

# **HARDSHIP UTILITY GRANT SCHEME (HUGS)**

## **INFORMATION & FUNDING GUIDELINES**

**DEPARTMENT FOR CHILD PROTECTION**

*in partnership with*

**OFFICE OF ENERGY**

**SYNERGY**

**HORIZON POWER**

**WATER CORPORATION**

**FINANCIAL COUNSELLORS' ASSOCIATION OF WA**

**WA COUNCIL OF SOCIAL SERVICES**

*To deliver an effective and efficient grant program to assist eligible people in utility financial hardship to pay their electricity and water bills.*

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## **1. Purpose of Hardship Utility Grant Scheme**

The purpose of the Hardship Utility Grant Scheme (HUGS) is to provide financial assistance to those people in genuine financial hardship in Western Australia to pay their utility accounts so as to avoid being disconnected or restricted.

Initially, the Scheme will address electricity and water service provision. However, when fully operational, it will also include gas services.

It is recognised that utility essential services, such as electricity, water and gas, are essential to the living standards of our community. Any deterioration of living standards can have potential direct impact on the health and well being of both individuals and families.

## **2. Overview**

The State Government is committed to ongoing improvement of government-owned services. HUGS is the outcome of a Government decision in 2007 to establish a small inter-agency working group to investigate and report on improving the delivery and coordination of utility essential services to the community's most financially and socially disadvantaged individuals and families.

A Government Utilities Essential Service Hardship Interagency Working Group was established to work towards the development and implementation of the different components of a utilities hardship package.

The Working Group identified four interrelated areas of need to improve the delivery of essential services to people experiencing utility financial hardship. These areas, which are outlined below, are also considered to be the key elements underpinning a best practice Government Utility Hardship Policy:

1. Improved utility hardship policies;
2. Hardship utilities grant scheme;
3. Financial counselling services made available to those in need; and
4. Energy and water efficiency programs.

HUGS addresses the need for a hardship utility grant scheme and financial counselling services to be provided to those in need. At this stage, it only targets utility financial hardship relating to payments of electricity and water bills.

A Hardship Utility Implementation Steering Committee was formed to oversee the implementation of HUGS. Membership of the Committee is comprised of representatives from the Office of Energy (OOE), Department for Child Protection (DCP), Synergy, Horizon Power, Water Corporation, Financial Counsellors' Association of Western Australia (FCAWA) and Western Australian Council of Social Services (WACOSS).

### **3. Guiding Principles**

#### **1. Partnership**

Assisting people in utility financial hardship is not the sole responsibility of any one agency. A partnership approach supported by relevant agency stakeholders, underpinned by good cooperation and effective collaboration, is required to improve the social and financial well being of these people.

#### **2. Shared Responsibility**

Utility hardship is best addressed through shared responsibility between utilities, agency stakeholders and customers. While utilities and agencies should be committed to supporting customers experiencing financial difficulties, customers must be prepared to recognise their obligation to pay their bills and engage in an agreed process to address their situation.

#### **3. Customers**

The best interest of customers should be the primary focus of HUGS.

#### **4. Mutual Respect**

Agency participants in HUGS should always be committed to respecting the views of other agency partners and customers. Efforts should also be made to ensure that the views and concerns of minority groups are included.

#### **5. Evidence-Based Decision Making**

Experience gained from what works, what does not work and/or what is indicating to achieve good outcomes will guide decisions on the planning and implementation of HUGS.

#### **6. Focus on Results**

HUGS will be measured by its achievements. Performance measures will be established to set targets for evaluation and improvement.

## 4. Applicant Eligibility

For a person to be considered eligible to apply for a grant, the following conditions must be met.

The applicant:

- Has been assessed by Synergy, Horizon Power or Water Corporation according to their hardship policy as possibly experiencing genuine utility hardship.
- Is unable to pay for a current account and at risk of disconnection or restriction of supply; or is unable to pay for a current account and has been disconnected or restricted from supply.
- Meets the requirements in respect of Grants Limits or Exceptional Circumstances of Hardship as outlined in Section 7 of this document.
- Is financially responsible for the payment of the electricity or water bill.
- Has agreed to contact a HUGS Registered Financial Counselling Service (“HUGS Registered FCS”) as referred by the utility either in person or via telephone to allow a grant application to be progressed.

**(Note: A HUGS Registered FCS is a financial counselling service that has been approved by and registered with DCP to participate in HUGS. The financial counselling services referred to in this document are all HUGS Registered FCS. The financial counsellors referred to in this document are counsellors employed by the HUGS Registered FCSs.)**

## 5. Referral, Application, Assessment and Payment

### Referral

- Applicants must be referred by the utilities to a HUGS Registered FCS for a HUGS application to be progressed.
- For applicants who are unable to access the service of a financial counsellor in their local area or unable to see a financial counsellor personally due to health reasons, a **1800 Helpline** is available to assist with applications. The Helpline is staffed by financial counsellors.
- The referral process can take place under the following circumstances:
  - Utility Referral: Utilities identify possible genuine cases of hardship and refer these customers to their local financial counselling services or the 1800 Helpline for a grant application to be progressed.
  - Customer Self Referral: Customers experiencing hardship contact the utilities to enquire about eligibility for a HUGS grant. If considered eligible, a customer will be referred by the utility to a financial counselling service or the 1800 Helpline.
  - Third Party Agency Referral: Government and non-government agencies, such as government departments, financial counsellors, emergency relief providers, social workers and Supported Accommodation Assistance Program (SAAP) providers etc, may also assist by:
    - asking prospective applicants to contact the utilities to enquire about their eligibility for a HUGS grant; or
    - contacting the utilities on behalf of these people to enquire about their eligibility for a HUGS grant.
- Upon referring an applicant to a financial counselling service or the 1800 Helpline, the utility will grant a moratorium of 14 calendar days on the outstanding account and advise the applicant accordingly.
- Applicants then make an appointment to see their local financial counsellors or ring the 1800 Helpline to apply for a grant.
- If an applicant is not able to see a financial counsellor before the moratorium expires, he/she should contact the utility to seek an extension to the moratorium.

## **Application**

- Financial counsellors are responsible for receiving and assessment of applications, and recommendation of grants for those that meet the HUGS criteria.
- A financial counsellor meets with the applicant or talks to the applicant on the 1800 Helpline to assist with completing a HUGS Application Form and conduct an application assessment.
- The application is assessed by the financial counsellor in accordance with the criteria outlined in Section 6 below.
- In a situation where a third party agency advocates for an applicant, the agency may, with the applicant's consent, assist by collecting relevant personal financial information from the applicant and communicating such information to financial counsellors or the 1800 Helpline.

## **Assessment**

### Successful Applications

- If an application is recommended for a grant to be provided, the financial counsellor will notify the applicant of the decision at the assessment interview.
- The financial counsellor will also advise the utility by telephone of the recommendation and the grant amount recommended.
- The utility will assume the recommended grant amount will be endorsed for payment by DCP.
- The applicant will have to make arrangement for payment of the balance of the account if necessary. (A HUGS grant does not usually pay 100% of a utility debt – refer to Section 7 on Grant Limit. Where necessary, the utility will encourage the applicant to use its instalment payment plan.)
- The financial counsellor will sign and forward (via fax/email) the application form to the DCP HUGS Unit for the recommended grant payment to be endorsed and processed.
- Following resolution of the current account, the applicant is expected to be responsible for future payments of account to the utility.

### Unsuccessful applications

- If an application is not recommended for a grant to be provided, the financial counsellor will notify the applicant at the assessment interview.

- A copy of the unsuccessful application will be forwarded to the DCP HUGS Unit for data collection purpose.
- The financial counsellor will also notify the utility and ask the applicant to contact the utility to resolve the outstanding account.

Following the HUGS application process, the applicant and the financial counsellor are encouraged to discuss the need for further financial counselling to be provided in respect of the applicant's current hardship situation.

### **Payments to Utilities**

- All applications recommended by financial counsellors for a grant payment will be checked for accuracy and compliance by the DCP HUGS Unit before the grant amounts are processed for payment to the utilities.
- DCP will reimburse the utilities on a weekly basis for grants approved.
- Where an application is recommended by a financial counsellor but not approved for payment by the DCP HUGS Unit, or the amount processed for payment is different from the amount recommended by the financial counsellor, HUGS Unit staff will notify both the utility and financial counsellor accordingly.
- The utility will get in touch with the applicant in that regard.

## HUGS Application Flowchart

### **Referral**

- Utility Referral - Utilities identify possible genuine cases of hardship and refer these customers to financial counsellors (FCs) or 1800 Helpline for HUGS applications to be progressed.
- Customer Self Referral – A customer contacts a utility for assistance. If it is considered a possible genuine case of hardship, the utility will refer the customer to FCs or 1800 Helpline.
- Third Party Agency Referral – Government and non-government agencies can either ask their customers to contact their utilities to enquire about their eligibility to apply or they contact the utilities on behalf of their customers to find out whether these customers are eligible for HUGS. If a customer is considered eligible by a utility, he/she will be referred to a FC or the 1800 Helpline.



### **Application**

- Utility Referral and Client Self Referral - Applicants make appointment to see their local FCs or use 1800 Helpline (if a local FC is not available or applicants cannot physically visit a FC due to health conditions) to progress HUGS application.
- Third Party Agency Referral – Third Party agencies collect relevant personal/ financial information and accompany applicant at appointment with FC or ring 1800 Helpline as advocates to assist with progressing of application.



### **Assessment**

- FCs meet with applicants to progress application and assessment, or
- Applicants talk to a FC on the 1800 Helpline to progress application.



### **Payment**

#### **Application Successful**

- If application successful, FC notifies applicant at interview and contact the HUGS Unit for payments to be processed.
- Financial counsellor to advise utility of outcome and ask applicant to arrange payment of balance of account.

#### **Application Unsuccessful**

- If application unsuccessful, financial counsellor notifies the HUGS Unit, utility and advises the applicant to resolve outstanding account with utility.

## 6. Assessment Criteria

Upon being contacted by an applicant or an applicant's advocate, financial counsellors must endeavour to provide an appointment as soon as practicable.

Financial counsellors will assist the applicant to complete a HUGS Application Form. Applications are expected to be assessed during the assessment interview with the applicant to be advised of the counsellor's decision immediately after the interview.

In deciding whether a HUGS grant is to be recommended, financial counsellors may have regard to the following criteria in assessing genuine financial hardship:

- Whether the applicant can satisfy the eligibility criteria as outlined in Section 4 above.
- Whether the applicant has the ability (e.g. sufficient income or savings) to pay the account, particularly through the utility's instalment payment plan.
- The applicant's explanation why recent and current committed expenditure does not allow his/her electricity and/or water account to be paid, including:
  - Sudden significant increase in electricity/water consumption due to, for example, faulty electric appliances, water leaks or poor management of electricity/water usage;
  - Substantial decrease in household income due to, for example, loss of employment or family breakdown; and/or
  - Significant unexpected expenses on essential items due to, for example, house repairs, funeral expenses, sick family members.
- Solution proposed by the applicant to alleviate current financial difficulties to enable future accounts to be paid.
- The cost of electricity usage/water account as a proportion of the household income.
- The cost of shelter as a proportion of the household income.

If an applicant's current financial hardship is considered only short-term, it may not be necessary for further counselling to be provided by the financial counsellor.

However, if the applicant's financial issues are considered likely to be long-term hardship, the financial counsellor should urge the applicant to seek further counselling in order to resolve the problems.

## 7. Grant Limits

### Grant Limits Per Application

Financial assistance provided by a HUGS grant is limited to a maximum of 85% of the amount outstanding shown on the utility account. If an application is successful, the applicant is required to pay the balance (i.e. 15%) of the amount outstanding.

The minimum grant amount to be provided is \$100.

The maximum grant amount to be provided is 85% of the bill up to a maximum of \$300.

Applicants who live in the geographical area north of 26S (Carnarvon and the geographical area north of Carnarvon) in Western Australia are eligible for 85% of the bill up to a maximum grant of \$500.

For applicants who are experiencing “exceptional circumstances of hardship” (refer to the information below on “exceptional circumstances of hardship”):

- A grant limit up to a maximum of \$500 per application may be considered for those living south of 26S; or
- A grant limit to a maximum of \$800 per application may be considered for those living north of 26S.

### Grant Limit per Applicant

An applicant is entitled to apply for grant funds up to a total value of \$300 (south of 26S) or \$500 (north of 26S) **every 12 months**, irrespective of the utility and the number of applications.

For example, if an applicant living south of 26S was provided with a grant with a value of \$140, he/she is entitled to apply for a second grant up to a maximum of \$160, within a period of 12 months.

### Exceptional Circumstances of Hardship

The financial counsellor must contact the DCP HUGS Unit by telephone for endorsement where on the ground of “exceptional circumstances of hardship” a financial counsellor intends to:

- (1) recommend a grant amount of more than 85% of the bill (up to a limit of \$300 south of 26S or \$500 north of 26S), or
- (2) recommend further grants for an applicant who has already been allocated the personal limit of \$300 (south of 26S) or \$500 (north of 26S) or who has

already received a grant under “exceptional circumstances of hardship” within a period of 12 months.

To consider whether a certain applicant is experiencing “exceptional circumstances of hardship”, the financial counsellor will need to exercise his/her professional judgment on the basis of the circumstances outlined above.

“Exceptional circumstances of hardship” may arise as a result of unforeseen crisis situations in which an individual or a family has incurred or will have to incur an unexpected expense. Such crisis situations are considered to have severe impact on the individual or family’s social and emotional well being. These unforeseen crisis circumstances can include but are not limited to the following:

- Where an individual or a family has his/her/its home destroyed in a fire or storm;
- Where an individual or family has his/her/its home broken into with vital personal belongings stolen;
- Where an individual or family is at risk of imminent homelessness;
- Major unexpected medical expenses; or
- A combination of several issues, for example, loss of income due to the primary breadwinner in the family has ceased employment to look after a seriously ill family member.

## **8. HUGS Budget**

A HUGS Account will be established within DCP to hold budgetary allocations for HUGS.

Grant monies may only be released from the Account for payments relating to the purpose outlined in Section 1 of this document. That is, for the purpose of providing financial assistance to those people in genuine financial hardship to pay their utility accounts so as to avoid being disconnected or restricted in Western Australia.

DCP will be the agency responsible for the administration of HUGS. All costs incurred by DCP for the administration of HUGS will also be paid out of the HUGS Account.

## 9. Administration Process

DCP will be the Grant Administrator responsible for the administration of HUGS, which is comprised of the following processes:

| <b>Process</b>                         | <b>Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Involves</b>                                                                                                                                                                           |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Referral Application Assessment</i> | <ul style="list-style-type: none"> <li>• Utilities refer eligible applicants to financial counsellors for an application to be progressed.</li> <li>• Applicants or their advocates can also approach utilities to enquire about eligibility and the possibility of referral to financial counsellors</li> <li>• Financial counsellors assess applications, and refer recommended applications to DCP for payment.</li> </ul>                  | <ul style="list-style-type: none"> <li>• Applicants</li> <li>• Applicants' advocates</li> <li>• Utilities</li> <li>• Financial counsellors</li> </ul>                                     |
| <i>Payment</i>                         | <ul style="list-style-type: none"> <li>• DCP grant officers check recommendations by financial counsellors for compliance and approve payments</li> <li>• DCP releases payments to utilities.</li> </ul>                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• DCP as Grant Administrator</li> </ul>                                                                                                            |
| <i>Marketing</i>                       | <ul style="list-style-type: none"> <li>• Utilities to provide information on HUGS to customers</li> <li>• Marketing of HUGS through financial counselling services and relevant stakeholders</li> <li>• WACOSS to provide information on HUGS to members through such avenues as the Emergency Relief Forum and their web site</li> <li>• Media and marketing opportunities managed by DCP, which may involve the Minister and MPs.</li> </ul> | <ul style="list-style-type: none"> <li>• Utilities</li> <li>• DCP</li> <li>• Financial counsellors</li> <li>• WACOSS</li> <li>• Stakeholders</li> <li>• Minister</li> <li>• MP</li> </ul> |
| <i>Monitoring</i>                      | <ul style="list-style-type: none"> <li>• DCP departmental record management, audit and reporting requirements.</li> <li>• Government reporting requirements.</li> <li>• Maintenance of grants administration database.</li> </ul>                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• DCP</li> <li>• DCP Internal Auditors</li> <li>• Office of the Auditor General</li> </ul>                                                         |
| <i>Evaluation</i>                      | <ul style="list-style-type: none"> <li>• Evaluation of the effectiveness and efficiency of HUGS against agreed performance indicators.</li> <li>• Evaluation outcomes to be submitted to the Hardship Utility Implementation Steering Committee for consideration.</li> </ul>                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• DCP</li> <li>• Utilities</li> <li>• OOE</li> <li>• FCAWA</li> <li>• WACOSS</li> <li>• Financial counselling services</li> </ul>                  |

## **10. Review of Decision**

If an applicant is not satisfied with the decision made, he/she can apply to the Manager HUGS Unit at DCP to have the decision reviewed.

The period in which an applicant may lodge a request for review is limited to four (4) weeks from the date of notification of that decision by the financial counsellor.

As a first approach, the applicant should contact the original assessor, the financial counsellor, and provide any additional information to support a request for review.

If not satisfied with the outcome, the applicant can contact the DCP HUGS Unit Manager for further review. The applicant will be notified of the outcome by DCP within two (2) weeks of the Department receiving a request for review.