

# Decision not to approve the Water Corporation's amended financial hardship policy

27 January 2015

**Economic Regulation Authority**

WESTERN AUSTRALIA

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## Decision

1. Pursuant to clause 26 of the *Water Services Code of Conduct (Customer Service Standards) 2013 (Water Code)*, the Economic Regulation Authority (**Authority**) has decided not to approve the amended financial hardship policies submitted by the Water Corporation.

## Reasons

2. On 16 May 2014, the Authority approved the Water Corporation's hardship policy. The approval was based on the Water Corporation's advice that the hardship policy only applied to land owners, not tenants. The Water Corporation sought to exclude tenants from its hardship policy on the basis that the statutory liability for water charges lies, at all times, with the owner of the land.
3. The Water Corporation advised that it would revise its billing arrangements to meet both its statutory billing requirements and the requirements of its hardship policy.
4. On 11 December 2014, the Water Corporation submitted two different versions of its amended hardship policy: an 'internal' and an 'external' policy. Both policies set out the Water Corporation's procedures for assisting customers in financial hardship; however the 'internal' policy contains additional document control information and some key references. The Water Corporation has advised that the 'external' hardship policy is the version that will be made available to customers, whilst the 'internal' policy will be used only by Water Corporation staff dealing with financial hardship.
5. The Authority considers that only an 'external' version of the Water Corporation's hardship policy constitutes a 'financial hardship policy' under clause 26 of the Water Code. This is the version which, under clause 26(5) of the Water Code, must be made publicly available on the Water Corporation's website and a hard copy provided to a customer on request.
6. In contrast to the approved hardship policy, the amended hardship policies apply both to land owners and tenants. In relation to tenants experiencing payment difficulties or financial hardship, the amended hardship policies provide:

If you are a tenant experiencing payment difficulties or financial hardship you should advise your agent or landlord as soon as possible. Your agent or landlord can contact us to agree to a suitable payment plan on your behalf. A reduced interest rate may apply. We can also provide you with assistance and information on ways to manage future water use bills.
7. As currently drafted, the amended hardship policies require a tenant to advise the landlord of their inability to pay for water charges. The tenant must then ask the landlord to contact the Water Corporation to set up an instalment plan on their behalf.
8. The Authority considers the Water Corporation's requirement for a tenant to seek the landlord's approval to enter into a payment plan to be inconsistent with clause 28(1) of the Water Code which provides as follows:

Before a licensee enters into a payment plan or other arrangement under clause 25(2) or 27(2) with a customer who is not the owner of the land in respect of which the water

service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.

9. Clause 28(1) requires the licensee, in this case the Water Corporation, to ensure that the owner of the land is aware of any proposed payment plan or other arrangement. It does not require a tenant to contact the owner to seek their approval to enter into a payment plan with the Water Corporation.
10. The Authority is concerned that the Water Corporation's proposal will deter tenants from seeking assistance. The Authority considers it likely that most tenants would prefer to deal with an organisation like the Water Corporation, which has trained staff and established procedures for dealing with persons in financial hardship, rather than their landlord.
11. Further, the requirement that the agent or landlord must contact the Water Corporation to set up a payment plan on the tenant's behalf appears undesirable. Unless a landlord has intimate knowledge of a tenant's financial situation (which need not be the case and which the tenant may prefer not to divulge to the landlord), it is unlikely that any payment plan agreed to between the Water Corporation and a landlord will adequately take account of the tenant's capacity to pay and water usage history.
12. For these reasons, the Authority has decided not to approve the Water Corporation's amended hardship policies.
13. The Authority has requested that the Water Corporation amend its hardship policies and address the inconsistencies with clause 28(1) of the Water Code by 1 March 2015.