



ELECTRICITY INDUSTRY OMBUDSMAN (VICTORIA) LIMITED

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Mission

The mission of the EIOV is to receive, investigate and facilitate the resolution of complaints and disputes between consumers of electricity services in Victoria and members of the scheme.

The mission is founded on the principles of: independence, access, equity, effectiveness, community awareness and community outreach.

Jurisdiction

The EIOV deals with:

- the provision of, or failure to provide, electricity
- the supply of, or failure to supply, electricity
- electricity bills
- credit and payment services
- disconnections
- refundable advances (security deposits)
- land and land access, including tree clearing
- matters raised by the Office of the Regulator- General
- matters raised by an electricity company with the consent of the complainant



Electricity Industry Ombudsman

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received, investigate, and facilitate the resolution of complaints and disputes between consumers of electricity and members of the scheme.

- In the year 1 July 1996 to 30 June 1997, the EIOV received 9,869 telephone contacts resulting in 5,166 cases: 4,134 Enquiries, 551 Consultations, 451 Complaints and 30 Disputes.
- 4,153 Enquiries, 567 Consultations, 195 Complaints and 27 Disputes were resolved in the year.
- Billing was the main area of concern in Enquiries and Consultations.
- Supply was the main area of concern in Complaints and Disputes.
- 58.91% of closed Consultations were conciliated.
 ● 81.54% of closed Complaints were conciliated.
 ● 81.48% of closed Disputes were conciliated.
- Of all resolved Consultations, Complaints and Disputes 54.88% were settled substantially in favour of the complainant. A further 9% were settled partly in favour of the complainant.
- The first four Binding Decisions were made on cases which failed to settle by discussion and agreement between the parties. The Binding Decisions represented 0.08% of the total 5,166 cases.
- January to June 1997 has witnessed an increasing number of successful case resolutions. New cases continue to be received, but companies generally are now much more focused on resolution than in the early part of the year.
- Regional visits to 8 major regional centres gave the Ombudsman an opportunity to meet key community groups and electricity company staff.
- 19% of cases to the EIOV came from rural customers. 81% came from metropolitan customers.
- 13.1% of cases came from business customers. 84.8% came from residential customers.
- The average dollar claim on supply cases was \$676.48. The average dollar settlement was \$520.07.
- The EIOV continues to receive new supply cases, just under 50% of open supply cases at 30 June 1997 were less than 6 weeks old.
- 91.17% of cases were lodged by phone.
- From 1 January 1997 electricity companies paid for the costs of the EIOV scheme according to the number of cases against each company.
- The EIOV celebrated its first birthday on 1 May 1997.

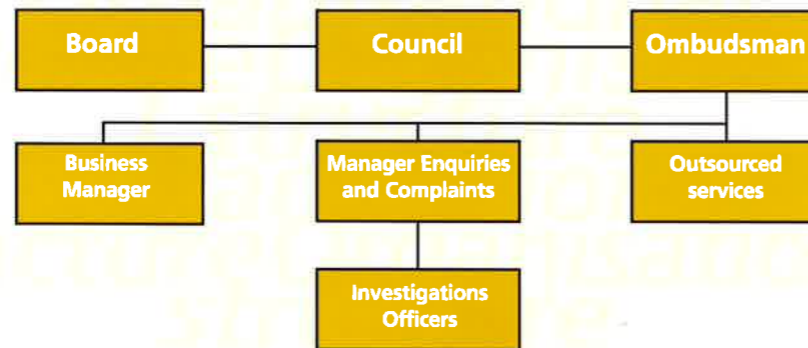
Electricity Industry Ombudsman (Victoria) Limited (EIOV Ltd) is a private company limited by guarantee, and established by a Memorandum and Articles of Association which creates:

a **Board of Directors**, composed of directors appointed by the member electricity companies. The Board is responsible for the formal administration of the Company and exercises final authority in relation to its financial affairs.

an **independent Council**, composed of an equal representation of members and of customer interests, chaired by an independent Chairman. The primary responsibilities of the Council are to oversee the EIOV scheme, to provide advice to the Ombudsman on policy and procedural matters and to maintain the independence of the Ombudsman.

an **Electricity Industry Ombudsman**, vested with authority under the Constitution to receive, investigate and facilitate the resolution of complaints. The Ombudsman is also vested with a range of other responsibilities including staffing, management tasks, media liaison, and community education.

Organisational structure



The Electricity Industry Ombudsman (Victoria) Council at work



Jo Benvenuti, Manager Enquiries and Complaints, Stephen Gattford and Christine Lalor, Investigations officers

EIOV Council

Council Chairman

Sir James Gobbo
(1 July 1996 to 23 April 1997)
The Hon. Tony Staley
(23 April 1997 to 30 June 1997)

Industry representatives

Mr Allan Driver,
Manager Regulation,
Eastern Energy Ltd
Mr Richard Gross,
Manager Regulation,
Powercor Australia Ltd
Ms Judith Smale,
Community Liaison Officer,
Solaris Power
(1 July 1996 to 19 March 1997)
Mr Wayne Debernardi,
Manager Customer Care,
United Energy Ltd
(19 March 1997 to 30 June 1997)

Community/ consumer representatives

Mr Geoff Crick,
Treasurer, Victorian Farmers Federation
Mr Denis Nelthorpe,
National Chair, Consumers Federation of Australia
Mr Colin Peirce,
Deputy Chairman, Executive Member, Small Business Association of Victoria (executive Sub-Committee of the Victorian Employers Chamber of Commerce and Industry)

Board of Directors

At 30 June 1997 the Board members of the EIOV were:

Board Chairman

Mr Stephen Blanch,
Managing Director, Eastern Energy Ltd

Members

Mr Lyndon Goulding,
Company Secretary, United Energy
Mr Tim Gurrie,
General Manager, Strategic Development, Powercor Australia Ltd
Mr Keith Hoffman,
CEO PowerNet Victoria
Mr Simon Lucas,
Company Secretary, CitiPower Pty
Mr John Marshall,
CEO Solaris Power
Company Secretary
Mr Jim Holmes,
Executive Manager, Business Development, PowerNet Victoria

The Members

Members of the scheme are the holders of retail, distribution and transmission licences under the Electricity Industry Act 1993 who have been accepted as members in accordance with the Articles of Association of EIOV Limited.

The members of the scheme during 1996/ 1997 were:
CitiPower Pty
Eastern Energy Limited
Powercor Australia Limited
PowerNet Victoria
Solaris Power
United Energy Limited

Staff of the EIOV

At 30 June 1997 the staff of the EIOV were:

Fiona McLeod
Ombudsman
Jo Benvenuti
Manager Enquiries and Complaints
Susan Wintle
Business Manager
Samantha Isma
Investigations Officer
Jane Runciman
Investigations Officer
Stephen Gattford
Investigations Officer
Christine Lalor
Investigations Officer
David Symons
Investigations Officer (part time)
Anne Farrelley
Investigations Officer (part time)



Fiona McLeod, the Ombudsman with Susan Wintle, Business Manager, and Samantha Isma, Investigations Officer.

EIOV Council Chairman, The Honourable Tony Staley:

Meeting Expectations

Since taking over the role of EIOV Council Chairman in April 1997, I have been provided with a number of exciting challenges.

The biggest immediate challenge has been to fill the shoes of Sir James Gobbo, the foundation Chairman, who guided the scheme through its early days with skill and a special understanding of the needs of the wider community.

I thank Sir James for his work and look forward to leading the scheme along paths he helped to build whilst building others that reflect the rapidly changing nature of the electricity industry.

Clearly, my first report must draw significantly on his experience with the EIOV as well as on my own short time with the scheme.

Industry schemes like the EIOV are playing an increasingly important role in today's competitive marketplace. Not only do they assist consumers by providing them with fair and independent resolutions to their complaints but they also assist member companies by identifying major customer service issues.

My first impression of the energy industry is that it is becoming more complex as reform gathers pace. This will undoubtedly mean that the issues confronting it will increase in complexity as well. The challenge for the EIOV, I believe, is to ensure that, despite the enormity of change, we continue to secure the very best outcome for customers.

The EIOV has already developed a sound reputation for helping both electricity consumers and the electricity companies. As Council Chairman, I am committed to ensuring that we further enhance the role being played by the scheme during the coming year.

At this point, it is extremely pleasing to report that the scheme has very quickly implemented a number of internal improvements suggested by the findings of the scheme's first review.

I would like to thank the Ombudsman, Fiona McLeod, and her staff for their contribution to the success of the scheme and for their ready assistance, especially during the early days of my appointment.

It is also important that the work of the EIOV Board and its Chairman, Steve Blanch, is recognised in this report. The Council/Board relationship is an important one, and it is one which I intend to put maximum effort into over the coming period.

The experience of the EIOV to date gives me every reason to believe that the EIOV will continue to meet and, hopefully, surpass the levels of performance expected of it by an increasingly demanding community.



Tony Staley
EIOV Council Chairman



EIOV Board Chairman, Mr Stephen Blanch:

A Developing Scheme

The establishment period and the first full year of the EIOV scheme has been a successful one.

The EIOV has developed a well deserved reputation as a fair and independent dispute resolution agency within the reformed electricity sector; its administration continues to move forward to be a streamlined and efficient organisation. Its dispute handling procedures ensure that complainants receive a timely resolution of their cases and this is recognised by customers and the community in general.

I am sure that, as the scheme's procedures are fine tuned, cases will be handled even more efficiently in the future.

One of the major factors guiding the growth and development of the EIOV in the reporting period was the Review carried out as required by the EIOV's Memorandum and Articles. This review threw light on a number of issues which the scheme is currently addressing with the support of all stakeholders.

During the period, we were disappointed to lose Sir James Gobbo as the EIOV Council Chairman but equally pleased to welcome the Honourable Tony Staley as the new Chairman.

The Board would like to congratulate Sir James on his appointment as Governor of Victoria and to thank him for his support, commitment and co-operation as the inaugural Council Chairman of the EIOV scheme.

Mr Staley was appointed as Council Chairman on 24 April 1997. His experience and insight are already proving to be an invaluable asset to the operation of the scheme.

The Board recognises that there are still some difficult issues remaining to be resolved as the EIOV scheme matures; some issues relate to the current environment while others relate to the changing nature of the electricity industry.

While the companies see value in the EIOV functioning under a private industry discipline, the EIOV Board is still committed to the scheme as part of their retail and distribution licence conditions.

The Board recognises the positive support of the member companies for the EIOV scheme. I believe that this support will continue to grow as the companies are increasingly becoming aware of the value of the scheme in meeting the needs of electricity users and in providing valuable information to assist the companies with the development of their customer service policies and procedures.

With the experience of a full year's operation behind us, we are in a position to plan for the future. Identification of trends in the workload of EIOV staff means that we can now allocate the available resources to customer complaints which require the greatest assistance. This should lead to the smoother and more efficient operation of the scheme.

It has been a good year and a challenging one. I acknowledge the hard work and dedication of the EIOV Council during the year, and of EIOV Board members. 1997/1998 will see Council and Board discussing ways of further enhancing their relationship. For the successes of the year, I extend the thanks of the EIOV Board to the Ombudsman, Ms Fiona McLeod, and her staff. Their dedication to the scheme and to the many electricity customers who have accessed its services is noted and appreciated.



Stephen Blanch
EIOV Board Chairman



The Best Outcomes for Customers

My report covers a range of activities and issues during the 1996/97 year. It was a challenging and a satisfying year where progress has been made on some issues and work is still to be done on others.

First full EIOV year

The 1996/1997 year was the first full year of operation of the EIOV. Both EIOV staff and company contact staff experienced this year as a learning year. We learned to become familiar with our systems and our processes, and how to interact with each other in a constructive and professional manner. This is especially important given that we liaise daily on cases.

Four case types in use from 1 January 1997

On 1 January 1997 we moved from 3 case types to 4 case types, utilising for the first time the Complaint case type. It had been agreed between the EIOV and the companies that until January 1997 the scheme would use only three case types, to allow time to become familiar with a simpler process before implementation of a more robust system.

Complaints based funding from 1 January 1997

On 1 January 1997 we also moved to a different funding basis - from market share to complaints based - bringing home to companies the financial impact of the number of cases lodged against any one company. Some companies' case numbers were below their market share rate (set at December 1994) and these companies received a credit against their next six months' levy. Other companies' case numbers exceeded their market share rate and were invoiced for funds additional to their next six months' levy.

Summer 97

The summer 1997 period was a very difficult one with record demand and fires threatening ongoing supply. Customers experienced difficulties in reaching their electricity company due to a high level of calls and overloaded telephone lines, and obtaining information about outages and times for resumption of power. As a consequence of these difficulties, the Enquiry rate to the EIOV escalated dramatically during the first few months of the 1997 calendar year. Consultations and Complaints also increased.

This period was also noteworthy for the differences in the way companies dealt with customer issues such as outages. At the effective end of the spectrum was a company approach which addressed customer concerns with immediate and direct customer contact at customers' homes, rather than waiting for customers to call and ask for information. Proactive measures such as provision of information, financial assistance and direct customer contact meant that potential negative publicity was turned around very quickly for this company.

The difficulties of last summer raise the issue of how companies are going to prepare for another expected hot summer again this year. I have discussed this issue with all companies, each of which is in planning to prevent any recurrence of last year's difficulties. I have also emphasised to the companies how important it is to keep the EIOV informed about what is happening from day to day, so that we can provide appropriate responses to customers who call our office.



The Ombudsman and invited guests at an information session on one of her visits to regional Victoria.

Supply

There have been a number of major supply events during 1996/1997 affecting large numbers of customers, and causing damage from voltage variations. In most of these incidents companies argued that based on initial information they were not liable on the basis that the incident was beyond its reasonable control (high winds bringing down lines, animals and birds, other distribution businesses, vandalism). Later investigation revealed that in many of these cases other explanations were in evidence, or the cause could not be established.

Companies who responded by invoking no liability/ beyond control' arguments angered customers who in some cases could not understand the technical information provided and saw the company as not living up to their responsibilities. Alternatively some customers were not provided with any information about cause, or were given several explanations for cause. At the end of the day, an electricity company has to find solutions to the consequences of these incidents. The time delay in responding to customer needs for correct and consistent information has contributed, particularly in the early part of 96/ 97, to a negative customer perception.

The EIOV is presently placed in the position of having to consider several conflicting positions and experiences.

Individual Customers who come to the EIOV feel aggrieved about:

- quality and reliability of supply due to supply interruptions and voltage variations
- potentially having to pay for damage to their household goods themselves
- the impact of supply problems on their businesses (lost production, equipment, clientele)
- what they believe to be unsatisfactory levels of customer service in trying to resolve supply issues:
 - letters not being responded to or delays in responding
 - phone calls not being returned or delays in returning
 - conflicting explanations for supply events in letters and phone calls
 - no explanation for supply events in letters and phone calls
 - computer generated letters which do not take account of the individual customer's circumstances
 - letters which focus on denial of liability rather than providing information and assurance to the customer
 - having to deal with contractors of their electricity company e.g. insurance claims processing, instead of their company
 - lack of information in the call centre about the event
 - inability to get through to the call centre
 - inconvenience, especially where outages are frequent and lengthy
 - abrupt, insensitive comments from call centre operators

The Australian Competition and Consumer Commission (ACCC) has interpreted the Trade Practices Act, which it administers, as imposing strict liability on electricity companies for damage due to high and low voltage events. However, this view is untested in the courts.

The Victorian Regulator-General has amended the Supply and Sale Code to reflect customer rights under the Trade Practices Act, and the Regulator-General also has a responsibility to ensure that systemic issues are identified and addressed.

The **electricity companies** as an industry disagree with the interpretation of the ACCC, citing the industry's own legal opinions. The Electricity Supply Association of Australia (ESAA) is exploring avenues to resolve this matter with the ACCC.

In the meantime, it is important to note that by the end of 1996/1997 most companies have generally responded positively to EIOV customers by resolving claims, regardless of cause. This has been particularly noticeable since the beginning of the 1997 year, and has been based on a customer focused approach.

Early in the 96/ 97 year two electricity companies, Eastern Energy and United Energy put initiatives in place to provide customers with a greater level of protection from damage due to power surges, through **insurance** coverage. Both companies charged customers for the coverage. In February 1997, CitiPower released the first no cost insurance plan for its customers, thereby raising the customer service benchmark considerably. While the CitiPower product had some limitations (12 months history of payment of bills by due date or direct debit customer) it was a significant advance on previous offerings which charged customers for insurance coverage. Both Eastern Energy and United Energy have since altered their insurance packages, removed fees, and are now providing similar cover.

Nevertheless, customers remain confused by who has insurance and who has not, by whether those companies with insurance products pay for claims and whether those without insurance products do not pay. It should not be concluded that companies with insurance pay all claims, or that those companies without insurance do not.

Subsequent to the ACCC's interpretation, all three products now make it clear that any rights that may be available under the Trade Practices Act are protected, and if the ACCC's interpretation of the Act is correct, then limitations such as good payment histories are not valid.

Role of Ombudsman

In the attempted resolution of cases, the Electricity Ombudsman's role is to arrive at outcomes, taking into account a wide range of considerations:

- what is primarily fair and just
- reasonable and relevant industry practice, in electricity and in business generally
- the customer service experience of the customer
- current law and regulatory instruments e.g Trade Practices Act, Electricity Industry Act, Supply and Sale Code, Distribution Code.

There are no easy answers to the current issues. 1996/1997 has seen activity around the issue of supply (the ACCC interpretation, electricity company insurance products) and yet in some ways it appears a clear resolution is no closer.

It is my view that this is not simply a legal liability issue, and the electricity industry would be well served to come to an acceptable solution so that all Victorian customers are treated fairly.

Unplanned interruptions

Cases received by the EIOV indicate that one of the main areas for supply complaints is unplanned interruptions (outages) in some areas of metropolitan Melbourne and the state, particularly the frequency and duration. It is also quite frequent for customers to request investigation into the management of electricity assets and the quality of maintenance. This is the responsibility of the Office of the Regulator-General. It does appear from cases to my office that there is a community concern that standards may have dropped or that unreliability may be statewide, but the issues do not appear to be metropolitan or statewide, but rather there remain problems in certain areas.

The strategies that companies have found most effective in addressing such issues are providing information to communities, setting up joint company/ community working groups, presentations on what the problem is, how it will be fixed and what the time frames are for the solution. Many cases received by the EIOV are solved because communities finally feel informed about what is happening. Promotion of capital investment in areas which need upgrading is also a useful way of keeping the community informed.

One issue I have raised with the Office of the Regulator-General is that some customer records of outages and their duration are not consistent with the Outage Analysis System reports provided by the companies. It is not uncommon for customers to keep records of when the power supply is cut and for how long but, then, when we check company records, there is sometimes a mismatch with the company records, recording fewer outages. Some outages are internal customer outages where the electricity supply remains intact. This can also produce a mismatch between the records of customers and companies. The issue of correct and proper accountability and reporting is an important one and the EIOV plans to continue to monitor and report on the issue and to hold further discussions with the ORG, to whom the

companies report on outage frequency. The answers to this appear to be in part technological, in that some parts of the distribution system more accurately record all events.

Where it appears a systemic or trend issue may be evident, it is the role and responsibility of the EIOV to advise the Office of the Regulator-General for their information and possible action.

First Binding Decisions

1996/1997 was the year in which the first binding decisions were made in the scheme. Four cases which did not settle through discussion and negotiation reached the final stage of the case handling process and were settled by a binding decision. As the first binding decisions, they were publicised through the media to demonstrate to the community the effectiveness of the scheme for resolving that small number of cases in which agreement cannot be reached through discussion. Further binding decisions will be publicised through the normal reporting channels of quarterly and annual reports.

Who is responsible for settling the problems of contestable customers - the retailer or the distributor?

An important issue has emerged towards the end of the 1996/1997 year which has ramifications for all customers as the electricity market further deregulates until January 2001. The issue is - who is responsible for problems experienced by contestable customers, where the retailer is different from the distributor?

During 1996/1997 the EIOV received about 20 cases from contestable customers who initially bought on price but found that the customer service issues were not being handled as well as they expected. Contestable customers' primary motivation in lodging a case with the EIOV has been to alert their retailer to inadequate customer service in the areas of lack of response to phone calls/ letters, provision of information, lack of personal contact and follow up.

From our handling of cases it is clear that many service issues have not been thought about prior to signing contracts. There is also confusion about use of system agreements between retailers and distributors. The important issue of responsibility for loss from outages, with or without voltage variation events, has also emerged as an area of confusion for contestable customers. They have found that their contract either places all responsibility on the customer or is unclear as to who is responsible.

The EIOV is examining this issue and has held initial discussions with the Office of the Regulator-General. The EIOV's current policy is that cases are to be taken against the retailer who will be responsible for settlement of the case, regardless of how the case arose (e.g. a distributor incident). This policy is consistent with the approach of other industry Ombudsman schemes. 1997/1998 will see further concentration on a number of complex issues arising out of contract arrangements in the new market to the level of responsibility that the EIOV has.

Contractors and agents.

The EIOV scheme covers complaints about electricity company staff and also their contractors and agents. During 1996/1997 we have seen a number of issues which, after investigation, have revealed themselves to be concerned with the actions of contractors and agents of the company. Later in this report I have highlighted contracting issues which have arisen during the year in casework. In contracting out electricity services, the challenge for electricity companies is to ensure that the contractor or agent performs to agreed standards and in a manner which the company would expect of its staff.

Effective working relationships with companies on resolution of cases.

The EIOV has effective working relationships with all company contacts. Changes in company contacts through the year have proved challenging for the EIOV as the new contact needs time to become familiar with the EIOV processes.

We hold regular monthly meetings with most companies to consider case resolutions, and the EIOV conducts orientation sessions for all new company contacts. The EIOV's role is to raise complaints with the companies for resolution which can be a source of tension. We have found that ongoing dialogue is the most effective way to maintain successful relationships with the companies.



The Ombudsman Fiona McLeod speaking to community groups in Swan Hill.

Keeping the EIOV informed of company activities and initiatives.

Some companies have been very proactive in keeping the EIOV informed of all major issues and initiatives. This level of co-operation is greatly appreciated by the EIOV as it allows us to be prepared for customer calls which may be received about incidents or events that may have taken place.

A year of contrasts - July to December, January to June.

There has been a marked contrast in the way in which resolution of EIOV cases has been tackled by the industry from the first six months of the 96/97 year, to the last six months. A strong feature of the last six months has been the commitment of all companies to resolving cases by way of creative and customer focused solutions. This has been a major positive change since the year began.

However companies achieve this commitment to greater and lesser degrees. The focus on case resolution is in marked contrast to the approach taken in the early stages of the scheme's history where resolutions were driven by what laws, codes and regulations dictated as minimum standards, not by what may be an appropriate customer service outcome.

This does not mean that the number of cases is decreasing but rather that there is a new focus on their resolution.

The last six months of the year has also been characterised by a greater recognition by the industry of the value of the EIOV to their customer delivery policies and processes. Some companies have been proactively seeking the views of the EIOV when they develop new products and services or review existing services to ensure that customer issues have been properly considered.

What is adequate community consultation by an electricity company?

A small number of cases this year has been about adequate community consultation when electricity companies undertake an activity that holds great interest for the community, or affects that community in a major way. The EIOV recognises the complexity of these issues and the variety of key stakeholders. The issues are emotional for many communities, and management of these in a charged atmosphere demands skill, and patience.

In the cases received by the EIOV, there has been a disparity between community, and company understanding of what constitutes 'adequate' community consultation. The community has a raised awareness and consciousness of electricity companies as private suppliers and high expectations for their performance in all areas.

Conciliation rate high

The most exciting result of our work during the year is the rate of settlement through conciliation. Around fifty nine percent (58.91%) of all closed Consultations were settled through conciliation. Just over eighty one per cent (81.54%) of all closed Complaints were settled through conciliation. Just over eighty one percent (81.48%) of all closed Disputes were settled through conciliation. This is a very pleasing result.

Memoranda of Understanding

Many electricity companies are now branching out into other areas of business - particularly in banking, insurance and telecommunications. To ensure that customers have access to independent complaints mechanisms, the various industry Ombudsman offices are finalising complaint referral protocols.

The EIOV entered into Memoranda of Understanding with a number of important organisations during the year - the Office of the Regulator-General, the Australian Competition and Consumer Commission, and the Australian Banking Industry Ombudsman.

Agreements are also being reached with the Telecommunications Industry Ombudsman, the Insurance Enquiries and Complaints Ltd, and the Office of the Chief Electrical Inspector and are expected to be finalised in the 1997/ 1998 year.

The agreements cover respective roles, referral of cases, liaison arrangements, research, information and data sharing, human resources and staff development.

Scheme's first anniversary

The EIOV celebrated its first anniversary on 1 May 1997. It was an occasion to celebrate the achievements of the first year and to focus also on what needed to be done in the coming years to ensure the scheme's effectiveness.



The Ombudsman Fiona McLeod and the Board Chairman, Stephen Blanch at the EIOV's first birthday celebrations in May 1997.

Scheme review

During the year, the scheme was reviewed in order to 'develop proposals for its continued operation', as required by the Articles of Association.

It was pleasing to see in the review that good relations have been established with key stakeholders, particularly community/ consumer groups, government, regulators and business. These groups expressed strong satisfaction with the scheme so far. The review, however, pointed to the need for improving relations with the electricity industry.

The 1997/98 year will see a strong focus on streamlining internal procedures for maximum efficiency and effectiveness, now that the scheme has had some history and experience.

Council/ Board communications was a strong feature of the review and in the 1997/ 1998 year a working group of both consumer and industry representatives from Council and Board will consider ways to improve communications, including new corporate governance possibilities.

Council Chairman

Sir James Gobbo, foundation Council Chairman, was appointed Governor of Victoria in April 1997. His contribution to the establishment phase of the EIOV has been invaluable and we wish him well in his new role.

The Honourable Tony Staley took up the position of Council Chairman from April and we welcome him to the role.

Scheme funding

Sufficient funding has been made available by the industry during 1996/1997.

Strategies for improved communication between the Council and the Board on financial matters are being considered, in an effort to further streamline the budgeting process.

Independent retailers

In my last annual report, I predicted that the EIOV would see new entrants from the independent retailers, who are also required as part of their retail licence to participate in an independent dispute resolution scheme for customers. At the end of this financial year, there are no new entrants and discussions are continuing between the Office of the Regulator-General and the Board of the EIOV regarding proposed criteria and costs under which new entrants may join the EIOV.

Office of the Regulator-General, Victoria (ORG)

The EIOV's good working relationship with the Office continues. This year saw the departure of the inaugural Regulator-General Mr Robin Davey, and the appointment of Mr John Tamblyn as his successor. I enjoyed a very positive working relationship with Mr Davey and thank him for his support of the EIOV. I have established a similarly successful relationship with Mr Tamblyn and welcome him to his role.

EIOV/ ORG liaison now enters a new stage with new and complex issues to confront. We will be reviewing and refining the relationship over the coming period to ensure that the EIOV's role in informing ORG about systemic and trend issues is carried out effectively.

Communications and marketing

This year saw the implementation of our Communications and Marketing strategy. We had hoped to be able to carry out tracking research this year to test levels of community awareness about the EIOV but this research has been held over until the 1997/ 1998 year.

I have visited several regional centres this year: Wangaratta, Warrnambool, Bendigo, Ballarat, Geelong, Swan Hill, Traralgon, and Mildura. In each centre I met with representatives of key community/ consumer organisations and with area company staff. These meetings provided an invaluable opportunity to hear directly from customers in rural Victoria their experiences in relation to electricity services. It was particularly helpful to meet with the community groups first and take issues to the company later in the visit.

The EIOV enjoyed good media and press support particularly in regard to the launch of the office and the first binding decisions. For an industry dispute resolution scheme to continue to be effective, however, the community must know it exists and what services it provides. Ongoing media/ press coverage of the work of the EIOV is one of the critical ways in which the scheme's promotional aims can be met. I attend monthly talkback programs on ABC regional radio which has been a useful way to reach rural Victorians.

During the year we published three 'Resolution' Newsletters covering the periods 26 February to 30 June 1996, 1 July to 30 September 1996, and 1 October to 31 December 1996. The next newsletter will be published in the 1997/ 1998 year covering 1 January to 30 June 1997. The newsletter is one of other EIOV's key strategies for information distribution to the community. The response to it, so far, has been very positive indeed.

We have also established this year a central database of key stakeholders for use in information distribution.

The EIOV's initial communications and marketing strategy was developed and established with the help of external consultants and completed late in 1996. The EIOV has been trying, with some difficulty, to continue with the key planks of the strategy - for example quarterly newsletters, regular and effective media/ press. Without in-house assistance this

work has proved very difficult. I will be moving to address this gap in resources in the 1997/ 1998 year.

One of the review's findings was that it is important to test the level of community awareness about the EIOV's services and then to revise the marketing plan to take account of the tracking research results. This research is being undertaken in 1997/ 1998 and will inform decisions about how to proceed with the effective communication on the EIOV's role.

Regulatory framework

Several major events have taken place in the last year related to the regulatory framework. After extensive consultation by the Office of the Regulator-General with both industry and customer groups, the Victorian Supply and Sale Code was revised.

Customer charters, which summarise the rights and obligations of both customers and companies from the new Code, were distributed to all customers in Victoria. The Charters cover complaint handling and refer customers to the EIOV where they have been unable to solve a problem at a higher level within a company.

The Australian Competition and Consumer Commission (ACCC) announced its interpretation of the Trade Practices Act that electricity companies are strictly liable for damage from voltage variation events. The electricity industry does not agree with the ACCC's interpretation and the issue remains untested.

Internet

The EIOV has developed a home page for the internet that provides a description of the services and contact details of the office. This home page was developed to provide users with information about each power company and a map of Victoria detailing the areas covered by the respective companies. The home page also has hot links with companies to allow the user to be able to direct their initial enquiry to the power company.

Thank you

I would like to thank the staff of the EIOV who have had a difficult year with a large backlog to work through and until recently, high caseloads. They have shown dedication and patience in carrying out their task of receiving, investigating and resolving customer complaints.

I extend my thanks to the Council for its support and perseverance on the major issues that confront the scheme. This has contributed enormously to the success of the scheme over the last year. Thank you also to the EIOV Board for its contribution to the scheme during 1996/1997.

Scheme context

The EIOV illustrates how industry dispute schemes can play a positive role in ensuring that quality customer service is provided, be it by company staff, or their contractors and agents. The scheme is available to both domestic and business customers.

The scheme also provides an avenue of redress for third parties who are directly affected by the activities of any company. This will become an important feature of the scheme as the electricity market deregulates further, when in any particular geographical area there may be a number of retailers operating.

The EIOV is an alternative to formal legal processes for solving complaints.

Alternative dispute resolution has much to commend it because

- it involves the parties rather than confusing and distancing them as the legal system can do
- it can assist the parties to understand the issues
- it produces a sense of ownership of the outcome and a commitment to its implementation
- it is free and its processes are comparatively speedy
- in terms of its potential impact on customer service, its impartiality means that the data it collects can be an invaluable source of independent information.

Access

It is a key principle of the EIOV'S operation that its services are readily available to individual consumers of electricity services regardless of their ethnicity, language skill, physical or intellectual capacity or geographical location.

For this reason, the EIOV employs state of the art telecommunications technology to facilitate access for all Victorians.

Freecall and freefax facilities enable electricity users throughout the state to make the necessary contacts with the EIOV without any financial expense. Callers with a speech or hearing impairment are able to access the EIOV through a telephone typewriter service (TTY) while an interpretation and translation service is available to callers for whom English is not their first language.

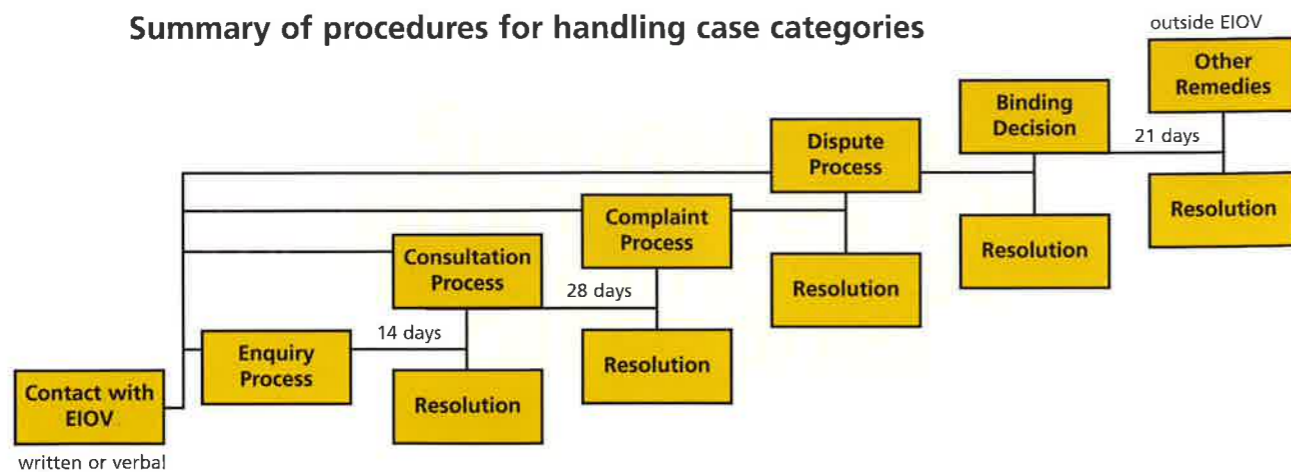
Regional visits have been undertaken during the year.

The emphasis in service delivery is on informality.

Internal Procedures

All initial contacts received by the EIOV are designated by Investigations Officers as one of the following four case types - **Enquiry, Consultation, Complaint or Dispute.**

Summary of procedures for handling case categories



What is a case type?

An **Enquiry** is a request for information or assistance received by phone, fax, personal visit, or in writing. Some Enquiries are handled quickly over the phone (e.g. where a customer has not been to their electricity company first to try and resolve their problem, or where the problem is out of jurisdiction of the EIOV). Others may require some further work but can usually be settled within a day and without investigation or contact with the member company. A common example of an Enquiry has been explanation of the 'supply charge'. In some cases an Enquiry may be upgraded (escalated) to a Consultation or a Complaint, as appropriate.

A **Consultation** is a case that looks likely to settle within the 14 day time frame allocated to this case type, or may be an Enquiry which has been escalated. A Consultation:

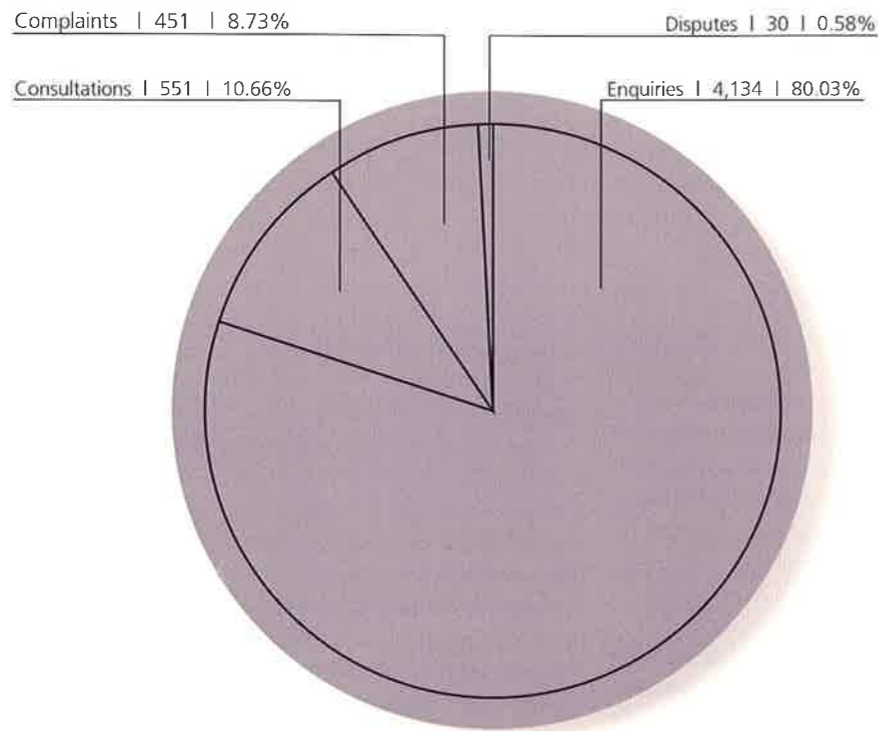
- relates to a member of the scheme
- is within jurisdiction of the scheme
- has been raised with the relevant member; and/ or
- results because the consumer is dissatisfied with the outcome or the way in which the member has attempted to resolve the issue.

Consultations may require limited desktop follow up such as telephone conversations with the complaints handling staff of the scheme member. Consultations do not involve detailed investigation. An example of a Consultation is a high bill query where the EIOV may request billing details from the company's CIS screens and conduct a phone audit with the customer. Consultations may also be urgent matters which must be settled quickly (e.g. imminent disconnections).

A **Complaint** may be an unresolved Consultation which has been escalated or may be a case which seems unlikely to settle in the 14 day time frame for a Consultation and requires the 28 day time frame of a Complaint. The conditions applying to a Consultation also apply to a Complaint. However, a Complaint is relatively complex and has a greater impact on the complainant than a Consultation. A Complaint will require investigation by both the member and the EIOV and has 28 days in which to resolve. An example here includes a matter in which the customer has a financial claim against the company relating to supply damage or restitution following a tree clearing event or property damage.

A **Dispute** is a Complaint in which the relevant member has had sufficient opportunity to resolve and the consumer remains dissatisfied with the resolution of the Complaint or the way in which the member has attempted to resolve the Complaint. Dispute resolution involves a high level of EIOV staff input in active investigation and may incorporate a negotiation/ conciliation role in seeking agreement or a satisfactory resolution on the part of both parties. There is no set time frame for the resolution of Disputes. Disputes which cannot be resolved by negotiation/ conciliation will require a binding decision by the Ombudsman.

A **Binding Decision** by the Ombudsman is binding on the company only and not on the customer. The customer has 21 days to accept or reject the Decision of the Ombudsman. If he/ she accepts the Ombudsman's Decision the company must carry out the terms of the Decision. If the customer rejects the Decision the company is released from the terms of the Decision.

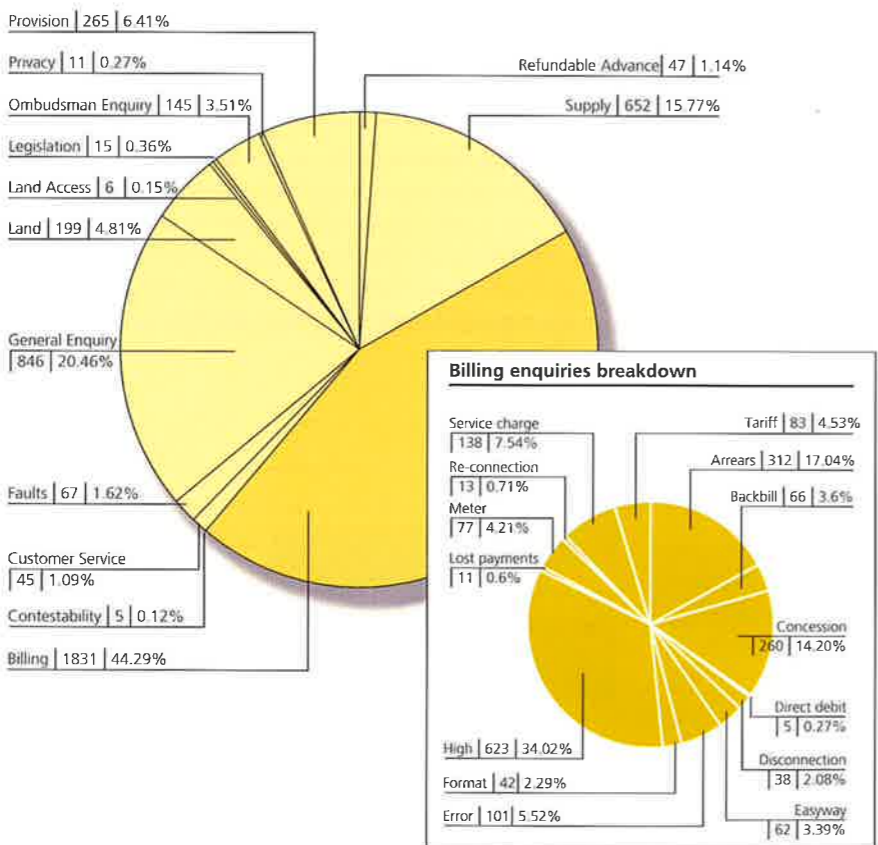


Total case numbers 1996/1997

- In the 1996/ 1997 year the EIOV received 5,166 cases.
- Of the 5,166 cases, 4,134 were Enquiries and 1,032 were more substantial cases:
- 4,134 Enquiries 80.03%
- 551 Consultations 10.66%
- 451 Complaints 8.73%
- 30 Disputes 0.58%

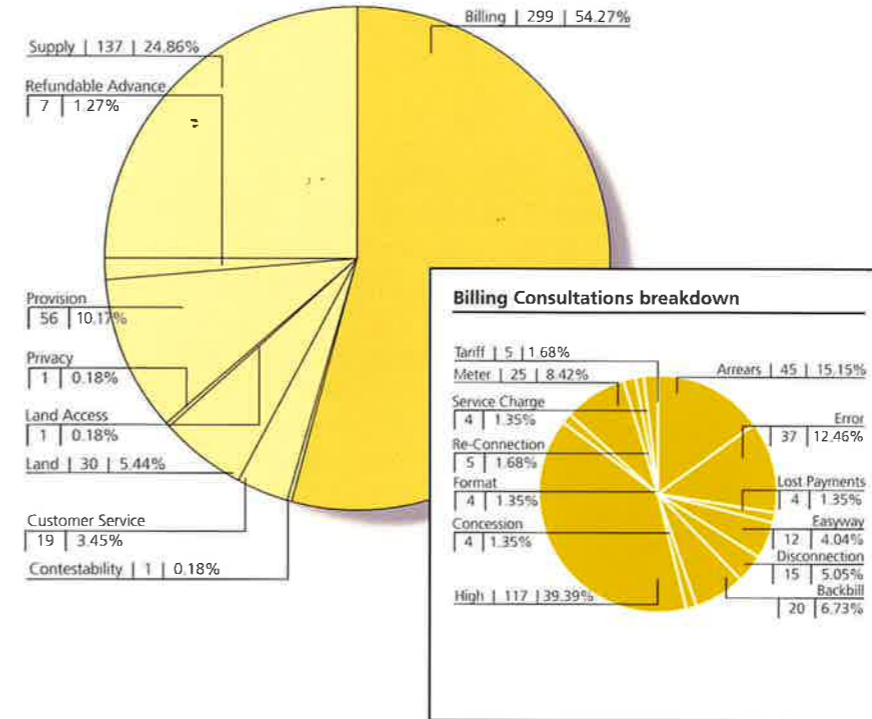
It is interesting to note that the ratio of Enquiries to other case types in 1996/1997 (80.03%/19.97%) has moved from the 1995/1996 ratio of 48.5%/51.5%. The current ratio is more in line with what would normally be expected from an industry dispute resolution scheme.

Enquiries received by issue (Total 4134)



- The main area of customer concern in Enquiries was billing (44.29%).
- 34.01% of the billing Enquiries were about high bills.
- 17.04% of billing Enquiries were about arrears in paying bills.
- 20.46% of Enquiries were of a general nature (e.g. who is my electricity company? what is the supply charge for?)
- 15.77% of Enquiries were about supply issues.

Consultations received by issue (Total 551)



- The main area of customer concern in Consultations was billing (54.27%).
- 39.4% of the billing Consultations were about high bills.
- 15.15% of the billing Consultations were about paying bill arrears.
- Supply issues represented 24.86% of Consultations, higher than Enquiries.
- 10.17% of Consultations were about the provision of electricity services.

What sorts of cases did the EIOV receive?

During the year a number of ways to improve billing processes were suggested to the companies, including to:

- provide information on billing cycles, consumption rates, changes to billing cycles, where and how to pay bill, tariff changes, fees and charges in general, and how to read the bill.
- use the bill to communicate important messages to customers e.g. winter bills and available concessions, and in large print and in languages.
- insert comparative charts and tables which are useful for a clear picture of consumption.
- ensure Call Centre Operators are given sufficient time to handle high bill queries, if not calls to the EIOV will result.
- provide telephone and on site energy audits.
- Alert customers to estimated bills, Few customers realise they are receiving estimated bills which can result in undercharging, and can set the company and the customer back through the creation of an arrears. There is also a loss of credibility in the customer's eyes, who believes the company should have got it right in the first place.
- Provide implementation dates for contract billing and metering dates, clear itemisation, clear responsibility for service problems, and for dispute resolution.

High Bill

- A customer received a bill with an average daily usage of 7.8 kWh per day, totalling \$85.90, which she thought was too high.
- The account related to a new premises and as the customer lived interstate was rarely at the premises during the billing period.
- The initial account represented a billing period of 60 days, nine days of which the customer stated she had been at the premises.
- The customer felt the account was not correct because the premises was small and she had few electrical appliances. Her hot water service was gas, and she stated that she turned off the mains switch when leaving the property.
- The company rechecked the meter, and indicated that the reading was correct, and suggested to the customer that the usage was due to squatters.
- Unsatisfied with this answer, the customer approached the EIOV. In response to the issues raised by the EIOV as part of its investigation, the company indicated that it was unable to access the customer's meter on the due date of the initial reading. Access was obtained for a meter reading five weeks after the initial reading date was due.
- This reading was used to calculate an average amount back to the date the initial reading should have taken place, resulting in a high bill.
- At the time it provided this response, the company offered to charge the customer the average daily usage for the nine days the customer stated she had been at the property, reducing her bill to \$45.90.

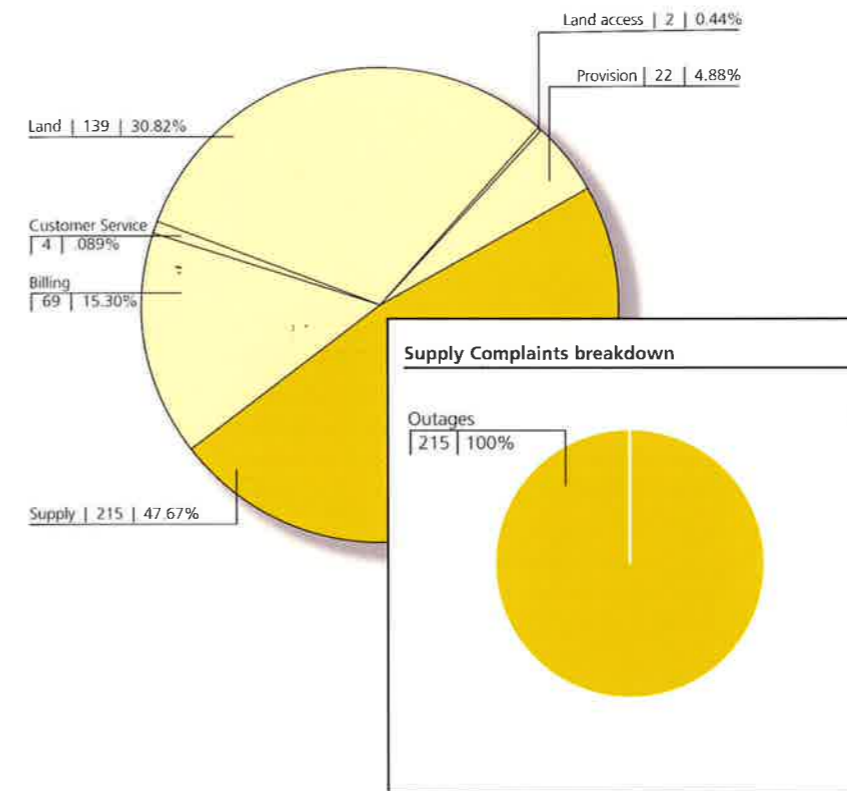
Disconnection

- A customer claimed that he had been disconnected unfairly, that he had recently been declared bankrupt and that the company was one of his creditors. It had asked the customer to pay a refundable advance of \$200.
- Six weeks prior to the disconnection, Social Security had negotiated on the customer's behalf, and the company had agreed to waive the refundable advance.
- The customer was paying his accounts via an Easyway plan, in fortnightly payments of \$20.00. When he subsequently received a bill for \$1.38, he discontinued his payments as he believed he was now in credit.
- The customer was then disconnected for an unpaid amount of \$201.38, \$200 of which was the refundable advance.
- When the customer called the company, he was told that supply could only be restored if he made a payment of \$144 that day (\$44 reconnection fee \$100 refundable advance).
- The customer felt that this was unfair as the company had previously agreed to waive the refundable advance and had billed him for only \$1.38.
- The EIOV, as part of its investigation, examined CIS records and requested other relevant notes from the company.
- The company provided the requested documentation but moved to quickly offer a resolution. The company agreed to waive the refundable advance, reconnect the customer that day and not charge the customer a reconnection fee. The customer agreed to bring his account up to date within the next week and to adhere to the plan in future.

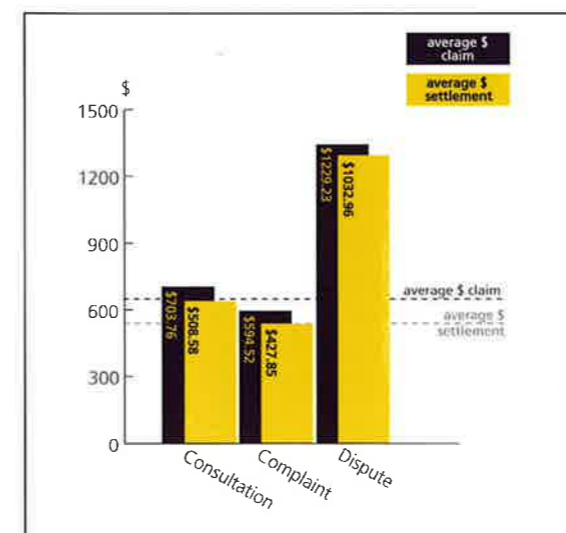
High Bill

- A customer complained that his electricity bill for his holiday house had been too high, given that he had been away for seven weeks.
- He was dissatisfied that his electricity company had told him that he would have to pay for a meter test if the meter tested correctly.
- The company conducted an on-site energy audit.
- This audit resolved the issue for the customer. The customer was satisfied that the appliances that were operating whilst he was absent from home, probably fully accounted for his electricity consumption and he was happy to pay the account.

Complaints received by issue (Total 451)



Average dollar claim and settlement on closed supply cases



- The average dollar claim in supply cases was \$676.48.
- At Consultation case type it was \$703.76.
- At Complaint case type it was \$594.52.
- At Dispute case type it was \$1,229.23.
- The average dollar settlement in closed supply cases was \$520.07, lower than the average claim.
- At Consultation case type it was \$508.58.
- At Complaint case type it was \$427.85.
- At Dispute case type it was \$1,032.96.

- The main area of concern in Complaints was supply (47.67%), an increase again over Enquiry and Consultation case types.
- All supply Complaints were about outages.
- 30.82% of Complaints were about land, mainly tree clearing.
- 15.3% of Complaints were about billing.
- Supply cases to the EIOV covered high and low voltage events, planned and unplanned interruptions. Customers were concerned about the cost of damage from voltage variation events, and about the frequency and duration of outages generally. Cases generally also included some element of unsatisfactory customer service in the process of trying to resolve the problem.
- The majority of supply cases were about high voltage events (62.68%), followed by unplanned interruptions (22.36%), then low voltage events (11.06%), then planned interruptions (3.9%).

- Of closed supply cases, 38.75% took longer than 12 weeks to solve.
- 36.46% of open supply cases at 30 June 1997 were over 12 weeks old and in need of resolution.
- The EIOV was still receiving supply cases. 48.96% of open supply cases were less than 6 weeks old.

Unplanned supply interruption to business

- A manager from a processed frozen food business contacted the EIOV regarding compensation for losses including lost products, lost wages and loss of production which he alleged were incurred following an unplanned outage, and lodged a case with a claim for \$19,680.19.
- As part of the EIOV's investigation, the records provided by the company indicated that an unplanned outage had occurred, lasting approximately 11 hours.
- The company claimed that as this was an unplanned outage, it had not been in a position to arrange an alternative power supply for the customer.
- Independent technical advice obtained by the EIOV indicated that it appeared that the electricity company's maintenance standards resulted in the ultimate failure of the customer's cable; that lack of an alternative power supply had resulted in loss of stock, and that damage to the customer's computer equipment could have been caused by voltage variations.
- Following these initial investigation findings, the company offered the customer an ex gratia payment of \$10,000 in full and final settlement of the claim.

Fluctuating Voltage

- A customer called the EIOV on behalf of herself and other residents regarding fluctuating voltage in their street, causing for example, appliances such as air conditioners to cut out while in use.
- The EIOV investigated, and the company quickly moved to test the supply quality and following the tests agreed to perform works to shift the supply source to a different substation in order to better balance the load in the area.
- The company also undertook to assist a major commercial user in the area to upgrade their supply, as this too appeared to be interfering with the customers' supply.

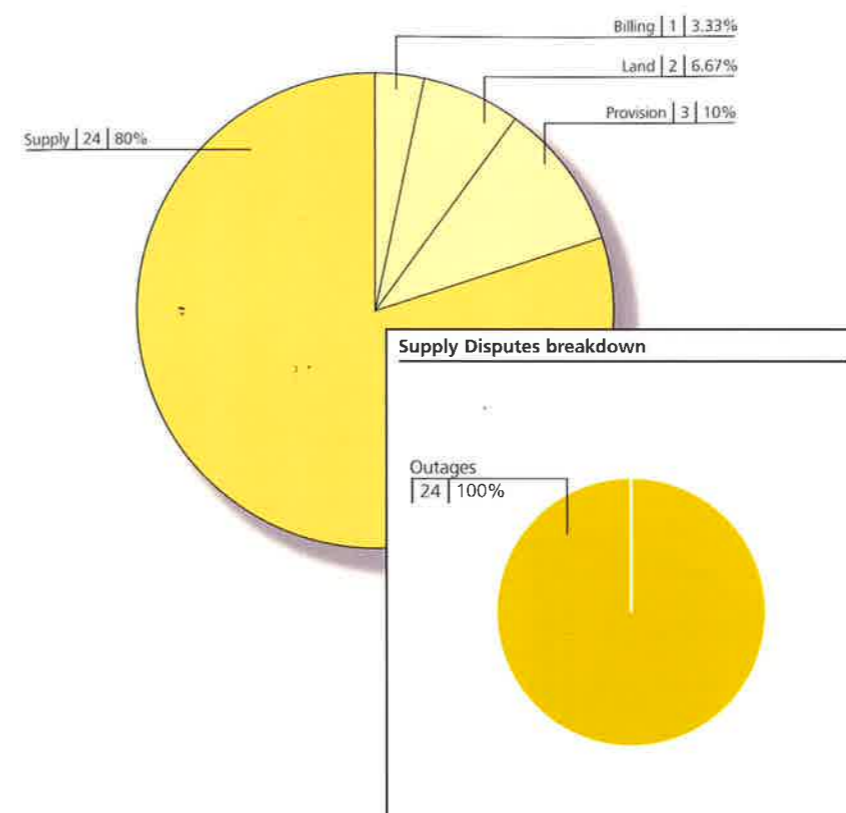
Frequent unplanned supply interruptions

- A rural customer contacted the EIOV after being unhappy with the company's response to her complaint relating to recurring interruptions.
- Outage history details included 30 transient faults involving Auto Reclose Device operation, and a traffic accident in the previous 12 months.
- A resolution was reached with the company making a site visit to the customer to discuss the outage problem, and explain the efforts made and being planned to rectify the problem. This included the installation of a Supervisory Control and Data Acquisition System as part of a \$5m capital works project by the company.
- The company appointed a direct contact person to the customer and made an ex gratia payment of \$50.00 on a customer service basis to the customer's account.

High voltage damage

- A customer claimed that a power surge had damaged a number of her electrical appliances with a total damage bill was \$2,453.45.
- The electricity company agreed that the event had occurred, but said that the event was outside of its control claiming the surge had been caused by a possum. The company was unable to provide any evidence of the possum as the cause.
- The customer's insurance company also refused to pay her claim.
- The customer contacted the EIOV about the financial loss and inconvenience she had suffered.
- The EIOV investigated both the technical and the customer service issues in the case.
- The case did not settle through conciliation and went to a Binding Decision by the Ombudsman.
- The Ombudsman determined to award \$1,741.45 to the customer, taking into account fair repair and replacement costs.

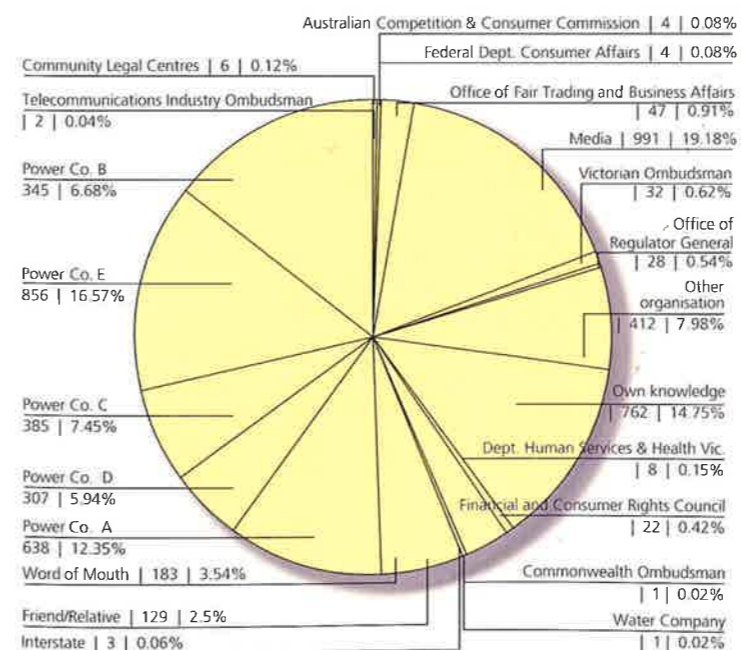
Disputes received by issue (Total 30)



- Supply represented 80% of Disputes. It is noteworthy that as you move through the case types, supply cases increased. This was due to a variety of factors including resistance by some companies to resolution, the difficulty of getting a clear picture of the event, the time consuming technical information gathering process and on the customer's side, gathering substantiation of damage or quotes for repair and/or replacement.
- All supply Disputes were about outages.
- 10% of Disputes were about the provision of electricity services.

Binding decisions

- Of the 5,166 cases received by the EIOV in the 96/97 year four (4) cases required a Binding Decision. This represents 0.08% of all cases.
- Three were about damage from high voltage events and one was about a low voltage event.



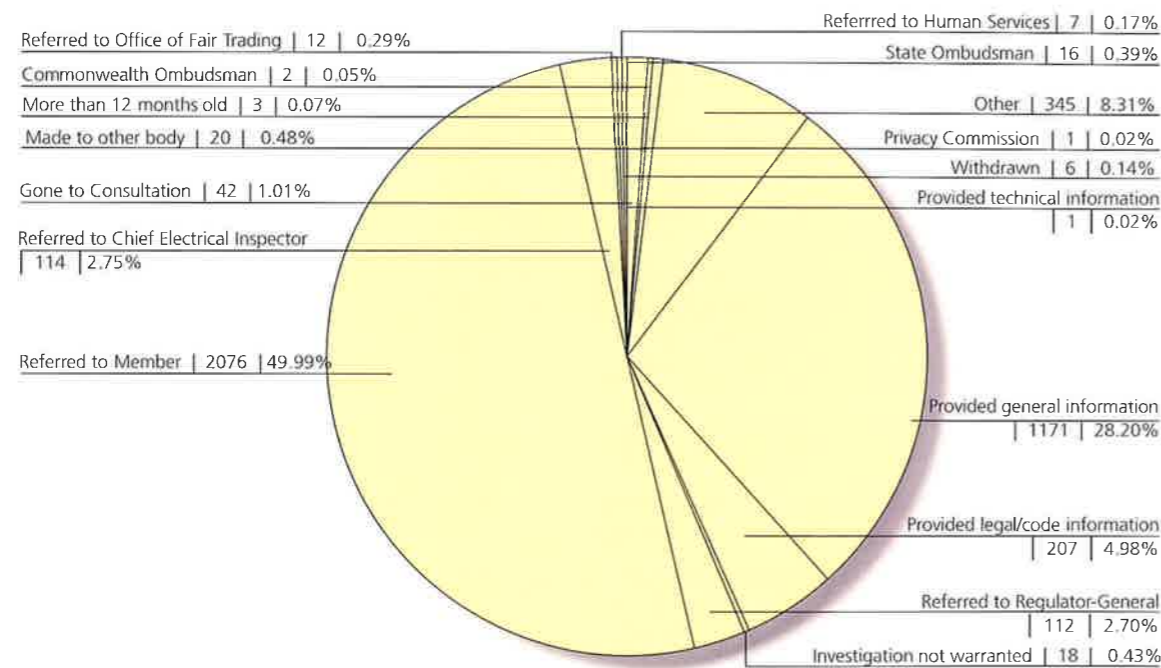
How did callers find out about the EIOV?

- There are a number of ways in which callers to the EIOV find out about the scheme. The main source of knowledge about how to access the EIOV was the media (19.18%).
- 14.75% of EIOV cases came through the person's own knowledge of the scheme.
- On average only 8.16% of cases came from referrals from electricity companies.

How were cases resolved?

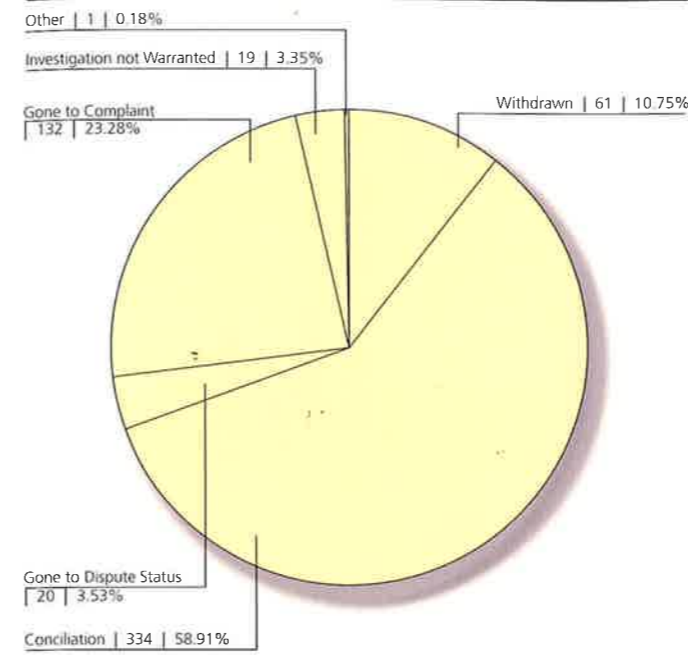
- The most exciting result was the rate of settlement through conciliation. 58.91% of all closed Consultations were settled through conciliation. 81.54% of all closed Complaints were settled through conciliation, 81.48% of all closed Disputes were settled through conciliation. This is a very pleasing result for the scheme.

Outcome of Enquiries Received All Companies 1 July 1996 to 30 June 1997

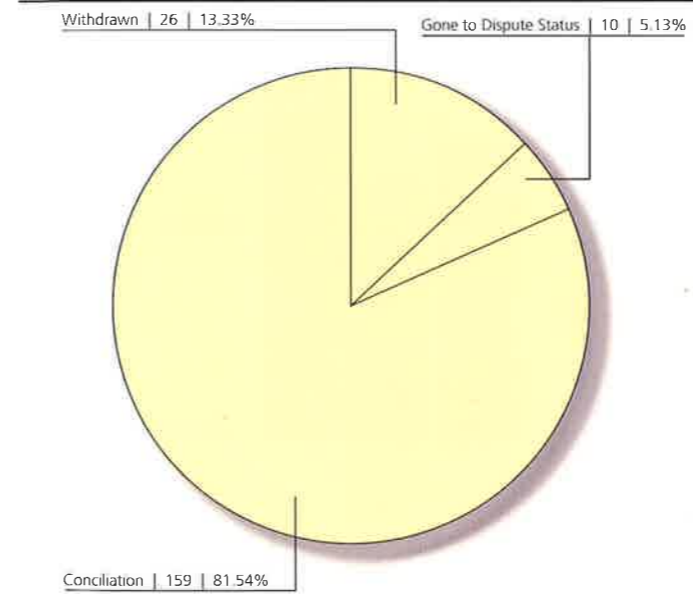


- 49.99% of Enquirers had not been to their company first. This presents the electricity companies with a challenge to ensure that when there is a problem a customer thinks first of seeking help from the company.
- 28.2% of Enquirers received information and advice about their problem, e.g. an explanation of the service to property charge, advice about who their electricity company is and how to contact them.
- 4.98% of callers were supplied with legal or regulatory information to answer their queries e.g. an explanation of their rights under the Supply and Sale Code.

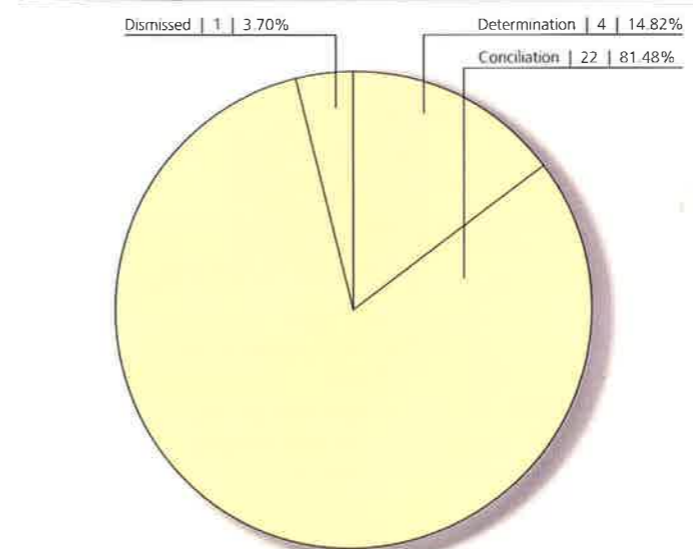
Outcome of Consultations



Outcome of Complaints



Outcome of Disputes

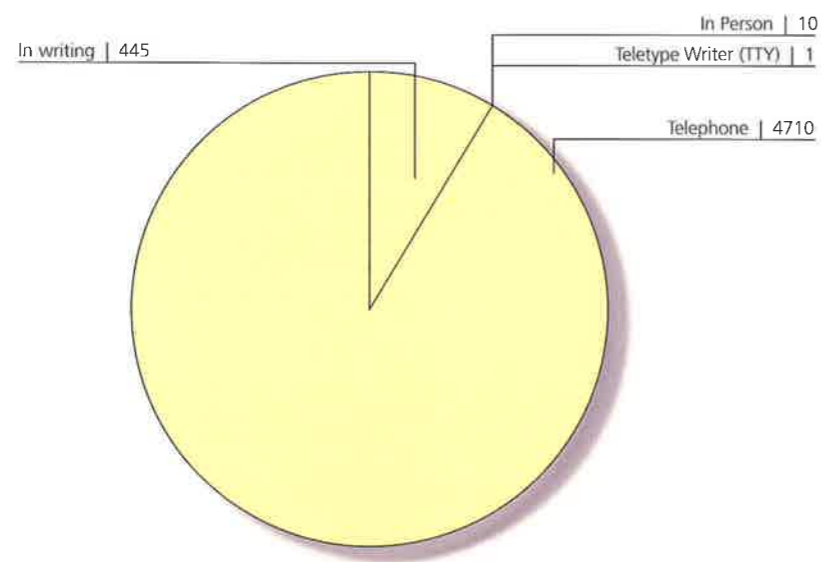


- 58.91% of Consultations were settled by discussion and agreement between the customer and their company, with the assistance of the EIOV. This percentage is low this year due to the 23.28% of Consultations which were recategorised to Complaint on 1 January 1997. The 1997/1998 results are likely to show a higher percentage of conciliation for Consultations.
- On 1 January 1997 the Complaint case type was used for the first time. Many of the Consultations which moved to the next stage of Complaint (23.28%) were simply recategorised.
- In 19 Consultations (3.35%) the EIOV felt it was not appropriate to continue with the investigation.
- 61 customers withdrew their Consultations (10.75%), usually because the EIOV was unable to contact the customer, or the customer showed insufficient interest in their case, or were unable or unwilling to provide evidence of their claims.
- 3.53% of Consultations moved to Dispute status.

- 81.54% of all closed Complaints were settled through conciliation.
- 5.13% of Complaints moved to Dispute status.
- 26 customers withdrew their cases (13.33%), usually because the EIOV was unable to contact them, or the customer showed insufficient interest in their case, or were unable or unwilling to provide evidence of their claims.

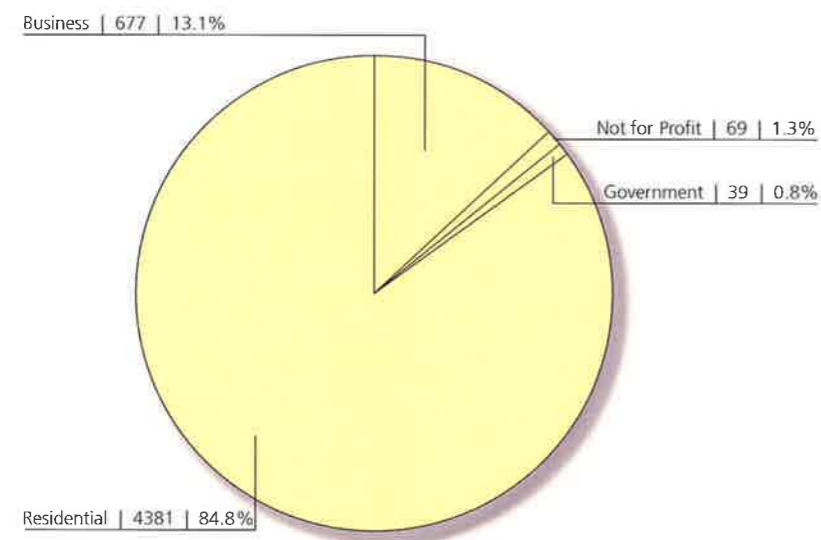
- 81.48% of all closed Disputes were settled through conciliation.
- 3.7% of Disputes were dismissed.
- 14.82% of all Disputes were determined by a Binding Decision by the Ombudsman (4 cases).

How did the EIOV receive cases? (Total 5166)



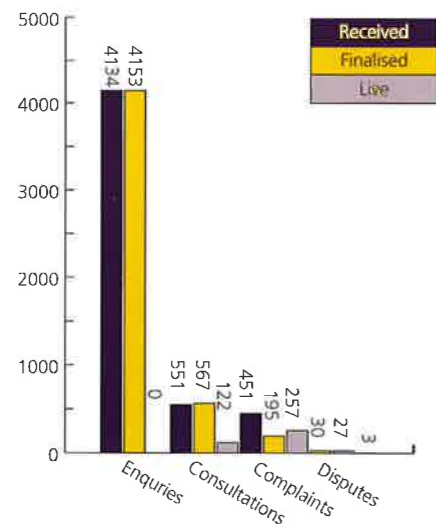
- 91.17% of cases were received through the telephone
- 8.6% of cases were received through the mail
- 10 customers visited the EIOV office to make their complaint.
- 1 customer lodged their complaint using the telephone typewriter (TTY) due to a speech or hearing impairment.
- Interpreters were used in 5 cases.

Who lodged cases with the EIOV? (Total 5166)



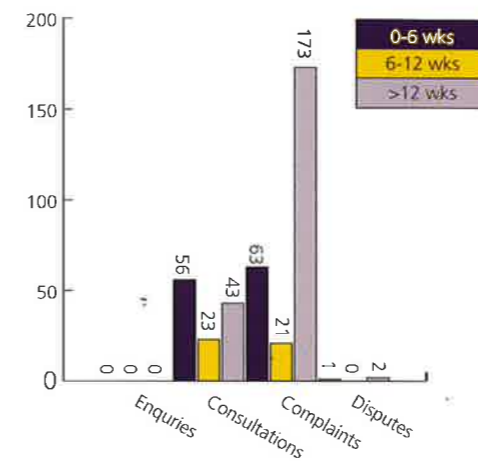
- Domestic customers made up 84.8% of those who brought cases to the EIOV
- Business customers constituted 13.1% of all cases.
- Rural customers constituted 19% of cases.
- Metropolitan customers represented 81% of cases.

Progress of cases during the year



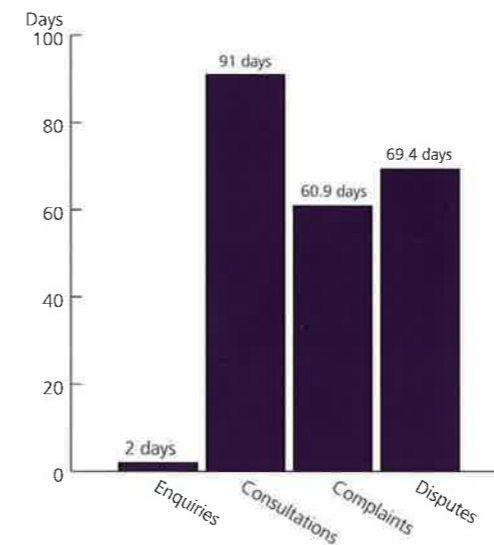
- More Enquiries were closed than opened, due to the closure of Enquiries from last year.
- More Consultations were closed than opened, due to the closure of Consultations from last year. At the end of the year 122 Consultations remained open.
- 195 Complaints were closed and 451 opened. 257 Complaints were still open at the end of the year.
- 30 Disputes were opened and 27 closed, leaving 3 unresolved at 30 June 1997.
- 26.53% of open Consultations, Complaints and Disputes at 30 June 1997 were about supply. If you take out 123 Complaints which are about a single non supply event, the percentage rises to 45.61%.
- 28.81% of open Complaints were about supply. If you take out 123 Complaints which are about a single non supply event, the percentage rises to 60.17%.

How old were cases at 30 June 1997?

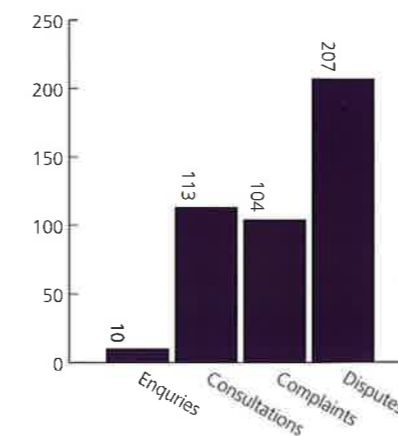


- The majority of Consultations were less than 6 weeks old.
- The majority of open Complaints were more than 12 weeks old, but this figure was inflated by 123 single matter Complaints which have aged together.
- 2 of the 3 open Disputes at 30 June 1997 were over 12 weeks old.
- Over the first 6 months of the 1997 year, live cases moved through the age types and the majority of open cases were in the over 12 week category. The figures are somewhat distorted by a group of 123 Complaints which has aged to the last category.
- There has been a rise in the June 1997 figures for 0 - 6 weeks old.

How long did each case take to resolve?



- Enquiries took an average of 2 days to close.
- Consultations took an average of 91 days to close.
- Complaints took an average of 60.9 days to close.
- Disputes took an average of 69.4 days to close.
- The average closure times reflect a number of factors:
 - The case timeframes for Consultation (14 days) and Complaint (28 days) were not introduced before 1 January 1997, to allow EIOV and companies to become familiar with case investigation and resolution processes.
 - A case backlog adversely affected case timeframes until 30 June 1997, and reduced resolution times are not likely until well into the 1997/ 1998 year.
 - The Complaint case type was not introduced until 1 January 1997, with minutes which would have gone on to a Complaint registered to Consultation.



- The average Enquiry during 1996/ 1997 took 10 minutes.
- The average Consultation took 113 minutes.
- The average Complaint took 104 minutes.
- The average Dispute took 207 minutes.

How timely was the EIOV in answering telephone calls?

- Only 0.46% of callers (on average) in 1996/ 1997 abandoned their calls due to delays.
- The average time taken to answer callers within 20 seconds has varied during the year, depending on staffing numbers, and rostering arrangements. In June 1997 87% of callers were answered within 20 seconds, and work in 1997/ 1998 should increase this percentage even further.

Bill payments

A customer was told by her electricity company that a payment of just over \$100 she had made through the company's payment contractor had not been received.

Investigation revealed that the payment contractor had not recorded the payments correctly, including transferring some of the payments to the customer's landlord's electricity account by mistake.

This case was settled by the company waiving the \$100 debt.

Tree clearing

- A customer contacted the EIOV because he was unhappy with tree clearing that had taken place on his property, and the power company's response when the issue was raised.
- The power company's contractors visited the customer's property unannounced and trimmed two established trees, a 20 year old Silver Birch and a 10 year old Eucalypt.
- Three months previously, these trees had been trimmed. At this time the customer was told by the company that the trees would not have to be trimmed for another two years.
- At the time of the tree clearing, the customer's wife came out to find out why the trees were again being trimmed. Her queries were ignored.
- She then contacted the company and asked to speak to a supervisor. The customer was dissatisfied with both the supervisor's response and attitude, which had left her feeling distressed.
- The customer contacted the EIOV requesting that the issues be investigated.
- The investigation revealed that the initial tree clearing at the customer's premises in October 1996 had, in error, not been recorded.
- The customer's property was on the market and the actions of the company in clearing the trees had detracted from the property's value.
- The company offered the customer a \$1000.00 no liability payment. The company also extended its apologies to both the customer and his wife.

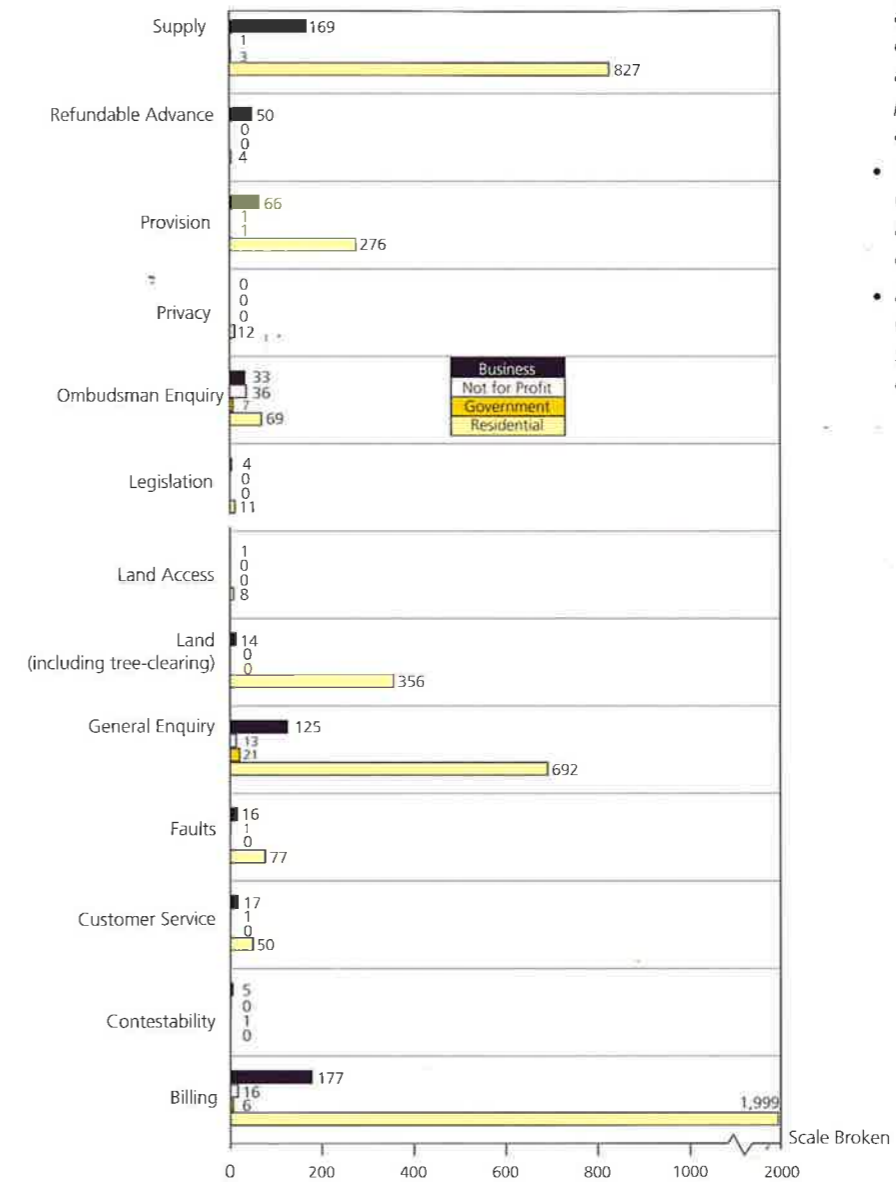
Repair of street lights

- A customer called the EIOV because he was having difficulty getting the lights in his street repaired.
- The customer had a loss of power for four hours one evening, and when power was restored he noticed the street lights would not work.
- The customer called his electricity company several times regarding the lights and was not able to obtain a firm response as to when the lights would be repaired.
- The company advised that the lights had remained in need of repair for a length of time due to being unable to source necessary parts.
- The company credited the customer's account with a Guaranteed Service Level amount of \$20.00.

Privacy and credit cards

- A customer contacted the EIOV because he was unhappy to find that, when he paid his electricity account by telephone credit card, his credit card details were not going to his electricity company but a contractor authorised to process bill payments.
- The customer had contacted the company with his concerns but the company was unable to tell him how the contractor was accountable to the electricity company.
- The customer was unhappy because there was no indication on the accounts that if a customer chose to use the telephone credit card payment facility, they would be providing their details to a company other than the electricity company.
- The company provided further details of the nature of their agreement with the collection company, including the privacy requirements it contained.
- The company also undertook to consider informing customers about who operates the credit payment system on their behalf, when billing issues were next reviewed.

Who complained about what issues?



- Domestic customers were the majority in all issue types except for refundable advances, where business customers raised concerns about the amount and period of a refundable advance.
- 16.9% of supply cases were raised by business, 82.7% by domestic customers.
- 8.07% of billing issues were raised by business, 90.93 by domestic customers.

A number of important principles have been brought to light through cases involving contractors or agents of the electricity company.

- For contracting and agency agreements to work effectively, time needs to be spent in advising contractors what is expected of them to perform their tasks in the way a company wants them to be performed, particularly policies and procedures for: notification of events; means of communication/consultation with customers; what to do when a customer is unsatisfied with a particular service/process; how contractors are to behave in the field.
- There is a need to establish methods of evaluating the performance of the contractor against company performance standards. Customer service should be one of these standards.

Consideration should be given to whether there should be an incentive for good performance or a disincentive for bad performance.

Income and Expenditure Account for the year ended 30 June 1997

	1997	1996
	\$	\$
Operating Revenue	<u>952,594</u>	<u>655,552</u>
Operating surplus/(deficit)	(16,672)	55,300
Retained surplus at the beginning of the financial year	55,300	0
Retained surplus at the end of the financial year	<u>38,628</u>	<u>55,300</u>

Balance Sheet as at 30 June 1997

	1997	1996
	\$	\$
CURRENT ASSETS		
Cash	0	145,818
Investments	74,397	5,143
Receivables	15,500	0
Other	4,224	9,088
TOTAL CURRENT ASSETS	<u>94,121</u>	<u>160,049</u>
NON-CURRENT ASSETS		
Property, plant and equipment	397,131	482,806
TOTAL NON-CURRENT ASSETS	<u>397,131</u>	<u>482,806</u>
TOTAL ASSETS	<u>491,252</u>	<u>642,855</u>
CURRENT LIABILITIES		
Bank overdraft	6,027	0
Creditors and borrowings	161,441	235,852
Provisions	31,820	11,957
TOTAL CURRENT LIABILITIES	<u>199,288</u>	<u>247,809</u>
NON-CURRENT LIABILITIES		
Creditors and borrowings	253,336	339,746
TOTAL NON-CURRENT LIABILITIES	<u>253,336</u>	<u>339,746</u>
TOTAL LIABILITIES	<u>452,624</u>	<u>587,555</u>
NET ASSETS	<u>38,628</u>	<u>55,300</u>
MEMBERS' EQUITY		
Retained surplus	38,628	55,300
TOTAL MEMBERS' EQUITY	<u>38,628</u>	<u>55,300</u>

Statement of Cash Flows For the year ended 30 June 1997

	1997	1996
	\$ Inflows/ (Outflows)	\$ Inflows/ (Outflows)
Cash flows from operating activities		
Levy receipts from Members	835,010	744,644
Payments to suppliers and employees	(778,984)	(515,565)
Interest received	10,257	2,343
Finance charges on finance leases paid	(43,547)	(7,861)
Net cash flows from operating activities	<u>22,736</u>	<u>223,561</u>
Cash flows from investing activities		
Payments for plant and equipment	(11,255)	(55,300)
Payments for investments	(69,254)	(5,143)
Net cash (outflows) from investing activities	<u>(80,509)</u>	<u>(60,443)</u>
Cash flows from financing activities		
Principal repayments under finance leases	(94,072)	(17,300)
Net cash (outflows) from financing activities	<u>(94,072)</u>	<u>(17,300)</u>
Net increase/(decrease) in cash held	(151,845)	145,818
Cash at the beginning of the financial year	145,818	-
Cash at the end of the financial year	<u>(6,027)</u>	<u>145,818</u>