

# Working Poor Project – Advocacy & Communications Strategy

## Introduction

The Working Poor Energy Consumers – Enhancing Support for Vulnerable Customers Project (“Working Poor Project”) explored the experiences of working poor and low-income working households whose main source of income is wages and salaries, but who are nonetheless still living below the poverty line and/or on low-incomes.

The report came up with a number of recommendations, including:

- A shift to an energy concession payment in South Australia so that it is calculated as a percentage of the bill;
- Broadening of the criteria for energy concessions to include households in receipt of a Health Care Card (Family Tax Benefit);
- Implementing the range of measures to promote energy efficiency in rental accommodation, as outlined in the joint community groups statement *All Australians Deserve a Healthy, Safe, Affordable Home*, including:
  - Mandating minimum energy efficiency standards; and
  - Land tax concessions or rebates for landlords investing in energy efficiency measures
- All service organisations and energy retailers either utilise or adapt key indicators for identifying the working poor<sup>1</sup> in their client screenings and support services to help identify working poor households who may be in need of assistance;
- Retailers in NECF jurisdictions use a debt trigger as a means of identifying customers in payment difficulty; and
- Energy retailers develop payment plans tailored for customers with irregular incomes.

This document outlines an advocacy and communications strategy for working with the community sector, energy retailers and government to progress the recommendations from the report.

## Overall Strategy

- **Problem:** Working poor often not understood as potentially vulnerable energy customers and their specific needs may be overlooked.
- **Objective:** For all stakeholders to be aware of this cohort and their issues
- **Stakeholders:**
  - Retailers
  - Community Service Organisations

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<sup>1</sup> Refer to Figure 1

- Trade Unions
- Fed and State governments
- Regulatory bodies
- **Activities:**
  - Sending report to all key stakeholders
  - Media launch of the report
  - Further research on working poor in relation to telecommunication to build community and govt awareness of the cohort
  - Development of working poor session(s) at SACOSS annual energy, water and telecommunications conference in 2020
  - Briefing to COSS policy network on findings of the report
- **Key Messages:**
  - Not everyone below the poverty line is on income support (i.e. the working poor exist)
  - Working poor households share the same energy affordability challenges as other people in poverty
  - Working poor households also have particular characteristics which give rise to particular energy affordability challenges
  - Regulation and customer support frameworks need to take the particular needs of the working poor into account

## Recommendation specific strategies

### Percentage-based concessions

- **Problem:** Large families on low incomes (“the family formation” cohort) are vulnerable to energy poverty & have limited opportunity to reduce costs **or** The current fixed rate energy concession disadvantages bigger family households with larger energy bills
- **Ask:** A shift to an energy concession payment in South Australia so that it is calculated as a percentage of the bill
- **Stakeholders:**
  - State Government of South Australia:
    - Concessions SA
    - Department of Human Services
  - Energy Retailers
- **Activities:**
  - Lead ask in SACOSS State Budget Submission 2019-20
  - Thriving Communities Partnership - Blog feature
  - Op-Ed
  - Direct lobbying
- **Key messages:**

- The working poor are likely to be low-income, larger than average family households with dependent children – a “family formation” cohort (couples with children, and to a lesser extent single parents with children)
- The family formation cohort have high energy needs and limited opportunities to reduce their costs
- A shift to percentage-based concessions would improve equity, responsiveness to change in energy bills, and provides greater support to couple and single parent families.

### **Concessions Eligibility - Health Care Card (Family Tax Benefit)**

- **Problem:** Family formation households in receipt of Family Tax Benefit are not eligible for energy concessions in South Australia
- **Ask:** Broaden the criteria for energy concessions to include households in receipt of a Health Care Card (Family Tax Benefit)
- **Stakeholders:**
  - State Government of South Australia:
    - Concessions SA
    - Department of Human Services
- **Activities:**
  - Lead ask in SACOSS State Budget Submission 2019-20
  - Thriving Communities Partnership - Blog feature
  - Op-Ed
  - Direct lobbying
- **Key messages:**
  - Eligibility for the energy concession requires receipt of an eligible concession card or an eligible Centrelink payment.
  - The family formation group (earning between \$30,000 and \$50,000) are eligible for Family Tax Benefit (FTB) Part A, but are currently locked out of receiving the South Australian energy concession as the Health Care Card (Family Tax Benefit) is not an eligible concession card.
  - FTB recipients with incomes up to just over \$50,000 (depending on number of children) are in fact entitled to receive a Health Care Card (Low Income) – which would qualify them for an energy concession, however Centrelink tends to advise people that they don’t need this low-income card because they already have a Health Care Card (FTB).
  - Broadening the criteria for energy concessions to include households in receipt of a Health Care Card (Family Tax Benefit) would close this eligibility gap

## Energy Efficiency

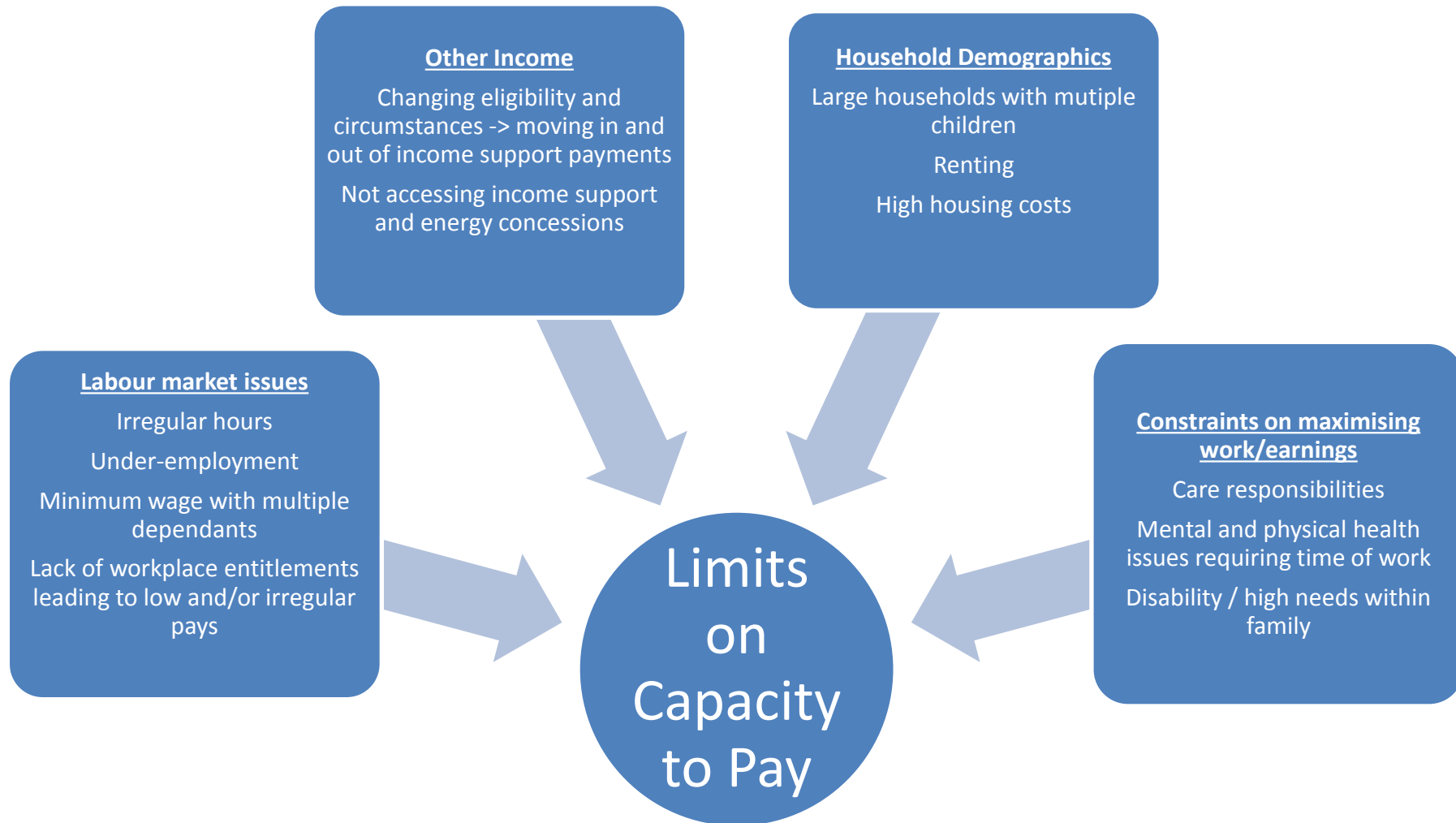
- **Problem:** The working poor (who are more likely to be renters) have limited options to control energy costs
- **Ask:** Implement the range of measures to promote energy efficiency in rental accommodation, as outlined in the joint community groups statement *All Australians Deserve a Healthy, Safe, Affordable Home*, including:
  - Mandating minimum energy efficiency standards; and
  - Land tax concessions or rebates for landlords investing in energy efficiency measures
- **Stakeholders:**
  - Lead ask in SACOSS State Budget Submission 2020-21
  - South Australian Government
  - COAG Energy Council
  - ACOSS, ReNew and partners in the *Community Coalition for Healthy, Affordable Homes*<sup>2</sup>
  - Tenants
- **Activities:**
  - Submission to next stage of the South Australian Governments' review of the Retailer Energy Efficiency Scheme (REES)
  - Support ACOSS, ReNew and partners in the *Community Coalition for Healthy, Affordable Homes* in submission(s)/advocacy to processes such as the Australian Building Codes Board's (ABCB) update of the National Construction Code (NCC) 2022.
  - Direct lobbying
- **Key messages:**
  - The majority of both working poor and low-income working households are renters; at a rate greater than the general population;
  - Rental properties more likely to have poor energy efficiency standards;
  - Renters have little opportunities to limit their energy costs due to tenure, little incentives for landlords to invest in energy efficiency; and high upfront costs of upgrades;
  - Introducing an incentive for landlords to invest in the energy efficiency of their properties would help to overcome the landlord-tenant split incentive;
  - Introducing mandatory energy efficiency standards for rental homes is a critical complimentary policy that will help improve the standards of all rental properties over time.

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<sup>2</sup> Community Joint Statement, All Australians Deserve a Healthy, Safe, Affordable home, July 2019, <https://renew.org.au/wp-content/uploads/2019/07/Community-Joint-Statement-for-Healthy-Affordable-Homes.pdf>

## Identification of the Working Poor

- **Problem:** The working poor households were more than ten times less likely to seek assistance from community organisations compared to other households in poverty.
- **Ask:** All service organisations and energy retailers either utilise or adapt key indicators for identifying the working poor in their client screenings and support services to help identify working poor households who may be in need of assistance (See Figure 1 below);
- **Stakeholders:**
  - Community Services Organisations
  - Energy Retailers
- **Activities:**
  - Presentation at the South Australian Financial Counsellors Association (SAFCA) 2019 State Conference – 27<sup>th</sup> August 2019
  - Presentation at the Essential Services Group (ESG) – 11<sup>th</sup> September 2019
  - Presentation to National Consumer Roundtable on Energy (TBC)
  - Follow-up presentation / one-on-one meetings with Retailers who attended the Stakeholder Workshop (TBC)
  - One-on-one meetings with stakeholders
  - Engage with the Thriving Communities Partnership around best practice
- **Key messages:**
  - Working poor households were more than ten times less likely to seek assistance from community service organisations compared to other households in poverty;
  - In total, less than 1% of the working poor sought assistance from community service organisations;
  - Working poor households present with issues that are unique to their situation, as distinct from households in poverty deriving their main source of income from Centrelink payments;
  - It is important that retailers, government and non-government organisations themselves are aware of the issues confronting working poor households that place them at risk of experiencing energy-bill stress



**Figure 1: Indicators for identifying working poor customers in energy bill stress**

### **Retailer Obligations: Debt Trigger**

- **Problem:** Working poor customers experiencing payment difficulties may be missing on assistance from retailers they are entitled to under current consumer protection frameworks
- **Ask:** Retailers in NECF jurisdictions use a debt trigger as a means of identifying customers in payment difficulty (thereby triggering the National Energy Retail Law requirement to provide information and supports to those customers);
- **Stakeholders:**
  - Energy Retailers
  - Australian Energy Regulator (AER)
  - Consumer advocates across the NECF
- **Activities:**
  - Follow-up presentation / one-on-one meetings with Retailers who attended the Stakeholder Workshop (TBC)
  - Engagement via SACOSS role on consumer advisory bodies (e.g. AGL Customer Council)
  - Potential work via the Payment Difficulties Roundtable Enabling Group
- **Key messages:**
  - Under the National Energy Customer Framework (NECF), energy retailers are legally obliged to proactively identify customers who are having trouble paying their bills and offer payment plans to those customers.
  - The working poor generally do not view themselves as being “in need of support”, creating a clear barrier to self-identification to retailers and access to payment plans
  - In order to ensure meaningful supports are available for the working poor cohort, retailers’ existing payment plan obligations under the NECF (as well as retailers’ hardship obligations) must be monitored and enforced

### **Tailored payment plans for people with irregular incomes**

- **Problem:** The varying hours of work and income of the working poor adds particular difficulties to household budgeting and bill payment
- **Ask:** In providing payment supports, energy retailers must take into account customers’ working arrangements and develop payment plans tailored for customers with irregular incomes.
- **Stakeholders:**
  - Energy Retailers
  - Australian Energy Regulator (AER)
- **Activities:**
  - Follow-up presentation / one-on-one meetings with Retailers who attended the Stakeholder Workshop (TBC)

- Engagement via SACOSS role on consumer advisory bodies (e.g. AGL Customer Council)
- Potential work via the Payment Difficulties Roundtable Enabling Group
- **Key messages:**
  - Many working poor households have irregular hours and variable wages, causing big variations in household income, difficulty budgeting and heightened risk when unexpected events occurred such as sickness or a sudden loss of hours;
  - Those on intermittent or irregular income may struggle to meet agreed payment plans or bill smoothing arrangements because even the small amount due some weeks may be too much, while it could be easily covered in other weeks;
  - When establishing a payment plan, retailers should have regard to a customer's working arrangements when discussing their capacity to pay