

EWOV Connect

EWOV update

Meeting with Iraqi Women's Group [2](#)

Visits to Ballarat & Horsham [2](#)

Building community awareness of EWOV [3](#)

New youth postcard available now [3](#)

Input to review of financial counselling services [4](#)

Input to review of consumer policy framework [4](#)

Energy & water news & issues

Regional urban water prices [5](#)

Metropolitan water prices [5](#)

Refund of gas congestion charge [6](#)

Comparing energy offers [6](#)

Caravan park electricity tariffs [6](#)

Green marketing and the Trade Practices Act [7](#)

Contacting EWOV [8](#)

The Energy and Water Ombudsman (Victoria) (EWOV) opened in May 1996. To 31 December 2007, we had handled over 125,000 cases.

- We provide independent advice, information and referral regarding energy and water services.
- We receive, investigate and facilitate the resolution of complaints involving consumers and energy and water service companies in Victoria.
- We identify, and where appropriate redress, systemic issues and refer these to energy and water companies and regulators.
- We work with customer groups, industry and regulators to drive ongoing customer service improvement and to prevent complaints.



Message from the Ombudsman

We've been pleased to have opportunities, recently, to say how much EWOV values the work of financial counsellors.

In this issue of *EWOV Connect*, you'll find information on two submissions EWOV has made lately—in which we've taken the opportunity to attest to the value of the work of financial counsellors and support better resourcing for financial counselling services.

It's not only in our direct case work that we benefit from the input of financial counsellors—we also receive advice and guidance from the sector through financial counsellors serving on the EWOV Board and on our Case Handling Advisory Committee (CHAC). These representatives help to ensure the perspective of low-income and vulnerable consumers is brought to our considerations.

We were also pleased to see the recognition the Productivity Commission gave to the work of financial counsellors in the *Draft Report* from its *Review of Australia's Consumer Policy Framework*. That, and the State Government's *Inquiry into financial counselling in Victoria*, may well be good omens for this sector. More on [page 4](#).

We continue to welcome your feedback and suggestions for future editions of *EWOV Connect*.

Please send these to Stephen Gatford, Manager Public Affairs and Policy, at stephen.gatford@ewov.com.au.

Fiona McLeod
Energy and Water Ombudsman (Victoria)

Meeting with Iraqi Women's Group

In late December 2007, at the invitation of Victorian Arabic Social Services, EWOV representatives addressed an Iraqi Women's Group which meets monthly in Dallas, Melbourne.

We were asked to provide information about energy marketing, the 'do not call' register and concessions. We also discussed how EWOV handles complaints and how customers may use the interpreter service when contacting us. The group also invited AGL, as the local retailer, to provide energy efficiency advice.

The meeting was very lively, with participants raising a range of issues:

- higher than expected bills, some coinciding with transfers to another retailer and some arising during extended holidays in Iraq
- concessions no longer being automatically applied after 12 months
- unsuccessful applications and eligibility criteria for Utility Relief Grants
- energy efficiency.

Visits to Ballarat & Horsham

In February 2008, EWOV's regional visits programme took us to Ballarat and Horsham.

In Ballarat, representatives of Pursuing Advocacy and Change Together Community Support (PACT) and Child & Family Services (CAFS) met with us. Topics for discussion included our plans for a community network section on the EWOV website, difficulties people had been having contacting some companies, and how customers can be released from contracts which have been struck contrary to the *Energy Retail Code*.

At the Horsham Community Briefing, the Ombudsman outlined EWOV's role and process and the types of problems we deal with. Attending were local energy and water customers, and representatives of community agencies and two councils. Discussion included guaranteed service level payments, energy marketing, water customer service codes and enforcement of negotiated resolutions.

We also met with Office of Housing (OoH) representatives—discussing, among other things, the relationship between EWOV and OoH, including the quarterly report we prepare on EWOV cases where the customer is a public housing tenant.

Energy marketing, energy efficiency, high bills, water customer service codes ... some of the issues raised by community representatives



At the Iraqi Women's Group, Dallas, Melbourne

Ombudsman with CAFS staff in Ballarat
L to R: Lorraine Clarke, Shirley Liddy, Maryellen Gooden, Fiona McLeod and Jackie Marshall



*A focus on
culturally and
linguistically
diverse
communities*

Building community awareness of EWOV

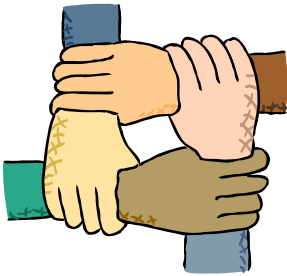
An important part of our Community Liaison Strategy for 2008/09 will be a focus on raising awareness of the EWOV scheme among Victoria's culturally and linguistically diverse (CALD) communities.

Our decision to designate this as an area of focus over the coming year takes account of:

- the increase in new migrants to Victoria, especially Melbourne, as shown in census and other data
- analysis showing that, of the people who lodge complaints with EWOV, the percentage who speak another language at home is slightly lower than for the whole of the Victorian population
- the potential vulnerability of these customers—given the complexity of the energy retail market; the high level of energy retail marketing; and the recurrence of energy marketing to elderly and/or CALD consumers as an issue of complaint to EWOV.

At a practical level, in 2008/09, we'll be:

- running radio ads on SBS
- conducting visits/forums with representative agencies of CALD communities, especially those with new arrivals—such as Sudanese, Iraqi and Burmese communities
- translating more EWOV materials into a variety of languages.



New youth postcard available now

Since April 2006, a number of members of the Australian and New Zealand Ombudsman Association (ANZOA) have been undertaking a joint campaign to spread the word about what Ombudsman schemes do.

The [campaign](#) has been targeted at young people, but the message is relevant to everyone:

Ombudsman services are fair, free and independent and you have a right to complain.

A 'youth postcard' has been a key vehicle for getting this message out. The latest version of the postcard is shown below.

The ANZOA youth postcard has been distributed at O-Week (Orientation Week) events conducted on tertiary campuses around Victoria (more on [page 8](#)). It will also be distributed in cafes in Victoria and other States during Youth Week in April 2008.

If you'd like some copies of the ANZOA postcard for distribution through your organisation, please contact EWOV's Community Liaison Administrator, Candyce Presland, on (03) 9649 7599.



Recent EWOV contributions to public policy consultation opportunities

Review of financial counselling services

At the direction of the Victorian Premier, the Hon. John Brumby MLA, Victoria's State Services Authority (SSA) is conducting a *Review of Government Funded Financial Counselling Services*.

In December 2007, the SSA published a short *Issues Paper* calling for submissions.

The *Issues Paper*, sent to selected organisations, including EWOV, highlighted three areas for comment:

- scope for preventive counselling and early intervention
- ways of providing help when communities are in crisis, due to events like bushfire or drought
- scope for integrating financial counselling with other services.

The SSA is due to report to the Premier by 29 February 2008.

EWOV's submission is available on our website under 'Responses to regulatory authorities': (<http://www.ewov.com.au/html/responsetoregulatory.htm>)

In it, we outlined the ways in which EWOV interacts with financial counsellors—through our case and policy work. We also highlighted the respect we have for their work.

We suggested one outcome of the review should be a strong message to Government that financial counselling in Victoria needs more resources.

We also highlighted initiatives where we know financial counsellors have taken action to address social issues at a structural or systemic level—such as establishing 'no interest loan' schemes and working with companies to establish hardship programmes.



Review of consumer policy framework

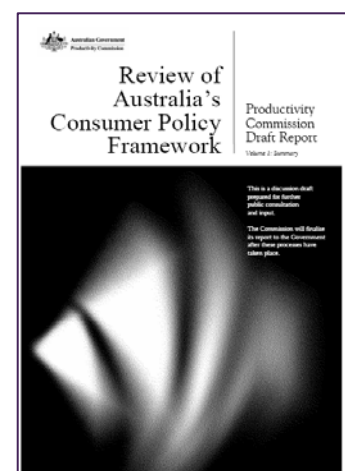
EWOV has contributed to a joint submission made by the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) to the *Review of Australia's Consumer Policy Framework*, being undertaken by the Productivity Commission.

The ANZEWON submission addressed the draft recommendations most relevant to energy and water service provision and consumer protection. It's available in full on the EWOV website, under 'Responses to regulatory authorities': (<http://www.ewov.com.au/html/responsetoregulatory.htm>)

In relation to the possible establishment of a national energy and water Ombudsman, ANZEWON members believe current differences among State and Territory energy and water regulatory and consumer protection frameworks make a national scheme impractical at present.

In the ANZEWON submission, it was suggested that consideration of this should wait until such time as the national consumer protection framework for energy has been fully implemented, and sufficient time has passed to evaluate how well it's operating.

ANZEWON members also strongly supported increased resourcing of financial counselling services for vulnerable and disadvantaged customers. Among other things, the submission cites the direct experience ANZEWON members have of the value of financial counsellors' independent assessment of customers' capacity to meet their energy and water payments.



The rising cost of urban water ... regional and metropolitan

Regional urban water prices

In December 2007, as part of its 2008 Water Price Review, the Essential Services Commission (ESC) put out *Water Plans— Issues Paper*.

The ESC advised it had received Final Water Plans from the 16 water businesses providing rural and regional urban services. These plans set out the revenue and, therefore, the prices each company believes it needs—to deliver water, sewerage and other related services for the five years from 1 July 2008.

The table below, from the paper, shows the scope of price increases proposed by the water companies.

While the estimated bill amounts are averages, annualised and subject to change, they provide a guide to the increasing cost of urban water.

As the ESC points out, the actual impact on individual customer bills will depend on a number of factors, including each customer's actual consumption pattern.

The ESC also observes that, for a number of water companies, the average annual household bill (based on 2005-06 consumption levels) will be above \$1,000 in 5 years time.

Table 2.4 **Estimated residential bill (water and sewerage) from 2007-08 to 2012-13**

Urban businesses (\$, 1 January 2007 prices)

	Average 2005-06 consumption (kL)	2007-08 (\$)	2012-13 (\$)	Change (per cent)
Barwon Water	216	691.2	1080.0	56.2
Central Highlands Water	185	755.6	1125.7	49.0
Coliban Water	210	585.8	963.9	64.6
East Gippsland Water	196	680.3	997.0	46.6
Gippsland Water	219	671.8	1346.0	100.4
Goulburn Valley Water	315	537.2	715.6	33.2
GWMWater ^a	237	771.7	1565.2	102.8
Lower Murray Water	552	607.8	774.9	27.5
North East Water	304	639.5	895.7	40.1
South Gippsland Water	152	769.0	876.4	14.0
Wannon Water	197	706.2	962.6	36.3
Western Water	232	711.4	1066.6	49.9
Westport Water	113	763.8	951.4	24.6

Note: Price impacts are based on average 2005-06 consumption for each business. ^a GWMWater is proposing to resubmit its Water Plan once the funding arrangements for the Wimmera Mallee Pipeline Project have been finalised.



Metropolitan water prices

In August 2007, Water Minister, the Hon. Tim Holding MLA, announced a review of the structure of the retail water industry in Melbourne. At the same time, he said he'd asked the ESC to approve a 14.8% real increase in water prices—to come into effect from 1 July 2008 for one year, with the existing tariff structures to remain.



More information (click below)

- » [ESC's 2008 Water Price Review — Water Plans Issues Paper, December 2007](http://www.esc.vic.gov.au/public/Water/Consultations/Water+Price+Review+2008/Water+Price+Review+2008.htm)
- » [Media release from the Office of the Premier, Reform of Melbourne's Water Industry](http://www.dpc.vic.gov.au/pressrel) (issue date 14 August 2007)

Refund of gas congestion charge

In December 2007, after a review by the Essential Services Commission (ESC), Simply Energy agreed to refund the full amount of an extra June/July 2007 charge that it had billed some of its natural gas customers in late 2007.

Simply Energy essentially passed on, to its customers, costs ('uplift charges') imposed on it by the electricity and gas transmission networks manager, VENCORP.

After feedback from customers, EWOV, some media outlets and Members of Parliament, the ESC decided to investigate the charge.

The ESC concluded that, while uplift charges are incurred by gas retailers, they are an integral element of purchasing gas in the Victorian wholesale market and a risk to be managed within the retail prices charged by retailers.

On this basis, the ESC found the imposition of the charge on customers wasn't fair and reasonable—and wasn't compliant with the *Energy Retail Code*.

Towards the end of 2007, EWOV received a lot of cases attributable to Simply Energy's application of the congestion charge.

After the ESC's decision, Simply Energy stopped issuing bills with the congestion charge from close of business on 17 December 2007.

Simply Energy told us it would write to every affected customer advising their account would be credited with the congestion charge amount they'd paid. It also told us that customers—who called it about an unpaid bill—would be advised not to pay the congestion amount.

If you, or your clients, would like more information on the credit, you can contact Simply Energy on 1800 009 146 or 13 88 08.

Comparing energy offers

Two new websites—offering customers energy retailer comparison services—have gone live in recent months:

- Switchselect.com
(<http://www.switchselect.com>)
- ShopAround.com.au
(<http://www.shoparound.com.au>)

It needs to be remembered that these sites may offer a limited range of switching options and may not provide prices for all energy retailers participating in the market.

For the full list of energy retailers you can choose from, see the ESC's website:

<http://www.esc.vic.gov.au/NR/rdonlyres/63458ECC-0424-4E58-B2D3-535CB2B56F92/0/ListingofLicensedRetailersforDomesticandSmallBusinessNov07.pdf>

Caravan park electricity tariffs

In January 2008, the ESC published the maximum electricity charges which caravan park owners can charge caravan park residents.

The schedule of charges is available on the ESC's website:
<http://www.esc.vic.gov.au/public/Energy/Regulation+and+Compliance/Decisions+and+Determinations/Caravan+park+tariffs/>

The ESC notes there is no requirement for a park owner to charge at the maximum level for all residence circumstances—especially, it says, in consideration of the Supply Charge.

It also recommends that long term or permanent residents (and those with permanent sites) should discuss with their caravan park management whether charging to the maximum level is appropriate for their residence circumstance.



“Consumers are entitled to rely on any environmental claims ... and to expect these claims to be truthful ... Not only is this good business practice; it is law.”
ACCC

Green marketing and the Trade Practices Act

The Australian Competition and Consumer Commission (ACCC) has recently published a guide to educate businesses about their obligations, under the *Trade Practices Act 1974*, when they're making environmental claims in their marketing.

The ACCC's guide is in four parts:

- *Part 1* examines the law—that is, the *Trade Practices Act*—and how it applies to environmental claims.
- *Part 2* examines some of the broad principles marketers should consider when making environmental claims. This part provides a framework for examining existing or upcoming advertising to ensure it complies with the law. It also includes a quick reference for some common and problematic claims.
- *Part 3* examines some regulatory schemes, such as energy ratings and water efficiency labelling.
- *Part 4* is a checklist for marketers against which they can check claims to help identify any misleading material.

In the introduction to *Green Marketing and the Trade Practices Act*, the ACCC observes that:

“... Companies are increasingly using environmental claims in an attempt to differentiate themselves and their products from the competition ... therefore, it is essential that consumers are provided with accurate information in order to make informed decisions.”

‘Green energy’ issues in cases received by EWOV

EWOV has identified the marketing of ‘green energy’ as an emerging issue in energy marketing cases. Things such as the percentage of ‘green energy’ in a particular product, or whether the product is government-accredited, appear to have been causing some confusion.

We understand that most retailers are selling contracts with a mix of two types of green energy. Genuine or ‘accredited’ GreenPower is electricity generated by new renewable sources. To be ‘accredited’, it must meet strict environmental standards. The amount of ‘accredited’ energy in a contract can range from 10% to 100%—the rest being from either old renewables (e.g. the Snowy Hydroelectricity Scheme) or coal or gas-fired power. See www.greenpower.gov.au for more information.



What does this mean for you?

It's important to be aware of the difference between accredited Green Energy and other renewable energy. If you or your client is considering buying a green energy product, you should first ask what percentage of the product is accredited.

More information (click below)

- » *Green Marketing and the Trade Practices Act is available on the ACCC's website:* <http://www.accc.gov.au/content/index.phtml/tag/greenmarketing/>
- » *For information on accredited green energy, see the national GreenPower website:* <http://www.greenpower.gov.au/home.aspx>



Tertiary Orientation Weeks

EWOV joined other members of the Australian and New Zealand Ombudsman Association (ANZOA) at Orientation Week (O-Week) activities — photos taken at Ballarat University and Monash University.



Contacting EWOV

We can help with electricity, gas (natural and LPG) and water problems that cannot be resolved directly with an electricity, gas or water company.

Our services are free and available to everyone.

What kinds of problems?

- the provision and supply of a service (or the failure to provide or supply it)
- billing
- credit and payment services
- disconnections and restrictions
- refundable advances (security deposits)
- land and property issues

How do we resolve problems?

Most things can be sorted out through discussion and agreement.

In a small number of cases, the Ombudsman makes a final decision. Just like an umpire.

Decisions are binding on energy and water companies and may include awards of up to \$20,000 or, if all parties agree, up to \$50,000.

More on [our website](#).

Contacting EWOV

Freecall: 1800 500 509

If the phone service is restricted — ring 12550 (Telstra reverse charges) and quote (03) 9649 7599 — we'll accept the reverse charges and the call cost.

Calls from mobile phones may attract charges — we can ring you back.

Freefax: 1800 500 549
Interpreter service: 131 450
National Relay Service: 133 677
Email: ewovinfo@ewov.com.au
Website: www.ewov.com.au
Postal address:
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