

27/09/2012

Mr Paul Kelly  
ECC Chairman  
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Western Australian  
Council of Social Service Inc.  
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City West Lotteries House  
2 Delhi Street  
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Western Australia 6005

Dear Mr Kelly,

**RE: proposed amendments to the Financial Hardship Policy Guidelines.**

The Western Australian Council of Social Service (the Council) would like to thank the Economic Regulatory Authority (the Authority) for the opportunity to comment on the proposed amendments to its Financial Hardship Policy Guidelines.

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The Council broadly supports the recommendations made within the financial hardship policy guidelines, and values the opportunity to comment and advocate on behalf of Western Australian consumers, particularly those experiencing financial hardship. We would like to take this opportunity to reiterate some of the key issues and priorities for consumers for the Authority's consideration.

In May of this year, the Council made a submission to the Authority's review of the Code of Conduct for the Supply of Electricity to Small Use Customers (ECCC) and made several recommendations pertaining to retailer's financial hardship policies, as outlined in Section 6 of the Code. Given that a unanimous stance on Section 6 was not reached as part of this review process, the Council welcomes the Authority's decision to review Section 6 as a standalone and in depth process.

The Council would like to emphasise the recommendations which were made in the Council's ECCC submission concerning financial hardship assessments; alternative payment arrangements; waivers and reduction of fees, charges, or debt; and minimum requirements of retailer's financial hardship policy. We also welcome the opportunity to discuss these matters at greater length with the Authority through ongoing dialogue and consultations.

**Implementation of Section 6**

The Council and its members (particularly those who provide emergency relief and financial counselling services) are concerned with the extent to which Section 6 contains provisions that enable the regulator and/or consumer advocates to determine the extent to which the retailers are actually and effectively *implementing* their hardship policy. We continue to contend that the mere presence of an appropriately worded hardship policy does not guarantee that a retailer is putting it into practice the measures outlined and commitments made within that policy, and there needs to be some sort of independent mechanism to assess hardship policy implementation and compliance. As such, the Council suggests amendments be made to clarify the obligation of the retailer to demonstrate it has put in

place procedures to ensure the implementation of its hardship policy. The Council also recommend that information is provided to the Authority and/or advocates on actions taken to implement obligations under the Code.

#### **Section 4.2 Training of Staff (clause 6.10(2)(b))**

The Council strongly encourages the retailer to undertake consultation with a consumer representative organisation(s) when developing staff training programs to ensure that they have an appropriate understanding of the life circumstances of households in utilities hardship and financial stress, and to ensure that they are able to respond to inquiries in a sensitive and effective fashion. It would be beneficial if all retailers' frontline staff participated in a standardized customer training program for dealing with clients in financial hardship, preferably one that is facilitated by or delivered in conjunction with a consumer representative organisation. This would ensure that training is homogenous across the board, and update and refreshment courses might be provided on a regular basis.

#### **Section 4.4- Ongoing consultation with relevant consumer representative organisations (clause 6.10(2)(d)(i)(A))**

The Council supports the Authority's recommendation that retailers and consumer representatives and/or financial counsellors may wish to enter into a memorandum of understanding to ensure mutually agreed and standardised protocols. We also recommend that consideration be given to allowing customer representatives to be provided with details of all assessments carried out by the retailer, where this information is requested, and the release of information is supported by the customer through verbal or written consent.

#### **Section 4.5- Annual review of hardship policy to occur in consultation with relevant consumer representative organisations (clause 6.10(2) (d) (i) (B))**

The Council supports the Authorities suggestion that consumer representatives should be provided with ample time to provide the retailer with feedback pertaining to its hardship policy. There has been a trend in retailers contacting the Council to request a review of their hardship policy within a short time frame, placing pressure on the resources of the Council. The Council endeavours to work in collaboration with retailers in producing the best outcome for their customers, and as such would encourage retailers to provide all consumer representative organisations with a minimum of 2 months notification prior to their required deadline.

Section 4.5.1 outlines requirements set by the Authority in relation to 1) who the retailer consulted with and 2) the manner in which the consultation took place. The Council recommends that the retailer also be expected to report on the nature of recommendations which were made, and how and when the retailer endeavours to implement the suggested changes and/or feedback. The Council notes that, while there is an expectation within the consumer code that consumer representative organisations will have the capacity and capability to undertake these reviews, there is no associated funding

mechanism that ensures they will have the resources to be able to carry out this and other similar functions on behalf of consumers.

**Section 4.7- Suspension of disconnection and debt recovery procedures (clause 6.10(2)(d)(iii))**

The Council recommends that information is included in the retailer's hardship policy, that a customer must be made aware that they possess the right to seek a temporary suspension of action, and that the customer should be provided with the contact details of appropriate financial counsellors and/or customer representative organisations who are able to advocate on their behalf.

In relation to the provisions on the suspension of a disconnection once a customer has accepted the retailer's offer of an alternative payment plan, the Council is concerned by reports from financial counsellors that suggest customers can often be offered (and have felt they have had little option but to agree to) unrealistic payment plans. The Council maintains that any payment plan that is offered should be realistic, and give due consideration to the customer's income, existing reasonable financial obligations and need to maintain a basic standard of living. The Council recommends that a consistent and systematic process be outlined in the retailer's hardship policy to ensure fair and effective payment plans is observed by all retailers. As such, all retailers should take into account household usage needs, including number of dependents, Regular weekly income and expenditure, and any unforeseen costs. Given that once a customer has failed to meet their schedule of payments on three occasions [check] they then lose their right to access these provisions under the code, The Council suggests the Authority consider some sort of appeal mechanism for customers who have been provided with demonstrably unrealistic payment plans.

**Section 4.8- Reduction and/or waiver of fees, charges and debt (clause 1.10 (2)(d)(iv))**

The Council suggests that, where possible, the retailer should give reasonable consideration to a request by a customer or relevant consumer representative organisation for a reduction or waiver of the customer's fees, charges, or debt. The Council recognises that such a decision is likely to need to be made under the instructions of a more senior worker (such as a credit manager), and not a customer service operator. As such, the Council recommends that any requests concerning the reduction or waiver of fees and charges be forwarded to a person with the appropriate authority to assess and authorise this request. The Council also recommends that, where possible, Centrepay be promoted to eligible customers who have been identified as experiencing financial hardship, so that a more consistent and cost effective method of payment is established for the customer.

**Additional factors**

The Council would also like to note a few additional concerns, which are not noted in the proposed guidelines. Firstly, we are aware that accessing a retailer's financial hardship policy can be challenging for people from Culturally and Linguistically Diverse (CALD) backgrounds and that they will not have access to this information, unless translated

materials are made readily available or provided through the effective use of an interpreter. It would be beneficial for the retailer's non-English speaking customers, if the retailer could clearly outline in their hardship policy, their commitment to initiating contact with the Telephone Interpreting Service (TIS), should non-English speaking clients make contact in relation to payment difficulty.

The Council recommends that retailers keep a record of and report on the number of customers who have been assessed under clause 6.1 as experiencing financial hardship, payment difficulties, or not qualifying for either category (and the basis upon which these decisions were made). The availability of this data is significant for policy makers and consumer representatives in gaining a better understanding of the extent to which financial difficulties are impacting on the lives of West Australians; the number of people who are experiencing financial difficulty and the degree to which this is impacting on their access to a basic standard of living.

The Council would like to once more thank the Authority for the opportunity to provide feedback and be engaged in the consultative process in response to the Financial Hardship Policy Guidelines.

Please do not hesitate to contact Chris Twomey, Director of Social Policy, on 9420 7222 or via email on [chris@wacoss.org.au](mailto:chris@wacoss.org.au) should you have any queries or concerns in relation to the above or any other matter.

Sincerely,

Chris Twomey

Director Social Policy