

Assessment of Wesfarmers Kleenheat Gas Pty Ltd's Financial Hardship Policy

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Economic Regulation Authority

WESTERN AUSTRALIA

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Economic Regulation Authority
Perth, Western Australia
Phone: (08) 6557 7900

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Background

1. Wesfarmers Kleenheat Gas Pty Ltd (**Kleenheat Gas**) holds a gas trading licence granted by the Economic Regulation Authority (**Authority**). Schedule 2 of the licence comprises the *Compendium of Gas Customer Licence Obligations* (**Compendium**).
2. The Compendium regulates and controls the conduct of gas retailers and distributors when supplying gas to small use customers¹. Amongst other things, the Compendium requires gas retailers to develop financial hardship policies for their residential customers.
3. A financial hardship policy must meet the minimum content requirements as specified in clause 6.10(2) of the Compendium. The Authority has also published the *Financial Hardship Policy Guidelines* (**Guidelines**) to provide guidance to retailers as to the type of information they could include in their financial hardship policies to meet the requirements under clause 6.10(2) of the Compendium. The Guidelines are not a mandatory compliance requirement.
4. A retailer must review its financial hardship policy at least annually and submit the results of the review to the Authority² by 31 December each year³. When undertaking a review of a policy, a retailer must have regard to the Guidelines.⁴
5. Upon receipt of a reviewed financial hardship policy, the Authority examines both the review process and the policy.⁵ The Authority endeavours to issue an assessment every second year, unless there are significant changes to the policy, in which case an assessment is issued annually.⁶
6. It is important to note that the Authority issues an assessment of a retailer's financial hardship policy and not an approval. Retailers are able to operate their policy regardless of the Authority's assessment.
7. If the Authority identifies a possible non-compliance with the Compendium during the course of the assessment and this is not rectified by the retailer prior to the assessment being concluded, the Authority may determine that it is necessary to further investigate the possible non-compliance.

Kleenheat Gas

8. Kleenheat Gas sells gas in Margaret River and Oyster Harbour (Albany) and had around 530 residential customers in 2011/12.
9. Kleenheat Gas submitted its reviewed financial hardship policy before the deadline of 31 December 2012.

¹ A 'small use customer' is a customer who consumes less than 1TJ of gas per year.

² Clause 6.10(5) of the Compendium.

³ Economic Regulation Authority, *Financial Hardship Policy Guidelines*, page 6.

⁴ Clause 6.10(7) of the Compendium.

⁵ Clause 6.10(8) of the Compendium.

⁶ Economic Regulation Authority, *Financial Hardship Policy Guidelines*, page 6.

Assessment

10. The Authority reviewed Kleenheat Gas's financial hardship policy against the mandatory requirements of clause 6.10 of the Compendium and the non-mandatory Guidelines.

Assessment of Annual Review

11. Kleenheat Gas has advised that a copy of the financial hardship policy was forwarded to the Western Australian Council for Social Service (WACOSS) and the Financial Counsellors' Association of WA. Both organisations were invited to provide comment on the policy.
12. Kleenheat Gas has advised that it made some minor changes to the financial hardship policy in response to the feedback received from both organisations.

Assessment of Financial Hardship Policy

13. After reviewing the financial hardship policy, feedback was provided to Kleenheat Gas regarding consistency with the requirements of clause 6.10 of the Compendium and the Guidelines.
14. In response to the feedback received, Kleenheat Gas made a number of changes to the financial hardship policy. For example, the policy now includes details of Kleenheat Gas's complaints handling procedures and specifies how Kleenheat Gas will determine a customer's usage needs and capacity to pay when establishing an instalment plan.
15. In the Guidelines, the Authority strongly encourages retailers to produce a short, easily accessible and 'consumer friendly' summary of their financial hardship policy. Kleenheat Gas has not submitted a summary of its policy; however it has advised that it will commit to providing a summary of its policy for the next review.

Conclusion

16. The Authority has found that Kleenheat Gas's annual review and financial hardship policy comply with the requirements of clause 6.10 of the Compendium and are generally consistent with the Guidelines.
17. The Authority notes that this is an assessment of the written policy document and is not an examination of the application, implementation or adherence to the policy by Kleenheat Gas.
18. A copy of Kleenheat Gas's financial hardship policy is attached (**Appendix 1**).

Appendix 1 – Kleenheat Gas’s Financial Hardship Policy

FINANCIAL HARDSHIP POLICY

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. A customer can be identified as being in financial hardship when they do not have the financial capacity to pay their utility accounts without affecting their ability to meet their individual or family basic living needs.

Purpose

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

Principles

Customers 'eligibility for hardship' assistance

A customer can be identified as being in financial hardship when they do not have the financial capacity to pay their utility accounts without affecting their ability to meet their individual or family basic living needs.

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. Financial hardship may be caused by (but is 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;
 - physical and mental health issues;
 - loss of a spouse or a loved one;
 - chronically ill child;
 - domestic violence;
 - other unforeseen factors resulting in a customer's capacity to pay such as a reduction in income or an increase in non-discretionary expenditure; and
 - budget management issues associated with a low income.
- Self identification with support from financial counsellor.
- Eligibility for Government funded concessions.

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- The customer is eligible or has previously applied (successfully or unsuccessfully) for a Government funded financial assistance schemes e.g. HUGS.
- Any medical conditions or disabilities including mental health issues impacting earning capacity.
- Current financial commitments including any existing debt.

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 and advised of assessment outcome within 3 working days.

Payment Arrangement Options

Kleenheat Gas will refer customers in financial hardship to other support agencies and schemes, where appropriate. Kleenheat Gas will not disconnect customers due to non-payment if they are entering into a payment plan or while they are on a payment plan and have consistently demonstrated a commitment to it. Kleenheat will consider waiving all fees and charges issued prior to a payment arrangement being entered into. Kleenheat may also consider payment incentives such as matched payments.

All Customers assessed as experiencing financial hardship are entitled to:

- additional time to pay their bill(s);
- an interest-free and fee-free instalment plan;
- immediate waiver of late payment fees; and
- In cases where disconnections have taken place prior to financial hardship status being established, Kleenheat Gas will make a request for reconnection that same business day if a request is received before 3pm on a business day, or no later than the following business day if the request is received after 3pm on a business day or on a Saturday, Sunday or public holiday.

Please also take note of the following

- Due to seasonal fluctuations in usage, paying in instalments may result in customer accounts being in credit or debit during the period of the plan. Should this result in the customer's account being significantly in credit or debit we will re-calculate the amount of the instalments.
- In order to determine a customer's usage needs we will look at the previous 12 months usage and average it over 12 equal amounts
- In order to determine a customer's capacity to pay we will ask the customer a number of questions in relation to their income and expenditure.
- Customers who have negotiated revisions to payment plans are not at risk of being refused future assistance purely for this reason.
- Customers will be referred to the appropriate agency for any discounts or rebates that a customer is entitled to under any Government scheme/grant.
- Advice to customers applying to Centrelink for the Centrepay facility.
- Recommendation to seek advice from a financial counsellor to be assessed for Government support programs.
- Financial counsellors' assessment will be considered when arranging payment plans.

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- Customers may opt to pay in advance. The minimum payment in advance amount will be determined in consultation with relevant consumer representative organisations.
- In some circumstances, such as, permanent disability, bankruptcy or death a waiver of debt may be considered.

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 or an alternative postal address.
- 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.
- Arrangements that are maintained will not be charged interest.
- Renegotiate the amount of their instalment if there is a change in circumstances.
- 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 interest free. We will reasonably consider requests for extension of time in obtaining this information.
- 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 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.
- Be advised that debts may be outsourced to a debt collection agency and , if so, all fees incurred will be charged to the customer
- Receive written confirmation of the agreed arrangement including details of instalment numbers, amounts, commencement date and terms. We will specify the amount of the instalments which will pay your arrears and estimate usage during the period of the plan. This will be sent within two business days of the agreement being reached.
- Be referred to Financial Counsellors to receive independent advice. During this period of thirty days recovery action will cease pending the establishment of an agreed payment arrangement.

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.
- 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.

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- 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.

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 (HUGS), Energy Ombudsman of WA (EOWA), Energy and Water Ombudsman of Victoria (EWOV) flexible payment options, and our hardship policy.
- We provide access to the Translation and Interpreting Service (TIS) to assist customers from non-English speaking backgrounds.

We will promote awareness of the financial hardship policy which is available on the Kleenheat website to consumer customers, financial counsellors and key stakeholders

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 and procedures.
- Government funded concession entitlements.
 - Referrals to the Financial Counsellors Association of WA (FCAWA), Energy Ombudsman of WA (EOWA) or Energy and Water Ombudsman Victoria (EWOV).
 - Government financial assistance programs e.g. Hardship Utility Grant Scheme (HUGS).
- Credit Department staff who case manage individuals experiencing financial hardship have comprehensive training on a range of social and community issues to improve their understanding of the issues that effect people in financial hardship. Staff are also trained on how to communicate effectively with customers.

In addition we will:

- Provide training to new staff and schedule refresher courses where appropriate.
- Plan to work with key organisations to develop training packages.

Commitment to Best Practice and Continuous Improvement

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

- Willingness to work with financial counsellors and share information subject to privacy and customer consent requirements.
- Ongoing engagement at an industry level with Western Australia Council for Social Services (WACOSS), Financial Counsellors Association of WA (FCAWA) and relevant consumer representative organisations to improve our understanding of the complex

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- issues surrounding financial hardship, communicate agreed processes and protocols and to review and improve practices and processes.
- Our hardship policy will be reviewed annually to ensure it meets the needs of customers experiencing hardship. This review will be completed in consultation with relevant consumer representative organisations.
- 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.

Complaints

We are committed to resolving all complaints. In the first instance please call 13 21 80 and speak with a Customer Service Officer. You can also request for your complaint to be referred to a Supervisor or Manager. In the event you are not satisfied with the resolution offered, please refer your complaint to our Customer Advocate.

Email: customeradvocate@kleenheat.com.au or write to : Customer Advocate, Wesfarmers Kleenheat Gas Pty Ltd, PO Box 4184, Myaree Business Centre WA 6960.

We aim to resolve all complaints internally; however if you are not satisfied with the response we've provided, you may refer your complaint to the relevant external dispute resolution scheme.

Western Australia and Victoria Ombudsman schemes exist for complaint handling purposes. The relevant Victorian Ombudsman is available to receive complaints from LPG cylinder users and the Western Australian Ombudsman reticulated gas customer can use their services.

Energy & Water Ombudsman Victoria

GPO Box 469
Melbourne Vic 3001
Phone: 1800 500 509
Email: ewovinfo@ewov.com.au

Energy Industry Ombudsman Western Australia

PO Box Z5386 St Georges Terrace, Perth WA 6831
Phone: (08) 9220 7588 or 1800 754 004
Visit: www.ombudsman.wa.gov.au/energy

If these schemes are unable to assist, you have the option of contacting the government agency that deals with consumer issues in your State or Territory.

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How to contact Kleenheat Gas

- Telephone **13 21 80**
- www.kleenheat.com.au
- Fax to (08) 9312 9833
- Visit any Kleenheat Gas operation, agent or dealer
- In writing to Wesfarmers Kleenheat Gas Pty Ltd
PO Box 4184
Myaree Business Centre WA 6960

Emergency Contacts (Leaks etc)

1800 093 336 - specialist advice on emergency situations
000 – if life or property is threatened.

Customers with Special Needs

If you require an interpreting service, please call 131 450
If you have hearing difficulties, please contact TTY on 133 677.

Financial Counsellors' Association of Western Australia (Inc.)

- Telephone **1800 007 007**
- www.financialcounsellors.org
- Fax to (08) 9221 6444

This service is free, confidential and independent.

Review of Policy

- The **NATIONAL CREDIT MANAGER** is responsible for monitoring the effectiveness of the hardship policy and associated programs.
- Our hardship policy will be reviewed annually to ensure it meets the needs of customers experiencing hardship.
- All **CREDIT TEAM** 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.

POLICY STATEMENT

Rev	Description of Revisions	Date	Prepared By	Checked By	Approved By
0.1	Created	Dec 2010	Bernadette Doyle	David Andrews	Bernadette Doyle
1	Reviewed	July 2011	Bernadette Doyle	David Andrews	Bernadette Doyle
2	Reviewed	Dec 2011	Bernadette Doyle	David Andrews	Bernadette Doyle
3	Reviewed	Jan 2012	Bernadette Doyle	David Andrews	Bernadette Doyle
4	Reviewed	May 2012	Bernadette Doyle	Bernadette Doyle	Bernadette Doyle
5	Reviewed	Dec 2012	Bernadette Doyle		