



## **HORIZON POWER HARDSHIP POLICY**

Creation Date: 29/06/2005

# Contents

<b>Policy Statement .....</b>	<b>3</b>
<b>1. Stakeholders.....</b>	<b>3</b>
<b>2. Review of Policy.....</b>	<b>3</b>
<b>3. Who does this Policy Apply to?.....</b>	<b>3</b>
<b>4. What is Financial Hardship? .....</b>	<b>3</b>
<b>5. Purpose of the Financial Hardship Policy .....</b>	<b>4</b>
<b>6. Principles.....</b>	<b>4</b>
<b>7. Factors For Consideration .....</b>	<b>4</b>
<b>8. Rights of Customers Experiencing Financial Hardship.....</b>	<b>5</b>
<b>9. Credit Approach .....</b>	<b>5</b>
<b>10. Pre-payment Approach .....</b>	<b>6</b>
<b>11. Staff Training .....</b>	<b>6</b>
<b>12. Bankrupt Customer .....</b>	<b>6</b>

## Policy Statement

*This policy has been developed to outline the minimum standards Horizon Power will adopt in relation to dealing with residential customers who do not have the capacity to pay a bill due to financial hardship (for the definition of Financial Hardship refer to section 4).*

*Horizon Power is committed to on-going dialogue at an industry level, with WACOSS (West Australian Council of Social Service), Energy Ombudsman, Financial Counsellors and relevant consumer representative organisations to improve our understanding of the complex issues surrounding financial hardship.*

*The following Policy should be read in conjunction with the Standard Form Contract, Horizon Power Customer Charter and the Code of Conduct (for the Supply of Electricity to Small Use Customers), which sets out the general rights of customers and the retailers' obligations.*

### 1. Stakeholders

Horizon Power Executive Management Team  
WACOSS – West Australian Council of Social Services  
Small Use Residential Customers  
Energy Ombudsman  
Minister For Energy  
Office of Energy

### 2. Review of Policy

*To be reviewed in consultation with key stakeholders*

### 3. Who does this Policy Apply to?

This policy applies to all residential customers supplied by the North West Interconnected System or regional non-interconnected systems in regional Western Australia. Regardless of whether the customer uses a normal meter or pre-payment meter. This policy is intended for use by staff and customers of Horizon Power.

### 4. What is Financial Hardship?

For the purposes of this policy, residential customers who are experiencing 'Financial Hardship' are defined as those residential customers that are unable to pay the bill without affecting the customer's ability to meet basic living needs (such as rent and food) due to prolonged disadvantage.

## **5. Purpose of the Financial Hardship Policy**

- 5.1 To assist customers in meeting their financial obligations and responsibilities to Horizon Power.
- 5.2 To assist in the delivery of consistency, fairness, integrity and confidentiality for Horizon Power residential customers.
- 5.3 To offer options to meet the customer's individual needs.
- 5.4 To assist customers to proactively manage their accounts.
- 5.5 To provide incentives enabling customers to maintain payment plans.
- 5.6 To recognise that some customers experiencing genuine hardship require extra assistance to meet their financial commitments.
- 5.7 To fulfil the statutory requirements of the Code of Conduct (for the Supply of Electricity to Small Use Customers) in the development of a hardship policy in consultation with relevant consumer representative organisations.
- 5.8 To effectively manage debt on behalf of Horizon Power and its shareholders.

## **6. Principles**

Horizon Power recognises that due to financial and other hardships, customers are not always able to pay electricity accounts by their due dates. Horizon Power will treat all customers with fairness, dignity and compassion. Notwithstanding this:

- 6.1 Horizon Power relies on the timely collection of fees, charges and debts to finance its operations and ensure effective cash flow management.
- 6.2 Horizon Power has a responsibility to recover monies owing to it in a timely, efficient and effective manner.
- 6.3 Horizon Power should ensure that it treats customers fairly and consistently in recovering monies.

## **7. Factors For Consideration**

If a customer informs Horizon Power that they are experiencing payment problems, Horizon Power will assess the customer's capacity to pay. When undertaking an assessment, Horizon Power will take into consideration a range of indicators such as:

- 7.1 The customer's total disposable income and current financial commitments.
- 7.2 Number of children and/or dependants.
- 7.3 Specific present financial commitments including existing debt.
- 7.4 Other issues that will be considered include: previous financial history with Horizon Power, medical condition, disability, family circumstances and domestic violence.
- 7.5 Whether the customer is eligible for Government funded concessions (eg. Health Care Card, Social Security benefit, Pensioner).
- 7.6 Advice given by an independent financial counsellor or relevant consumer representative organisation.

## 8. Rights of Customers Experiencing Financial Hardship

Each Customer Experiencing Financial Hardship will be treated with sensitivity on a case-by-case basis and will have the right to:

- 8.1 Receive information about alternative payment arrangements, including government concessions available to the customer.
- 8.2 Receive information on Horizon Power's Hardship Policy and the Horizon Power Assist Scheme
- 8.3 Nominate an amount they can afford to pay on an arrangement plan.
- 8.4 Be advised of the various payment methods available.
- 8.5 Be advised of the amount of any historical debt and the basis of that debt, including details such as the premise at which consumption was recorded, date of consumption and amount.
- 8.6 Be provided with information on how to reduce their electrical consumption (eg. Smartways brochures).
- 8.7 Renegotiate the amount of their instalment if there is a demonstrable change in their circumstance.
- 8.8 Nominate to have the bill redirected at no charge to a third party or an alternative postal address.
- 8.9 Be advised of any independent financial and other counselling services that are available to them within their local area.
- 8.10 Receive a language interpreter service at no cost to the customer.
- 8.11 Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed schedule.
- 8.12 Not have supply disconnected or connection of supply refused as long as they have agreed to an arrangement and are meeting their commitment to it.

## 9. Credit Approach

All customers will be dealt with sensitively and consideration given to all factors when applying the following guidelines on a case-by case basis:

- 9.1 Customers, or their nominated third party, may enter into payment arrangements with Horizon Power. Such requests can be received by telephone or in writing.
- 9.2 Residential customers assessed as experiencing payment problems and able to demonstrate they have an appointment with a relevant consumer representative organisation will be granted a temporary suspension of action for at least 10 days.
  - 9.2a if the customer is assessed as experiencing payment difficulties the customer will be offered alternative payment arrangements.
  - 9.2b if the customer is assessed as experiencing financial hardship they will be offered alternative payment arrangements and advised that additional assistance may be available (see clauses 8.1 to 8.12). The arrangement is likely to be smaller payment amounts over an extended period of time.
- 9.3 If the consumer representative organisation is unable to assess the customers capacity to pay within the period referred to in point 9.2 and requests additional time Horizon Power will give reasonable consideration to a further suspension of action.
- 9.4 If possible the customer should agree to an instalment payment plan in a period considered appropriate on a case-by-case basis with Horizon Power that is sufficient to recover both the amount in arrears, and enable them to meet current consumption.
- 9.5 Legal action, disconnection of supply, and additional debt recovery costs, will not be instituted against customers who meet the criteria to be treated as Customers Experiencing Financial Hardship, and continue to make payments according to an agreed schedule.
- 9.6 Horizon Power will reasonably consider a request for amendment of the initial instalment plan from those customers experiencing financial hardship and, due to a change in circumstances are unable to meet their obligations under the agreed instalment plan.
- 9.7 If the customer fails to make scheduled payments; is unable to agree to a new payment plan, or fails to contact Horizon Power, supply disconnection and debt recovery costs may be instituted against the customer. This would only occur following due consideration of the circumstances.
- 9.8 Horizon Power will advise a customer of the independent financial and other relevant counselling services available to them in their area when a payment arrangement or agreement can't be agreed on.
- 9.9 Horizon Power will give reasonable consideration to a request by a customer, or a relevant consumer representative organisation, for a reduction of the customer's fees or charges on a case-by-case basis in accordance with the State Government Energy Rebate Scheme.

The Credit Management Officer at Horizon Power will take into consideration all of the above factors and based on the information they receive, may offer the customer an alternative arrangement / payment method.

## **10. Pre-payment Approach**

By allowing customers to pay for their electricity in small instalments, pre-payment meters prevent customers from accumulating large debts. However, Horizon Power understands that some customers may still face periods of hardship and may have difficulties in purchasing prepaid tokens. In these instances, all pre-payment meter customers will have access to financial assistance via the following methods:

- 10.1 Pre-payment customers who find themselves in financial hardship have access to the emergency credit function, which is programmed into all pre-payment meters.
- 10.2 Pre-payment meter customers can apply for financial support through the Horizon Power Assist Scheme, which is administered by Anglicare
- 10.3 As per the Code of Conduct (for the supply of Electricity to Small Use Customers), pre-payment customers will be able to request that a credit meter be installed. However, due to the potential of creating larger debt problems, customers will be required to enter into an agreed payment plan prior to the change of meter being enacted.

## **11. Staff Training**

Horizon Power will ensure its Credit Management staff are trained to deal sensitively with customers experiencing financial hardship, and are informed about:

- 11.1 Government funded concession schemes and Government financial assistance schemes.
- 11.2 Horizon Power Assist Scheme.
- 11.3 The organisation's legal responsibilities (e.g. customer contracts / charters, Trade Practices Act, Code of Conduct (for the supply of Electricity to Small Use Customers), Privacy Act and Industry Ombudsman)
- 11.4 The organisation's Financial Hardship Policy, procedures and work instructions that relate to credit management practices.
- 11.5 The services available to people experiencing financial hardship.
- 11.6 The issues that effect people experiencing payment difficulties and those factors that can lead them into financial hardship.

## **12. Bankrupt Customer**

A first time bankrupt person will not be treated any differently than any other customer. They will remain on the same tariff and billing / payment terms. A customer is not liable for any debt incurred by themselves prior to their date of bankruptcy.

Customers being declared bankrupt for a second time and have received three consecutive reminders will be advised in writing that they have been placed onto a shortened billing period of no less than 10 business days. If the customer subsequently pays three consecutive bills by the due date, they will be returned to their previous billing cycle.