

“Keeping the Flow” ***The Water Corporation and*** ***Credit Management***



wacoss

Western Australian
Council of Social Service Inc

*Ways to make
a difference*

**Report by the
Western Australian Council of Social Service
on a workshop exploring the relationship between the
Water Corporation's Credit Management Policies and
Consumers**

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THE WATER CORPORATION & CREDIT MANAGEMENT WORKSHOP

On 29th May, 2007, the West Australian Council of Social Service (WACOSS) and the Water Corporation hosted a workshop to discuss and explore the Water Corporation Credit Management policies and their relationship with consumers of water in Western Australia.

The 1 ½ hour workshop was attended by the Water Corporation, the WACOSS Consumer Utilities Project and representatives from a number of community sector organisations who work with people experiencing financial hardship and other types of vulnerability.

BACKGROUND

The Western Australian energy and water markets are currently subject to ongoing reform and changes that have the capacity to significantly affect all consumers. Utilities such as gas, electricity and water, are not simple commodities, but instead are services essential to the maintenance of daily life.

Changes affecting the way in which these essential services are delivered, and the rules governing the relationships between suppliers and consumers have the capacity to have disproportionate effects on lower-income households. Individuals and groups residing in residential tenancies experience disproportionate levels of poverty in comparison to people residing in other types of housing tenure (27.8% - ABS Census, 2002).

Due to the potential for changes to impact on consumers, WACOSS identified several issues requiring further examination in regards to the delivery of water services. Discussions with the Water Corporation regarding these issues culminated in the Water Corporation providing funding for WACOSS to conduct 3 workshops, addressing a range of important consumer issues relevant to the provision of water services.

WACOSS congratulates the Water Corporation on their continued commitment to processes of review and improvement. The Water Corporation and WACOSS are working together cooperatively to ensure the best possible outcomes for water consumers in Western Australia. This is being done in an efficient and productive manner, promoting the rights of both the consumer and the essential utility provider.

THE WATER CORPORATION & CREDIT MANAGEMENT - BACKGROUND

Consumer Protection – Why It's Important

Essential utilities include services such as energy and water, which are vital to the wellbeing of individuals, families and communities. They differ from other commodities available in the market because of the serious impacts that their absence, or difficulties in accessing the services can cause. The continued, uninterrupted provision of these services is necessary for the maintenance of basic standards of living and the continuation of life.

Water is Special

Water, in the context of essential services, possesses a special status as it is necessary for the maintenance of life. Additionally, restrictions placed upon access to water may have wide-ranging and serious impacts on the individual or group's capacity to maintain basic hygiene, access employment and education and to maintain self-respect. This reduced access can be the result of an inability to maintain personal hygiene to an acceptable level. People facing financial and other types of hardship have even less capacity to cope with the results of restricted access to water.

The Vulnerable Need Additional Protection

Because water use is universal, it is inevitable that some users will face, at times, financial and other types of hardship. Because of this, appropriate consumer protection mechanisms and processes are required to ensure that the rights of consumers experiencing periods of vulnerability are protected and that there is access to mechanisms for redress as required.

No One Should Have Essential Services Restricted Due to Hardship

WACOSS, through the Consumer Utilities Project, asserts that no one should have their access to essential services disconnected or restricted as a result of financial hardship or incapacity to pay. To achieve this aim it is necessary for enforceable regulation to assist in ensuring the continued affordability of services through access to appropriate concessions and efficiency measures as well as ensuring the improvement of credit management processes within utilities.

Appropriate regulation in regards to credit management policies and procedures not only has the effect of reducing the rate of water access restriction, but also protects the rights of people experiencing financial hardship and other types of vulnerability.

ISSUES IDENTIFIED BY WACOSS REGARDING WATER CORPORATION CREDIT MANAGEMENT POLICIES

Prior to conducting the workshop, WACOSS had identified a number of issues of concern regarding the Water Corporation's Credit Management and Debt Recovery policies and other consumer protection issues. These issues had been identified as a result of consultation with the community sector and information gathered through the Consumer Utility Project's hotline. These issues included:

- The serious and negative effects of restricted water supply as a debt recovery strategy.
- Deficiencies in the information provided to water consumers regarding billing, accounts and debt repayment.
- The high rate of interest charged to consumers on overdue debt.
- The general lack of consumer protection for water consumers experiencing problems paying their bills.
- The way in which repayment arrangements are negotiated by the Water Corporation.
- The way in which the Water Corporation assesses someone as experiencing financial hardship.
- The lack of payment options available to tenants and inability to seek redress with the Water Corporation regarding billing issues.

WORKSHOP FOCUS

The workshop was facilitated by Aden Barker, Consumer Utilities Project Senior Policy Officer, with the assistance of Project Support Officer Jacqueline Newbigin who set out the following key objectives for the session:

- To discuss issues around the Water Corporation's Credit Management and Debt Recovery policies.
- To explore the impact of current Water Corporation policies on people living on lower incomes or experiencing financial hardship – particularly policies regarding the restriction of water supply and the application of interest on overdue debt.
- To explore and provide possible solutions to identified problems.
- To share personal and professional experiences regarding the Water Corporation's debt recovery and credit management policies.
- To acknowledge positive developments and work done by the Water Corporation so far.

Attendees introduced themselves to the workshop – identifying the organisation that they had come from. Participants indicated a number of objectives in attending the workshop. These objectives included:

- Gaining greater knowledge regarding the Water Corporation's debt recovery and credit management policies.

- Exploring and discussing the impact of water restrictions on people in the community.
- Exploring the relationship between water and household debt, particularly for people living on lower incomes or facing financial hardship.
- Advocating for a change in the billing relationships between tenants and the Water Corporation.
- Reviewing the process for negotiating payment arrangements for clients of the Water Corporation.
- An opportunity to hear the experiences of people working in the community in regards to debt and credit management issues.

The Water Corporation indicated that issues around credit management and debt recovery policies had been raised as being significant in the previous workshop and conversations with WACOSS. The Water Corporation indicated that they hoped that the workshop would result in feedback being provided to the Corporation from the community sector as well as practical, implementable solutions for the Water Corporation in addressing the issue.

Through the workshop, WACOSS hoped to provide a general overview of consumer protection issues in the area of water services, focusing on the potential impact of specific debt recovery and credit management policies. Through discussion of issues identified by WACOSS, the Water Corporation and workshop participants, it was hoped that recommendations would be drawn-out, informing the Water Corporation's decision-making processes.

The responses of those participants who filled-in the participants 'answer' booklet are located in the attached appendix.

WORKSHOP RECOMMENDATIONS

Workshop Recommendation 1

That further research be carried-out regarding the effects of restricted water supply on residential consumers of water.

Workshop Recommendation 2

That further research be carried-out with non-government and government emergency relief and financial counselling organisations to ascertain the cost to the community posed by in-kind or indirect assistance for people having trouble with their water bills.

Workshop Recommendation 3

That the Water Corporation recognise that some groups experience significant barriers to accessing information currently provided by the Water Corporation. These barriers include (but are not confined to) disempowerment, their status as tenants, low educational attainment and cultural and linguistic barriers.

Workshop Recommendation 4

That targeted consumer information be developed for vulnerable groups including younger people, tenants, people from CALD backgrounds, Aboriginal people, the elderly and others.

Workshop Recommendation 5

That there be greater consumer awareness of the availability of shortened billing cycles and that this information be contained on all Water Corporation correspondence.

Workshop Recommendation 6

That the format and wording of bills, reminder notices and warnings be reviewed to improve engagement with consumers experiencing financial difficulty.

Workshop Recommendation 7

That Water Corporation staff be trained specifically regarding the factors that impact on a consumer's capacity to pay and ability to effectively negotiate an appropriate repayment arrangement and how to communicate effectively with these vulnerable consumers.

Workshop Recommendation 8

That Water Corporation staff seek to actively identify possible barriers to appropriate payment arrangement negotiation when speaking to consumers regarding arrears.

Workshop Recommendation 9

That in the absence of a moratorium of the application of interest on debt, interest should only be applied to high income-earning groups and to business customers as these groups have higher levels of consumption and are more likely, further to the Water Corporation's reasoning, to use water debt as another 'line of credit'.

Workshop Recommendation 10

That the Water Corporation lobby government for wider eligibility for concessions on water charges for people living on lower incomes, which would include people who hold a Commonwealth Health Care Card as a priority Community Service Obligation.

Workshop Recommendation 11

That tenants have a relationship with the Water Corporation that will allow, on request, the right of access to consumption information, direct billing, the ability to negotiate repayment and access to financial assistance schemes offered by the Corporation.

Workshop Recommendation 12

That the Water Corporation release a pamphlet in conjunction with appropriate financial counselling and emergency relief agencies to address the issue of repayment arrangements and seeking assistance from the community sector.

Addendum: WACOSS believes that this issue may now have been addressed in the Advocacy Kit, which is soon to be released.

Workshop Recommendation 13

That clear processes and criteria be developed defining circumstances in which consumers should be referred to a financial counsellor and how this referral should be pursued.

Workshop Recommendation 14

That the Water Assist Scheme's existence be more widely advertised within the emergency relief and general community sector. This will assist eligible people in accessing financial counselling and other assistance.

Workshop Recommendation 15

That methods for engaging with consumers at risk of restriction of services as a result of non-payment be reviewed. It is recommended that new methods would incorporate knowledge of the challenges faced by people experiencing financial hardship and other types of vulnerability.

WACOSS RECOMMENDATIONS

WACOSS Recommendation 1

That the Water Corporation discontinue the practice of applying high rates of interest to outstanding debt for residential consumers.

WACOSS Recommendation 2

That no home should be subject to restricted water supply as a result of a genuine incapacity to pay for services.

KEY ISSUES DISCUSSED IN WORKSHOP

The Essentiality of Water and Rates of Restriction

The Water Corporation provides services on a credit basis. That is, the service is used or consumed prior to a request for payment being issued to the consumer. WACOSS asserts that this is the most appropriate payment model for the provision of essential services as it ensures continuity of supply to consumers.

Because of the special status of water as an essential service, it is important to consider the effects of this service's effective absence or restriction. Currently, in the event of restriction of access to water supplies, the Water Corporation will reduce water flow to a property to a minimum of 2.3 litres per minute. Restricted access to water in cases where the consumer has a genuine incapacity to pay or is facing financial hardship has the capacity to cause people to go without other essential services or necessities like food in an effort to become or stay reconnected.

During the period of July, 2006-April 2007, approximately 1,600 people had been made subject to restricted water supply as a result of account non-payment. It may be noted that this figure represents a reduction in the total number of restrictions by 6,943 during the 2001-02 financial year and does not represent how many properties are subject to restriction at any given time.

Participants in the workshop identified the potential effects of restriction from water supply as existing on a spectrum of severity. These potential effects included incapacity to launder clothing, poor health and hygiene, social exclusion and negative psychological effects. Participants identified that these effects could lead to extreme social withdrawal, anti-social behaviour and effectively rendering homes as uninhabitable.

Particular groups were identified by participants as being more vulnerable to the effects of restriction than others. These groups included the elderly, younger people, people living on lower incomes, people from culturally and linguistically diverse backgrounds (CALD), houses with children and people experiencing physical and mental health problems. WACOSS asserts that the potential effects of restriction of water supply to household are potentially severe and that because of this, no home should be subject to restriction of water supply due to an incapacity to pay for services.

Workshop Recommendation 1

That further research be carried-out regarding the effects of restricted water supply on residential consumers of water.

Essential Services & Household Debt

In Australia, household debt continues to grow. Essential service purchase on credit facilitates uninterrupted supply of the essential service. It is important to note, though,

that because of this common payment arrangement, essential service-related debt has a capacity to contribute to spiralling household debt¹.

Work undertaken by the Committee for Melbourne has shown that utility charges and associated debt can significantly contribute to severe personal debt 'spirals' and poverty. The study found that,

"Australian households reporting utility stress are about 12 times more likely than other households to suffer 'financial hardship'"² and more generally that, "those people that report having financial difficulties in paying their bills on time are much more likely to be in income poverty, and to report experiences of hardship than others"³

In addition to this, it can also be suggested that people experiencing financial hardship and other types of vulnerability find it harder to negotiate debt with service providers. People living on lower incomes or facing social vulnerability also typically have larger bills, meaning that their total proportion of debt in relation to household income is significantly higher for this group⁴.

Participants indicated both verbally and in the response booklet that several people approach their agencies every month for assistance in paying their volumetric and other water service charges. Whilst most participants who provided only verbal input indicated that water debts were usually only a component of a larger picture of spirally household debt, many of the participants responded in writing that they felt that it was often the main issue in cases where people had presented with water debt.

All participants in the workshop indicated that whilst their organisations did not provide direct assistance in paying water bills, significant indirect assistance was supplied to consumers by way of food vouchers and other material assistance. WACOSS believes that the extent to which many people in the community are experiencing difficulty in paying their water bills has been largely hidden by the fact that most organisations do not provide direct financial assistance with this issue.

Workshop Recommendation 2

That further research be carried-out with non-government and government emergency relief and financial counselling organisations to ascertain the cost to the community posed by in-kind or indirect assistance for people having trouble with their water bills.

Information Provided to Consumers by The Water Corporation

Information regarding credit management and debt recovery processes is available to customers of the Water Corporation via some key documents and methods. These include:

- The Water Corporation Debt Recovery Code of Practice (included in pack)
- The Water Corporation Customer Charter (included in pack)

¹ Public Interest Advocacy Centre, 'Cut-Off: the Impact of Utility Disconnections – A Research project of the Utility Consumers' Advocacy Program', February 2005, p. 14

² Committee for Melbourne, Utility Debt Spiral Project 'Utility Debt Spiral Study', 2004, p. 6.

³ Ibid, p. 75

⁴ Ibid, p. 75

- Frequently Asked Questions document (available on the Water Corporation Website)
- Via the Water Corporation call centre.

The Water Corporation's Debt Recovery Code of Conduct and Customer Charters are examples of non-enforceable consumer protection. The Charter has recently undergone review and been approved by the ERA. The new charter will come into effect on 01.07.2007.

The Water Corporation Debt Recovery Code of Conduct states that people presenting with financial hardship have the right to:

- Be treated sensitively on an individual basis
- Receive information on alternative payment arrangements
- Negotiate an amount the customer can afford to pay on an agreed installment plan
- Receive information about independent financial advice from a financial counsellor and;
- Access the services of a free language interpreter.

The views of participants were mixed regarding as to whether the information currently provided by the Water Corporation adequately met the need of groups facing specific types vulnerability. Some vulnerable groups identified included tenants, the elderly, people from CALD backgrounds and people living on lower incomes. Potential, identified barriers to using information provided by the Corporation included privacy laws, low educational attainment, cultural and linguistic barriers and general feelings of disempowerment.

Some respondents believed that the information provided was adequate whilst others felt that more specific, targeted information must be provided to vulnerable consumers. WACOSS supports this notion and recommends that more specific, targeted information be produced for vulnerable consumers. Participants also identified groups experiencing difficulty in accessing information that had sought assistance from their organisations. These had included tenants and people with mild intellectual disabilities.

Workshop Recommendation 3

That the Water Corporation recognise that some groups experience significant barriers to accessing information currently provided by the Water Corporation. These barriers include (but are not confined to) disempowerment, their status as tenants, low educational attainment and cultural and linguistic barriers.

Workshop Recommendation 4

That targeted consumer information be developed for vulnerable groups including younger people, tenants, people from CALD backgrounds, Aboriginal people, the elderly and others.

Billing & Payment of Water Charges

Following twice yearly meter readings, consumers are issued with water consumption charges. Service charge bills are issued on an annual basis. The Water Corporation have advised that there are a variety of options available regarding billing arrangements. Consumers may opt to have their bills sent to them on a 6-monthly or quarterly basis, however, additional fees may be accrued to consumers whom select a higher frequency billing regime.

The Water Corporation advised that of the 3.34 million accounts were issued to the Water Corporation's 840,000 customer base during the 2006/07 financial year, 242,799 reminder notices for payment were sent, 113,180 or about 46.8% of these progressing to second-stage notices. Of the second-stage notices, 10,643 or 12.6% progressed to work orders to either restrict the supply of water to the property concerned or to visit and discuss the issues with consumers. Of the 10,643 work orders, 1,635 properties had their water access restricted.

Participants in the workshop generally agreed that more frequent billing arrangements would decrease the likelihood of consumers running into difficulty in paying their bills. The additional cost of meter readings was acknowledged, however. Some participants also noted that they had had to provide financial or in-kind assistance to consumers who had experienced a short-fall in funds as a result of paying their water bill or abiding by a repayment arrangement.

During the workshop, many participants identified the actual format of the bills as potentially posing a barrier to engagement between the Water Corporation and consumers. It was stated by some participants that the red ink used in overdue or warning notices was usually visible to the consumer through the envelope, raising anxiety and providing a deterrence to opening and dealing with the bill.

Workshop Recommendation 5

That there be greater consumer awareness of the availability of shortened billing cycles and that this information be contained on all Water Corporation correspondence.

Workshop Recommendation 6

That the format and wording of bills, reminder notices and warnings be reviewed to improve engagement with consumers experiencing financial difficulty.

Negotiated & Other Payment Arrangements

If a consumer is experiencing genuine difficulty in paying their account, they may enter into a negotiated payment arrangement schedule with the Water Corporation. These arrangements are negotiated by Water Corporation staff. A significant proportion of repayment arrangements need to be re-negotiated. One reason for this may be that despite having entered into an agreement, the consumer still does not have the capacity to pay the negotiated amount.

Payments may also be deferred for short periods of time to assist people experiencing temporary financial difficulty. People whom are unable to come to a negotiated agreement may also be referred to a financial counsellor. Once a customer enters into a

repayment arrangement or seeks the assistance of a financial counsellor, further action on recovery or restriction of supply is halted temporarily whilst they seek assistance.

WACOSS asserts that inappropriate repayment arrangements have the capacity to further negatively impact on people already experiencing what is sometimes severe financial hardship. Many people experiencing significant financial hardship have a reduced capacity to effectively negotiate with providers in their best interests. Regulation is required to protect the rights of these consumers so that negotiated payment arrangements do not further contribute to financial hardship.

Workshop participants indicated both verbally and in writing that there was a number of significant factors that impacted on a person's capacity to negotiate effectively to reach an appropriate payment arrangement. These factors included depression and psychological stress, general feelings of disempowerment, lack of financial literacy and communication problems stemming from lack of education or cultural and language differences.

It was also generally recognised by participants that inappropriate payment arrangements had the capacity to worsen consumers situation at a time when they were most vulnerable. One organisation indicated that they had had to provide in-kind support to people experiencing difficulty as a result of a negotiated repayment arrangement.

Recommendation 7

That Water Corporation staff be trained specifically regarding the factors that impact on a consumer's capacity to pay and ability to effectively negotiate an appropriate repayment arrangement and how to communicate effectively with these vulnerable consumers.

Recommendation 8

That Water Corporation staff seek to actively identify possible barriers to appropriate payment arrangement negotiation when speaking to consumers regarding arrears.

Interest on Overdue Debt

Debt remaining following the 'time to pay' period accrues interest. For consumers not possessing a senior, pensioner or state concession card, the rate of interest on unpaid debt is 12.6%. This interest rate is determined by the Water Corporation, is variable and generally set 3% above the 'cash rate'. For consumers holding the appropriate concession card, the interest rate is reduced to 5.27%. The Water Corporation has the capacity, in some circumstances, to waive or reduce the interest on debt.

WACOSS asserts that the application of high rates of interest on outstanding water debts constitutes an unfair practice with the potential to severely impact upon the lives of people living on lower incomes or facing financial and other types of hardship. It is of note that whilst Energy Utilities are able to charge interest on debt, they do not do so.

The Water Corporation stated that interest is charged on outstanding debt to prevent some consumers using the Water Corporation as a "line of credit". Generally, participants in the workshop felt that the application of the current rate of interest to outstanding debt was either inappropriate or excessive. It was seen by some participants

that the application of interest to debt should be either means tested (i.e. applied only to higher earners) or only applied to business customers. Most participants indicated that they felt that the application of interest onto outstanding debt disproportionately affected consumers experiencing financial hardship and made it more difficult to pay off debt.

WACOSS Recommendation 1

That the Water Corporation discontinue the practice of applying high rates of interest to outstanding debt for residential consumers.

Workshop Recommendation 9

That in the absence of a moratorium of the application of interest on debt, interest should only be applied to high income-earning groups and to business customers as these groups have higher levels of consumption and are more likely, further to the Water Corporation's reasoning, to use water debt as another 'line of credit'.

Concessions

Customers with appropriate concession cards may access concessions on fixed and volumetric service charges. This will entitle State or Pensioner Concession Card holders to a 50% discount on annual service charges and may be eligible for additional concessions on volumetric service charges. Eligible tenants may also receive a concession on volumetric water charges. Shortfalls in earnings resulting from the application of concessions to consumption and fixed charges, as well as debt, are made-up by Community Service Obligation (CSO) payments from the State Government.

Participants in the workshop agreed that concessions would be appropriate for a wider range of consumers than are presently eligible. These groups included people living on lower incomes, typically in receipt of a Commonwealth Health Care Card. The Water Corporation noted that the availability of concessions was currently set by the State Government.

WACOSS recommends that concessions on all water charges be available to all low incomes groups, currently available concessions cover only a small proportion of people living on lower incomes. The expansion of an appropriate concession scheme would have the effect of reducing the incidence of non-payment by people living on lower incomes and therefore reduce the cost of debt recovery to the Water Corporation.

Workshop Recommendation 10

That the Water Corporation lobby government for wider eligibility for concessions on water charges for people living on lower incomes, which would include people who hold a Commonwealth Health Care Card as a priority Community Service Obligation.

Tenants and the Water Corporation

The Water Corporation advised that tenants, while consumers of water, are not customers of the Water Corporation. Landowners are ultimately responsible for 100% of annual service and volumetric water charges. Most tenants pay 100% of water consumption charges.

Because they are not customers of the Water Corporation, tenants are not able to negotiate or enter into payment arrangements with the Water Corporation. Likewise, people residing in residential tenancies are not eligible for assistance via the Water Corporation's Water Assist scheme. In order to have alternative arrangements for payment, the tenant must negotiate with their landlord or landlord's agent or else get permission to talk directly to the Water Corporation. The Water Corporation advised that tenants cannot currently be subject to water restrictions.

Similar to responses in the April Water Corporation/WACOSS workshop – 'Tenants and the Water Corporation', the majority of workshop participants indicated that most water consumers seeking financial and other types of assistance from their organisations were tenants. Participants in the workshop proposed that some credit management issues for tenants may be solved by more frequent billing, as they were often 'hit' with a large bill at the end of a tenancy. Alternatively, most participants proposed that the relationship between tenants and the Water Corporation be altered to automatically allow the Corporation to provide tenants a more direct billing relationship and access to the kinds of repayment arrangements that other consumers enjoy.

Workshop Recommendation 11

That tenants have a relationship with the Water Corporation that will allow, on request, the right of access to consumption information, direct billing, the ability to negotiate repayment and access to financial assistance schemes offered by the Corporation.

The Water Corporation & Financial Counselling Organisations

WACOSS stated that the Water Corporation, WA Emergency Relief Agencies and Financial Counselling Agencies have developed an inter-agency protocol to addressing issues related to debt recovery and credit management. In seeking an alternative payment arrangement, customers of the Water Corporation may be referred to, or independently seek the assistance of a financial counsellor or emergency relief agency. Assessment by a qualified financial counsellor is necessary before a customer may be included in the Water Assist Scheme.

Upon being contacted by a financial counsellor or emergency relief agency on a customer's behalf, the Water Corporation may place a moratorium of up to one month on further recovery action. Following contact with a qualified financial counsellor or emergency relief agency, the consumer is expected to enter into a negotiated repayment arrangement. Agreed arrangements will typically include a repayment schedule which will include both current arrears as well as anticipated future debt. In cases where a customer is in receipt of a Centrelink payment, agencies participating in the protocol agree to inform customer's of the existence of Centrelink.

Most participants indicated that they had not been aware of any sort of arrangement between financial counselling agencies, emergency relief organisations and the Water Corporation. It was generally felt that these policies should be better advertised to consumers as it would facilitate their engagement with agencies that could assist them further.

Workshop Recommendation 12

That the Water Corporation release a pamphlet in conjunction with appropriate financial counselling and emergency relief agencies to address the issue of repayment arrangements and seeking assistance from the community sector.

Addendum: WACOSS believes that this issue may now have been addressed in the Advocacy Kit, which is soon to be released.

Workshop Recommendation 13

That clear processes and criteria be developed defining circumstances in which consumers should be referred to a financial counsellor and how this referral should be pursued.

The Water Assist Program

In January 2007, the Water Corporation commenced the Water Assist Scheme as a result of work done by WACOSS and the Water Corporation Debt Recovery Advisory Council. The scheme is intended to provide financial assistance to customers of the Water Corporation experiencing significant payment difficulty as a result of financial hardship. In order to access the scheme, customers must be referred, or have sought the assistance of a qualified financial counsellor.

If a customer is assessed as being appropriate for the scheme, the customer will enter into a regular payment arrangement with the Water Corporation where the Water Corporation will match payments made by the customer dollar for dollar. The scheme is aimed to address consumer experiencing long-term financial hardship as opposed to shorter-term financial hardship or crisis.

The majority of workshop participants indicated that they had not been aware of this scheme and that it should be more widely advertised. Many participants also felt that it should be available to tenants because as a group, they were more likely to experience financial hardship than many other people.

Workshop Recommendation 14

That the Water Assist Scheme's existence be more widely advertised within the emergency relief and general community sector. This will assist eligible people in accessing financial counselling and other assistance.

Restriction of Water Supply

The Water Corporation indicated that in the 2006-07 financial year to 31 April, 2007, a total of 1,635 properties had been subject to restricted water access. As a result of restriction, water flow is reduced to an average of 2.3 litres per minute.

As stated previously, workshop participants identified the effects of restriction on individuals and families as being potentially severe, including a reduced access to employment and education; inability to occupy the property; risks to health and safety and the psychological effects of the restriction of an essential service. The Water

Corporation states that restriction of water supply occurs only as a last resort when efforts to contact customers and negotiate suitable arrangements have failed.

WACOSS asserts that restriction or disconnection of essential services is not acceptable in cases where there is a genuine incapacity to pay for services. This need to stay connected to services that are essential for the maintenance of everyday life must also be balanced with the existence of a 'user-pays' market.

A paper providing options to restriction identified by WACOSS was provided to all workshop participants. Many participants in the workshop indicated verbally and in writing that they did not feel as if they could comment extensively on possible options other than restriction as they were speaking on behalf of their organisations which typically only provided assistance on water issues to tenants, who are not subject to restriction.

Many participants, however, identified ways in which the Water Corporation could reduce incidences of restriction of supply. These included a greater understanding by Water Corporation staff of the circumstances that lead to financial emergencies and a greater understanding of the financial and social stresses experienced by people living on low incomes. Some participants suggested that this knowledge be implemented in the way in which Water Corporation staff sought to engage with consumers by way of visits and leaving notes.

Workshop Recommendation 15

That methods for engaging with consumers at risk of restriction of services as a result of non-payment be reviewed. It is recommended that new methods would incorporate knowledge of the challenges faced by people experiencing financial hardship and other types of vulnerability.

WACOSS Recommendation 2

That no home should be subject to restricted water supply as a result of a genuine incapacity to pay for services.

CONCLUSIONS

WACOSS acknowledges the significant improvements that the Water Corporation has made in recent years to the provision of information to consumers and the reduction of the number of consumers subject to restricted water supply. WACOSS continues to assert that the restriction of water supply as a result of non-payment in cases where there is a genuine incapacity to pay constitutes a highly inappropriate and inequitable debt recovery practice.

Participants in the workshop identified a number of serious consequences of the restriction of water supply. These consequences highlight the need for changes to current policies in the areas of debt recovery, information provision and other types of communication.

While a variety of views were expressed by participants, overall, it was agreed that change in some areas is necessary to ensure equitable outcomes for all consumers. WACOSS looks forward to continuing its relationship with the Water Corporation, seeking the best possible outcomes for consumers of water services in Western Australia.

APPENDIX I

PARTICIPANT'S RESPONSE TO ANSWER BOOKLET

Participants in the workshop were requested to fill-in an answer booklet detailing their impressions to a number of questions regarding the Water Corporation and its credit management and debt recovery policies.

Several participants declined to complete the booklet, preferring instead to provide verbal feedback in regards to the presented issues. The majority of participants who provided written feedback did not answer questions which they felt did not relate directly to their client group. In example, questions regarding issues of disconnection were not answered by organisations dealing predominantly with tenants who are not subject to disconnection.

Of the 6 participants (excluding WACOSS and Water Corporation representatives), a total of 4 submitted the written feed-back booklet. Many participants provided multiple responses to questions and in some instances, did not answer questions at all. Where a response was expressed by more than one participant, an asterisk has been placed next to the response.

The Essentiality of Water Services and Rates of Restriction (page 5)

What are the effects on a household where access to water is restricted?

- Social exclusion
- Poor hygiene*
- General poor health*
- Difficulty in laundering*
- Hard to maintain semblance of normality
- Psychological effects

How does restriction of water access influence people's behaviour (i.e., what do people do differently as a result of restricted water access)?

- Have to leave house, shower at friend's
- Become negative about other things
- Vandalise pipes
- Anger and violence
- Social withdrawal

Are some groups more vulnerable to the effects of restriction than others?

- Households with children
- People with mental health problems*
- People with physical health problems
- The elderly
- People living on lower incomes*
- People from culturally and linguistically diverse backgrounds

- People with intellectual disabilities or poor educational attainment

Essential Services and Household Debt (page 7)

How often does water-related debt (including fixed and volumetric charges) present as an issue for your organisation?

- A few times a month*
- No stated
- Frequently, particularly indigenous clients

Is it the main issue, or part of a greater issue of spiraling household debt?

- A main issue – due to landlords who won't fix leaking pipes.
- Usually part of a bigger picture of household debt*
- Definitely a main issue.

Does your organisation offer financial or other assistance in regards to water-related bills?

- No – only advice
- No*
- No, however, we instead offer other assistance like food vouchers

Information Provided to Consumers (Page 8)

Is the information contained in the above mentioned documents adequate in meeting the needs of consumers facing financial hardship and other types of social vulnerability?

- More information is required for tenants.
- More information is required for non-English speaking people
- Specific information should be provided for the elderly
- Yes*

Has your agency had an experience where a consumer has had difficulty in accessing the appropriate information in regards to their debt?

- Yes, this is mainly due to tenants and privacy laws
- Yes, due to minor intellectual disabilities
- No, we issue water consumption accounts as a housing provider.

What barriers may some consumers have to accessing and using appropriate information?

- Privacy laws for tenants.
- Inability to access the internet
- Language barriers*
- Cultural barriers*

- Disempowerment
- Low literacy levels

Billing & Payment of Annual, Consumption & Other Water Charges (Page 9)

Given that a high proportion of consumers receiving late-stage notices (including NOLA, WOR and ITR) do enter into repayment arrangements, how might these arrangements potentially affect consumers if they are not appropriate to the consumer's circumstances?

- More frequent billing would reduce costs of single bills but increase cost of billing
- Over-commitments by consumers who cannot afford it

Has your agency provided financial assistance to a consumer to assist directly in the payment of a water bill?

- No*
- Yes, we pay the water account and the tenant pays us back.

Has your agency had to provide financial or other assistance to a consumer as a result of a shortfall in available funds resulting from the payment of a water bill?

- No*
- Yes

Negotiated & Other Payment Arrangements (Page 10)

What sorts of things should be considered when a payment arrangement is being made?

- Other important bills that need to be paid
- Rent and accommodation costs
- Source of income
- Medical expenses
- Whether consumers have children
- Other debt and commitments*
- Length of payment plan
- Referral to a financial counsellor

What factors impact on people's capacity to negotiate repayment arrangements with essential utilities?

- Inability of tenants to negotiate with the landowner/real estate agent
- Lack of budgeting skills
- Depression
- Stress and experience of crisis*
- Lack of clear time frame for tenant
- Lack of language or communication skills*

- General disempowerment and lack of confidence*
- Incomprehension and cultural barriers*
- Access to appropriate, targeted information

Has your agency provided financial assistance to people engaged in a negotiated payment arrangement with the Water Corporation?

- No*
- Not directly, have assisted people experiencing utility stress with food vouchers

If so, was it the assessment of your agency that the payment arrangement was contributing to financial hardship being experienced by the consumer?

- No responses

Concessions and Interest on Debt (Page 11)

What groups of customers may require reduced fees and charges?

- Health care card recipients*
- People living on lower incomes*

Are concessions also required by other groups living on low incomes – i.e. people with commonwealth Health Care Cards?

- Yes*

Is it appropriate to charge interest on debt as an incentive to pay outstanding amounts, or does this make it more difficult for people to repay their debts?

- No, it makes it harder for people to pay their account
- Yes, but interest needs to be fairer and applied in a more equitable manner
- Only for people on higher incomes or large business users

If it is appropriate, what is an appropriate rate of interest to be charged?

- Not appropriate
- The amount applied to savings accounts
- For high-earners and business, the charge seems fine

Tenants & The Water Corporation (Page 12)

Have tenants experiencing problems paying their volumetric consumption bill presented to your agency?

- Yes*
- No

If so, how did the bill impact on, or contribute to the consumer's financial/social situation?

- One large bill at end of tenancy – significant debt at same time as trying to find new tenancy
- Reduced capacity to buy other essential items – i.e. food etc.

Is there any specific assistance required to assist tenants whom are experiencing difficulty in paying their volumetric water charges?

- More frequent meter readings.
- Capacity of tenants to enter into payment agreements with the Water Corporation independently of owners*

The Water Corporation & Financial Counsellors/Emergency Relief Agencies (Page 14)

Are there other types of organisations which might play an important part in assisting a customer negotiate their debt with the Water Corporation?

Has your organisation previously has experience in working with the Water Corporation in this way? If so, how has this worked?

- No*

Water Assist (Page 15)

Has your Organisation previously heard of the Water Assist Scheme?

- No*
- Yes

Has your organisation previously advocated for a Water Corporation customer in regards to their historical debt? How did this work?

- No*

Restriction of Water Supply (Page 16)

Has your organisation assisted consumers who have had their water supply restricted? If so, what was the situation?

- No*

Are there other options to restriction in cases where there has been no communication between the consumer and the Water Corporation? If so, what are they?

- Yes, greater attempts by the Water Corporation to engage with people who have not made contact or resist contact

- Yes, greater understanding of the Water Corporation around consumers experiencing disadvantage
- No, not if all available options have been tried

Restriction of Water Supply (Page 16) – Cont.

Is 2.3 litres per/minute an appropriate level of flow to assure people’s hygiene and safety needs are met?

- No, not in a developed country
- Yes

What credit management policies may reduce the rate of restriction, or reduce the time that people spend under restriction?

- Greater examination of the consumer’s financial situation and expenses
- Greater understanding regarding unforeseen emergencies which lead to financial hardship
- Additional training and higher performance of staff.