

PUBLIC

20 JUNE 2010
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HARDSHIP UTILITY GRANT SCHEME (HUGS)

INFORMATION & FUNDING GUIDELINES

DEPARTMENT FOR CHILD PROTECTION

in partnership with

OFFICE OF ENERGY
SYNERGY
HORIZON POWER
WATER CORPORATION
BUSSELTON WATER
AQWEST
ALINTA

FINANCIAL COUNSELLORS' ASSOCIATION OF WA
WA COUNCIL OF SOCIAL SERVICE

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

December 2010

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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 financial hardship in Western Australia to pay their utility accounts.

When people have the intention but not the financial capacity to pay their utility accounts without affecting their ability to meet their individual or family basic living needs, they are considered to be in utility financial hardship.

HUGS addresses electricity, water and gas service provision.

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. It targets utility financial hardship relating to payments of electricity, gas and water bills.

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

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:

- Must be a residential customer.
- Has been assessed by the utility providers according to their hardship policy as possibly experiencing 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.
- 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.)

- Is financially responsible for the payment of the utility account.

(Note: The person financially responsible for the payment of the account is the Account Holder whose name is shown on the account. In a situation where the Account Holder is unable to attend an assessment interview with the financial counsellor, the person who attends the interview must be appropriately authorised by the Account Holder. The authorisation can be provided by the Account Holder through the following methods:

- providing a written authority to the person attending the interview;
- providing verbal authorisation to the financial counsellor by telephone; or
- the person attending the interview to take the completed application to the Account Holder for signature and then return the application to the assessing financial counsellor.)

In regard to customers of the Water Corporation, Busselton Water and Aqwest, HUGS will only be available to **owner occupiers of residential properties**. The following customers, who are never restricted from supply, will **not** be eligible for HUGS:

- Tenants; and
- Residents of Aboriginal Town Based Communities (these accounts are case managed by Water Corporation case managers).

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 personal health/transport issues, they can contact their local financial counsellor or the FCAWA Financial Counselling Hotline for an application to be progressed on the telephone.
- 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 service or the FCAWA Financial Counselling Hotline 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.
 - Third Party Agency Referral: Government and non-government agencies, such as government departments, financial counsellors, emergency relief providers and social workers 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, 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 contact a financial counsellor on the telephone to progress an application.
- 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 telephone 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.

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, the grant amount recommended and, if necessary, the payment arrangement for the remaining balance of the account.
- 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 submit the application form to the DCP HUGS Unit via the HUGS online system or by fax/email 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 of the outcome and payment arrangement for the outstanding amount.

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 the financial counsellor and the utility concerned.
- The financial counsellor will notify the applicant of the outcome and amended recommended amount.

HUGS Application/Approval Flowchart

Referral

- Utility Referral - Utilities identify possible cases of hardship and refer these customers to financial counsellors (FCs) for HUGS applications to be progressed.
- Customer Self Referral – A customer contacts a utility for assistance. If it is considered a possible case of hardship, the utility will refer the customer to FCs.
- 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.



Application

- Utility Referral and Client Self Referral - Applicants make appointment to see their local FC to progress HUGS application. (If a FC is not available locally or applicants cannot physically visit a FC due to health/transport issues, applicants can lodge an application on the telephone through their local FC or the Financial Counselling Hotline).
- Third Party Agency Referral – Third Party agencies collect relevant personal/ financial information and accompany applicant at appointment with FC or ring the FC 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 telephone 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, if necessary, payment arrangement for outstanding 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 utility account to be paid, including:
 - Sudden significant increase in electricity/gas/water consumption due to, for example, faulty electric appliances, water leaks or poor management of electricity/gas/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/gas/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.

From 1 July 2010, the maximum grant amount to be provided is 85% of the bill up to a maximum of \$450 for applicants living in the geographical area south of 26S (geographical area south of Carnarvon).

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 \$750.

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 \$750 per application may be considered for those living south of 26S; or
- A grant limit to a maximum of \$1,120 per application may be considered for those living north of 26S.

	Grant Limit from 1 July 2010
South of 26S (geographical area south of Carnarvon)	
Normal Grant Limit	\$450
Exceptional Circumstances of Hardship	\$750
North of 26S (Carnarvon and geographical area north of Carnarvon)	
Normal Grant Limit	\$750
Exceptional Circumstances of Hardship	\$1,120

Grant Limit per Applicant

From 1 July 2010, an applicant is entitled to apply for grant funds up to a total value of \$450 (south of 26S) or \$750 (north of 26S) **every 12 months**, irrespective of the utility and the number of applications.

If an applicant has already been provided with grant funds to the maximum grant limit applicable to Exceptional Circumstances of Hardship, he/she is not eligible to apply for further grants within a period of 12 months.

The relevant 12-month period commences from the date of payment of a grant to the utility as recorded on the DCP HUGS Grant Administration System.

Example 1 – An applicant was provided with the grant limit (via one single application)

- An applicant living in the metropolitan area had a grant of \$450 paid to Synergy towards her account on 9 July 2010 (date of payment).
- The grant limit at that time was \$450.
- This applicant will not be eligible for consideration for a further grant for a period of 12 months until 9 July 2011 (except under Exceptional Circumstances of Hardship or meeting the criteria for Provision of Additional Grants as outlined below).

Example 2 - An applicant was provided with the grant limit (via two separate applications)

- An applicant living in the metropolitan area had a grant of \$140 paid to Synergy towards her account on 9 July 2010 (date of payment).
- The grant limit at that time was \$450.
- This applicant subsequently applied for a second grant and had a grant of \$310 paid to Alinta on 3 December 2010.
- The second grant was provided within 12 months of the first grant paid.
- The total of the two separate grants was \$450.

Example 3 – A grant to be used towards payment of two different utility accounts at the same time

- Subject to agreement between the applicant and assessing financial counsellor, the applicant may apply for a grant up to the grant limit towards the payment of two different utility accounts at the same time.
- For example, if a metropolitan applicant has two different utility accounts (Synergy and Alinta), the grant limit of \$450 can be used towards payment of the two accounts on the basis of a maximum of 85% of the outstanding amount on each account (say, Synergy \$250 and Alinta \$200).

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 the applicable grant limits for Exceptional Circumstances), or
- (2) recommend further grants for an applicant who has already been allocated the “Grant Limit per Applicant” 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 a family has his/her/its home broken into with vital personal belongings stolen;
- Where an individual or a family is at risk of imminent homelessness;
- Where an individual is a victim of domestic violence;
- Where an individual or a family experiences mental health issues;
- Where a marriage/relationship breakup causing a significant decrease in family income;
- Major unexpected expenses such as medical treatment or funeral costs; 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.

Example 4 – A grant provided for more than 85% of the outstanding account under Exceptional Circumstances of Hardship

Scenario 1

- An applicant in Broome applied for a grant for her outstanding Horizon account of \$500 on 7 July 2010.
- The grant limit for Exceptional Circumstances of Hardship for geographical area north of 26S at that time was \$1,120.
- This applicant met the criteria for Exceptional Circumstances of Hardship and had a grant approved for \$500 (100% of her outstanding account).

Scenario 2

- An applicant in Broome applied for a grant for her outstanding Horizon account of \$2,000 on 7 July 2010.
- The grant limit for Exceptional Circumstances of Hardship for geographical area north of 26S at that time was \$1,120.
- This applicant met the criteria for Exceptional Circumstances of Hardship and had a grant approved for \$1,120 which was the grant limit. (In this case, the grant could only be provided to the limit of \$1,120 for Exceptional Circumstances of Hardship)

Example 5 – A further grant provided for a person within 12 months of her last grant approval under Exceptional Circumstances of Hardship

- An applicant in Broome had a grant of \$500 (85% of the outstanding amount) paid towards her Horizon account on 7 July 2010.
- This applicant met the criteria for Exceptional Circumstances of Hardship and applied for a further grant on 3 December 2010 for an outstanding Horizon account. A further grant of \$620 was approved.

- The grant limit for Exceptional Circumstances of Hardship on 3 December 2010 was \$1,120.
- As this applicant had a previous grant of \$500, she was only eligible for a further grant up to a maximum of \$620 ($\$1,120 - \$500 = \620) under Exceptional Circumstances of Hardship within 12 months.

Example 6 – An applicant has received grant funds to the maximum limit applicable to Exceptional Circumstances of Hardship

- An applicant in Broome was provided with a grant of \$1,120 under Exceptional Circumstances of Hardship for her outstanding Horizon account on 7 July 2010.
- The grant limit for Exceptional Circumstances of Hardship for geographical area north of 26S at that time was \$1,120.
- This applicant is not eligible for applying for another grant within a period of 12 months.

Provision of Additional Grants within a Twelve Month Period

In recognition of the need to assist those individuals and families in genuine financial hardship, applicants who have already been allocated the maximum normal grant limit but do not meet the criteria for “Exceptional Circumstances of Hardship” within a twelve month period are eligible to apply for an additional grant or further grants up to a maximum of 50% of the normal grant limit. **This is a new initiative for a trial period from 1 December 2010 to 30 June 2011.**

For an applicant to be eligible to apply for further grant funds in this situation, the following requirements must be met:

- The applicant must demonstrate a genuine commitment to engagement with financial counsellors by returning to the same financial counselling service which provided the previous HUGS grant for further financial counselling. *(Note: Applicants who obtained a HUGS grant previously through the Financial Counselling Hotline may return to their local financial counselling service for further counselling if possible.)*
- The appointment must take place within a six month period of the previous grant being recommended by the financial counsellor.

Example 7 – An applicant has received grant funds to the maximum normal limit but does not meet the criteria for Exceptional Circumstances of Hardship for further grants

- An applicant in Perth was provided with a grant of \$450 for her outstanding Synergy account on 7 July 2010.
- She returned to the same financial counselling service which processed her grant application for further financial counselling on 15 October 2010.
- If her return for further financial counselling is considered by the financial counsellor to be a genuine commitment to improving her financial situation

and money management skills, she is eligible to apply for further grant funds up to a maximum of 50% of the normal grant limit.

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:

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

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 Manager HUGS Unit will conduct the review in consultation with the Manager Non Government Funding and Contracts.

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 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.