



## ***F041 – Financial Hardship Policy***

### **1 Policy Statement**

We understand that customers experiencing financial hardship may find it difficult to pay their account. We recognise we have a social obligation to ensure vulnerable customers are treated with fairness, integrity and compassion. We are committed to working with our customers to find an appropriate payment solution that is effective and sustainable.

### **2 Purpose**

The purpose of this policy is to outline the minimum standards we will adopt with customers who do not have the capacity to pay their account due to bona fide financial hardship. This policy communicates our position and provides guidance to employees, customers and stakeholders. Our aim is that customers in genuine financial hardship:

- engage with us;
- are identified early;
- are treated with fairness, integrity and confidentiality;
- have a range of flexible payment options tailored to meet their individual needs;
- are encouraged and receive assistance to proactively manage their accounts;
- are provided with information and advice on concession eligibility, water efficiency and the relevant support programs available; and
- are protected from additional recovery costs, supply restriction and legal action wherever possible.

This policy reinforces our commitment to manage debt effectively in line with our social responsibility.

### **3 Scope**

The Financial Hardship Policy is for the benefit of residential customers who are experiencing financial hardship. It can be:

- applied by staff in debt management who are responsible for the recovery of overdue debt;
- used as a reference by all employees and contractors of the Busselton Water who interact with customers with outstanding charges, and who

suspect or have confirmed, that the customer is experiencing financial hardship; and

- used as a reference by external stakeholders when assisting customers in financial hardship e.g. financial counsellors.

**This policy does not apply to non-residential customers, tenants<sup>1</sup> or people having payment difficulties who are not in financial hardship<sup>2</sup>.** In recognition that these customers may also need support our trained staff can and at times do offer advice and a range of flexible payment options to assist in these cases.

#### 4 Definitions

<b>Customer</b>	Residential owner-occupier
<b>ERA</b>	Economic Regulation Authority
<b>FCAWA</b>	Financial Counsellors Association of Western Australia
<b>Financial hardship</b>	A state of more than immediate financial disadvantage which results in a customer whose intention is to pay an outstanding account, being unable to pay without affecting the ability to meet their or their dependant's basic living needs
<b>GUESHIAWG</b>	Government Utilities Essential Services Hardship Interagency Working Group
<b>HUGS</b>	Hardship Utility Grant Scheme

#### 5 Justification

There are two key drivers for this policy:

- Current documentation outlining our billing and debt recovery practices provides general information on financial hardship. We understand that by providing detailed information, greater transparency and increased accessibility through our policy we will assist customers, employees and stakeholders.
- We support a shared approach where utilities, the government, community groups and customers all seek to assist customers in financial hardship. We recognise the benefits of broadening our current strategies.

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<sup>1</sup> As a service to owners we will issue accounts to either the owner's agent or a tenant upon receiving a request in writing. However, this does not affect the owner's liability for charges.

<sup>2</sup> Our customer brochure 'Having difficulty paying your water account?' outlines the extensive support we offer to customers experiencing payment difficulties and financial hardship.

## 6 Compliance Implications

There are no legislative requirements. However, a failure to clarify our financial hardship position may result in the following business implications:

- Customer dissatisfaction/distress
- Difficulty in identifying customers in financial hardship
- Confusion and lack of understanding for our customers, employees and stakeholders
- Risk to our reputation (negative perception/press)
- Ineffective support of Government Assistance Programs
- Financial/Impost (having to make reactive changes)

## 7 Background

Historically we have offered a number of support processes for customers experiencing financial hardship. Our flexible approach, the use of restriction of supply only as a last resort and our willingness to engage in consultation has been well regarded in the community.

Our aim is that this policy will provide detailed information, greater transparency and increased accessibility enabling customers, employees and stakeholders to work together towards a sustainable solution.

By proactively developing and implementing our policy while not regulated to do so we demonstrate our commitment to exceeding regulatory requirements and meeting the needs of our customers.

## 8 Principles

Our Financial Hardship policy is based on six key principles.

- Enhanced communications to **identify and actively engage** customers in financial hardship.
- Flexible **payment arrangements** to meet our customer's needs.
- **Training programs** to raise employee awareness and capability.
- Build and maintain **genuine relationships** with key stakeholders.
- Ensure our policy and processes are **transparent and accessible** whilst at all times protecting confidentiality for customers.
- Demonstrated commitment to **best practice** and continuous improvement.

## 9 Application

### 9.1 Types of Hardship

#### Temporary financial hardship

Temporary hardship customers are those who are experiencing financial difficulties due to a sudden and temporary change in circumstances. Some examples include instances where a customer has:

- received a number of bills at the same time;
- incurred an unexpected emergency or one-off expense;
- suffered a temporary reduction in income;
- a sudden change in living or health circumstances;
- become over-committed financially; or
- some other temporary financial difficulty.

These customers generally require flexibility and typically we do assist by offering an extension of time to pay or a payment arrangement. These customers may also qualify for HUGS.

### **Long term financial hardship**

Long term hardship customers are generally those with low or fixed incomes who may require ongoing assistance.

## **9.2 Identification**

A customer can be identified as being in financial hardship either by self assessment, an internal assessment process or by an independent Financial Counsellor or other skilled consumer representative.

The following indicators should be considered when determining whether a customer is in financial hardship.

- The customer requests information about alternative payment arrangements.
- The customer's payment history indicates that they have had difficulty paying accounts in the past.
- The customer has had a change of circumstances that adversely affects their finances.
- The customer, through self assessment, has identified their position regarding affordability.
- Eligibility for Government funded concessions.
- The customer is eligible or has previously applied (successfully or unsuccessfully) for a Government funded financial assistance schemes e.g. HUGS.
- Advice received by an independent financial counsellor.
- Total income after tax (take home pay).
- The number of children or dependants involved.
- Current financial commitments including any existing debt.
- Medical conditions or disability impacting earning capacity.

Although the above list is an indicator of possible hardship, each customer will be treated in accordance with their individual circumstances on a case by case basis.

### 9.3 Our commitment to our customers

Each customer experiencing financial hardship will be treated with sensitivity on a case-by-case basis and **has the right** to:

- Receive information and advice regarding the payment options and methods available.
- Nominate to have the bill redirected at no charge to a third party address or an alternative postal address.
- Receive a language interpreter service at no charge.
- Receive information in alternative formats on request (customers with special needs) at no charge.
- Receive water efficiency information that may assist in managing/reducing future water use.
- Receive information and advice on Government funded concessions and financial assistance schemes e.g. Hardship Utility Grant Scheme.
- Receive information on our Financial Hardship Policy.
- Choose from various alternative payment arrangements in accordance with their circumstances and capacity to pay.
- Payment arrangements that are determined as a result of entry to the Hardship Utility Grant Scheme and are maintained will be interest exempt.
- Receive written confirmation of the agreed arrangement. This will be sent within two business days of the agreement being reached.
- Seek a renegotiation of the amount of their instalment if there is a change in circumstances.
- Be referred to a free counselling service to receive independent advice. During this time recovery action will cease pending the establishment of an agreed payment arrangement.
- Residential customers who are able to demonstrate they have an appointment with an independent counsellor will be granted a temporary suspension of action for thirty days.
- Be advised of the amount of any historical debt and the basis of that debt.
- Be shielded from legal action, additional recovery costs and restriction of supply as long as they have agreed to an arrangement and are meeting their commitment to it.
- Be advised in writing that recovery action will continue if they fail to meet the agreed payment arrangement schedule and fail to actively work with us to address the situation.

### 9.4 The customer's commitment to us

We will do our best to assist customer's experiencing financial hardship. In return, **we ask** that the customer:

- Contact us as soon as they begin to experience financial difficulty or an escalation in financial difficulty.
- Agree and maintain a suitable payment arrangement.
- Keep us informed of any changes in their circumstances.

- Contact us to request an alternative arrangement if they are having difficulty maintaining the agreed payment plan.
- Contact a financial counsellor or relevant consumer representative if requested. It is important to meet with a person from a relevant consumer representative organisation to discuss their financial situation and consider the options available.

### **9.5 Provision of information**

We will be proactive in providing potential hardship customers with timely, transparent and accessible information including:

- An invitation to contact us to discuss alternative payment arrangements on all accounts and recovery notices.
- Information about concessions eligibility, other government funded assistance programs such as the Hardship Utility Grant Scheme, flexible payment options, water efficiency information.
- The policy will be readily available to customers at no charge and in we will do our utmost to provide this information in a format that meets special needs.
- We will appropriately promote awareness of the financial hardship policy to customers, financial counsellors and key stakeholders.
- We will maintain a policy feedback mechanism.

### **9.6 Staff Training**

Frontline employees who assist customers having difficulty paying their outstanding charges will be trained and competent in relation to:

- The range of payment options and methods available.
- Our Financial Hardship Policy, procedures and work instructions.
- Government funded concession entitlements.
- Government and community programs/services available including:
  - Referrals to financial counsellors
  - Government financial assistance programs e.g. HUGS
- Communication skills for engaging with customers in financial hardship.
- Water efficiency information and advice.
- Engage with stakeholders in the development and review of training programs.
- Provide training to new staff and schedule refresher courses where appropriate.

### **Commitment to best practice and continuous improvement**

We will undertake the following to facilitate best practice and continuous improvement:

- Ongoing engagement at an industry level Financial Counsellors and relevant consumer representative organisations to improve our understanding of the complex issues surrounding financial hardship,

communicate agreed processes and protocols and to review and improve practices and processes.

- Early identification and appropriate referral of customers in financial hardship in consultation with relevant financial counselling and emergency relief organisations.
- Willingness to work with financial counsellors and share information subject to privacy and customer consent requirements.
- Our hardship policy will be reviewed in line with the organisation's policy review process to ensure it meets the needs of customers experiencing hardship.
- We will ensure appropriate procedures and work instructions are in place and maintained to ensure hardship customers are dealt with in a sensitive manner according to the guidelines set out in this policy.
- We will ensure that there are appropriate escalation procedures in place to deal with customer complaints regarding this policy.
- The Manager, Customer Services is responsible for the strategic direction, operation and management of our hardship policy and associated programs.
- The Manager, Finance and Administration is responsible for monitoring the financial effectiveness of the hardship policy.
- All debt management employees are responsible for the application of the policy.
- All frontline customer service employees who assist customers having financial difficulties are required to be aware of this policy and the options available to assist them.