



FINANCIAL COUNSELLORS' ASSOCIATION
OF WESTERN AUSTRALIA

Submission to the Economic Regulation Authority – Amended Financial Hardship Policy Guidelines for electricity and gas licenses

Prepared by the Financial Counsellors Association of WA

The Financial Counsellors Association of WA (FCAWA) represents financial counsellors who are practicing in WA, and we have a current membership of over 150 people. FCAWA also manages the National Debt Helpline, a 1800 number for people experiencing financial hardship in WA. All services provided by the Helpline and financial counsellors are free and independent and managed by a variety of not for profit organisations.

FCAWA welcomes the opportunity to respond to the amended Financial Hardship Policy Guidelines for electricity and gas licenses and we have sought feedback from our member base in preparing this submission.

Section 3

3.1 Minimum requirements for hardship Policies

3.1 a) be developed in consultation with relevant consumer representatives:

Recommendation that you add the following:

A retailer in this consultation must make available, if requested by the consumer representative, copies of any internal relevant policies.

3.2 under clause 6.10(3)

a) be developed in consultation with relevant consumer representatives:

Recommendation that you add the following:

A retailer in this consultation must make available, if requested by the consumer representative, copies of any internal relevant policies.

This should be continued throughout the document where it mentions consultation with consumer representatives.

Rationale

We do not believe it is fair and reasonable for a consumer to be considered 'consulted' if they are unaware of the retailer's specific current policy on hardship from which they are asked to comment.

3.3 Initial Hardship policy and Hardship Procedures

Recommended addition:

Given the requirement for retailers to have provided their staff with training on financial hardship in 3.2, Clause 6.10 (23) (b) we would recommend that this clause (3.3) include that a retailer must have evidence that they have undertaken this training either at the time of granting the license, or within a specified period of time.

3.4 Under heading 'Amendment'

Recommend the removal of the word 'not' in the last sentence so the sentence reads:

*'A retailer **is required** to provide the ERA with a copy of its amended hardship procedures'.*

4.1 Development in consultation with relevant consumer representative organisations

Again, we would recommend that the retailers Hardship Policies and Procedures are made available to the consumer representatives, so they can make informed comment. Although consumer representatives understand they have no input into the internal policies, it would assist them if the Hardship Policy is not clear to them in the initial stages on how they may treat clients in hardship.

4.2 Identifying customers who are experiencing financial hardship

Paragraph three, error in the last sentence, should read '...treating customers sensitively and respectfully'

Final paragraph, replace the words 'can also' to 'must' in the first sentence and the word 'could' to 'must' in the last sentence.

4.6 Suspension of disconnection and debt recovery procedures

FCAWA believes the intent of this is reasonable, however the current experience of financial counsellors, both in the National Debt Helpline, and face to face services is that Synergy are referring to them directly to renegotiate payment plans once there has been two defaults. As a result of this practice, customers believe that financial counsellors are somehow an extension of Synergy and that they have to be consulted in order to stop disconnection or to be reconnected.

When queried about this practice, Synergy advised FCAWA they understand they are required to refer to a financial counsellor under the electricity code. However, financial counsellors do not have capacity to deal with the volume of calls this has generated. The National Debt Helpline for example receives 15 – 20 calls from customers per week to assist them to be reconnected. They are advised that to stop disconnection they must contact a financial counsellor to assist them. With face to face financial counselling services having on average a 4-week waiting list, most of these requests fall to the National Debt Helpline, where this type of inquiry can take up to one and a half hours to resolve.

We are not sure how the guidelines can address this; however, we need to be clear that financial counsellors do not become, in effect, debt collectors for retailers.

4.9 Training of staff

Timing of training – We would recommend that a time frame should be given with respect to 'Refresher' training. FCAWA would like to see this happen at least every two years.

4.10 Instalment plans: Assessing usage needs and capacity to pay

Clause 6 . 1

Under, 'Determining the conditions of an instalment plan'

Paragraph one, second sentence, recommend this is changed from 'A retailer 'should' ask a customer how much they can afford to pay, to the word 'must' ask a customer...'

Under 'Empowering staff to negotiate payment plans with customers'

In the table, under Requirement heading, first paragraph, end of third sentence change 'will' to 'must'

Thank you for the opportunity to provide this submission.

Your sincerely

Bev Jowle
Executive Officer

22 October 2018