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*South Australian Council
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Paying to Work



Employment Issues in SACOSS' Telecommunications Affordability and Waged Poor Households Report



Paying to Work: Employment Issues in SACOSS' *Telecommunications Affordability and Waged Poor Households* Report

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Contents

Introduction	1
Personal Telecommunications Usage at Work	3
Cost Shifting: Paying for Work Telecommunications Use	6
Case Studies	9
Ariel (Tasmania)	9
Alison (ACT).....	9
Sue (ACT).....	9
Stephen (SA).....	10
Nancy (SA).....	10
References	11

Introduction

The SACOSS Telecommunications Report

This Briefing Paper is designed for those with an interest in industrial issues and consists of excerpts related to those issues from the recent SACOSS report *Connectivity Costs II: Telecommunications Affordability and Waged Poor Households* (Ogle and Law, 2020). That report was the outcome of a research project which consisted of:

- an analysis of ABS data (outlined in previous SACOSS research on energy affordability (Law et al., 2019));
- a purpose-built survey of 500 waged poor households about telecommunications;
- qualitative interviews with waged poor telecommunications consumers in Adelaide, Tasmania and the ACT; and
- a telecommunications stakeholder workshop.

While much of that research focused on issues in the telecommunications market, the research also pointed to the frequent use of personal telecommunications services and devices for work purposes – and subsequently to cost and fairness issues arising from that usage. These issues are particularly important given that, by definition, the workers concerned are living below the poverty line.

Waged Poor Households

While noting that the terminology may be problematic (there is no agreed term in the literature), the SACOSS report defines “waged poor” households as those living below the poverty line (50% of median equivalised household disposable income) whose main source of household income is wages and salaries. While the Australian minimum wage is above the poverty line for a single person, waged poverty can arise from:

- low wages, and lack of leave and other entitlements;
- irregular and insufficient work hours;
- a large number of dependents relying on a wage;
- a combination of any of the above.

Previous SACOSS research using the 2015-16 ABS *Household Expenditure Survey* found that there were 249,818 waged poor households in Australia equating to 23.8% of households in poverty and accounting for 685,744 people (Law et al., 2019). That is, around one-quarter of all households below the poverty line had wages as their main source of income.

The ABS data showed that, by comparison with other households below the poverty line, waged poor households are likely to be:

- **larger** (2.7 people per household vs 1.9 for other households in poverty);
- **couples or couples with children** (55% of all waged poor households);
- **renting** (65% of waged poor households);
- **spending more on telecommunications** (5.9% of their income); and
- **less likely to seek support** from charities and non-government organisations (less than 1% of waged poor households sought such support).

Waged poor households face many of the same issues as others in poverty, including struggling to make ends meet, having to go without or delay important household and personal expenditures, and having difficulties in paying essential bills. These commonalities arise from the shared experience of poverty and point to the importance of adequate income in any consideration of the affordability of essential services like telecommunications.

However, there are also specific issues around telecommunications usage and affordability arising from waged poverty. These include bigger household sizes leading to higher demand for services, significant variations in work hours and income making budgeting and bill-paying difficult, and specific employment-related issues where people are using their personal telecommunications services and devices for work purposes.

It is these issues which are the focus of the excerpts that follow, with the single recommendation around work use that:

Employment conditions should contain clear rules around the requirements for and uses of personal telecommunications devices and services for work, and where there is either an expectation or a significant use of an employee's devices and services for work purposes, the employee should have a right to reimbursement of costs (including part-costs of monthly phone and/or internet plans).

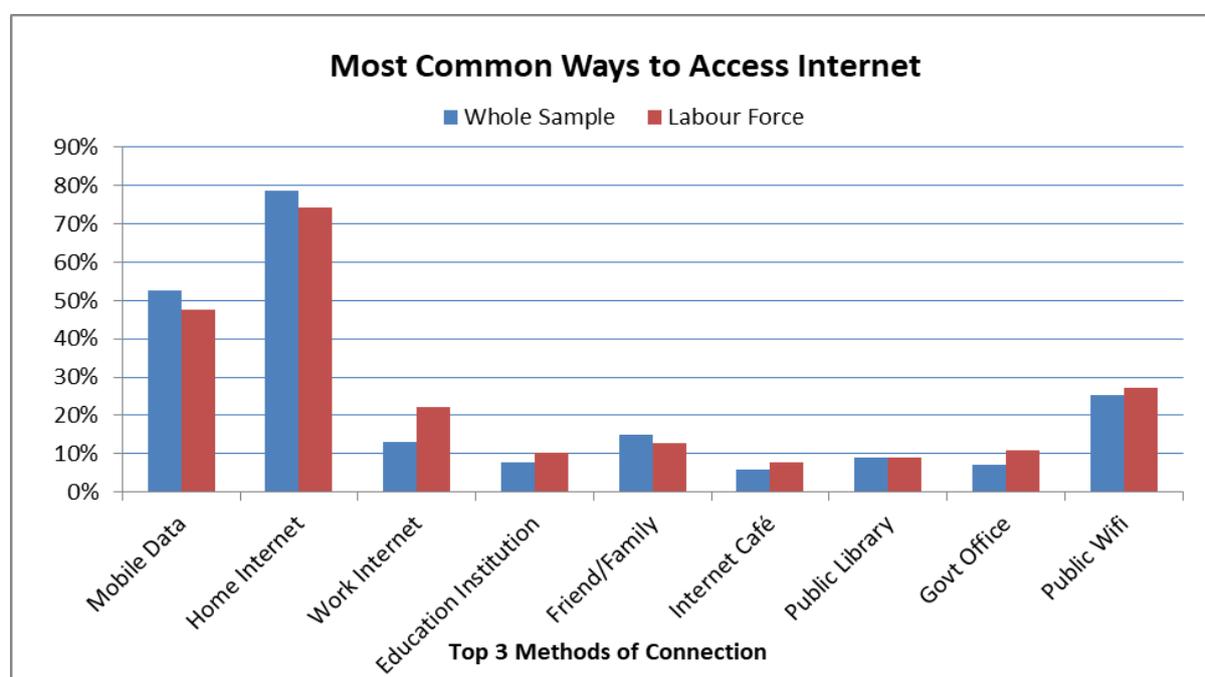
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Personal Telecommunications Usage at Work

Despite having employment as a main source of income, in the SACOSS survey only 13% of survey respondents listed the internet connection at work as one of the top 3 places they accessed the internet. This possibly reflects the types of jobs done by these households (e.g. non-office jobs), but it is also partly a product of the non-working person in the household being the survey respondent.

Among those who were in work themselves, 22% of respondents rated work among the top three places they accessed the internet – although this was still (marginally) below public wifi as the third most common place. As Figure 9 shows, there was also a slightly reduced rate of usage of mobile data and home internet among the respondents who were working – suggesting that some at least could utilise a work internet connection.

Figure 1: Most Common Ways to Access Internet, Labour Force



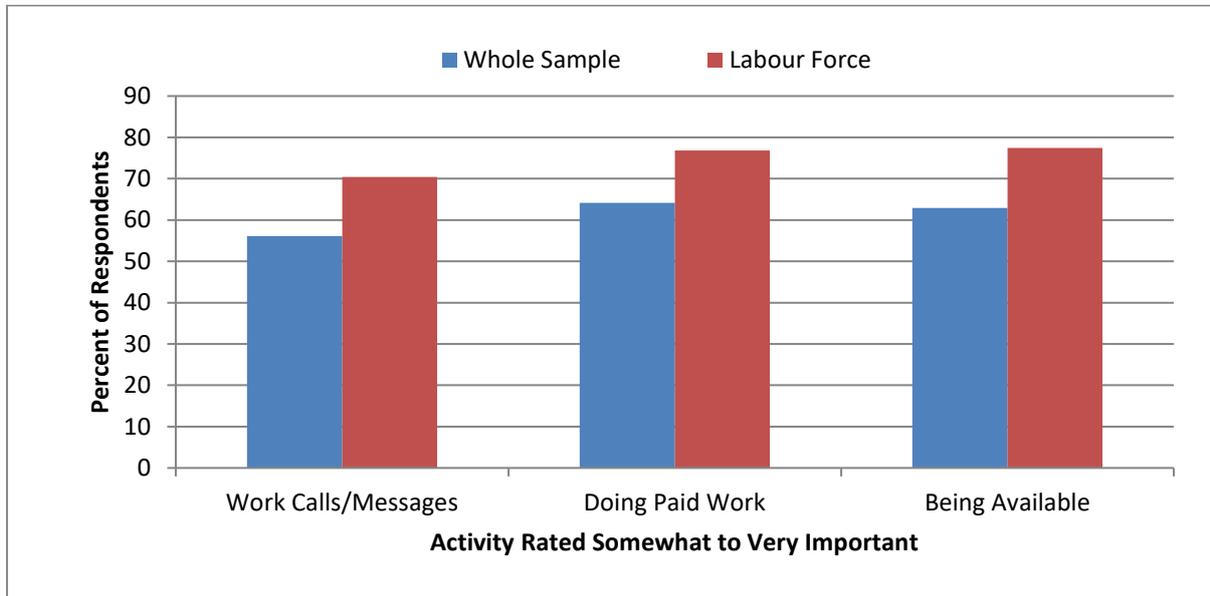
Having telecommunications access was also important *for work purposes*. On a scale of 1-10, where 5 was “somewhat important” and 10 was very important:

- 56% of respondents said making work-related calls or receiving work messages was somewhat important to very important to them
- 64% said doing paid work online (e.g. work email, research) was somewhat important to very important to them
- 52% said being available online was somewhat important to very important to them for paid work (e.g. checking rosters, receiving emails, accessing calendars/timesheets).

These figures are broadly in line with the data cited in a recent government report showing that 65% of Australian internet users used it for “working or studying from home” (BCAR, 2020). Again though, the figures in the SACOSS survey were even higher among respondents

who were actually in the labour force (as opposed to those who were not employed and reliant on another wage in the household). As Figure 10 shows, generally the results from respondents who were in the labour force were 12 to 15 percentage points higher than for the sample as a whole.

Figure 2: Importance of Employment Activities



This pattern was also reflected in the qualitative research. Several respondents checked rosters or were advised about shifts or where they had to go to work by text message. For others it *enabled* work: the photographer, the home care worker and delivery drivers all used their mobiles to navigate to destinations, while a market researcher used her phone to check prices in stores and a furniture delivery driver rang the next customer to advise delivery details. For Kay, a home-care worker in Tasmania it was necessary because “where I am at in home support they don't have a house phone so I have to have my phone charged”. As a care worker on the road, she also used her own equipment to do work emails, paysheets and other work things.

For some having their own telecommunications connection at work was more than a casual use or an enabler of work, it was a primary tool of their trade. Ariel, a casual university researcher in Tasmania, did her research at home using her own computers and data, Lena, a nurse in Canberra was doing research at home on new infectious diseases, while Barbara said her partner was a “a bit of a technophobe” and resisted getting a smart phone for many years before finding he just needed it to access emails and internet when he was out on site away from the office.

For other interviewees, their mobile phone was even more than a tool of the trade: it was part of the business model of the employer. This was most obvious for Daniel, the Uber driver in Adelaide whose phone was required for the app that was the basis of the business. Similarly, Jo, a home childcare provider used her mobile to contact parents and her home internet to do the government paperwork. In these two cases, the people were technically subcontractors so were expected to provide all their equipment as part of the contract –

even though in reality they are mostly just selling their labour in the same way as waged poor employees.

But perhaps the most interesting example arising in the interviews was a retail outlet where staff all used their mobile phones to look up product information and answer customer queries. Sue, the employee, said they did not have to, but it was just quicker and easier because the store's own computer was so slow and antiquated that it did not really function that way. In this instance, the ability to rely on the staff's provision of their own mobile phone services allowed the business to underinvest in technology but still maintain good customer service.

These uses of the mobile phones goes beyond an occasional contact or convenience to being a core requirement of work – and in all these cases it was simply expected that the workers had mobile phones and/or internet connections, and could and would use these for work.

It is also important to note that the survey data and some of the interviews pre-date the massive shift to working from home in response to COVID-19. This shift has made personal phone and internet access even more vital for a range of workers and heightened the issues around who pays for that access. That said, with waged poor workers being more likely to be in marginalised or temporary work, working from home may not have been an option (Pennington and Stanford, 2020). It was apparent in a number of the qualitative interviews that the immediate result of the coronavirus lock-down was not a shift to working from home, but simply loss of jobs and income.

Cost Shifting: Paying for Work Telecommunications Use

The data discussed above in relation to work-related telecommunications usage suggested that over 70% of waged poor workers (not households) used their personal telecommunications devices and service for work – either for being available and contactable, or actually doing work. Yet only one of the interviewees we spoke with, a home care worker, had a phone provided by her workplace.

Most interviewees used their own equipment and services for work purposes – and were expected to have and use their own phone (despite often low pay and marginal connection to work). As discussed earlier, the extent of this work usage varied from occasional instances to being a core part of the business model, but the impact on the employees also varied. Lena, the nurse who researched work issues, estimated about 80% of phone and internet use is work, Sue, the retail assistant estimated about a third of her mobile data was used for work and that she would be able to get by with a smaller amount of data if not for that.

However, for others the work usage was minor and made no difference to their telecommunications bill. Even when work usage was more sustained, such as for the Daniel the Uber driver whose phone was core to the business model, the work usage made less impact on his monthly data than other family uses so made little difference to his final bill.

There was also a quid pro quo for some employees. Only a couple of interviewees said that they were able to use work computers or printers, but some were able to use the work wifi for both work and non-work purposes. This applied to workers in big institutions, such as a hospital and university where there was public wifi, and also to smaller workplaces (e.g. shops).

However, while the ongoing data use may not necessarily impact on the final telecommunications bill, there are still issues around affordability.

Anne, the private housecleaner, noted how she had to make sure she kept up telecommunications payments because it was her “lifeline to work”. This echoed a theme identified in SACOSS’ waged poor energy report where the fact that people in poverty were employed changed their expenditure priorities. In the cases in that study, a key example was prioritising a car and petrol so they could get to work over other household necessities (Law et al., 2019). In this case we see telecommunications becoming a high budget priority because it represents the access to income.

Further, even where work uses are not directly adding to telecommunications bills for the wage poor interviewees, there is still the issue of employees providing their equipment for work use. As we noted, this is an expected part of their work – yet (despite all having very low incomes) *not one of the people we interviewed was reimbursed for call costs, data use or a share of the cost of the telecommunications plan* that enabled them to use those services for work purposes. This represents a transfer of the costs of business from the employer to the employee – something that was most obvious in the case of the retail shop that failed to update its own technology because its staffs’ mobiles could cover the gaps, but is also apparent in other uses of mobiles and home internet for work purposes.

This failure to reimburse employees for business expenses and the subsequent cost-shifting raises systemic industrial questions, yet relevant industrial awards are either silent on the issue or out of touch with the common use of employee's telecommunications services for work.

For instance, the SCHADS award which covers social and community services is limited in that it only requires reimbursement of an employee's telecommunication expenses "Where the employer requires an employee to install and/or maintain a *telephone* for the purpose of being on call" [emphasis added] (s20.6). This does not cover the vast majority of casual use, mobile contacts or non-telephone internet requirements raised in our interviews. It does not even cover uses envisaged in the award itself given that s25.5(b) allows for roster changes to be notified by "telephone, direct contact, mail, email, facsimile or any electronic means of communication" (FWC, 2020a).

Neither the Hospitality Industry (General) Award (FWC, 2020b) or the General Retail Industry Award (FWC, 2020c), which cover other highly casualised industries where wage poor workers may be employed, contain any mention of personal telephone or internet costs.¹

Given the nature of telecommunications expenditure, particularly where there are plans with high or unlimited data and calls, it may not be feasible to reimburse for individual instances of calls or data use. Nonetheless there is a strong case that where there is either an expectation or a significant use of employee's mobile phones or home computers for work purposes, those employees should be reimbursed a part of the cost of their telecommunication plans – because it is those plans that enable them to bring their telecommunications capital to work.

It could be argued that the use of personal telecommunications at work is compensated for through the tax system where mobile and internet costs can be a tax deduction. A number of the interviewees did claim tax deductions for telephone usage, but philosophically this approach is problematic. It treats workers more like sub-contractors bringing their own tools to a job, rather than employees selling their labour.

For employees, a tax deduction is also a worse financial option than direct re-imburement from the employer because the tax deduction only reimburses a proportion of the expenditure (by reducing taxes owed at the marginal rate). For instance, if work usage was estimated at say half of a \$60 per month mobile plan, a direct reimbursement would see \$360 paid over the year. By comparison, as a tax deduction it would take that \$360 off the employee's taxable income, reducing their tax (at a marginal rate of 19%) by only \$68 for the year. Further, that tax refund is delayed until the end of the year, rather than being reimbursed at the time of expenditure to help with weekly bills.

¹ s21(b)(ix) of the Hospitality Award does contain a requirement to reimburse an employee where they are required to provide and use "implements", but even if a phone or internet service was captured by this (which is unlikely), the reimbursement is for purchase and it is unclear how this applies to an ongoing service like the maintenance of telephone/internet connections.

These calculations and arguments apply for all employees (Pennington and Stanford, 2020), but there are further and particular problems for waged poor households. With often marginal associations with work and with low incomes where they are unlikely to be getting professional tax advice, several of the interviewees said that they “were not very good at tax” and did not know how to claim a deduction for telecommunications. Another thought that they would not be eligible unless they were studying, and another couple of interviewees thought the paperwork would be too hard. And for some, it was much simpler: they did not earn enough to pay tax – and therefore a potential tax deduction was of no use to them.

For this reason, when considering the interests of waged poor workers and households, a direct reimbursement of telecommunications expenses by the employer is preferable to any tax deduction.

Recommendation

That employment conditions should contain clear rules around the requirements for and uses of personal telecommunications devices and services for work, and where there is either an expectation or a significant use of an employee’s devices and services for work purposes, the employee should have a right to reimbursement of costs (including part-costs of monthly phone and/or internet plans).

Finally, in terms of work-related telecommunications costs for wage poor households, there is the affordability issues arising from the shift to working at home as a result of the coronavirus response measures. Again, while much of this research pre-dated the biggest impacts of COVID-19, some of the interviews highlighted how households were bearing the costs of work communications. Nowhere is this more evident than in Allana’s story, when her partner’s work shifted from university to home:

That was a bit of a thorn in our side. He originally purchased a USB dongle since we didn't think we'd have enough [data]. ... but I said that's very costly doing it that way. Pretty much once he had to download all this stuff in the home office it used up all the data and he had to get a recharge and I said you need to get worked to pay for all that. But ... he just told me yesterday work had frozen all work credit cards. So we're having to cover some of those costs as well. We'll see if we can get anything at tax time. But then we figured out we could drill a hole through our floor, which is two-story and set up down in the garage and he grabbed an internet cable from work and we've plugged it into our modem [because the desktop computer borrowed from work could not pick up the wifi]. Telstra's giving us that unlimited data and he hooked up to that now. So he's using our data for work. As long as it's free that's fine, it's pretty expensive pre-paid internet.

Under the various workplace health and safety Acts an employer is responsible for safety in the workplace, and as has been made clear through the coronavirus crisis, this remains the case when that workplace is the home. With this logic of the home as the place of business, it should be beholden on businesses to cover the costs of telecommunications for remote working (Pennington and Stanford, 2020). This may not matter for households with existing NBN connections and equipment, but as Allana’s case shows, that is not always the case and those who are already poor should not have to bear this cost.

Case Studies

The case studies are drawn primarily from the qualitative interviews undertaken for the SACOSS telecommunications affordability research, with an additional study from the earlier energy affordability research.

Ariel (Tasmania)

Ariel lives in a rented apartment in Launceston, with a partner and two young children. Her partner has been unemployed, but just recently got a farm job. She is doing a PhD at the university and working as a casual research assistant. While many people would not associate academic work with being waged poor, she is paid on an hourly basis with variable hours: “It doesn't really pay much”.

She does not have NBN and uses her mobile phone to hotspot interconnection at home because “having NBN will mean having two plans and I don't like that”. This is despite working from home most of the time and using an iPad for the kids and TV sometimes. She goes to campus (she is concerned about the security of other public wifi) when she has a lot of things to upload or download, but she does “a lot of work from home and using internet connection of course, because I'm doing research and everything requires me to be connected”. She is not reimbursed for this usage and is not sure how to claim it on tax – and heard from her colleagues it was not really worth doing.

Alison (ACT)

Alison is a 43 year old single parent who works as a photographer and in a print shop processing and editing photos. The job is permanent and provides a regular income. She has 4 grown children at home, has NBN and Netflix (“mainly for the kids”), and does all her email and banking on her phone. The kids pay for their phones themselves, but she pays NBN and Netflix so her phone and internet bill is \$118 per month.

She is not required to use her phone or internet for work, but occasionally if something urgent comes up she will quickly do it and “flick it back”, and she also uses her phone to navigate to off-site photo shoots. However, she generally uses the internet at the print shop for regular work things, and her phone automatically connects to the work wifi when there. While Alison's phone use at work is relatively minor, her phone is essential as she needs to be contactable because difficulties in her extended family mean she “quite often gets emergency phone calls”. It means that she pays her phone bill “like clockwork”.

Sue (ACT)

Sue is a single mother with two children who has worked casually in retail for the same company for 5 years – mostly on weekends, but her days and income can vary. She says that she can't afford to work more because she would be worse off after paying extra childcare etc, but she really struggles to pay “sh*t loads of rent” in Canberra. She has NBN and subscribes to Netflix and Disney for the kids.

She has 30GB of data on her smartphone plan, which she doesn't fully use because of using wifi at home. However, she uses her phone data at work to look things up for customers, including from the companies own website “because our system at work is so slow and

outdated, a lot of us just use our own phones and our own data to just get there quicker to the customer". The staff are not required to use their own phones, it is just quicker so the staff choose to do it that way. This may not be surprising given that the work computer system is very outdated "it's like a black screen with flouro writing".

Sue's work usage is about a third of her overall monthly data use. She is not reimbursed for this and does not claim it on tax as she is "not very good at doing tax ... [and] not sure how to go about it".

Stephen (SA)

Stephen works delivering furniture, but the work is casual and it varies from week to week. He usually just gets a text message the day before telling him to come in. In busy times before Christmas he could be working 5 days a week, but work "died off" after that. When there is no work he relies on Centrelink payments. He is single and lives in public housing, and has two young children.

Until very recently his phone was also his only internet connection – hotspotted to his TV so that he can play the games he likes. He has managed the expenditure by using pre-paid plans: "that way, if I run out of credit I can just go without until I get money for credit".

Despite sometime heavy data use for gaming, he resisted getting the NBN because "I was like, no – I can't afford another bill", but with advice from friends, he has now signed up for a \$65 monthly NBN package.

Apart from being notified about shifts via his mobile phone, he also uses it at work to ring customers to advise of delivery and check access arrangements – and if he does not have credit on his phone, then "one of the other guys will do it". He does not get reimbursed for calls: "I just wear that cost as part of the job".

Nancy (SA)

Nancy and her husband Brendan have three kids; 12 and 16 years old as well as an 18 month old. Brendan works as an IT analyst, earning about \$1000 per week after tax. They are paying back a mortgage on a house in semi-rural South Australia.

Nancy says her three biggest household bills are housing, housing insurance and electricity. Because they live so close to a bushfire area, they feel they can't budge on prioritising insurance. They were recently late to pay their car registration and they've "put pretty much every bill on a payment plan". Nancy makes sure that the kids are always fed but sometimes she goes without food. She says her prepaid phone often goes without being recharged.

Nancy was employed part-time before going on maternity leave, but since then has developed a medical condition which prevents her from being able to go back to work. She talks about their deficit being \$500 a week after the key expenses, but says that they're not really eligible for any supports because of Brendan's wage.

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