

# Draft - Financial Hardship Policy Guidelines

23 May 2008

Economic Regulation Authority



WESTERN AUSTRALIA

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For further information, contact

Economic Regulation Authority  
Perth, Western Australia  
Phone: (08) 9213 1900

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## Overview

The Economic Regulation Authority (Authority) is seeking public comment on the draft Financial Hardship Policy Guidelines.

In general, all submissions from interested parties will be treated as in the public domain and placed on the Authority's web site. The receipt and publication of any submission lodged for the purposes of this public consultation shall not be taken as indicating that the Authority has formed an opinion as to whether or not any particular submission contains any information of a confidential nature.

Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which it is claiming confidentiality, and specify in reasonable detail the basis upon which the claim is made. The treatment of information provided in submissions, including confidential information, will be considered in accordance with the provisions of the *Economic Regulation Authority Act 2003*.

Submissions may be provided in hard-copy or electronic form and must be received by the Authority by the close of business on **Friday, 4<sup>th</sup> July 2008**.

Submissions should be addressed to:

Paul Kelly  
Executive Director  
Licensing, Monitoring and Customer Protection  
Economic Regulation Authority  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000  
Telephone: (08) 9213 1900  
Fax: (08) 9213 1999  
Email: [hardship@era.wa.gov.au](mailto:hardship@era.wa.gov.au)

Should you require further information, please contact Ms Lanie Chopping on (08) 9213 1900.

## Introduction

Energy is required for food preservation, cooking, illumination, heating and cooling and as such is a prerequisite to social participation and a comfortable, adequate standard of living. The Government Utilities Essential Services Hardship Inter-agency Working Group (GUESHIWG) acknowledges that “water and electricity services are generally considered essential”.<sup>1</sup>

The response of electricity licensees to customers experiencing financial hardship is of significant concern to consumers, the community and government.<sup>2</sup>

Whilst there is an obligation on electricity retailers to develop a hardship policy, there is no requirement on retailers to have such a policy approved by the Authority. These guidelines have been developed to provide retailers additional guidance in meeting the requirements set out in the *Code of Conduct for the Supply of Electricity to Small Use Customers* (Code).

## Background

Under section 79 of the *Electricity Industry Act 2004*, the Economic Regulation Authority (Authority) has the ability, in consultation with a committee<sup>3</sup>, 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. The Code is subsidiary legislation. The Code first came into operation on 1 January 2005.

Compliance with the Code is a condition of every electricity retail and distribution licence. The Authority is responsible for monitoring and enforcing the Code.

Part 6 of the Code (Appendix 2) addresses payment difficulties and financial hardship. The objectives of this Part are to:

- protect disadvantaged residential customers (“customers”) by endeavouring to ensure that retailers assist such customers; and

<sup>1</sup> Government Utilities Essential Services Hardship Inter-agency Working Group, (2007) “Utilities Essential Services Hardship – Public Issues Discussion Paper” <http://www.energy.wa.gov.au/cproot/1069/8949/Utility%20Hardship%20Issues%20Paper%20-Final.pdf>.pg. 2.

<sup>2</sup> The Government Utilities Essential Services Hardship Inter-agency Working Group (GUESHIWG) was formed in June 2007. In June 2007, the Minister for Energy with the cooperation of the Premier, Treasurer and Ministers for Housing, Water and Child Protection established the Government Utilities Essential Services Hardship Inter-Agency Working Group (GUESHIWG) to identify and report to government on ways in which government owned enterprises and agencies can improve the delivery and coordination of a range of services.

The GUESHIWG has drafted an issues paper on utility hardship. The paper covers a range of issues including the processes a utility should comply with before they restrict supply to a customer, inter-agency coordination, management and resolution of utility hardship and whether disconnections and service restrictions should be permitted under the new policy framework.

These guidelines have been written so as to be consistent with the GUESHIWG issues paper. However, a final version of the paper is due for release in the second quarter of 2008. Accordingly, a revised set of guidelines may need to be released to accord with any relevant changes made to the GUESHIWG issues paper.

The work of the GUESHIWG extends beyond electricity supply to a range of government services whilst limiting its coverage to government owned enterprises only. Therefore, the Authority’s financial hardship guidelines will be complementary rather than a duplication of the GUESHIWG initiative.

<sup>3</sup> This committee appointed by the Authority is known as the Electricity Code of Conduct Committee (ECCC).

- ensure that retailers develop and implement transparent hardship policies.

Clause 6.10(2) of the Code specifies the minimum contents of a financial hardship policy. A financial hardship policy must be developed in consultation with relevant consumer representative organisations where details of the contents of the hardship policy must be provided to a customer, financial counsellor or relevant consumer representative organisation upon request.

The Electricity Code Consultative Committee (ECCC) considered the issue of increasing regulatory requirements regarding financial hardship during its review of the Code in 2006-07, in part given concern about disconnection rates in Western Australia. The ECCC considered the precedent that the Victorian government has made through the insertion of provisions in its *Electricity Industry Act 2000* relating to financial hardship. These provisions deem as a licence condition the requirement for a retailer to develop a financial hardship policy and submit it to the Essential Services Commission and, under some circumstances, the Minister for approval (See Appendix 1).

In its final report to the Authority<sup>2</sup>, the ECCC provided clear support for better and more consistent customer protection in this area. However, there remained some concerns regarding increased compliance costs and the need for transitional timeframes for industry to self-assess the effectiveness of their hardship policies.

The ECCC did not reach agreement on mandatory approval of a retailer's hardship policy by the Authority and recommended instead that the Authority develop voluntary guidelines for licensees in this area. The Authority approved this recommendation and has produced these guidelines.

### **Differentiating between 'Payment Difficulties' and 'Financial Hardship'**

The Code defines '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, arise both gradually or suddenly, and occur over a relatively short period. For example, the theft of a wallet may cause a payment difficulty but would not of itself constitute financial hardship.

Whereas 'payment difficulties' refers to the short-term, financial hardship is of long duration.

The Code defines '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 not limited to) sustained incidence of one or more of the factors listed below.

- loss of the customer's or family member's primary income;
- spousal separation or divorce;

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<sup>2</sup> Electricity Consultative Committee, Final Report.

- physical and mental health issues;
- the loss of a spouse or a loved one;
- chronically ill child;
- domestic violence;
- budget management issues associated with a low income; and
- other unforeseen factors resulting in a customer's capacity to pay such as a reduction in income or an increase in non-discretionary expenditure<sup>3</sup>.

## Financial Hardship Guidelines

There are five financial hardship guidelines:

- 1) Staff Training
- 2) Identifying and Engaging with Customers in Financial Hardship
- 3) Flexible Payment Arrangements
- 4) Engaging with Consumer Representative Organisations and Financial Counsellors
- 5) Transparency and Accessibility

### 1 Staff Training

The Code requires that the retailer provides training to staff about the retailer's obligations to customers in financial hardship. Some of the obligations that staff should be made aware of are included in Part 6 of the Code. Staff should understand the retailer's obligations with respect to the temporary suspension of actions, assistance to be offered, alternative payment arrangements, consideration of a reduction in fees, charges and debt and provision of information.

Additionally, to effectively implement a financial hardship policy staff must understand the retailer's wider hardship policy, processes and procedures. Staff who interact with customers should be provided training on how to sensitively engage with customers experiencing financial hardship.

All levels of the retailer's business will benefit from training. A financial hardship policy is most likely to succeed if senior management's commitment to the training program is clearly communicated to the organisation, reinforcing a "whole of business approach". Training should be most detailed and targeted for "front-line staff" such as call centres and credit departments.

It is recommended that retailers work with relevant community groups to develop training packages. Training packages could address key cultural and social issues for significant customer groups, help staff develop communication skills for engaging with customers in financial hardship, and provide information on energy audits, Centrelink benefits and budgeting.

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<sup>3</sup> Australian Communications Industry Forum, "Guide for a Financial Hardship Policy"  
[http://www.acif.org.au/\\_\\_data/page/13230/Financial\\_Hardship\\_Guide.pdf](http://www.acif.org.au/__data/page/13230/Financial_Hardship_Guide.pdf)

It is considered good practice to:

- 1.1** *Have commitment from senior management to the training program and clearly communicate the importance of the organisation's hardship policy;*
- 1.2** *Work with key community representative organisations and agencies to develop training packages;*
- 1.3** *Address key cultural and social issues for significant customer groups, and provide training in communications skills for engaging with customers in financial hardship;*
- 1.4** *Provide information to frontline staff to enable them to educate customers by providing basic energy saving tips and other relevant information and ensure that customers are referred elsewhere for further energy efficiency advice if necessary;*
- 1.5** *Provide training to all new staff who deal with customers or customer issues and schedule refresher courses; and*
- 1.6** *Provide more comprehensive training to customer service areas of the business with more general awareness training to the remaining areas of the business, including technical areas.*

## **2** *Identifying and Engaging with Customers in Financial Hardship*

The Code requires a retailer to produce a hardship policy that includes guidelines on identifying residential customers who are experiencing financial hardship (clause 6.10 (2)(d)(ii)). It is important that customers in financial hardship are identified before significant debts to the retailer are accumulated.

The Essential Services Commission Victoria points out that “the most effective approach to timely response under a financial hardship policy is to maximise the opportunity for customers to “self identify” their difficulties in paying bills”<sup>4</sup>. Therefore, it is important that customer service staff are appropriately trained to sensitively engage with customers when placing them into a financial hardship program.

In judging a customer's eligibility for a financial hardship program, a retailer should also have an objective, publicly available set of criteria by which to assess a customer and should also consider the assessment of that customer's financial counsellor, if applicable.

In its *Utilities Essential Services Hardship - Public Issues Discussion Paper*, GUESHIWG proposed that “to avoid perceptions of bias or conflict of interest, the decision of whether a person is in utility hardship should ultimately rest with an independent financial counsellor”<sup>5</sup>.

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<sup>4</sup> Essential Services Commission Victoria, (2006) “Framework Paper – Energy Retailers Hardship Policies”, pg. 14.

<sup>5</sup> Government Utilities Essential Services Hardship Inter-Agency Working Group, (2007) “Utilities Essential Services Hardship – Public Issues Discussion Paper”, pg. 23.



It is considered good practice to:

- 2.1** *Design processes to identify a customer in hardship as early as possible;*
- 2.2** *Have a specialist team that call centres can refer customers in financial hardship to;*
- 2.3** *Empower the specialist team to negotiate and agree on solutions for customers;*
- 2.4** *Encourage customers in financial hardship to contact suppliers about bills, reminder notices and other correspondence;*
- 2.5** *Facilitate self-identification by customers by ensuring customer service staff are trained to communicate sensitively with customers in hardship;*
- 2.6** *Determine a customer's eligibility using objective and publicly available criteria as indicators of hardship;*
- 2.7** *Accept a financial counsellor's assessment of a customer's eligibility for a hardship program;*
- 2.8** *Know where customers in financial hardship can be referred to for further advice.*

### **3** *Flexible Payment Arrangements*

Under the Code, customers in financial hardship must be offered alternative payment options. Where a customer has identified themselves to a retailer as being in financial hardship, retailers are obliged to offer flexible payment arrangements which take into account information about the usage needs and capacity to pay when determining the period of the plan and calculating the amount of the instalments.

It is recognised that energy retailers have legitimate commercial objectives, and that a hardship policy should not facilitate customers in avoiding their financial obligation to the retailer. However, where a customer in financial hardship has significant arrears, the customer is unlikely to have the capacity to meet their commitments to a payment plan if a significant payment is required upfront followed by significant instalments in quick succession. Repaying a large debt in a short timeframe is often impossible for people in financial hardship. Any payment plan that over-commits a customer is less likely to succeed and may result in the customer being disconnected. For this reason, it is recommended that retailers involve customers in financial hardship and their financial counsellors in the process to address accumulated debt.

In summary, in setting flexible payment options it is considered good practice for retailers to:

- 3.1** *Involve customers and their financial counsellors in setting a payment plan based on the individual circumstances of the customer;*
- 3.2** *Ask the customer how much they can afford to pay and set realistic payment plans that assist a customer to meet their financial obligations and remain connected;*
- 3.3** *Be aware that customers may commit to more than they can afford because they are anxious to be reconnected or to avoid disconnection;*
- 3.4** *Consider a financial counsellor's assessment of a customer's capacity to pay. Financial counsellors allocate a significant amount of time to helping each client in hardship to develop a budget and assessing a customer's capacity to pay;*
- 3.5** *Identify appropriate services that may assist the customer in managing his/her future energy consumption and financial obligations. This may include offering payment options such as centre-pay and bill smoothing and providing energy efficiency information; and*
- 3.6** *Consider reducing and/or waiving fees, charges, debt (including statute-barred debt) and consider payment incentives such as matched payments and full or partial debt waivers.*

## **4 Engaging with Consumer Representative Organisations and Financial Counsellors**

The Code of Conduct requires that the retailer's financial hardship policy ensures ongoing consultation with relevant consumer representative organisations and that such organisations partake in an annual review of the hardship policy. This requirement recognises the expertise and importance of consumer representative organisations in developing effective financial hardship policies.

With respect to service delivery, GUESHIWG has foreshadowed an increasing decentralisation in the delivery of welfare and assistance from non-government welfare organisations. GUESHIWG is of the view that financial counselling is most effective if it is delivered independently to the customer in financial hardship by an organisation that the customer trusts<sup>6</sup>. GUESHIWG is also of the view that better coordination between government, non-government organisations and utilities would greatly assist in putting in place early intervention programs which would help customers avoid debt and disconnection.

With the interface between retailers, consumer representative organisations and non-government organisations growing in importance a range of measures are required to ensure that financial hardship policies and processes, such as those for the identification, engagement and referral of customers in financial hardship, are informed by the non-government sector.

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<sup>6</sup> *ibid.* pg. 21.

The following proposed guidelines on engaging with consumer representative and financial counselling organisations aim to promote informed policy development and improved referral and service delivery to customers in financial hardship.

It is considered good practice to:

- 4.1** *Encourage greater involvement of consumer representative organisations in the development of financial hardship guidelines through reference groups and holding appropriately designed forums;*
- 4.2** *Define processes for the early identification and appropriate referral of customers in financial hardship in consultation with relevant financial counselling and emergency relief organisations;*
- 4.3** *Understand and be responsive to the information needs of financial counsellors subject to privacy and customer consent requirements;*
- 4.4** *Consult with relevant consumer representative organisations on a process for the periodic review of financial hardship policies; and*
- 4.5** *Use memorandums of understanding or inter-agency protocols between retailers and relevant consumer representative organisations and financial counselling providers to ensure a common understanding of agreed processes and protocols.*

## **5 Transparency and Accessibility**

Greater transparency and the integration of financial hardship and debt processes across the retail business, involvement of senior leadership with regular reporting to executive or senior management and a greater understanding of debt prevention represent good practice. Transparency will build customers' confidence in and understanding of a retailer's financial hardship policy.

It is considered good practice to:

- 5.1** *Include detailed information about how a customer's eligibility and payment options will be assessed in the financial hardship policy;*
- 5.2** *Pro-actively promote awareness of the hardship policy to customers, financial counsellors and other appropriate agencies; and*
- 5.3** *Policy should be readily available to customers at no cost in a range of forms such as brochures, the retailer's web site, and on customers' bills. Interpreter services for non-English speakers and communications technology for the hearing and sight impaired should be made available in this regard so that all customers may familiarise themselves with the policy.*

## References

In preparing this Discussion Paper the Authority has referred to the following documents in particular:

- Essential Services Commission Victoria, (2006) “Framework Paper – Energy Retailers Hardship Policies <http://www.esc.vic.gov.au/NR/rdonlyres/8738A599-460F-42F4-A7B2-2A9EFCFB73C1/0/DDPEnergyRetailersFinancialHardshipPolices20070221.pdf>;
- Essential Services Commission Victoria, (2006) “Framework Paper – Energy Retailers Hardship Policies (no link available as it is the predecessor to the above source);
- *Supporting Utility Customers Experiencing Financial Hardship* by the Committee for Melbourne Debt Spiral Prevention Project <http://www.cuac.org.au/docs/Guiding%20Principles%20to%20support%20customers%20in%20hardship%20Mar2007.pdf>;
- *Preventing Debt and Disconnection* by Energywatch and Ofgem, United Kingdom [http://www.energywatch.org.uk/uploads/Preventing\\_Debt\\_and\\_Disconnection1.pdf](http://www.energywatch.org.uk/uploads/Preventing_Debt_and_Disconnection1.pdf);
- *Utilities Essential Services Hardship Public Issues Discussion Paper* by the Government Utilities Essential Services Hardship Inter-agency Working Group <http://www.energy.wa.gov.au/cproot/1069/8949/Utility%20Hardship%20Issues%20Paper%20-Final.pdf>; and
- *Guide for a Financial Hardship Policy*, by the Australian Communications Industry Forum [http://www.acif.org.au/\\_\\_data/page/13230/Financial\\_Hardship\\_Guide.pdf](http://www.acif.org.au/__data/page/13230/Financial_Hardship_Guide.pdf)

## APPENDIX 1 – Part 6 of the Code

### PART 6—PAYMENT DIFFICULTIES AND FINANCIAL HARDSHIP

#### DIVISION 1—ASSESSMENT OF FINANCIAL SITUATION

##### 6.1 Assessment

(1) If a *residential customer* informs a *retailer* that the *residential customer* is experiencing *payment problems*, the *retailer* must, (subject to clause 6.2) within 3 *business days*, assess whether the *residential customer* is experiencing *payment difficulties* or *financial hardship*.

(2) When undertaking the assessment required by subclause (1), a *retailer* must give reasonable consideration to—

(a) information—

(i) given by the *residential customer*; and

(ii) requested or held by the *retailer*; or

(b) advice given by an independent financial counsellor or **relevant consumer representative organisation**.

(3) A **retailer** must advise a **residential customer** on request of the details of an assessment carried out under subclause (1).

(4) In this clause—

“**payment problems**” includes, without limitation, payment problems relating to a **historical debt**.

##### 6.2 Temporary suspension of actions

(1) If, for the purposes of clause 6.1, a *residential customer*—

(a) requests a *temporary suspension of actions*; and

(b) demonstrates to a *retailer* that the *residential customer* has made an appointment with a *relevant consumer representative organisation* to assess the *residential customer’s* capacity to pay, the *retailer* must not unreasonably deny the *residential customer’s* request.

(2) A *temporary suspension of actions* must be for at least 10 days.

(3) If a *relevant consumer representative organisation* is unable to assess a *residential customer’s* capacity to pay within the period referred to in subclause (2) and requests additional time, a *retailer* must give reasonable consideration to the *relevant consumer representative organisation’s* request.

(4) In this clause—

“temporary suspension of actions” means a situation where a *retailer* temporarily suspends all disconnection and debt recovery procedures without entering into an alternative payment arrangement under clause 6.4(1).

##### 6.3 Assistance to be offered

(1) If the assessment carried out under clause 6.1 indicates to the *retailer* that the *residential customer* is experiencing—

(a) *payment difficulties*, the *retailer* must—

- (i) offer the *residential customer* the alternative payment arrangements referred to in clause 6.4(1); and
- (ii) advise the **residential customer** that additional assistance may be available if, due to **financial hardship**, the **residential customer** would be unable to meet its obligations under an agreed alternative payment arrangement;

or

- (b) **financial hardship**, the **retailer** must offer the **residential customer**—
  - (i) the alternative payment arrangements referred to in clause 6.4(1); and
  - (ii) assistance in accordance with clauses 6.6 to 6.9.

(2) Subclause (1) does not apply if a **retailer** is unable to make an assessment under clause 6.1 as a result of an act or omission by a **residential customer**.

## DIVISION 2—RESIDENTIAL CUSTOMERS EXPERIENCING PAYMENT DIFFICULTIES OR FINANCIAL HARDSHIP

### **6.4 Alternative payment arrangements**

(1) A **retailer** must offer a **residential customer** who is experiencing **payment difficulties** or **financial hardship** at least the following payment arrangements—

- (a) additional time to pay a bill; and
- (b) an interest-free and fee-free instalment plan or other arrangement under which the **residential customer** is given additional time to pay a bill or to pay arrears (including any disconnection and reconnection charges) and is permitted to continue consumption.

(2) When offering an instalment plan under subclause (1)(b), a **retailer** must—

- (a) take into account information about the **residential customer's** usage needs and capacity to pay when determining the period of the plan and calculating the amount of the instalments;
- (b) specify the period of the plan;
- (c) specify the number of instalments;
- (d) specify the amount of the instalments which will pay the **residential customer's** arrears (if any) and estimated consumption during the period of the plan;
- (e) specify how the amount of the instalments is calculated;
- (f) specify that due to seasonal fluctuations in the **residential customer's** usage, paying in instalments may result in the **residential customer** being in credit or debit during the period of the plan;
- (g) have in place fair and reasonable procedures to address payment difficulties a **residential customer** may face while on the plan; and
- (h) make provision for re-calculation of the amount of the instalments where the difference between the **residential customer's** estimated consumption and actual consumption may result in the **residential customer** being significantly in credit or debit at the end of the period of the plan.

(3) If a **residential customer** has, in the previous 12 months, had 2 instalment plans cancelled due to non-payment, a **retailer** does not have to offer that **residential customer** another instalment plan under subclause (1)(b), unless the **retailer** is satisfied that the **residential customer** will comply with the instalment plan.

(4) For the purposes of subclause (3), cancellation does not include the revision of an instalment plan under clause 6.7.

## DIVISION 3—ASSISTANCE AVAILABLE TO RESIDENTIAL CUSTOMERS EXPERIENCING FINANCIAL HARDSHIP

### 6.5 Definitions

In this division—

“**customer**” means a **residential customer** who has been assessed by a **retailer** under clause 6.1(1) as experiencing **financial hardship**.

*Subdivision 1—Specific assistance available*

### 6.6 Reduction of fees, charges and debt

(1) A **retailer** must give reasonable consideration to a request by a **customer**, or a **relevant consumer representative organisation**, for a reduction of the **customer’s** fees, charges or debt.

(2) In giving reasonable consideration under clause 6.6(1), a **retailer** should refer to the guidelines in its hardship policy referred to in clause 6.10(2)(c)6.10(2)(d).

### 6.7 Revision of alternative payment arrangements

If a **customer**, or a **relevant consumer representative organisation**, reasonably demonstrates to a **retailer** that the **customer** is unable to meet the **customer’s** obligations under a previously elected payment arrangement under clause 6.4(1), the **retailer** must give reasonable consideration to—

- (a) offering the **customer** an instalment plan, if the **customer** had previously elected a payment extension under clause 6.4(1)(a); or
- (b) offering to revise the instalment plan, if the **customer** had previously elected an instalment plan under clause 6.4(1)(b).

### 6.8 Provision of information

A **retailer** must advise a **customer** of the—

- (a) **customer’s** right to have the bill redirected at no charge to a third person;
- (b) payment methods available to the **customer**;
- (c) **concessions** available to the **customer**;
- (d) different types of **meters** available to the **customer**;
- (e) energy efficiency information available to the **customer**, including the option to arrange for an **energy efficiency audit**, and
- (f) independent financial and other relevant counselling services available to the **customer**.



## 6.9 Payment in advance

(1) A **retailer** must determine the minimum payment in advance amount, as referred to in clause 5.4(3), for **residential customers** experiencing **payment difficulties** or **financial hardship** in consultation with **relevant consumer representative organisations**.

(2) A **retailer** may apply different minimum payment in advance amounts for **residential customers** experiencing **payment difficulties** or **financial hardship** and other **customers**.

*Subdivision 2—Hardship policy*

## 6.10 Obligation to develop hardship policy

(1) A **retailer** must develop a hardship policy to assist **customers** in meeting their financial obligations and responsibilities to the **retailer**.

(2) The hardship policy must—

(a) be developed in consultation with **relevant consumer representative organisations**;

(b) provide for the training of staff on a **retailer's** obligations to **customers**;

(c) ensure that **customers** are treated sensitively and respectfully; and

(d) include guidelines—

(i) that—

A. ensure ongoing consultation with **relevant customer representative organisations** (including the provision of a direct telephone number of the **retailer's** credit management staff, if applicable, to financial counsellors and **relevant consumer representative organisations**); and

B. provide for annual review of the hardship policy in consultation with **relevant consumer representative organisations**;

(ii) that assist the **retailer** in identifying **residential customers** who are experiencing **financial hardship**;

(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.

(3) A **retailer** must give a **customer**, financial counsellor or **relevant consumer representative organisation** on request details of the hardship policy at no charge.

(4) A **retailer** must keep a record of—

(a) the **relevant consumer representative organisations** consulted on the contents of the hardship policy;

(b) the date the hardship policy was established;

(c) the dates the hardship policy was reviewed; and

(d) the dates the hardship policy was amended.

## DIVISION 4—BUSINESS CUSTOMERS EXPERIENCING PAYMENT DIFFICULTIES

### 6.11 Alternative payment arrangements

A **retailer** must consider any reasonable request for alternative payment arrangements from a **business customer** who is experiencing **payment difficulties**.



## APPENDIX 2 – Victorian Electricity Industry Act 2000 provisions pertaining to Financial Hardship

**s. 45**

### **45 Commission may approve financial hardship policy**

- (1) The Commission must consider a financial hardship policy submitted by a licensee in accordance with section 43 and may approve the policy if it considers it appropriate.
- (2) In deciding whether to approve a financial hardship policy the Commission must have regard to—
  - (a) the essential nature of the electricity supply; and
  - (b) community expectations that licensees will work with domestic customers to manage customers' present and future electricity usage and associated financial obligations; and
  - (c) community expectations that the electricity supply will not be disconnected solely because of a customer's inability to pay for the electricity supply; and
  - (d) the principle that the electricity supply to premises should only be disconnected as a last resort; and
  - (e) the principle that there should be equitable access to financial hardship policies and that those policies should be transparent and applied consistently.
- (3) The Commission must not approve a financial hardship policy that does not include the provisions set out in section 43(2).