



14 January 2019

Ms. Sarah Proudfoot
General Manager, Consumers and Markets
Australian Energy Regulator
GPO Box 520
Melbourne, VIC 3001

By email: AERConsumerandPolicy@aer.gov.au

Dear Ms. Proudfoot,

RE: Hardship Guideline Issues Paper

Origin welcomes the opportunity to provide a response to the Australian Energy Regulator's (AER) Hardship Guideline issues paper.

The AEMC's rule change with respect to strengthening protections for customers in hardship allows the AER to publish a Hardship Guideline which requires retailers to include standardised statements in their hardship policies. These statements provide specific actions retailers must take to meet the minimum requirements of a hardship policy under section 44 of the NERL. The remainder of the Hardship Guideline is to contain processes for the approval (or variation) for retailer hardship policies.¹

The AER has acknowledged that the adoption of standardised statements will go a significant way to giving consumers clear information about their entitlements under hardship protections. However, the AER considers that additional and complementary requirements are needed in the Hardship Guideline.

Origin recognises the importance of consumers being aware of their rights and entitlements with respect to accessing hardship protections and that this information should be easy to understand and readily accessible. However, we also believe that setting how a retailer meets the minimum requirements of section 44 of the NERL was intended to be achieved through the AER's standardised statements, not through additional measures and obligations in the Hardship Guideline.

For these reasons, we are concerned that the AER is including additional matters in the Guideline that should be addressed in the standardised statements. To the extent that the AER has objectives that go beyond the requirements of the NERL, retailers should have flexibility in how they implement policies and processes in response.

Origin's response to specific matters raised in the AER's issues paper are set out below.

How should retailers inform customers of their hardship policies

Origin recognises the concerns of the AER that customers should be aware of their rights and entitlements under hardship protections. In particular, customers should be able to readily access information, this information should be consumer friendly, and understood by a diverse community.

¹ AEMC, Strengthening protections for customers in hardship, Rule determination, 15 November 2018, p. 5.

The AER has proposed that retailers include materials and information in their hardship policies that we believe go beyond what the NERR require. Notwithstanding, we agree that it is good business practice to have effective and transparent engagement with our customers when they are experiencing financial difficulties. We also believe that beyond the minimum requirements of the NERR, that retailers should have the flexibility in how they implement their policies and processes to best suit their customers.

Some of the additional obligations raised by the AER are practices we do not currently adopt; for example, the translation and publication of our hardship policy into community languages is a large body of work and is unlikely to be possible within the submission timeframe.

For this reason, we believe that the AER ought to consider how its proposed additional obligations compare with the obligations under section 44 of the NERL, and to the extent that they exceed the NERL requirements that the AER and retailers agree for the voluntary applications of these obligations and targets.

Application of the Retail Law minimum standards

The AER has raised concerns that the ability for a customer to access their hardship entitlements can differ depending on their retailer. The AER also raised concerns that the general quality of retailers' hardship policies does not commit or guarantee the retailer will act in a certain way or live up to those obligations.

As noted by the AER, retailers use different processes to identify a customer potentially requiring hardship assistance. We agree that to ensure a hardship policy operates as intended, the AER needs to understand the types of systems the retailer has in place and whether the staff have the capability to apply its policy. In some instances, this can involve sophisticated processes such as predicative modelling. It is not clear this level of detail or complexity would be beneficial or meaningful to a customer.

For this reason, while we do not oppose the AER seeking this information, rather, it should be information that is provided by a retailer to the AER to support its submission and approval assessment, not included in a hardship policy.

Processes for assessing eligibility

The AER has raised concerns around hardship policies that contain conditions on customers entering or re-entering a hardship program that, if applied, could prevent a customer in financial difficulty from receiving assistance. The AER stated that the purpose of a hardship policy is to assist customers in financial difficulty to better manage their bills on an ongoing basis, and that these blanket requirements do not support this goal.

From a retailer perspective, imposing conditions on re-entry is not intended to act as a barrier to entry, but rather as a catalyst to ensure the customer is referred to the best possible support to assist in their financial situation, not just in relation to their energy account.

Requiring a customer to take steps to obtain third-party assistance may support certain customers experiencing hardship. Having a third party (e.g. financial counsellor) discuss with the customer their full situation can improve the likelihood of the customer achieving a repayment plan that they are likely to succeed with. Such customers are likely to access additional assistance through these third parties that the energy retailer is not able to provide, which increases the likelihood of a long-term positive outcome.

For these reasons, we do not believe that there should be restrictions on all conditions relating to re-entry to a hardship program. We consider that setting out what the re-entry steps would be if a customer has not met the expectations of the program previously is both fair to customers and an effective mechanism which will ensure that the customer clearly understands why they may have been asked to undertake that step whilst simultaneously accessing additional support.

Supporting customers completing hardship programs

Origin recognises the need for retailers to actively take steps to support customers to complete hardship programs. We agree that it is important for retailers to provide a customer with information which, among other things, will assist them in identifying ways to change their usage behaviours and structure repayment options that support the customer in avoiding the accrual of large debts.

In this context, Origin supports the adoption of the AER's Sustainable Payment Plans Framework.

We also believe it is necessary to acknowledge that hardship encapsulates more than just debt, and so success can be more than a lack of debt. Customers cannot always enact change to their usage or income (or both) and may remain engaged with a hardship program or extended periods. When considering success, or the effectiveness of hardship policies this should be taken into account.

Closing

Origin agrees with the intent of the AER's Hardship Guideline. We believe that the adoption of standardised statements will go a significant way to giving consumers clear information about their entitlements under hardship protections. However, we believe that where the AER considers that additional and complementary requirements are needed in the Hardship Guideline that go beyond the requirements of the NERR, retailers should have flexibility in how they implement policies and processes in response.

Should you have any questions or wish to discuss further, please contact Courtney Markham on (03) 9821 8086 in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sean Greenup', written over a light grey rectangular background.

Sean Greenup
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