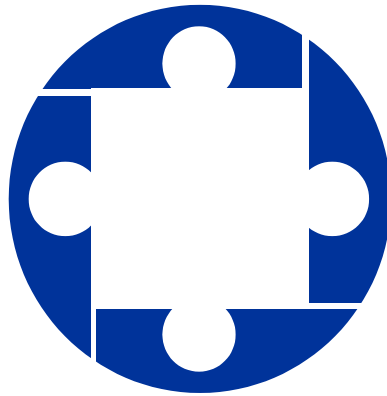


The Tasmanian Electricity Ombudsman



Third Annual Report 2000 - 2001

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**Electricity Ombudsman Staff at
June 30, 2001**

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Foreword

On 26 October 2000 Damon Thomas resigned from the roles of Electricity Ombudsman, Ombudsman, and Health Complaints Commissioner to take on the role of CEO for the Tasmanian Chamber of Commerce.

I am delighted to have been given the opportunity to perform the role of Electricity Ombudsman for the 2000/2001 reporting year.

I would like to thank the National Energy Industry Ombudsman Network (NEWON) for their continued support and advice throughout the year. I would also like to thank the electricity entities, particularly Aurora Energy for their co-operation in resolving many difficult issues during the reporting period.

While we experienced a drop in complaint numbers, we also experienced a noticeable increase in the complexity of complaints. I am pleased to report that several awards were made as registered agreements without the need to proceed to determination.

The year has definitely been a year of learning and consolidation. The respective positions of the interested parties have been clarified following the investigation of a number of difficult and complex complaints.

The year has also identified a need for establishing operating protocols between the Electricity Ombudsman and Aurora. Work

has commenced in this area which will further enhance our working relationship and facilitate more effective complaint resolution.

With the imminent arrival of gas and Basslink, thoughts have turned toward the future role of the Electricity Ombudsman. The trend in Victoria and New South Wales has been to appoint an Energy Industry Ombudsman responsible for complaint resolution in the areas of electricity, gas and water.

Work has been undertaken by the Office of Energy Conservation and Planning to brief Parliament as to the preferred option for Tasmania.

While the outcome is still unclear, it would seem to make good sense for an Energy Ombudsman to continue to co-locate and share resources with the Ombudsman and Health Complaints Commissioner.

I firmly believe that such an approach will provide the best contribution to the principles of social justice in Tasmania. It is imperative that every Tasmanian has access to a complaints resolution scheme that is quick, free of charge and avoids the adversarial system of court proceedings.

I believe that the investigations carried out by this office to date, have made an important contribution to improving business practices resulting in better service quality for Tasmanian electricity customers.

It is with pleasure that I present the third Annual Report of the Electricity Ombudsman.

Jan O'Grady
Electricity Ombudsman

30 June 2001

What we can do under the Electricity Ombudsman Act 1998

The Tasmanian Electricity Ombudsman is the industry ombudsman for the electricity industry covering electricity entities, being entities licensed to carry out operations in the electricity supply industry under the *Electricity Supply Industry Act 1995*.

The national emergence of the Electricity Ombudsman scheme follows a number of similar dispute resolution schemes set up since 1990 to provide a cost-free, effective and relatively quick means of resolving complaints about the products or services provided by an industry. Customer dispute schemes play a vital role as an alternative to expensive legal action for both consumers and industry.

The emergence of such schemes is also due in part to the increasing recognition of the value of effective industry self-regulation. Properly operating schemes which emphasise the value of consultative and conciliatory resolution between all stakeholders serve the valuable role of a neighbourly industry to ascertain the problems faced by their customers and to take steps to rectify them, negating or at least minimising the need for external intervention.

Such schemes are also promoted as making good business sense. Across various sectors the operation of these schemes has resulted in improved business practices and the creation of better quality goods and services for customers.

Unlike a traditional ombudsman scheme, the Electricity Ombudsman has (like its counterparts in South Australia, Victoria and New South Wales) a power to make awards and register agreements between parties, together with a mandate to identify and review systemic issues arising out of complaints. Its formal functions are found in section 5 of the *Electricity Ombudsman Act 1998* which provides that:

1. The Ombudsman has the following functions:
 - a) to receive, investigate and resolve complaints;
 - b) to make awards and register agreements as awards under Part 4 of the Act which binds the Crown in right of Tasmania and, so far as the legislative power of Parliament permits, in all its other capacities;
 - c) to identify and review issues arising out of complaints;
 - d) to assist electricity entities to develop procedures to resolve complaints;
 - e) to perform any other functions imposed on the Ombudsman by this Act;
 - f) to perform any other prescribed functions.
2. The Ombudsman has power to do all things necessary or convenient to be done in connection with the performance and exercise of his or her functions and powers under the Act.
3. In performing and exercising his or her functions and powers, the Ombudsman must act independently, impartially and in the public interest.

The mission of the Electricity Ombudsman is to receive, investigate and facilitate the resolution of complaints and disputes between consumers of electricity in Tasmania and their supplier.

The Electricity Ombudsman's mission is founded on the principles of:

- **Independence**

The office of the Electricity Ombudsman is an instrument of independent complaint resolution not advocacy. The Electricity Ombudsman Scheme acts independently whilst maintaining good working relationships with members and other interested stakeholders (eg consumer organisations).

- **Access**

The office of the Electricity Ombudsman is readily accessible to individual customers of electricity services regardless of their ethnicity, language skill, physical or mental abilities or geographical location.

- **Equity**

The fundamental principle which the office of the Electricity Ombudsman applies in resolving enquiries/cases is that of fairness to all parties thus ensuring a just, economical, informal and speedy resolution within an environment of privacy and confidentiality.

- **Effectiveness**

The office of the Electricity Ombudsman is to be staffed by high calibre people, sensitive to consumer issues, and equipped to make optimal use of technology to receive and resolve enquiries, complaints and disputes in an economical and timely manner.

- **Community awareness**

The office of the Electricity Ombudsman fosters the development of community awareness of its function and develops a public profile in keeping with the status and role of the organisation.

- **Linkages**

The office of the Electricity Ombudsman fosters effective links and working relationships with relevant organisations (including members, other regulatory bodies and Ombudsman and consumer representative bodies), and acts as a referral source for electricity consumers, referring consumers to the appropriate agency or members.

Members of the public can approach the Electricity Ombudsman's office in various ways. They may telephone, visit in person, write, fax or e-mail their complaint.

The majority of complaints to the Electricity Ombudsman are received by telephone. In this way, complaints can be handled in an informal and expeditious manner. In addition to our investigators at the office at 99 Bathurst Street, there is an office in Launceston staffed by a full-time senior investigator who acts as a first point of contact for the Electricity Ombudsman in the north of the state. Interviews are available by appointment to discuss complaints with any of the officers if desired.

Regardless of how an approach is made, the first step is always to determine whether the approach is relevant to the important role of complaint handling. Relevant approaches can be broadly classified as either enquiries or complaints.

In the process of handling complaints, they are categorised by their complexity. The definitions for each level of complexity are as follows:

Enquiry: A complaint which is within jurisdiction, but does not require any further action (eg enquiry on function of office or best way to deal with complaint). Enquiries are usually dealt with in one phone call. Note that people who have not yet contacted the relevant entity are referred back to that entity and are not counted as an enquiry.

Simple: A complaint which is resolved within 5 working days and relates to simple issues. An example is a customer who has been refused re-connection until he pays an amount in arrears. After discussions with Aurora, the customer may be offered an easier payment arrangement.

Intermediate: Complaints where the issue is not easily resolved. The issue may be complex or there may be extra information to obtain. Usually resolved within 15 working days.

Complex: Complaints involving a high level of technical or specialist information. Often neither party is prepared to negotiate, or it is difficult to find an appropriate resolution. Often formal recommendations for action are made by the Electricity Ombudsman to the electricity entity at this stage.

Dispute: A complaint where there is little chance of resolution through negotiated outcome. An example of a dispute could be a surge liability claim where the electricity entity denies all liability. These complaints may end with a formal determination.

Complaint Statistics

For the period 1 July 2000 to 30 June 2001, the Electricity Ombudsman received a total of **367** complaints (including enquiries). This represents a 13.2% decrease in complaints from 1999-2000. However it appears there has been an increase in the complexity of complaints. We received 21 more complaints of intermediate complexity than last year, and 5 more classified as complex.

This reporting year also saw 4 complaints where the outcome was a recommendation that compensation be awarded as a registered agreement under section 21(b) of the *Electricity Ombudsman Act 1998*.

Table 1: Complaint activity for the period 1 July 1999 to 30 June 2000.

Number of Complaints	1999-2000	2000-2001
Brought Forward from Previous	24	20
Opened in Period	423	367
Closed in Period	425	367
Opened & Closed in Period	404	345
Carried Forward (still Open)	20	22

The number of complaints received per month is shown graphically in figure 1. The complaints tend to follow a cycle where few complaints are received in December (due to Holiday period, and the Office opening for fewer days), and peaks in complaint numbers occurring in March and August/September (end of winter period).

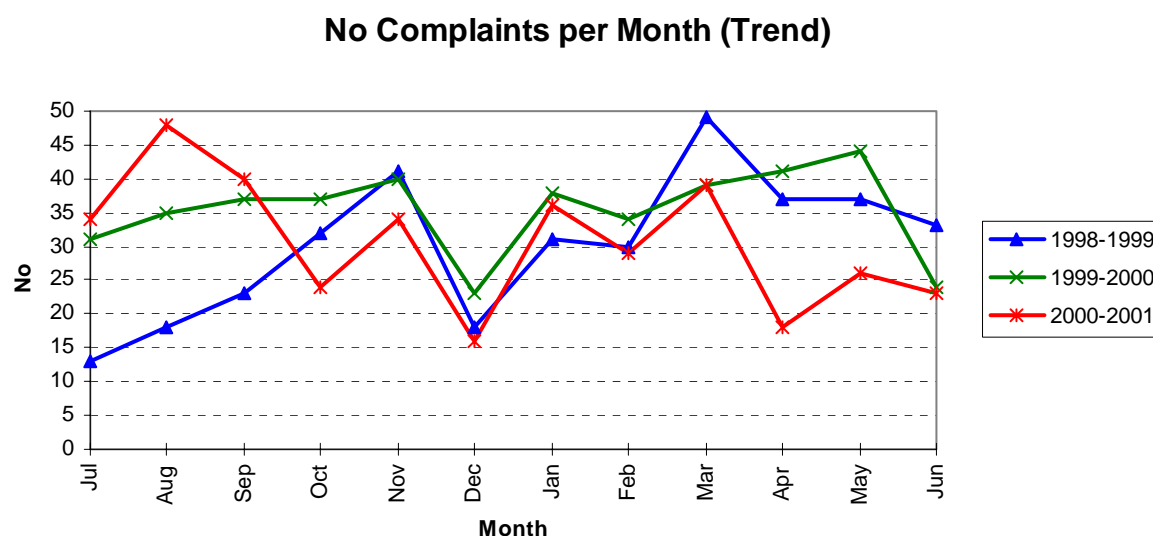


Figure 1 Complaints received per month - Comparison between years 1998 to 2001.

As for previous periods, Aurora Energy - the retail company had the most complaints received against it. There was less than one percent of complaints received against Transend Networks and Hydro Electric Corporation

Category	Aurora Energy	Hydro Electric Corporation	Transend Networks	Total
Enquiry	138	2	1	141
Simple	151			151
Intermediate	48			48
Complex	6			6
Dispute	1			1
Not recorded	20			20
Total	364	2	1	367

Table 2: Number of complaints received for each Electricity Entity, by Category.

When complaints are recorded, the Investigations Officers classify each complaint as to its complexity (or category) and also as to its seriousness. It was found that the majority of complaints handled by the Electricity Ombudsman are of low seriousness (for example, billing complaints).

This is in contrast to someone losing their business or livelihood as a result of defective administration (for example), which would be classed as very serious. Complaints of this nature are usually more complex and take longer to resolve.

How Serious was the Complaint?	Enquiry	Simple	Inter-mediate	Complex	Dispute	Not Recorded	Total
Low Seriousness	123	123	20	1			267
Medium Seriousness	17	27	26	1	1		72
Very Serious	1	1	2	4			8
Not recorded						20	20
Total	141	151	48	6	1	20	367

Table 3: The Seriousness of complaints by Complaint Category - Seriousness is a measure of the implications of not resolving the complaint.

The majority of complaints during the period were from individuals complaining about residential accounts or issues. Fifty one percent of people with a complaint were males, and there were a small number of cases where the gender was unknown, or the complainant was a group or business.



Figure 2: Were complaints received from individuals (about residential accounts) or from businesses or groups?

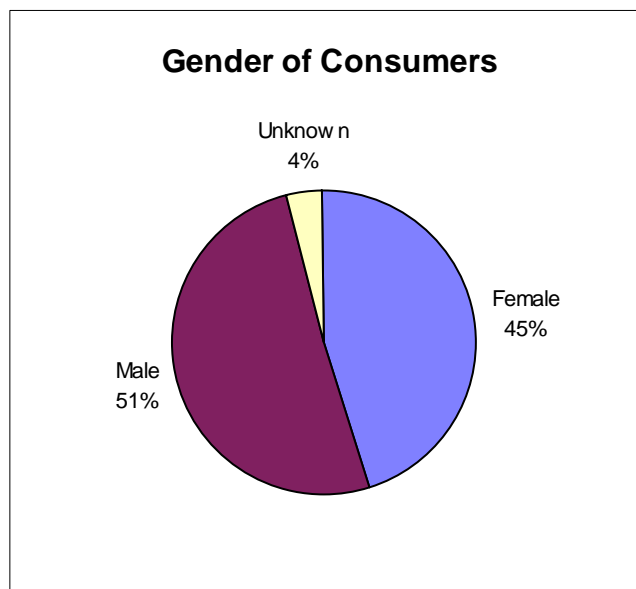


Figure 3: Gender of consumers with complaints

Complaints continue to come predominantly from the south of the state, which most likely indicates a lack of awareness of the services of the Electricity Ombudsman in the north of the State. The Ombudsman shares an officer in Launceston to deal with Northern complaints, and the Office has embarked on a series of statewide advertising campaigns in an attempt to raise the awareness of the office. Television advertising will commence in July 2001 as a cost effective alternative to advertising on regional radio stations to cover the north of the State.

Where are complaints coming from?

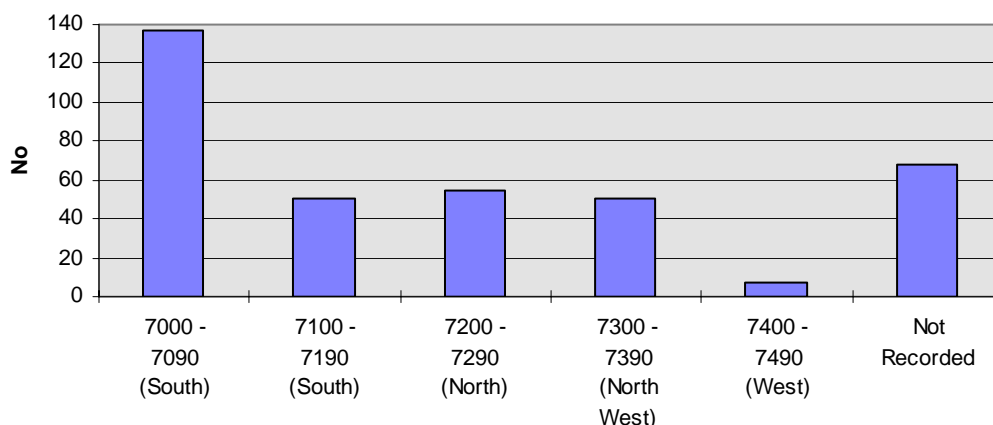


Figure 4: Postcode distribution of complaints

The Raemoc complaint handling system allows investigators to record up to three issues per complaint. The following table shows the number of complaints received for each category by Issue type. As has been found in previous periods, the majority of cases are about billing.

As mentioned earlier, all complaints were against Aurora with the exception of 2 enquiries concerning Hydro Tasmania. One was regarding the Ombudsman's intervention on the court costs for a failed superannuation court case, and the other was a written enquiry regarding obtaining a land title from Hydro Tasmania. The enquiry concerning Transend related to a power outage in March 2001.

Issue Type	Enquiry	Inter-mediate	Simple	Complex	Dispute	Not Recorded	Total
Billing	82	19	108	1		9	219
Customer Service	6		7			2	15
Land	7		6		1	1	15
Out of Jurisdiction	2						2
Privacy	2		1				3
Provision	23	12	25	2		5	67
Supply	18	17	4	3		3	45
None	1						1
Total	141	48	151	6	1	20	367

Table 4: Top-level issue type for each category

Figure 5 summarises the distribution of complaints for each issue. The individual items comprising each issue are listed in more detail below

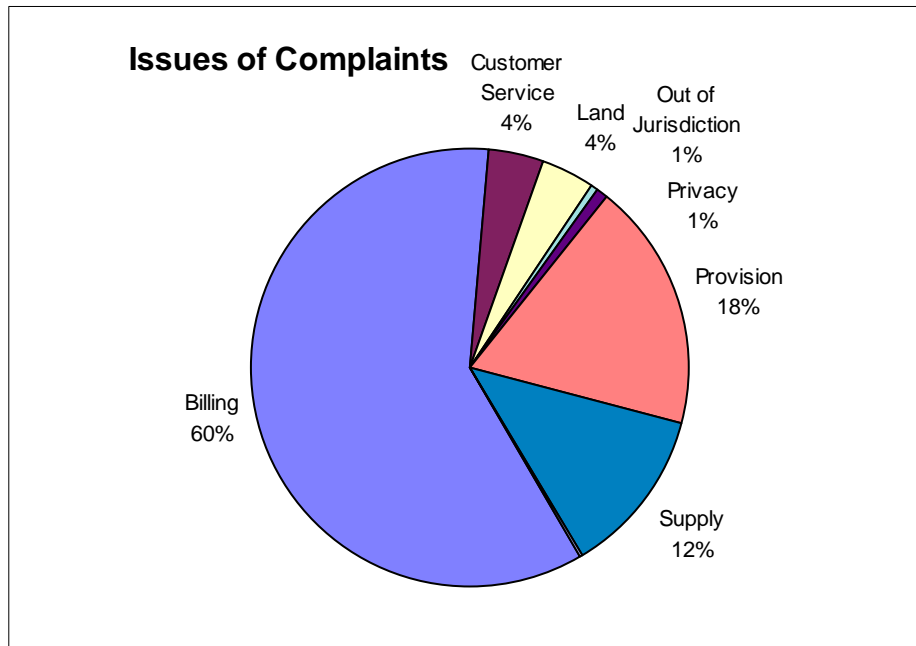


Figure 5 What issues were complained about

The top twelve individual issues complained about are shown in Figure 6. As is expected the issues most complained about were in relation to Billing, and high bills, and the fifth most popular issue was Delay in Connection. There was a significant number of complaints received about Private Poles and the Ombudsman has concentrated some effort into investigating and making appropriate recommendations about this issue.

Top Twelve Issues
(max 3 issues recorded per complaint)

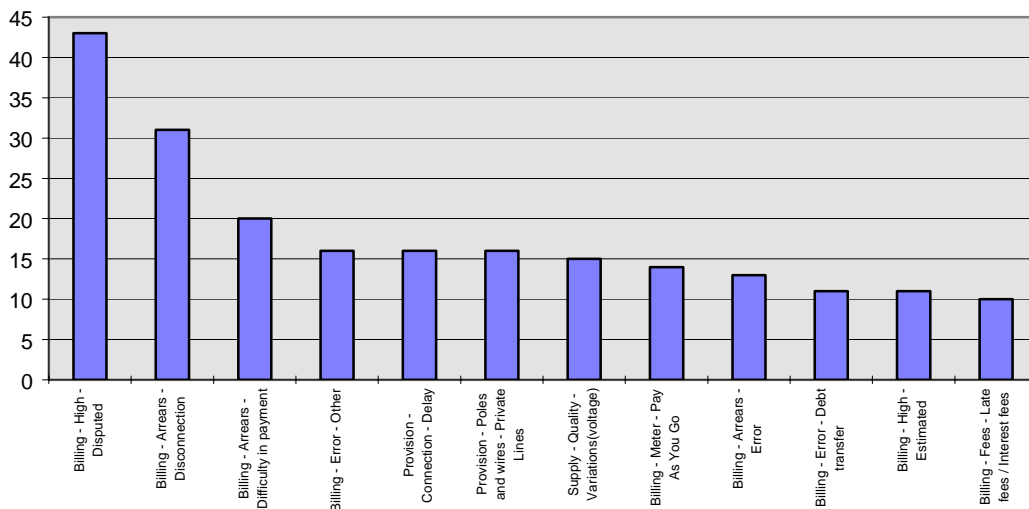


Figure 6: The top issues recorded

The full issue listing is shown below.

Full issue listing for all issues mentioned in a complaint

Issue Type	Issue	Sub Issue	Issue 1	Issue 2	Total
Billing	Arrears	Difficulty in payment	20		20
Billing	Arrears	Disconnection	30	1	31
Billing	Arrears	Error	12	1	13
Billing	Error	Debt transfer	11		11
Billing	Error	Direct debit	1		1
Billing	Error	EasyPay	3		3
Billing	Error	Fees	1		1
Billing	Error	No bill	4		4
Billing	Error	Other	16	1	17
Billing	Error	Pay As You Go	1		1
Billing	Fees	Late fees / Interest fees	10		10
Billing	Fees	Other	7		7
Billing	Fees	Reconnection	1		1
Billing	Fees	Service & Meter Charges	5		5
Billing	High	Difficulty in payment	2		2
Billing	High	Disputed	43		43
Billing	High	EasyPay	1		1
Billing	High	Estimated	10	1	11
Billing	Hydro Heat		3	1	4
Billing	Meter	Misread	1		1
Billing	Meter	Not read	1		1
Billing	Meter	Pay As You Go	14		14
Billing	Meter	Separation	1		1
Billing	Payment	Agents	1		1
Billing	Payment	Payment Plan	1		1
Billing	Pensioner rebate	Error	4		4
Billing	Pensioner rebate	Information	5		5
Billing	Security deposit	Amount	1		1
Billing	Security deposit	Exemption	2		2
Billing	Sundry Debtor		2		2
Billing	Tariff	Incorrect	3		3
Billing	Tariff	Rate	2		2
Customer Service	Contractor	Other	1		1
Customer Service	Failure to respond		5		5
Customer Service	Information	Incorrect	1		1
Customer Service	Information / Consultation		4		4
Customer Service	Reduced service		4		4
Land	Damage	Property	3		3
Land	Existing easement	Access	1		1
Land	General environment		2		2
Land	Meter	Access	3		3
Land	Meter	Cost	1		1
Land	Meter	Placement	2		2
Land	Other		3	1	4
None	None		1		1
Out of Jurisdiction	Out of Jurisdiction		2		2
Privacy	Connection in false name		1		1
Privacy	Nuisance		2		2
Provision	Connection		1		1
Provision	Connection	Other costs	1		1

Issue Type	Issue	Sub Issue	Issue 1	Issue 2	Total
Provision	Connection	Authorisation	8		8
Provision	Connection	Capital contribution	1		1
Provision	Connection	Delay	16		16
Provision	Connection	Information	1		1
Provision	Disconnection	Error	1		1
Provision	Disconnection	Other (non bill)	1		1
Provision	Disconnection	Supply / defect	1		1
Provision	Poles and wires		1		1
Provision	Poles and wires	Contract / Authorisation		1	1
Provision	Poles and wires	Cost	8		8
Provision	Poles and wires	Maintenance	3		3
Provision	Poles and wires	Placement	4		4
Provision	Poles and wires	Private Lines	15	1	16
Provision	Poles and wires	Safety	2		2
Provision	Poles and wires	Timeliness	1		1
Provision	Reconnection		1		1
Provision	Reconnection	Fees	1		1
Provision	Street Lighting	Repair	1		1
Supply	Damage		2		2
Supply	Damage	Cust Equip failure	8	1	9
Supply	Damage	Dist Sys Failure	5		5
Supply	Damage	Gen/Trans Sys Fail	1		1
Supply	Damage	Operational Error	1		1
Supply	Damage	Unknown Cause	2		2
Supply	Outage(planned)	Notice	1		1
Supply	Outage(unplanned)		1		1
Supply	Outage(unplanned)	Duration	4		4
Supply	Outage(unplanned)	Frequency	2	2	4
Supply	Quality		3		3
Supply	Quality	Variations(voltage)	15		15
TOTAL			367	12	379

The following tables on the decisions made on complaint closure reason are based on the 364 cases closed during the period. The majority of the complaints were closed as Enquiry Only, meaning that they could be resolved fairly simply with one or two phone calls. Many other complaints were closed, having had their complaint resolved or a reasonable explanation given.

This financial year, the Ombudsman made two awards against an Entity. These are detailed elsewhere in this report.

Closure Reason	No
Case Withdrawn	1
Enquiry Only	137
Complaint Resolved	87
Explanation Given; No further action	95
Award made	4
Dismissed - dealt with by others	16
10.1 (b) Dismissed - referred to regulator	2
10.1 (c) I. Dismissed - lacks substance	20
ii. Dismissed - frivolous, not in good faith	1

iii. Dismissed - older than 2 years	1
Total	364

Table 5: The closure reasons for complaints closed during the period.

Awards Made

Following our investigations into more complex matters of complaint, a preliminary report on our investigation, our findings and conclusions, along with preliminary recommendations are given to the electricity entity. During the reporting year, there have been two cases in this category which have been finalised without the need to go to determination. In these circumstances where both the entity and the complainant are happy with the recommendations the Ombudsman has made to resolve the complaint, the Ombudsman then registers an agreement between the complainant and the electricity entity under s. 21 (b) of the *Electricity Ombudsman Act 1998*.

The first was a case involving a flounder fish farmer who lost 14,000 juvenile fish as a result of a power outage at one of Transend's sub-stations which had inadequate protection to prevent entry by native fauna. The farmer received \$10,500 in compensation.

The second involved a dispute over ownership of a high voltage spur line and 5 poles crossing Crown Land. The outcome of this recommendation was that Aurora agreed to take over ownership of the line in question and repay an amount of \$750 which the complainant had previously spent to replace one of the poles.

The third involved an outage which caused damage to the complainant's business telecommunications equipment and computers. Aurora had initially denied liability, but during the course of our investigation, it became apparent that there was fault and they advised they would pay the complainant's claim of \$5,110.00.

The fourth case involved a written quote for a requested upgrade on the complainant's supply. The complainant had proceeded with building work on the strength of that quote. However, a three month period passed and the complainant then requested another quote for the same work. It had doubled in amount. Our investigation revealed there had been a mistake with the first quote as it was compiled on an out of date system. Although the second quote was correct, the complainant did not budget for the higher (double). However, Aurora acknowledged their mistake and in the interests of good customer relations, they agreed to pay the complainant an amount of \$5,000.00 in compensation.

Dismissed (dealt with by others)

This category refers to enquiries and complaints that are out of jurisdiction and are best dealt with by another body. For example, a person complaining about the quality of an electrician's work would be referred to the Electrical Inspectors Office.

Dismissed (referred to Regulator)

Two complaints were referred to the Regulator during the year. One complaint was split into two which included an issue concerning the fact that pay as you go meters are not regulated which was referred to the Regulator. The second complaint concerned sub standard work performed by an Aurora Preferred Contractor.

Dismissed (lacks substance)

All complaints are investigated with the objective of seeking resolutions which uphold the principles of 'natural justice' and 'procedural fairness'. Decisions are made after careful consideration of the rights and responsibilities of both parties. Some complainants make unreasonable or unjustifiable complaints against their supplier. Section 10.1(c)I of the Electricity Ombudsman Act 1998 allows the dismissal of unreasonable complaints that lack substance.

Table 6 shows the timeliness to finalise complaints according to their category. Many complaints were solved within a day. This is reflected in the often urgent nature of dealing with billing and disconnection complaints. Some of the more complex complaints have taken well over six months to come to a satisfactory conclusion. There were 3 complaints that have taken over 12 months to resolve due to their complexity.

Timeliness	Enquiry	Simple	Inter- mediate	Complex	Dispute	Not Record- ed	Grand Total
one day	119	71	2	0	0	0	192
1 day - 1 week	16	31	5	0	0	2	54
1 week - 1 month	11	41	18	0	0	0	70
1-3 months	2	12	16	3	0	0	33
3-6 months	1	4	2	0	0	0	7
6-12 months	0	1	1	2	1	0	5
over 12 months	0	0	1	1	1	0	3
Grand Total	149	160	45	6	2	2	364

Table 6 Shows the time taken (in days) to finalise complaints by category

Damon Thomas - Resigns

28 September 2000

Dear Colleagues

I write to share my news with you. I have resigned from the roles as Electricity Ombudsman, Ombudsman and Health Complaints Commissioner for Tasmania, effective from 26 October 2000, to assume the challenging role of Chief Executive for the Tasmanian Chamber of Commerce and Industry (from 20 November).

The establishment of the Electricity Ombudsman in Tasmania has been exciting and seeds have been sown hopefully for expansion for the scheme to include gas and, potentially, water.

The wonderful National Electricity Ombudsman Network has been a pleasure. We have worked so well together (like family!). The "Electricity and the Battler" seminar which actually produced some real outcomes, particularly spreading the word on the "pay as you go" meter system and opening up debate about the form and content of a particularly Tasmanian "no-interest loan" scheme.

And of course the joint venture with the ACT Health Complaints Commission, in the development of the Raemoc V3 case management system which is now in use in South Australia, Western Australia and Tasmania; and which continues to grow in demand and stature with the strong support of the Tasmanian Government and Health Complaints Commissioner's office in ACT.

A real highlight during my term as Ombudsman has been the successful staging of the 18th Australasian and Pacific Ombudsman Conference here in Tasmania in September 1999, broadened on this occasion to include a whole range of oversight bodies. The hypothetical was received well, and didn't we have some fun!

My Deputy Ms Jan O'Grady, will be appointed Acting Ombudsman and, as provided by the *Electricity Ombudsman Act* 1998, will be the Electricity Ombudsman.. A permanent replacement will be considered once the Government has determined the final form of legislation required to implement its election commitment to properly protect the independence of the office of the Ombudsman.

In closing, please accept my sincere thanks for the assistance and advice you have provided me, for your knowledge shared so generously, and for your comradeship.

Very best wishes,

Damon Thomas
Electricity Ombudsman.

Case Summary - High Account

Mr R moved into new premises and received a 14 day account in the amount of \$130. He was shocked as his quarterly accounts at his old premises averaged around \$150 and he believed it was virtually impossible for him to have consumed that amount of power in 14 days. He complained to Aurora with no success.

The Electricity Ombudsman then contacted Aurora on Mr R's behalf and the company agreed to do a check read of the meter. It was found that the meter had been over read. An adjustment was made and a new account was sent out to the customer in the amount of \$39.30.

Case Summary - Garden Damage

Mr P advised our office that Aurora had recently needed to carry out maintenance and repairs to their lines which crossed over his property. However, as the truck entered the driveway, the wheels destroyed several small native shrubs that had been carefully cultivated. Mr P phoned the Call Centre and advised them of the situation, and was unhappy with the response. He phoned our office for advice and we advised him to make a formal complaint to Aurora in writing.

Mr P did this, and an Aurora representative called to his home to assess the damage and offered some replacement shrubs. Mr P declined, preferring to select his own. He then replaced the plants, rectified the damage done by the wheel of the truck and sent his account to Aurora in the amount of \$132.00. Some time later, he received a letter stating that although there was no indication of negligence on Aurora's behalf, they were prepared to make an ex gratia payment of \$50.

Mr P again contacted the Ombudsman's office. He stated that if the technicians in the truck had bothered to apologise for the damage done by the truck on entering the property, he may not have taken the matter any further. However, he believed that the uncaring attitude of the technicians should not go unchallenged. The Electricity Ombudsman approached Aurora and the claim was paid in full.

Case Summary - Unfair Penalty

Ms M was told by Aurora that she would need to produce a Lease Agreement before they would connect electricity at her new address. When she asked why this was necessary, it was revealed that the person who had been living at her new premises had been disconnected for bad debt. Ms M pointed out that this was unfair as in her prior premises she had always paid her account on time and didn't believe she should be penalised for someone else's bad debt.

Ms M contacted the Electricity Ombudsman who agreed that this was most unfair and believed that each customer should stand on his or her own credit history. Although Aurora's reason for requesting a Lease Agreement is to establish that the person applying for connection is indeed the person who will be living in the house, the Electricity Ombudsman believed that if the customer could show that he or she had a good credit

rating, it was incidental whether they would be living in the house, as it would be the account holder who would be responsible for paying the bill.

Aurora then agreed to connect Ms M without the Lease Agreement on the basis of her credit history.

Case Summary - High Account

Ms H moved into her new premises and received a 36 day electricity account which was double her normal quarterly account. Complaints were made to Aurora to no avail.

Ms H reported that up until the time she moved in to her new home, the vendor had been in residence. She was adamant that she had not used any excess electricity in this period.

The Electricity Ombudsman checked with Aurora and found that the vendor's electricity had been disconnected for debt some weeks earlier. We asked if Aurora had done a meter reading prior to Ms H moving in and Aurora were unable to verify this. It appeared that the vendor, who was a consistently high consumer of electricity had illegally been consuming power and this had shown on Ms H's account.

We suggested that Aurora put a hold on the amount in question until Ms H's next reading. A comparison could then be carried out. If Ms H's consumption fell dramatically it would prove fairly conclusively that she had not been responsible for the first high bill. This was agreed to, the next reading was taken three months later and the consumption was well below the original account. Aurora agreed to do an estimation of Ms H's usage for the period in question based on her new account. A substantial adjustment was then made and a new account was sent to Ms H.

Case Summary - Pensioner Discount

Mrs G's husband died and she applied for the pension. She advised Aurora when she received her pension card and as she had already received her latest account, she asked if the pensioner discount would apply to that period. When she was told that it would not, she told them that her husband had been alive for two and a half of the months in the billing period and that he had been a pensioner.

When Aurora was not willing to reverse their decision, Mrs G contacted the Electricity Ombudsman who requested that Aurora reconsider their decision in these circumstances. Mrs G then received an amended account with the pensioner discount applied.

Case Summary - Pole Ownership

Mr T had been advised by Aurora that he had an unsafe pole that needed replacing on the “private” line providing supply to his residence. Mr T disputed that this was a private line on the basis of an agreement he had made with the Hydro 30 years ago, which was that the pole was one of five poles now owned by Aurora Energy. He stated that it had never been intended to be private and the arrangement made with the old Hydro was that he would make the necessary contributions to the construction of the line but that it would become a Hydro owned line thus enabling future customers to connect to it.

Aurora insisted that according to Hydro Policy in place at the time, it came under the definition of a private line. They sought to rely on this Policy as the basis for reconstructing what took place with regard to the provision of the poles and submitted that there was no apparent reason or evidence to suggest that the Hydro would or did act outside of this policy. No record of any arrangement was able to be produced by them.

The Electricity Ombudsman believed that designing and permitting a private line needing a number of poles to be placed upon Crown Land was not normal practice and should not have been agreed to by the then Hydro, unless the intention was that it would indeed come under the Statutory Easement allowed to the Hydro Electric Commission under the *Hydro-Electric Commission Act 1944*, thus implying they intended the line to be part of the Hydro infrastructure. The poles were a fixture and the complainant had no license, lease or right to attach a fixture to Crown land nor was it ever suggested that he should seek this authorisation.

The Electricity Ombudsman further believed that whereas Aurora could find no record or had any recollection of any agreement made thirty years ago, the complainant had a very clear recollection and was able to produce accounts and remember specific circumstances of the arrangement. On that basis and on the balance of probabilities, the complainant's assertion that he entered into an agreement with the Hydro Electricity Commission and a term of that agreement was that the Hydro would assume ownership of the poles on Crown land supplying the H.V. line to his property was accepted.

The Electricity Ombudsman then notified Aurora of the intention to move toward a Determination on behalf of the complainant in this matter. Aurora then advised the Ombudsman that they would agree to take over ownership of the line in question and reimburse the complainant the monies he had paid to replace the initial unsafe pole.

Community Awareness

The Electricity Ombudsman's scheme is regularly advertised on radio. However, it became increasingly apparent, particularly towards the end of this reporting year that complaint numbers had dropped significantly. When complaint numbers fall there is always the concern that we may not be doing enough in the way of community awareness and advertising. In an effort to ensure this is not the case, we have purchased television advertising to be aired for three one week periods in prime time throughout the year. The ads will go to air in July and October this year and January next to ensure statewide coverage. In a further effort to reach the younger members of the public, advertising with TTT has also begun.

Several public sessions have been held to inform community service groups of the alternate dispute resolution facility that is available to customers under the Electricity Ombudsman Scheme.

In **November**, a joint presentation was given to the Lindisfarne Senior Citizens Club by the Electricity Ombudsman, general Ombudsman and the Commonwealth delegate based at the State Ombudsman's office.

In **February**, a presentation was made to Colony 47's social workers. This turned out to be a very useful information exchange session, as it was useful to hear of the problems encountered by workers assisting clients facing difficulties with payment of their electricity accounts. It was agreed that it would be useful to keep in contact to relate developments of the Electricity Ombudsman's activities. Subsequently, Colony 47 have been added to the mailing list for our quarterly reports.

A presentation was made by Martyn Carnes, Senior Investigator to the Tasmanian Energy Briefing Conference on **23 February**. The topic was issues facing the Tasmanian Electricity market from a consumer perspective.

In **March** a presentation was made to ladies from the Glenorchy Red Cross and on 25 May a talk was given to approximately 80 senior citizens at the Rosny Library.

On 2 May the acting Electricity Ombudsman Jan O'Grady made a presentation to the Tasmanian Power Conference at Wrest Point Casino.

On **29 May**, Trish Barron set up a display about the services of the Electricity Ombudsman at the Eastlands Shopping Centre. It was interesting to note that when passers by were questioned regarding their awareness of the Electricity Ombudsman, around 50% were unaware of the service. As most Councils and community service organisation are aware of our service, this further supports the need for television advertising.



**Investigation
Barron
word at Eastlands Shopping Centre**

**Officer Trish
spreading the**

Contact Between Electricity Ombudsman & Entities

As Aurora is currently the sole retailer of electricity in Tasmania, it consequently has by far the greatest customer interface. It is not surprising therefore, that 99% of our complaints

are against Aurora. It is for this reason we usually deal with only one company unlike our mainland counterparts who deal with many different retailers and suppliers.

This gives us the opportunity to have regular meetings. The Electricity Ombudsman's two investigators meet with Aurora's Business Administration Manager and Customer Service Administrator every 3 weeks. Current cases and issues are dealt with face to face which considerably enhances our working relationship.

In addition to the regular meetings, the Electricity Ombudsman and staff meet with Aurora management on a range of systemic issues throughout the year when the need arises.

Procedural Protocols for Complaint Handling

There have been several cases this year, that have resulted in "confusion of intent" both on Aurora's and the Ombudsman's side. As in most problems of this nature, a breakdown in communication is the root of the problem.

Meetings have been held with Aurora to attempt to alleviate the problem. We are currently working with Aurora to devise procedural protocols. We need to be more precise when asking for information, particularly where testing of equipment is involved and the role our technical consultants play in complaint resolution.

Aurora need to ensure that when a complaint is accepted for investigation by our office, all communication (offers of compensation etc) with the complainant are to be channelled through the case Investigation Officer.

Procedural flow charts will be developed with Aurora. We will ensure that the outcomes are monitored and evaluated.

Disconnection Discussion Paper & Aurora's Credit Policy

As part of the Electricity Regulator's performance review of Aurora, analysis of disconnection for non-payment and reconnection figures have revealed significant trends. There appears to be a cycle of disconnection/reconnection as a means to get customers to pay their accounts. When compared with the relatively low number of customers on payment plans, these figures give cause for concern.

As part of the Electricity Ombudsman's synergic relationship with the Office of the Electricity Regulator (OTTER), it was agreed that we would produce a discussion paper with the goal of examining the scope of the problem and thus suggesting whether alternative approaches to debt recovery or payment for electricity supply by Aurora are required.

The paper which has been given to Aurora for comment was timely in respect of Aurora's work on a new credit policy. It has laid the foundation for discussions on issues relating to arrears and payment difficulty as they affect both Aurora and the work of the Electricity Ombudsman.

Aurora have acknowledged the need to become pro-active and target a wider range of customers for payment plans and plan to address the issue within their new credit policy.

Aurora acknowledges the concerns expressed by our Office in the discussion paper. Aurora admits that the implementation of, at least, the spirit of Aurora's 1999 Credit Policy has been less than might have hoped for.

The paper highlighted a number of issues with regard to Aurora's credit performance, most notably:

- A continued high rate of disconnection for non-payment.
- Continued poor payment behaviour of the majority of customers.
- Relatively low rates of payment plan creation.
- The need for early intervention in the credit cycle; and
- the need to target payment options to customers.

Aurora shares the Ombudsman's concerns with regard to these issues and claims that since the release of the 1999 Credit Policy, Aurora has embarked on a series of initiatives designed to specifically address them. The set of initiatives known as "Aurora's Credit Project" has taken 18 months to complete and is due for implementation on 23 June 2001.

Aurora claim that many of the current problems stem from the lack of automation of targeting customers for payment plans. As this is currently performed manually it is ineffective and does not provide information such as success/default rates of payment plans.

More importantly, it was agreed that a follow up paper/report be used to monitor the effectiveness of Aurora's new Credit Policy. We will sit down with Aurora and define performance indicators in light of new statistical information that will become available following the implementation of a finance module designed to automate and monitor payment plans. It was agreed that new performance indicators need to be jointly developed as the examination of disconnection vs reconnection vs payment plans is insufficient in attempting to address the problem for both customers and the entity.

Systemic Issues

It is of increasing concern to this office that requests for electricity connections are made by a consumer using a false name. For example this could be the name of a relative or a parent without any knowledge by the person whose name is used. Debt is then incurred by the person/s using this name. At some time in the future the innocent party receives an account from Aurora or the Tasmanian Collection Agency. This unexpected financial burden often leaves the victim unable to pay.

The most recent case which came to our notice was of a young man who had lost his wallet. Soon after that, even though the young man cancelled his credit cards etc. an electricity account was opened in his name. He only became aware of this when he received a demand for payment of a rather substantial amount at an address at which he had never lived.

Aurora's previous procedures required that a customer had to call into the office and sign a paper. Now, requests for connection take place over the phone and consequently we are concerned that the possibility for fraud appears to be increased.

During this reporting year, we received a number of complaints from the Ringarooma area regarding the quality of the electricity supply. Aurora have reported that the Derby feeder which supplies Derby, Branxholm, Legerwood and Ringarooma has been coded "Red" which means it is at the bottom of the performance ladder.

Aurora reported that a full visual inspection of the feeder began in January. Subsequently, maintenance defects and development issues identified will be prioritised and scheduled with work carried out accordingly. Aurora further advised that a statewide program has been initiated to manage the auto-recloser devices (a safety switch which operates when there are faults on the lines). Monthly readings will be compared and if the device has operated more than 6 times for the month, a quick visual inspection of that section of line will be undertaken with a view to identifying any obvious causes for the operations, e.g. a tree near the line or a slack span of wires where conductors might clash.

The Electricity Ombudsman has passed this information on to the Electricity Regulator who advised that he was satisfied with Aurora's response to the problems at this time, but will visit it again when he performs his next 12 month industry review.

We have noted information about irrigators and how they are possibly causing a problem. It appears that when the lines were built, the future use of irrigators was not taken into account.

Thankyou

We would like to thank Aurora, Transend and the Hydro for their willingness to meet with my officers to discuss the various matters of complaint to this office. The cooperation of the company representatives with whom we have had to deal as we have sought information, has made our job that much easier.



**Aurora's
Horder &**

**Neville
Louise**

James busy solving problems

~~~~~

## National Energy & Water Ombudsman Network (NEWON)

To ensure the currency of this scheme and its consistency with similar industry schemes in the electricity or energy industry interstate, Tasmania was a founding member of the National Electricity Ombudsman Network (NEON). Following the expansion of the schemes in Victoria and New South Wales to include gas and water the network is now known as NEWON.

The current members of the scheme are as follows:

Energy & Water Ombudsman Victoria (EWOV)  
Energy & Water Ombudsman NSW (EWON)  
Electricity Industry Ombudsman SA (EIOS)  
Tasmanian Electricity Ombudsman (TEO)

It is understood that Western Australia's government is presently preparing for an energy ombudsman scheme.

In March 1999 a protocol was agreed upon and signed by the Electricity Ombudsman in Tasmania and the Energy Industry Ombudsmen in Victoria and New South Wales. This is a working protocol set up to establish ongoing support to assist consumers of electricity and gas services in each state. This relationship will also ensure information exchange as well as practical assistance of help wherever possible. It is intended in the future to co-

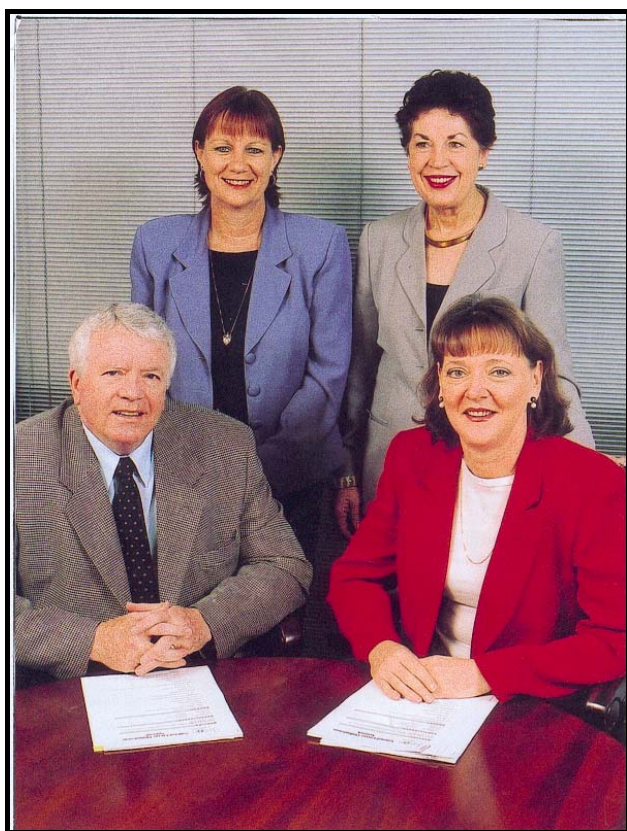
operatively undertake selected consumer education programs and to also establish a link-up of web sites to facilitate ease of access to maximise the opportunities for effective consumer redress.

The Electricity Ombudsmen from Victoria, New South Wales, Tasmania and South Australia meet quarterly to brief each other on their binding decisions and to ensure standards of consistency and quality in decision making. As part of the quarterly meetings, forums on current issues are held such as the recent Youth Access Project.

NEWON has developed a national database of electricity complaints so that common issues being encountered around Australia can be identified.

## **Ombudsmen: more and more first port of call for disgruntled customers**

The following article is reproduced from the June 2001 issue of the Electricity Supply magazine.



Australia's utility  
Petre (NSW) and  
front - Nick Hakof  
(Victoria).

ombudsmen: back - Clare  
Jan O'Grady (Tasmania);  
(SA) and Fiona McLeod

Anita Ward interviews Australia's four Utility Ombudsmen and finds them eager to work together in pursuit of consistency of operations.

It is often said that energy retailers require at least one million customer accounts to minimise their costs to serve and offer competitive rates to existing and prospective customers.

This requirement will undoubtedly force the consolidation of retailers across Australia into a relatively small number of companies, most likely offering a suite of products and services, not all of which may be energy related.

This shakeout in the industry has major implications, not only for the businesses involved, but also for their customers.

New Zealand is one step ahead in this regard. Significant rationalisation, driven by the Government's requirement for the separation of network and retail functions, has seen the number of retailers reduce from about 40 to 10 in the past couple of years.

The merging of retailers into larger operations in New Zealand has eroded brand loyalty at a time when customers have been given their first opportunity to switch suppliers. The situation, coupled with the lack of established processes to facilitate customer switching, has led to higher than anticipated levels of customer churn.

Clare Petre, the Energy and Water Ombudsman of New South Wales, says Australia is potentially facing a similar situation. "The next few years will be a period of great change as the industry continues to consolidate and restructure. This has the potential to cause great confusion for customers when they become contestable and can choose their energy supplier."

In the face of such confusion, Petre says it is incumbent on her office and other industry specific ombudsman schemes to remind utilities to keep customers at the forefront of their minds. "My concern is that, throughout all the change, the customer focus is very clearly maintained. We'll be looking at the information that goes out to customers from energy businesses, talking to governments about the information they are providing and trying to keep that customer perspective in the minds of all players."

If the customer perspective is lost, ombudsmen are likely to be the first point of call for many disgruntled customers. There are four electricity industry-specific ombudsman schemes operating in Australia. Victoria was the first State to embrace the initiative in 1996, followed by NSW and Tasmania in 1998 and South Australia in 2000. The Victorian and NSW schemes have since been expanded to handle inquiries and complaints from gas and water customers.

Together, the four ombudsmen - Fiona McLeod (Victoria), Clare Petre (NSW), Jan O'Grady (the acting State Ombudsman in Tasmania who also performs the role of Electricity Ombudsman) and Nick Hakof (South Australia) have formed the National Energy and Water Ombudsmen Network (NEWON), which strives for consistency in complaint handling and issues management.

McLeod says the ombudsmen have been very conscious of working closely together and not reinventing wheels. "We learn from each other and use each others' experiences and expertise to try to ensure the schemes are consistently effective for customers across Australia, irrespective of where they live."

"In our industries people talk about the inconsistency of regulation and that's one of our strong focuses, to ensure that we are consistent in our operations as far as that's possible given the different legislative and regulatory arrangements."

In States without electricity industry-specific ombudsmen, customer inquiries and complaints are handled by State Ombudsmen.

## **Strengths**

The essential difference between the two is that State ombudsmen, unlike their industry-specific colleagues, do not have determinative powers to make binding decisions if the parties involved in a dispute cannot reach agreement.

“That is one of the strengths of this model as opposed to the classic ombudsman model,” McLeod says. “It’s important that whatever the customer complaint is, there’s a way of resolving it. We rarely, if at all, need to use our binding decision powers, but it’s important that they’re there.”

NEWON has made approaches to all other States, offering assistance in setting up independent industry-based dispute resolution schemes in accordance with national benchmarks. The new Labor Government in Western Australia has announced its intention to establish an energy ombudsman scheme, and the Northern Territory electricity regulator, who handles customer complaints, is assessing whether the existing arrangements are the most appropriate means of dealing with dispute resolution in the future.

The Queensland Government has set up a consumer protection office within the Office of Energy that deals with energy customer complaints.

“We have made several offers of assistance over the past couple of years and we remain ready to assist any State or Territory that wants to set up a genuinely independent mechanism for customers,” McLeod says. “We have also been working with industry, consumers and Government in New Zealand and the plan to establish an electricity ombudsman scheme shortly.”

Petre says energy is an essential service and therefore demands the attention of a specialist ombudsman who understands customers’ issues and can treat them as a priority.

Unlike a State ombudsman, Hakof says industry-specific schemes have the resources to communicate and market their services- something that will become increasingly important as full retail contestability approaches and customers begin to search for independent sources of information.

O’Grady adds that the deregulation of energy markets is making customers ask hard questions requiring answers that are best provided by a specialist ombudsman.

In addition to their industry-specific knowledge, energy ombudsmen have the ability to work collaboratively with industry to improve customer service policies and practices.

## **Cost Effective**

“We work preventively as well as solving individual complaints,” McLeod says. “if a customer service policy has fallen down and is affecting a large number of customers we can feed back into the industry and work with it to improve performance.”



“We have a responsibility to try to identify systemic issues and trends. We also work closely with regulators, alerting them to gaps or deficiencies that we might identify in regulatory arrangements. In Victoria we’re considered to be an early warning system, offering independent data about what customer are experiencing.”

It’s that “early warning” function, says Petre, that makes industry-specific ombudsman schemes cost effective for their members. “We have a real cost benefit because we can often head off major issues by the early identification of potential problems. If a member can remedy the problem quickly it’s a saving to them and it enables them to keep their customer service standards high.”

Companies can also ask ombudsmen to step in if they have reached an impasse with a customer, and if the customer agrees to an independent review of the matter. This can often bring a new perspective to disputes that, in some cases, have gone on for years and have been consuming considerable amounts of staff time and resources.

Electricity industry-specific ombudsman schemes will work even more closely with industry over the next few months and years than they have done in the past as they prepare for the introduction of full retail competition.

Petre says there is confusion among customers about the impact of competition, with many believing they will get fewer supply problems if they change retailers.

“They don’t understand the difference between retail and network functions and they are expecting that their supply will improve.

“The potential for confusion is going to grow substantially when full retail competition is introduced.”

Amid this confusion, all electricity ombudsmen are agreed that the focus must be on providing sufficient information to customers on their energy bills and keeping the interface between customers and suppliers simple.

They are bracing themselves for a spike in inquiries, which will be exacerbated if the necessary IT systems to facilitate customer transfers have not been thoroughly developed and tested. “If FRC goes ahead and the systems aren’t ready,” McLeod says , “the implications for customers and for the resources of our office are huge.”

So while the industry grapples with the IT development and the marketers ramp up their campaigns in preparation for competition, electricity ombudsmen will be working to lift awareness of their schemes and cut through the confusion for customers.

## NEWON Youth Access Project

From **1 - 8 April 2001** was National Youth Week. NEWON (National Energy Ombudsman Network) worked together on a Youth Access Project. The project was initiated because people aged 16 to 24 are statistically less likely to use an Alternative Dispute Resolution (ADR) scheme than other age groups. As a result many young people may be experiencing unnecessary difficulties with financial services, mobile phone contracts, car and housing loans, insurance policies and day to day services such as electricity supply.

There were five other schemes involved in the project: Telecommunications Industry Ombudsman, Australian Banking Industry Ombudsman, Financial Industry Complaints Scheme, Insurance Enquiries and Complaint Service and Energy Industry Ombudsman (Victoria).

A card has been designed for distribution to targeted venues such as TAFE colleges. A toll free 1800 telephone number is displayed on the card and youth are encouraged to call the number if they have a problem with their insurance, telephone, internet, banking, financial or electricity, water or gas service. The 1800 calls are received by a special voice mail system. Callers make a choice from a menu selection and their call is then diverted to the appropriate ADR scheme.

The objective is to ensure that all Australians, whatever their age or income, can readily access an independent, non-government scheme if they have a complaint against a service provider.

More information about Easy Dispute Resolution is available by calling 1800 001 601 or visit the website at [www.dispute.com.au](http://www.dispute.com.au)

## Consultants

During the course of our investigations we are often confronted with issues which are complex and highly technical in nature. It is not possible for the Ombudsman and Investigators to become experts in the various technical issues we encounter. It is for this reason that we contract the service of specialised technical consultants.

We currently employ the services of three consultants as follows:

Greg Luck (electrician) - technical advice

Arthur Masters - energy (efficiency) advice

Roger Mason (electrical engineer) - network advice

Expert advice on technical matters is often a crucial component in complaint resolution. It helps us to answer questions such as who is at fault and who could best have avoided a certain situation.

In addition to the above, we occasionally employ sound technicians (noise levels) and obtain legal opinions in order take account of current law.

## Future Directions

On 30 May 2001, the Electricity Ombudsman met with senior officers from the Office of Energy Planning and Conservation regarding the options available to expand the scheme to include gas and possibly water. The meeting was merely an information gathering exercise in preparation for Energy Planning and Conservation to present an options paper to Parliament. This has progressed, with input from the Tasmanian Electricity Regulator, Energy Ombudsman in Victoria, New South Wales and South Australia. Contact has also been made with the Office of Energy in Western Australia as they are also researching the viability of such a scheme.

## Visit Our Website

Work on the new Electricity Ombudsman website is now completed and we invite you to visit us on

[www.justice.tas.gov.au/electricity\\_ombudsman](http://www.justice.tas.gov.au/electricity_ombudsman)



## Electricity Ombudsman Budget as at 30 June 2001

| Expenses                             | Annual<br>Estimate<br>00/01(\$) | Actual<br>00/01<br>(\$) | Variance<br>(\$) |
|--------------------------------------|---------------------------------|-------------------------|------------------|
| <b>Employee Related</b>              |                                 |                         |                  |
| <i>Salaries &amp; Wages</i>          | \$ 189,807                      | \$ 170,018              | \$ 19,789        |
| <i>Superannuation</i>                | \$ 11,256                       | \$ 16,540               | \$ (5,284)       |
| <i>Other Employee Related Exp.</i>   | \$ 3,000                        | \$ 2,125                | \$ 875           |
| <b>Total Employee Related</b>        | <b>\$ 204,063</b>               | <b>\$ 188,683</b>       | <b>\$ 15,380</b> |
| <b>Fuel, Light &amp; Power</b>       |                                 |                         |                  |
| <b>Total Fuel, Light &amp; Power</b> | <b>\$ 2,000</b>                 | <b>\$ 2,955</b>         | <b>-\$ 955</b>   |
| <b>Administration</b>                |                                 |                         |                  |
| <i>Advertising &amp; Recruitment</i> | \$ 2,000                        | \$ 3,662                | \$ (1,662)       |
| <i>Rental</i>                        | \$ 33,976                       | \$ 31,654               | \$ 2,322         |
| <i>Communications</i>                | \$ 7,900                        | \$ 7,700                | \$ 200           |
| <i>Travel</i>                        | \$ 6,350                        | \$ 3,052                | \$ 3,298         |
| <i>Consultancies</i>                 | \$ 12,000                       | \$ 12,775               | \$ (775)         |
| <i>Operating Leases</i>              | \$ 11,500                       | \$ 16,570               | \$ (5,070)       |
| <i>Printing &amp; Stationery</i>     | \$ 4,000                        | \$ 2,662                | \$ 1,338         |
| <i>Other Admin Exp</i>               | \$ 1,500                        | \$ 391                  | \$ 1,109         |
| <b>Total Administration Expense</b>  | <b>\$ 79,226</b>                | <b>\$ 78,466</b>        | <b>\$ 760</b>    |
| <b>Other Expenses</b>                |                                 |                         |                  |
| <i>Repairs &amp; Maintenance</i>     | \$ -                            | \$ 2,637                | \$ (2,637)       |
| <i>Equipment - minor</i>             | \$ 1,000                        | \$ 3,412                | \$ (2,412)       |
| <i>Computers / IT minor purchase</i> | \$ 4,000                        | \$ 3,830                | \$ 170           |
| <i>Other Expenses</i>                | \$ 2,500                        | \$ 4,085                | \$ (1,585)       |
| <b>Total Other Expenses</b>          | <b>\$ 7,500</b>                 | <b>\$ 13,964</b>        | <b>-\$ 6,464</b> |
| <b>TOTAL EXPENSES</b>                | <b>\$ 292,789</b>               | <b>\$ 284,068</b>       | <b>\$ 8,721</b>  |