

# Financial Hardship Policy Guidelines - Electricity & Gas Licences

August 2019

**Economic Regulation Authority**

WESTERN AUSTRALIA

DMS205067

## Economic Regulation Authority

4th Floor Albert Facey House  
469 Wellington Street, Perth

**Mail to:**

Perth BC, PO Box 8469  
PERTH WA 6849

**T:** 08 6557 7900

**F:** 08 6557 7999

**E:** [records@erawa.com.au](mailto:records@erawa.com.au)

**W:** [www.erawa.com.au](http://www.erawa.com.au)

National Relay Service TTY: 13 36 77  
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for those with a vision impairment.

*© 2019 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged*

## Contents

|          |   |          |
|----------|---|----------|
| <b>1</b> | <b>Introduction</b>   | <b>2</b> |
| <b>2</b> | <b>Background</b>   | <b>3</b> |
| 2.1      | Electricity Code  | 3        |
| 2.2      | Gas Compendium  | 3        |
| 2.3      | Payment difficulties and financial hardship                                     | 3        |
| 2.4      | Differentiating between ‘payment difficulties’ and ‘financial hardship’         | 3        |
| <b>3</b> | <b>Hardship Policies &amp; Hardship Procedures</b>                              | <b>5</b> |
| 3.1      | Minimum requirements for Hardship Policies                                      | 5        |
| 3.2      | Minimum requirements for Hardship Procedures                                    | 6        |
| 3.3      | Initial Hardship Policy & Hardship Procedures                                   | 6        |
| 3.4      | Review and amendment of Hardship Policy & Hardship Procedures                   | 6        |
| <b>4</b> | <b>Financial Hardship Policy Guidelines</b>                                     | <b>8</b> |
| 4.1      | Development in consultation with relevant consumer representative organisations | 8        |
| 4.2      | Identifying customers who are experiencing financial hardship                   | 9        |
| 4.3      | Treating customers sensitively and respectfully                                 | 10       |
| 4.4      | Reduction and/or waiver of fees, charges and debt                               | 10       |
| 4.5      | Recovery of debt  | 11       |
| 4.6      | Suspension of disconnection and debt recovery procedures                        | 12       |
| 4.7      | Overview of assistance  | 13       |
| 4.8      | Concessions and grants  | 13       |
| 4.9      | Training of staff   | 14       |
| 4.10     | Instalment plans: Assessing usage needs and capacity to pay                     | 16       |
| 4.11     | Direct telephone number for credit management staff                             | 17       |
| 4.12     | Accessibility & Privacy   | 18       |
| 4.13     | Complaints handling   | 19       |

# 1 Introduction

Energy is required for heating, cooling, lighting, cooking and refrigeration, and so is an essential service for households.

The Western Australian Government provides a range of rebates, subsidies and grants to help residential customers meet their energy costs. In addition to this government assistance, energy providers are well placed to help customers who are experiencing financial hardship avoid disconnection.

The *Code of Conduct for the Supply of Electricity to Small Use Customers* (Electricity Code) and the *Compendium of Gas Customer Licence Obligations* (Gas Compendium) require retailers that supply residential customers to develop a Financial Hardship Policy<sup>1</sup> and Hardship Procedures<sup>2</sup> to assist their customers to meet their financial obligations and responsibilities to the retailer. The Electricity Code and Gas Compendium (collectively referred to as the “Energy Codes”) set out the minimum requirements for Hardship Policies and Hardship Procedures.

These *Financial Hardship Policy Guidelines – Electricity & Gas Licences* have been developed to provide retailers with additional guidance in meeting the requirements set out in the Energy Codes.

---

<sup>1</sup> Clause 6.10(1) requires a retailer to develop a Hardship Policy. The requirements for a Hardship Policy are set out in clause 6.10(2).

<sup>2</sup> Clause 6.10(1) requires a retailer to develop Hardship Procedures. The requirements for Hardship Procedures are set out in clause 6.10(3).

## 2 Background

### 2.1 Electricity Code

Under section 79 of the *Electricity Industry Act 2004*, the Economic Regulation Authority (ERA) has the ability, in consultation with a committee, to approve a code of conduct with the objective of setting standards in the supply and marketing of electricity and protecting customers from undesirable marketing conduct. This code is known as the Electricity Code, and forms subsidiary legislation. Compliance with the Electricity Code is a condition of every electricity retail, distribution and applicable integrated regional licence.<sup>3</sup>

### 2.2 Gas Compendium

On 20 May 2009, the ERA approved the amendment of gas trading and distribution licences, removing some existing customer protection provisions, and replacing them with new provisions contained in the Gas Compendium. The Gas Compendium largely mirrors the Electricity Code, thereby ensuring that requirements across the energy industry are consistent regardless of fuel type.<sup>4</sup> Compliance with the Gas Compendium is a condition of every gas trading and distribution licence.

### 2.3 Payment difficulties and financial hardship

Part 6 of the Energy Codes addresses payment difficulties and financial hardship and sets out requirements for:

- Assessment of a customer's financial situation;
- Alternative payment arrangements;
- Assistance available to customers in payment difficulties or financial hardship; and
- Financial hardship policies and procedures.

These Guidelines explain in detail the requirements for a Hardship Policy and for Hardship Procedures.

### 2.4 Differentiating between 'payment difficulties' and 'financial hardship'

The Energy Codes define 'payment difficulties' as:

a state of immediate financial disadvantage that results in a residential customer being unable to pay an outstanding amount as required by a retailer by reason of a change in personal circumstances.

A customer experiencing payment difficulties has the intention but not the capacity to pay their bills. Payment difficulties can arise from a variety of situations, gradually or suddenly, and can exist over a relatively short period. For example, the theft of a wallet may cause payment difficulties but would not of itself constitute financial hardship.

---

<sup>3</sup> Integrated regional licences authorise any combination of generation, transmission, distribution and retail activities other than through the South West Interconnected System (SWIS).

<sup>4</sup> Obligations related to gas marketing are contained in the *Gas Marketing Code of Conduct*.

Payment difficulties are a short-term situation, but financial hardship is a situation of longer duration.

The Energy Codes require a retailer to provide a customer experiencing payment difficulties with specified alternative payment arrangements and advise the customer that additional assistance is available if the customer is experiencing financial hardship.

The Energy Codes define 'financial hardship' as:

a state of more than immediate financial disadvantage which results in a residential customer being unable to pay an outstanding amount as required by a retailer without affecting the ability to meet the basic living needs of the residential customer or a dependant of the residential customer.

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;
- separation or divorce from a spouse;
- physical and mental health problems;
- loss of a spouse or a loved one;
- a chronically ill child or other family member;
- domestic or family violence;
- budget management difficulties because of 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.

### 3 Hardship Policies & Hardship Procedures

Clause 6.10(1) of the Energy Codes requires a retailer to develop a Hardship Policy and Hardship Procedures to assist customers in meeting their financial obligations and responsibilities to the retailer. Clause 6.10(2) specifies the requirements for a Hardship Policy and clause 6.10(3) specifies the requirements for Hardship Procedures.

The Energy Code requirements for financial hardship policies are split into two separate subclauses. Subclause 6.10(2) specifies what needs to be included in a publicly available Hardship Policy and subclause 6.10(3) specifies the detail that should be included in internal Hardship Procedures.

This means that the Hardship Policy is user-friendly as it only needs to contain information of direct interest to customers. For example, details of what training staff have been given on dealing with customers in financial hardship is not of particular interest to a customer who is in hardship, and such information does not need to appear in the publicly available policy. Details of the training programs for staff is, however, of interest to the ERA, and needs to be included in the Hardship Procedures.

Full details on what the ERA will consider when assessing Hardship Policies and Hardship Procedures are set out in these Guidelines.

To assist retailers in ensuring their Hardship Policy and Hardship Procedures comply with the Energy Codes and these Guidelines, tables of the requirements for a Hardship Policy and Hardship Procedures are contained throughout these Guidelines. Summary tables are contained in Appendix A (requirements for Hardship Policies) and Appendix B (requirements for Hardship Procedures).

#### 3.1 *Minimum requirements for Hardship Policies*

Clause 6.10(2) of the Energy Codes specifies the minimum requirements for a Hardship Policy. Under this clause, a Hardship Policy must:

- (a) be developed in consultation with relevant consumer representatives;
- (b) include a statement encouraging customers to contact their retailer if a customer is having trouble paying the retailer's bill;
- (c) include a statement advising that the retailer will treat all customers sensitively and respectfully;
- (d) include a statement that the retailer may reduce and/or waive fees, charges and debt;
- (e) include an objective set of hardship indicators;
- (f) include:
  - (i) an overview of the assistance available to customers in financial hardship or payment difficulties in accordance with Part 6 of the Code (other than the retailer's requirement to advise the customer of the ability to pay in advance and the matters referred to in clauses 6.8(a), (b) and (d));
  - (ii) that the retailer offers residential customers the right to pay their bill by Centrepay; and
  - (iii) a statement that the retailer is able to provide further detail on request.
- (g) include an overview of any concessions that may be available to the retailer's customers;
- (h) include-
  - (i) the National Interpreter Symbol with the words "Interpreter Services";
  - (ii) information on the availability of independent multi-lingual services; and
  - (iii) information on the availability of TTY services;
- (i) be available on the retailer's website; and
- (j) be available in large print copies; and
- (k) include a statement specifying how the retailer will treat information disclosed by the customer to the retailer and information held by the retailer in relation to the customer.

Section 4 of these Guidelines provides additional guidance on the matters to be included in a Hardship Policy.

### **3.2 Minimum requirements for Hardship Procedures**

Clause 6.10(3) of the Energy Codes specifies the requirements for Hardship Procedures. Under this clause, Hardship Procedures must:

- (a) be developed in consultation with relevant consumer representatives;
- (b) provide for the training of staff –
  - (i) including call centre staff, all subcontractors employed to engage with customers experiencing financial hardship and field officers;
  - (ii) on issues related to financial hardship and its impacts, and how to deal sensitively and respectfully with customers experiencing financial hardship;
- (c) Not Used
- (d) include guidance –
  - (i) that assist the retailer in identifying residential customers who are experiencing financial hardship;
  - (ii) that assist the retailer in determining a residential customer's usage needs and capacity to pay when determining the conditions of an instalment plan;
  - (iii) for suspension of disconnection and debt recovery procedures;
  - (iv) on the reduction and/or waiver of fees, charges and debt; and
  - (v) on the recovery of debt.
- (e) require that the retailer's credit management staff have a direct telephone number and that number be provided to relevant consumer representatives;

Section 4 of these Guidelines provides additional guidance on the matters to be included in Hardship Procedures.

### **3.3 Initial Hardship Policy & Hardship Procedures**

A retailer must have a Hardship Policy and Hardship Procedures in place at the time the licence is granted. The ERA does not have a formal approval role for energy Hardship Policies or Hardship Procedures, however both documents must comply with the Energy Codes and these Guidelines.<sup>5</sup> The ERA will assess the Hardship Policy and Hardship Procedures to determine compliance with the Energy Codes and these Guidelines.

### **3.4 Review and amendment of Hardship Policy & Hardship Procedures**

#### **Review**

Retailers are required to review their Hardship Policies and Hardship Procedures when directed by the ERA to do so.<sup>6</sup>

Clauses 6.10(6) – (8) of the Energy Codes provide as follows:

- (6) If directed by the Authority, a retailer must review its Hardship Policy and Hardship Procedures in consultation with relevant consumer representatives and submit to the Authority the results of that review within 5 business days after it is completed.

<sup>5</sup> The requirement to comply with the Guidelines is in clause 6.10(7) of the Energy Codes.

<sup>6</sup> Clause 6.10(6).



- (7) A retailer must comply with the Authority's Financial Hardship Policy Guidelines.
- (8) If a retailer makes a material amendment to the retailer's Hardship Policy, the retailer must consult with relevant consumer representatives, and submit to the Authority a copy of the retailer's amended Hardship Policy within 5 business days of the amendment.

Requests by the ERA for a retailer to review its Hardship Policy and Hardship Procedures will probably follow any substantial amendments to these Guidelines or to the financial hardship provisions of the Energy Codes. There may also be other reasons why the ERA decides to ask a retailer to review its Hardship Policy and Hardship Procedures from time to time.

If a retailer is directed by the ERA to review its Hardship Policy and/or Hardship Procedures, it must consult with relevant consumer representatives about any changes to these documents. The retailer must submit the results of its review to the ERA within 5 business days after it is completed.<sup>7</sup> This applies whether or not the review leads to changes to the Hardship Policy or Hardship Procedures.

### **Amendment**

A retailer may amend its Hardship Policy and/or Hardship Procedures at any time.

If a retailer makes a material amendment to its Hardship Policy, the retailer must consult with relevant consumer representatives about the amendment and provide the ERA with a copy of the amended policy within 5 business days of the amendment.<sup>8</sup> A retailer is not required to provide the ERA with a copy of its amended Hardship Procedures.

---

<sup>7</sup> Clause 6.10(6).

<sup>8</sup> Clause 6.10(8).

## 4 Financial Hardship Policy Guidelines

Clauses 6.10(2) and 6.10(3) of the Energy Codes specify the minimum requirements for a Hardship Policy and for Hardship Procedures respectively. The Guidelines below provide some background information as to why a particular requirement exists, along with additional guidance on the information a retailer should include in its Hardship Policies or Hardship Procedures in order to meet the requirements.

These Guidelines do not replace the obligations contained in the Energy Codes. When preparing, reviewing or amending their Hardship Policies and Hardship Procedures, retailers should review the obligations in the Energy Codes and these Guidelines.

### 4.1 Development in consultation with relevant consumer representative organisations

The Energy Codes require a Hardship Policy and Hardship Procedures to be developed in consultation with relevant consumer representatives. This requirement recognises the expertise of consumer representatives and the importance of involving them in developing effective Hardship Policies and Hardship Procedures to assist customers. Consumer representatives, such as financial counsellors, have extensive experience in dealing with customers in financial hardship and may provide retailers with valuable insights on current issues affecting hardship.

A retailer may consult on its initial Hardship Policy and Hardship Procedures in many ways. For example, it could seek feedback by organising a meeting with one or more relevant consumer representatives. Alternatively, a retailer may opt to conduct a telephone survey or send a copy of the proposed Hardship Policy and Hardship Procedures to relevant consumer representatives with a request to provide feedback.

A retailer should engage with consumer representatives on the manner and format of the consultation process to ensure that the process is appropriate for both parties.

The requirements for consultation in developing a Hardship Policy and Hardship Procedures are set out below:

| <b>Consulting with relevant consumer representative organisations</b> |   |                              |
|---|---|------------------------------|
| <b>Document:</b>  | <b>Requirement</b>  | <b>Energy Code Reference</b> |
| Hardship Policy   | Developed in consultation with relevant consumer representatives.<br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 9 (after this table).] | Clause 6.10(2)(a)            |
| Hardship Procedures   | Developed in consultation with relevant consumer representatives.<br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 9 (after this table).] | Clause 6.10(3)(a)            |

When submitting the initial Hardship Policy and Hardship Procedures to the ERA for review, a retailer should provide the following information in order to demonstrate compliance with the Energy Codes and Guidelines:

- The names of the consumer representatives that were consulted;
- The manner in which those representatives were consulted (e.g. workshop, telephone, e-mail, etc); and
- The matters on which those representatives were consulted.

## **4.2 Identifying customers who are experiencing financial hardship**

It is important that a customer in financial hardship is identified before the customer has accumulated a large debt to the retailer. To assist customers to self-identify financial hardship, retailers should encourage them to make contact by including a statement on bills, reminders notices and other correspondence that assistance is available by contacting their retailer. A Hardship Policy must include a statement encouraging customers to contact their retailer if a customer is having trouble paying the retailer's bill.

A retailer is required to include an objective set of criteria in its Hardship Policy to assist its staff to identify customers in financial hardship, as well as assisting customers to self-identify. Criteria could include one or more of the factors listed in section 2.4 on page 5 of these Guidelines.

Retailers can help customers to self-identify as being in financial hardship by ensuring service staff are trained to communicate sensitively with customers in financial hardship. Section 4.3 of these Guidelines provides more detail about treating customers sensitively and respectfully.

The Energy Codes require Hardship Procedures to include guidance that assists the retailer to identify residential customers who are experiencing financial hardship. To address this requirement, a retailer could establish processes to proactively identify customers in financial hardship. For example, clause 7.1(1)(b) of the Energy Codes requires a retailer to use its best endeavours to contact a customer before arranging disconnection of the customer's energy supply. For customers who have a history of late payments, a retailer may establish processes to contact these customers personally to determine whether they are in financial hardship and may be eligible for the assistance available under Part 6 of the Energy Codes.

Retailers can also identify customers in financial hardship by using a specialist team who are trained to deal with customers in financial hardship. The retailer's call centre staff could refer customers who are in financial hardship to this team.

The requirements for a Hardship Policy and Hardship Procedures about identifying customers in financial hardship are set out below:

| <b>Identifying customers in financial hardship</b> |   |                              |
|--|---|------------------------------|
| <b>Document:</b>                                   | <b>Requirement</b>  | <b>Energy Code Reference</b> |
| Hardship Policy                                    | Include a statement encouraging customers to contact their retailer if a customer is having trouble paying the retailer's bill. | Clause 6.10(2)(b)            |
|  | Include an objective set of hardship indicators.  | Clause 6.10(2)(e)            |
| Hardship Procedures                                | Include guidance that assists the retailer in identifying residential customers who are experiencing financial hardship.        | Clause 6.10(3)(d)(i)         |

### 4.3 *Treating customers sensitively and respectfully*

Customers in financial hardship may find it difficult to discuss their financial problems with their retailer for a variety of reasons. Customers who put off contacting their retailer are more likely to accumulate large debts than those who contact their retailer early on. It is not in the customer's or the retailer's best interest for this to occur. A customer is more likely to contact their retailer early if the customer feels that they will be respected and listened to without judgement. It is important that retailers treat their customers sensitively and respectfully.

As discussed in Section 4.9, retailers are required to train staff on how financial hardship affects customers and how to communicate with customers in financial hardship. This training could include some of the cultural and social issues to consider when dealing with disadvantaged customers.

The requirement for a Hardship Policy about treating customers sensitively and respectfully is set below:

| <b>Treating customers sensitively and respectfully</b> |   |                              |
|--|---|------------------------------|
| <b>Document:</b>                                       | <b>Requirement</b>  | <b>Energy Code Reference</b> |
| Hardship Policy  | Include a statement advising that the retailer will treat all customers sensitively and respectfully. | Clause 6.10(2)(c)            |

### 4.4 *Reduction and/or waiver of fees, charges and debt*

Clause 6.6(1) of the Energy Codes requires a retailer to give reasonable consideration to a request by a customer, or a relevant consumer representative, for a reduction of the customer's fees, charges and debt. Further, subclause (2) requires the retailer to refer to "the hardship procedures referred to in clause 6.10(3)" when giving "reasonable consideration" under subclause (1).

It is important that Hardship Procedures address the reduction or waiver of fees, charges *and* debt; not just one or two of these three components.

#### *Circumstances that may warrant a reduction of waiver*

A retailer should consider clarifying within its Hardship Policy when a customer may be eligible for a reduction and/or waiver of fees, charges and debt. For example, a retailer could indicate in its Hardship Policy that it will generally waive a debt if death, spousal separation or domestic violence causes financial hardship.

### Types of fees, charges and debt that may be reduced or waived

As a minimum, a Hardship Policy should specify that a customer will not be charged a late payment fee if the customer has been assessed by the retailer as being in financial hardship (as required under clause 5.6(1)(d) of the Energy Codes).

A retailer should consider specifying within its Hardship Policy what other fees, charges and debt it may consider reducing or waiving. For example, a Hardship Policy could provide for reconnection and/or disconnection fees to be waived for customers in financial hardship.

### Manner in which fees, charges and debt may be reduced or waived

Fees, charges and debt may be waived in full or partially. A retailer may also make the waiver of fees, charges and debt conditional upon the customer meeting certain conditions. Hardship Procedures should set out the manner and conditions under which a retailer may reduce and/or waive fees, charges and debt.

For example, a retailer could offer to match any payments a customer makes towards an outstanding debt or agree to waive the debt once the customer has repaid a certain percentage of the debt.

The requirements for a Hardship Policy and Hardship Procedures about the reduction/waiver of fees, charges and debt are set out in the table below:

| Statement that a retailer may reduce/waive debt |   |                       |
|---|---|-----------------------|
| Document:                                       | Requirement   | Energy Code Reference |
| Hardship Policy                                 | Include a statement that a retailer may reduce and/or waive fees, charges and debt.   | Clause 6.10(2)(d)     |
| Hardship Procedures                             | Include guidance on the reduction and/or waiver of fees, charges and debt.<br><i>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 12 (after this table).]</i> | Clause 6.10(3)(d)(iv) |

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Energy Codes and Guidelines:

- The circumstances under which the retailer will consider reducing and/or waiving fees, charges and debt;
- The types of fees, charges and debt that the retailer will consider reducing or waiving; and
- The manner in which fees, charges and debt may be reduced or waived.

## 4.5 Recovery of debt

Clauses 7.1 to 7.3 of the Energy Codes set out the requirements a retailer must meet prior to disconnecting a customer for failing to pay a bill. These requirements will generally also apply to the recovery of debt. For example, before disconnecting a customer for failing to pay a bill the retailer must give the customer at least a reminder notice and disconnection warning.

A retailer must not commence proceedings for the recovery of debt from a financial hardship customer who continues to make payments under an alternative payment arrangement (clause

5.8(1) of the Energy Codes). The requirements of clause 5.8 also apply if a retailer outsources the recovery of its debt to a debt collection agency.

If a retailer refers debt to a debt collection agency, the Hardship Policy should advise customers that their debt may be collected by a debt collection agency and whether this may result in additional fees for the customer.

The requirements for a Hardship Policy and Hardship Procedures on debt recovery are set out in the table below.

| <b>Statement that a retailer may reduce/waive debt</b> |   |                              |
|--|---|------------------------------|
| <b>Document:</b>                                       | <b>Requirement</b>  | <b>Energy Code Reference</b> |
| Hardship Policy  | Include wording to advise customers that additional fees may be incurred if a retailer refers debt to debt collection agencies (if applicable). | Guideline requirement        |
| Hardship Procedures                                    | Include guidance on the recovery of debt.   | Clause 6.10(3)(d)(v)         |

#### **4.6 Suspension of disconnection and debt recovery procedures**

Hardship Procedures must include guidance on the suspension of disconnection and debt recovery procedures (clause 6.10(3)(d)(iii) of the Energy Codes).

The Hardship Policy should specify that the customer may request a temporary suspension of disconnection and debt recovery procedures. Further, a retailer must not unreasonably deny such a request if the customer demonstrates to the retailer that the customer has made an appointment with a relevant consumer representative to assess the customer's capacity to pay (clause 6.2(2) of the Energy Codes).

In the interests of transparency, a retailer should consider providing further guidance in its Hardship Policy about how a customer may demonstrate that they have an appointment with a relevant consumer representative. For example, a retailer should consider if it will accept a customer's verbal confirmation of an appointment. A retailer should also consider providing guidance about the circumstances under which the retailer could deny a request for a temporary suspension of actions.

The Hardship Policy should specify that a retailer will suspend any disconnection if a hardship customer has accepted the retailer's offer of an alternative payment arrangement, and has used reasonable endeavours to settle the debt before the deadline specified in the retailer's disconnection warning (as required under clause 7.2(1)(b) of the Energy Codes).

If a retailer requires a customer to "use reasonable endeavours to settle the debt" before disconnection procedures will be suspended, the retailer should provide further guidance in the Hardship Policy on what is meant by "reasonable endeavours", and how a customer will meet the requirement to use "reasonable endeavours".

A retailer may not commence proceedings to recover debt from a customer who is experiencing payment difficulties or financial hardship and who continues to make payments under an alternative payment arrangement (clause 5.8(1) of the Energy Codes).

The requirement for Hardship Procedures on the suspension of disconnection and debt recovery procedures is set out in the table below.

| <b>Suspension of disconnection and debt recovery procedures</b> |   |                              |
|---|---|------------------------------|
| <b>Document:</b>  | <b>Requirement</b>  | <b>Energy Code Reference</b> |
| Hardship Policy   | Include a statement that if a customer is experiencing payment problems, they can request a temporary suspension of actions.  | Guideline requirement        |
|   | Include a statement that any disconnection procedures will be suspended if a hardship customer has accepted the retailer's offer for an alternative payment arrangement and has used reasonable endeavours to settle the debt before the expiry of the time frame specified by the retailer in the disconnection warning. | Clause 7.2(1)(b)             |
| Hardship Procedures   | Include guidance on the suspension of disconnection and debt recovery procedures.   | Clause 6.10(3)(d)(iii)       |

#### 4.7 Overview of assistance

Part 6 of the Energy Codes details a variety of forms of assistance that are available to customers who are in financial hardship, such as alternative payment arrangements, instalment plans, the suspension of disconnection and debt recovery procedures, and the possibility of the reduction or waiver of fees, charges and debt.

The requirements for a Hardship Policy to provide an overview of assistance are set out below.

| <b>Overview of Assistance</b> |  |                              |
|-------------------------------|--|------------------------------|
| <b>Document:</b>              | <b>Requirement</b>   | <b>Energy Code Reference</b> |
| Hardship Policy               | Include an overview of the assistance available to customers in financial hardship or payment difficulties in accordance with Part 6 of the Energy Codes (other than the retailer's requirement to advise the customer of the ability to pay in advance and the matters referred to in clauses 6.8(a), (b) and (d)). | Clause 6.10(2)(f)            |
|                               | Include a statement that the retailer offers residential customers the right to pay their bill by Centrepay.   |                              |
|                               | Include a statement that the retailer is able to provide further detail of assistance available to customers in financial hardship or payment difficulties in accordance with Part 6 upon request.   |                              |

#### 4.8 Concessions and grants

Energy concessions are available to holders of certain concession cards in both electricity and gas. For administrative reasons, these concessions are applied to a customer's electricity account only by electricity retailers (as opposed to gas retailers) and customers need to register their details with electricity retailers to have the concessions applied to gas as well as electricity.

The Government's Hardship Utility Grant Scheme provides grants to customers in financial hardship to assist them to pay their outstanding energy debts.

Although many holders of a concession card will not be in financial hardship, it is likely that a large percentage of customers in financial hardship will hold or be eligible for a concession card. Concessions and grants can reduce a customer's bill and assist the customer to stay connected to energy supply.

It is therefore important that customers in financial hardship are advised of the availability of concessions and grants. To this end, the Energy Codes require retailers to advise customers in financial hardship of any concessions and grants available to the customer.

The requirement for a Hardship Policy to provide information about concessions is set out in the table below:

| <b>Concessions and grants</b> |  |                              |
|-------------------------------|--|------------------------------|
| <b>Document:</b>              | <b>Requirement</b>   | <b>Energy Code Reference</b> |
| Hardship Policy               | Include an overview of any concessions that may be available to the retailer's customers.<br><i>Note: the definition of 'concession' in the code &amp; compendium includes concessions and grants.</i> | Clause 6.10(2)(g)            |

## 4.9 Training of staff

The Energy Codes require Hardship Procedures to provide for the training of staff, including call centre staff, all subcontractors employed to engage with customers experiencing financial hardship and field officers.<sup>9</sup>

Comprehensive training should be provided to the staff listed in clause 6.10(3)(b)(i). However, all levels of a retailer's business will benefit from training in hardship matters and retailers should consider whether some general awareness training should be provided to all staff.

A Hardship Policy and Hardship Procedures are most likely to succeed if senior management's commitment to the training program is clearly communicated to the organisation.

### Content of training

Staff training must focus on financial hardship and its effects, and how to deal with customers in a sensitive and respectful manner (see section 4.3 of these Guidelines for further detail).

As a minimum, training should be provided to front-line staff (such as staff in call centres and credit management departments) on the retailer's obligations in Part 6 of the Energy Codes. This includes, for example, granting a temporary suspension of actions, offering alternative payment arrangements, giving consideration to reducing fees, charges or debt, and providing information to customers.

Training should also address the main cultural and social issues for significant customer groups, help staff to develop communication skills for engaging with customers in financial hardship, and enable staff to educate customers by providing basic energy saving tips, information on energy audits, concessions, rebates, Centrelink benefits and budgeting.

<sup>9</sup> Paragraph (i) of clause 6.10(3)(b).



Training provided to staff that do not directly deal with customers in financial hardship could be of a more general nature.

### **Timing of training**

Training of front-line staff should preferably occur before, or at least as soon as possible after, an employee is engaged in a position that requires them to interact with customers in financial hardship.

Retailers should provide staff with regular refresher training.

### **Development of training**

Retailers should consider consulting consumer representatives when developing some of their training packages. Consulting consumer representatives 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 main cultural and social issues to consider when dealing with disadvantaged customers.

The staff training requirements that must be in Hardship Procedures are set out in the table below.

| <b>Staff training</b> |  |                              |
|-----------------------|--|------------------------------|
| <b>Document:</b>      | <b>Requirement</b>   | <b>Energy Code Reference</b> |
| Hardship Procedures   | Provide for the training of staff including call centre staff, all subcontractors employed to engage with customers experiencing financial hardship and field officers.<br><br><i>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 16 (after this table).]</i> | Clause 6.10(3)(b)(i)         |
|                       | Provide for the training of staff on issues related to financial hardship and its impacts, and how to deal with customers sensitively and respectfully.<br><br><i>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 16 (after this table).]</i>                 | Clause 6.10(3)(b)(ii)        |

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Energy Codes and Guidelines:

- A short description of the training provided by the retailer to its staff;
- A general description of the staff that have received training over the past 12 months (e.g. call centre staff, contractors, senior management, etc.) and how often that training has been provided; and
- Information on whether any consumer representatives were consulted on the development of any of the training packages and, if so, which representatives were consulted.

#### ***4.10 Instalment plans: Assessing usage needs and capacity to pay***

Clause 6.1(1)(a) of the Energy Codes requires a retailer to assess whether a residential customer is experiencing payment difficulties or financial hardship within five business days of being informed by a customer that they are experiencing payment problems. If the retailer determines that the customer is experiencing payment difficulties or financial hardship, it must offer the customer additional time to pay the bill and an instalment plan.<sup>10</sup>

##### ***Determining the conditions of an instalment plan***

A retailer's Hardship Procedures must include guidance that assists the retailer to determine a residential customer's usage needs, including ongoing usage, and capacity to pay when determining the conditions of an instalment plan. A retailer should ask a customer how much they can afford to pay and determine a realistic payment plan based on the customer's circumstances. If a retailer requires the customer to make an upfront payment to enter into the payment plan, the amount of the upfront payment should be fair and reasonable. A retailer should be aware that some customers may commit to repaying more than they can afford because they are anxious to either avoid disconnection or to be reconnected to supply.

Retailers have legitimate commercial objectives, and a Hardship Policy should not allow customers to avoid their financial obligations to the retailer. However, where a customer in financial hardship has a large debt, the customer is unlikely to meet their commitments under a payment plan if a large payment is required upfront followed by substantial instalments in quick succession. Repaying a large debt within a short timeframe is usually impossible for people in financial hardship. Any payment plan that over-commits a customer is unlikely to succeed and may result in the customer being disconnected. For this reason, it is recommended that retailers involve the customer and, if applicable, their financial counsellor, in setting a payment plan. Retailers should consider the customer's capacity to pay when setting the duration of a payment plan.

##### ***Assessment made by a financial counsellor***

If the customer has seen a financial counsellor, the retailer should consider the financial counsellor's assessment of the customer's usage needs and capacity to pay. Financial counsellors help each client in financial hardship develop a budget, and assess a customer's capacity to pay. Part 6 of the Energy Codes therefore provides that a retailer must give

---

<sup>10</sup> The Code requires retailers to offer a customer additional time to pay the bill and an instalment plan. The customer may choose either. It is not the intention of the Code to require the retailer to grant both options to the customer.

reasonable consideration to advice given (if any) by a relevant consumer representative when assessing a customer's financial situation (clause 6.1).

A retailer may further adopt an assessment carried out by a relevant consumer representative for the purposes of clause 6.1(1)(a).<sup>11</sup> Where an assessment is to be provided by a relevant consumer representative organisation, a retailer should provide the representative with any relevant information on the customer's financial situation (subject to privacy and customer consent requirements).

### **Empowering staff to negotiate payment plans with customers**

A retailer's staff should be empowered to negotiate and agree on appropriate measures for customers. Staff should be aware of the agencies to which customers in financial hardship can be referred for further advice, along with other services that may assist the customer in managing their future energy consumption and financial obligations. This may include providing energy efficiency information and offering payment options such as Centrepay. Centrepay helps customers who receive Centrelink payments to budget for essential household bills, such as utilities. Retailers may be able to assist their customers by discussing Centrepay with eligible customers.

The requirement for Hardship Procedures governing the conditions of an instalment plan is set out below.

| <b>Determining a customer's usage needs and capacity to pay when determining the conditions of an instalment plan</b> |  |                              |
|---|--|------------------------------|
| <b>Document:</b>  | <b>Requirement</b>   | <b>Energy Code Reference</b> |
| Hardship Procedures   | Provide that, within five business days of being informed by a residential customer that they are experiencing payment problems, the retailer will assess whether the customer is experiencing payment difficulties or financial hardship. | Clause 6.1(1)(a)             |
|   | Include guidance on how to determine a residential customer's usage needs and capacity to pay when determining the conditions of an instalment plan.   | Clause 6.10(3)(d)(ii)        |
|   | Provide that reasonable consideration is given to advice given (if any) by a relevant consumer representative.   | Clause 6.1(3)(b)             |

### **4.11 Direct telephone number for credit management staff**

Clause 6.10(3)(e) of the Energy Codes requires a retailer's credit management staff have a direct telephone number, and that the number be provided to relevant consumer representatives.

There must be a direct telephone number for the retailer's credit management staff in order to assist communication between a retailer's credit management staff and relevant consumer representatives.

The requirements for Hardship Procedures to include a retailer's contact details are set out below:

<sup>11</sup> Clause 6.1(2),

| Direct telephone number for a retailer's credit management staff |   |                       |
|--|---|-----------------------|
| Document:  | Requirement   | Energy Code Reference |
| Hardship Procedures  | Require the retailer's credit management staff to have a direct telephone number.<br><i>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 18 (after this table).]</i>   | Clause 6.10(3)(e)     |
| Hardship Procedures  | Require the retailer's direct telephone number for credit management staff to be provided to relevant consumer representatives.<br><i>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 18 (after this table).]</i> | Clause 6.10(3)(e)     |

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Energy Codes and Guidelines:

- Whether the retailer's credit management staff have a direct telephone number and, if so:
  - whether this number has been provided to relevant consumer representatives; and
  - if so, which representatives have been provided with it.

## 4.12 Accessibility & Privacy

Customers in financial hardship need to know their rights and responsibilities. Retailers should therefore actively promote awareness of their Hardship Policy to customers, relevant consumer representatives and other appropriate agencies.

Retailers must ensure that their Hardship Policy is available on their website. The Hardship Policy on the website should be on a page that is easy for customers to find. In any event, a retailer must provide a copy of the Hardship Policy (including by post at no charge upon request) to any customer or relevant consumer representative who requests a copy (clause 6.10(4) of the Energy Codes).

A hardship policy should be written in clear, simple and concise language and be in a format that makes it easy to understand (clause 10.9 of the Energy Codes).

Retailers are also required to make the Hardship Policy available in large print.

The availability of interpreter services for non-English speaking people and communications technology for the hearing and sight impaired is important so that all customers may understand the policy.

A hardship policy must specify how the retailer will treat the customer's information.

The accessibility and privacy requirements for a Hardship Policy are set out in the table below.

| Accessibility and privacy |   |                        |
|---------------------------|---|------------------------|
| Document:                 | Requirement   | Energy Code Reference  |
| Hardship Policy           | Include the National Interpreter Symbol with the words "Interpreter Services".  | Clause 6.10(2)(h)(i)   |
|                           | Include information on the availability of independent multi-lingual services.  | Clause 6.10(2)(h)(ii)  |
|                           | Include information on the availability of TTY services.  | Clause 6.10(2)(h)(iii) |
|                           | Available on the retailer's website.<br><br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 19 (after this table).] | Clause 6.10(2)(i)      |
|                           | Available in large print copies.  | Clause 6.10(2)(j)      |
|                           | Include a statement specifying how the retailer will treat information disclosed by the customer to the retailer and information held by the retailer in relation to the customer.  | Clause 6.10(2)(k)      |
|                           | Written in clear, simple and concise language and is in a format that makes it easy to understand.  | Clause 10.9            |

When submitting a Hardship Policy to the ERA for review, a retailer should provide the following information in order to demonstrate compliance with the Energy Codes and Guidelines:

- Confirmation that the Hardship Policy is available on the retailer's website; and
- The format in which the Hardship Policy is available to customers (e.g. hard copy, electronic format, large print etc).

When submitting Hardship Procedures to the ERA for review, a retailer may consider providing the following additional information:

- How the retailer promotes awareness of the Hardship Policy to its customers and other appropriate agencies (e.g. by including a statement on the bill or reminder notices, targeted mail distribution, provision of information to seminars and training events, and liaison with consumer representative organisations).

### 4.13 Complaints handling

Part 12 of the Energy Codes requires retailers to have a complaints handling process. It would be useful if information on the retailer's complaints handling process and relevant contact information were included in the Hardship Policy. Such information would assist customers who wish to lodge a complaint about any of the retailer's obligations under Part 6 of the Energy Codes, such as a retailer's assessment of the customer's capacity to pay, the payment arrangement offered, etc.

The complaints handling requirement for a Hardship Policy is set out in the table below:

| <b>Complaints handling</b> |  |                              |
|----------------------------|--|------------------------------|
| <b>Document:</b>           | <b>Requirement</b>   | <b>Energy Code Reference</b> |
| Hardship Policy            | Policy to include information regarding the retailer's complaints handling process, including the retailer's contact details and the Energy Ombudsman's contact details. | Guideline requirement        |

## Appendix A – Hardship Policy Checklist

Before submitting a copy of an initial or reviewed Hardship Policy, a retailer should review it against the following requirements. Unless all answers in the checklist column are marked with a 'Yes', it is unlikely the Hardship Policy will be compliant with the Energy Codes and Guidelines.

| Checklist reference number | Page no. in Guidelines | Energy Codes Clause    | Requirements  | Checklist |
|----------------------------|------------------------|------------------------|---|-----------|
| A1*                        | 8                      | Clause 6.10(2)(a)      | Hardship Policy was developed in consultation with relevant consumer representatives.<br><br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 9.]  | Yes / No  |
| A2                         | 10                     | Clause 6.10(2)(b)      | Hardship Policy includes a statement encouraging customers to contact their retailer if a customer is having trouble paying the retailer's bill.  | Yes / No  |
| A3                         | 10                     | Clause 6.10(2)(c)      | Hardship Policy includes a statement advising that the retailer will treat all customers sensitively and respectfully.  | Yes / No  |
| A4                         | 11                     | Clause 6.10(2)(d)      | Hardship Policy includes a statement that the retailer may reduce and/or waive fees, charges and debt.  | Yes / No  |
| A5                         | 10                     | Clause 6.10(2)(e)      | Hardship Policy includes an objective set of hardship indicators.   | Yes / No  |
| A6                         | 13                     | Clause 6.10(2)(f)(i)   | Hardship Policy includes an overview of the assistance available to customers in financial hardship or payment difficulties in accordance with Part 6 of the Energy Codes (other than the retailer's requirement to advise the customer of the ability to pay in advance and the matters referred to in clause 6.8(a), (b) and (d). | Yes / No  |
| A7                         | 13                     | Clause 6.10(2)(f)(ii)  | Hardship Policy includes a statement that the retailer offers residential customers the right to pay their bill by Centrepay,   | Yes/No    |
| A8                         | 13                     | Clause 6.10(2)(f)(iii) | Hardship Policy includes a statement that the retailer is able to provide further detail of assistance available to customers in financial hardship or payment difficulties in accordance with Part 6 upon request.   | Yes / No  |
| A9                         | 14                     | Clause 6.10(2)(g)      | Hardship Policy includes an overview of any concessions and grants that may be available to the retailer's customers.   | Yes / No  |
| A10                        | 19                     | Clause 6.10(2)(h)(i)   | Hardship Policy includes the National Interpreter Symbol with the words "Interpreter Services".   | Yes / No  |
| A11                        | 19                     | Clause 6.10(2)(h)(ii)  | Hardship Policy includes information on the availability of independent multi-lingual services.   | Yes / No  |
| A12                        | 19                     | Clause 6.10(2)(h)(iii) | Hardship Policy includes information on the availability of TTY services.   | Yes / No  |
| A13                        | 19                     | Clause 6.10(2)(i)      | Hardship Policy is available on the retailer's website.<br><br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 19.]   | Yes / No  |
| A14                        | 19                     | Clause 6.10(2)(j)      | Hardship Policy is available in large print copies.   | Yes / No  |
| A15                        | 19                     | Clause 6.10(2)(k)      | Hardship Policy includes a statement specifying how the retailer will treat information disclosed by  | Yes / No  |

|     |    |                             |   |          |
|-----|----|-----------------------------|---|----------|
|     |    |                             | the customer to the retailer and information held by the retailer in relation to the customer.  |          |
| A16 | 13 | Clause 7.2(1)(b)            | Hardship Policy includes a statement that any disconnection procedures will be suspended if a hardship customer has accepted the retailer's offer of an alternative payment arrangement and has used reasonable endeavours to settle the debt before the expiry of the time frame specified by the retailer in the disconnection warning. | Yes / No |
| A17 | 19 | Clause 10.9                 | Hardship Policy is written in clear, simple and concise language and is in a format that makes it easy to understand.   | Yes / No |
| A18 | 12 | N/A (Guideline requirement) | Hardship Policy includes wording to advise customers that additional fees may be incurred if a retailer refers debt to debt collection agencies (if applicable).  | Yes / No |
| A19 | 13 | N/A (Guideline requirement) | Hardship Policy includes a statement that if a customer is experiencing payment problems, they can request a temporary suspension of actions.   | Yes / No |
| A20 | 20 | N/A (Guideline requirement) | Hardship Policy to include information regarding the retailer's complaints handling process, including the retailer's contact details and the Energy Ombudsman's contact details.   | Yes / No |

\* Items marked with an asterisk indicate that they are only applicable for an initial Hardship Policy.



## Appendix B – Hardship Procedures Checklist

Before submitting a copy of initial or reviewed Hardship Procedures, a retailer should review them against the following requirements. Unless all answers in the checklist column are marked with a 'Yes', it is unlikely the Hardship Procedures will be compliant with the Energy Codes and Guidelines.

| Checklist reference number | Page no. in Guidelines | Energy Codes Clause    | Requirements   | Checklist |
|----------------------------|------------------------|------------------------|--|-----------|
| B1*                        | 8                      | Clause 6.10(3)(a)      | Hardship Procedures were developed in consultation with relevant consumer representatives.<br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 9.]  | Yes / no  |
| B2                         | 15                     | Clause 6.10(3)(b)(i)   | Hardship Procedures provide for the training of staff, including call centre staff, all subcontractors employed to engage with customers experiencing financial hardship and field officers.<br>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 16.]                | Yes / No  |
| B3                         | 15                     | Clause 6.10(3)(b)(ii)  | Hardship Procedures provide for the training of staff on issues related to financial hardship and its impacts, and how to deal sensitively and respectfully with customers experiencing financial hardship.<br>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 16.] | Yes / No  |
| B4                         | 10                     | Clause 6.10(3)(d)(i)   | Hardship Procedures include guidance that assists the retailer in identifying residential customers who are experiencing financial hardship.   | Yes / No  |
| B5                         | 17                     | Clause 6.10(3)(d)(ii)  | Hardship Procedures include guidance on how to determine a residential customer's usage needs and capacity to pay when determining the conditions of an instalment plan.   | Yes / No  |
| B6                         | 13                     | Clause 6.10(3)(d)(iii) | Hardship Procedures include guidance on the suspension of disconnection and debt recovery procedures.  | Yes / No  |
| B7                         | 11                     | Clause 6.10(3)(d)(iv)  | Hardship Procedures include guidance on the reduction and/or waiver of fees, charges and debt.<br>[NOTE: For guidance on the information a retailer should include in its Hardship Procedures to demonstrate compliance with this requirement, see the bullet points on page 12.]  | Yes / No  |
| B8                         | 12                     | Clause 6.10(3)(d)(v)   | Hardship Procedures include guidance on the recovery of debt.  | Yes / No  |
| B9                         | 18                     | Clause 6.10(3)(e)      | Hardship Procedures require the retailer's credit management staff to have a direct telephone number.<br>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 18.]  | Yes / No  |

|     |    |                   |  |          |
|-----|----|-------------------|--|----------|
| B10 | 18 | Clause 6.10(3)(e) | Hardship Procedures require the retailer's direct telephone number for credit management staff to be provided to relevant consumer representatives.<br><i>[NOTE: For guidance on the information a retailer should submit to the ERA to demonstrate compliance with this requirement, see the bullet points on page 18.]</i> | Yes / No |
| B11 | 17 | Clause 6.1(1)(a)  | The Hardship Procedures provide that, within five business days of being informed by a residential customer that they are experiencing payment problems, the retailer will assess whether the customer is experiencing payment difficulties or financial hardship.   | Yes / No |
| B12 | 17 | Clause 6.1(3)(b)  | The Hardship Procedures provide that reasonable consideration is given to advice given (if any) by a relevant consumer representative.   | Yes / No |

\* Items marked with an asterisk indicate that they are only applicable for initial Hardship Procedures.