

Utility companies are businesses that supply gas, electricity and water. Those that operate in Victoria are legally obliged to adopt hardship policies to support Victorians who have experienced unexpected financial hardship during the past 12 months.

A decrease in income (due to job loss or reduced working hours because of the economic downturn) is a specific change of circumstances during which the hardship policy must apply.

What hardship programs are in place?

In general terms, financial hardship refers to the situation where a consumer wants to pay their bills but cannot afford to do so.

However, all utility company hardship policies must provide:

- processes for early response to payment difficulties
- flexible payment options
- audits of customer usage
- flexible options for the purchase of replacement energy appliances.

Each energy company publishes details of its hardship policy on its website.

When consumers can't pay their gas, electricity or water bills

Consumers who can't pay their gas, electricity or water bills should contact

their energy or water retailer (the company that sends the bill), explain their situation and ask for access to hardship payment arrangements.

MoneyHelp's phone financial counselling service (1800 149 689) assists Victorians who have lost income due to the economic downturn; others in hardship can visit the MoneyHelp website (www.moneyhelp.org.au) for a step-by-step guide for making this request by phone, and a sample letter template.

How can the utility company help?

People experiencing difficulty paying energy or water bills can negotiate flexible payment arrangements directly with their utility company, or get help from a financial counsellor.

Utility companies also provide advice about any concessions and grants available to consumers who are experiencing financial hardship. Concessions for gas, electricity, water and sewerage costs are available to holders of Health Care and Concession cards, as is access to audits and advisory services for efficient use of supply.

Need more information?
Visit www.moneyhelp.org.au
Or call 1800 149 689

Providing they contact their utility company and explain their circumstances:

- they are unlikely to be disconnected
- their non-payment will not appear on their credit report
- their utility company may partially waive the debt if they demonstrate good faith in attempting to pay.

Flexible payment arrangements

Utility companies must offer people experiencing financial hardship a payment plan that is affordable in their current circumstances. Payments would usually be expected to cover current usage as well as an amount towards the arrears.

Consumers may be able to negotiate a delay to the start of repayments for the arrears, or a repayment by instalments plan if they have reduced income.

If a consumer finds paying smaller amounts regularly less difficult than finding a lump sum under quarterly billing arrangements, they may make fortnightly or monthly payments online or at a Post Office.

People on Centrelink payments can arrange automatic utility bill payments through Centrepay.

If a utility company refuses to offer an affordable repayment plan, complaints can be lodged with the Energy and Water Ombudsman service (1800 500 509).

Utility Relief Grant

The Victorian Department of Human Services manages a Utility Relief Grant scheme for people who are unable to pay their utility bills and are at risk of having their gas or electricity supply disconnected, water flow curbed or delivery refused (for bottled gas and carted water).

Grants are available for mains gas, electricity and water, as well as bottled gas and carted water supplies. Applications (for individual utility services or combined services) can be made through the utility company or a financial counselling service.

Utility Relief Grants provide a part or full payment for outstanding gas, electricity or water bills at an applicant's current address only. They are available once every two years and generally cover the equivalent of six months usage.

Utility Relief Grants are usually paid to people with a Health Care or Concession Cards, but may be available to others who are registered with their utility company's hardship program and don't have enough income to commit to a workable payment plan.

Disconnection of gas, electricity and water supplies

Providing consumers remain in contact with their suppliers and pay something off their bills, it is unlikely they will be disconnected.

There are a number of steps between a missed payment and disconnection. If gas, electricity or water bills are unpaid on the due date, a reminder notice will be sent, then a disconnection warning. If no payment has been made by the due date, a formal warning that provides seven days notice of the utility company's intention to disconnect supply will be sent.

Utility companies can disconnect a consumer's supply without the need for a court order. This means utility debts should be treated as priority debts during a period of reduced income.

Re-connection charges may apply, and consumers with a poor history of payment may be asked to pay a security deposit when they sign up for a new connection.

Further information

MoneyHelp 1800 149 689

Consumer Affairs Victoria 1300 558 181

Energy and Water Ombudsman Victoria 1800 500 509

Consumer Action Law Centre 1300 881 020

Key messages

- Gas, electricity and water supply companies are legally obliged to offer flexible payment arrangements for people experiencing financial hardship
- By contacting the supplier early, consumers have more payment options
- A number of utility service concessions and grants are available for Victorians experiencing financial hardship

Sources

Uniting Care manual
Financial first aid (2009)

Concessions Victoria
www.dhs.vic.gov.au/concessions

Consumer Action Law Centre fact sheet
Electricity and gas debts

Consumer Action Law Centre fact sheet
Water debts

The information on this fact sheet is general and does not constitute legal advice.

MoneyHelp's products and services have been prepared for the information of Victorians who have experienced or are facing job loss or reduced working hours because of the economic downturn. These people can phone 1800 149 689 to speak to a MoneyHep financial counsellor. A financial counsellor will discuss a range of debt payment options based on an individual's circumstances.