

## **FINANCIAL HARDSHIP POLICY**

Effective: 22 November 2004.

Last Review: 19 September 2007

Branches Affected: Accounts and Credit

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### **INTRODUCTION**

This policy details the practical payment and hardship assistance options available to South East Water (SEW) customers experiencing financial hardship. The policy outlines the minimum standards we will adopt in relation to managing customers experiencing financial hardship, the rights of customers experiencing financial hardship and SEW's obligations to customers experiencing financial hardship.

SEW recognises that there are some customers who do not have the capacity to pay their accounts due to financial hardship. It also recognises it has a social obligation, to ensure that these vulnerable customers are treated fairly and are protected from the various forms of debt recovery action. Our objective is to work with the customer and assist them in arriving at a satisfactory resolution. These customers must not be discriminated against due to their financial circumstances.

This policy outlines and describes the variety of solutions available for customers experiencing financial hardship and how these customers are protected from debt recovery action.

In dealing with a customer, SEW endeavours to seek information from the customer to determine their financial capacity to pay their accounts and to see if we can offer other assistance. If financial hardship is evident, SEW will work with the customer to reach an appropriate solution that will resolve their debt and future accounts with SEW. The customers' individual circumstances and whether they are likely to be temporary or long-term hardship will assist us in determining the appropriate assistance options.

If the customer's financial situation is extreme or we identify that the customer requires other support services, we will refer the customer to Good Shepherd Youth and Family Service whom we are in partnership with. If the customer is unwilling to seek assistance from Good Shepherd, we have dedicated internal Financial Hardship Assistance staff members who can assist customers with their account and explore the various options available to them. Alternatively, other financial counsellors can be recommended.

It is a huge challenge for us to identify hardship, as many customers do not contact us and many have hidden issues that we are not aware of. Hardship can only be properly identified once contact is made. Both parties are encouraged to maintain open communication.

### **Definition of a Customer in Hardship:**

A customer experiencing financial hardship is a customer who desires to pay an account, but due to financial difficulties is unable to pay within the timeframe set out in our payment terms.

There are two types of customers experiencing financial hardship, permanent and temporary. It is important to identify which type of hardship a customer is experiencing as they will have different characteristics and will require different types of assistance.

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Permanent or chronic customers experiencing financial hardship are generally those with low or fixed incomes and may require ongoing assistance.

Temporary or vulnerable customers experiencing financial hardship may be regarded as those that have experienced a sudden change in living circumstances such as ill health, unemployment, separation, a death in the family, a loss arising from an accident or some other temporary financial difficulty. These customers may require flexibility and temporary assistance such as an extension of time to pay, a one off grant or an instalment payment plan.

A customer can be identified as experiencing financial hardship either by an internal assessment or by an external body e.g. an independent accredited Financial Counsellor. Where an internal assessment takes place to determine a customer's eligibility to be treated as someone experiencing financial hardship, customer service staff should consider indicators such as:

- Is the customer eligible for Government funded concessions e.g. Health Care Card, Social Security benefit, Pensioner.
- Has the customer has previously applied for a Utility Relief Grant (irrespective of whether or not their application was successful).
- Does the customer's payment history indicate that they have had difficulty meeting our payment terms in the past.
- The customer self identifying their position regarding affordability.
- Other objective criteria determined by us as an indicator of financial hardship.

Whilst the above list is an indicator of possible hardship, each customer will be assessed in accordance with their individual circumstances.

### **Rights of Hardship Customers**

Each customer experiencing financial hardship has the right to:

Be treated sensitively on a case by case basis and have their circumstances kept confidential.

Receive information about alternative payment arrangements, our Hardship Policy and Government concessions including the Utility Relief Grant Scheme (URGS).

Nominate an amount they can afford to pay on an agreed arrangement plan.

Choose from various payment methods offered by us and receive written confirmation of the agreed payment arrangement within 10 working days of the agreement being reached.

Re-negotiate the amount of instalment payments in the event that there is a change in their circumstances.

Receive information about free and independent financial counselling services from an accredited financial counsellor.

Receive a language interpreter service at no cost to the customer.

Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed schedule

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Not have their water supply restricted as long as they have agreed to a payment arrangement.

Have access to water conservation information to assist in reducing consumption.

### **Management of Customers Experiencing Financial Hardship**

Customers will be dealt with sensitively and on an individual basis and the following guidelines will apply:

- Customers will be asked to nominate an amount they can afford to pay on an arrangement plan to avoid the possibility of future payment defaults.
- If the customer is identified as experiencing financial hardship the customer will be protected from any further recovery actions, pending a revised payment proposal from the customer.
- If possible the customer should agree to a payment plan not exceeding twelve months to recover both the amount in arrears and enable the customer to meet future estimated accounts.
- We will accept recommended amounts for specific customers entering into payment arrangements where the payment is insufficient to clear the debt.

Customers who are unable to commit to a payment plan that will clear their debt will be provided with information regarding the services of a free and independent financial counsellor.

We will confirm in writing details of an agreed payment arrangement and we will offer customers a choice of payment options in line with their capacity to pay.

Customers will have the right, subject to meeting suggested payment guidelines, to renegotiate the amount of their instalment if there is demonstrable change in their circumstances.

All debt recovery action will not be instituted against customers identified as experiencing financial hardship who continue to make payments in accordance to their agreed schedule.

If the customer fails to meet the agreed payment arrangement and wishes not to assist us in providing assistance then the customer will be advised that normal debt recovery practices will commence.

### **Provision of Information**

We will be pro-active in providing potential customers experiencing financial hardship with timely information regarding payment assistance including:

- An invitation to contact us to discuss alternative payment arrangements included with all bills.
- Information about concessions eligibility, other government funded assistance such as Utility Relief Grant Scheme and information regarding our hardship policy.

Eligible concession cardholders will be reminded of their entitlements. The amount payable by an eligible concession customer will be listed on all reminder notices in addition to the full amount payable by non-concession card customers.

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Customers experiencing financial hardship will receive general information about how to reduce water consumption and an invitation to seek further assistance in reducing water consumption.

A no charge interpreter service is available to customers from non-English speaking backgrounds.

### **Corporate Responsibility for Hardship Customers**

We will ensure that there are appropriate escalation procedures in place to deal with customer complaints regarding this policy.

We will ensure that appropriate training is conducted to ensure that customers experiencing financial hardship are dealt with in a sensitive manner and in accordance with this policy.

### **Staff Training**

South East Water will ensure staff are trained to deal sensitively with customers experiencing hardship and are well informed about:

- Government funded concession schemes and financial assistance schemes.
- Our legal responsibilities in relation to our Customer Charter/Contract, Trade Practices, Fair Trading and the Energy and Water Ombudsman's Office.
- Our industry's Code of Practice for Hardship Customers.
- Our programs that support customers experiencing financial hardship.

### **Review Process**

South East Water is committed to continual improvement in the way in which deal with customers experiencing financial hardship. We attend and participate in industry forums to gain a better understanding of the issues that face low income and vulnerable customers in an effort to be better equipped to provide the necessary assistance.

The hardship policy and associated document will be reviewed annually to ensure it is up to date and relevant at all times. Our review will incorporate the views and recommendations of Good Shepherd Youth & Family Services.

### **Assistance & solutions for customers in Financial Hardship:**

#### **STATE GOVERNMENT PROGRAMS – designed to assist low-income earners**

The Victorian State Government has assistance available which includes the following:

- **Concessions:** -Water & Sewerage concessions available to assist with quarterly service and usage charges. The type of concession card will determine the type of concession available on water and sewerage charges.
- Customers with “**Life support**” machines receive assistance with their usage charges.
- **Carted water** rebates are available for Non-Mains Water concession.

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- **Utility Relief Grant Scheme (URGS):** - the Department of Human Services (DHS) provides once-off assistance for domestic customers who are unable to pay their account due to a temporary financial crisis. They need to hold a Pensioner Concession Card or Health Care Card and meet the criteria of either significant increase in consumption, a decrease in income or high unexpected expenses for essential items.
  - **Smart Homes:** - This scheme is administered by DHS and assists concession cardholders with smaller plumbing works, with inefficient or defective fixtures that are causing higher water bills.
  - **Capital Grant Scheme:** - This scheme is administered by DHS to provide once-off assistance to residential concession cardholders for major essential plumbing works who are low income.
  - **Sewerage Connection, Hardship Relief:** - DHS provides assistance to eligible customers experiencing hardship with a once off grant towards the cost of connecting to a compulsory water and sewerage scheme. SEW has recognised, that whilst the DHS assistance exists, some customers may be ineligible, due to not meeting specific criteria. In response to this, the South East Water Hardship Sewerage Connection Policy (MC 1495) exists to assist these customers that do not meet the DHS assistance criteria. Assistance needs to be recommended by Good Shepherd and approved by the Manager, Property Information in-line with the schedule of delegated authority levels.
  - **The Home Renovation Service:** - DHS offers loan opportunities up to \$25,000 with low interest rates for home maintenance and modifications. To be eligible customers need to own their own home, be over 65 years old, have a disability or are caring for someone with a disability. This service includes free home inspection and quotes.
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### **FEDERAL GOVERNMENT PROGRAMS: -**

The following Federal Government assistance is available:

- **Centrelink loan:** - Customers who receive income support from Centrelink are eligible to apply for a no interest loan up to \$500 per annum, which is to be repaid over a 12 month period.

### **SOUTH EAST WATER ASSISTANCE:**

#### **Payment Assistance Options:**

- **Additional time to pay** – Extensions are usually for a period of 14 days, but they can be longer depending upon individual circumstances.
- **Instalment plans** (short & long term) i.e.: can be made to clear arrears and/or incorporate future accounts.
- **Direct Debit.** Direct debit can be arranged to pay quarterly accounts in full or for instalment plans.
- **SEW Easy Pay card.** This card can be used as part of an instalment plan or to pay in advance of quarterly accounts.

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- **Centrepay** (nominated instalments from Centrelink benefits) Centrepay is a payment option that customers can utilise via Centrelink. This allows the customer to have set payments automatically deducted from their Centrelink benefits and paid directly to SEW (similar to a payment plan). This service is at no cost to the customer, is ideal for customers who are on limited income who prefer to budget and pay by installments.

### **Hardship Assistance Options:**

#### *Protection from Recovery Actions*

If a customer is identified as experiencing financial hardship and assistance is being sought, we will secure their account whilst we endeavour to assist them with the many options available via Government assistance schemes or our internal programs. Securing their account involves adding a special classification and altering the recovery criteria for their account enabling protection from further recovery actions. If the customer's water supply has been restricted, then their supply will be restored immediately.

- **Financial Assistance Team:** - Customers, who are unable to pay via our normal payment assistance options, will be referred to our specialist financial assistance team. Our Financial Assistance team will sympathetically assess each customer's circumstances on an individual basis and where appropriate, recommend State Government assistance, SEW assistance or referral to Good Shepherd.
- **South East Water Hardship Relief Fund:** - SEW has identified, that whilst the State Government funded URGS exists, often many customers are ineligible, due either to not holding an appropriate concession card or not meeting other specific criteria. Some customers also still have a large balance after URGS has been approved, that they do not have the capacity to pay. In response to this shortfall in services, the South East Water Hardship Relief Fund exists to assist hardship customers that do not meet the usual URGS or Capital Grants Scheme criteria. Assistance can be recommended by our Financial Assistance Team or by Good Shepherd. The amount of once-off assistance is dependant upon the customer's capacity to pay and ranges from 50%, to 100% assistance. It is conditional on future accounts being paid via Centrepay or direct debit.
- **South East Water Hardship Plumbing Scheme:** - The State Government Capital Grants Scheme is for major plumbing works only. This means that minor plumbing problems do not qualify under the Capital Grants Scheme. SEW has therefore developed its own Hardship Plumbing Scheme to capture hardship customers whose households require minor plumbing repairs but who do not qualify under the Capital Grants Scheme or Smart Homes.
- **Special Circumstances customer listing:** - Customers who are identified as experiencing extreme financial, emotional or medical circumstances may qualify to be listed as a Special Circumstance Customer. These customers may suffer from psychological conditions and/or be vagrants or live in recluse. It is accepted that these customers will never have the ability to pay their account, and/or their future accounts for reasons beyond their limited financial circumstances. These customers will be protected from all forms of recovery action on a long-term basis as we recognise that all efforts will be futile. In some cases, the debt may be secured against the title by lodging a caveat.
- **Interpreter Service:** - This free service is promoted to ensure that a language barrier does not contribute to non-payment or hinder assistance for hardship.

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- **Complaints and Dispute Resolution:** - Where a customer has an issue that was not resolved to their satisfaction, the customer may escalate it to a supervisor or manager. The complaint may be further escalated to a General Manager, the Customer Advocacy Officer or the Managing Director, if the customer remains unsatisfied with the outcome. If a solution is still not found, SEW may suggest the matter be referred to the Energy and Water Ombudsman.
- **Free Access to Financial Counselling:** - Via our partnership with Good Shepherd or through other local financial counsellors.

### **GOOD SHEPHERD FINANCIAL COUNSELLING**

#### *Partnership with South East Water*

At SEW we pride ourselves on innovative practices and fair debt collection practices. We commenced our partnership with Good Shepherd in July 2002, as a proactive approach to address hardship and debt spiral problems. Good Shepherd Youth & Family Service is a not for profit organisation dedicated to social fairness.

Historically, our Credit Management department have had difficulties determining which customers can't pay us and who can. This is critical; as we don't plan to commence our recovery actions such as restricting the water supply or legal action, where we don't think the customer has the capacity to pay us.

We recognize that there are many customers experiencing various problems that lead them to being too scared to open their mail or telephone utility companies, fearing more bad news or being refused payment assistance.

When we are communicating with customers that are genuinely unable to pay us, we want to ensure that they recover from their situation and don't fall further into financial hardship.

We understand that many of our customers suffer financial difficulty due to complex socio-economic factors resulting in their inability to pay their SEW accounts. In many cases, the causes of the financial hardship can be unemployment, medical issues, substance abuse, family conflict and violence, marital dissolution, gambling problems, etc. Many of these issues are beyond our expertise and we are unable to address the causes of their problems.

We understand that expert counsellors from Good Shepherd are better equipped to manage these issues. Good Shepherd staff and their various support services are not only more appropriately qualified to deal with these issues, but that these customers are more likely to openly communicate their issues with an independent counsellor.

Our Partnership with Good Shepherd ensures that our customers have free confidential and timely access to financial counselling and other support services that Good Shepherd offer. This partnership not only assists customers in need but also offers many opportunities to staff and our organisation in general. This includes training of staff to be able to recognise symptoms of financial hardship, supporting staff via de-briefing services, advice on policy changes, and general guidance with individual cases.

We promote our partnership to our customers to allow them to initiate direct contact with Good Shepherd Financial Counselling, or via SEW if they prefer.

The Good Shepherd financial counsellors are not our debt collectors. They are there to assist our customers through their financial hardship and assist them in dealing with the causes of their financial hardship. In some cases, they may recommend that we withdraw

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the debt, as part of our Hardship Relief Fund, to ensure that the customer gets back on track.

Hopefully this will assist the customer to feel that they are on top of their finances and that they're contributing – a benefit which hopefully improves customers sense of self-worth.

### **CONCLUSION**

We believe that by effectively managing our vulnerable hardship customers we can achieve the following in the longer-term: -

- Improve customer satisfaction
- Reduce debtor levels
- Reduce skipped debtors
- Reduce bankruptcies
- Reduce debt collection expenses
- Reduce other indirect costs to the community in managing poverty

South East Water acknowledges that there are social responsibilities that come with being a supplier of an essential community service. With these social responsibilities in mind, we aim that all groups in the community, including our customers in financial hardship, are considered in all our policies and procedures.