

# Draft Financial Hardship Policy Guidelines for Water Services

April 2018

**Economic Regulation Authority**

WESTERN AUSTRALIA

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# 1 Introduction

Persons who hold a licence for water supply services (drinking water only<sup>1</sup>) or sewerage services (**licensees**) must have a financial hardship policy (**hardship policy**) that has been approved by the ERA.<sup>2</sup>

The hardship policy must comply with this guideline, unless the ERA approves otherwise.<sup>3</sup>

Section 2 of this guideline provides background information about the regulatory framework for hardship policies. It explains who must have a hardship policy and to whom a hardship policy should apply. It also explains the process for developing, amending and reviewing hardship policies.

Section 3 describes what matters must be addressed in a hardship policy.

## 2 Background

### 2.1 Who must have a hardship policy?

Persons who hold a licence for water supply services (drinking water only) or sewerage services must have a hardship policy.

There are two exceptions:

- **Supply solely to non-residential customers**

A licensee is not required to have a hardship policy if it only supplies water services to non-residential customers.<sup>4</sup>

Licensees who supply water services to both residential and non-residential customers must have a hardship policy. Their hardship policy only needs to apply to their residential customers.

- **Supply solely to members**

A licensee is not required to have a hardship policy if it only supplies water services to members of the licensee.<sup>5</sup> For example, a co-operative that only supplies water services to the members of the co-operative is not required to have a hardship policy.

Prior to 1 July 2018, licensees who held a licence for irrigation services and drainage services were also required to have a hardship policy. From 1 July 2018, the *Water*

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<sup>1</sup> "drinking water" is defined in clause 4(1) of the *Water Services Code of Conduct (Customer Service Standards) 2018 (Water Code)*.

<sup>2</sup> Clause 29(1) and (2) of the Water Code.

<sup>3</sup> Clause 29(3) of the Water Code.

<sup>4</sup> The definition of "financial hardship", in clause 22 of the Water Code, specifically refers to "a customer who is a residential customer".

<sup>5</sup> The definition of "customer", in section 3(1) of the *Water Services Act 2012*, specifically excludes members of the licensee.

*Services Code of Conduct (Customer Service Standards)* no longer applies to these licensees and, as a result, they no longer have to have a hardship policy.<sup>6</sup>

## 2.2 To whom must a hardship policy apply?

A hardship policy must apply to residential customers who are experiencing financial hardship, and may also apply to customers experiencing payment difficulties.

### *Financial hardship*

A customer is experiencing financial hardship if the customer is in:

... an ongoing state of financial disadvantage in which the ability of a customer who is a residential customer to meet the basic living needs of the customer or a dependant of the customer would be adversely affected if the customer were to pay an unpaid bill.<sup>7</sup>

Financial hardship may be caused by (but is not limited to) the sustained burden of one or more of the following factors:

- loss of the customer's or family member's primary income;
- separation or divorce from a spouse;
- loss of a spouse or a loved-one;
- physical and mental health problems;
- a chronically ill child;
- budget management difficulties because of a low income; or
- other unforeseen factors affecting a customer's capacity to pay, such as a reduction in income or an increase in non-discretionary expenditure.

A customer is the person to whom water services are provided, or who is entitled to the provision of those services.<sup>8</sup> This will generally be the owner of the land.<sup>9</sup> It may also be an occupier (e.g. tenant) if the occupier has a direct contractual relationship with the licensee.

The obligation on licensees to have a hardship policy is one of several safeguards included in the *Water Services Code of Conduct (Customer Service Standards) 2018 (Water Code)* for customers experiencing financial hardship. These safeguards only apply to *residential* customers.

### *Payment difficulties*

The Water Code also includes safeguards for customers who are experiencing temporary difficulties paying their bill (payment difficulties).<sup>10</sup>

<sup>6</sup> Following its statutory review of the Water Code, the ERA repealed the 2013 version of the Water Code and replaced it with a new version: the *Water Services Code of Conduct (Customer Service Standards) 2018*. The 2018 version no longer requires holders of an irrigation or drainage licence to comply with the Water Code. More information about the ERA's review of the Water Code is available on the [ERA website](#).

<sup>7</sup> Clause 22 of the Water Code.

<sup>8</sup> Section 3 of the *Water Services Act 2012*.

<sup>9</sup> Clause 4(1)(a) of the Water Customer Service Code.

<sup>10</sup> For example, clause 28 of the Water Code.

The Water Code defines 'payment difficulties' as:

... being in a state of financial disadvantage that is not likely to be ongoing and in which the customer is unable to pay an unpaid bill.<sup>11</sup>

The safeguards included in the Water Code for customers experiencing payment difficulties apply both to residential and business customers.

Although a licensee may opt to address the issue of customers experiencing payment difficulties in its hardship policy, this is not a requirement.

## 2.3 Development, amendment and review

Clause 29 of the Water Code sets out the requirements for the development, amendment and review of hardship policies.

A hardship policy only has effect if it has been approved by the ERA.<sup>12</sup>

Once a hardship policy has been approved, it is the licensee's responsibility to ensure that its hardship policy remains compliant with the Water Code and this guideline. A licensee should review, and if necessary amend, its hardship policy following amendments to the Water Code or the guideline. Any amendments must be submitted to the ERA for approval.

### 2.3.1 Initial hardship policy

New licensees must ensure that their hardship policy is in effect<sup>13</sup> within six months of the day their licence was granted.<sup>14</sup>

To provide the ERA with sufficient time to assess a new licensee's hardship policy, licensees should submit their hardship policy to the ERA with their licence application or, if it is not ready by that time, within three months of the licence being granted.

When formulating its initial hardship policy, a licensee must consult with relevant consumer organisations.<sup>15</sup>

### 2.3.2 Review of hardship policy

A licensee must review its hardship policy at least once every five years.<sup>16</sup> However, a licensee may choose to review its hardship policy more regularly.

The ERA may also direct a licensee to review its hardship policy.<sup>17</sup> The ERA may, for example, decide to direct licensees to review their hardship policies following amendments to the Water Code or the guideline.

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<sup>11</sup> Clause 22 of the Water Code.

<sup>12</sup> Clause 29(2) of the Water Code.

<sup>13</sup> A hardship policy only has effect if it has been approved by the ERA.

<sup>14</sup> Clause 29(5) of the Water Code.

<sup>15</sup> Clause 29(9) of the Water Code. See section 2.3.4 for more information about consultation.

<sup>16</sup> Clause 29(7) of the Water Code.

<sup>17</sup> Clause 29(8) of the Water Code.

As part of any review, the licensee must consult with relevant consumer organisations.<sup>18</sup>

### **2.3.3 Amendment of hardship policy**

A licensee may amend its hardship policy as a result of a review or otherwise. Any amendments require the ERA's approval.<sup>19</sup>

### **2.3.4 Consultation on hardship policy content**

Licensees must consult with relevant consumer organisations on the content of their hardship policy when they formulate their initial policy or review their existing policy.<sup>20</sup>

A licensee could, for example, seek feedback by organising a reference group or forum, conducting a telephone survey, or sending a copy of the policy to one or more consumer organisations with a request for feedback. A licensee should also consider consulting with consumer organisations when making material amendments to its hardship policy.

A licensee should ensure that consumer organisations are given sufficient time to provide feedback on the licensee's hardship policy.

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<sup>18</sup> Clause 29(9) of the Water Code. See section 2.3.4 for more information about consultation.

<sup>19</sup> Clause 29(2) and 29(4) of the Water Code.

<sup>20</sup> Clause 29(9) of the Water Code.

## 3 Content of a hardship policy

This section provides guidance about the information licensees should include in:

- their hardship policies; or
- supporting information supplied to the ERA.

Some of the information requirements reflect obligations under the Water Code. These are identified in footnotes in the text below.

Although most information requirements must be addressed in a licensee's hardship policy, some requirements may be addressed in supporting information (such as a letter to the ERA). These requirements generally concern information that is not directly relevant to customers, but that affect how licensees deal with customers who are experiencing financial hardship (for example, staff training and consultation undertaken on the hardship policy). Not including this type of information in a hardship policy may help keep the hardship policy concise and easier for customers to understand.

Appendix A of this guideline contains a checklist summarising all of the content requirements set out below. The ERA recommends that licensees review their hardship policies against the checklist prior to submitting their policy for the ERA's approval.

### 3.1 Alternative payment arrangements

When a customer has been assessed by a licensee and found to be in financial hardship, the licensee must advise the customer that the customer may pay their bill under a payment plan or other arrangement (**payment arrangement**).<sup>21</sup> The payment arrangement must be interest-free and fee-free and give the customer more time to pay the bill or arrears.

#### Consumption history and capacity to pay

When setting the conditions of a payment arrangement, licensees must take account of the customer's consumption history<sup>22</sup> and capacity to pay.<sup>23</sup>

It is important that any payment arrangement does not over or under commit the customer. A customer who has over committed is unlikely to adhere to a payment arrangement and may have their water supply cut off or restricted. In the case of under-commitment, the repayments may not be sufficient to cover the current debt, as well as expected future use of the service, which may result in the customer accumulating further debt.

#### Involvement of customer and/or financial counsellor

Licensees should involve the customer and, if applicable, the customer's financial counsellor in setting a payment arrangement.

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<sup>21</sup> Clause 27(2) of the Water Code.

<sup>22</sup> Only for bills for usage.

<sup>23</sup> A payment arrangement often includes payment for future consumption to ensure the customer's debt does not increase further. As a customer's consumption history often provides a good indication of a customer's future consumption, the Water Code requires licensees to take account of a customer's consumption history when setting the conditions of a payment arrangement.



Assessing a customer's current financial situation is a specialised, time-consuming task and often best suited to a financial counsellor. Where applicable, a licensee should therefore take into account a financial counsellor's assessment of the customer's current financial situation.

A licensee should ask a customer, or financial counsellor, how much the customer can afford to pay and determine a realistic payment arrangement based on the customer's individual circumstances.

### Licensee to monitor payment arrangement

For the benefit of both parties, licensees should monitor a customer's adherence to a payment arrangement. If the customer does not adhere to the terms of the arrangement, and does not contact the licensee to re-negotiate terms, the licensee should make reasonable efforts to contact the customer before taking further action.

Customers who have had two payment arrangements cancelled because of non-payment do not have to be offered another payment arrangement.<sup>24</sup>

### Revision of payment arrangement

Licensees must review a payment arrangement upon a customer's request. If the review indicates that the customer is unable to meet their obligations under the payment arrangement, a licensee must revise the arrangement.<sup>25</sup> For example, the licensee may agree to extend the duration of the payment arrangement and/or reduce the amount of the instalments.

### Information provision

Licensees must have written information about the payment plans, arrangements and other assistance they offer to customers, and make this information publically available.<sup>26</sup> Licensees could, for example, meet this requirement by including the information in their hardship policy and making the policy freely available to their customers.

When submitting a hardship policy to the ERA for approval, a licensee should include within its policy:

- 3.1A The alternative payment arrangements available to customers in financial hardship.**
- 3.1B A statement that the licensee will take account of a customer's consumption history<sup>27</sup> and capacity to pay when setting the conditions of a payment arrangement.**
- 3.1C A statement that the licensee will involve the customer and, if applicable, the customer's authorised representative in setting the conditions of a payment arrangement.**

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<sup>24</sup> Clause 31(3) of the Water Code.

<sup>25</sup> Clause 30(4)(b) of the Water Code.

<sup>26</sup> Clauses 31(4) and (5) of the Water Code.

<sup>27</sup> Only for bills for usage.

- 3.1D A statement that the licensee will review and revise, where appropriate, a customer's existing payment arrangement.**

## 3.2 Reducing the amount owing

Licensees must consider reducing an amount owing by a customer in financial hardship.<sup>28</sup>

A request for a reduction of the amount owing may be made by a customer or, if applicable, the customer's authorised representative (for example, a financial counsellor). Alternatively, if a licensee becomes aware that a customer meets the licensee's criteria for a reduction, the licensee should initiate the reduction.

Licensees should have internal guidelines that assist their staff in determining when a customer may be eligible for a reduction and/or waiver of fees, charges and debt.

When submitting a hardship policy to the ERA for approval, a licensee should include within its policy:

- 3.2A A statement that the licensee will consider reducing the amount owing by the customer.**

## 3.3 Debt collection

### Suspension of debt collection

Licensees must not commence or continue proceedings to recover a debt if:

- a customer is complying with a payment plan or other arrangement, or
- the licensee is assessing whether or not the customer is experiencing financial hardship.<sup>29</sup>

Licensees must ensure that no debt collection occurs in these circumstances. The onus is not on the customer to request or initiate a suspension of debt collection.

### Standards in debt collection

Part 2 of the Australian Competition and Consumer Commission's (**ACCC**) *Debt collection guidelines for collectors and creditors* explains the application of three Commonwealth consumer protection laws<sup>30</sup> that are relevant to debt collection. Although the ACCC's

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<sup>28</sup> Clause 30(4)(a) of the Water Code.

<sup>29</sup> Clause 33(1) of the Water Code. This clause lists three more circumstances under which a licensee may not commence or continue proceedings to recover a debt. They relate to the licensee undertaking an assessment as to whether or not the customer is experiencing payment difficulties; or the customer having made a complaint to the licensee or Energy and Water Ombudsman WA that directly relates to the charge to which the debt relates.

<sup>30</sup> *Australian Consumer Law*; Part 2, Division 2 of the *Australian Securities and Investments Commission Act 2001* (Cth); *National Consumer Credit Protection Act 2009* (Cth).

guideline does not have legal force, businesses that collect debts are encouraged to follow the guideline.<sup>31</sup>

## Outsourcing debt collection

If a licensee outsources the recovery of debt, the hardship policy should state that a customer's debt may be collected by a debt collection agency and whether this may result in additional fees for the customer.

When submitting a hardship policy to the ERA for approval, a licensee should include within its policy:

- 3.3A The circumstances under which the licensee will not recover an outstanding debt from a customer in hardship. As a minimum, these circumstances should meet the relevant requirements of clause 33 of the Water Code.**
- 3.3B The licensee's process for collecting outstanding debt, including:**
- if applicable, a statement that the licensee may outsource the debt to a debt collection agency; and
  - if applicable, a statement that additional fees may apply if the debt is outsourced to a debt collection agency.

## 3.4 Restriction and restoration

### Restriction

If a customer does not pay their bill within 30 days after the bill is due, licensees may cut off<sup>32</sup> or reduce<sup>33</sup> (together referred to as **restrict**) a customer's water supply.<sup>34</sup>

Prior to restricting a customer's water supply, licensees must give the customer a written reminder notice and a written restriction notice.<sup>35</sup> The Water Code<sup>36</sup> lists a number of circumstances under which licensees may not restrict a customer's water supply, including if:

- the licensee is assessing, under its hardship policy, if the customer is experiencing financial hardship,<sup>37</sup> or
- the customer is experiencing financial hardship and is complying with a payment arrangement.<sup>38</sup>

<sup>31</sup> ACCC and the Australian Securities and Investments Commission (ASIC), *Debt collection guideline: for collectors and creditors*, July 2017. Available at [https://www.accc.gov.au/system/files/776\\_Debt%20collection%20guideline\\_July%202017\\_FA.PDF](https://www.accc.gov.au/system/files/776_Debt%20collection%20guideline_July%202017_FA.PDF)

<sup>32</sup> A licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that (section 95(3) of the *Water Services Act 2012*).

<sup>33</sup> To reduce a customer's water supply, licensees will fit a device to the customer's meter that reduces the customer's rate of flow of drinking water.

<sup>34</sup> Section 95(1)(b) of the *Water Services Act 2012*.

<sup>35</sup> Clause 36(1) of the Water Code.

<sup>36</sup> Clause 37 of the Water Code.

<sup>37</sup> Clause 37(1)(c) of the Water Code.

<sup>38</sup> Clause 37(1)(d) of the Water Code.

## Restoration

Licensees must restore a customer's water supply if the customer has:

- paid the amount owing; or
- entered into an arrangement satisfactory to the licensee for payment of the amount owing.<sup>39</sup>

A customer's water supply must be restored within the timeframes specified in clause 41 of the Water Code.

When submitting a hardship policy to the ERA for approval, a licensee should include within its policy:

- 3.4A A statement that the licensee will not cut off or reduce a customer's water supply while the licensee is assessing whether or not the customer is in financial hardship, or while the customer is in financial hardship and is complying with a payment arrangement.**
- 3.4B A statement that a licensee will restore a customer's water supply if the customer has paid the amount owing, or if the customer has entered into a payment arrangement.**

## 3.5 Written information

It is important that customers in financial hardship are aware of their rights and responsibilities. Licensees must therefore give a customer in financial hardship written information about:<sup>40</sup>

- redirecting the bill free of charge;
- the bill payment methods provided by the licensee;
- applying for concessions to which the customer may be entitled;
- seeking independent financial counselling or seeking advice from relevant consumer organisations; and
- applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes.

### Redirection of the bill<sup>41</sup>

A customer may opt to have their bill redirected to another person, free of charge.

<sup>39</sup> Clause 40(1) of the Water Code.

<sup>40</sup> Clause 30(4)(c) of the Water Code.

<sup>41</sup> Clause 30(4)(c)(i) of the Water Code.

## Available payment methods<sup>42</sup>

The Water Code<sup>43</sup> prescribes the minimum payment methods a licensee must offer a customer: Centrepay, internet, telephone and post.

Centrepay is only available to customers who receive Centrelink payments. Centrepay may assist customers in financial hardship in the on-going management of their bills, as bills are paid through regular deductions.

## Concessions or other financial relief or assistance<sup>44</sup>

Concessions are available to people who hold an eligible concession card and are customers of the Water Corporation, Busselton Water Corporation and Bunbury Water Corporation (Aqwest).

Customers of the Water Corporation, Busselton Water Corporation and Aqwest may also be eligible for a Hardship Utility Grant Scheme (**HUGS**) grant. The grant aims to assist customers in financial hardship to pay their outstanding debts and avoid water flow restrictions.

A hardship policy should, as a minimum, list any concessions and grants available. A hardship policy should also include any relevant eligibility criteria for such concessions or advise a customer where further information on relevant eligibility criteria may be found.

## Financial counselling or advice from relevant consumer organisations<sup>45</sup>

Financial counsellors offer free, independent advice to customers on possible ways to deal with financial problems.

A hardship policy should advise customers of the availability of financial counselling or relevant consumer organisations, and how to contact these organisations. For example, a hardship policy could include the contact details of a relevant peak body, such as the Financial Counsellors' Association of WA.

When submitting a hardship policy to the ERA for approval, a licensee should include within its policy:

- 3.5A**
- **The information specified in clause 30(4) of the Water Code; or**
  - **Advice about where the information specified in clause 30(4) of the Water Code can be found.**

## 3.6 Consultation with relevant consumer organisations

Consumer representative organisations, particularly financial counsellors, have extensive experience in dealing with customers in financial hardship and may provide licensees with

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<sup>42</sup> Clause 30(4)(c)(ii) of the Water Code.

<sup>43</sup> Clause 24(1) of the Water Code.

<sup>44</sup> Clauses 30(4)(c)(iii) and (v) of the Water Code.

<sup>45</sup> Clause 30(4)(c)(iv) of the Water Code.

valuable insights. The Water Code requires licensees to consult with relevant consumer organisations on the content of their hardship policy (see Section 2.3.4 above).

When submitting a hardship policy to the ERA for approval, a licensee should include either within its policy or by means of supporting information:

- 3.6A A summary of consultation undertaken with relevant consumer organisations on the content of the hardship policy (including the organisations consulted and the manner in which they were consulted).**

## 3.7 Additional hardship policy content

The paragraphs above require licensees to address the minimum safeguards afforded to customers in financial hardship under the Water Code in their hardship policies. The ERA recommends that licensees also address the following matters, either in their hardship policies or in supporting documentation provided to the ERA.

### Training of staff

Licensees should provide training in hardship matters for front line staff (such as staff in call centres and credit departments), subcontractors employed to engage with customers experiencing financial hardship and field officers. As a minimum, training should be provided on the licensee's obligations under the Water Code. This includes, for example, obligations relating to payment arrangements, debt reduction and the provision of information.

Licensees should consider involving consumer organisations in the development of their training programs. Consumer organisations, as well as financial counsellors, can provide useful insights on how financial hardship affects customers, how to communicate with customers in financial hardship, and some of the main cultural and social issues to consider when dealing with disadvantaged customers.

When submitting a hardship policy to the ERA for approval, a licensee should include the items described below in its policy or in supporting documentation.

- 3.7A A short description of the training provided by the licensee to its staff.**

### Identifying customers who are experiencing financial hardship

Customers in financial hardship should be identified before they accumulate substantial debts to the licensee. Identification could occur by the customer, the customer's financial counsellor or the licensee.

To enable customers to self-identify, licensees should encourage customers in financial hardship to make contact by advising customers on (for example) bills, reminder notices and other correspondence, that assistance is available by contacting their licensee.

Licensees could also establish a process to actively identify customers in financial hardship. For customers who have a history of late payments, a licensee could establish a process to proactively contact them to determine if they are in financial hardship and eligible for any of the assistance available under the Water Code.

Licensees should try to assess whether a customer is in financial hardship within five business days of becoming aware that the customer is experiencing payment problems. If

the licensee cannot make the assessment within that timeframe, it should refer the customer to a financial counsellor for assessment.

If an assessment is to be provided by a financial counsellor, licensees should provide the counsellor with any relevant information about the customer's financial situation (subject to privacy and customer consent requirements).

When making their assessment, licensees should take into account a financial counsellor's assessment of the customer's financial situation (if available).

To assist their staff in identifying customers in financial hardship, licensees should have a set of indicators in place. Indicators could include one or more of the factors listed in Section 2.2 of this guideline.

When submitting a hardship policy to the ERA for approval, a licensee should include either in the policy or in supporting documentation:

**3.7B The indicators the licensee uses to help identify customers experiencing financial hardship.**

When submitting a hardship policy to the ERA for approval, a licensee should include within the policy:

**3.7C A statement encouraging customers to contact the licensee as soon as they begin to experience financial difficulty.**

### Complaints handling

Licensees must have in place a complaints handling process that complies with clause 46 of the Water Code. Information about this process and relevant contact information should appear in the hardship policy.

When submitting a hardship policy to the ERA for approval, a licensee should include in the policy:

**3.7D Information about the licensee's complaints handling process, including the licensee's contact details and the Energy and Water Ombudsman's contact details.**

### Availability & accessibility

It is important that customers in financial hardship are aware of their rights and responsibilities. A licensee should therefore actively promote its hardship policy to customers, financial counsellors and other relevant agencies.

In addition, a licensee must ensure that its hardship policy is publicly available by:

- ensuring that any person may view, and download, the policy from the licensee's website; and
- providing a hard copy of the policy to a customer on request and at no charge.<sup>46</sup>

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<sup>46</sup> Clause 29(6) of the Water Code. Also see clause 3 of the Water Code, which includes a definition of the term 'publicly available'.

So that all customers may familiarise themselves with the policy, interpreter services for non-English speaking people and communications technology for the hearing and sight impaired should be made available.

A hardship policy should be written in clear, simple and concise language and be presented in a way that is easy to understand.

When submitting its hardship policy to the ERA for approval, a licensee should include either in the policy or in supporting information:

- 3.7E Information about how the licensee promotes its hardship policy to its customers and other relevant agencies.**
- 3.7F The formats in which the hardship policy is available to customers (e.g. hard copy, electronic format, large print).**
- 3.7G How the hardship policy is made accessible to customers with special needs (e.g. by including the licensee's telephone number for TTY and/or independent multi-lingual services within the policy).**

## 4 Template hardship policy

To assist licensees, the ERA has prepared a template letter and template hardship policy. Appendix B contains a template letter to the ERA with prompts for a licensee to include supporting information, as set out in this guideline. Appendix C contains a template hardship policy with prompts to include the information set out in this guideline.

The ERA has prepared these documents for assistance only. Licensees are not required to follow their format and they are not intended to limit the form and content of a hardship policy or supporting information to be provided to the ERA.



## Appendix A – Hardship Policy Review Checklist

Before submitting their initial or reviewed hardship policy to the ERA, licensees should review their policy and, if applicable, supporting information against the following requirements:

<b>Alternative payment arrangements: clause 30 of the Water Code</b>	
<input type="checkbox"/> The alternative payment arrangements available to customers in financial hardship.	3.1A
<input type="checkbox"/> Statement that the licensee will take account of a customer's consumption history and capacity to pay when setting the conditions of a payment arrangement.	3.1B
<input type="checkbox"/> Statement that the licensee will involve the customer and, if applicable, the customer's authorised representative in setting the conditions of a payment arrangement.	3.1C
<input type="checkbox"/> Statement that the licensee will review and revise, where appropriate, a customer's existing payment arrangement.	3.1D
<b>Reducing the amount owing: clause 30(4)(a) of the Water Code</b>	
<input type="checkbox"/> Statement that the licensee will consider reducing the amount owing by the customer.	3.2A
<b>Debt collection: clause 33 of the Water Code</b>	
<input type="checkbox"/> The circumstances under which the licensee will not recover an outstanding debt from a customer in hardship. As a minimum, these circumstances should meet the relevant requirements of clause 33 of the Water Code.	3.3A
<input type="checkbox"/> The licensee's process for collecting outstanding debt, including:	3.3B
<input type="checkbox"/> • if applicable, a statement that the licensee may outsource the debt to a debt collection agency;	
<input type="checkbox"/> • if applicable, a statement that additional fees may apply if the debt is outsourced to a debt collection agency.	
<b>Restriction and restoration: clauses 34-41 of the Water Code</b>	
<input type="checkbox"/> Statement that the licensee will not cut off or reduce a customer's water supply while the licensee is assessing whether or not the customer is in financial hardship, or while the customer is in financial hardship and is complying with a payment arrangement.	3.4A
<input type="checkbox"/> Statement that a licensee will restore a customer's water supply if the customer has paid the amount owing, or if the customer has entered into a payment arrangement.	3.4B
<b>Written information: clause 30(4) of the Water Code</b>	
<input type="checkbox"/> A. The information specified in clause 30(4) of the Water Code; or B. Advice about where the information specified in clause 30(4) of the Water Code can be found.	3.5A
<b>Consultation with relevant consumer organisations</b>	
<input type="checkbox"/> * A summary of consultation undertaken with relevant consumer organisations on the content of the hardship policy (including the organisations consulted and the manner in which they were consulted).	3.6A
<b>Training of staff</b>	
<input type="checkbox"/> * A short description of the training provided by the licensee to its staff.	3.7A
<b>Identifying customers who are experiencing financial hardship</b>	
<input type="checkbox"/> * The indicators the licensee uses to help identify customers experiencing financial hardship.	3.7B
<input type="checkbox"/> Statement encouraging customers to contact the licensee as soon as they begin to experience financial difficulty.	3.7C

<b>Complaints handling</b>	
<input type="checkbox"/> Information about the licensee's complaints handling process, including the licensee's contact details and the Energy and Water Ombudsman's contact details.	3.7D
<b>Availability &amp; Accessibility</b>	
<input type="checkbox"/> * Information about how the licensee promotes its hardship policy to its customers and other relevant agencies.	3.7E
<input type="checkbox"/> * The formats in which the hardship policy is available to customers (e.g. hard copy, electronic format, large print).	3.7F
<input type="checkbox"/> * How the hardship policy is made accessible to customers with special needs (e.g. by including the licensee's telephone number for TTY and/or independent multi-lingual services within the policy).	3.7G

## Appendix B – Template cover letter

The matters marked with an asterisk (\*) in Appendix A may be addressed either in the hardship policy or by means of supporting information.

Below is an example of how a licensee could address these matters by means of supporting information in a cover letter. If a licensee does not address these matters by means of supporting information, it must ensure that they are addressed in the hardship policy itself.

Dear [...]

As required under clause 29 of the Water Code, please find attached a copy of [Name of Licensee]'s financial hardship policy for the ERA's approval.

### Consultation<sup>47</sup>

[Name of Licensee] consulted with [Name(s) of consumer organisations consulted] on the content of the hardship policy. [Licensee to describe how consumer organisation(s) were consulted]

### Training

[Name of Licensee] is committed to the training of our staff in managing cases of financial hardship.

[Licensee to explain what training is provided to its staff on financial hardship and the groups of staff members this training is provided to. If applicable, the licensee should also specify which consumer organisations were consulted in the development of the training.]

### Awareness & Availability

[Name of Licensee] is committed to raising awareness of our hardship policy among our customers.

<sup>47</sup> Information on consultation undertaken only has to be provided for the licensee's initial hardship policy and for any review of the hardship policy. As explained in Section 2.3.42.3.2, a review must be undertaken at least once every five years or when directed to do so by the ERA.

[Licensee to describe how the policy will be promoted to its customers and, if applicable, consumer organisations.]

Our hardship policy will be available on our website.

DRAFT

## Appendix C – Template Financial Hardship Policy

DRAFT

**[Name of Licensee]**  
**Financial Hardship Policy  
for Water Services**

[Month Year]

[Name of Licensee]

[Telephone number]

TTY [TTY telephone number]

 TIS [TIS telephone number]

# 1 Purpose

This Financial Hardship Policy outlines how [Name of Licensee] (“**we**”) will assist a residential customer (“**you**”) who cannot pay their [rate notice<sup>48</sup> / water bill<sup>49</sup>] because of financial hardship.

[Our policy applies only to the **water services portion** of your rate notice.<sup>50</sup> If you are also having difficulty paying other charges on your rate notice or if you are a commercial customer, we encourage you to still talk to us.]<sup>51</sup>

[If you are a commercial customer, we encourage you to still talk to us.]<sup>52</sup>

We are committed to working with you to find an appropriate payment arrangement that works for both you and us. We understand that it can be difficult to ask for support, and will treat you sensitively and respectfully.

# 2 What is financial hardship?

You will be considered to be in financial hardship if paying [the water services portion of your rate notice<sup>53</sup> / your bill<sup>54</sup>] will affect your ability to meet your basic living needs<sup>55</sup> – in short, if you have the intention but not the financial capacity to pay.

Financial hardship may, for example, be caused by:

- loss of your or a family member’s primary income;
- separation or divorce from your spouse;
- loss of a spouse or loved-one;
- physical or mental health problems;
- a chronically ill child;
- budget management difficulties because of a low income; or
- other unforeseen factors affecting your capacity to pay, such as a reduction in income or an increase in non-discretionary spending.

# 3 Identifying customers in financial hardship

If you think you may be in financial hardship we encourage you to contact us as soon as possible. You may ask your financial counsellor to contact us on your behalf.

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<sup>48</sup> Applicable to Local Government Authorities.

<sup>49</sup> Applicable to licensees other than Local Government Authorities.

<sup>50</sup> This is because the *Water Services Code of Conduct (Customer Service Standards) 2013* and our water licence only require us to have a hardship policy for any water services we provide to residential customers.

<sup>51</sup> Applicable to Local Government Authorities.

<sup>52</sup> Applicable to licensees other than Local Government Authorities.

<sup>53</sup> Applicable to Local Government Authorities.

<sup>54</sup> Applicable to licensees other than Local Government Authorities.

<sup>55</sup> Clause 22 of the *Water Services Code of Conduct (Customer Service Standards) 2013* defines financial hardship as “means being in an ongoing state of financial disadvantage in which the ability of a customer to meet the basic living needs of the customer or a dependant of the customer would be adversely affected if the customer were to pay an unpaid bill”.

We will assess within five business days whether we consider you to be in financial hardship. If we cannot make our assessment within five business days, we will refer you to a financial counsellor for assessment.

As part of our assessment we will consider any information provided by you and, if applicable, your financial counsellor. We will also take into account any information we may have on your payment history.

As soon as we have made our assessment, we will advise you of the outcome.

## 4 Payment plans

If we determine that you are in financial hardship, we will offer you more time to pay [the water services portion of your rate notice<sup>56</sup> / your bill<sup>57</sup>] or a payment plan [for this portion<sup>58</sup>]. We will not charge you any fees or interest as part of your extension or payment plan.

We will involve you and, if applicable, your financial counsellor in setting a payment plan. When setting the conditions of the plan, we will consider your capacity to pay and, if relevant, your consumption history.

If you ask us, we will review your payment plan. If our review indicates that you are unable to meet your obligations under the plan, we will revise it.

We do not have to offer you a payment plan if you have had two payment plans cancelled because of non-payment.

## 5 Debt reduction and collection

If you are in financial hardship, we will consider reducing the amount you owe us.

We will also not commence or continue proceedings to recover your debt:

- while we are assessing whether or not you are in financial hardship; or
- if you are complying with your payment plan or another payment arrangement you have with us.

If you do not comply with your payment plan or other payment arrangement, we may commence debt recovery proceedings.

**A licensee should only include the following paragraph if the licensee outsources its debt to a third party:** We may outsource your debt to a debt collection agency. Additional fees may apply in this case.

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<sup>56</sup> Applicable to Local Government Authorities.

<sup>57</sup> Applicable to licensees other than Local Government Authorities.

<sup>58</sup> Applicable to Local Government Authorities.

## 6 Restricting and restoring your water flow

A licensee should only include this section 6 if the licensee provides water supply services:

If you do not pay your bill by the due date, we may cut off or reduce your supply of water. We can reduce the flow of your water supply by fitting a device to your meter. We will not cut off the water supply to an occupied residence without your agreement.

We will not cut off or reduce your water flow while we are assessing whether you are in financial hardship. We will also not cut off or reduce your water flow if you are in financial hardship and you are complying with your payment plan.

If we have reduced your water flow, we will restore it once you have either paid the amount you owe us, or entered into a payment plan with us for that amount.

## 7 Useful information

- **Redirection of [rate notice<sup>59</sup>/bill<sup>60</sup>]:** We will advise you of your right to have your [rate notice<sup>61</sup> / bill<sup>62</sup>] redirected to another person free of charge if you are absent or ill.
- **Payment options:** You may pay your [rate notice<sup>63</sup>/bill<sup>64</sup>] by Centrepay, internet, telephone or post.

Centrepay is only available to customers who receive Centrelink payments. Paying by Centrepay may help you manage your bills more easily, as your bills will be paid through regular deductions.

For more information on your payment options, please [contact us / refer to your rate notice<sup>65</sup> / refer to your bill<sup>66</sup>].

- **A licensee should only include this item if concessions, financial relief or other financial assistance are available to the licensee's customers: Concessions and other financial relief and assistance:** You may be eligible for the following concession(s) and/or financial relief for [the water services portion of your rate notice<sup>67</sup> / your bill<sup>68</sup>]:

*[Licensee to insert information on available concessions (including eligibility criteria) and financial relief provided for under the Water Services Act 2012 or any other available financial assistance (including from Government funded grant schemes). Alternatively, the licensee may advise a customer where this information may be found].*

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<sup>59</sup> Applicable to Local Government Authorities.

<sup>60</sup> Applicable to licensees other than Local Government Authorities.

<sup>61</sup> Applicable to Local Government Authorities.

<sup>62</sup> Applicable to licensees other than Local Government Authorities.

<sup>63</sup> Applicable to Local Government Authorities.

<sup>64</sup> Applicable to licensees other than Local Government Authorities.

<sup>65</sup> Applicable to Local Government Authorities.

<sup>66</sup> Applicable to licensees other than Local Government Authorities.

<sup>67</sup> Applicable to Local Government Authorities.

<sup>68</sup> Applicable to licensees other than Local Government Authorities.



- **Financial counselling:** We will advise you of any financial counselling services or other organisations that may be available to you.

Financial counsellors offer free, independent information to help you take control of your financial situation.

The Financial Counsellors' Association of WA (FCAWA) can refer you to a financial counsellor in your area by calling them on the National Debt Helpline. The Helpline provides a free confidential service for all Western Australians with financial problems and queries. The Helpline can be contacted on 1800 007 007. Alternatively, you can go to the FCAWA website, [www.financialcounsellors.org](http://www.financialcounsellors.org), and enter your postcode to locate your closest financial counselling service.

The FCAWA's contact details are:

Financial Counsellors' Association of WA

Phone: (08) 9325 1617

Financial Counselling Helpline: 1800 007 007

Email: [afm@financialcounsellors.org](mailto:afm@financialcounsellors.org)

Website: [www.financialcounsellors.org](http://www.financialcounsellors.org)

## 8 Complaints handling

Licensees should note that this section is not intended to be the licensee's complete complaints handling process and does not satisfy the requirements of clause 46 of the Water Code.

If you have a complaint, please contact us first. Our contact details are included in section 10 below.

Our complaints handling process is available at [insert licensee's website address].

If you are not satisfied with the way we handle your complaint, you may refer your complaint to the Energy and Water Ombudsman. The Energy and Water Ombudsman will investigate your complaint and may mediate the dispute between you and us.

The Energy and Water Ombudsman's contact details are:

Energy and Water Ombudsman WA

Phone: (08) 9220 7588

Freecall: 1800 754 004

Email: [energyandwater@ombudsman.wa.gov.au](mailto:energyandwater@ombudsman.wa.gov.au)

Website: [www.ombudsman.wa.gov.au](http://www.ombudsman.wa.gov.au)

## 9 Approval and review

Our policy was approved by the Economic Regulation Authority.

We will review our policy at least every five years to ensure it remains up-to-date and relevant.

## 10 Our contact details

You can contact us at:

[Address]

[Telephone]

[Email]

[Website]

TTY [TTY telephone number]

 TIS [TIS telephone number]