

**Memorandum of Understanding (MOU)
for Better Practices in the Provision of Assistance
to South Australian Energy Customers Experiencing Financial Hardship
and Having Difficulties in Meeting Payments for Energy Debts**

or 'The MOU'

Overview

After prolonged negotiations, in 2008 the MOU was signed by the Minister for Energy, the Minister for Families and Communities, SACOSS, and energy retailers. The MOU spells out the obligations for retailers to offer payment assistance options, or 'hardship policies', to consumers who are having troubles meeting their financial commitments in electricity and gas payments. The main aim of the MOU is for retailers to avoid disconnecting consumers for non-payment of energy bills.

Currently AGL, Origin, TRUenergy, Simply Energy and Country Energy are signatories to the MOU.

What the MOU means to retailers

By signing the MOU, retailers are obliged to:

- Offer sustainable payment plans and installment options for those suffering from temporary financial difficulty.
- Refer customers to other available sources of financial assistance and counseling.
- Provide advice on energy efficiency over the telephone.
- Facilitate the payment and allocation of applicable concessions.

Energy retailers have, by signing the MOU, committed to resource better practices to ensure compliance with these requirements.

Additionally, energy retailers are required under the MOU to report annually on their activity in providing better practices, as well as on the numbers of customers who were assisted by the retailer through its provision of payment options and other assistance.

The MOU is a means by which customers are guaranteed to be given opportunity to arrange payment options and for these efforts to be monitored accordingly.

What the MOU means to consumers

The fact that the energy retailers who have signed up to the MOU collectively represent virtually all of the energy market means that consumers are only *not* covered if they purchase energy from a small and/or new retailer in the South Australian market. For most consumers, retailer hardship policies in line with the MOU provide (or should provide) the following certainties:

- Retailers will have realistic payment plans in place for consumers who can't afford to pay bills in full .
- Any customer service representative spoken to in person or over the phone should have knowledge of these payment plans and any associated information and processes.
- Retailers must try very hard to make payment options work before disconnection takes place.

Essentially, the MOU, as with other hardship policies, provides a safety net for low income and disadvantaged South Australian energy consumers.

What the MOU means to community sector organisations

The MOU is important for health and community sector organisations in that it provides a reference point when advocating on behalf of individual clients and population groups who are experiencing hardship – or at risk of experiencing hardship – in relation to energy bills or service. In this respect, knowledge of the MOU and the undertakings that underpin it is important for frontline workers and policy staff alike.

When confronted with a situation in which a client or group is experiencing hardship, organisations can:

- Alert the client or group to the MOU and the obligations on energy retailers.
- Identify the hardship provisions provided by retailers and those most suited to the client or group.
- Advocate on behalf of the client or group, citing obligations under the MOU where necessary.
- Contact the Energy Industry Ombudsman regarding perceived breaches of the MOU.
- Use data published under the MOU to inform policy positions and calls for action.

The MOU represents an important step in providing low income and disadvantaged energy consumers with a basic level of protection from disconnection, and should be an important tool for organisations.

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