



**Energy Industry
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3 June 2010

Dear Sir/Madam

Developing National Hardship Indicators – Response to Issues Paper

The Energy Industry Ombudsman (SA) Limited ("EIOSA") welcomes the opportunity to comment on the Issues Paper "Developing National Hardship Indicators" dated April 2010.

In this submission we concentrate on matters that are specifically of interest to the EIOSA Scheme. In relation to any other matters, brief general comments are made where appropriate.

EIOSA is an independent Energy Industry Ombudsman Scheme in South Australia. We receive, investigate and facilitate the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity or gas.

1. General Comments

In our view hardship programs play a vital role in assisting customers experiencing difficulty in paying their energy bills. Any indicators that may be developed need to reflect that those customers that require assistance are being identified and captured into these hardship programs.

Generally our experience indicates that most customers are able to access the retailer hardship program. However, there are instances where complaints regarding higher than normal bill or changed circumstances have indicated that access to a hardship program was not offered as a solution to the matter. Following our intervention, access has been provided to the affected customer. This may suggest that the identification of a customer experiencing hardship might require improvement.

We recognise that it is not always possible for retailers to automatically identify a customer experiencing hardship, and any encouragement that can be provided to the customer to self identify is also an integral part of a successful hardship program.

2. Possible National Hardship Indicators/Purpose and objective of the National Hardship Indicators (Points 6. and 5. in the Issues Paper)

The proposed Retail rules require AER to determine National Hardship Indicators that cover:

- Entry into hardship programs;
- Participation in hardship programs; and
- The assistance available and provided to customers under the hardship policies.

The proposed purpose and objective of the National Hardship Indicators appear to be more focused on retailer performance than consumer protection measures and the success of hardship programs.

It is our view that the principles and aims of any hardship indicators should match the proposed legislation, and concentrate on indicators that measure the success of hardship programs as opposed to retailer performance (the perceived success or failure of the retailer).

3. Measuring the success of a Hardship Program

Whilst no measures of success have yet been defined, we suggest that a successful hardship program could be measured by the level of identification of customers requiring support, and ensuring that those customers are not disconnected purely on the basis of capacity to pay

The success measures could include monitoring the number of imminent disconnections that have been avoided by a retailer having personally contacted a customer experiencing hardship, and successfully transitioning the customer into their hardship program. The number of such contacts over time would assist in monitoring trend in this area.

Additional success measures of a hardship program could include the numbers of customers that have entered a payment plan and successfully exited the plan by returning to the normal collection cycle of the retailer.

4. Proposed Hardship Indicators

We note that a large volume of data is already collected and reported to the regulators by retailers under various regulatory requirements. We believe it would be useful to concentrate on indicators that specifically relate to the success of hardship programs, and is not collected elsewhere.

We do not intend to reply to each question posed in the issues paper, as they tend not to be relevant to our office. Similarly we will not comment on each individual indicator proposed, save for the following comments, subject to the note above about collecting data already reported by retailers.

Entry into hardship program indicators		Our comment
1.	Total number of customers currently on the hardship program	This indicator would be more useful as a percentage of retailer's total customer base, or per every 1,000 customers.
2.	Number of hardship program participants who receive any appropriate government energy concessions	Are all concessions known to retailers? More useful indicator might be to monitor what information retailers provide to customers about the availability of energy concessions.
3.	Third party referrals to hardship programs	An integral part of a hardship program is the identification of customers requiring assistance, including by third parties. This would give an indication of the effectiveness of external programs and assistance eg. by financial counsellors.
4.	Number of customers denied access to the hardship program	Suggest using "not eligible" instead of "denied".
Hardship program participation and assistance		Our comment
5.	Average debt upon entry into the hardship program	These indicators would be more meaningful on an individual basis, and rather than dollar figures, report the number of customers who have entered a hardship program and successfully returned to the normal billing cycle upon exit from/completion of the program.
6.	Average debt upon exit from a hardship program	
7.	Total number of customers exiting the hardship program and the number of customers excluded from the hardship program for non-compliance with program requirements	

5. Provision of Information/Assistance

We note that the AER does not intend to focus on specific types of assistance provided under hardship policies.

Whilst we agree the retailers need some flexibility in developing their hardship programs, we believe that it would be useful to assess what information and assistance customers do receive from retailers once they have been identified as eligible to enter their hardship program, and how they receive that information.

Additionally we believe that increased customer awareness of the availability of hardship programs and assistance would be beneficial to customers and would reduce the number of complaints to the Ombudsmen offices. Increasing customer awareness could be achieved, for example, by informing customers in the disconnection notice that assistance is available via the retailer's hardship program.

6. Reporting requirements

We support collecting data on state-by-state basis initially, noting however, that retailers are already collecting and reporting against various performance measures and statistical information requirements to regulators. We would support aligning all the reporting requirements to avoid duplication of collection and reporting of data.

7. The Consumer experience of retailer's hardship policies

We believe the customer's experience is an important measure of the success of hardship programs and policies, and support collecting case studies (or other available data) to highlight if, and how, the programs have assisted the customer.

Should you have any enquiries in relation to this submission, please contact Pia Bentick on (08) 8216 1888 or at pia.bentick@eiosa.com.au.

Yours faithfully



Sandy Canale
Ombudsman