



**Economic Regulation Authority**

# Financial Hardship Policy Guidelines – Electricity Licences

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# 1. Introduction

Electricity 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 electricity costs. In addition to this government assistance, electricity 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) requires 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 sets out the minimum requirements for Hardship Policies and Hardship Procedures.

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

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<sup>1</sup> Subclause 46(1) requires a retailer to develop a Hardship Policy. The requirements for a Hardship Policy are set out in clause 46(2)

<sup>2</sup> Subclause 46(1) requires a retailer to develop Hardship Procedures. The requirements for Hardship Procedures are set out in subclause 46(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 Payment assistance

Part 6 of the Electricity Code addresses payment assistance and sets out requirements for:

- Assessment of a customer's financial situation;
- Payment assistance;
- Additional assistance available to residential customers experiencing financial hardship; and
- Business customers experiencing payment difficulties.

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

### 2.3 Financial hardship

The Electricity Code defines 'financial hardship', in relation to a residential customer, as:

a state of long-term financial disadvantage as a result of which the customer is unable to pay an outstanding amount as required by a retailer without affecting the customer's ability to meet the basic living needs of the customer or a dependant of the 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

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<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).

- 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 46(1) of the Electricity Code requires a retailer to develop, maintain and implement a Hardship Policy and Hardship Procedures to assist customers to meet their financial obligations and responsibilities to the retailer.

The Electricity Code requirements for financial hardship policies are split into two separate subclauses. Subclause 46(2) specifies what needs to be included in a publicly available Hardship Policy and subclause 46(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 Electricity Code, 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 46(2) of the Electricity Code specifies the minimum requirements for a Hardship Policy. Under this clause, a Hardship Policy must:

- (a) include a statement encouraging customers to contact their retailer if a customer is experiencing problems paying their bill; and
- (b) include a statement advising that the retailer will treat all customers sensitively and respectfully; and
- (c) include a statement that the retailer may reduce or waive fees, charges or debt; and
- (d) include an objective set of hardship indicators; and
- (e) include:
  - (i) an overview of the payment and other assistance available to customers under this Part (other than the retailer's requirement to advise the customer of the ability to pay in advance and the matters referred to in clause 45(3)(a), (b) and (d)); and
  - (ii) a statement 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 details on request.
- (f) include an overview of any concessions that may be available to the retailer's customers; and
- (g) include-
  - (i) the telephone number for interpreter services, identified by the National Interpreter Symbol; and
  - (ii) the telephone number (or numbers) for services that can assist customers with a speech or hearing impairment; and
- (h) for printed copies of the hardship policy - be available in large-print copies; and
- (i) 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 46(3) of the Electricity Code specifies the requirements for Hardship Procedures. Under this clause, Hardship Procedures must:

- (a) provide for the training of staff (including call centre staff, field officers and all subcontractors employed to engage with customers experiencing financial hardship) about issues related to financial hardship and its impacts, and how to deal sensitively and respectfully with customers experiencing financial hardship; and
- (b) include guidance –
  - (i) that assists the retailer in identifying residential customers who are experiencing financial hardship; and
  - (ii) that assists the retailer in determining a residential customer’s usage needs and capacity to pay when determining the conditions of a payment plan; and
  - (iii) about the suspension of disconnection and debt recovery procedures; and
  - (iv) about the reduction or waiver of fees, charges or debt; and
  - (v) about the recovery of debt.  
and
- (c) require that the retailer’s credit management staff have a direct telephone number and that the 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 electricity Hardship Policies or Hardship Procedures, however both documents must comply with the Electricity Code. The ERA will assess the Hardship Policy and Hardship Procedures to determine compliance with the Electricity Code.

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

### 3.4.1 *Review*

Retailers are required to review their Hardship Policies and Hardship Procedures when directed by the ERA to do so.

Clause 46(6) of the Electricity Code provides as follows:

- (6) If directed by the Authority, a retailer must, within a period specified by the Authority –
  - (a) review its hardship policy or hardship procedures; and
  - (b) consult with relevant consumer representatives for the purposes of the review; and
  - (c) submit the results of the review to the Authority.

Requests by the ERA for a retailer to review its Hardship Policy and Hardship Procedures will probably follow any substantial amendments to the financial hardship provisions of the



Electricity Code. 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 the specified period.<sup>4</sup> This applies whether or not the review leads to changes to the Hardship Policy or Hardship Procedures.

### **3.4.2 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.<sup>5</sup> A retailer is not required to provide the ERA with a copy of its amended Hardship Procedures.

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<sup>4</sup> Sub clause 46(6)

<sup>5</sup> Sub clause 46(5)(b)

## 4. Financial Hardship Policy Guidelines

Clauses 46(2) and 46(3) of the Electricity Code 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 Electricity Code. When preparing, reviewing or amending their Hardship Policies and Hardship Procedures, retailers should review the obligations in the Electricity Code.

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

The Electricity Code requires 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:

Consulting with relevant consumer representative organisations		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Developed in consultation with relevant consumer representatives. <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 9 (after this table).]</i>	Clause 46(4)(a)
Hardship Procedures	Developed in consultation with relevant consumer representatives. <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 9 (after this table).]</i>	Clause 46(4)(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 Electricity Code:

- 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 2.3 on page 3 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 Electricity Code requires 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 48(1)(b) of the Electricity Code requires a retailer to use its best endeavours to contact a customer before arranging disconnection of the customer's electricity 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 Electricity Code.

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:

Identifying customers in financial hardship		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include a statement encouraging customers to contact the retailer if they are experiencing problems paying their bill.	Clause 46(2)(a)
	Include an objective set of hardship indicators.	Clause 46(2)(d)
Hardship Procedures	Include guidance that assists the retailer in identifying residential customers who are experiencing financial hardship.	Clause 46(3)(b)(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:

Treating customers sensitively and respectfully		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include a statement advising that the retailer will treat all customers sensitively and respectfully.	Clause 46(2)(b)

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

Clause 45 of the Electricity Code 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 take into account its hardship policies and procedures under clause 46.

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.

#### 4.4.1 **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 or waiver of fees, charges or 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.

#### 4.4.2 **Types of fees, charges or 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 is experiencing financial hardship (as required under subclause 37(1)(d) of the Electricity Code).

A retailer should consider specifying within its Hardship Policy what other fees, charges or 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.

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

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

Statement that a retailer may reduce/waive debt		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include a statement that a retailer may reduce or waive fees, charges or debt.	Subclause 46(2)(c)
Hardship Procedures	Include guidance about the reduction or waiver of fees, charges or debt.  [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).]	Subclause 46(3)(b)(iv)

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Electricity Code:

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

## 4.5 Recovery of debt

Clauses 48 to 50 of the Electricity Code sets 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 (subclause 39(1)(b) of the Electricity Code). The requirements of subclause 39(1)(b) also apply if a retailer outsources the recovery of its debt to a debt collection agency.

The requirements for a Hardship Policy and Hardship Procedures on debt recovery are set out in the table below. This requirement for a Hardship Policy is not a specific requirement of the Electricity Code and is therefore optional for retailers to include in their Hardship Policy.

Statement that a retailer may reduce/waive debt		
Document:	Requirement	Electricity Code Reference
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 (optional)
Hardship Procedures	Include guidance about the recovery of debt.	Subclause 46(3)(b)(v)

## 4.6 Suspension of disconnection and debt recovery procedures

Hardship Procedures must include guidance about the suspension of disconnection and debt recovery procedures (subclause 46(3)(b)(iii) of the Electricity Code).

The Hardship Policy should specify that the retailer will not arrange for disconnection for failure to pay a bill if the customer is adhering to the customer's obligation to make payments in accordance with an agreed payment plan or other payment arrangement relating to the payment of the bill.<sup>6</sup>

<sup>6</sup> Clause 49(b).

A retailer may not commence proceedings to recover debt from a customer who is experiencing payment problems and who continues to make payments under an alternative payment arrangement (clause 39(1) of the Electricity Code).

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

Suspension of disconnection and debt recovery procedures		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include a statement that any disconnection procedures will be suspended if a customer is adhering to the customer's obligation to make payment in accordance with an agreed payment plan or other payment arrangement relation to the payment of a bill.	Subclause 49(b)
Hardship Procedures	Include guidance on the suspension of disconnection and debt recovery procedures.	Subclause 46(3)(b)(iii)

## 4.7 Overview of assistance

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

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

Overview of Assistance		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include an overview of the payment and other assistance available to customers under this Part 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 clause 45(3)(a), (b) and (d)).	Subclause 46(2)(e)(i)
	Include a statement that the retailer offers residential customers the right to pay their bill by Centrepay.	Subclause 46(2)(e)(ii)

Overview of Assistance		
	Include a statement that the retailer is able to provide further details on request.	Subclause 46(2)(e)(iii)

## 4.8 Concessions and grants

Electricity concessions are available to holders of certain concession cards. These concessions are applied to a customer's electricity account only by electricity retailers and customers need to register their details with electricity retailers to have the concessions applied.

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

It is therefore important that customers in financial hardship are advised of the availability of concessions and grants. To this end, the Electricity Code requires 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:

Concessions and grants		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include an overview of any concessions that may be available to the retailer's customers. <i>Note: the definition of 'concession' in the code includes concessions, rebates, subsidies and grants.</i>	Subclause 46(2)(f)

## 4.9 Training of staff

The Electricity Code requires Hardship Procedures to provide for the training of staff, including call centre staff, field officers all subcontractors employed to engage with customers experiencing financial hardship.<sup>7</sup>

Comprehensive training should be provided to the staff listed in clause 46(3)(a). 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.

<sup>7</sup> Clause 46(3)(a).



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

### 4.9.1 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 Electricity Code. 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 electricity saving tips, information on electricity audits, concessions, rebates, Centrelink benefits and budgeting.

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

### 4.9.2 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 every two years.

### 4.9.3 Development of training

Retailers should consider consulting qualified and experienced 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.

Staff training		
Document:	Requirement	Electricity Code Reference
Hardship Procedures	<p>Provide for the training of staff including call centre staff, field officers and all subcontractors employed to engage with customers experiencing financial hardship.</p> <p>[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).]</p>	Subclause 46(3)(a)

Staff training		
	<p>Provide for the training of staff on issues related to financial hardship and its impacts, and how to deal with customers sensitively and respectfully.</p> <p>[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).]</p>	Subclause 46(3)(a)

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Electricity Code.

- 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 Payment plans: Assessing usage needs and capacity to pay

Clause 40(1) of the Electricity Code requires a retailer to assess whether a residential customer is experiencing 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 financial hardship, it must make available to the customer either additional time to pay the bill or a payment plan for the amount owing. Under subclause 41(2) of the Electricity Code, the customer is entitled to select one of these options, however the retailer is required at a minimum to offer a payment plan and assistance in accordance with clause 45 without the need for a customer to make a request.<sup>8</sup>

### 4.10.1 Determining the conditions of a payment 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 a payment 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

<sup>8</sup> Clause 41(3).

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.

Clause 44 of the Code requires the retailer to review a payment plan at the request of the customer, however the retailer is not required to undertake a review on more than two occasions in any 12-month period (but may agree to undertake one or more additional reviews if the retailer thinks fit). The retailer must offer to vary a payment plan if a review indicates that the customer is unable to meet the obligations under the payment plan.

#### **4.10.2 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 and are considered a relevant consumer representative.

Subclause 40(3)(b) of the Electricity Code provides that a retailer must give reasonable consideration to advice given (if any) by a relevant consumer representative when assessing a customer's financial situation.

A retailer may further adopt an assessment carried out by a relevant consumer representative for the purposes of determining financial hardship. 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).

#### **4.10.3 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 electricity consumption and financial obligations. This may include providing electricity 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 a payment plan is set out below.

Determining a customer's usage needs and capacity to pay when determining the conditions of a payment plan		
Document:	Requirement	Electricity Code Reference
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 financial hardship.	Subclause 40(1)
	Include guidance on how to determine a residential customer's usage needs and capacity to pay when determining the conditions of a payment plan.	Subclause 46(3)(b)(ii)
	Provide that reasonable consideration is given to advice given (if any) by a relevant consumer representative.	Subclause 40(3)(b)

## 4.11 Direct telephone number for credit management staff

Subclause 46(3)(c) of the Electricity Code 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:

Direct telephone number for a retailer's credit management staff		
Document:	Requirement	Electricity Code Reference
Hardship Procedures	Require the retailer's credit management staff to have a direct telephone number.  [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).]	Subclause 46(3)(c)

Direct telephone number for a retailer's credit management staff		
Hardship Procedures	<p>Require the retailer's direct telephone number for credit management staff to be provided to relevant consumer representatives.</p> <p>[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).]</p>	Subclause 46(3)(c)

When submitting Hardship Procedures to the ERA for review, a retailer should provide the following in order to demonstrate compliance with the Electricity Code:

- 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. If a customer requests a copy of the Hardship Policy, the retailer must provide a copy without charge.<sup>9</sup> Printed copies of the Hardship Policy should be available in large-print (subclause 46(2)(h)).

A hardship policy should be written in clear, simple and concise language and be in a format that makes it easy to understand (subclause 77(1) of the Electricity Code).

Interpreter services for non-English speaking people and communications technology for the hearing and sight impaired must be made available so that all customers may understand the policy (subclause 78(1)).

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

<sup>9</sup> Subclauses 68(4) and 68(5).

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

Accessibility and privacy		
Document:	Requirement	Electricity Code Reference
Hardship Policy	Include the telephone number for interpreter services, identified by the National Interpreter Symbol.	Subclause 46(2)(g)(i)
	Include the telephone number (or numbers) for services that can assist customers with a speech or hearing impediment.	Subclause 46(2)(g)(ii)
	Available on the retailer's website.  [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 2019 (after this table).]	Subclause 68(1)(c) 6.10(2)(i)
	Available in large-print copies.	Subclause 46(2)(h) 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.	Subclause 46(2)(i) 6.10(2)(k)
	Written in clear, simple and concise language and is in a format that makes it easy to understand.	Subclause 77(1)(a) 10.9

When submitting a Hardship Policy to the ERA for review, a retailer should provide the following information to demonstrate compliance with the Electricity Code:

- 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 Electricity Code requires retailers to have a complaint handling process. It would be useful if information on the retailer's complaint 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 Electricity Code, 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. This requirement is not a specific requirement of the Electricity Code and is therefore optional for retailers to include in their Hardship Policy.

Complaints handling		
Document:	Requirement	Energy Code Reference
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 (optional)

## 4.14 Pre-payment meter customers

The Electricity Code require retailers to assist pre-payment meter customers that are experiencing payment problems.<sup>10</sup> Under subclause 55(c), the financial hardship provisions of the Electricity Code do not apply to pre-payment meter customers; except clause 46, which is the requirement for retailers to have a Hardship Policy and Procedures.

It is strongly recommended that if a retailer has pre-payment meter customers it includes information in its Financial Hardship Policy to assist pre-payment customers that are experiencing payment problems to meet their financial obligations and responsibilities to the retailer.

For example, subclause 66(5) of the Electricity Code requires retailers to give reasonable consideration to a request by the pre-payment meter customer, or a relevant consumer representative for the customer, for a reduction of the customer's fees, charges or debt.

Pre-payment meter customers		
Document:	Requirement	Energy Code Reference
Hardship Policy	Policy to include information regarding the assistance available to pre-payment meter customers who are experiencing payment problems.	Guideline requirement (optional)

<sup>10</sup> Clause 66.

## 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 Electricity Code.

Checklist reference number	Page no. in Guidelines	Electricity Code Clause	Requirements	Checklist
A1*	7	46(4)(a)	Hardship Policy was developed in consultation with relevant consumer representatives.  [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	9	46(2)(a)	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	9	46(2)(b)	Hardship Policy includes a statement advising that the retailer will treat all customers sensitively and respectfully.	Yes / No
A4	10	46(2)(c)	Hardship Policy includes a statement that the retailer may reduce or waive fees, charges or debt.	Yes / No
A5	9	46(2)(d)	Hardship Policy includes an objective set of hardship indicators.	Yes / No
A6	12	46(2)(e)(i)	Hardship Policy includes an overview of the payment and other assistance available to customers under this Part (other than the retailer’s requirement to advise the customer of the ability to pay in advance and the matters referred to in clause 45(3)(a),(b) and (d)).	Yes / No
A7	12	46(2)(e)(ii)	Hardship Policy includes a statement that the retailer offers residential customers the right to pay their bill by Centrepay,	Yes/No
A8	12	46(2)(e)(iii)	Hardship Policy includes a statement that the retailer is able to provide further details on request.	Yes / No
A9	13	46(2)(f)	Hardship Policy includes an overview of any concessions and grants that may be available to the retailer’s customers.	Yes / No
A10	18	46(2)(g)(i)	Hardship Policy includes the telephone number for interpreter services, identified by the National Interpreter Symbol.	Yes / No
A11	18	46(2)(g)(ii)	Hardship Policy includes the telephone number (or numbers) for services that can assist customers with a speech or hearing impediment.	Yes / No
A12	18	68(1)(c)	Hardship Policy is available on the retailer’s website.  [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
A13	18	46(2)(h)	Hardship Policy is available in large-print copies.	Yes / No
A14	18	46(2)(i)	Hardship Policy includes 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.	Yes / No
A15	12	49(b)	Hardship Policy includes a statement that it will not arrange for disconnection if a hardship customer is adhering to the customer’s obligation to make payments in accordance with an agreed payment	Yes / No



Checklist reference number	Page no. in Guidelines	Electricity Code Clause	Requirements	Checklist
			plan or other payment arrangement relating to the payment of the bill	
A16	18	77(1)(a)-(b)	Hardship Policy is written in clear, simple and concise language and is in a format that makes it easy to understand.	Yes / No
A17	11	N/A (Guideline requirement - optional)	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
A18	20	N/A (Guideline requirement - optional)	Hardship Policy to include information regarding the retailer's complaints handling process, including the retailer's contact details and the Electricity 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 Electricity Code.

Checklist reference number	Page no. in Guidelines	Electricity Code Clause	Requirements	Checklist
B1*	7	46(4)(a)	Hardship Procedures were developed in consultation with relevant consumer representatives. [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	14	46(3)(a)	Hardship Procedures provide for the training of staff, including call centre staff, field officers and all subcontractors employed to engage with customers experiencing financial hardship. [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	14	46(3)(a)	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. [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	9	46(3)(b)(i)	Hardship Procedures include guidance that assists the retailer in identifying residential customers who are experiencing financial hardship.	Yes / No
B5	16	46(3)(b)(ii)	Hardship Procedures include guidance on how to determine a residential customer's usage needs and capacity to pay when determining the conditions of a payment plan.	Yes / No
B6	12	46(3)(b)(iii)	Hardship Procedures include guidance on the suspension of disconnection and debt recovery procedures.	Yes / No
B7	10	46(3)(b)(iv)	Hardship Procedures include guidance on the reduction and/or waiver of fees, charges or debt. [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 10.]	Yes / No
B8	11	46(3)(b)(v)	Hardship Procedures include guidance on the recovery of debt.	Yes / No
B9	17	46(3)(c)	Hardship Procedures require the retailer's credit management staff to have a direct telephone number. [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	17	46(3)(c)	Hardship Procedures require the retailer's direct telephone number for credit management staff to be provided to relevant consumer representatives. <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	16	40(1)	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	16	40(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.