

10 September 2014

*“The Peak Industry Body for
Community Housing Organisations in S.A.”*



Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Dear Mr Wilson

Thank you for the opportunity to make a submission to the *Inquiry into Reform Options for SA Water's Drinking and Water Sewerage Prices, Draft Inquiry Report, July 2014*.

I would also like to acknowledge how generous ESCOSA has been with its time during the consultation process and in particular, commend it, for its excellent public meeting conducted at the Town Hall.

Community Housing Providers (CHPs) house people who are generally on very low incomes and this is often compounded by some form of disadvantage. As a consequence, it would be very concerning to community housing landlords if there were significant increases to the cost of water and its supply for tenants. Significant cost increases would not be affordable for the majority of community housing tenants.

Please find comments against recommendations, that the community housing industry considers most relevant to its operations.

Drinking Water Supply Charges

3. Any concessions provided by Government to SA Water's customers should not be delivered as subsidised water usage charges. To ensure that usage charges remain cost reflective, they should be delivered through fixed payments.

Currently tenants of Community Housing Providers only pay usage charges and not supply charges. For CHPs where tenants apply for concessions, eligible tenants are able to apply for concessions ranging from \$145.40 to \$291. It is therefore recommended, that modelling be done to determine if tenants on very low incomes would pay more under this proposal than is currently the case. If costs are higher for tenants under this recommendation, concessions would need to be adjusted accordingly. For tenants on very low incomes any increase to water costs would cause financial hardship.

Currently CHPs as charitable organisations receive exemptions under Section 44 of the *Water Industry Act 2012*.

Recognising that recommendation 28 considers implementation issues and the concession/exemption scheme, it is important to recognise, that concessions and exemptions while being vital to the tenants of community housing also have a direct impact on the viability of CHPs. For debentured properties in particular, where CHPs do not retain full rent rather allowances only, concessions, rebates and exemptions contribute to the organisations' ongoing financial viability. Accordingly any proposed changes would need to be considered in detail by the community housing industry to determine the impact.

CHPs would be keen to be involved in further discussions on this matter as decisions that did not consider the full impact of these changes could have a significant impact on the provider's financial viability.

Sewerage

11. Sewerage charges should reflect the 'capacity requirement' a customer places on the sewerage system, not the value of the property. The most appropriate reflection of capacity is the size of the sewerage connection.

The impact of this recommendation would reduce the bills of owners of higher property values and increase the bills of those with lower property values. Generally CHPs have low value properties therefore this recommendation is likely to result in significantly higher bills for CHPs. As stated previously, as CHPs retain allowances for debentured properties and not full rent a change of this magnitude would have a significant impact on the CHP's financial viability.

This recommendation would need to be considered very carefully in line with recommendation 28.

The CHCSA and CHPs would be pleased to be involved in further discussion regarding this recommendation.

Billing End Users

19. The end-user of a retail service, rather than the owner of the premises to which that retail service is supplied, should be SA Water's customer for the retail service.

In its original submission the CHCSA expressed concern regarding this proposal as traditionally CHPs have been very active in assisting tenants to pay their water bills on time. As a community housing landlord receiving the bill has made that pro-active process much simpler.

CHPs however do see merit in tenants being the end-user of SA Water's retail service. Currently CHPs do not pass on supply charges so billing arrangements would need to be considered in that context. If a community housing tenant was to receive a bill that included supply charges that would cause them significant concern given the current arrangements that are in place.

CHPs understand the principle of billing end-users of SA Water's retail service however have some reservations regarding the practice. For example, some CHPs provide housing in group home arrangements for tenants with disabilities. Currently the CHP receives the bill and manages the payment arrangement in an appropriate manner according to tenant need. A change that resulted in the tenant being billed would need to be managed sensitively and carefully; there may also be some circumstances where this may not be appropriate and the CHP should continue to receive the bill. There needs to be further discussion regarding this recommendation to respond to particular circumstances.

If this recommendation were implemented there would need to be transition arrangements for community housing tenants who have been accustomed to being supported in managing their water bills.

Prior to the implementation of this recommendation it would be important to meet with the CHCSA and CHPs to ensure there were no unintended consequences.

Individual Metering

23. The installation of individual meters to group metered properties, both retrofit and new properties, should be optional.

This recommendation is strongly endorsed.

Water Planning and Management Costs

28. The Government should consider ongoing implementation issues, including a review of the concession/exemption scheme to ensure that subsidies are targeted and effective.

This recommendation is strongly endorsed. The changes recommended are significant and will impact both community housing landlords and their tenants.

Any change that undermines the tenant's capacity to pay or the CHP to be financially viable should be considered very seriously.

The Community Housing Council of SA and its members are very keen to be involved in future discussions and consultation regarding the draft report.

If you would like to discuss any aspect of this response please feel free to ring me on 08 8362 1022 or 0405 245 512. Once again I would like to thank ESCOSA for their excellent consultation process.

Yours sincerely



Carmel Rosier
Executive Officer
Community Housing Council of SA