



Healthy Homes Guarantee Bill (No. 2) Government Administration Committee

The Salvation Army New Zealand Fiji and Tonga Territory Submission

BACKGROUND

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power¹.
3. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand.
4. This submission has been approved by Commissioner Robert Donaldson, Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.

THE SALVATION ARMY PERSPECTIVE

INTRODUCTION

5. The Salvation Army made a submission earlier this year on the Government's Residential Tenancies Amendment Bill and welcomed the recognition that **legislated minimum housing standards** are necessary. However, The Salvation Army also submitted that the proposed amendments to the Residential Tenancies Act 1986 (RTA) did not go far enough to provide tenants with secure, safe and healthy housing.
6. The Salvation Army **supports** this Bill's intention to provide more robust minimum standards that landlords are required to adhere to when renting out homes to tenants. The quality of rental stock in New Zealand has reached a point where it is risking and seriously affecting the health, well-being and lives of its occupants, whom are often our most vulnerable citizens

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

including young children and the elderly. Low-income families are increasingly reliant on such properties, with approximately 58 percent of low-income households in Auckland living in rental properties.²

GENERAL COMMENTS

7. The Salvation Army would like to re-iterate its submissions on the earlier amendments proposed to the RTA. Given that this is also a proposed amendment to the RTA, in addition to robust minimum housing standards, The Salvation Army also advocates for the following:
8. A substantive review of our current outdated New Zealand tenancy law. The Salvation Army believes that such a review should be rights based, and specifically refers to the basic right and expectation that all New Zealanders are adequately housed in accommodation which is safe, secure and healthy.
9. The rebalancing of power imbalances between vulnerable tenants (who often live in unhealthy housing) and landlords, including:
 - a. More secure forms of tenure;
 - b. Publicly funded tenant advocacy services funded from the interest on tenants' bond money. In New South Wales in Australia, the Tenants Advice and Advocacy Service provides free, independent information, advice and advocacy to tenants of private rental housing, social housing tenants, boarders and lodgers, and residential park residents. The services are funded under the NSW Fair Trading Tenants Advice and Advocacy Program, which uses monies from the Rental Bond Board Interest Account and the Property Services Statutory Interest Account.
 - c. More systematic enforcement and adequate resources for enforcement by MBIE in cases of non-compliance.
 - d. Tougher sanctions and more stringent penalties for any party who is deemed to have acted unlawfully in terms of the principal act.
 - e. Greater transparency around how the principal act is administered by the Crown agency responsible. This could include mandatory statutory requirements on the Chief Executive, such as a reporting and monitoring function on matters relating to residential tenancies. Similar duties have been made mandatory on the Chief Executive under the Corrections Act 2004 and the Children, Young Persons and Their Families Act 1989.

² 2013 Census of Population and Dwellings.

CONCERNS

Balancing costs

10. The Salvation Army wishes to acknowledge the risk of removing rental properties from the market when costs to landlords are increased. The significant number of families, particularly in Auckland who are now homeless and living in cars and garages because they cannot afford inflated rents is of particular **urgent concern** to The Salvation Army. The Salvation Army therefore submits that careful consideration is given to factors such as the cost of requiring installation of heating appliances that may be required by Regulations when implementing the legislation.

Fuel Poverty

11. Whilst The Salvation Army is in full support of this Bill's aim we would also like to raise the broader issue of fuel poverty which exists for many of our low-income families. Power and heating costs can cause a huge strain on a family's weekly budget, particularly in winter, and sometimes the choice has to be made between turning the heating on or getting groceries for the week.
12. Three factors contribute to fuel poverty: **income, energy prices, and housing quality**; this Bill seeks to address the latter. Improving housing quality through legislation is an essential factor, and a wise investment in reducing fuel poverty given that comprehensive minimum standards in insulation, ventilation and draught-stopping all contribute to energy efficiency and therefore can result in lower power Bills.
13. However The Salvation Army submits that this Bill could be a further opportunity to investigate *additional* creative measures to address other elements of fuel poverty in order to meaningfully improve the living conditions of low-income households in New Zealand.
14. Energy-efficiency improvements and the installation of heating measures may not always be practical or economical without measures such as improved income supplements, especially for hard-to-treat properties. Measures such as improving ongoing selective subsidies have the advantage that they can be targeted at low-income households and could be specifically related to the climate zone and the thermal condition of the housing occupied.³
15. The Salvation Army believes it is also notable that the New Zealand regulator of the Electricity industry, the Electricity Authority, has no robust brief to look at social needs. Its mandate is to "promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers". Whilst the "What's My Number campaign" has had some success, The Salvation Army questions its impact on vulnerable consumers who have trouble switching power companies if they have bad credit history from not being able to pay Bills on time in the past. The Authority is responsible for "monitoring compliance with guidelines around arrangements to assist medically dependent and vulnerable consumers",

³ Bob Lloyd "Fuel Poverty in New Zealand" (2006) 27 Social Policy Journal of New Zealand

however according to the Authority's website, the most recent review of energy supplier compliance with these guidelines was in 2012.⁴ Such guidelines are also not considered mandatory and are not incorporated into the Authority's Code of duties and responsibilities.

16. In Britain, energy regulator Ofgem has a more specific brief that extends to the needs of vulnerable customers, including older people, those with disabilities and those on low incomes. Monitoring and reporting form a key part of Ofgem's work to protect the interests of consumers. As part of their licence conditions, energy suppliers are required to provide Ofgem with information on their performance in relation to their **social obligations, including areas of operation where vulnerable customers may be affected**. Ofgem also has a "Consumer Vulnerability Strategy", which includes seeking to better understanding vulnerability – through evidence, research and market analysis – to help set priorities, develop and implement interventions and assess their effectiveness.
17. The Salvation Army recommends that this could be more explicitly included in the brief and Code of the New Zealand Electricity Authority. Such a strategy does not seek to place significant regulation on the market, but rather ensures that it is better able to work for the long-term benefit of consumers with "particular regard to those who might be in vulnerable situations."⁵
18. The Salvation Army therefore hopes that the wider inequalities relating to households' incomes and their ability to pay for power and heating, which have a direct bearing on "guaranteeing healthy homes", are evaluated as part of this proposed reform.

CONCLUSION

19. The Salvation Army believes that it is essential that every New Zealander has a secure, safe and warm place to call home. We are increasingly concerned with the significant number of families who are neither guaranteed a home nor a healthy one. We welcome increased minimum housing standards, and hope that a careful, considered and holistic approach is taken to best ensure that this aim is achieved.

⁴ Electricity Authority "Medically Dependent and Vulnerable Customers" <www.ea.govt.nz>

⁵ Ofgem "Protecting vulnerable consumers" <www.ofgem.gov.uk>