

- ➔ 32,794 telephone calls (↑ 22%).
- ➔ 14,069 customers assisted with Enquiries (↑ 32%)
- ➔ 5,089 Complaints investigated (↑ 64%)
- ➔ 4,782 Complaints closed (↑ 53%)
- ➔ 96% of Complaints conciliated, as for last year
- ➔ 80% of cases closed within two weeks, as for last year

The Annual Report presents an overview of the EWOV year. Our six-monthly reports, *Resolution 19* (July – December 2004) and *Resolution 20* (January – June 2005), present further details of the electricity, gas and water cases we received (overall, by industry, by industry sector and by individual member). They are available from our website (www.ewov.com.au). Printed copies are also available on request.

the Ombudsman's overview

A very big year

2004/05 was a very big year for EWOV, presenting us with some major challenges.

How we managed those is discussed on pages 6 and 7. While at times it was very difficult, we finished the year having maintained the scheme's standards of service — a major achievement for which I thank all members of the EWOV team.

The challenges stemmed from unprecedented case increases. In preparing this year's business plan, we planned for case increases of 8.9%, based on projected 2003/04 increases over 2002/03. In July 2004, we revised our case estimates based on the actual 2003/04 increase of 12.9%. We ended 2004/05 with 19,158 cases — an increase of 39%.

More information on this year's cases (Enquiries and Complaints) appears on pages 26 to 59.



The increase in Enquiries

- ➔ We received 14,069 Enquiries, 32% more than last year.
- ➔ 33% of them were referred back to a member's contact centre, mainly because the customer hadn't yet contacted it about their complaint — 16% more than last year.
- ➔ 52% of them were referred back to a member's designated higher level contact mainly because the customer had already made one contact about their complaint without success, usually via the member's contact centre — 39% more than last year.

Concerned that we were dealing with Enquiries which could have been handled by members rather than us, we took action to understand the increased number of Enquiries we were receiving. We introduced a series of questions which we now ask of all customers who contact us:

- Who did you speak to at your electricity/gas/water provider (highest level)?
- How many times did you contact them?
- When did you last speak to them?
- Why did you call EWOV?

This improved data collection certainly helped us better understand why customers were contacting us rather than their provider. Since February 2005, we have provided each member with a monthly Customer Contact Information Report, which draws together the feedback from their customers.

Member response to receiving these reports has been overwhelmingly positive. This additional source of feedback from their own customers has proven valuable in reviewing the operation of their contact centres, customer follow-up processes, complaint escalation procedures and internal dispute resolution processes. The monthly reports have also given members another tool for month-to-month comparison of how well their service initiatives are working.

The increase in Complaints

- ➔ We received 5,089 Complaints, 64% more than last year.
- ➔ 27% of cases were Complaints, up from 23% last year.
- ➔ This was the highest proportion of Complaints since 1997/98.

We implemented a number of strategies to deal with the large increase in Complaints. In doing so, we worked closely with members, particularly those with high case numbers.

In March 2004, we began to use a streamlined process for less complex Complaints, where the customer was agreeable to this. Our aim was to resolve these Level 1 Complaints more quickly, freeing up member resources to work on more complex Complaints. We encouraged members to actively identify cases where they felt an immediate negotiated outcome was achievable and our Conciliators did the same.

At times of peak case receipt during the year, we sought agreement from the three major energy retailers to accept Level 1 Complaints as RHL (Refer to Higher Level) Complaints on a temporary basis, again only where the customer agreed with this strategy. The aim was to facilitate a further opportunity for direct resolution between the customer and a retailer representative empowered to achieve that.

We convened conciliation and clarification conferences to expedite complex Complaints soon after receipt; we scheduled case review meetings with members with the highest Complaint loads; and we regularly scheduled specific Complaint closure, receipt and response days to help our Conciliators deal with high workloads.

Our Complaint closure rates of 500 in November 2004, 516 in March 2005 and 474 in May 2005 were our highest ever, despite increased case receipt rates.



Resourcing to ensure service standards

- ➔ This year's case increases had the potential to significantly reduce our capacity to maintain EWOV's service standards.
- ➔ An appropriate resourcing ratio of Conciliators and Enquiry Officers needed to be maintained.

Even though we acted to streamline our case handling processes and to help members understand why their EWOV cases were high, it was still necessary to expand the Conciliation team to meet key performance indicators and our case handling obligations.

For greater effectiveness, our Conciliation area is now made up of four teams of Conciliators and Enquiry Officers, each led by a Conciliation Team Co-ordinator who also continues to case-manage a number of Complaints. The four Conciliation Team Co-ordinators and two Complex Case Managers report to a Conciliation Manager who in turn reports to the General Manager Operations. Our organisational chart is on page 21.

The challenge of new codes and legislation

- ➔ The *Energy Legislation (Amendment) Act 2004 (Vic)* introduced a new wrongful disconnection payment (WDP) applicable to energy retailers from 8 December 2004.
- ➔ A new *Energy Retail Code* (for both electricity and gas) came into force on 1 January 2005.
- ➔ A new *Code of Practice for Marketing Energy in Victoria* (for the marketing of electricity and gas contracts) took effect from 1 January 2005.
- ➔ A new *Customer Service Code for Metropolitan Retail and Regional Water Businesses* took effect from 1 July 2005.
- ➔ The *Victorian LPG Retail Code of Practice* became operational on 1 July 2005 (coinciding with EWOV's expansion to take LPG cases).

To do their jobs, EWOV's Enquiry Officers and Conciliators must be aware of and understand the content of applicable codes and legislation. The introduction of three new energy codes, new energy legislation and a new water customer service code in a relatively short space of time, and at the same time as we were dealing with high caseloads, presented us with some learning and development challenges.

In addition, significant new wrongful disconnection payment (WDP) procedural arrangements needed to be put in place to meet the requirements of the Essential Services Commission (ESC)'s *Interim Operating Procedure – Compensation for Wrongful Disconnection*. One by-product of these new arrangements was that while disconnection cases fell after 8 December 2004, it took us longer on average to handle disconnection Enquiries and close disconnection Complaints (including a 19% increase in days to close *actual* disconnection Complaints). This was particularly the case where the matter of whether a payment should be made or not needed to be referred to the ESC initially for opinion, and if necessary, for decision. In this way, the WDP added greater complexity to what were often already complex cases.

We addressed this situation as much as we could by ensuring that, while the matter of the WDP was being resolved, other aspects of a case (e.g. assessment by EWOV's independent financial counsellor or review of payment plan arrangements) were progressed by our Conciliators. We developed new template letters, including one for members to complete where the Complaint involved *actual* electricity or gas disconnection issues. We also set up processes within EWOV for co-ordinating WDP referrals to the ESC, and we ensured staff were provided with regular updates about the nature of the WDP cases being received and their progress. These initiatives remain in place.

For more information on disconnection/restriction cases, see pages 32 and 33.



EWOV and LPG (liquefied petroleum gas)

This year saw us preparing for the extension of EWOV's jurisdiction to include LPG from 1 July 2005. Our jurisdiction relates to the five main LPG retailers (Elgas, Kleenheat, Origin Energy, Powergas and Supagas) and their contractors and agents — it does not extend to resellers of LPG or the setting of LPG prices. EWOV's *Constitution* and *Charter* were updated to provide for the entry of LPG and are available from our website, under *Jurisdiction*.

The key document for customers is the *Victorian LPG Retail Code* (the Code) which applies to the delivery of LPG (also known as bottled gas) to domestic customer sites. Customers can obtain a copy from their LPG retailer. It is also available on the website of the Energy and Security Division of the Department of Infrastructure.

The Code is voluntary, but enforceable. In volunteering to comply with it, the five main LPG retailers agreed (among other things) to participate in EWOV's dispute resolution scheme and to be bound by any decision made by the Ombudsman about a customer's Complaint. They also agreed to include terms in their customer contracts consistent with the minimum standards for the sale of LPG reflected in the Code (and to ensure their agents did the same). They must observe those minimum standards in their dealings with customers generally, and again, must ensure their agents do so also.

New and merged EWOV electricity, gas and water members

Apart from the entry of the LPG retailers, there were other changes to EWOV's membership during the year.

On 1 July 2004, International Power and Victoria Electricity joined as electricity retail members. On 26 August 2004, Momentum Energy joined as an electricity retail member. And, on 21 February 2005, Victoria Electricity also took out gas retail membership.

In addition, changes in Victoria's water sector resulted in the following water authority mergers and name changes from 1 July 2004:

- Grampians Water (a regional urban water authority) and Wimmera Mallee Water (a rural water authority) merged to become Grampians Wimmera Mallee Water (a rural urban water authority).
- Lower Murray Water (a regional urban water authority) and Sunraysia Rural Water (a rural water authority) merged to become Lower Murray Urban and Rural Water (a rural urban water authority).

National energy regulation

The Ministerial Council on Energy (MCE) was established by the Council of Australian Governments (COAG) in 2001 to deliver economic and environmental benefits for Australia from the implementation of the COAG national energy policy framework. The MCE is the national policy and governance body for the Australian energy market. In October 2004, the EWOV Board submitted a response to the MCE's August 2004 Issues paper, *National Framework for Electricity and Gas Distribution and Retail Regulation*. I also made a submission as the Energy and Water Ombudsman (Victoria).

Under new National Electricity Law and Rules, the Australian Energy Market Commission (AEMC) and the Australian Energy Regulator (AER) became operational from 1 July 2005. The AEMC is the statutory national body responsible for rule-making and market development for the energy sector, while the AER is the statutory national body responsible for economic regulation and rule enforcement in the energy sector.

The impact of the establishment of these bodies on Victorian regulatory arrangements remains unclear — in particular, how the existing licensing requirements for energy companies to participate in an Ombudsman scheme may be affected. We'll watch as national regulation develops further to ensure the maintenance of this requirement. We'll also follow the potential development of a national customer protection framework, in particular to ensure the elements of any such framework are set at best practice levels.



ANZEWON

EWOV is part of ANZEWON, the Australia & New Zealand Energy and Water Ombudsman Network. The other ANZEWON members are the Energy and Water Ombudsman NSW, Energy Industry Ombudsman South Australia, Energy Ombudsman Tasmania, Energy Ombudsman Western Australia, and the Office of the Electricity and Gas Complaints Commissioner, New Zealand.

ANZEWON's aim is to ensure that members and customers alike receive consistent, best practice service from all of our schemes. This year, we continued to work towards consistency in how our schemes classify cases, to help members generally, and in particular to assist those members who belong to several schemes. We also continued to streamline policies to increase the effectiveness and efficiency of our schemes.

In April 2005, EWOV contributed to a joint ANZEWON submission on the Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC)'s February 2005 *Draft Debt Collection Guideline*.

ANZOA

The Australian and New Zealand Ombudsman Association (ANZOA) was formed in May 2003. Among other things, ANZOA acts as a network for consultation and discussion about areas of interest, concern or common experience by Australian and New Zealand Ombudsman offices. Membership is open to organisations which meet high standards of independence, impartiality and effectiveness. Initially, it was an association for industry-based Ombudsmen; however, membership has expanded to include various State and Commonwealth Parliamentary Ombudsmen.

EWOV staff have been participating in two ANZOA interest groups — Learning and Development, and Public Relations and Communications. I have also continued in my role as ANZOA Chair.

In closing

It was a tough year, so it's good to be able to look back with pride at how we handled it. Operationally, there were significant challenges, but by being adaptable with our resources and processes, we met those challenges head on. Thank you to all of the members of the EWOV team for your ongoing dedication and professionalism. Thank you also to the EWOV Board and the EWOV members whose support and co-operation through the year helped us meet our key performance indicators. No doubt next year will bring its own challenges and changes, and based on our performance to date, I believe we're well placed to meet them.



Fiona McLeod

Energy and Water Ombudsman (Victoria)

