

14th January 2019

General Manager, Consumers and Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERConsumerandPolicy@aer.gov.au

To Whom It May Concern:

Customer Hardship Policy Guideline – Issues Paper

ActewAGL Retail (“ActewAGL”) welcomes the opportunity to provide a response to the Australian Energy Regulator (AER) in relation to its Customer Hardship Policy Guideline – Issues Paper.

ActewAGL has reviewed the proposed changes and considers there are no major practical barriers to implementing the changes set out through the Issues Paper.

ActewAGL has provided responses to specific consultation questions in [Attachment One](#).

Should you wish to discuss this response further, please contact Rachael Turner, Manager Strategy and Planning via phone: 02 6248 3655 or email rachael.turner@actewagl.com.au.

Yours Sincerely



Ayesha Razzaq
General Manager Retail

**Attachment One: ActewAGL Retail response to specific questions
(Customer Hardship Policy Guideline – Issues Paper)**

How should the Guideline best ensure that consumers are effectively informed about their rights?

ActewAGL has observed that customers generally prefer one of two approaches to access hardship information and learn about their relevant rights, either:

- Phone: calling ActewAGL's Staying Connected Customer Hardship team, which provides an opportunity for customers to learn about ActewAGL's Staying Connected program, explain their circumstances and ask questions relating to their individual situation; or alternatively
- Online: some customers prefer to access the [ActewAGL Staying Connected Customer Hardship web page](#) and submit information through online forms, removing the need for those customers to discuss the matter with a representative directly (the same outcomes can be achieved for these customers).

ActewAGL's channel analysis, along with discussions with its advocacy network, generally reveal that customers favour direct (conversational) support and engagement over accessing hardship information through other print/ website channels.

This sentiment has been reflected in the success ActewAGL has observed through its partnership with financial education services group, Care Financial. Care Financial runs outreach sessions with community groups to explain hardship options in a group or one-on-one setting. These sessions help customers understand how hardship programs can assist them, and provide an opportunity for attendees to frame hardship support programs around their specific circumstances.

How should the Guideline support consistent application of the Retail Law minimum standards?

The Customer Hardship Policy Guideline should support the AER's objective regarding the application of minimum standards across retailers, however as noted through the Issues Paper, must still enable adequate scope and flexibility for retailers to work with customers to best serve their individual needs and circumstances. ActewAGL supports the AER's position that in complying with Rules and Guidelines, retailers may also "go beyond what is provided for in the minimum requirements".

ActewAGL's view is also that where retailers work in accordance with their AER-approved hardship policy and charter (with or without standardised statements), civil penalties should not apply.

There are often other factors impacting customer circumstances and outcomes that are beyond the direct control of ActewAGL (managing a relationship with a customer experiencing hardship relies on a functional and cooperative partnership between the retailer and the customer).

How should the Guideline support consumers most in need of hardship assistance to receive it?

ActewAGL's view is that retailers can continue supporting consumers most in need by monitoring its customer channels for effectiveness and maintaining open communication with advocacy networks. ActewAGL considers it can provide thorough support and assistance to hardship customers through the consistent application of its AER-approved hardship policy and charter (with or without standardised statements).

Subject to AER-approved hardship policies and guidelines, ActewAGL considers retailers should continue being able to make its own decisions and determinations regarding conditional re-entry to a hardship program. ActewAGL considers that entry and re-entry onto its AER-approved hardship program is subject only to reasonable requirements.

How should the Guideline facilitate more customers completing hardship programs successfully?

ActewAGL considers that the standardised statement updates to the Guideline may not have significant practical implications regarding the successful completion of a hardship program, however recognises the AER's identified issues with existing arrangements. ActewAGL does consider the proposed changes could support with the resolution of those issues (inconsistent application of minimum requirements, generalised policies with vague statements and difficulty for the AER with assessing retailer compliance with obligations).

ActewAGL has a relevant view in that the successful completion of a hardship program is only one factor in determining the success/ effectiveness of hardship arrangements. If successful completion was to be the only metric considered, there would be no incentive for retailers to allow flexibility in managing accounts where capacity is limited. It would incentivise retailers to pursue debt repayment as a primary objective, which would be potentially less beneficial to households.

ActewAGL notes the AER's purpose of a retailer's customer hardship policy is to identify customers experiencing payment difficulties due to hardship, and to assist those customers with better managing their energy bills on an *ongoing* basis. ActewAGL agrees that successful completion of a hardship program is far more viable if accounts enter hardship support prior to accumulating substantial debt. However, on occasions where a customer has accumulated debt, there are various approaches which can best serve individual customer circumstances. For example, allowing a customer to 'park' an accumulated debt and maintain it with consumption-only arrangements, can enable customers to manage total debt (including other external debts and obligations) in a more holistic and structured manner.

Whilst this may not result in the utility debt being discharged at an accelerated rate, it satisfies a social need where customers on low or variable incomes do not have the capacity to pay large fortnightly amounts. This strategy is most often successful when accompanied by financial education or counselling, which is consistent with ActewAGL's experience partnering with Care Financial.

Furthermore, it must be recognised that customers with limited income (even periodically) do not have the capacity to address debt consistently, and will cycle in and out of arrangements as a matter of course – with the implicit understanding that they will return to arrangements in future when circumstances allow. There is a demonstrated pattern of broken engagements that can occur within the hardship customer space, and allowance must be made for the often cyclical nature of the relationships retailers have with such customers.