewerage-Concession-Scheme-July-2015-FINAL-A13867174.pdf

housing provider. People in community housing all qualify for water concessions on account of them fulfilling the requirements for community housing.

It would make sense to legislate (add an amendment) in the *Water Industry Act 2012* or the *Cost of Living Act 2009* to provide all Social and Community Housing properties with a permanent and automatic water concession as part of their registration as community housing providers.

Retirement Villages

Retirees are synonymous with ‘fixed incomes’ – whether high or low. 80% of retirees rely on whole or part age pensions.⁵⁸

For those retirees on under \$40,000 a year, which is most, rising essential service prices increasingly marginalise an ability to participate in the community. For a single person on \$20,000 the cost of essentials bites deep.

Currently, the rate of full pension sits at around \$400 a week – which is better than people who are looking for work on Newstart – but it is also the most the most money the retiree will ever have access to. \$400 a week is around \$20,000 a year and is barely enough to cover essentials including rent, food, clothing, transport and medicine. Broader social inclusion like cultural activities, private dental work and eating out are very limited on such an income.

Water pricing needs to take into account a retiree’s ability to pay, as well as the things offset (e.g., quality food, dental treatment) by payment.

We claim that water bills play a role in the marginalisation of many retiree’s broader social inclusion.

There are emerging issues around retirement villages in which the SA Government is seeking to charge residents of retirement villages full sewer and water access fees as is done in, for example, strata title units. There is a complicated and vexed issue of ‘who owns a retirement residence’.

We have heard from SARVRA (South Australian Retirement Villages Resident Association) that SA Water is seeking to charge each retirement ‘unit’ a minimum sewerage access fee in excess of their property value.⁵⁹

Land Title Not Clear in Retirement Villages

“Water rates should be applied to the land title. Not to the individual resident.”

- Don (Retirement Village Resident)

Our view is that as the land title is usually owned by the organisation running the village – often for a profit – this means that the supply fees should be borne and managed by them.

It needs to be clarified in legislation whether a ‘licence to occupy’ a home in a retirement village constitutes an ownership of that home, or a long term lease. According to *SA Health, Office for the Ageing*, “How a licence to occupy is interpreted would depend on the policy of the department you are dealing with”⁶⁰

⁵⁸ SARVRA Letter to Minister for Ageing, 12 Oct 2017

⁵⁹ Ibid.

⁶⁰ Email communications 15/08/2017 <retirementvillages@sa.gov.au>

First Nations (Indigenous / Aboriginal) Considerations

Research conducted by the University of Queensland has indicated that low quality water in very remote areas “may lead to drinking sugared drinks due to bore quality”.⁶¹ This in turn can lead to diabetes and other medical issues increasing down-stream costs to health services. UQ also points out ‘The Familiar Story’ of a lack of adequate water leading to a range of serious health issues.

We recommend that due to the complexity and tenure types of First nations Issues, a separate project dealing with very remote and First Nations communities be commissioned in future CARF projects.

We would note, as does the UQ study, that there is a ‘familiar story’ and research should focus on achievable solutions, and not focus on establishing that there is a problem.

Concessions for Rainwater users – Those Not on Mains Supply

Our consumer research forums and discussions held in regional areas (Yorke Peninsula and Riverland) indicate that there are many tenants and landowners in South Australia who use solely rainwater for all household use.

Current concession programs cater only to mains supplied water users.

We propose a rainwater tank and pump concession scheme for those unable to gain the same concessions as those living in cities and towns. The cost of rainwater tanks and pumps could be a burden if replacement is essential and owners or tenants are on a low-income.

A possible model could allow a tenant to access a concession scheme on behalf of a landowner if the land-owner was themselves unable to afford an upgrade to upgrade or replace ailing systems to a minimum reliable capacity (of up to ‘Target 155’ or to the tier one threshold of 0.3288 kL per day (or 30kL a quarter).

It also makes sense to allow for regional and remote non-mains users to be eligible for fixture upgrades and incentives.

Concessions for New Migrants, Refugees and CALD Groups

Discussions held at our forums indicate that there is confusion within refugee and migrant groups as to whether they are entitled to State Government concessions.

We believe this confusion stems from an inability of some refugee groups to receive all or part of Centrelink payments. These federal issues also affect many new migrants (both permanent residents and new Australian citizens).

We ask that clarification be made around these issues for affected groups.

It may be appropriate for a future CARF project to look into refugee and migrant entitlements and water use patterns. Our current project found excellent engagement with migrant groups, who displayed a willingness to learn about water and cost saving – and also a lack of knowledge around fittings, fixtures, entitlements and costs.

⁶¹ “WASH” ‘The Familiar Story’ <http://gci.uq.edu.au/water-sanitation-and-hygiene-remote-indigenous-australian-communities-scan-of-priorities>

Roll Back 2014 Amendments

Increased concessions to cover a tenant's water supply will work from the point of view of the tenants themselves. A question some ask is 'does this account to a real subsidy for land-owners – who are likely to be investors'?

Would an increased concession for tenants actually provide a backdoor subsidy for owners?

In a broader historical and international context, water supply is seen as a rate akin to council rates. The pipework constitutes the essential infrastructure of our cities and towns like roads and street lighting. In Scotland, water supply and use is charged as a council rate or tax.

Uniting Communities questions the legitimacy of providing water supply costs to tenants. We base this question of legitimacy on 1) affordability or ability to pay, 2) ethical dimension of poor paying for the rich.

Thus, we recommend that amendments are made to the *Residential Tenancies Act* to reverse 2014 changes that made charging tenants for water supply possible.

We consider this an important recommendation of this paper – on ethical grounds 1) water supply charges are properly a function of rates which should be attributed to owners. It is properly a function of rates due to the essential and social good that water gives to our community. 2) On pragmatic grounds, supply is a large financial burden on the majority of low income tenants in the water pricing space. 3) That rental prices were not offset by the charging of supply to the end user.

Rental Prices Not Offset

A brief analysis of rental property prices in 2014 as changes were introduced show no corresponding drop in rental prices. The rise in residential rental prices between 2014 when the charging of tenants for supply was introduced was higher than the rise in prices for the three years preceding.

2011 median rents were \$220⁶²

2014 estimate \$224⁶³

2016 median rents were \$260⁶⁴

We can see that rents from 2014 – 2016 rose higher than a corresponding time period from 2011. We infer that the shifting of the supply charge to tenants has not lowered rents.

How Burdensome Supply?

For a minority of users, the water supply fee can amount to 75% of their water bill. In an 'average' scenario, supply accounts for 25% of the total bill.

Hardest hit are single person households, as they may have an income of only \$18,000 p.a. As household sizes go up, supply cost is shared amongst all residents.

Supply should be charged according to land-value as sewerage is. Cost will in that scenario be passed on to tenants as a portion of rent charges.

⁶² http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/4?opendocument

⁶³ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4130.02013-14?OpenDocument> 'State and territory data, 1994–95 to 2013–14'

⁶⁴ http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/4?opendocument

Water Industry Profit South Australia and Victoria, *Per Capita*

Greater Melbourne has split its water companies across three service providers and one central body. Greater Adelaide region is served by one company – SA Water. We would expect to see similar levels of profit between regions, on a per capita basis. Instead, what we see is that SA Water has a per capita profit level of almost three times the Greater Melbourne region. Figures below are rounded numbers for greater clarity.

Water Company	Company Profit (year end 30 June 2016)
Melbourne Water	\$153 million ⁶⁵
Yarra Valley Water	\$56 million ⁶⁶
City West Water	\$43 million ⁶⁷
South East Water	\$120 million ⁶⁸
TOTAL GREATER MELBOURNE	\$372 million
SA Water	\$294 million⁶⁹

Greater Melbourne number of residents	4.5 million ⁷⁰
Greater Adelaide number of residents	1.3 million ⁷¹

Greater Melbourne profit per resident	\$82
Greater Adelaide profit per resident	\$226

Within the scope of profit of SA Water, there is room for lowering of fees and for offering social tariffs, concessions, forgiveness of hardship or other direct financial remedies to support those in need.

As a note, the supply fee portion of water bills often amounts to less than the profit generated by SA Water; if SA Water did away with supply fees for all residential properties, SA Water would have made around \$70 million dollars in the year ending June 2016 and would have lost around \$22 million in the year ending June 2017⁷². This assertion is based on 766,723 account billed⁷³ multiplied by the annual supply fee of \$292.40 which equals \$224,189,805.

⁶⁵ <https://www.melbournewater.com.au/aboutus/reportsandpublications/Annual-Report/Documents/Annual-Report-2016.pdf> p.69

⁶⁶ https://media.yvw.com.au/inline-files/YVW-Annual-Report-2015-16_0.pdf p.42

⁶⁷ http://www.citywestwater.com.au/documents/annual_report_2016.pdf p.38

⁶⁸ <http://southeastwater.com.au/SiteCollectionDocuments/AboutUs/AnnualReport201516.PDF> p.11

⁶⁹ https://www.sawater.com.au/_data/assets/pdf_file/0011/118667/31857_Sa-Water-Parliamentary-Report-2016_BOOK_Digital_Low-Res.pdf p.63

⁷⁰ <http://stat.abs.gov.au> "Greater Melbourne (GCCSA)"

⁷¹ <http://stat.abs.gov.au> "Greater Adelaide (GCCSA)"

⁷² SA Water Annual Report 2016-17 p. 60

https://www.sawater.com.au/_data/assets/pdf_file/0009/193644/SA-Water-2016-17-Annual-Report-With-financial-statements.pdf

⁷³ Ibid. p. 50

Tenant – Provider Engagement (Consumer Engagement)

The process of consumer engagement is a relationship. In a relationship it is fair that both parties contribute to the decision making. Consumers are often treated as inferior or second class when it comes to making complex decisions around technical issues.

“Consumer engagement is an essential characteristic in economic regulation but in the adoption of econocrat models of price setting it got lost. In the previous regulatory arrangement in the UK and Australia the consumer interest was delivered by government. In the move to corporatisation and privatisation that function of Government was lost and not replaced in the network businesses.”⁷⁴

Consumer decision making is similar in methodology to UN development programs and their use of Community Engagement strategies. We propose to base engagement processes on established methods of working.

The paradigm case of consumer engagement of making significant changes to consumer outcomes and provider business models is that of Scottish Water. We recommend the broad and comprehensive approach undertaken in Scotland as a good model, to move forward with in South Australia and to improve upon.

Toward Better Engagement

How do we promote consumer advocacy? What do we want from a process of advocacy?

Made possible under the *Consumer Advocacy Research Funding*, part of our ongoing goal for research in this area is about both direct ways to help consumers, and also about ways in which we can enable systems to help consumers help themselves.

Representation, recognition and empowered decision making – both for the consumer and the provider are the outcomes for a rigorous program of customer-provider engagement.

Under the *status quo*, or *the way things are*, consumers are seen as the client or end user of a service that is provided for their good. This ‘care’ model matched with a need to maximise profits of the ‘corporate’ model does not always fit. We propose that with an increasingly rigorous model of consumer-provider engagement, the provider becomes empowered as the representative of the consumer – allowing for a better flow of information and service provision – while retaining the positive characteristics of the corporate model.

Benefits of a rigorous consumer-provider engagement will see a range of consumer groups represented and will provide for less resistance to payment. The outcome we hope for is that consumers on a low-income will be in a framework where they will 1) be able to represent their circumstances and difficulties, and 2) come to an understanding of where their bill money goes. From a provider’s point of view, the benefit will be that there will be less resistance to having those bills paid.

The result of adequate consumer engagement is less stress and increased access for consumers and potentially lower overheads for provider.

⁷⁴ Negotiated Settlement and Consumer Engagement: UK Experience and lessons for Australia: ECA Research Report No. 2, p.15

Directional Engagement

Negative Consumer Engagement

Debt collection, flow-restrictions and unidirectional marketing (marketing designed to influence, but not to inform) are forms of negative consumer engagement. They serve the providers entrenched mechanisms but do not always represent a consumer's best interests.

Positive Consumer Engagement

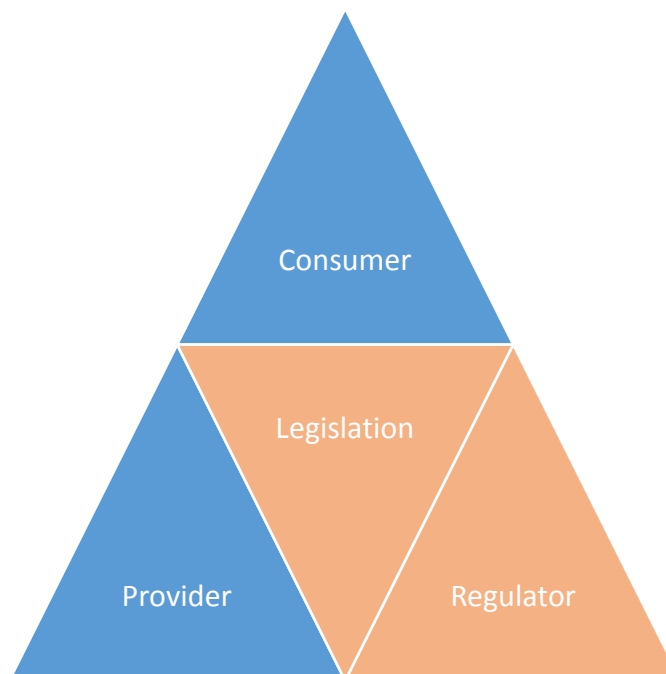
Water is an ocean of possibility for positive consumer engagement. As the most essential of all essential services, a State owned water utility has the heart pleasing remit of serving the public interest and the public good.

Protecting water supply for each individual protects every other individual. The health and thus societal benefits of an egalitarian water supply form the basis of our clean and productive cities – of our near-universal sanitation and thus our individual health.

Positive consumer engagement is responsive of and informed by needs. These needs are ascertained through engagement practices such as deliberative processes.

Tri-directional Information Flow Needed

To move from a negative consumer engagement model to a positive framework, a tri-directional flow of information between consumer and provider is required. Currently we see a bi-directional relationship between provider and regulator. We also see a unidirectional relationship from provider to consumer. We propose a development of the current framework could increase the relationship to a tri-directional information flow between consumer, provider and regulator – with all three groups informing legislative practices.



Water as a Right and Essential Good

Commercialisation of water – water as a commodity to be traded needs to be subsumed under water as a human right. It is within this 'rights' or 'positive' based framework that we seek to represent the interests of low-income tenants as consumers of an essential good, rather than as

mere customers. Considering water as human right supports the thesis that consumer's views and deliberations are essential in the commercial process of a state selling water.

Representing Consumers Rights

As water is now more than 100% funded by water consumers (and not government general revenue) we have created a void in consumer representation which used to be filled by the government.

Positive consumer engagement is proposed to fill this void of interest in what those paying for the service expect and require in terms of service, quality and price.

Models of developing more positive consumer engagement are emerging and have been developed in other parts of the world in both water and energy services. For our purposes we see Scottish Water as the paradigm case of using a program of consumer engagement to inform its day-to-day practices.

Scottish Water has moved to an understanding of its role as consumer led. In the tri-partite arrangement of consumer/provider/regulator, the consumer/provider role can be seen to have taken precedence over the provider/regulator role. This dramatic shift establishes an architectonic that better reflects the role of water providers; that role is about water provision as provision of an essential good. SA Water says and is widely regarded as conforming to the maxim 'the customer is at the heart of everything we do'. For the purposes of this paper, the customer does not include tenants – and thus a broader model of *consumer* rather than *customer* engagement needs to build on the current model.

Methods of Positive Consumer Engagement

Two methods of consumer-provider dialogue are apparent.

- 1) Consumers directly engaged with providers to discuss needs and problems.
- 2) Consumer representatives engaged with providers on behalf of the consumer.

Uniting Communities *Advocacy* arm represent consumer's interests, yet we think that consumers themselves need to be engaged with providers. We are looking at ways and existing models where this can be facilitated.

On an evidence based approach, the paradigm case of consumer involvement in the water utility industry is Scottish Water, yet Scottish Water did not find particular success in direct consumer engagement. Scottish Water engaged effectively and successfully with the Customer Forum, which was not a branch of Scottish Water, but rather established by the Water Industry Commission of Scotland (WICS) and Consumer Focus Scotland⁷⁵. Consumer Focus Scotland represents consumers across a range of issues including in the energy and finance sectors and helps them find resolutions.⁷⁶

Options for Consumer Engagement (with Tenants)

There are many ways for water providers to engage with consumers and tenants. Our ambition is to work toward consumer-provider-regulator discussions, toward seeking agreement between all parties. We see the other suggestions offered as upskilling and informing beginning the process of

⁷⁵ Effective and Efficient Consumer Engagement: Scottish Water: A Case Study (unpublished, Uniting Communities)

⁷⁶ <https://www.cas.org.uk/>

education that can be part of and lead to the process of active deliberation, negotiation and agreement.

- 1) Consumer-regulator-provider discussions towards agreements (DNA: Deliberation, Negotiation, and Agreement)
- 2) Consumer education – making better informed consumers
- 3) Online public engagement and discussions toward broadening access and options
- 4) Consumer segmentation and recruitment, toward understanding differing consumer's views
- 5) Mediated engagement
 - a. Media engagement
- 6) Shows, fairs and public demonstrations
- 7) Information materials
- 8) Market research
 - a. Focus groups
 - b. Round Tables
 - c. Questionnaires

Consumer Engagement in South Australia

Consumer Advisory Committee

Under the *Water Industry Act 2012* (Part 3, Division 3, 14) a Consumer Advisory Committee must be established. That Committee can be the same committee as the Consumer Advisory Committee established under the *Electricity Act 1996*. Currently, the Committee is the same Committee as the one established under the *Electricity Act*.

We would recommend that they be constituted separately and expanded upon in their powers and role. The benefits of a Committee that has a view exclusively of the water industry are highlighted by the considerable increase in the price of water over the past five years. Electricity and energy are considerably complex, interesting and necessary to warrant the time of a Committee. We would argue that water is also a complex, interesting and necessary topic. In coming decades, water will continue to be of vital importance to South Australia, and the good work being done in the energy sector will come to fruition; water access and pricing will become more relevant, and energy will become less relevant due to ongoing successes.

When constituting a Committee dealing solely with water, we propose to look at a model of consumer engagement as held out by the paradigm case of Scottish Water which we will look at below. In essence, the Scottish Water consumer engagement model gave wide-reaching powers of *research* and *engagement* to the members of their committee.

Legislation Relating to Consumers

Under Part 4, (Division 2, 30) of the *Water Industry Act 2012* consultation with the consumer advisory committee must be undertaken when a new entity is licenced, or when licences are transferred or varied. We recommend that consultations be made for a greater range of occasions such as when setting maximum profit.

Need for True Value

Under Part 1 (3 – Objects, (c) and (e)) the *Water Industry Act 2012* includes as its objects (c) 'to provide mechanisms for the transparent setting of prices within the water industry and to

facilitate pricing structures that reflect the true value of services provided by participants in that industry’ and (e) ‘to protect the interests of consumers of water and sewerage services’.

We argue that while there is a ‘*transparency*’, ‘*true value*’ is not reflected as profit runs in the hundreds of millions of dollars. Thus the *interests of consumers* are not being protected as *true value* is not reflected. It is people on low-incomes for whom this is a problem.

SA Water Consumer Engagement

SA Water currently engages with consumers prior to submitting their Regulatory Business Proposal⁷⁷ to inform ESCOSA’s Regulatory Determination. As tenants are not ‘customers’ of SA Water, we feel that consumer engagement processes need to be expanded. We do note the presence of SACOSS at the Feb 18, 2014 ‘Customer Engagement Program’⁷⁸

Developing a Broader Consumer Forum in South Australia

In developing a consumer forum in the South Australian context, the determining factors in addition to and in ratification of those mentioned above are 1) Adequate time to deliberate, 2) Adequate scope of inquiry and 3) Adequate representation.

- 1) Adequate time to deliberate:
The Customer Forum took an almost five year (initiation to end-point) schedule. The bulk of ‘work’ was done in around three years. In South Australia, we do not see that any less than a three year approach will offer a similar level of representation or engagement.
- 2) Adequate scope of inquiry:
Asking consumers “do you want this extra service for this much money” will not be an adequate engagement. The trust built into the Scottish model allowed for the whole of the business plan over a multi-year period to be analysed and questioned. The outcomes for Scottish Water in having to present and question its assumptions led to transparency and improvements that could not have been realised through purely internal planning.
- 3) Adequate representation:
Over a multi-year customer engagement, representation becomes an issue – commitment to ongoing service, remuneration and forum expectations need to be highlighted early on. Remuneration for consumer forum members would seem appropriate to allow time off from other work and to cover expenses. Having the views of low-income tenants continually represented is our primary concern, and this group should be treated no differently to business owners or land owners or professionals on the forum.
- 4) Best effort:
How did Scottish Water guarantee that consumer’s views were represented given that consumers themselves were not part of the panel? By making a *best-effort* in representing these views. We understand that representing all consumers evenly and fairly is no easy task, yet we need to engage in a way that is open and consumer driven, that ensures that everyone, always has access to water at a price they can afford.

⁷⁷ <https://www.sawater.com.au/community-and-environment/community/customer-research-and-engagement>

⁷⁸ https://www.sawater.com.au/_data/assets/pdf_file/0018/22644/SA-Water-Customer-Engagement-Program-Stage-1-Report.pdf

Appendix (a): Consumer Forums and Questionnaires

Forums

Forum One:

Thebarton Senior College.

Wednesday 7th June, 2017

Groups represented: senior high school students and mature age students; CALD groups – recent migrants

We surveyed nearly 40 people and discussed water and energy use and concerns with them.

Outcomes: Highlighted issues surrounding entitlements and high water and energy use in migrant households.

Perceptions: CALD groups often self-excluded from concession application process. Many said that they were not eligible as they were recent refugees or migrants.

Recommendations: CALD groups need clarification of entitlement for concessions and state government assistance

Sewerage fees may be being paid by tenants– clarification is needed for migrant groups as to their rights in tenancies.

Forum Two:

Tea Tree Gully Library

Tuesday 19th September, 2017

Groups represented: Tea Tree Gully residents

We talked with one person (who was not a tenant) and discussed energy and water use with them

Outcomes: Despite promotion through Website, posters and Library Facebook, in association with the invitation of a range of stakeholder groups, we had only one attendee.

Perceptions: Simply advertising an event on ‘water and tenancy’ is not enough to get ‘buy in’.

Forum Three:

Wandana Community Centre: Uighur Women’s group

Thursday 21st September, 2017

Groups Represented: Established migrants, including English and non-English speakers

We surveyed around 15 people and discussed water and energy use.

Outcomes: Helped people become aware of reading bills, concessions and water saving methods. There was keen interest and a range of discussions around appliances (including washing machines), aerators, and particularly shower-heads.

Perceptions: There is a lack of understanding of state government concessions. There is a lack of understanding of water cost and saving methodologies and equipment (such as aerators).

Recommendations:

Awareness of sewerage costs to tenants need to be made; we received evidence first hand of 'friendly' deals which charged sewerage over and above water supply and use.

Forum Three (A)

Wandana Community Centre: English Class
Thursday 21st September 2017

Groups Represented: Recent and Established migrants

We presented a 'light' presentation and surveyed around 15 people.

Outcomes: Raised awareness of water pricing. "I didn't know I had to pay to flush!" Helped some people to gain concessions. Raised awareness of water saving fixtures, especially shower-heads, especially for people with teenage children.

Perceptions: There was a lack of knowledge around water costs and saving methods and equipment

Recommendations: Regular info sessions on water saving fixtures, schemes and methods needs to be ongoing. Conversation is very useful, over and above flyers and website information.

Forum Four:

Riverland Field Day
Friday 15th September, 2017

Groups represented: Rural South Australians

Outcomes: Many 'owners' rather than 'tenants' present. Feedback indicated many persons not on mains water (they are on rainwater).

Perceptions: Low uptake for information related to SA Water, and to other regional water retailers.

Recommendations: see below under 'Forum Five: Yorke Peninsula Field Days'

Forum Five:

Yorke Peninsula Field Days: Conversations over Three full days
26th, 27th and 28th September 2017

Groups represented: Rural South Australians

Outcomes: Discussed water and energy use with around 150 persons. Surveyed around six persons. Demographics were 'owners' and 'not on mains water'.

Perceptions: Rural South Australians have a very high proportion of people using exclusively rain water. As such they are very aware of water use methodologies.

Recommendations: Concessions will not be available to many Rural South Australians – nor will they be offered water saving fixtures etc. if rolled out via SA Water. In aid of fairness, concessions or schemes for replacement of expansion of rainwater systems, pumps and fixtures should be made available.

Forum Six:

Junction Community Centre, Rosewater
Friday 29th September, 2017

Presented to and discussed with over 30 persons from very low-income and highly disadvantaged situations.

Groups represented: diverse range of low-income and disadvantaged persons.

Outcomes: Diverse outcomes. Both keen interest in engaging, as well as total refusal to engage.

Perceptions: Well serviced community centres can act as a great channel for information on concessions and entitlements.

Forum Seven

Carnival in the North
11th October 2017

Groups Represented: Northern residents, community, mental and health services sector. Festival has a mental health focus.

Outcomes: Good conversations with a small section of the community. Good uptake of promotional items such as shower timers, but a resignation to serious discussions by many.

Perceptions: Northern residents are struggling, and 'business as usual' in the advocacy and utilities space is not serving their needs. Real input in terms of fixtures need to be put in place. Strategies for communicating with residents need to be analysed and modified to suit the intended audience.

Forum Eight

Anti-Poverty Conference, Hope's Cafe
20th and 21st October 2017

Groups represented: people on government welfare payments, antipoverty activists, campaigners, and social workers.

Outcomes: Lower than expected uptake of informational materials.

Perceptions: The overwhelming views of the majority of participants was that 'utilities pricing' issues are below the scope of their inquiry and amount to a temporary fix to a permanent problem.

Forum Nine

Landlords Association General Meeting
7th November 2017

Groups represented: land-owners renting their properties. Self-managed landlords and those utilising property management agencies

Outcomes: All present agreed that direct billing of tenants by SA Water would result in 'a better system'. There was considerable interest and agreement around incentivised water and electrical fixtures to reduce costs to tenants.

Perceptions: Landlords are interested in helping others to save money and to conserve resources, as long as it comes with a low-cost price to them.

Appendix (a) Questionnaire Responses

1. How much is your quarterly water bill? You can estimate, but if you don't know, skip to the next question.

Hackham West: 200, 264, 195, 280 (4 responses)

Range: 195-280 Average: \$234.75

Hope's Café: 300, 45, 73 (3 responses)

Range: 45-300 Average: \$139.33

Carnival in the North: 497, 150 (2 responses)

Range: 150-497 Average: \$323.50

Yorke Peninsula: 130, 375, 375, 300, 500, 600 (6 responses)

Range: 130-600 Average: \$380

Wandana: 171, 375, 290, 360, 250, 350, 350, 200, 300, 350, 400, 300, 400, 400, 300 (15 responses)

Range: 171-400 Average: \$319.73

Junction Community Centre: no replies

Range: - Average: -

Riverland: 180 (1 response)

Range: 180 Average: 180

Thebarton: 380, 100, 300, 350, 548, 130, 272 (7 responses)

Range: 100-548 Average: \$297.14

Online Survey: 95, 140, 170, 20, 87, 87, 180, 170, 180, 65, 330, 400, 250 (13 responses)

Range: 20 - 400 Average: \$167.23

TOTAL: 51 responses

Range: \$20 - \$600 \$264.98 (total of all responses divided by 51)

2. Have you had difficulty paying water bills over the past 12 months?

Hackham West: Yes: 5, No: 1, Don't Know: 0

Hope's Café: Yes: 3, No: 1, Don't Know: 0

Carnival in the North: Yes: 3, No: 2, Don't Know: 0

Yorke Peninsula:	Yes: 3, No: 6, Don't Know: 0
Wandana:	Yes: 14, No: 1, Don't Know: 0
Junction Community Centre:	Yes: 0, No: 6, Don't Know: 0
Riverland:	Yes: 2, No: 1, Don't Know: 0
Thebarton:	Yes: 12, No: 16, Don't Know: 10
Online Survey:	Yes: 7, No: 7, Don't Know: 0

TOTAL: Yes: 49, No: 41, Don't Know: 10, TOTAL 100 RESPONSES

3. Does payment difficulty cause stress for you?

Hackham West:	Yes: 5, No: 1, Don't Know: 0
Hope's Café:	Yes: 3, No: 1, Don't Know: 0
Carnival in the North:	Yes: 3, No: 2, Don't Know: 0
Yorke Peninsula:	Yes: 3, No: 6, Don't Know: 0
Wandana:	Yes: 14, No: 1, Don't Know: 0
Junction Community Centre:	Yes: 1, No: 4, Don't Know: 1
Riverland:	Yes: 3, No: 0, Don't Know: 0
Thebarton:	Yes: 18, No: 14, Don't Know: 6
Online Survey:	Yes: 7, No: 7, Don't Know: 0

TOTAL: Yes: 59, No: 38, Don't Know: 7, TOTAL 100 RESPONSES

4. Do you qualify for a Low Income Health Care Card or receive a Government pension or disability allowance?

Hackham West:	Yes: 4, No: 2, Don't Know: 0
Hope's Café:	Yes: 4, No: 0, Don't Know: 0
Carnival in the North:	Yes: 4, No: 1, Don't Know: 0
Yorke Peninsula:	Yes: 3, No: 5, Don't Know: 1
Wandana:	Yes: 11, No: 4, Don't Know: 0
Junction Community Centre:	Yes: 5, No: 1, Don't Know: 0
Riverland:	Yes: 2, No: 1, Don't Know: 0

Thebarton: Yes: 18, No: 16, Don't Know: 4

Online Survey: Yes: 9, No: 5, Don't Know: 0

TOTAL: Yes: 60, No: 35, Don't Know: 5, TOTAL 100 RESPONSES

5. Do you know about the South Australian Government water use concession?

Hackham West: Yes: 1, No: 5 Don't Know: 0

Hope's Café: Yes: 0, No: 4, Don't Know: 0

Carnival in the North: Yes: 0, No: 4, Don't Know: 1

Yorke Peninsula: Yes: 3, No: 4, Don't Know: 2

Wandana: Yes: 2, No: 9, Don't Know: 4

Junction Community Centre: Yes: 0, No: 5, Don't Know: 1

Riverland: Yes: 2, No: 1, Don't Know: 0

Thebarton: Yes: 19, No: 16, Don't Know: 3

Online Survey: Yes: 6, No: 6, Don't Know: 2

TOTAL: Yes: 33, No: 54, Don't Know: 13, TOTAL 100 RESPONSES

6. Do you pay sewerage charges?

Hackham West: Yes: 1, No: 4, Don't Know: 1

Hope's Café: Yes: 0, No: 4, Don't Know: 0

Carnival in the North: Yes: 2, No: 3, Don't Know: 0

Yorke Peninsula: Yes: 2, No: 6, Don't Know: 1

Wandana: Yes: 8, No: 3, Don't Know: 4

Junction Community Centre: Yes: 1, No: 3, Don't Know: 2

Riverland: Yes: 0, No: 2, Don't Know: 1

Thebarton: Yes: 9, No: 16, Don't Know: 13

Online Survey: Yes: 5, No: 6, Don't Know: 3

TOTAL: Yes: 28, No: 47, Don't Know: 25, TOTAL 100 RESPONSES

7. Would you prefer water charges to be included in your rent?

Hackham West:	Yes: 5, No: 0, Don't Know: 1
Hope's Café:	Yes: 0, No: 2, Don't Know: 2
Carnival in the North:	Yes: 5, No: 0, Don't Know: 0
Yorke Peninsula:	Yes: 4, No: 4, Don't Know: 1
Wandana:	Yes: 6, No: 8, Don't Know: 1
Junction Community Centre:	Yes: 3, No: 2, Don't Know: 1
Riverland:	Yes: 0, No: 2, Don't Know: 1
Thebarton:	Yes: 17, No: 18, Don't Know: 3
Online Survey:	Yes: 6, No: 3, Don't Know: 5

TOTAL: Yes: 46, No: 39, Don't Know: 15, TOTAL 100 RESPONSES

8. Do you have an arrangement with your landlord / land-agent regarding water payments?

Hackham West:	Yes: 3, No: 2, Don't Know: 1
Hope's Café:	Yes: 2, No: 1, Don't Know: 1
Carnival in the North:	Yes: 5, No: 0, Don't Know: 0
Yorke Peninsula:	Yes: 4, No: 4, Don't Know: 1
Wandana:	Yes: 3, No: 9, Don't Know: 3
Junction Community Centre:	Yes: 2, No: 3, Don't Know: 1
Riverland:	Yes: 3, No: 0, Don't Know: 0
Thebarton:	Yes: 16, No: 15, Don't Know: 7
Online Survey:	Yes: 7, No: 6, Don't Know: 1

TOTAL: Yes: 45, No: 40, Don't Know: 15, TOTAL 100 RESPONSES

9. Are your water bills clear and easy to understand?

Hackham West:	Yes: 3, No: 2, Don't Know: 1
Hope's Café:	Yes: 4, No: 0, Don't Know: 0
Carnival in the North:	Yes: 1, No: 2, Don't Know: 2
Yorke Peninsula:	Yes: 7, No: 2, Don't Know: 0

Wandana:	Yes: 9, No: 5, Don't Know: 1
Junction Community Centre:	Yes: 2, No: 1, Don't Know: 3
Riverland:	Yes: 3, No: 0, Don't Know: 0
Thebarton:	Yes: 21, No: 5, Don't Know: 12
Online Survey:	Yes: 9, No: 5, Don't Know: 0

TOTAL: Yes: 59, No: 22, Don't Know: 19, TOTAL 100 RESPONSES

Consumer Comments:

Hackham West:

"I pay water with rent, I like that I don't have to pay another bill"

Hope's Café:

"The property I live in has a huge garden which is reticulated. I am expected to pay all water and supply and to keep the garden green and growing"

"I was asked to pay water in lieu of a rent increase"

"Water is difficult to pay, I use hardly any water and I have to pay the supply fee so the supply fee is way more than my water use"

Carnival in the North:

"Landlord should have dropped rent when I started paying water supply"

"I need a payment plan"

"Water should be free"

Yorke Peninsula:

"Renters feel pressured into settling disputes due to blacklisting if we complain and make life harder"

"We were made to pay excessive water usage due to an extreme water leak. Bills were amended after repair but not by much."

"Fair Price"

"No Charge please"

Wandana:

"It is too much every time I pay (it is) very difficult"

"Water tanks would be a good choice, but currently we don't have one"

"More concessions for low income earners"

"We pay too much (for) water bills"

"Every bill have very high rate, I think the government (should) fix low rate for water bill"

"I think water bills are very expensive and government controls the water price"

“Water is very expensive and everyone needs water.”

“Most of the apartments have common hot water connections. It would be beneficial to have individual metering.”

“I would like water, gas and electricity cheaper than they are now.”

“I would like electricity bill cheap. Gas and water, because (government) payment not enough.”

Junction:

“More Money”

“I am okay with my water bills thankyou”

“I am afraid to ask questions lest things might get worse”

Riverland:

“Another cost we cannot afford. Not able to fill the paddling pool for children”

“More transparency with available government concessions and subsidies”

Thebarton:

“A discount would make bills easier to pay”

Online:

“no supply charge”

“I would rather be billed direct by SA water than the landlord”

“I think it should be compulsory for landlords to give tenants a copy of the SA water account. I think the processing time for water concessions should be shortened to ensure people are getting the assistance in a timely manner.”

“Our stress from paying water bills arises from the supply charge being many times the actual charge for water even before deduction of modest discount for being pensioners. Surely the supply charge should never be more than the usage charge to a) be more equitable between rich and poor, and b) conserve water.”

“I live in housing trust and the water bills are split between units rather than charged by actual use. Some properties have 4 people living in them, others only 1. It’s not a fair distribution of costs.”

“Concessions”

“I find it unfair to pay for water I’m not using. A. Block of 16 tenants, the bill is split 15 ways (2 tenants in one apartment) I have used the communal laundry twice in 15months, take short showers, hardly cook, so rarely wash dishes, and use spring water for, cooking, tea and coffee.”

Landlord Comments

Q1: What are your views on billing tenants for water directly?

“Our property is self-managed – it is a pain to chase tenants, shared meter, adds 10 \$ per week in lieu of passing on water bills”

“Tenants are defensive of us ‘adding costs’, we now advertises as a flat fee. We do not like any extra paperwork “

“Self-managed – two tenants, neighbouring property with one tenant – we came to an arrangement where the two people pay a little more”

“I charge usage over 30 kL to help them manage water use”

“If you let the tenant think that the landlord is paying water anyway – there will be no feedback regarding leaking taps”

“If the garden is nice, then you signed up to keep that garden nice”

“I’d have to go back to university to study accountancy to keep on top of the water invoicing”

“The tenant should be given the bill – I haven’t received two water bill payments (6 months)”

“The tenant should pay SA Water directly”

“I charge according to numbers of people in the property”

“I pay first, then they pay, why?”

“Water needs to be in the tenant’s name, like electricity, gas, telephone, and internet”

“It is preferable to bill the tenant direct”

“The concession is only payable if the tenant’s pays for ALL of the water bill – if I pay the first 30kL, then the tenant can’t get a concession”

“Charging doesn’t go far enough”

“If you have to go to SACAT, you have to find the evidence, pay the fee, go to the hearing. The admin burden is too much”

“Shared meters are a cause for complaints for us”

“Water should be the same as electricity (billed direct to tenants)”

“The cost for us to add a water meter is \$1200 to \$1500 each”

“I don’t think a landlord can judge a person whether they are low-income or not”

“We have a tenant, we pay half, and she pays half for the garden water”

“We charge supply plus half water to maintain a small garden for the property”

“It’s only four times a year, admin is not that hard”

“We have added an average to rent to compensate for water”

“My concern with the project is - how are SA Water going to respond to a request to charge tenants, when landlords are more available (to receive payment from)”

“SA Water allows me two extra weeks to pay – due to the fact that I have to pass on the bill to the tenants”

Q2: Would you support a retrofit for water and energy use – if it was incentivised:

“I would be willing to let the government use my roof space to install solar”

“We installed solar for tenant properties many years ago, on the basis that they get the high feed in tariff, therefore the rent is \$15-\$20 more than other properties”

“I would be willing to put in solar power for free, and agree to put in a tenant on hardship for 5-or so years”

“If you look after them, lower income earners stay longer if they feel it is their home”

“I built a house with energy saving features – I never had trouble getting a tenant”

“There is an upside if you invest in doing these things”

“Unless you get a battery system, it won’t work out. I want solar and battery – incentivised”

“I have put user manuals in my welcome pack for years – but people don’t care – they can afford it so they keep on with business as usual”

“I think if you had some incentives, that would help landlords – then you don’t have to worry about ‘behaviour’ as the features are there anyway”

“If the cost was subsidised, then it would be good”

“Subsidise installation – that is the major cost”

“If you’re going to subsidise an air con etc., over a five year period – it could pay itself off”

“Hot water subsidy would be good”

“Take into account solar ‘efficiency’ e.g. 80% - one will need more than the rating to run an air-conditioner all day”

“Reverse Cycle heater is 2.8 times more efficient than a radiator, so it would be good to install”

Recommendations

PRIMARY RECOMMENDATIONS

REGARDING HARDSHIP, INABILITY TO PAY, AND GROSS NEGLECT OF DUTY

- 1) Roll back 2014 Residential Tenancies Act amendments shifting onus of supply cost on to tenants
 - a) Or update Concessions to cover 100% of supply charges for low volume users
- 2) Bill tenants directly for their component of water bills.
- 3) Establish hardship program for tenants
- 4) Instruct SACAT to stop all evictions for unpaid water bills (add clause to *Residential Tenancies Act*?)
- 5) Hardship recommendations: captures at \$1400, there is a need to lower this amount at around \$520 (or payment plan of \$10 per week over one year, or \$5 per week over two years).

RECOMMENDATIONS REGARDING LOWERING COSTS TO TENANTS

- 6) Fund water saving devices, e.g. showerheads, aerators and toilet cistern replacement
- 7) Require water-saving features to be in place if owners are to charge tenants for water supply and use
- 8) In store demonstrations and road-shows of water efficient fixtures operating in order to increase consumer uptake
- 9) Simplified, single point of contact for installation and approval of greywater systems.
- 10) Provide plumbers with information on water saving fixtures to be passed on to their customers
- 11) An additional concession allowance be made for each resident and child at an address of \$120 per person, per annum
- 12) Establish a rainwater tank and pump concession or rebate scheme for users not on mains water
- 13) Raise concessions to **100% of the supply charge** (\$292.40 per annum) PLUS **50% of the usage charge** to a cap of \$230 per annum (for a total supply and use concession maximum of \$510) – with a minimum rebate amount of \$292.40 (supply) PLUS \$110 (low-volume usage) or actual water **usage**, whichever is lower
- 14) To incentivise water saving, the maximum concession rate be paid at a lower water use threshold (higher proportional concession)

RECOMMENDATIONS REGARDING SOCIAL, COMMUNITY and RETIREMENT HOUSING

- 15) Consider alternative concession and policy issues around social housing rental to bring in line with other Australian states and Housing SA policy
- 16) Consider retirement villages, social and community housing exempt from supply fees
- 17) Community Housing providers need to be able to apply for concessions on behalf of their residents.
- 18) Consider supply fees for water pertaining to retirement villages should be applied to land-title (possibly on a commercial basis), not tenancy.
- 19) Clarify ownership or tenancy of persons in retirement villages under a 'licence to occupy'
- 20) As hot water comprises 30% of a household's energy, provide rebate or subsidy for hot solar water (or Photo Voltaic) for tenancies.

CONSIDERATIONS REGARDING HUMAN RIGHTS TO WATER

- 21) Establish future CARF project dealing with First Nations and very remote South Australian water usage.
- 22) Consider future CARF project dealing with issues faced by CALD, refugee and migrant groups
- 23) Consider human rights implications of the 'commodification' of water for people in extreme and ongoing hardship

CONSIDERATIONS FOR ADJUSTING WATER PRICE

- 24) Lower supply costs and raise Tier 3 prices (to incentive water saving – and to allow for behaviour modification to impact end consumer prices)
- 25) Consider a water charging model where owners are charged for supply based on land values, plus a metered water use component
- 26) Consider the Philadelphia model where people are billed based on incomes
- 27) Consider charging rental properties as commercial customers

CONSIDERATIONS REGARDING CONSUMER VIEWS AND FEEDBACK

- 28) Establish rigorous, long term, consumer engagement forum to deliberate directly with SA Water, with considered oversight by regulator – with full authority to engage with whole of business planning and access to information – membership to represent various strata including a tenant perspective
- 29) Consumer advisory committee has an expanded consultancy base, and is separated from the committee of the same name under the Electricity Act 1996.

REGARDING INFORMING ENTITLED INDIVIDUALS

- 30) Inform public agents, such as Public Trustee of water (and energy) concessions
- 31) Clarify entitlements regarding concessions for CALD or refugee groups/individuals, and make these groups aware of entitlements
- 32) Develop standard pro-forma invoice for real estate agents and landowners to use when billing tenants and require original to be attached
- 33) Put concession details (phone number and website) in large font on Water Bills