



Response to the
Department for
Energy and
Mining's
proposed
amendments to
customer
payment under
the Remote Area
Energy Supply
(RAES) Scheme

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1. Introduction

MoneyMob Talkabout (MMT) is pleased to respond to the proposed amendments to customer payment under the Remote Area Energy Supply (RAES) Scheme.

MMT is a not-for-profit financial counselling and capability agency, funded by the Department of Social Services (Cth), Services Australia (Cth), The Department of Human Services (SA), the Department for Energy and Mining (SA), and Good Shepherd Microfinance. Our agency works solely with remote Indigenous people in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands of northern South Australia to assist those experiencing financial crisis, provide financial literacy education and build financial resilience. More information about our organisation can be found at www.moneymob.org.au.

2. Our Position

MMT acknowledges that the Department for Energy and Mining has done significant good work in trying to identify appropriate consumer safeguards, undertaking consultation and providing preparatory education in relation to the introduction of electricity charging in Anangu communities. However, we do not support the regulatory change to mandate prepayment as the only method of payment where other billing options are removed. While prepayment is a good option for many customers (and indeed our house-to-house visits and conversations thus far suggest that many people would opt into this arrangement), a one size fits all approach does not suit everyone for a number of reasons upon which we have elaborated further below. The “preferred approach” (Option 2 - Prepayment Option) removes the ability for customers (with the single exception of life support customers) to have any choice as to payment methods that best suit their household needs and circumstances. The preferred approach and proposed customer protection measures do not make allowances for these customers, further putting them at risk of increased hardship.

The introduction of electricity charging for communities in the APY Lands, Yalata and Oak Valley will have significant impacts on customers, many of whom are living below the poverty line. MMT anticipates that a large number of customers will experience hardship and need to access customer protections to remain connected. We believe a better approach is to go with Option 1 - Standard Option and work with customers to identify which payment method best suits them. We believe we could incorporate this level of consultation and conversation with consumers into the scope of our current project delivery.



3. Proposed Customer Protections

MMT welcomes the Department's commitment to developing fit for purpose consumer protection measures, however has concerns about the number of customers that will need to access these protections in some form and the impact that this will have on the community service agencies in the relevant locations. In particular, those organisations providing primary health, emergency relief and welfare services such as aged care, family support and domestic violence are likely to experience increased impacts. We do not believe that the extent of these impacts has been fully grasped or the level of additional resourcing needed adequately planned for.

We also have questions about the current capacity and preparedness of the retailer Cowell Electric to effectively respond in these situations. We make the comparison with Jacana Energy which - whilst a larger retailer - interacts with many clients of similar demographic profile to the APY Lands, Yalata and Oak Valley. Jacana has a dedicated hardship team servicing their customers. This team has specialised training covering how to deal with family and domestic violence and supporting affected customers, how to recognise financial hardship, and how to identify the best option to assist customers in meeting their financial commitments. It also has a dedicated process for financial counsellors assisting clients and an established dialogue with the peak body for financial counsellors, the South Australian Financial Counselling Association (which also represents NT financial counsellors) through which issues can be raised and discussed periodically.

By contrast, Cowell Electric does not currently have a publicly available customer hardship policy which means clients and services assisting them do not have transparent access to the bases on which decisions about hardship are made and the factors that are taken into consideration. We would also like information about the hardship related training and professional development Cowell Electric staff have undergone or will be expected to undergo to meet the demands of this new group of customers. We would like to see them linked into financial counselling forums and peak bodies so a two-way dialogue can occur about service issues with consumer advocates. Moving forward, we would like ESCOSA to include these requirements (some of which are considered standard in the National Energy Customer Framework in the NEM) as part of Cowell Electric's licensing conditions.

Customers in the APY Lands living on homelands or in communities where there is currently no mobile service available also do not appear to be well catered for in the proposed customer protections. These customers will face a much greater disadvantage with the imposition of a prepayment only system. Kalka, Kanpi and Nyapari are communities without mobile phone reception, leaving the store as the only option to recharge. This represents a total of 41 households. In addition, there are 48 homelands on the electricity network, many of which do not have mobile reception either. An additional barrier for



residents of these communities and homelands is the manual top up method, requiring a receipt to be taken from the store and a 20-digit code to be manually entered into the meter to top up credit. There is a risk associated with losing or damaging the receipt, or the customer having trouble navigating the meter top-up process successfully. We believe the latter is a real risk given the high levels of functional illiteracy in the region (Empowered Communities-NPY Submission to the Standing Committee on Employment Education and Training estimated that 85% of Aboriginal adults in the NT were functionally illiterate¹), mental ill health and cognitive impairment experienced in remote communities (as at 30 June 2021 for example, there are 164 clients on the APY Lands alone on the NDIS with an acquired brain injury or psychosocial disability²).

In addition, Kalka and Nyapari do not have their own store, requiring customers to travel to the neighbouring community to top up credit on their meter. Many people do not own cars, often do not have money for fuel or have licences, and thus rely on others to make these trips. This will make it very difficult for many customers who will not have the means to easily head to the store to top up their meter credit when the power goes out.

We believe that residents of these communities and homelands should have access to alternative payment arrangements and customer protections such as the ability to receive a post-paid bill.

3.1 Managing self-disconnections

While there are a number of proposed measures in place to help customers manage the risk of self-disconnection, based on the Northern Territory experience - about which further information is provided below - MMT anticipates that the rates of self-disconnection will be very high.

Lack of electricity in the home impacts food preparation and storage; the ability for people to wash; the capacity to wash clothes and bedding; the ability to modify internal ambient temperatures; access to communications; and access to recreational activities requiring electricity. Taken together or separately these issues directly impact health and wellbeing³.

Tangentyere Council Aboriginal Corporation's (TCAC) submission to the House of Representatives Inquiry into Homelessness highlighted the high number of self-disconnections from prepaid meter customers in Alice Springs Town Camps - a population which has similar socio-economic characteristics to Anangu communities. The data provided by Jacana Energy to TCAC shows that over the 12-month period from 2019-2020, 91% of pre-payment meter customers self-disconnected on 13.6 (more than once per month)

¹ Empowered Communities - NPY Region. (2020). Submission to the Standing Committee on Employment, Education and Training - Inquiry into Education in Remote and Complex Environments.

² National Disability Insurance Scheme (2021) Participants, [NDIS Explore Data](#), accessed 15 September 2021.

³ Klerck, M. (2020). Tangentyere Council, Submission to the House of Representatives Inquiry into Homelessness in Australia. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.



occasions for an average incident duration of 6 hours and 42 minutes⁴. This suggests that the frequency and duration of disconnections that could be anticipated following the introduction of payment in Anangu communities may be well above the thresholds outlined in the ESCOSA Prepayment Meter System Code.

In the APY Lands, Yalata and Oak Valley, 91% of households experiencing disconnection would equate to 450 houses per month. TCAC also suggests that while Friendly Credit has immediate positive impacts, it leads to increased debt and longer self-disconnections⁵. The median weekly personal income for people aged 15 years and over in the APY Lands is \$283. The South Australian average is \$600 per week and the Australian average is \$662⁶. The poverty line in Australia for a single person is \$471.20 per week⁷. For the financial years 2020-2021 and 2021-2022 to date, we have seen 108 clients with matters pertaining to debt totalling approximately \$294,000, with the smallest debt being \$123 and the largest \$28,047. The average personal debt is \$2,721.

Running out of power and not having the necessary funds to top up the meter is likely to be a common occurrence. People in these communities are “starting behind the 8 ball” through their lived experience of poverty and indebtedness, even before charging is introduced. Additional financial commitments - even if the cost is heavily subsidised - will likely result in Anangu having to make unpalatable choices about which necessity to forego when allocating their available income. Whilst accruing additional debt through post-payment of electricity may be unpalatable and undesirable in theory, for some consumers it may still be a preferable and safer choice to have a guaranteed electricity supply and predictable payment arrangements in place. We believe Anangu energy consumers should have the same range of choices for energy payment as other consumers in this regard.

It is likely that for most customers, the store will be the main avenue to recharge their meter. Other payment options such as online and phone payments will be available to the customer when access to the in-store option is unavailable or inconvenient. MMT is concerned that many customers will be excluded from these additional options for a number of reasons. These include lack of access to a phone or internet service and/or to a debit card.

We are concerned that there will be occasions when customers will be unable to access a method of recharge, after self-disconnection between the times permitted by the Prepayment Meter System Code (10am-3pm weekdays). While this is generally in line with store opening hours, many close for at least

⁴ Klerck, M. (2021). Tangentyere Council, Supplementary Submission 2 to the House of Representatives Inquiry into Homelessness in Australia. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.

⁵ Klerck, M. (2021). Tangentyere Council, Supplementary Submission 2 to the House of Representatives Inquiry into Homelessness in Australia. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.

⁶ Australian Bureau of Statistics (2016) APY Lands, [2016 Census QuickStats](#), accessed 5 September 2021.

⁷ Melbourne Institute: Applied Economic & Social Research. (2021). *Poverty Lines: Australia, March Quarter 2021*. Melbourne: The University of Melbourne.



one hour in the middle of the day for a lunch break and can also unexpectedly close at very short notice for a number of reasons such as community unrest or cultural business. This is a reasonably regular occurrence.

While online payment will be an available option during this time, there are a number of barriers such as requiring a debit card and access to the internet which will preclude many customers from being able to recharge when the store is closed. In the APY Lands, only 35.9% of households had at least one person accessing the internet from the dwelling, including from a mobile phone. This is compared to 80.6% of households in South Australia and 83.2% of households in Australia⁸. In 2020-2021 MMT assisted customers on 50 occasions in replacing their debit and Basics cards, which are often lost, damaged or in another person's possession. As these figures do not take into account assistance provided by other services such as community offices, rural transaction centres (PY-Kus) and welfare organisations, this figure is likely to be an underestimate. This highlights that access to a debit card may not always be readily available in order to take advantage of the other payment options.

3.2 Life support customers

While there are currently no customers who are registered as life support customers, MMT is aware of a number of households that fit into this category. To this point it has not been necessary to register customers due to the absence of the requirement to pay. Nganampa Health Council has identified at least 29 households in the APY Lands that are utilising dedicated life support equipment as defined by the National Energy Retail Rules. We anticipate more households with life support customers will be identified through door-to-door education visits and further engagement with services in Yalata and Oak Valley. There are also those that may fall into the category of "any other equipment that a registered medical practitioner certifies is required for a person residing at the customer's premises for life support".

3.3 Domestic and family violence

The proposed customer protections currently only make reference to alternative payment arrangements for life support customers. MMT is concerned that there are no protections available to customers who may be experiencing domestic and family violence (including elder abuse). There are very high levels of domestic and family violence experienced in remote communities and the higher prevalence of domestic violence in the Indigenous population is well documented nationally⁹. This is a very complex and personal issue and without proper resourcing and support for clients experiencing hardship or well-

⁸ Australian Bureau of Statistics (2016) APY Lands, [2016 Census QuickStats](#), accessed 5 September 2021.

⁹ Australian Institute of Health and Welfare. (2019). Family, domestic and sexual violence in Australia: continuing the national story 2019. Canberra: AIHW.



trained staff at the retailer's end, this could see customers experience (additional) financial and personal stress.

3.4 On-ground Support

MMT sees on-ground support as vital to the rollout and appreciates that this is being contemplated in the issues paper. However, we do not believe the resource implications for this have been adequately grasped. The proposed customer protections make reference to referring customers in hardship to financial counsellors and on-ground community support people. MMT employs a team leader, two financial counsellors that each service a caseload of 15 clients at a time to address complex multiple debt and financial abuse issues, and two financial capability workers. The team leader has a limited case load of five, in recognition of the work that needs to be done to support and train staff. Most of this team are based in Alice Springs, and service the APY Lands on a drive-in, drive-out basis as do many other services.

MMT's financial counselling and capability team is already at capacity with a current wait list of 30 clients dating back to July 2021. Our financial counsellors visit each community once per month, however COVID-19 restrictions have impacted on the predictability of visits. Financial counsellors are not considered essential workers for the purposes of entering bio-security regions, and therefore trip cancellations are sometimes required at short notice; we can be locked out of communities for varying durations of time - sometimes weeks or months - which means a significant reduction in qualified support for people experiencing financial hardship.

In addition, the haphazard operation of the community offices and limited opening hours of most Centrelink agencies mean that our financial capability staff (who provide financial literacy education and assistance with basic transactions such as banking and Centrelink) are often at capacity when in community, just ensuring people have access to a basic livelihood payment/banking services. It is anticipated that the introduction of electricity charging will greatly increase the demand for our services. Without additional resourcing, this will not be possible for us - or any other organisation - to service effectively, especially if the disconnection rate is comparable to that documented in the Northern Territory in Alice Springs Town Camps.

Whilst the issues paper talks about on-the-ground community support people who will be identified to assist customers experiencing difficulty, this does not match with the reality of the resources that are currently available in each community. The level of work being proposed for community support persons is substantial - encompassing home visit, ascertainment of the reason for disconnection, and then provision of support/education/referral. This is not something that can be assumed will be OK to add on top of an existing substantive role in any service. Further, proper resourcing and training of community support people would be vital to ensure the success of these roles so that customers are not inadvertently put into further hardship. For example, where the customer may be experiencing domestic or financial abuse.

3.5 Transitional arrangements

It is proposed that the introductory tariff of 10c/kWh will be increased over time to bring it in line with other customers on the RAES scheme. However, there are no defined parameters for these increases. MMT would like to see clear criteria specified as a prerequisite for any tariff increase; we propose that increases should only be permissible when the following conditions are met:



1. Self-disconnections in the majority of households (as reflected by customer data) is below ESCOSA's definition of the hardship threshold for two consecutive years AND
2. Income support is equivalent to the poverty line threshold.

4. Conclusion

MoneyMob Talkabout restates our position that Anangu customers in Yalata, Oak Valley and the APY Lands should have a choice of both pre- and post-paid options for payment of electricity consumption. The State Government's concern to avoid significant additional debt for community members is admirable. However ultimately it does not permit the flexibility needed to cater to a complex range of circumstances for which, at the end of the day, the customer (with appropriate support and education) is best placed to assess and choose a payment method.

5. Summary of Recommendations

In the event that pre-payment becomes the only option for customers, the following measures are needed to ensure the proposed customer protections and implementation are adequate:

- » Post-paid arrangements are available for customers living in communities/homelands without mobile reception.
- » That the consumer protections offered by Cowell Electric meet equivalent standards to retailers regulated under the National Energy Customer Framework - such as with regard to having processes to identifying and supporting customers in hardship, having detailed, publicly available customer hardship policies and procedures, staff who have received specialist training in dealing with hardship, referral processes to financial counsellors for assistance and a regular dialogue with financial counselling peak body SAFCA.
- » Consultation with and additional resourcing provided for agencies who are likely to experience increased service demand from affected customers - such as financial counselling and emergency relief agencies.
- » That the 10c/kWh tariff does not increase until income support and average personal weekly incomes in the APY Lands, Yalata and Oak Valley meet the national poverty line and self-disconnections in the majority of households (as reflected by customer data) is below ESCOSA's definition of the hardship threshold for two consecutive years.