

Submission on the draft amended

Financial Hardship Policy Guidelines – Electricity and Gas Licences

22 October 2018

The Western Australian Council of Social Service Inc. (WACOSS) welcomes the opportunity to make a submission on the Economic Regulation Authority's draft amended Financial Hardship Policy Guidelines – Electricity and Gas Licences.

WACOSS is the peak body of community service organisations and individuals in Western Australia. WACOSS stands for an inclusive, just and equitable society. We advocate for social and economic change to improve the wellbeing of Western Australians and to strengthen the community services sector that supports them. WACOSS is part of a national network consisting of ACOSS and the State and Territory Councils of Social Service, who assist people on low incomes and experiencing disadvantage Australia wide.

WACOSS endorses the recommendations in the submission made to the ERA by the Financial Counselling Network, who also contributed to the development of the WACOSS submission.

Public Communication

Concerns have been raised with WACOSS that energy utilities have no effective communication and marketing measures to educate customers, financial counsellors and other advocates regarding their hardship policies, processes and concessions.

The Financial Hardship Policy Guidelines (the Guidelines) include the statement that:

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).*

While WACOSS recognises that the Guidelines cannot make this mandatory, WACOSS recommends that the ERA consider making this statement stronger to more explicitly encourage retailers to promote the awareness of their Hardship Policies.

It has been reported to WACOSS that this can extend to utilities not being clear with customers or their advocates as to what concessions and grants they are eligible for. An example provided to WACOSS was where an advocate phoned the utility after a client had broken a payment arrangement, and the utility not communicating to the advocate that the client was eligible for the Hardship Utility Grant Scheme at the point of the disconnection notice.

Debt Levels

Under the current arrangements, debt levels are too often escalating to the point where they are simply too high for someone experiencing financial hardship to be able to manage. This is despite statements in both previous and the proposed Guidelines highlighting the importance of identifying customers in financial hardship before large or significant debts are accumulated. The Guidelines place a strong emphasis on customers 'self-identifying' being in hardship. This is unquestionably crucial, but we suggest that perhaps a greater emphasis needs to be placed on utilities taking a more proactive approach in identifying and addressing hardship.

On page 19, the Guidelines mention payment options such as Centrepay for those in hardship. The use of Centrepay is widely considered to be best practice for concessions card holders and should perhaps be promoted more strongly in the Guidelines.

In relation to this, the Guidelines should suggest that retailers ensure their staff communicate clearly what the requirements for customers using Centrepay are. It has been raised with WACOSS that there are many customers who believe that they need to continually confirm Centrepay arrangements with utilities, despite their use of Centrepay being consistent.

Instalment Plans

It is of concern to WACOSS that despite the requirement for the Hardship Procedures to include guidance "that assist the retailer in determining a residential customer's usage and capacity to pay when determining the conditions of an instalment plan", ongoing usage is not being considered by all utilities. This obviously places the customer at further risk and increase the likelihood that they will be unable to meet their payment plan as well as settle new bills.

As stated by the Financial Counselling Network, payment plans need to incorporate both existing debt and expected usage over the period of the plan. This bill-smoothing approach should be promoted in the Guidelines as a standard option

Despite the statements in the proposed and previous Guidelines that "Repaying a large debt within a short timeframe is usually impossible for people in financial hardship," it has been reported to WACOSS that large upfront payments are often required to have a customer reconnected. Further, the affordability and time period of payment plans are not being well assessed, and are outside of the capacity for customers in hardship to meet.

WACOSS agrees with the Financial Counselling Network that further work needs to be undertaken to develop guidelines around what constitutes default in order to ensure consistency amongst utilities.

Training

The Guidelines set out the requirement for Hardship Procedures to include training of staff that focuses on financial hardship and its effects, as well as how to engage sensitively and respectfully with customers. Service providers have alerted WACOSS that the comprehensiveness of that training would appear to differ amongst utilities or that the training is not consistently being put into practice by the retailer's staff. WACOSS suggests that the Guidelines recommend that the training be undertaken by suitably qualified and experienced financial counsellors and advocates.

Case Studies

The following real-life case studies have been provided to WACOSS by service providers to share with the ERA for this submission. The names of the people in the case studies have been changed to respect their privacy.

David and Gary

David was unable to pay his electricity bill at his public housing apartment and the electricity was disconnected. David does not have the capacity to pay the debt owing on his Synergy bill and has decided to live without electricity. David now spends all day at his neighbour's house as his house is dark, he can't run a fridge, have hot showers or cook food. This has pushed David's neighbour Gary into financial hardship with his own utility bills due to the increased consumption. Gary has since begun accessing assistance from our medical and counselling services as the burden of providing essential services to his friend and neighbour is beginning to effect his mental health

Julie

Julie is a Noongar woman who cares for her five children while also managing an intellectual disability. Julie has recently had a large number of family members from outside the metro area residing at her accommodation to attend a family funeral. Julie's Alinta Gas bill is now above \$3,000. While Julie is now trying to sort out the bill to ensure her gas remains connected so she can bath, wash clothes and cook for her five children, there appears to be no internal system at Alinta that is able to flag the significant increase in usage and attempt to make contact with the customer to discuss the increase in usage, strategies to reduce usage or assistance to help the customer navigate repayment of the bill.

Sandy

Sandy was having difficulty paying her Synergy bill and made an arrangement, broke that arrangement and was sent a disconnection notice. Sandy then sourced the funds to pay the account but her electricity was cut prior. Synergy did not follow their own disconnection policy which requires them to phone/make contact with a customer prior to disconnection taking place. Sandy was aware of the disconnection policy and phoned Synergy to make a complaint and was told that the manager would not have anything different to say, so Sandy was denied the escalation and opportunity to have the discussion with the manager.

If you would like to discuss this submission further, please feel free to contact the WACOSS Deputy CEO Dr Jennie Gray at jennie@wacoss.org.au or 9420 7222.

Yours sincerely,

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WACOSS