South Australian Financial Counsellors Association

 **Submission to the AER Draft Sustainable Payment Plans Framework**

 April 14 2016

**Opening Statement**

SAFCA believes the Sustainable Payment Framework set out in the Consultation Document is generally a very good approach to achieving better outcomes for energy customers. We supply the following comments that we believe would be useful additions to the Framework.

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| **Issue** | **Comment** |
| **Issue 1 – We are interested in stakeholders' views on the proposed principles-based approach and the specific principle and accompanying examples.** | SAFCA supports the proposed principles-based approach and that retailers should act in good faith. We note that retailers commented that there may be more opportunity to proactively promote the existence of interpreter services, and we would welcome that approach. We also believe that one on one interaction with a migrant resource centre as an initial approach before referral to a financial counsellor would be preferable. |
| **Issue 2 – We invite stakeholder feedback on the flow chart or any of the proposed good practice elements or actions discussed in the following sections.** | SAFCA generally supports the use of the flowchart which summarises the elements and actions in 3.3. However, we would prefer to see the establishment of a level of rapport with the customer before the question “how much can you afford”. This would involve a little enquiry as to the customer’s circumstances including whether or not they are receiving any concessions to which they might be entitled. SAFCA supports further investigation of affordability and use of specialist advice including a financial counsellor where it is evident that the financial difficulties are severe.3.3.3 Referral to Financial CounsellorsSAFCA fully supports this section but would like to add the following:* That a hotline for Financial Counsellors be established as happens with some of the banks;
* That this hotline be staffed by someone who can make decisions;
* That the stated principle of consistency is one which FCs would strongly support, and dealing with a smaller team of hotline call takers would assist in applying consistency;
* Dot point 3 is particularly supported.

SAFCA asks that retailers explain to customers that the service of financial counsellors is free.Retailers should trust when the FC says how much the client can afford.SAFCA also supports the temporary payment arrangements stakeholder comments. |
| **Issue 3 – We are interested in stakeholders' feedback on whether this approach is appropriate and whether there are practical problems in applying the Framework's principles to this group.**  | 3.3.7 Inactive Customer Accounts SAFCA is concerned that the retailers might see this group of customers as too expensive given that they are not ongoing. We fear that this may prompt early referral to a debt collection agency before allowing reasonable opportunity to pay the bill. SAFCA strongly encourages retailers to apply the principles when negotiating these repayment plans. SAFCA supports the comments that the principles of empathy, respect, and consistency be built into the contracts with the debt collection agencies.SAFCA sees no problem in applying the Framework’s principles to this group. |
| **Issue 4 - We welcome stakeholder feedback on this issue (small business customers)** | SAFCA has no comment on this issue |
| **Issue 5 – Would consumers or their representatives benefit from knowing which retailers had adopted the Framework. For example, would it help customers or their representatives to know what to expect from their retailer when setting up payment plans?****If so, would a public list, for example, hosted on the AER’s website or on an individual retailer's website, be an effective method of publishing and recognising retailers who have adopted and implemented the Framework?** | SAFCA strongly supports the publishing of a list of retailers which had agreed to adopt the Framework. It would certainly assist Financial Counsellors in advising their clients if they knew what to expect.A list on the AER website would be appropriate for Financial Counsellors and SAFCA would go further in supplying a link to its members. However, for customers not in contact with a FC or another support agency, it would probably be of little use.  |
| **Issue 6 – We are interested in stakeholders’ views on this approach and other options that could be explored to implement the Framework, including any key benefits or drawbacks.** | As with all voluntary standards, the likelihood of the framework not being applied consistently remains an issue. We note that that a couple of the larger retailers currently follow much of this framework, but there is a diminishing level of empathy, respect, flexibility and consistency from there. Perhaps a spot audit or audit of procedure documents could occur?SAFCA recommends regular staff training re the guideline and basic communication skills to facilitate empathy, respect, flexibility and consistency. |
| **Issue 7 – We welcome stakeholders’ views on** **this approach (retailers not meeting framework standards)** | SAFCA would support the AER approach on this matter. |
| **Issue 8 – We are interested in stakeholders' views about this approach, and whether it would provide useful information about the impact of the Framework.** **What other information could retailers, consumer representatives or financial counsellors provide to help assess whether a retailer’s adoption of the Framework has improved outcomes for consumers?** | SAFCA would support AER in seeking information from the Association regarding the impact of the Framework. We could assist in surveying our members on an agreed set of questions to gain insight from them as to how the Framework has or has not improved outcomes for customers. |
| **Issue 9 – We are interested to understand from retailers whether they are willing to adopt the Framework and if June is an appropriate timeframe.** | n/a |