



Submission

To: **Australian Energy Regulator:**
By Email: AERInquiry@aer.gov.au

Topic: **Draft AER Customer Hardship Policy
Guideline: Version 1**
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Section 1: Introduction

Uniting Communities welcomes the opportunity to contribute to this guideline. We are a major provider of community services in South Australia, including a number of services to assist people dealing with financial crisis including energy stress.

About Uniting Communities

Established in 1901, Uniting Communities' mission is to create a compassionate, respectful and just community in which all people participate and flourish.

Uniting Communities works with South Australians across metropolitan and regional South Australia through more than 100 community service programs.

We are made up of a team of more than 1,500 staff and volunteers who support and engage with more than 20,000 South Australians each year.

UC offers programs for young people, families and children and older people, around mental health and wellbeing issues, disability support, respite for Carers, housing and crises, alcohol and other drugs intervention, counselling and rehabilitation, medical issues, and financial and legal services issues.

Our input is driven by specific comments from a number of people who have received services from us and from staff who provide services. We also add the distilled experiences of thousands of individuals, families and communities with whom we work through services, including financial counselling, aged care services, disability services, homelessness support services, Lifeline and many more.

Section 2: The Draft Hardship Guideline

Uniting Communities supports the submissions made by the Public Interest Advocacy Centre (PIAC) of New South Wales and QCOSS. We have collaborated with a number of community organisations, led by PIAC, to develop shared views about the draft guidelines and to consider responses to this draft hardship guideline, within the very tight timeline.

Rather than repeat all of the messages from other submissions we wish to highlight the aspect of the guideline that is most important from our perspective and particularly the perspective of financial counsellors.

Of paramount importance is clause 32:

"A retailers hardship policy must not include unreasonable conditions that exclude customer experiencing payment difficulties due to hardship from entry or re-entry to a retailers hardship program. Specifically, a retailer's hardship policy must not include unreasonable conditions."

This must be the core of the final hardship guideline.

We conclude this very brief submission with three summary case studies from a very large number, which identify situations whereby our clients in considerable hardship were required to meet exceedingly onerous payment conditions and experience delays in order to be even considered for admission to a retailer hardship program. Invariably these

conditions involved making regular payments over a period of weeks and entering into a “commitment to pay,” when the client simply did not have the money demanded. This view that a customer had to make a series of payments before being considered for a hardship program is anathema to the spirit and intent of hardship programs and is a practice that must be eliminated as soon as practical. The guideline should make an important contribution to changing this abhorrent practice.

Regarding the notion of unreasonable conditions, we are heartened that the draft guideline specifically includes as “unreasonable” conditions requiring that a customer must attend financial counselling or that the customer must be represented by a third party such as a financial counsellor.

Financial counsellors will do all they can reasonably undertake to assist clients, but it is not reasonable that they become major deciders of who enters into hardship programs this needs to remain first and foremost the responsibility of retailers, it is also a practice that further disempowers people who are already vulnerable, even fragile due to the difficulties of their lives. Financial Counsellors can provide support where a person is willing to engage because they want to not because they are forced to. Most people in hardship are keen to engage, but many are already doing all that they can.

We remind retailers and the AER that a vast majority of people seen by our services who have energy payment problems are very good financial managers, however when two thirds of income is taken on rent and energy bills there is very little money left for other basic costs. For context, median rent in Adelaide (with lower rent costs than larger cities) is about equal to the entire Newstart payment for a single person. Most people with payment difficulties for energy are caught by very low incomes and rising costs - even where energy use is reduced.

The guideline needs to spell out that additional fees cannot be applied to any customer who has made contact with the retailer about payment difficulties, including disconnection, reconnection, account reviews and other additional fees. These are also “unreasonable conditions” that add significant emotional and financial stress to customers and frankly, often seem to be churlish behaviour by retailers.

This guideline is a helpful start on the path to developing robust, helpful and implementable hardship programs. We look forward to being part of further discussions to help develop better, more responsive hardship programs for energy customers experiencing financial difficulties.

Section 3: Case Studies (from the past 12 months)

1. Susan

Situation summary

Susan was working full-time as a midwife until January 2018 when she needed to have surgery. The surgery went wrong and she now needs three more operations to correct the problematic surgery. Susan’s post-tax income before the ‘botched’ surgery was about

\$2500.00 per fortnight, she is currently receiving about \$1500 per fortnight. Best estimated that she would be able to return to full-time work in October 2018. Susan has two children who live with her and has received Centrelink extension for child-support. Susan is a dual fuel customer with a major retailer and she contacted them asking to be put on a hardship program until she has full-time income again. The request was refused because she has recent energy debt and they demanded a minimum of \$20 per fortnight for each of electricity and gas and four consecutive fortnightly payments before they would consider reviewing the situation.

Susan is always paid electricity and gas on time, up to her January 2018 health problems, subsequent bills have been difficult to pay

Energy financial position

- electricity bill outstanding \$1357.00
- gas bill outstanding \$447.00

Actions taken

Both electricity and gas supply are at risk of disconnection. Even with financial counsellor assistance, they have been unable to change the requirement to meet the retailer “commitment to pay” over for fortnightly payments.

Outcomes

Susan has accepted the offer of a free energy audit with assistance of the financial counsellor, an application has been made to EEPS to reduce the outstanding electricity bill and to Wyatt Trust to meet the gas bill. At next appointment Susan and the financial counsellor will contact the retailer together to seek access to a hardship arrangement once the 4 payments have been made.

2. Ibrahim

Situation summary

Ibrahim came to Australia from Sudan 13 years ago and worked in a factory. He still has family in an Ethiopian refugee camp that he needs to support. He is studying science at Flinders Uni. Gas has been disconnected by a major retailer and he has no heating, cooking or hot water. The retailer insist he make 4 payments and then they will consider allowing him on the staying connected program.

Energy financial position

Electricity:

- \$437.84 owing plus \$87.20 “reconnection fee”
- \$50.00 Fortnightly payment being made.
- Gas, disconnected.

Actions taken

Ibrahim wants to switch back to a previous retailer. The financial counsellor contacted the preferred retailer who stated they couldn't assist until the large retailer 'unplug' the gas account which was blocked due to disconnection. Ibrahim and the financial counsellor contacted the large retailer who denied that they were the biller or that they disconnected client.

The Financial counsellor followed up with the APA Group who confirmed the MIRN number, yet upon returning to the large retailer, they still denied that the account was with them.

The financial counsellor advised that they'll take this situation to the Ombudsman, then, finally, the large retailer advised that they have located the account and confirmed that Ibrahim was with them, he had changed account and then agreed to revert and they have been providing gas since.

The retailer advised that bills, disconnection letters and SMSs had been sent to Ibrahim. Eventually the financial counsellor worked out that the retailer was using an 'old' contract number and that Ibrahim is still paying \$65 per fortnight via Centrepay. This account had been closed yet the retailer had been attributing Centrepay payments to this old account. So \$162.40 was transferred from the old account to the new gas account - where \$600.24 was owing. The revised outstanding electricity amount was \$437.84, with a \$87.20 reconnection fee to be added to this account.

The retailer refused to waive the reconnection fee even though they were being paid and allocating this payment against the wrong account.

Access to the hardship program was declined. The retailer insisted that Ibrahim make 4 payments and they said that then they would consider allowing him back onto their hardship program.

Outcomes

The retailer insists that Ibrahim has to make 4 payments and then they will consider allowing him back on their hardship program with Ibrahim to contact the retailer after 4 payments to have the situation reviewed. If he doesn't make contact – he won't be allowed onto the hardship program. In Ibrahim's next appointment with the financial counsellor they will contact the retailer together after 4 payments made. Ibrahim has agreed to make payments of \$50 per fortnight, at considerable financial difficulty.

3. Johnnie

Situation summary

Johnny is in his late 40s, has an alcohol dependency, is going deaf and has dementia. He is receiving a disability support pension. It is being important for him to live independently, but this has been problematic of late. Johnny comes to meet a financial counsellor with his mother who is trying to assist him. She has been trying to make a payment arrangement with a major retailer for electricity supply but the retailer has refused to review payment arrangements and have refused a number of requests for him to go onto a hardship plan,

they say that he must repay the full amount of the debt before they'll consider a hardship plan.

Johnny and his mother came to see a financial counsellor.

Energy financial position

- Payment (now): \$76.00 per fortnight
- Average Use: \$70.00 per fortnight
- Debt: \$1293.00

Actions taken

Disconnection has been initiated by the retailer, though the disconnection has not occurred. Johnny and the financial counsellor ring the retailer to again try to negotiate a reasonable outcome.

Outcomes

The retailer eventually accepts fortnightly payments of \$76.00 on the condition that an EEPS application is made and that there is a full review of the account in three months' time.