

Financial Hardship Policy Guidelines for Water Services

... September 2013

Economic Regulation Authority



WESTERN AUSTRALIA

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1 Introduction

On ... September 2013¹, the *Water Services Code of Conduct (Customer Service Standards) 2013 (Water Customer Service Code)* took effect. The Water Customer Service Code applies to persons who hold a licence for water supply services (drinking water only²), sewerage services, irrigation services and/or drainage services (**licensees**) and their customers.³ The purpose of the Water Customer Service Code is to deal with the conduct of licensees in relation to customers and potential customers.⁴

The Water Customer Service Code requires applicable licensees to develop a financial hardship policy (**hardship policy**).⁵ The hardship policy does not have effect unless it is approved by the Authority.⁶

These *Financial Hardship Policy Guidelines for Water Services (Guidelines)* have been developed to provide licensees with guidance in the development of their hardship policies. A licensee must comply with the Guidelines as they apply to the licensee.⁷

The Guidelines do not replace the obligations contained in the Water Customer Service Code. Licensees should refer to these obligations and the Guidelines when preparing or reviewing their hardship policies to ensure compliance.

The Guidelines also outline the general approach the Authority will take in reviewing and approving hardship policies.

2 Who must have a hardship policy?

All licensees must have a hardship policy.

There are two exceptions:

Supply solely to non-residential customers

A licensee is not required to have a hardship policy if supplying water services solely to non-residential customers.⁸

Licensees who supply water services to both residential and non-residential customers must have a hardship policy. It is recommended that their hardship policies only apply to their residential customers.

Supply solely to members

A licensee is not required to have a hardship policy if supplying water services solely to members of the licensee.⁹ For example, an irrigation co-operative that solely supplies water to the members of the co-operative is not required to have a hardship policy.

¹ Dates highlighted are yet to be decided. They will be determined by the date of proclamation of the Act.

² "drinking water" is defined in clause 3 of the Water Customer Service Code

³ Clause 4(2) of the Water Customer Service Code

⁴ Section 27(3) of the *Water Services Act 2012*

⁵ Clause 26(1) of the Water Customer Service Code

⁶ Section 26(2) of the Water Customer Service Code

⁷ Clause 30.3 of the template water licence

⁸ Clause 30.1 of the template water licence

⁹ Clause 30.1 of the template water licence and refer to the definition of customer in Section 3(1) of the *Water Services Act 2012*

3 Who does a hardship policy apply to?

A hardship policy must apply to customers experiencing financial hardship and may also apply to customers experiencing payment difficulties.

Financial hardship

A customer is experiencing financial hardship if the customer is in:

... an ongoing state of financial disadvantage in which the customer's ability to meet the basic living needs of the customer or a dependant of the customer would be adversely affected if the customer were to pay an unpaid bill for a water service supplied in respect of the place used solely or primarily as the customer's dwelling.¹⁰

Financial hardship may be caused by (but is not limited to) the sustained burden of one or more of the following factors:

- loss of the customer's or family member's primary income;
- spousal separation or divorce;
- loss of a spouse or a loved-one;
- physical and mental health issues;
- a chronically ill child;
- budget management issues associated with a low income; and
- other unforeseen factors affecting a customer's capacity to pay, such as a reduction in income or an increase in non-discretionary expenditure.

A customer is the person to whom water services are provided, or who is entitled to the provision of those services.¹¹ This could be either the owner of the land¹² or the occupier (e.g. tenant) of the land if the occupier has been authorised by the owner to receive bills for the water services.¹³ Also included are any other persons who are authorised by the owner of the land to receive bills for the water services provided.¹⁴

As the definition of financial hardship refers to "a water service supplied in respect of the place used solely or primarily as the customer's dwelling", the safeguards included in the Water Customer Service Code in relation to financial hardship only apply to *residential* customers.

Payment difficulties

It is important to note that the Water Customer Service Code includes safeguards not only for customers who are in an ongoing state of financial disadvantage (financial hardship), but also for customers who are experiencing temporary difficulties paying their bill (payment difficulties).¹⁵

¹⁰ Clause 19 of the Water Customer Service Code

¹¹ Id

¹² Clause 4(1)(a) of the Water Customer Service Code

¹³ Clause 4(1)(b) of the Water Customer Service Code. Although the Water Customer Service Code generally does not differentiate between owners and occupiers, there is one difference. Before entering into a payment plan or other arrangement with an occupier, a licensee must ensure that the owner of the land is aware of the proposed plan or arrangement (clause 28(1) of the Water Customer Service Code)

¹⁴ Clause 4(1) of the Water Customer Service Code

¹⁵ For example, clause 25 of the Water Customer Service Code

The Water Customer Service Code defines 'payment difficulties' as:

... being in a state of financial disadvantage that is not likely to be ongoing and in which the customer is unable to pay an unpaid bill.¹⁶

As the definition of payment difficulties does not make reference to a customer's dwelling, the safeguards included in the Water Customer Service Code in relation to payment difficulties apply both to residential and business customers.

Although a licensee may opt to address the issue of customers experiencing payment difficulties in its hardship policy, this is not a requirement.

4 Hardship policy development, approval and review

Clause 26 of the Water Customer Service Code sets out the requirements for the development, approval and review of a licensee's hardship policy.

A licensee is required to have a written policy in relation to financial hardship,¹⁷ which must be publicly available.¹⁸ A hardship policy does not have effect unless it is approved by the Authority.¹⁹

It is the licensee's responsibility to ensure that its hardship policy remains consistent and compliant with the Water Customer Service Code by reviewing and, if necessary, amending its policy to reflect any amendments to the Water Customer Service Code. If a licensee wishes to amend its policy, it must submit the policy to the Authority for its approval as prescribed in Section 4.2 of these Guidelines.

4.1 Initial hardship policy

Existing water licensees

In relation to an existing holder of a water licence,²⁰ the Water Customer Service Code provides that the licensee's hardship policy must be in effect within six months of the Water Customer Service Code taking effect.²¹ As the Water Customer Service Code took effect on ... September 2013, an existing licensee must ensure that its policy is approved by the Authority no later than ... March 2014.

To provide the Authority with sufficient time to assess existing licensees' hardship policies, the Authority requests that existing licensees submit their policies to the Authority by no later than 31 December 2013.

¹⁶ Clause 19 of the Water Customer Service Code

¹⁷ Clause 26(1) of the Water Customer Service Code

¹⁸ Clause 26(5) of the Water Customer Service Code

¹⁹ Clause 26(2) of the Water Customer Service Code

²⁰ That is, persons who held an operating licence granted under the *Water Services Licensing Act 1995* which was in force immediately before the commencement day of the *Water Services Act 2012*

²¹ Clause 26(3) of the Water Customer Service Code

New water licensees

In relation to a new licensee,²² the Water Customer Service Code provides that a licensee's hardship policy must be in effect before the end of the six-month period starting on the day of the grant of the licensee's licence.²³

To provide the Authority with sufficient time to assess a new licensee's hardship policy, the Authority requests that the licensee submit its hardship policy to the Authority with its licence application or, if it is not ready by that time, then within three months of licence grant.

4.2 Review and amendment of hardship policy

A licensee must review its hardship policy at least once in every five year period.²⁴ If a licensee amends the hardship policy as a result of the review, the amended policy will require the Authority's approval.

A licensee may amend its hardship policy at any time. A hardship policy amended in this way will also require the Authority's approval.

4.3 Consultation on hardship policy content

The Water Customer Service Code provides that a licensee must consult with relevant consumer organisations on the content of its hardship policy as part of any review of the policy.²⁵ The Authority considers that it is implicit that this obligation applies to the creation of the initial policy. A licensee could, for example, seek feedback by organising a reference group or forum, conducting a telephone survey, or sending a copy of the policy to one or more consumer organisations with a request for feedback. A licensee should also consider consulting with consumer organisations when making material amendments to the policy.

A licensee should ensure that consumer organisations have sufficient time to provide any feedback they may have on the licensee's hardship policy.

²² That is, persons who did **not** hold an operating licence granted under the *Water Services Licensing Act 1995* which was in force immediately before the commencement day of the *Water Services Act 2012*

²³ Clause 26(4) of the Water Customer Service Code

²⁴ Clause 26(6) of the Water Customer Service Code

²⁵ Clause 26(6) of the Water Customer Service Code

5 Content of a hardship policy

This section provides guidance as to the information licensees should include:

- in their hardship policies; or
- in supporting information supplied to the Authority.

Some of the content that licensees should include in their policies or in supporting information can be found in the Water Customer Service Code. To assist licensees, this content is identified by way of footnotes in the text below.

Under the terms of their licences, licensees must comply with the Guidelines which apply to them.²⁶

Appendix A of these Guidelines contains a checklist summarising all of the content requirements set out below. The Authority recommends that licensees review their hardship policies against the checklist prior to submitting their policy for the Authority's approval to ensure all requirements have been met.

5.1 *Alternative payment arrangements*

When a customer has been assessed by a licensee and found to be in financial hardship, the licensee must offer the customer a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears.²⁷ The payment plan (or other arrangement) must be interest-free and fee-free.

Future water usage needs and capacity to pay

The Authority recommends that any payment arrangement have regard to the customer's future water usage needs and capacity to pay.

In particular, a licensee should ensure that any payment arrangement does not over or under commit the customer. A customer who has over committed is unlikely to adhere to a payment arrangement and may have supply cut off or restricted. In the case of under-commitment, the repayments may not be sufficient to cover expected future use of the service as well as providing continued reduction of debt. In other words, the customer may be going into further debt under such an arrangement.²⁸

Involvement of customer and/or financial counsellor

For these sometimes competing reasons, it is recommended that licensees involve the customer and, if applicable, the customer's financial counsellor in setting a payment plan.

Assessing a customer's current financial situation is a specialised, time-consuming task and often best suited to a financial counsellor. Where applicable, a licensee should therefore have regard to a financial counsellor's assessment of the customer's current financial situation.

A licensee should ask a customer, or financial counsellor, how much the customer can afford to pay and determine a realistic payment plan based on the customer's individual circumstances.

²⁶ Clause 30.3 of the template water licence

²⁷ Clause 27(2) of the Water Customer Service Code

²⁸ Australian Communications Industry Forum, (2006) "Guide for a Financial Hardship Policy", clause 4.2

Notification to land owner

In the event the customer is not the owner of the land (e.g. a tenant), the licensee must ensure that the owner is aware of the proposed payment arrangement prior to the customer entering into the arrangement.²⁹ The licensee should be mindful of its privacy obligations when providing information to the owner of the land.

Licensee to monitor any payment arrangement

The Authority recommends that a licensee monitor a customer's adherence to any payment arrangement, for the benefit of both parties. If the customer does not adhere to the terms of the arrangement, and does not contact the licensee to re-negotiate, the licensee should make reasonable efforts to contact the customer or authorised representative (e.g. financial counsellor) before taking further action.³⁰

Customers who have had two payment plans cancelled because of non-payment do not have to be offered another payment plan.³¹

Revision of payment arrangement

During the course of a payment plan, the licensee must review and revise, if appropriate, how the customer is paying a bill under the plan.³² For example, the licensee may agree to extend the duration of the payment plan and/or reduce the amount of the instalments.

Information provision

A licensee must have written information about the payment plans, arrangements and other assistance it offers to customers.³³ A licensee could, for example, meet this requirement by including the information in its hardship policy and making the policy freely available to its customers.

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy:

- 5.1.1 The alternative payment arrangements available to customers in financial hardship.**
- 5.1.2 A statement that the licensee will take account of a customer's usage needs and capacity to pay when specifying the conditions of an instalment plan.**
- 5.1.3 A statement that the licensee will involve the customer and, if applicable, the customer's financial counsellor in setting a payment plan.**
- 5.1.4 A statement that the licensee will review and revise, where appropriate, a customer's existing payment arrangement.**
- 5.1.5 A statement that the licensee will take steps to ensure the owner of the land is aware of the proposed payment arrangement before the licensee enters into a payment plan with a customer who is not the owner of the land.**

²⁹ Clause 28(1) of the Water Customer Service Code

³⁰ Australian Communications Industry Forum, (2006) "Guide for a Financial Hardship Policy", clause 4.3 & 4.4

³¹ Clause 28(3) of the Water Customer Service Code

³² Clause 27(3)(b) of the Water Customer Service Code

³³ Clause 28(4) of the Water Customer Service Code

5.2 Reduction of amount owing

A licensee must consider reducing an amount owing by a customer in financial hardship.³⁴ In keeping with this obligation, the licensee is permitted to offer forms of assistance to such a customer other than a payment plan.³⁵

A request for a reduction of the amount owing may be made by a customer or, if applicable, the customer's financial counsellor. The Authority further recommends that a licensee initiate a reduction if the licensee becomes aware that the customer meets the requirements for such a reduction.

A licensee should have internal guidelines that assist its staff in determining when a customer may be eligible for a reduction and/or waiver of fees, charges and debt.

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy:

- 5.2.1 A statement that the licensee will consider reducing the amount owing by the customer.**

5.3 Debt collection

Suspension of debt collection

A licensee must not commence or continue proceedings to recover a debt if the customer is:

- complying with a payment plan or other arrangement, or
- being assessed as being in financial hardship.³⁶

A licensee should ensure that no debt collection occurs in these circumstances. The onus should not be on the customer to request or initiate suspension of debt recovery.

Standards in debt collection

When recovering a debt, a licensee should comply with Part 2 of the *Debt collection guidelines for collectors and creditors* issued by the Australian Competition and Consumer Commission.

The above requirement also applies if a licensee outsources the recovery of its debt to a debt collection agency.

Where a licensee does outsource the recovery of debt, the hardship policy should state that a customer's debt may be collected by a debt collection agency and whether this may result in additional fees for the customer.

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy:

- 5.3.1 The circumstances under which the licensee will not recover an outstanding debt from a customer in hardship. As a minimum, these circumstances should meet the requirements of clause 29 of the Water Customer Service Code.**

³⁴ Clause 27(3)(a) of the Water Customer Service Code

³⁵ Clause 28(2) of the Water Customer Service Code

³⁶ Clause 29 of the Water Customer Service Code

5.3.2 The licensee's process for collecting outstanding debt, including:

- a statement that the licensee and, if applicable, the licensee's debt collection agency will comply with Part 2 of the *Debt collection guidelines for collectors and creditors*;
- if applicable, a statement that the licensee may outsource the debt to a debt collection agency; and
- if applicable, a statement that additional fees may apply if the debt is outsourced to a debt collection agency.

5.4 Reduction & restoration of rate of flow of drinking water**Reduction**

If a customer does not pay his or her bill by the due date, a licensee may fit a device to the customer's meter which reduces the customer's rate of flow of drinking water.³⁷

Prior to reducing a customer's water flow, the licensee must use its best endeavours to inform the customer of its intentions if the amount is not paid.³⁸ The Water Customer Service Code further lists a number of circumstances under which a licensee may not reduce a customer's water flow.³⁹ In particular, a licensee may not reduce the rate of flow of a supply of drinking water to a customer who is:

- being assessed as being in financial hardship,⁴⁰ or
- experiencing financial hardship and is also complying with a payment plan or other arrangement that gives more time to pay.⁴¹

Restoration

A licensee must restore a customer's supply of water services if the customer has:

- paid the amount owing; or
- entered into an arrangement satisfactory to the licensee for payment of the amount owing.⁴²

A customer's supply of water services must be restored within the time frames specified in clause 34 of the Water Customer Service Code.

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy:

5.4.1 A statement that the licensee will not reduce the rate of flow of drinking water to a customer who is being assessed as being in financial hardship, or to a customer who is in financial hardship and who is complying with a payment plan.

³⁷ Section 95(1)(b) of the *Water Services Act 2012*

³⁸ Clause 31 of the Water Customer Service Code

³⁹ Clause 32 of the Water Customer Service Code

⁴⁰ Clause 32(c) of the Water Customer Service Code

⁴¹ Clause 32(d) of the Water Customer Service Code

⁴² Clause 30(1) of the Water Customer Service Code

- 5.4.2 A statement that a licensee will restore the customer's rate of flow of drinking water if the customer has paid the amount owing, or if the customer has entered into a payment plan or other arrangement.**

5.5 Written information

It is important that customers in financial hardship are aware of their rights and responsibilities. A licensee must therefore provide a customer in financial hardship with written information about the following.

Redirection of the bill⁴³

A customer may opt to have his or her bill redirected to another person.

Available payment methods⁴⁴

The Water Customer Service Code prescribes the minimum payment methods a licensee must offer a customer, including direct debit and Centrepay. Direct debit and Centrepay may assist customers in financial hardship in the on-going management of their bills as customers will generally receive smaller bills more regularly.

Concessions or other financial relief or assistance⁴⁵

A number of concessions are available to holders of certain concession cards. In addition, the Government has established the Hardship Utility Grant Scheme (HUGS) which provides grants to customers in hardship to assist them to pay their outstanding debts.

The Authority recommends that a hardship policy, as a minimum, lists any concessions and relief available. A hardship policy should further include any relevant eligibility criteria for such concessions or advise a customer where further information on relevant eligibility criteria may be found.

Financial counselling or advice from relevant consumer organisations⁴⁶

Financial counsellors offer free, independent advice to customers on possible ways of dealing with financial problems.

The Authority recommends that a hardship policy not only advises customers of the availability of financial counselling or relevant consumer organisations, but also how to contact these organisations. For example, a hardship policy could include the contact details of a relevant peak body, such as the Financial Counsellors' Association of WA.

Fees and charges

Although not required by the Water Customer Service Code, the Authority recommends that a hardship policy advises customers where details of the licensee's fees and charges, particularly any applicable late payment fees and charges, can be found. This information should be easy for customers to find.

⁴³ Clause 27(3)(c)(i) of the Water Customer Service Code

⁴⁴ Clause 27(3)(c)(ii) of the Water Customer Service Code

⁴⁵ Clause 27(3)(c)(iii) and (v) of the Water Customer Service Code

⁴⁶ Clause 27(3)(c)(iv) of the Water Customer Service Code

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy:

- 5.5.1 A. The information specified in clause 27(3) of the Water Customer Service Code; or**
B. Advice about where the information specified in clause 27(3) of the Water Customer Service Code can be found; and
- 5.5.2 Advice about where details of the licensee's fees and charges applicable to residential customers can be found.**

5.6 Consultation with relevant consumer organisations

Consumer representative organisations, particularly financial counsellors, have extensive experience in dealing with customers in financial hardship and may provide licensees with valuable insights. The Water Customer Service Code requires a licensee to consult with relevant consumer organisations specifically on the content of its hardship policy (see Section 4.3 above).

When submitting a hardship policy to the Authority for approval, a licensee should include either within its policy or by means of supporting information:

- 5.6.1 A summary of consultation undertaken with relevant consumer organisations on the content of the financial hardship policy (including the organisations consulted and the manner in which they were consulted).**

5.7 Additional hardship policy content

The paragraphs above require licensees to address within their hardship policies the minimum safeguards afforded to customers in financial hardship under the Water Customer Service Code. In addition, the Authority recommends that licensees address the following matters either within their hardship policies or by means of supporting documentation provided to the Authority.

Training of staff

A licensee should provide training in matters of hardship for “front line staff” (such as staff in call centres and credit departments), subcontractors employed to engage with customers experiencing financial hardship and field officers. As a minimum, training should be provided on the licensee's obligations under the Water Customer Service Code. This includes, for example, obligations relating to payment plans, reduction of the amount owing and the provision of information.

Consultation with consumer organisations may be particularly valuable when developing training on how financial hardship affects customers, how to communicate with customers in financial hardship, and some of the key cultural and social issues to consider when dealing with disadvantaged customers.

When submitting a hardship policy to the Authority for approval, a licensee should include within its policy or by means of supporting documentation:

- 5.7.1 A short description of the training provided by the licensee to its staff.**

Identifying customers who are experiencing financial hardship

It is important that customers in financial hardship are identified before significant debts to the licensee are accumulated. Identification could occur by the customer, the customer's financial counsellor or the licensee.

To enable customers to self-identify, a licensee should encourage customers in financial hardship to make contact by advising customers on (for example) bills, reminders notices and other correspondence, that assistance is available by contacting their licensee.

A licensee could also establish a process to actively identify customers in financial hardship. For customers who have a history of late payments, a licensee may establish a process to contact them personally to determine whether they are in financial hardship and may be eligible for any of the assistance available under the Water Customer Service Code.

The Authority recommends that a licensee assess whether the customer is in financial hardship within three business days of the licensee becoming aware that the customer is experiencing payment problems. If the licensee cannot make the assessment within that timeframe, it should refer the customer to a financial counsellor for assessment.

If an assessment is to be provided by a financial counsellor, the licensee should provide the counsellor with any relevant information regarding the customer's financial situation (subject to privacy and customer consent requirements).

When making its assessment, the licensee should take into account a financial counsellor's assessment of the customer's financial situation (if available).

To assist its staff in identifying customers in financial hardship, a licensee should have a set of indicators in place. Indicators could include one or more of the factors listed in Section 3 of these Guidelines.

When submitting a hardship policy to the Authority for approval, a licensee should include either within the policy or by means of supporting documentation:

5.7.2 The indicators it uses to help identify customers experiencing financial hardship.

When submitting a hardship policy to the Authority for approval, a licensee should include within the policy:

5.7.3 A statement encouraging customers to contact the licensee as soon as they begin to experience financial difficulty.

Complaints handling

A licensee is required to have in place a complaints handling process that complies with clause 35 of the Water Customer Service Code. Information about this process and relevant contact information should appear in the hardship policy.

When submitting a hardship policy to the Authority for approval, a licensee should include within the policy:

5.7.4 Information regarding the licensee's complaints handling process, including the licensee's contact details and the Energy and Water Ombudsman's contact details.

Availability & accessibility

It is important that customers in financial hardship are aware of their rights and responsibilities. A licensee should therefore actively promote its hardship policy to customers, financial counsellors and other appropriate agencies.

In addition, a licensee must ensure that its hardship policy is publicly available.⁴⁷ This should be at no cost and in a range of formats.

Interpreter services for non-English speaking people and communications technology for the hearing and sight impaired should be made available so that all customers may familiarise themselves with the policy.

A hardship policy should further be written in clear, simple and concise language and be presented in a way that is easy to understand.

When submitting its hardship policy to the Authority for approval, a licensee should include either within the policy or by means of supporting information:

- 5.7.5 How the licensee its hardship policy to its customers and other relevant agencies.**
- 5.7.6 The formats in which the hardship policy is available to customers (e.g. hard copy, electronic format, large print).**
- 5.7.7 How the hardship policy is made accessible to customers with special needs (e.g. by including the licensee's telephone number for TTY and/or independent multi-lingual services within the policy).**

6 Template hardship policy

To assist licensees, the Authority has prepared a template letter and template hardship policy. Appendix B contains a template letter to the Authority with prompts for a licensee to include relevant supporting information. Appendix C contains a template hardship policy with prompts to include the information set out in these Guidelines.

The template policy is written for use by Local Government Authority licensees, but can be adapted for use by other licensees.

The Authority has prepared these documents for assistance only. Licensees are not required to follow their format and they are not intended to limit the form and content of a hardship policy or supporting information to be provided to the Authority.

⁴⁷ Clause 26(5) of the Water Customer Service Code

Appendix A – Hardship Policy Review Checklist

Before submitting its initial or reviewed hardship policy, a licensee should review the policy against the following requirements:

Alternative payment arrangements: clauses 27 and 28 of the Water Customer Service Code	
<input type="checkbox"/>	The alternative payment arrangements available to customers in financial hardship.
<input type="checkbox"/>	Statement that the licensee will take account of a customer's usage needs and capacity to pay when specifying the conditions of an instalment plan.
<input type="checkbox"/>	Statement that the licensee will involve the customer and, if applicable, the customer's financial counsellor in setting a payment plan.
<input type="checkbox"/>	Statement that the licensee will review and revise, where appropriate, a customer's existing payment arrangement.
<input type="checkbox"/>	Statement that the licensee will take steps to ensure the owner of the land is aware of the proposed payment arrangement before the licensee enters into a payment plan with a customer who is not the owner of the land.
Reduction of amount owing: clause 27(3)(a) of the Water Customer Service Code	
<input type="checkbox"/>	Statement that the licensee will consider reducing the amount owing by the customer.
Debt collection: clause 29 of the Water Customer Service Code	
<input type="checkbox"/>	The circumstances under which the licensee will not recover an outstanding debt from a customer in hardship. As a minimum, these circumstances should meet the requirements of clause 29 of the Water Customer Service Code.
<input type="checkbox"/>	The licensee's process for collecting outstanding debt, including:
<input type="checkbox"/>	<ul style="list-style-type: none"> that the licensee and, if applicable, the licensee's debt collection agency will comply with Part 2 of the <i>Debt collection guidelines for collectors and creditors</i>;
<input type="checkbox"/>	<ul style="list-style-type: none"> if applicable, that the licensee may outsource the debt to a debt collection agency;
<input type="checkbox"/>	<ul style="list-style-type: none"> if applicable, that additional fees may apply if the debt is outsourced to a debt collection agency.
Reduction and restoration of rate of flow of drinking water: clauses 30-32 of the Water Customer Service Code	
<input type="checkbox"/>	Statement that the licensee will not reduce the rate of flow of drinking water to a customer who is being assessed as being in financial hardship, or to a customer who is in financial hardship and who is complying with a payment plan.
<input type="checkbox"/>	Statement that a licensee will restore the customer's rate of flow of drinking water if the customer has paid the amount owing, or if the customer has entered into a payment plan or other arrangement.
Written information: clause 27(3) of the Water Customer Service Code	
<input type="checkbox"/>	A. The information specified in clause 27(3) of the Water Customer Service Code; or B. Advice about where the information specified in clause 27(3) of the Water Customer Service Code can be found.
<input type="checkbox"/>	Advice about where details of the licensee's fees and charges applicable to residential customers can be found.
Consultation with relevant consumer organisations	
<input type="checkbox"/>	* A summary of consultation undertaken with relevant consumer organisations on the content of the financial hardship policy (including the organisations consulted and the manner in which they were consulted).
Training of staff	
<input type="checkbox"/>	* A short description of the training provided by the licensee to its staff.
Identifying customers who are experiencing financial hardship	
<input type="checkbox"/>	* The indicators it uses to help identify customers experiencing financial hardship.
<input type="checkbox"/>	Statement encouraging customers to contact the licensee as soon as they begin to experience financial difficulty.
Complaints handling	
<input type="checkbox"/>	Information regarding the licensee's complaints handling process, including the licensee's contact details and the Energy and Water Ombudsman's contact details.
Availability & Accessibility	
<input type="checkbox"/>	* Information about how the licensee promotes its hardship policy to its customers and other relevant agencies.
<input type="checkbox"/>	* The formats in which the hardship policy is available to customers (e.g. hard copy, electronic format, large print).
<input type="checkbox"/>	* How the hardship policy is made accessible to customers with special needs (e.g. by including the licensee's telephone number for TTY and/or independent multi-lingual services within the policy).

* May be addressed by means of supporting information

Appendix B – Template Cover Letter for Local Government Authorities

The matters marked with an asterisk (*) in Appendix A to the *Financial Hardship Policy Guidelines for Water Services* may be addressed either in the hardship policy or by means of supporting information.

Below is an example of how a licensee could address these matters by means of supporting information (in a cover letter). If a licensee does not address these matters by means of supporting information, it must ensure that they are addressed in the hardship policy itself.

Dear [...]

As required under clause 30 of [Name Licensee]'s Water Services Operating Licence, [licence number: WL...], please find attached a copy of [Name of Licensee]'s financial hardship policy for the Authority's approval.

Consultation

[Name of Licensee] consulted with [Name(s) of consumer organisations consulted] on the content of the hardship policy. [Licensee to describe how consumer organisation(s) were consulted]

Training

[Name of Licensee] is committed to the training of our staff in managing cases of financial hardship.

[Licensee to explain what training is provided to its staff on the issue of financial hardship and to which groups of staff members this training is provided. If applicable, the licensee should also specify which consumer organisations were consulted in the development of the training].

Awareness & Availability

[Name of Licensee] is committed to raising awareness of our hardship policy among our customers. [Licensee to describe how the policy will be promoted to its customers and, if applicable, consumer organisations].

Our hardship policy will be available on our website.

Appendix C – Template Financial Hardship Policy for Local Government Authorities

DRAFT

[Name of Licensee]
**Financial Hardship Policy
for Water Services**

[Month Year]

1 Purpose

This Financial Hardship Policy outlines how [Name of Licensee] (“**we**”) will assist a residential customer (“**you**”) who cannot pay a rate notice because of financial hardship.

Our policy applies only to the **water services portion** of your rate notice.⁴⁸ Residential tenants who have agreed with the land owner to receive a rate notice are also covered by this policy.

If you are also having difficulty paying other charges on your rate notice or if you are a commercial customer, we encourage you to still talk to us.

We are committed to working with you to find an appropriate payment solution that works for both you and us. We understand that it can be difficult to ask for support, and will treat you sensitively and respectfully.

2 What is financial hardship?

You will be considered to be in financial hardship if paying the water services portion of your rate notice will affect your ability to meet your basic living needs⁴⁹ – in short, if you have the intention but not the financial capacity to pay.

Financial hardship may, for example, be caused by:

- loss of your or a family member’s primary income;
- spousal separation or divorce;
- loss of a spouse or loved-one;
- physical or mental health issues;
- a chronically ill child;
- budget management issues associated with a low income; and
- other unforeseen factors affecting your capacity to pay, such as a reduction in income or an increase in non-discretionary spending.

3 Identifying customers in financial hardship

If you think you may be in financial hardship we encourage you to contact us as soon as possible. You may ask your financial counsellor to contact us on your behalf.

We will assess within three business days whether we consider you to be in financial hardship. If we cannot make our assessment within three business days, we will refer you to a financial counsellor for assessment.

⁴⁸ This is because the *Water Services Code of Conduct (Customer Service Standards) 2013* and our water licence only require us to have a hardship policy for any water services we provide to residential customers.

⁴⁹ Clause 19 of the *Water Services Code of Conduct (Customer Service Standards) 2013* defines financial hardship as “means being in an ongoing state of financial disadvantage in which the customer’s ability to meet the basic living needs of the customer or a dependant of the customer would be adversely affected if the customer were to pay an unpaid bill for a water service supplied in respect of the place used solely or primarily as the customer’s dwelling”.

As part of our assessment we will consider any information provided by you and, if applicable, your financial counsellor. We will also take into account any information we may have on your payment history.

As soon as we have made our assessment, we will advise you of the outcome.

4 Payment plans

If we determine that you are in financial hardship, we will offer you more time to pay the water services portion of your rate notice or a payment plan for this portion. We will not charge you any fees or interest as part of your extension or payment plan.

We will involve you and, if applicable, your financial counsellor in setting a payment plan. When setting the conditions of the plan, we will consider your capacity to pay and, if relevant, your usage needs.

If appropriate, we will review and revise your extension or payment plan.

We do not have to offer you a payment plan if you have had two payment plans cancelled because of non-payment.

If you are a tenant, we must notify the land owner before we may give you an extension or enter into a payment plan with you. We will ensure that the notification is handled discretely and sensitively.

5 Debt reduction and collection

If you are in financial hardship, we will consider reducing the amount you owe us.

We will also not commence or continue proceedings to recover your debt:

- while we are assessing whether or not you are in financial hardship; or
- if you are complying with your payment plan or another payment arrangement you have with us.

If you do not comply with your payment plan or other payment arrangement, we may commence debt recovery proceedings. When collecting your debt, we will comply with Part 2 of the ACCC and ASIC's *Debt collection guidelines for collectors and creditors*.

A licensee should only include the following paragraph if the licensee outsources its debt to a third party: We may outsource your debt to a debt collection agency. Please be advised that additional fees may apply in this case. We will ensure that any debt collection agency we engage will comply with Part 2 of the ACCC and ASIC's *Debt collection guidelines for collectors and creditors*.

6 Reducing and restoring your water flow

A licensee should only include this section 6 if the licensee supplies drinking water. Drinking water includes non-potable water that is supplied on the basis that the customer is responsible for treating the water to make it fit for humans to drink:

If you do not pay your bill by the due date, we may fit a device to your meter which will reduce the flow of your drinking water.

We will not reduce your water flow while we are assessing whether you are in financial hardship. We will also not reduce your water flow if you are in financial hardship and you are complying with your payment plan.

If we have reduced your water flow, we will restore it once you have either paid the amount you owe us, or entered into a payment plan with us for that amount.

7 Useful information

- **Redirection of rate notice:** We will advise you of your right to have your rate notice redirected to another person free of charge if you are absent or ill.
- **Payment options:** You may pay your rate notice by direct debit, Centrepay, internet, telephone or post.

Paying by direct debit or Centrepay may help you manage your bills more easily as you will receive smaller bills more regularly.

For more information on your payment options, please [contact us / refer to your rate notice].

- **A licensee should only include this item if concessions, financial relief or other financial assistance are available to the licensee's customers: Concessions and other financial relief and assistance:** You may be eligible for the following concession(s) and/or financial relief for the water services portion of your rate notice:

... Licensee to insert information on available concessions (including eligibility criteria) and financial relief provided for under the Water Services Act 2012 or any other available financial assistance (including from Government funded grant schemes). Alternative, the licensee may advise a customer where this information may be found...

- **Financial counselling:** We will advise you of any financial counselling services or other organisations that may be available to you.

Financial counsellors offer free, independent information to help you take control of your financial situation.

The Financial Counsellors' Association of WA (FCAWA) can refer you to a financial counsellor in your area. Alternatively, you can call the FCAWA's Financial Counselling Helpline. The Helpline provides a free confidential service for all Western Australians with financial problems and queries.

The FCAWA's contact details are:

Financial Counsellors' Association of WA
Phone: (08) 9325 1617
Financial Counselling Helpline: 1800 007 007
Email: afm@financialcounsellors.org
Website: www.financialcounsellors.org

- **Fees and charges:** We will charge you for the water services we provide to you.

A licensee should only include the following sentence if the licensee imposes late payment fees and charges, such as an overdue payment fee or interest: We may charge you [e.g. a late payment fee/interest] if you [e.g. do not pay your rate notice by the due date].

A list of our fees and charges may be found at [...].

8 Complaints handling

Licensee should note that this section is not intended to be the licensee's complete complaints handling process and does not satisfy the provisions of clause of the Water Customer Service Code.

If you have a complaint, please contact us first. Our contact details are included in section 10 below.

If you are not satisfied with the way we handle your complaint, you may refer your complaint to the Energy & Water Ombudsman. The Energy & Water Ombudsman will investigate your complaint and may mediate the dispute between you and us.

The Energy & Water Ombudsman's contact details are:

[Insert Energy & Water Ombudsman's contact details]

9 Approval and review

Our policy was approved by the Economic Regulation Authority of WA.

We will review our policy at least every five years to ensure it remains up-to-date and relevant.

10 Our contact details

You can contact us at:

[Address]

[Telephone]

[Email]

[Website (if applicable)]

TTY [TTY telephone number]

 TIS [TIS telephone number]