



# Hardship Policies

## Government Inquiry and Legislation

In 2005, the Victorian Government established the Committee of Inquiry into the Financial Hardship of Energy Consumers. A key recommendation of this Inquiry was that energy retailers develop and implement best practice financial hardship policies. The Essential Services Commission (ESC) was empowered to develop guidelines and ultimately approve the policies.

## Energy Retail Code and hardship policies

Retailers' hardship policies support the consumer protections available to all customers under the Energy Retail Code. The Code incorporates important universal protections, including clauses relating to capacity to pay, instalment plans, information provision, bill payment options and collection cycles.

## Requirements for hardship policies

As set out in the ESC's Guideline 21, Victorian hardship policies must meet general requirements in relation to:

- Informing domestic customers about their rights and obligations, including energy efficiency and details about the retailers' hardship program;
- Customers having equitable access to their programs - both self-identified customers and those identified by a third party (such as a financial counsellor);
- Implementing fair and reasonable payment arrangements;
- Providing assistance to customers to access Government assistance schemes; and
- Providing training and resources to customer service staff and ongoing support to financial hardship team members.

## Audit of hardship policies

In October 2008 the ESC's audit of retailers hardship policies concluded:

- That with the exception of Click Energy and Jackgreen, retailers demonstrated good compliance with most aspects of Guideline 21; and
- That areas of concern and/or non-compliance were:
  - the processes used by retailers to identify potential hardship customers;
  - evidence to support retailers' assertions that no customer requesting access to the program had subsequently been denied access, and;
  - evidence to show that there were no barriers imposed by retailers on customers seeking an energy audit or appliance replacement.

## Ongoing and future issues

- Particular classes of customers are less likely to fully benefit from generic hardship policies, e.g. tenants, newly arrived migrants and some rural customers (especially those relying on LP Gas).
- The quality of hardship policies varies between retailers, particularly between the large retailers (incumbents) and the smaller, new market entrants.
- With deregulation of retail prices and expected price increases due to climate change policies (such as an emissions trading scheme) it will become increasingly important that hardship policies are effective and deliver assistance as intended.

# Hardship Policies: Key Agencies and Links

Agency	Role
Essential Services Commission - <a href="http://www.esc.vic.gov.au">www.esc.vic.gov.au</a>	Responsible for hardship policy guidelines, approval and monitoring.
Department of Human Services, Concessions Unit - <a href="http://www.cyf.vic.gov.au/concessions">http://www.cyf.vic.gov.au/concessions</a>	Delivers State concessions and household assistance programs.
Department Primary Industries, Energy Division - <a href="http://www.dpi.vic.gov.au/dpi/dpinenergy.nsf/Home+Page/Energy~Home+Page?open">http://www.dpi.vic.gov.au/dpi/dpinenergy.nsf/Home+Page/Energy~Home+Page?open</a>	State energy policy.

Government's Hardship Inquiry, including final report and Government response:

<http://www.dpi.vic.gov.au/dpi/dpinenergy.nsf/LinkView/1AC2510A81322843CA2572B10014F827844E6406280EB3D5CA25729D00101732>

ESC's Compliance Report (October 2008) Retailers Financial Hardship Policies:

<http://www.esc.vic.gov.au/NR/rdonlyres/02FD5C2B-BB68-42C8-AB75-07B4477ABD73/0/RPTSummaryAuditReportRetailersFinancialHardshipPolicies20080929.pdf>

ESC Guideline 21:

<http://www.esc.vic.gov.au/public/Energy/Regulation+and+Compliance/Codes+and+Guidelines/Guideline+no+21+energy+industry++energy+retailers+financial+hardship+policies/Guideline+no+21+energy+retailers+financial+hardship+policies.htm>

DHS State Energy Concessions - <http://www.cyf.vic.gov.au/concessions/concessions/energy>

DHS, Victorian Utility Consumption Household Survey 2007 -

[http://www.cyf.vic.gov.au/\\_data/assets/pdf\\_file/0005/246029/VUCHS-2007-Final-Report.pdf](http://www.cyf.vic.gov.au/_data/assets/pdf_file/0005/246029/VUCHS-2007-Final-Report.pdf)