



Tasmania

Tasmanian
ELECTRICITY OMBUDSMAN
annual report 2003/2004

CONTENTS

Message from the Electricity Ombudsman		4
About the Electricity Ombudsman		6
History	6	
Role	6	
Powers	6	
Who May Complain	6	
When to Investigate	7	
Awards and Agreement Registered as Awards		7
Award 1 – Case No: 0303016	8	
Award 2 – Case No: 0304012	8	
Award 3 – Case No: 0305028	8	
Award 4 – Case No: 0305023	9	
Activity for the Reporting Year		10
Table 1 - Activity	10	
Figure 1 – Opened in period	10	
Table 2 – Enquiries and complaints	10	
Figure 2 – Complaints and Enquiries, monthly trend	11	
Table 3 – Closure Reasons, Entities	11	
Table 4 – Closure Reasons	11	
Explanation of closure reasons	12	
Figure 3 – Complaint Outcomes	13	
Figure 4 – Gender Statistics	13	
Figure 5 – Consumer Type	14	
Figure 6 – Time taken to finalise	14	
Figure 7 – Complaints by Postcode	14	
Complaint Issues for 2003-04		15
Complaint Trends	17	
Billing	17	
Provision	17	
Supply	18	
Land	18	
New Supply Complaints – Ombudsman’s Response		19
Case Studies		22
Complaint No: 0403020	22	
Complaint No: 0309012	22	
Complaint No: 0307022	23	
Complaint No: 0307018	23	
Complaint No: 0310012	23	
Complaint No: 0311010	24	
Complaint No: 0401007	25	
Complaint No: 0310019	26	
Pay As You Go Meters		26
Aurora’s Hardship Policy		27
Ombudsman’s Response	28	
Electricity Ombudsman Budget		30

Our Mission Statement

The mission of the Electricity Ombudsman is to serve the Tasmanian community by independently, impartially and objectively investigating complaints made by customers about the electricity entities and making recommendations in a fair and equitable manner. The Ombudsman also has the power under the Act to make Awards and assist the electricity industry to improve its service delivery.

Our Vision

The vision of the Electricity Ombudsman is to be recognised as an independent, effective review body, with a significant role in service delivery improvement at an entity level, complaint resolution for the industry and its customers, and in providing advice to all stakeholders.

Our Values

The Electricity Ombudsman Office acts in accordance with the following values:

- all people, irrespective of language, background, or beliefs are treated fairly and diversity is encouraged and respected;
- all staff are accountable for working to achieve the goals of the Electricity Ombudsman;
- on-going learning, creativity and participation are valued;
- the provision of high quality and effective services is acknowledged as the focus of each working day, and staff are provided with the skills necessary to deliver such services;
- the need to work cooperatively with other stakeholders outside our jurisdiction is recognised and embraced; and
- all the dealings of the Electricity ombudsman are conducted with fairness and integrity.

Our Stakeholders

The Parliament and people of Tasmania
Electricity entities
Office of the Energy Regulator
Electricity consumers
Consumer consultative committees
Welfare agencies
ANZEWO – the national network of Energy Ombudsman

Our Objectives

- To provide an efficient, effective and timely complaint resolution service;
- To improve the delivery and standard of electricity services to the community.

MESSAGE FROM THE ELECTRICITY OMBUDSMAN



This is my fourth year as Electricity Ombudsman and I am pleased to provide my report for the year 2003 to 2004. It is also the final report on the Electricity jurisdiction, as the Annual Report for 2004/2005 will be expanded to encompass gas as well as electricity.

On 20 April 2004 the Hon Bryan Green MHA the Minister for Infrastructure, Energy and Resources, and the Hon Judy Jackson MHA the Attorney General, announced that legislation to deal with complaints relating to both gas and electricity suppliers had been introduced to State Parliament and that the current Tasmanian Ombudsman would be appointed to the role of Energy Ombudsman and have jurisdiction over both the electricity and gas industries. The amended Electricity Ombudsman Act 1998 will commence on 1 January 2005.

Following submissions from my office, the Government agreed to provide funds to enable the new jurisdiction to be established before the Ombudsman commenced receiving complaints. The role of the Energy Ombudsman will clearly be much wider than that of the Electricity Ombudsman, not only because of the increased number of entities that will come within jurisdiction, but also due to some significant changes brought about by the amendments to the existing legislation. In particular, there is to be a major change related to the setting of the Ombudsman's annual budget, which was previously approved by the Electricity Regulator. In future, the Regulator will exercise only a limited review role. To prepare for the imminent change-over it is intended to appoint a full time Research Officer, who will have the task of developing a suitable funding model, as well as liaising with stakeholders to identify new procedures and policies needed to ensure a smooth transition from electricity to energy

It is pleasing to note that complaint numbers regarding disconnection for debt continue to decrease and that Aurora Energy is using disconnection for debt as a very last resort. It was also pleasing during the reporting year to see Aurora Energy put forward a company Hardship Policy to assist those of its customers in financial difficulty. There is, I believe, scope for further improvement but I commend Aurora Energy for following the trend of best practice of many mainland utility companies and setting the benchmarks for other possible stakeholders once reticulated gas is available to Tasmanian customers and when Tasmania has joined the national Electricity market in May 2005.

Complaint numbers concerning delays in providing electricity supply to new buildings have been substantial once again this reporting year. The level of frustration in the building industry appears to be extremely high. Complaint history shows that the delays are not always as a direct result of Aurora Energy's processes, although this has been the case in some instances. For example where Electrical Working Requests from contractors have somehow been misplaced by Aurora Energy and thus need to be re sent and jobs have needed to be rescheduled because the Aurora crews just do not have the time to finish the schedule for that day. Whether Aurora Energy has adequate staff and resources is a matter for the Energy Regulator. However, it is apparent that Aurora's relationships with builders, electrical contractors and of course the customer, are being affected by misinformation and uncertainty as to each party's responsibility. In previous discussions with Aurora, a brochure or fact sheet

for customers, outlining the processes for new supply connections has been suggested. The production of such a brochure would appear to be sound business practice.

As has been the trend in previous years, substantiated investigations continue to be resolved by agreement between the parties. These Agreements are formally recorded and then registered as an Award under section 21 of the *Electricity Ombudsman Act 1998*.

Staffing has been a major issue for the last part of the financial year. The Senior Investigation Officer, Stuart Wright was granted extended leave without pay commencing in April 2004 and in his absence Trish Barron, Investigation Officer, has been appointed to the position in an acting capacity. It is anticipated that the position vacated by Trish will be filled shortly but in the interim I acknowledge her work in covering both positions.

It is with great pleasure that I present my report for the 2003/2004 reporting year.

A handwritten signature in cursive script that reads "Jan O'Grady".

Jan O'Grady
Electricity Ombudsman

ABOUT THE ELECTRICITY OMBUDSMAN

HISTORY

The *Electricity Ombudsman Act 1998* attained Royal Assent on 19 June 1998. The intent of the Act was to provide a mechanism for independent complaint resolution where a consumer has a grievance against an electricity entity and is unable to resolve the dispute satisfactorily.

ROLE

Section 5 of the Act outlines the functions and powers of the Ombudsman:

- (a) *to receive, investigate and resolve complaints;*
- (b) *to make awards and register agreements as awards under Part 4;*
- (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.*

POWERS

The Ombudsman has wide ranging powers. The powers are broad in terms of the types of issues that may be considered as well as the powers available to conduct an investigation.

Section 5 states:

- (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 this Act.*
- (3) *In performing and exercising his or her functions and powers, the Ombudsman must act independently, impartially and in the public interest.*

WHO MAY COMPLAIN

Section 6 of the Act defines who may make a complaint:

'A person may make a complaint if a person has a grievance concerning any service of, or relating to the sale and supply of electricity, by an electricity entity.'

Generally a complaint is to be made in writing, to be signed by the complainant, to disclose the name and address of the complainant and to contain details of the grievance. However, it is at the Ombudsman's discretion whether some or all of these terms are required, depending on the individual circumstances of the complainant.

WHEN TO INVESTIGATE

Part 3 of the Act provides a reasonably rigid structure as to when a complaint should be accepted for investigation. Following preliminary enquiries, the Ombudsman must determine whether:

- i. the complaint lacks substance;*
- ii. the complaint is frivolous, vexatious or was not made in good faith;*
- iii. the complainant became aware of the circumstances that gave rise to the complaint more than 2 years before the complaint was made;*
- iv. the complainant has been given reasonable explanations and information and there would be no benefit in further entertaining the complaint;*
- v. the complaint has been resolved;*
- vi. court proceedings which relate to the subject matter of the complaint have been commenced;*
- vii. all the issues arising out of the subject matter of the complaint have been adjudicated upon or otherwise dealt with by the Regulator or a court, a tribunal, a board or another person under a law of Tasmania, the Commonwealth, A territory of the Commonwealth or another State.*

A complaint must be investigated in any other case.

AWARDS and AGREEMENTS REGISTERED AS AWARDS

A complaint is finalised under s. 21 (c) if the Ombudsman makes a determination as an Award, enforceable under the provisions of the Act.

The *Electricity Ombudsman Act 1998* outlines the actions that the electricity entity may be required to do as part of an Award.

- (a) Pay compensation in the amount determined by, or determined in the manner specified by, the Ombudsman;*
- (b) Provide goods or services to the complainant;*
- (c) Amend or waive a charge for a service provided by the complainant;*
- (d) Undertake corrective work;*
- (e) Correct, delete from or add to any record kept in respect of the complainant by the electricity entity;*
- (f) Do or refrain from or stop doing any other act.*

A complaint is finalised under s. 21 (b) when an agreement reached between the complainant and the electricity entity is registered by the Ombudsman. This may be when the entity agrees to the Ombudsman's recommendations or alternatively, during the course of the investigation, when the entity makes an offer of settlement which is accepted by the complainant.

The use of registered agreements under the Act provides a mechanism to document the outcome of the investigation and the resultant action on the part of the electricity entity. The Award is binding and enforceable under s.27 of the Act.

During this reporting year, four Agreements were registered as an Award under the *Electricity Ombudsman Act 1998*. These are listed below.

Award 1 - Complaint Number 0303016

This complaint was a case study in my last Annual Report and concerned Aurora Energy's reluctance to provide its customer with information on quotes obtained by it for contestable work. The Agreement registered under section 21 was that Aurora Energy would provide the complainant with copies of the tender submission forms and also the breakdown of the tender prices received from both parties.

Award 2 – Complaint Number 0304012

The complainant contacted the Ombudsman because Aurora Energy had labelled three poles supplying electricity to his home as 'private'. The complainant advised that in 1989 two of the poles were installed by the Hydro Electric Commission (HEC) in response to his complaints about low voltage. He alleged that the HEC had made it clear to him at the time of installation that the poles were not his responsibility, and that they were to be considered HEC property. The complainants were pensioners and were extremely concerned, particularly when their several contacts with Aurora Energy had been unable to resolve the matter satisfactorily.

In its submission to the Ombudsman, Aurora Energy claimed two of the poles were on private land and relied on current power-line policy to explain its position, but was unable to provide any documentation to support its claim.

The Ombudsman's investigation resulted in confirmation that the poles had been installed initially by HEC because the complainant's supply had been identified at the time as sub standard. The investigation also confirmed that the land on which the three poles were situated was Crown Land rented by the complainants as 'gardening allotments'. Further, the line had been installed by the HEC at no cost to the complainant in 1989, indicating that it was most likely to have been considered as HEC infrastructure rather than privately owned.

The Ombudsman found that it was neither fair nor reasonable for the complainant to be disadvantaged financially in 2003 by a decision taken unilaterally by the electricity entity in 1989 to resolve the under voltage problems being experienced by him. Secondly, Aurora Energy's claim that the poles were on private land was incorrect.

An Agreement was registered under section 21 whereby Aurora Energy agreed to remove all 'private' pole stickers from each of the three poles; bring the line up to current standard at its expense and permanently own and maintain the poles and wires in question.

Award 3 – Complaint Number 0305028

This investigation related to Aurora's interpretation of its Network Policy Document "Overhead Electricity Supply at Low Voltage". The complainant was the architect/builder of a new dwelling and acted on the authority of the owner/customer. Upon application for connection to the electricity supply, the complainant was advised the customer was required to make a contribution to the Development Mains. As there was an existing connection on the property, albeit on the other side of the road, the complainant did not believe this was reasonable. However, to proceed with the building of the home, the customer had no option but to pay the contribution and move the existing private pole to the front of his new dwelling.

The investigation was resolved by a Registered Agreement, whereby Aurora agreed to refund the Development Mains contribution of \$3097.60, provide supply from an existing Aurora pole and remove the relocated private pole.

The investigation raised concerns about some of the wording of the policy. The Ombudsman believed that in the current form, certain wording appeared ambiguous and had the potential to allow inconsistent application of the policy. The Ombudsman recommended that a review of this policy be undertaken. The Ombudsman further recommended that escalation and review guidelines be formulated in the event of an applicant's dissatisfaction with a new supply proposal offered by the designer.

Award 4 – Complaint Number 0305023

The complainant contacted the Ombudsman following Aurora Energy's relocation of existing electricity infrastructure in April 2003. He stated that in 1994, when he applied for a new connection to his property, the Hydro Electric Commission had required him to pay \$3985.00 as well as arrange a wayleave contract for the location of the infrastructure, resulting in extra costs to him of \$4300. He stated that the relocation had occurred without advice or consultation, was in breach of the wayleave contract, and made the contribution he had been required to make in 1994 unnecessary.

The investigation concluded with a Registered Agreement, whereby Aurora Energy agreed to reimburse the costs of \$4300.00 to the complainant.

ACTIVITY FOR THE REPORTING YEAR

Table 1. Activity 2000 – 2004

Number of Complaints	2000 – 2001	2001 – 2002	2002 – 2003	2003 – 2004
B/Forward from Previous	20	22	27	19
Opened in Period	367	504	433	394
Closed in Period	367	504	431	411
Opened & Closed in Period	345	483	415	379
Carried Forward (still Open)	22	19	19	22

Note: 2001/2002 Balance carried forward varies due to closed cases that were re-opened in July 2002.

Figure 1. Opened in Period 2000 – 2004

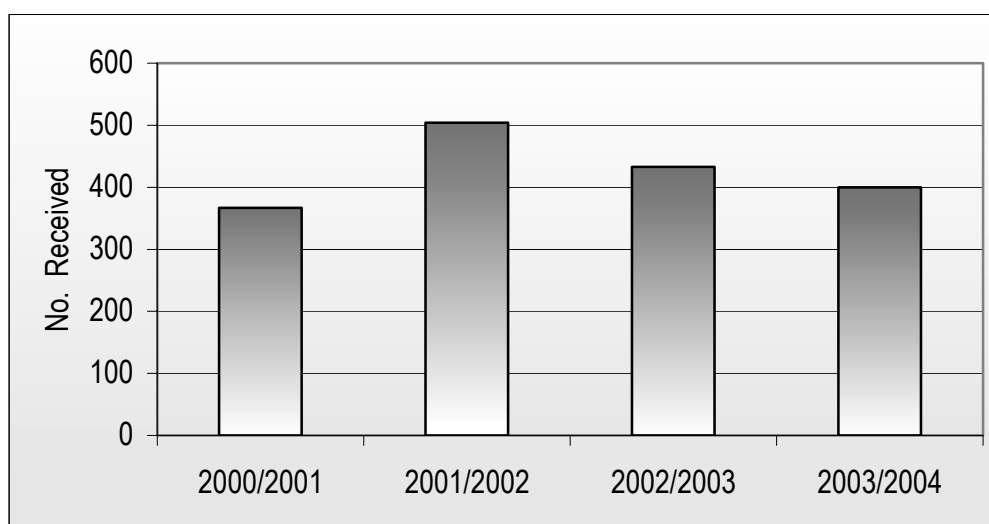


Table 2. Enquiries and Complaints 2003/2004

Category	Aurora Energy	Hydro Tasmania	Transend Networks	TOTAL
Enquiries	57	0	0	57
Complaints	335	1	1	337
TOTAL	392	1	1	394

An enquiry may be a telephone call which results in the Ombudsman taking no action. For example, a member of the public may be seeking information about the role of the Ombudsman, or other information without wishing to make a formal complaint. An enquiry may result in referring the caller on to another organisation such as the Telecommunications Ombudsman or the State Ombudsman or perhaps, Consumer Affairs.

MONTHLY TREND

Figure 2. Complaints and Enquiries, monthly trend from July 2003 – June 2004

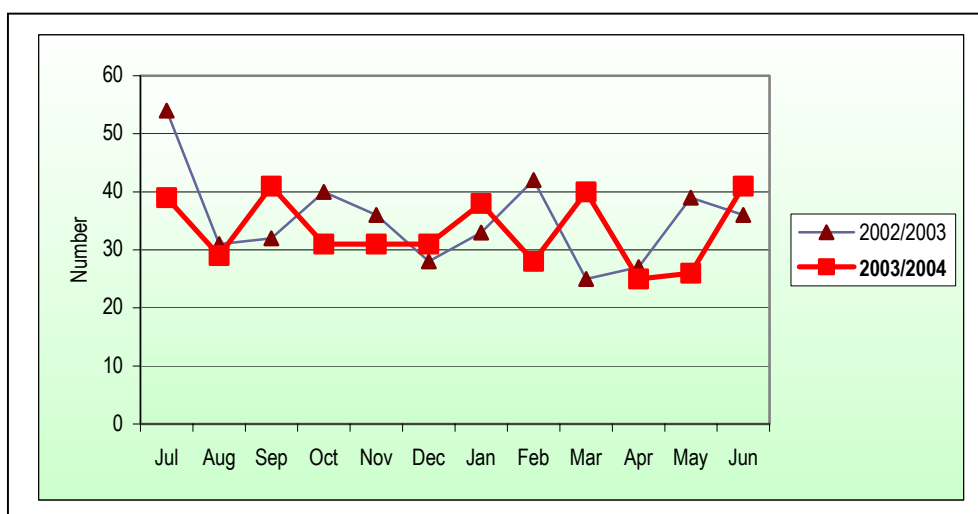


Table 3. Closure Reasons, Entities

Provider Name	Dismissed	Award made	Case Withdrawn	Complaint Resolved	Enquiry Only	Explanation Given	Out of Jurisdiction	Referred to Entity	Grand Total
Aurora Energy Pty Ltd	108	4	12	91	57	87	17	31	407
Hydro Tasmania						2	1		3
Transend Networks								1	1
Grand Total	108	4	12	91	57	89	18	32	411

Table 4. Closure Reasons July 2003 to June 2004

Closure Reasons	2002/2003	2003/2004
Dismissed 10.1 (b) - referred to Energy Regulator	3	2
Dismissed 10.1 (c) - lacks substance	33	16
Dismissed – complaint not received in writing	63	82
Dismissed - dealt with by others	16	6
Dismissed ii. - frivolous, not in good faith	4	2
Case Withdrawn	32	12
Complaint Resolved	87	89
Enquiry Only	82	57
Explanation Given; No further action	88	89
Referred to Aurora	18	31
Referred to Transend	Nil	1
Award Made	4	4
Referred to Court	1	Nil
Resolved – Fair Offer	Nil	2
Out of Jurisdiction	2	18
Total	433	411

Explanation of Closure Reasons

1. **Dismissed – referred to the Regulator** The first complaint was made directly to the Energy Regulator's office. The complaint concerned an 'impending disconnection' notice and the Regulator's office approached Aurora Energy for a response to the issues raised.

The second complaint concerned the charging of a connection fee. The complainant owned a rental property and did not believe it was appropriate for Aurora to charge a connection fee to landlords who were only seeking to do some minor maintenance or cleaning of the premises before the arrival of a new tenant. The complainant was provided with an explanation and the suggestion that it might be appropriate to write to the Energy Regulator to express any concerns with the current charging structure.

2. **Dismissed – lacks substance:** The Ombudsman dismissed 16 complaints under this category. The major reason for dismissal is where the complainant is unable to support the argument presented in the complaint or refute the explanation provided by the electricity entity.
3. **Dismissed – complaint not received in writing:** There were 82 complaints recorded under this category and this represents almost 20% of contacts to the office. During the next reporting year the Ombudsman will carry out a further survey of all these complainants to ascertain the reason for the no further contact from the complainant. The Ombudsman conducted a random survey of these complainants over the last reporting year, and the most common responses were that the matter had since been resolved; or they did not have time to consider their complaint further; or they had changed their mind about their complaint after discussing the matter with the Ombudsman. Quite a number of these complainants contacted the Ombudsman again at a later date and provided a written complaint on the same matter.
4. **Dismissed - dealt with by others:** This category recorded only six complaints for the reporting period. A complaint will be recorded in this category where it is resolved prior to the Ombudsman making enquiries.
5. **Dismissed – frivolous, not in good faith:** There were two recorded complaints in this category from the same complainant at different times. On the first occasion, when the Ombudsman rang the contact number given by the complainant, she was not known at that address. On the second occasion, at a different address, the complainant did not respond to the Ombudsman's letter. It could only be supposed that the complainant had not been genuine.
6. **Case Withdrawn:** A complainant may withdraw a case for a number of reasons; the problem may have resolved itself, the information provided along the way to the complainant has resulted in a change of mind about a perceived problem or the complainant just no longer wants to proceed with the complaint.
7. **Complaint Resolved:** There were 89 complaints closed as resolved for the reporting period. Complaints are recorded under this category when a complaint outcome is achieved that the complainant is satisfied with. This may be prior to the complaint being accepted for investigation, where in consultation with Aurora, an outcome is presented or recommended that is accepted by the complainant.
8. **Explanation given, No further action:** Complaints recorded in this category usually involve general discussion occurring with the complainant that did not require further

investigation. This may include discussing a perceived billing issue, explaining the Aurora compensation claim process or discussing the role and function of the Ombudsman.

9. **Resolved – Fair Offer:** This is a new closure reason, added for the current reporting year to enable the Electricity Ombudsman Tasmania to provide statistics to the Australian and New Zealand Energy and Water Ombudsman Network (ANZEWN). This is where Aurora Energy has suggested a resolution to the complainant which is acceptable.
10. **Out of Jurisdiction:** This is where it has been identified that the complaint is not strictly about any service of, nor relating to the sale and supply of electricity by an electricity entity. Some of those complaints dismissed as out of jurisdiction may relate to excessive noise emanating from electricity infrastructure, or perhaps the service of an electrical contractor, or perhaps some action taken by Aurora Energy under the direction of Electricity Standards and Safety.

Figure 3. Complaint outcomes

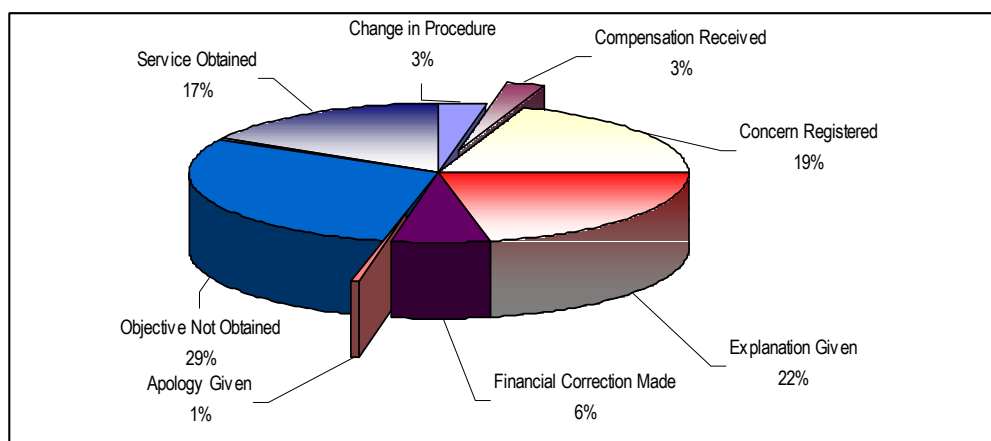


Figure 4. Gender Statistics

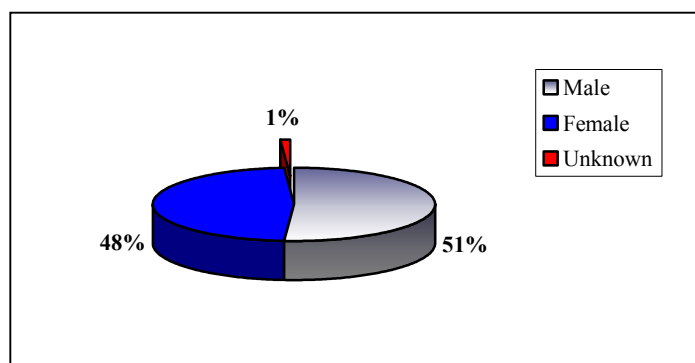


Figure 5. Consumer Type

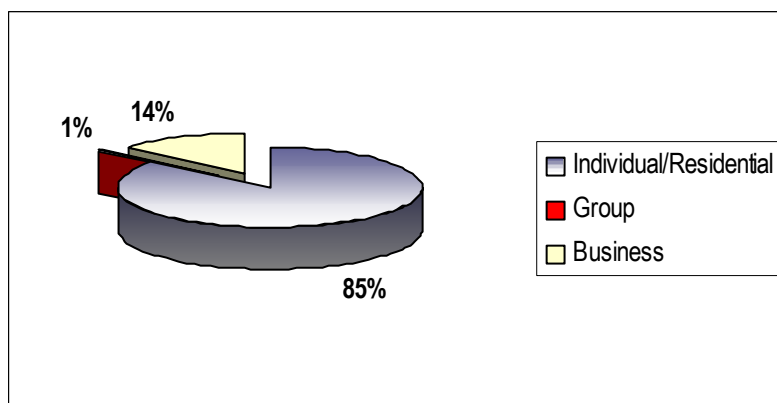


Figure 6. Time Taken to Finalise

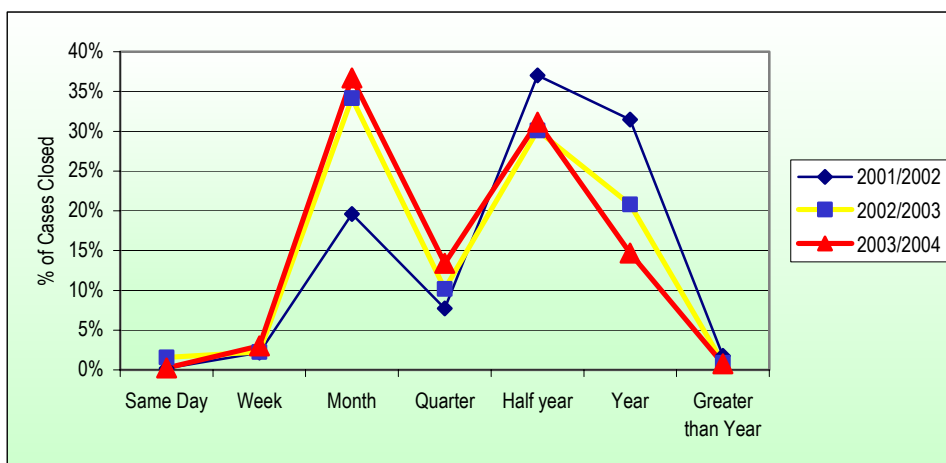
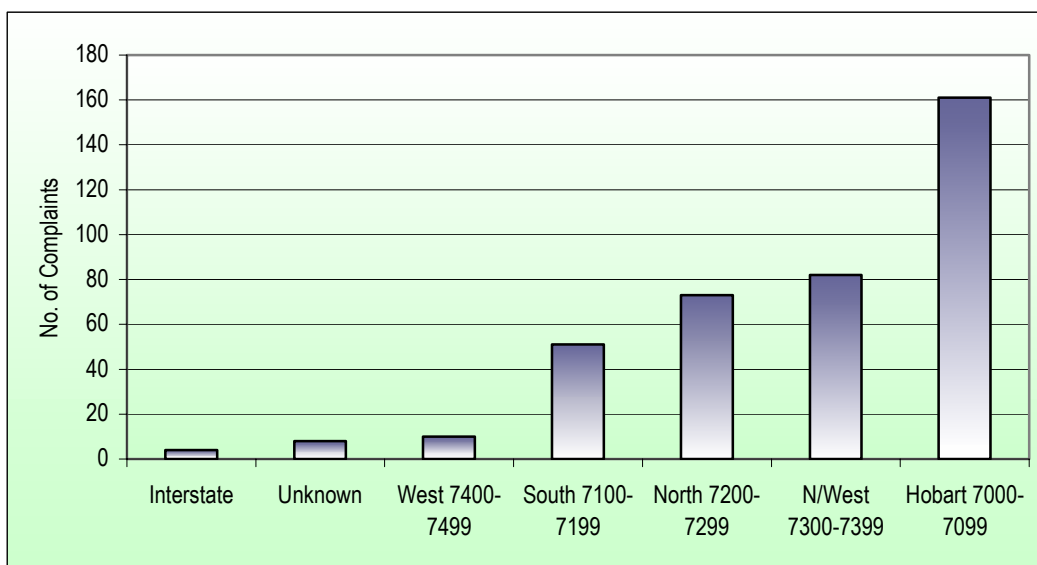


Figure 7. Distribution of Complaints by Postcode



COMPLAINT ISSUES FOR 2003-2004

Issue Type	Issue	Sub-Total	Sub-Issue		Total
Billing -	Total				217
	Arrears	74	Difficulty in Payment	32	
			Disconnection	32	
			Error	10	
	Error	36	Debt Transfer	9	
			Direct Debit	1	
			Disconnection	2	
			Easy Pay	2	
			No bill	1	
			Other	16	
			Statements	5	
	Fees	6	Connection	1	
			Late fees / Interest fees	1	
			Meter Checking	1	
			Service & Meter Charges	3	
Health Care Card Concession	7				
High	49	Difficulty in Payment	4		
		Disputed	40		
		Easy Pay	1		
		Estimated	4		
Hydro Heat	2				
Meter	16	Accuracy	2		
		Misread	1		
		Not read	2		
		Pay As You Go	11		
Minimum charges	2				
Payment	3	Lost Payment	2		
		Payment Plan	1		
Pensioner rebate	5	Error	1		
		Information	4		
Security deposit	10	Amount	4		
		Exemption	3		
		Interest	3		
Statement	2	Information	1		
		Reminder	1		
Sundry Debtor	2				
Tariff	3	Incorrect	1		
		Rate	2		
Contestability -	Total				2
	Information	2	Eligibility	2	

Customer Service - Total				35
Contractor	3	Faults	2	
		Other	1	
Failure to Respond	5			
Information	4			
Information / Consultation	11			
Poor Attitude	4			
Reduced Service	8			
Land - Total				30
Damage	6	Property	6	
Existing Easement	7	Use	7	
Meter	9	Access	7	
		Placement	2	
New Easement	1	Placement	1	
Other	5			
Towers	2	Placement	2	
Out of Jurisdiction - Total		11		11
Privacy - Details Released	2			2
Provision - Total				79
Connection	67	Authorisation	8	
		Capital Contribution	4	
		Delay	38	
		Information	5	
		Other Costs	9	
		Supply Upgrade	3	
Disconnection	11	Error	5	
		Other (non bill)	6	
Poles and wires	30	Cost	9	
		Placement	11	
		Private Lines	7	
		Safety	3	
Reconnection	1	Fees	1	
Supply - Total				37
Damage	13	Customer Equip Failure	11	
		Gen/Trans Sys Fail	1	
		Third Party	1	
Outage (planned)	2	Duration	2	
Outage (unplanned)	13	Duration	7	
		Frequency	5	
		GSL Payments	1	
Quality	9	EMF	3	
		RFI	1	
		Variations (voltage)	5	
Total Number of Issues				413

COMPLAINT TRENDS

Billing was again the highest issue of concern to customers throughout the reporting year, with 217 of recorded contacts relating to billing issues. Complaints about provision were the second highest recorded area of concern (79), with 38 of these relating to a delay in providing electricity connection. Complaints concerning customer service were also markedly increased this reporting year and numbered 35. The recorded issues include all contacts made, enquiries, consultations or investigations.

Billing

Arrears: A total of 74 complaints were recorded as relating to billing arrears issues. It is important to note that there has been a marked decrease this year in the number of complaints relating to disconnection for debt, although difficulty in payment remains a significant area of concern for some customers.

Error: A total of 36 complaints related to perceived billing errors. Once again a large number concerned transfers of debt from one name to another, where the complainant claimed this was without his/her knowledge. Several of the complaints recorded as 'other' related to debts allegedly incurred by the complainants over 7 years ago. Following an investigation into this issue, the Ombudsman advised Aurora Energy of an expectation that it should waive all similar debts when the subject of a complaint to the Ombudsman. Other complaints were from customers claiming they had advised Aurora to disconnect the premises and who then were billed for a period when they were not in the residence. Other circumstances related to unpaid debt which had been placed in the hands of the Tasmanian Collection Service. The customers believed that once this had been paid, their names should be withdrawn.

Easypay issues during the last reporting year totalled 31 for both 'error' and 'disputed' compared to a total of 3 this reporting year. This reflects Aurora Energy's change of policy in that new customers are no longer 'required' to enter into an Easypay contract before electricity connection is approved. It also reflects the more improved Easypay (or payment plan) monthly statements which show the customer how much he/she has paid and how this has reduced the level of debt, thus dispelling some of the previous confusion inherent in the payment plan system.

High: A total of 49 complaints related to perceived high bills and in particular, disputed accounts. The Ombudsman finds the assistance of an energy consultant very helpful in settling disputes about accounts. A visit to the home, with some check readings taken and advice offered on the consumption levels of various electrical appliances such as heaters, is sometimes all that is needed to assure the customer that there is no real problem.

Provision

Connection: Complaints in this category were once again significant, with the highest number (38) concerning a delay in providing connection of electricity supply. One of the issues arising from these complaints relates to the receiving and recording of Electrical Works Requests (EWRs). The complaints identify faults on both the part of the electrical contractors and Aurora Energy. It appears that some electrical contractors are still sending the EWR to the Moonah office rather than to Launceston which means an extra delay in processing. It also appears that on a number of occasions, Aurora Energy has mislaid the original EWR, meaning that the contractor must then resubmit the paper, which also contributes significantly to any delay.

Poles and Wires: Thirty complaints relating to poles and wires were recorded. Most of these complaints related to the placement of poles, the cost to the customer of installing private lines,

the customer's contribution to the Development Mains, and other issues surrounding private lines e.g ownership and responsibility issues.

Supply

Complaints in this category may relate to alleged damage to customer equipment as the result of an outage, the quality of the complainant's supply or the frequency or length of outages.

Damage: Complaints regarding claims for damaged equipment due to power failures and resultant power spikes or surges recorded the highest number of complaints in this category.

Outages: There were 13 complaints received on outage issues. Some related to the frequency of outages, some to duration. In the investigation of these complaints, the Ombudsman considers the history of outages in the area, fault histories, the condition of the feeder supplying the complainant as well as Aurora's requirements in terms of the number of outages and fault repair times.

Land

Complaints recorded in this category may relate to alleged damage to customer property as a result of provisioning work, or the use of easements. Complaints may also be about access to meters or the actual placement of meters or transmission towers.

New Supply Complaints

It is understood that Aurora Energy recently undertook an internal review of its new supply process. Because of complaint numbers over the last 18 months in this regard, our office has been concerned about adequate resourcing in this area. To assist in the internal review, the Ombudsman provided the following paper to Aurora Energy for information and consideration.



I believe that Aurora Energy is currently reviewing its policies and practices surrounding Electrical Works Request notices and the provision of electrical connection to new customers.

Aurora Energy may wish to consider the following information as part of this review.

Complaint History

From approximately January 2003, complaints to the Electricity Ombudsman relating to delay in providing electricity supply to new connections began to increase. Over the last reporting year, the trend has continued with complaints for the quarter April to June 2004 numbering 13 out of a total of 90 complaints for the quarter. The increase of complaints in this area and some of the issues raised by the complainants are a cause of some concern. Some of the complaints were able to be resolved fairly quickly by Aurora Energy upon contact by the Electricity Ombudsman and some of the complainants did not want to follow through with making a more formal complaint.

I have listed some of the complaints issues for your information and consideration.

Lost EINs and EWRs.

0303019

This complaint was made on 25 March last year. The complainant alleged that he had been requesting electricity connection in conjunction with his electrician since November, without success. Aurora acknowledged that it was advised of the required connection in November as claimed. Aurora also acknowledged that the EIN was misplaced and the work had not been scheduled until the matter had been brought to its attention in February. Once Aurora was made aware, the EIN was subsequently found and the work scheduled.

0305017

The complaint was made in May last year. Complaint was not followed through by complainant. Allegation of a lost EIN. Aurora offered the complainant \$260 in compensation for the delay.

0307037

Complaint made July 2003. Contractor put his papers in to Moonah – and the papers were mislaid.

0401001

Electrical contractor submitted his papers at the beginning of December. When the customer contacted Aurora, they advised the papers were lost. The contractor resubmitted his papers again. Customer did not continue with the complaint.

0403014

Complainant stated that he contacted Aurora on 18 November 2003 for connection of new supply. He had to reapply on 22 December because Aurora lost his original application.

0406002

Complaint was from an electrical contractor. He stated that Aurora advised that they cannot find his papers. He said "The builders and contractors out there are sick of this – it happens all the time".

Delays

0309020

The complaint was received in September 2003 and concerned delays in connecting a 6kw Pureheat heater to Hydro Heat.

Aurora conceded there had been several reschedules for the work to be completed. Initially the work was scheduled for 13 August but was not performed on that day because the work required a two-person crew. The work was rescheduled for 21 August but was cancelled due to higher priority work commitments. An appointment was made for 28 August, but was again rescheduled for 2 September. On 2 September Aurora was unable to complete the tariff change because a fault was identified with the work of the electrical contractor. The connection was finalised on 19 September.

0310022

The complaint was made in October 2003. The complainant did not proceed with the complaint but was originally told by Aurora that it would take four months for Aurora to provide and install a transformer.

0310023

The complaint was made in October 2003. The complainant did not proceed with the complaint. He was a builder and stated that he was extremely frustrated at the constant delays in getting connection to his buildings. He stated he was recently told he would have to wait 16 weeks. He advised that the electrical contractors know the problems but are afraid to complain because they believe they will be put to the bottom of the list for jobs. He stated that he is aware that the problems are occurring because of the rise in building around the State, but believes that Aurora should compensate for this by putting on extra staff. He stated it was not fair that builders and tradesmen should be made to wait because Aurora does not have enough staff.

0312001

December 2003. Complainant advised an Aurora crew attended to do the connection but refused to go ahead on health and safety grounds (a wooden plank access to meter board). The complainant had been unable to obtain a revised connection date. When the Ombudsman contacted Aurora regarding the complaint, Aurora advised that it would attend either that day or the next.

0312032

Contractors papers were submitted by 12 December for connection to an irrigation pump – work was scheduled for 18 December but unable to go ahead due to rain on that day. Aurora was unable to reschedule until the new year because of Christmas leave etc. However, the complainant stated that this was just not good enough as the delay would impact on his potato crop which was worth about \$60,000.

0401012

Delay in providing connection to a shop – January 2004. The electrical contractor had submitted the forms prior to Christmas. The complainants wanted to know whose fault the delay was as they advised the delay would cause them to go broke before they had even begun.

0401014

Builder complaining about the delay in connection January 2004. He advised that the contractor had put the papers in over four weeks ago and he was still waiting for connection. He did not proceed with his complaint.

0403026

March 2004. Complainant is builder and stated that he experiences continuous delays with Aurora completing installations at building sites to provide temporary supply. He believes the current 10 day timeframe from receipt of the EWR to be unreasonable and believes Aurora should provide an improved level of service.

0406010

Complainant stated in June 2004 that 6 weeks ago the contractor put in his papers to advise Aurora of the new electric heating he had installed. Aurora scheduled the work for 17 May but refused to do so until the contractor had carried out more work. The contractor came the next day and completed the work. However, Aurora were unable to tell the complainants when connection would occur. Connection finally occurred on 22 June, some 21 days later.

0406013

Complaint in June 2004 from a builder who advised that his contractor had put in his papers, but once again Aurora had not arrived within the ten days. The builder was frustrated and angry but not willing to make a formal complaint.

0408023

The complaint was made in August 2004 and was from a builder. The complainant stated that he is extremely frustrated by Aurora Energy's delays in providing supply. He stated that he had three jobs in a row where there had been a delay and he believes that the contractor had put in the papers and done all that he was supposed to do. He stated that he is extremely sick of it and frustrated. He has often been placed in the position where they have had to run a cord to the property next door and this is extremely unsuitable.

0305010

Complaint made in May 2003. Alleged delay in connection. The complainant did not follow through on this complaint. However, she did advise that the day the crew came to do the overhead wires, they told the customer that the fuse and meter box had to be done by a different crew and this would mean a delay of another week. When the Ombudsman contacted Aurora regarding this complaint, Aurora had some concerns that Network had not informed Service Connections that they would need to install a meter and a fuse.

The complainant stated to the Ombudsman that there were many people in her area (Police Point) who were really unhappy about the service from Aurora, particularly electrical contractors who felt because they were a country area they were not given the same service from Aurora.

0304019

Complaint was made on 28 April 2003. Papers were submitted on 10 April – job was scheduled for 23 April but work did not go ahead as the pole was on the top of a hill, the conductor was heavy. Customer was told that the work could not be carried out until 6 May, because the connection needed a bucket truck and there was only one 19 metre bucket truck in the south of the state and it was fully booked.

Customer Confusion**0308004**

Customer contacted the Ombudsman in August 2003 totally confused. She stated that she was trying to obtain supply at Alonah and Aurora kept telling her to ring her contractor and her contractor kept telling her to ring Aurora. She stated that she was so frustrated and was unable to identify what she needs to do, or who is going to pay etc. Ombudsman referred the customer to the "New Supply Group."

0308009

Complaint was made in August last year. The complainant had rung Aurora to ask about a new connection and Aurora advised him he did not have to do anything. His contractor kept telling him to ring Aurora. In the end he took the advice of the Aurora staff and went ahead with building. When the contractor came to hook up, he said he couldn't do it until Aurora had installed a transformer.

Comment

It must be understood that all of the above allegations have not been substantiated. As mentioned, a large number of the complainants did not want to continue with the complaint for one reason or another and in many instances, Aurora Energy offered a fairly quick resolution to the complaint. However, the statistics appear to show there may be some insufficiencies in the process. Whether at times the fault is the electrical contractor or Aurora Energy, there does appear to be somewhat of a breakdown in communication. For example, one of the contractors to whom we spoke did not appear to be aware that sending the papers to Moonah would delay the process. Secondly, the builders we spoke to appeared to be of the understanding that Aurora would arrive at the installation on the tenth day, whether they had been advised of this or not. It also appeared that some of those we spoke to did not count ten business days from the receipt of the EWR, but rather ten days.

From the Ombudsman's perspective, it appears that the customer is always at a disadvantage in not understanding the process that must be followed to receive connection of electricity supply to a new dwelling. To name just a few:

1. where the design process identifies a need for a transformer and the obvious delays this will cause in providing eventual connection;
2. what responsibilities lie with Aurora Energy and what responsibilities lie with the electrical contractor.
3. What role the customer plays in the whole process.

This misunderstanding or lack of information is causing the customer to lay any blame for delays totally at the door of Aurora Energy.

In complaint number **0407027**, the Ombudsman made the following suggestion to Aurora Energy:

I note that this complaint is illustrative of the confusion that exists in the public mind as to the rights and responsibilities attaching to the consumer, the electrical contractor and Aurora Energy in circumstances of new power connection. It is my understanding that there have been discussions between this office and Aurora Energy in the past which focused on the value of developing a brochure clearly outlining the rights and responsibilities of the parties involved. I'm sure that the production of such a document would not only serve to streamline the process of new connection, but also aid in reducing the number of complaints lodged with this office based on confusion and/or misinformation.

Jan O'Grady
Electricity Ombudsman

CASE STUDIES

Complaint Number 0403020

Mr H received a letter from Aurora Energy advising him that he was the owner of a private power line and therefore responsible for the replacement of a recently condemned pole on that power line. Mr H immediately contacted Aurora and advised that the pole was not his, but an Aurora service pole. He was assured that someone would come to his property and inspect the site. A fortnight later, when the promised site visit had not occurred, Mr H visited the Aurora depot at the city nearest to him, but was told that no one could help him and he would need to ring the Call Centre. He again rang the Call Centre and was told once again, "Sorry, I can't help you." When he realized that no one was willing to discuss the situation with him, Mr H contacted the Ombudsman. It appeared that all the houses in Mr H's street had service poles on the nature strip, the only difference being that Mr H's pole was on the boundary of his land and the nature strip.

Preliminary enquiries with Aurora resulted in an Aurora site inspection which removed the necessity for Mr H to replace the condemned pole. Aurora agreed to install a cross over pole in the road reserve at Aurora's cost.

Note: It is of concern that Mr H's original complaint to Aurora Energy was either not recorded or recorded, but not acted upon. On his second contact with the Call Centre, either the representative to whom Mr H spoke was unaware that Mr H had made a complaint several weeks ago – in which case the complaint should have been logged again, or the representative was aware of the complaint, but unable to assure the customer his complaint would be addressed.

Complaint Number 0309012

Following a reading of her meter by an electrician friend and herself, Ms K was convinced that her meter was recording incorrectly and had been for some time. She stated that she and the electrician had isolated the heater and then taken readings which were extremely high. Her complaint to Aurora Energy resulted in a meter load test which showed that the meter was operating correctly. Ms K contacted the Ombudsman claiming that following the meter test performed by Aurora Energy, subsequent meter readings taken by the electrician showed that the meter was now recording accurately, which, in the complainant's opinion, proved that it had not been recording accurately prior to the testing and that Aurora must have altered the meter during the meter test.

The Ombudsman sought the expert advice of Electrical Measurements and Testing (EMT) in relation to the possibility of a meter being altered on site during a meter test. EMT advised that it would not be possible. When undertaking a test there is no reason to remove the main meter cover, merely the terminal cover which does not allow access to the 'workings' of a meter. To alter a meter in any way, the main meter cover would have to be removed, refitted and resealed. The main meter cover seals are identified differently than those used by Aurora field staff and in the unlikely event that this had occurred, it would be very simple to identify whether the seal had been tampered with. As the complainant was strongly of the opinion that the meter had been altered, the Ombudsman requested EMT to check whether the seal on the main meter cover had been tampered with in any way. EMT later confirmed that the internal seal was in place.

The Ombudsman also sought independent advice on the likelihood of a misread by the complainant and her contractor, and on the functioning capacity of the 2.4kW heater. The

Ombudsman also considered the complainant's consumption history over the past two years. Following the investigation, the case was dismissed as unsubstantiated.

Complaint Number 0307022

Mr F decided to remove what he believed was a very unsafe tree near his private line. He arranged for a contractor to carry out the work, but after the removal of several of the larger limbs it was noticed that Aurora had put the stay wire from the nearest pole into the base of the tree. At that point, the contractor declined to do any more work and suggested Mr F contact Aurora. Mr F made several contacts with Aurora and finally a site visit occurred during which the representative advised that a designer may need to come on site. Ten days passed and no further contact was made. Extremely concerned at the state of the tree, Mr F contacted Aurora once more and to his dismay found that there appeared to be no record of his previous contacts. Ten days later, a field crew arrived on site, removed the stay wire about 5 feet from the base of the tree, but left the tree. Mr F contacted the Ombudsman because of a dispute with Aurora regarding who was responsible for removing the remains of the tree. Aurora asserted it was the responsibility of the customer as it was a private line. Mr F believed that he had already attempted to remove the tree and paid someone to do this. The fact that he was unable to continue was because of Aurora's incorrect placement of the stay. In the circumstances, he believed that Aurora should finish removing the tree. The Ombudsman made some enquiries with Aurora which resulted in Aurora agreeing to remove the tree.

Complaint Number 0307018

Mrs M was a widow and had recently had a new home built. However, on the day scheduled for connection, she was refused connection until her contractor had installed a private pole just inside her boundary fence.

Mrs M stated to the Ombudsman that she was devastated as she had moved into her new home anticipating that the power would be connected that day. She stated that as the power line ran right in front of her home and the existing Aurora pole on the street was only 8.9 metres from her boundary, she could not see why she had needed to install a private pole.

In response to the Ombudsman's enquiries, Aurora Energy stated that the pole had been required to prevent Mrs M's supply crossing the corner of a neighbour's property. Aurora recommended that Mrs M be reimbursed for the cost incurred in the installation of the pole and were willing to relocate the pole adjacent to her front boundary or alternatively, take over ownership and future maintenance of the current new pole. Mrs M was happy with the reimbursement and decided to leave the pole where it was and transfer ownership to Aurora Energy.

Complaint Number 0310012

Mrs D contacted the Ombudsman as she had been threatened with disconnection for non payment of her account. She explained that her husband had recently lost his job and the bank had foreclosed on their mortgage. She advised that a contract of sale had been signed on the house and had asked Aurora to wait until the sale had been completed for payment in full. Aurora had been unwilling to do this and were insisting the complainant enter a payment plan. She advised the Ombudsman that there was no point in her agreeing to a payment plan as she would not be able to make regular payments.

The Ombudsman checked the complainant's payment history and found that a payment plan had been working well for over a year with regular payments of \$70 up until the time the husband had lost his job.

A site visit to the home confirmed that the complainant was in genuine financial distress. Her husband was in Queensland looking for employment and she was barely managing to keep herself and her children. The Salvation Army had recently assisted her with food vouchers but were unable to offer any further assistance.

The Ombudsman recommended that Aurora Energy provide the complainant with an extension of time to pay the account in full until the completion of the sale of the home. Aurora agreed to the Ombudsman's recommendation and the account was later paid in full.

Complaint Number 0311010

Following its investigation of a low wire, Aurora Energy immediately disconnected a high voltage line to an irrigation pump on a farming property. The disconnection occurred at a very hot, dry time and the farmer, Mr E, was unsure whether he had enough water in the dam for irrigation for the next three days until a further pole was installed on the line. Mr E stated that he agreed to the disconnection at the time, as he was advised that if it became imperative, he could be reconnected. A check of the dam later that evening revealed very little water and he had real concerns about his maturing pea crop. He contacted Aurora, but despite his pleas, he was advised that the power would not be reconnected.

Mr E complained to the Ombudsman that he had been given no prior warning which would allow him to take precautions to ensure he had sufficient water in his dam for a three day period; that the line did not pose a risk to anyone and that damage resulting in financial loss had occurred to his pea crop because of the disconnection. He provided a detailed claim for damages to his crop in the amount of \$6,838.00. Following preliminary enquiries, the Ombudsman accepted the complaint for investigation.

The critical question in the investigation was how a line that had been installed only four years previously could have sagged from the required height of 6.7m to a height of 4.3m at its lowest point.

During the investigation, the Ombudsman sought expert technical advice on line construction and expert technical advice on the maturation of pea crops.

The investigation identified that the terrain and the placement of the poles meant that the required clearances would have been difficult to achieve at the time of installation and would have required that each of the aerial conductors were sagged accurately and checked. Aurora Energy was unable to provide any documentation or information to show that this had occurred or that the line had been installed to the correct standard height; that it had been inspected upon completion, or at any time over the four year period. The investigation also revealed that there had been no pole movement or remedial work carried out on the pole ground stay that would indicate any pole movement that might have caused sagging. It was believed that the only possible causes for the aerial conductor sag of 4.3 metres could have been one or a combination of the following:

- *original installation was based on a ground clearance of 4.6 metres (i.e considered to be rough country not negotiable by vehicles);*
- *original installation was not carried out accurately resulting in a 4.3 metre ground clearance on one or all three aerial conductors;*

- *original installation was based on a ground clearance of 6.0 metres (i.e. considered to be over ground other than roads) but was difficult to achieve as the location of the poles, the terrain profile beneath the aerial conductor and the tee off beneath the primary circuit pole all contributed to the height losses resulting in 4.3 metre clearance in one or all three aerial conductors.*

The Department of Primary Industries Water and Environment, Vegetable and Associated Industries Branch confirmed that a lack of water at this critical time had impacted adversely on Mr E's maturing pea crop. They advised "*When weather conditions are hot and dry, it is important that adequate irrigation is applied to a maturing green pea crop that is being grown for the processing industry. Adequate water to promote pea size within the pod is important at this stage of growth. If the crop were permitted to become water stressed at this stage then development of pea size within the pod would be retarded while maturity in terms of pea hardness (maturity index) would continue to increase. This in effect would cause the peas to become mature before reaching optimum yield potential. Processing companies pay the producer for yield of peas at their specified maturity index thus it is in the interest of the producer to grow the peas as large as possible to coincide with the optimum maturity.*"

Aurora Energy agreed with the Ombudsman's findings in the report and stated "*It is agreed that the line was installed in a substandard condition and that a final inspection of the line should have identified that the minimum required ground clearances had not been achieved. However, it is considered that the actions taken by Aurora officers to rectify the potentially dangerous situation were justified.*"

Aurora agreed to pay the complainant's claim for damages to his pea crop in the amount of \$6,838.00.

Complaint Number 0401007

Mr and Mrs R contacted the Ombudsman because they believed their electricity accounts were too high. They advised the Ombudsman that with a young family to support, they would be unable to manage should they continue to receive such high bills.

Mr & Mrs R advised that upon receiving an account for \$1,684, they had switched off the off peak floor heating. Although their next two bills reduced dramatically, in the September and December quarter they began to increase substantially once more. The complainants believed that something was wrong but did not know what to do.

A check of the consumption history showed that the light and power and hot water usage was fairly consistent over the six quarters they had been in the home and that it was the offpeak recording the highest consumption. The reduction over two quarters was because of two estimated readings. Once a real reading was taken the next quarter, it confirmed that the off peak consumption had reduced over the total three quarters, but overall not a reduction consistent with floor heating that was reputedly switched off.

The Ombudsman arranged for an energy consultant to visit the home. The consultant identified that the switchboard had 13 off-peak fuses/circuits and the complainants confirmed that a majority of the premise's 13 circuits had been turned on for the period of the high account. The expert advised that due to the excessive wattage of the circuits, a very high average daily consumption had resulted. He also confirmed that although the complainants believed the floor heating to be switched off, three circuits had still been operating over the next three quarters. He then was able to show the complainants how to turn these off at the switchboard.

Complaint Number 0310019

This investigation related to Aurora's Policy NP R PD 07 "Overhead Electricity Supply at Low Voltage" and Aurora's definition of an 'Intermittently Occupied Residence' and a 'Permanently Occupied Residence'.

The complainant had applied for a new supply connection at his permanent address at which he had been residing for three years. However, as he was living in a caravan, Aurora had interpreted this as an 'Intermittently Occupied Residence' and provided him with a quote for the full cost of the line rather than the normal free component of two spans along a public road. The Ombudsman's investigation of the complaint resulted in Aurora providing the complainant with a new and revised quote of \$0. The complainant advised the Ombudsman in writing that he accepted the revised offer as a resolution to the complaint and the file was closed.

PAY AS YOU GO METERS (PAYG)

During this reporting year, a complaint was received from a customer who owned one of two conjoined units. His neighbour had successfully applied for a PAYG meter. However, the meter box for both units happened to be located on the complainant's unit in what he considered or believed to be his backyard. The complainant had very real concerns about public liability insurance, realizing that the neighbour would need regular access to his property to feed the meter. He very quickly found that his current insurance company was not willing to extend his insurance to cover this situation and further, he was finding it extremely difficult to find any company at all which was willing to provide the appropriate insurance.



The complainant advised the Ombudsman there was no Body Corporate in place and that his neighbour was not willing to discuss or assist him in providing public liability insurance. He believed that as Aurora Energy was compelling regular access by the provision of the meter, Aurora should either relocate the meters or refuse to install a PAYG meter.

A search of the property Titles found that there were actually three Lots; Lot 1 and 2 being those of the complainant and his neighbour and Lot 3 being the common property consisting of all that area of ground surrounding Lot 1 and 2 and extending to the borders of the property.

The *Strata Titles Act 1998* makes it very clear that a Body Corporate comes into force upon registration of a strata plan. The Act obliges the Body Corporate to insure the buildings and other improvements (if any) on the common property. A Body Corporate must also have public risk insurance over the common property.

In the above case, Aurora Energy's agreement to install a PAYG meter was compelling regular access, but not to the complainant's property, rather to 'common' property. The complainant's problem arose from the neighbour's refusal to discuss or assist in the provisions of public liability insurance for the 'common' property, rather than with Aurora Energy's agreement to provide a PAYG meter to the neighbour. The Ombudsman advised the complainant to make

an “application for relief” to the Recorder of Titles and also provided him with a copy of the publication, “Strata Living in Tasmania”.

The complaint although not substantiated, has raised questions regarding the provision of PAYG meters to customers in this and similar positions. The complainant had experienced extreme frustration in attempting to secure appropriate insurance. His current broker was unwilling to renew his policy and advised him that his options for insurance were limited unless he could convince his neighbour to enter a combined policy.

The question arises as to what responsibility Aurora should take in providing PAYG meters to those customers involved in strata living. As the complainant pointed out, there is no doubt many property owners in similar situations who have not advised their insurers of the need for regular access to their property, will, if a claim is made, find that they are not actually covered.

Aurora Energy may wish to consider advising potential PAYG customers in this position of the pitfalls that might be involved with regards to adequate public liability insurance.

AURORA'S HARSHIP POLICY

On 15 July 2004, Aurora provided the Electricity Ombudsman with a presentation on its recently produced paper entitled “*Aurora’s policy for assisting customers in need.*”

Aurora advised that following extensive consultation with welfare organizations over the past twelve months, they had now decided upon a package which they would be providing to the Energy Regulator for his approval. The package in total consisted of a:

- Hardship Policy – an attempt to assist genuine cases of financial hardship
- Direct Debit incentive – an incentive for payment by the due date.
- Late Payment Fee – to manage credit costs (reminder notices, disconnection letters etc.)

Hardship

Under the Hardship initiatives, Aurora listed its current initiatives, payment plans, debt reduction arrangements, broad receipting channels (including Centrepay), energy efficiency advice, financial counselling reference and a credit hotline.

As its support mechanisms, Aurora noted the following options to address the issue of hardship:

- advice in the form of financial counselling,
- making customers aware of entitlements such as the Health Care card rebate and pensioner discount,
- shared training between Aurora and welfare agencies, and
- possible direct financial support to assist the welfare community to provide vouchers for electricity (including Pay As You Go).

Direct Debit

The proposal includes a Direct Debit incentive of up to \$5 per quarter discount if the account is paid by direct debit and by the due date.

Late Payment Fee

The proposal for the late payment fee will focus on those customers who choose not to pay rather than those who can't. Exemptions to the late payment fee will be pension card and

Health Care card customers, payment plan customers, suspended accounts, deceased estates, EasyPay customers and any final accounts.



First of all I would like to congratulate Aurora for taking the first step towards the development of a company Hardship Policy. Aurora is in an ideal situation to adopt best practice within the industry, to be a forerunner and to pave the way for any future retailers in Tasmania.

In developing the policy, I believe it is important to bear in mind the sharp distinction between Aurora's existing Credit Policy and the proposed Aurora Hardship Policy. Aurora's Credit Policy arises from its obligations under legislation and its internal credit management, and is a document which by its very nature, is company focused. Whereas a Hardship Policy needs to be customer focused with the focus on assisting the customer, rather than the commercial measures of debt collection. In the long term, if managed correctly, a Hardship policy of this sort will undoubtedly prove beneficial to Aurora as a business, providing real reductions in costly debt management.

My main reservation is that the proposed policy fails to make any attempt to define 'hardship' or to describe a customer that falls within the scope of the policy. Whilst an exhaustive definition is probably not possible, it is essential in my view to identify those categories of customer that might be said to represent cases of hardship. For example, I offer the following customer contacts with my office, customers I regard as falling within the concept of 'hardship'.

Customer No 1

Mr S stated he had been unemployed for one year. This had caused him extreme difficulties financially and he was doing his utmost to find employment once again. In the meantime he advised that he received \$389.00 per fortnight from Centrelink and that he paid \$190 towards purchasing his home, \$30.00 to Council rates, \$30 to telephone, \$30 to petrol and \$55 to Aurora and this left him approximately \$50 per fortnight to live on. He advised that he had been to various Welfare organizations seeking assistance but the only advice he was offered was that he would need to sell his home. He said that as he would not be able to find a current rental property for under \$150 per week or \$300 per fortnight, he did not believe this was very helpful advice.

Mr S said his car was essential as he was separated from his wife and to have his daughter stay once a fortnight, he had to travel quite a distance to pick her up and take her home again. This used up all his petrol budget, but he stated that he had already cut this visit back from weekly to fortnightly. Mr S stated he did not drink and he did not smoke. Recently he had been advised by Aurora that he would need to increase his Payment Plan repayments to \$90.00 as his consumption had increased. Mr S stated that he had attempted to explain to Aurora the difficulties he was in and that there was no way he could possibly increase his payment to \$90, but he stated no one was prepared to even listen.

Customer No 2

This customer sought the assistance of City Mission who worked out a budget for her. In doing so, City Mission found that her expenditure exceeded her income. City Mission provided food vouchers to assist her but was unable to provide any further assistance. City Mission negotiated a payment plan with Aurora Energy. The customer's disability pension was \$232 per fortnight after Housing Tasmania rent had been taken out. From this amount she was paying \$70 per fortnight towards a loan from AGC. The loan had been necessary to pay her travel to Melbourne and other expenses to have a brain tumour removed. She was paying \$45 to Aurora and had ongoing medical expenses. The customer defaulted on the payment plan because of an attempted suicide.

Customer No 3

This customer had four children on a pension of \$217 after rent, and owed Aurora Energy approximately \$1800. She had been disconnected for about four months and was living at her mother's two bedroom home under extreme difficulties. She admitted that she had failed on numerous payment plans as she had never been able to afford the payments requested of her. Housing Tasmania had removed her wood heater because a recent illness meant she had been unable to chop and carry the wood anymore. The result had been higher Aurora accounts. The customer advised she did not have a car, her phone was only able to receive incoming calls, she found it difficult to feed and clothe the children and never had money for entertainment for either herself or her children.

Aurora's Current Strategies

The current strategies in place, such as debt reduction arrangements, payment plans, promotion of EasyPay, and the promotion of discounts and rebates available are all positive aids for customers who can pay or those customers who are coping with temporary financial difficulties. However, none of these strategies are of any real value in dealing with customers who can't pay.

The Energy Regulator, Aurora Energy and the Ombudsman would all agree that payment plans under the current system do not work in that category of customer who may be considered a 'hardship' case. The cycle of reminder notices, disconnection notices, courtesy visits, disconnection, reconnection, payment plans that are subject to failure, offers no 'real' assistance to these customers and often adds to their financial burden.

The provision of funds by Aurora Energy to Welfare agencies is to be commended and will most certainly be of benefit to customers experiencing temporary financial difficulties. However, once again this initiative does not appear to address those 'hardship' cases. The Energy efficiency advice that Aurora offers its customers is also extremely positive, and could possibly be expanded upon in terms of 'hardship' customers. For example, printed information to keep on hand for these customer with simple tips on how to reduce consumption may be of assistance to some.

Aurora states that it has '*access to external experts providing advice in this area and will continue to provide advice and use external experts where the need is identified.*' It is my experience that complainants who present to my office, have not been assisted with advice of this kind. The policy does not provide information on when Aurora independent expert advice may be offered to customers, but it is the 'hardship' cases most in need of this service. If a 'hardship' customer is able to reduce the level of electricity consumption, then it stands to reason that electricity becomes more 'affordable'.

Aurora's idea of a select few of its agents to deal with those customers who are experiencing difficulties is an extremely good one. However, it is doomed to failure if those agents continue to take the role of 'debt collectors' for the company, as has been the case in the past. Complaint history would indicate that rather than feeling assisted by contact with this 'select' group, the customers feel extremely undervalued, frustrated and somewhat intimidated.

Summing up

Many mainland utility companies have come to the realization that it is expedient for their business to come up with viable alternatives rather than to continue to expend large amounts in the administration and management of debt collection from customers with no assets and limited income. Hardship Policies are now the benchmark for best industry practice Australia wide.

What is needed is a 'fresh' approach, rather than an overhaul of existing credit management policy. A new way of looking at hardship and the ways the company may possibly address the problem in the future.

Jan O'Grady
Electricity Ombudsman

ELECTRICITY OMBUDSMAN BUDGET

AS AT 30 JUNE 2004

	2001-2002 Actual Expenditure	2002-2003 Actual Expenditure	2003-2004 Actual Expenditure
Employee Related			
Salaries & Wages	\$ 178,031	\$ 200,564	\$ 200,822
Superannuation	\$ 16,613	\$ 22,120	\$ 22,310
Other Employee Related Expenses	\$ 2,746	\$ 2,273	\$ 1,781
Total Employee Related	\$197,390	\$224,958	\$224,913
Fuel, Light & Power			
Total Fuel, Light & Power	\$ 2,876	\$ 2,608	\$ 2,506
Administration			
Advertising & Recruitment	\$ 11,517	\$ 1,499	\$ 2,474
Rental	\$ 35,281	\$ 45,450	\$ 44,370
Communications	\$ 8,355	\$ 6,323	\$ 6,002
Travel	\$ 5,573	\$ 5,693	\$ 4,528
Consultancies	\$ 17,443	\$ 7,751	\$ 5,776
Operating Leases	\$ 16,140	\$ 11,435	\$ 13,102
Printing & Stationery	\$ 6,965	\$ 5,399	\$ 5,429
Other Admin Exp	\$ 1,419	\$ 929	\$ 4,736
Total Administration Expenses	\$102,693	\$ 84,479	\$ 86,417
Other Expenses			
Repairs & Maintenance	\$ 642	\$ 356	\$ 85
Equipment - minor	\$ 810	\$ 1,122	\$ 6,184
Computers / IT minor purchase	\$ 8,554	\$ 10,019	\$ 9,500
Other Expenses	\$ 4,310	\$ 1,358	\$ 10,105 **
Total Other Expenses	\$ 14,316	\$ 12,855	\$ 25,874
TOTAL OPERATING EXPENSES	\$119,885	\$ 99,942	\$114,797
TOTAL EXPENSES	\$317,275	\$324,900	\$339,710

Note: ** Contribution to Office fit-out

Further information on the content of this report, requests for additional copies, or information on the role of the Electricity Ombudsman may be obtained by contacting:

Ms Trish Barron
Acting Senior Investigation Officer
Electricity Ombudsman

Ph. (03) 6233 8973 or 1300 766 725
Fax (03) 6233 8966
Email: electricity.ombudsman@justice.tas.gov.au

This report and others are available on the Electricity Ombudsman website at:
www.justice.tas.gov.au/electricity_ombudsman

ISSN No. 1443-1254