

ActewAGL Retail  
AGL Electricity Ltd  
AGL Victoria Pty Ltd  
CitiPower Pty  
Country Energy  
ENERGEX Retail Pty Ltd  
EnergyAustralia  
Envestra Limited  
Ergon Energy Pty Ltd  
Integral Energy Australia  
Multinet Partnership  
Origin Energy Electricity Ltd  
Origin Energy Retail Ltd  
Origin Energy Vic Pty Ltd  
Powerdirect  
Powercor Australia Ltd  
SPI PowerNet  
TXU Electricity Ltd  
TXU Networks  
TXU Pty Ltd  
United Energy Ltd  
Vic Gas Distribution Pty Ltd

## ANNUAL REPORT 2003

**Resolving your electricity, gas and  
water complaints. Independently.**

City West Water Limited  
South East Water Limited  
Yarra Valley Water Limited  
Melbourne Water Corporation  
Barwon Region Water Authority  
Central Gippsland Region Water Authority  
Central Highlands Region Water Authority  
Coliban Region Water Authority  
East Gippsland Region Water Authority  
Glenelg Region Water Authority  
Goulburn Valley Region Water Authority  
Grampians Region Water Authority  
Lower Murray Region Water Authority  
North East Region Water Authority  
Portland Coast Region Water Authority  
South Gippsland Region Water Authority  
South West Region Water Authority  
Western Region Water Authority  
Westernport Region Water Authority  
First Mildura Irrigation Trust  
Goulburn-Murray Rural Water Authority  
Gippsland and Southern Rural Water Authority  
Sunraysia Rural Water Authority  
Wimmera Mallee Rural Water Authority



**Energy and Water  
Ombudsman (Victoria)**

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## Mission

EWOV's mission is to receive, investigate and facilitate the resolution of complaints and disputes between consumers of electricity, gas and water services in Victoria, and members of the scheme.

## Principles

### Independence **Impartial and fair.**

EWOV is an instrument of complaint resolution not advocacy. The scheme acts independently whilst maintaining good working relationships with all stakeholders.

### Access **Informal and open to all.**

The scheme is readily accessible to individual consumers of electricity, gas and water services regardless of their ethnicity, language skill, physical or mental abilities or geographical locations.

### Equity **Just, economical, efficient and confidential.**

The fundamental principle of EWOV in resolving cases is that of fairness to all parties, to ensure a just, economical, informal and speedy resolution within an environment of privacy and confidentiality.

### Effectiveness **Skilled staff and quality systems.**

EWOV's office is staffed by high calibre people, sensitive to consumer issues, and equipped to make optimal use of technology to receive and resolve cases in an economical and timely manner.

### Community Awareness **Public relations and education.**

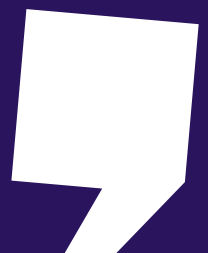
EWOV fosters community awareness of its function and the development of its public profile in keeping with the status and role of the organisation.

### Linkages **Working with community and relevant organisations.**

The scheme ensures that effective links and working relationships are maintained and developed with relevant organisations, agencies and members.

## National Benchmarks

EWOV also operates in accordance with the "National Benchmarks for Industry-Based Customer Dispute Resolution Schemes", which focus on the principles of accessibility, independence, fairness, accountability, efficiency and effectiveness.



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## 2002-2003 snapshot

- Record case receipt, with a higher proportion of total cases requiring investigation rather than information provision or referral
- 12,194 cases overall, up 37% from 8,874 the previous year
- 2,672 Cases for Investigation resolved and closed, up 54% from 1,737 the previous year
- Electricity cases (8,815) up 39%, gas cases (2,333) up 55%, water cases (990) down 2%
- Billing the most prevalent issue across all three industries
- 19% of Billing cases concerned disconnection or restriction of supply, 73% of these in electricity
- First full year of electricity Full Retail Competition — Transfer and Market Conduct emerged as prevalent issues
- Gas Full Retail Competition from October 2002 — Transfer emerged as prevalent issue
- Disconnections/restrictions research highlights 'capacity to pay' issues
- Two Binding Decisions, both in electricity distribution
- First EWOV public reporting on the complaints handling performances of individual water members and electricity and gas distribution members
- Case handling processes adapted to deal with increased case loads
- Organisational restructure to be effective from 1 July 2003



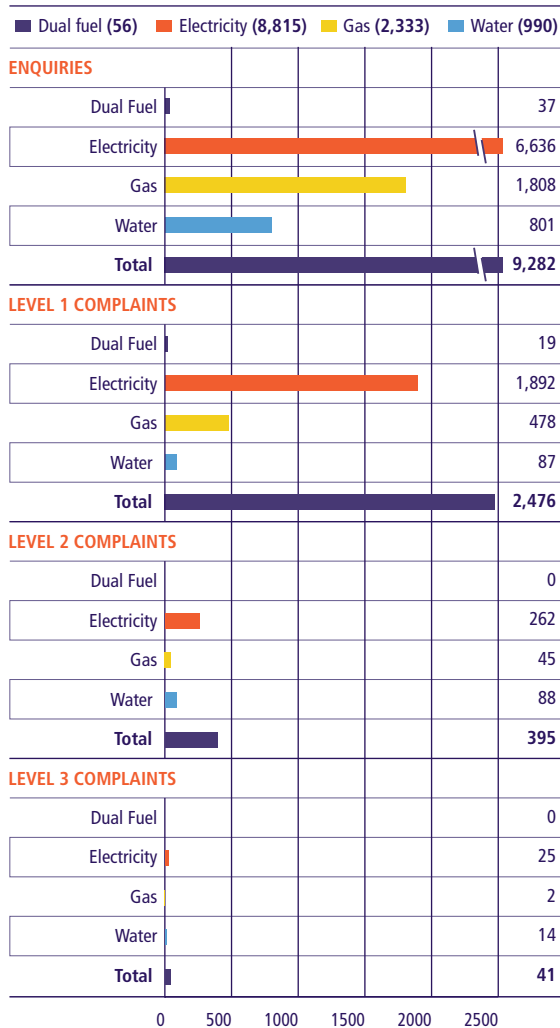
In 2002, there were some 2,249,714 electricity customers, some 1,546,610 gas customers<sup>1</sup> and some 2,065,760 water customers in Victoria.<sup>2</sup>

(Endnotes on inside back cover.)



# Results overview

**Figure 1: Cases received**



## Record case receipt

EWOV received a record 12,194 cases, up 37% on the 8,874 cases for 2001/02. This follows a 33% increase in 2000/01.

9,282 cases were received as Enquiries — up 28%, from 7,233.

2,912 cases were received as Cases for Investigation — up 77%, from 1,641.

Electricity and gas cases increased, while water cases fell:

- electricity cases (8,815) were up 39%
- gas cases (2,333) were up 55%
- water cases (990) were down 2%.

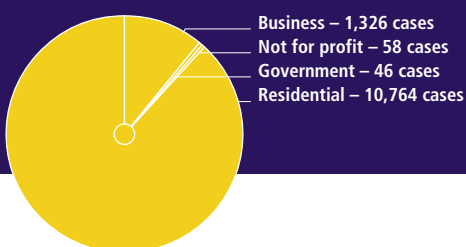
Compared to last year, a higher proportion of total cases this year required investigation, rather than information provision and/or referral. 76% of cases were received as Enquiries, while 24% were received as Cases for Investigation, a significant shift from the 82% to 18% mix in 2001/02.

Company mergers and takeovers in the electricity and gas industries during the year contributed to the increase. These corporate changes generated transitional issues (such as uncertainty among call centre staff about policies and processes) and operational changes (such as the merging of billing systems and different debt collection practices) which in turn affected some customers.

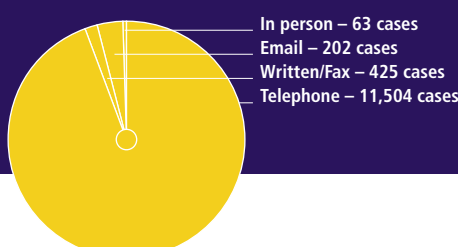
Sales activity in this the first full year of electricity Full Retail Competition (FRC) also contributed, as did the introduction in November 2002 of gas FRC. Where previously most of the FRC cases EWOV received were Enquiries, this year a greater proportion of those cases required investigation.

The higher proportion of Cases for Investigation also points to shortfalls in the internal complaints handling processes of some EWOV members, since generally a complaint is not taken as a Case for Investigation unless the customer has had at least two previous contacts with the company or authority concerned.

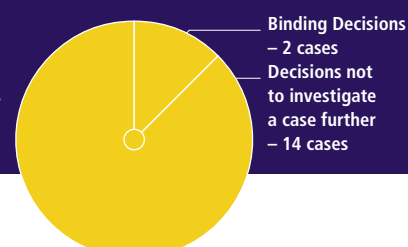
**Figure 2: Who lodged electricity, gas and water cases with EWOV?**



**Figure 3: How did EWOV receive cases?**



**Figure 4: Ombudsman's Binding Decisions/Decisions not to investigate a case further**



## Most prevalent issues

Billing was the most prevalent issue across all three industries — matters such as disconnection and restriction of supply, bill formats, backbills, bill errors and meter reading. 1,442 Billing cases (19%) were about disconnection or restriction of supply, consistent with the previous year. Of these, 73% concerned electricity, 24% gas and 3% water. The previous year, the mix was 62% electricity, 34% gas and 4% water.

In both electricity and gas retail, Billing was followed by the FRC-related issues of Transfer (the process of moving from one retailer to another) and Market Conduct (retailers' door-to-door, phone or written sales activities).

The most prevalent distribution issues were Supply (to do with planned and unplanned outages and the quality or reliability of supply), Provision (to do with existing assets such as power lines and gas and water pipes, and connection of supply) and Land (relating to a customer's land or land that directly affects them, including vegetation management, street lighting, easements, access), although the order of prevalence varied among the three industries.

## Case resolution

2,672 Cases for Investigation were resolved and closed, compared with 1,737 in 2001/02 and 1,438 in 2000/01.


95% of these were conciliated (electricity - 95%; gas - 98%; dual fuel - 100%; water - 86%), a testament to the effectiveness of EWOV's dispute resolution processes.

It was necessary for the Ombudsman to make 2 Binding Decisions only during the year, both to do with electricity distribution.

Further information about industry-specific results can be found in the industry sections of this report.

**Figure 5: How did customers find out about EWOV?**

Australian Competition and Consumer Commission	28
Community Legal Centres	6
Commonwealth Ombudsman	10
Consumer Affairs Victoria	236
Essential Services Commission	128
EWOV Regional Visits Programme	57
Financial Counsellor	470
Friend / Relative	660
Department of Human Services	36
Interstate	9
Legal Advisor	85
Media	246
Member Company / Authority	2,180
Member's Disconnection Notice Message	862
Member of Parliament	118
Office of the Chief Electrical Inspector	22
Other Organisation	299
Own Knowledge	6,576
Privacy Commission	2
State Ombudsman	82
Telecommunications Industry Ombudsman	5
Word of Mouth	77
<b>Total</b>	<b>12,194</b>



My association with the Energy and Water Ombudsman (Victoria) now spans six very satisfying years. In 1997, I was appointed as Council Chairman, then, when the Council and the Board merged in 1998, I was honoured to be appointed Board Chairperson. Reflecting on those years, many words come to mind, but none more so than 'challenge' and 'achievement'.



# Chair's message

When it was opened in early 1996 by the Victorian electricity industry, this scheme was a world first. Over seven years, a succession of unprecedented industry changes and tens of thousands of cases later, the scheme holds its head high as a leader in industry-based customer alternative dispute resolution.

Established by industries going through enormous transition, the scheme was always destined to be dealing with the flow-on effects of industry changes. Predictions to that effect certainly weren't wrong, with each year presenting new challenges.

This year, it was an unexpected increase in case receipt of such magnitude that the Ombudsman and her team couldn't be expected to simply deal with using existing resources. It required a comprehensive strategy and a high level of co-operation among the Board, the EWOV team and the scheme's members.

Our solution combined an organisational restructure and a review of functional arrangements, with the employment of new staff (some permanent, some temporary) and the part-time resourcing of a staff training function. It also required a significant increase in the 2003/04 budget.

To my fellow Board members, and to the Ombudsman, Fiona McLeod and the very capable EWOV team, thank you for your commitment to communication, to implementing effective and practical solutions, and to balancing stakeholder views, in addressing these significant operational issues.

During the year, the Board also dealt with the major issue of whether EWOV should expand to include public transport. An excellent feasibility process, run by the Ombudsman on behalf of the Government, brought together all key stakeholders. It led to the production

of a draft Constitution, Charter and Business Plan for the creation of a Public Transport Industry Ombudsman (PTIO) for Victoria. However, after considering the recommendations of the PTIO Working Group and advice from the Ombudsman, the Board agreed that public transport would not fit well within the scheme's existing operations. The opportunity to expand EWOV in this way was, therefore, declined.

Following some early changes, it was a stable year for the Board. New Board members, Neil Brennan and David Headberry replaced water industry representative, Mick Bourke and consumer representative, Denis Nelthorpe respectively. The input of both Mick and Denis during their time as Board members was significant, and it is pleasing that Neil and David have joined us, with relevant backgrounds and expertise and a strong desire to contribute to the governance of the scheme.

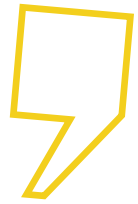
The Board continues to have great pride in EWOV's achievements. With the new organisational arrangements in place, we are confident the scheme is well placed to deal with whatever 2003/04 brings its way, and has the flexibility to cope with fluctuating case loads. We will, however, keep a close eye on case receipt during the coming year, to ensure EWOV is appropriately resourced and able to deliver the high quality of service for which it has become known.



**The Hon. Tony Staley**  
Board Chairperson



Opened in May 1996, the Electricity Industry Ombudsman (Victoria) (EIOV) was a world first for the electricity industry.



(From left)  
Tony Staley  
Colin Peirce  
Simon Lucas  
Fiona McLeod  
Chris Field  
Neil Brennan  
David Headberry  
Caryle Demarte  
Richard Gross  
Barbara Romeril



EWOV's Board has equal representation of industry members and community/consumer representatives, with an independent Chairperson. Primarily responsible for the business affairs and property of EWOV, including corporate governance, the setting of budgets, risk management, strategic planning, and financial and major policy matters, its structure also ensures the Ombudsman's independence.

# Board members (at 30 June 2003)

## Chairperson

**The Hon. Tony Staley** (*appointed 30 Nov 1998*).

Educated in law and political science, and a former Minister in the Commonwealth Government, Tony Staley is also Chairman of the Council of the Telecommunications Industry Ombudsman, the National Museum of Australia and a number of other organisations.

## Directors — industry representatives

**Mr Neil Brennan**, Chief Executive Officer, Central Highlands Region Water Authority (*appointed 22 Aug 2002*). Employed in the Victorian water industry since 1986, Neil Brennan was previously CEO of Western Water. He has served as President of the Institute of Water Administration.

**Ms Caryle Demarte**, General Manager, Government & Regulatory Affairs, TXU Australia Pty Ltd (*appointed 23 June 1999*). With extensive senior management experience in the energy industry, Caryle Demarte is Deputy Chair of the Energy Retailers Association of Australia and has been a Director of VENCorp since 1999.

**Mr Richard Gross**, General Manager Regulation, Powercor Australia Ltd (*appointed 14 Dec 2001*). With extensive experience in network revenue/pricing, financial planning and analysis, Richard Gross also served on the original EIOV Council.

**Mr Simon Lucas**, Company Secretary and General Manager Legal Services, CitiPower Pty (*appointed 30 Nov 1998*). An original EIOV Board member, Simon Lucas has senior management experience in the electricity industry, including in corporate governance, customer policy and risk management.

## Directors — community/consumer representatives

**Mr Chris Field**, Executive Director, Consumer Law Centre Victoria (*appointed 23 April 2001*). A practising lawyer, Chris Field is well known for his work in advocating for competitive markets and effective consumer protection frameworks. He is Chair of the Australian Consumers' Association and Deputy Chair of the Consumer Utilities Advocacy Centre.

**Mr David Headberry**, Managing Director, Headberry Partners P/L (*appointed 20 June 2002*). An active advocate for consumers on energy matters for over eight years, David Headberry is a qualified engineer, running his own consultancy specialising in assisting energy consumers across 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) (*appointed 30 Nov 1998*). A member of the original EIOV Council, Colin Peirce was involved in the redrafting of consumer codes in the early days of electricity privatisation. He is a lawyer consulting to small business.

**Ms Barbara Romeril**, Executive Director, Community Child Care Association Victoria (*appointed 20 April 1999*). Barbara Romeril has worked extensively in community services, including as Executive Director of the Financial and Consumer Rights Council. A former Vice-President of the Victorian Council of Social Services, she has extensive experience in social research.

## Company Secretary

**Mr Steve Morris**, Business Manager, EWOV (*appointed 9 Oct 2000*).

## Alternate directors

**Mr Mark Harvey**, Chief Executive Officer, Victorian Water Industry Association (*appointed 26 July 2001*) — alternate director for Mr Neil Brennan.

**Mr Anthony Kelly**, Company Secretary, TXU Australia Pty Ltd (*appointed 14 Dec 1998*) — alternate director for Mr Simon Lucas.

**Mr Ken Stickland**, Chairman, Regulatory Reform Committee, Property Council of Australia (*appointed 23 Feb 2000*) — alternate director for Mr Colin Peirce and Ms Barbara Romeril.

**Mr Anthony Wood**, General Manager Public and Government Affairs, Origin Energy Ltd (*appointed 21 Jan 2002*) — alternate director for Ms Caryle Demarte.



Few of my days as Energy and Water Ombudsman (Victoria) are alike, and they are certainly never dull. It really is a constantly stimulating and changing job, and I'm very appreciative of the opportunities it affords me to learn, to grow and to contribute.



Working with industries subjected to as much scrutiny and change as electricity, gas and water, is of itself interesting. On top of this, to have the opportunity to contribute to customer service improvements in those industries is immensely satisfying. The past year has brought all of these benefits, as well as some new challenges.

The Swedish position of Justitieombudsman (ombudsman for justice), created in 1809, was the basis for the modern ombudsman model — however, the concept of a ‘complaint handler’ was evident earlier in other societies including China, Egypt, Rome and medieval Europe.

challenges and achievements

# Ombudsman’s overview

## Major systemic issue is overcome

It’s very pleasing to be able to lead into this overview with a positive outcome to a major systemic issue — one that has featured in most of my reports over the past 12 months. A systemic billing problem involving Origin Energy Electricity came to our attention in late April 2002, by way of cases involving customers who had not received their normal quarterly accounts. By the end of that month, up to 27,000 customers were affected.

In line with our reporting obligations, we notified the Essential Services Commission (ESC) of the issue. As part of our work on systemic issues and to prevent more customers being affected, we also did what we could to help Origin Energy address the problems. During the year, we worked closely with its staff at all levels — meetings were held, we kept them informed about what customers were telling us, and we made suggestions for improvements to policy and practice that would help minimise the effects of the problem for all concerned. Ours was not the only assistance provided, but our ‘front-line’ perspective was, I believe, enormously valuable.

In the first half of 2003, following corrective action taken by Origin Energy, its case numbers began to fall, and in the April to June 2003 quarter, were under its market share. Origin Energy now looks to have been able to turn this major customer service issue around within 12 months. While this may seem a long time, there was no quick fix for the substantial systems changes that were required. Origin Energy also appears to be successfully managing residual customer concerns within its own complaints handling processes. For all involved, this has been a significant achievement, albeit one that took much time and effort.

## Hardship programmes are announced

In other good news, the three major electricity and gas retailers (AGL, Origin Energy and TXU) have all moved to develop customer hardship programmes. Some programmes are further advanced than others, but each should bring significant benefits for customers. A number of factors will

be instrumental in a business’ decision to implement a hardship programme. It’s rewarding, therefore, that delegates who attended EWOV’s November 2001 industry conference on this topic have acknowledged the significant contribution that event has made to the emergence of such programmes.

## Massive case receipt

The second half of 2002 brought the scheme a major challenge in the form of an unexpected increase in cases, well beyond our forecasts — 27% more cases than the six months before. Compared with the second half of 2001, this was an unprecedented 60% increase.

Customers calling about Origin Energy’s unexpected billing problem certainly contributed, but it wasn’t that issue only.

From mid–late 2002, Full Retail Competition (FRC) — choice of electricity and gas retailer — really started to gather pace. With the newly contestable energy market still finding its feet, customers contacted EWOV about a wide range of matters, including retailers’ selling practices, transfer without their consent, double billing, billing errors and misleading information. On top of this, the emergence of ‘dual fuel’ offers — where both electricity and gas are bought from the same retailer on a single contract — brought new issues, in particular to do with billing. As well, there were some FRC problems with business-to-business communications.

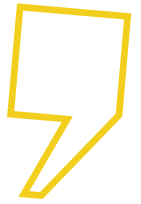
## More cases requiring investigation

The first half of 2003 saw Enquiries stabilise to some degree. But Cases for Investigation again rose markedly, such that we found ourselves dealing with 101% more Cases for Investigation than in the first half of 2002.

Operationally, this trend has significant resourcing implications for EWOV. Each case that requires investigation also requires a greater allocation of our resources, often at a more specialised level. It’s a development we’ll be watching carefully over the next 12 months.



This year, EWOV received approximately 1 electricity case for every 250 electricity customers, 1 gas case for every 660 gas customers and 1 water case for every 2,090 water customers.



## Strategy to address case backlog

The increase in cases requiring investigation, on top of the increases of the previous six months, resulted in a significant case backlog in the first half of 2003. The EWOV team came up with a strategy to deal with this, and with the strong support of the Board, it was implemented in mid-March 2003. Despite continuing high case receipt in April and May 2003, we made significant headway on reducing the case backlog, with more cases closed in those two months than were received. This was an excellent achievement and a credit to the whole team.

The backlog strategy was put in place short term, to supplement other measures we had taken to address the rising caseloads. These included working with EWOV members on specific systemic issues, streamlining our case handling procedures and employing additional temporary staff. There are some aspects of the backlog strategy that we are now considering implementing permanently.

## A different approach to water cases

Water has been part of the scheme for two years now. While case numbers remain low compared with those for electricity and gas, water cases, especially to do with Provision and Supply, tend to be more particular and more complex. This has required a rethink of our approach to them.

We started by putting a water training programme in place, to help Conciliators understand better how the water businesses work, in particular how water assets and infrastructure are managed. A number of EWOV Conciliators have now visited water companies and authorities throughout the State. Feedback from them, and the member representatives who have been involved in this programme, has been excellent.

For full investigation of some water cases, EWOV requires specialist expertise. To this end, in the last six months we've been able to source a much broader range of water expertise to call on, as cases require it.

## Restructuring to assist case handling

To deal with the huge increase in cases, we've also had to think differently about how we organise ourselves. Increased staff numbers means it's no longer possible for us to operate effectively and efficiently as one overall team. An organisational restructure was approved by the Board, to be effective from 1 July 2003. A key change is

the creation of two separate Conciliation teams, each with a Team Co-ordinator. The new organisational chart is available on our website.

## Reporting focuses on performance

The release of *Resolution*, EWOV's six-monthly performance report, continues to receive comprehensive State-wide media coverage. In *Resolution 15* which came out in May 2003, we broke new ground when individual reporting of water members and electricity and gas distribution members completed the move to individual reporting of all EWOV members. *Resolution 16* covers the period 1 January – 30 June 2003. Both reports are available on our website.

Also available is the first edition of *Resolution Bulletin*, a two-page summary providing the highlights of each issue of *Resolution* in an 'easy read' format. Copies of each *Resolution Bulletin* will be distributed to community agencies in particular.

The level of detail we're now presenting in *Resolution* has been well received. Feedback is that customers appreciate being able to access specific information about how well individual EWOV members handle complaints, especially as it gives them further criteria to use in making their choice of electricity or gas retailer. EWOV members have also welcomed the more detailed reporting, taking advantage of the opportunity to compare their performance with that of other members in their industry sector.

## Systemic issues identified and reported

As well as its primary complaints handling role, EWOV has an explicit mandate to monitor cases for emerging systemic customer service issues, and bring these to the attention of the Essential Services Commission (ESC), Consumer Affairs Victoria (CAV) and other agencies as appropriate.

The matters that we've reported to the ESC are listed in the 'Focus on trends and policy' section of this report (p 18). FRC was again a major source of systemic issues, as may have been expected from the nature and volume of FRC complaints we received.

We also submitted to the ESC the findings of a special research project on disconnection and restriction cases we received from January – September 2002. Our research arose out of concerns expressed at the ESC's Customer Consultative Committee about how electricity, gas and water companies and authorities were responding when customers said they couldn't afford to pay their bill or in some cases, bills.

## Two Binding Decisions

During the year, I needed to make two Binding Decisions only, both concerning electricity distribution cases. Given the high number of cases received and closed this year, this is tangible evidence of the effectiveness of EWOV's alternative dispute resolution processes. The total number of Binding Decisions made from the beginning of the scheme to 30 June 2003 is 35, out of 45,471 closed cases.

The first Decision illustrated how company inaction can exacerbate a customer's complaint. Delays in addressing voltage variations at the customer's property had a cumulative effect on the damage to his appliances and on his concerns about customer service.

The second Decision concerned the location of electricity poles in a property development, and the effect, or otherwise, of that placement on the visual amenity of the development, and on property sales, safety and access.

For a case study on each of these Binding Decisions, see p 27.

## Regional visits completed

During the year, I continued my visits through the State, meeting personally with management and key staff of EWOV's rural and regional urban water members. Where possible, I also visited electricity and gas members in the same area, and met with local community groups. The visits have proven very valuable to me in my role, and from the positive feedback, the opportunity to meet to discuss local water, electricity and gas issues was appreciated by the EWOV members and community groups who participated. Local media coverage was also extensive, including regional television and radio, and local press.

## Consistencies achieved across schemes

EWOV is part of ANZEWO (the Australia and New Zealand Energy and Water Ombudsman Network). The Energy and Water Ombudsman NSW, Tasmanian Electricity Ombudsman, South Australian Electricity Industry Ombudsman and New Zealand's Electricity Complaints Commission are also members.

This year, the Australian ANZEWO members took part in a national exercise to benchmark our schemes' processes. In a major three-stage project, significant variations in scheme policies and procedures were identified, best practice in those areas agreed and strategies developed to achieve this across the schemes. The project has now been completed, with all schemes moving to implement significant changes. A number of EWOV procedures have been adopted by the other energy and water schemes, and vice versa. Among other things, for customers this means their experience should be essentially the same, no matter which scheme they contact, notwithstanding that individual case outcomes will differ.

## New Ombudsman association established

Another joint industry ombudsmen initiative during the year was the establishment of the Australian and New Zealand Ombudsman Association (ANZOA). Initially, ANZOA is an association for all industry-based Ombudsmen, however, it's planned to expand to offer membership to State and Commonwealth Parliamentary Ombudsmen in due course. I've been elected Chair of the Interim Executive Committee, with Mr Colin Neave, the Banking and Financial Services Ombudsman as Treasurer, and New Zealand's Insurance and Savings Ombudsman, Ms Karen Stevens as Secretary. Other founding members are the energy and water Ombudsmen from NSW, South Australia and Tasmania; the Telecommunications Industry Ombudsman; Insurance Enquiries and Complaints; the Financial Industry Complaints Service; the New Zealand Banking Industry Ombudsman; and the New Zealand Electricity Complaints Commissioner.

Early ANZOA project considerations include the development of a work program to explore training for staff of industry-based Ombudsman schemes, including introduction of a competency-based framework and a national learning and development programme.

## A dedicated, skilled team

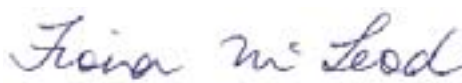
In a year when increasing case numbers obviously created greater workloads for all staff, I'm proud to say the EWOV team weathered the challenges and continued their work of investigating and resolving cases with fairness, care and skill. The scheme is fortunate to have staff of this calibre.

## A productive Board relationship

During the year, I've also been very appreciative of the assistance given to me by the members of EWOV's Board. The Ombudsman/Board relationship is a robust and intelligent one that enables a sophisticated level of debate about all issues. The result is that decisions about important matters, such as the scheme's resourcing and organisational structure, are as fully informed as possible.

## Looking ahead

'Challenge' and 'achievement' aptly describe the past year at EWOV. There were challenges (quite a few of them). However, in achieving workable solutions to these, the scheme has positioned itself well to move into next year really focusing on quality, and on further improvement of an already good case handling performance.



**Fiona McLeod**  
Energy and Water Ombudsman (Victoria)

# Scheme foundations

## Establishment and expansion

Since the early 1990s, Victoria's electricity, gas and water industries have undergone significant transformation — some Government-owned businesses have been corporatised, and in the case of electricity and gas, privatised. Electricity and gas customers can now choose their retailers.

Leading up to the opening of the Electricity Industry Ombudsman (Victoria) (EIOV) in May 1996, the Victorian Government was undertaking major restructuring of the electricity industry. New regulatory arrangements were in place, the new electricity businesses were being prepared for sale, and there was strong lobbying from consumer groups for appropriate and effective consumer protection mechanisms.

Moving to address the issue of customer dispute resolution, the Victorian electricity industry established an industry-based customer dispute resolution scheme, as the telecommunications and banking/financial services industries had done. EIOV was originally set up with both a Board and a Council, but the first review of the scheme in 1997 resulted in the merger of the Council and the Board to streamline governance.

Early on, it was recognised that EIOV had the potential to provide a foundation for a broader utilities ombudsman scheme across the electricity, gas and water industries. In 1999, the gas industry joined the scheme, followed in 2001 by the water industry. The scheme was also the model for similar energy and water schemes around Australia and in New Zealand.

A condition of the electricity, gas and water licences issued by Victoria's Essential Services Commission (ESC), and of legislative requirements on Victoria's water authorities, and Melbourne Water Corporation, is that the company/authority enters into an ESC-approved customer dispute resolution scheme. Membership of EWOV satisfies these conditions and legal requirements, and at June 2003 there were 53 electricity, gas and water members, as listed on p 13.

## Jurisdiction

EWOV's services are available to all electricity, gas and water customers, although most users are residential customers (88%). The scheme is able to handle a broad range of issues, including:

- the provision of, or failure to provide, electricity, gas or water services
- the supply of, or failure to supply, electricity, gas or water services
- billing
- credit and payment services
- disconnection/restriction
- refundable advances (security deposits)
- land and land access, including vegetation management.

We can also investigate:

- matters raised with the scheme by the ESC
- matters referred to the scheme by a member, with the consent of the complainant
- complaints from third parties directly affected by the activities of a member, covering situations where the member's activity affects someone who is not their customer, such as marketing of electricity or gas to the general public, vegetation management activities and network augmentation.

## Funding

EWOV's services are free to customers and it operates at no cost to the general community. Funding comes from the scheme's industry members, on a 'user pays' basis, involving a combination of fixed and variable fees. This method of funding provides a financial incentive for members to reduce the number of cases coming to EWOV, by resolving customer issues within their internal complaint handling and escalation processes.

A fixed fee is applied to members when they join EWOV. This *start up levy* covers joining costs and contributes to the scheme's establishment costs, which were originally provided by the founding electricity and gas members.

An *annual levy* is applied to members each year to fund the scheme's operations. It is made up of a fixed fee to cover membership costs, and a variable fee based on each member's share of cases handled.



Just over half of EWOV's members are private companies,  
the others being government businesses.



# Industry members (at 30 June 2003)

## Electricity

### Electricity retailers

ActewAGL Retail  
AGL Electricity Ltd  
AGL Victoria Pty Ltd\*  
CitiPower Pty#  
Country Energy  
ENERGEX Retail Pty Ltd  
EnergyAustralia  
Ergon Energy Pty Ltd  
Integral Energy Australia  
Origin Energy Electricity Ltd#  
Powerdirect  
TXU Electricity Ltd^  
TXU Pty Ltd^

### Electricity distributors

AGL Electricity Ltd\*  
CitiPower Pty  
Powercor Australia Ltd  
TXU Electricity Ltd  
United Energy Ltd

### Electricity Transmitter

SPI PowerNet

## Gas

### Gas retailers

AGL Victoria Pty Ltd\*  
ENERGEX Retail Pty Ltd  
EnergyAustralia  
Origin Energy Retail Ltd  
Origin Energy (Vic) Pty Ltd  
TXU Pty Ltd

### Gas distributors

Envestra Limited  
Multinet Partnership  
TXU Networks  
Vic Gas Distribution Pty Ltd

## Water

### Metropolitan Retailers

City West Water Limited  
South East Water Limited  
Yarra Valley Water Limited

### Metropolitan Wholesaler

Melbourne Water Corporation

## Regional Urban Water Authorities

Barwon Region Water Authority  
Central Gippsland Region Water Authority<sup>§</sup>  
Central Highlands Region Water Authority  
Coliban Region Water Authority  
East Gippsland Region Water Authority  
Glenelg Region Water Authority  
Goulburn Valley Region Water Authority  
Grampians Region Water Authority  
Lower Murray Region Water Authority  
North East Region Water Authority  
Portland Coast Region Water Authority  
South Gippsland Region Water Authority  
South West Region Water Authority  
Western Region Water Authority  
Westernport Region Water Authority

## Rural Water Authorities

First Mildura Irrigation Trust  
Goulburn-Murray Rural Water Authority  
Gippsland and Southern Rural Water Authority  
Sunraysia Rural Water Authority  
Wimmera Mallee Rural Water Authority

\* In August 2002, AGL acquired Pulse Energy Pty Ltd and subsequently the name changed to AGL Victoria Pty Ltd.

# On 31 August 2002, Origin Energy purchased the retail arm of CitiPower Pty.

^ TXU Pty Ltd supplies electricity as an agent of TXU Electricity Ltd.

§ Commonly known as, and referred to elsewhere in this report as, Gippsland Water

For the most current list of members, see EWOV's website.

# Staff team

The EWOV team is a blend of skills and backgrounds, coming from the public, private and non-profit sectors, and having worked in alternative dispute resolution, customer service, community-based organisations, legal services, community legal centres, regulation and a range of related industries.

## Ombudsman

Appointed by the Board, the Ombudsman is responsible for EWOV's day to day operation. The roles of the Ombudsman and the Board are complementary, with the Ombudsman attending Board meetings.

## Strategic Operations

The General Manager Strategic Operations manages the specialised areas of conciliation, complex cases, policy and public affairs, as well as assisting the Ombudsman oversee the effective operation of the scheme.

The Manager Conciliation is responsible for managing all aspects of the Conciliation team.

The Manager Complex Cases focuses on any particularly protracted or difficult cases.

Industry, regulators and policy makers often seek EWOV's views. The Policy and Research Officer undertakes the detailed research and analysis required for contributions of this nature, as well as for use in EWOV's public reports.

Public Affairs' primary purpose is to raise community awareness of the scheme and the services it provides.

## Conciliation team

Conciliators investigate and resolve individual cases, with an emphasis on facilitating outcomes with which both parties agree.

Enquiry Officers act as EWOV's frontline, receiving most of the initial customer phone calls, letters, emails and faxes. They answer general questions, where appropriate refer customers on to a more senior person at their electricity, gas or water company or authority, and refer new cases to Conciliators for investigation.

Reporting to the General Manager Strategic Operations, and overseen by the Manager Conciliation, the Conciliation team has to this point worked as one group. From 1 July 2003, there will be two teams each managed by a Team Co-ordinator who will be overseen by the new role of Manager

Operations. This change will accommodate EWOV's changing case handling needs. The new EWOV organisational chart is available on our website.

EWOV's legal and technical advice functions are outsourced.

## Administration

EWOV's Business Manager is responsible for all financial and physical aspects of the scheme, supervising EWOV's budget, human resources, IT systems and other office equipment. The role is supported by a part-time bookkeeper.

## The EWOV team at 30 June 2003

Ombudsman	Fiona McLeod
Executive Assistant	Toni Warren
General Manager Strategic Operations	Jo Benvenuti
Executive Assistant	Heather McCauley
Business Manager	Steve Morris
Manager Conciliation	Michael Ridgway
Policy and Research Officer	Stephen Gatford
Manager Complex Cases (Acting)	Simon Howe (Julia Hickey is on leave)
Conciliator Data Management	Anna Faoagali
Conciliator Case Management	Bridie Fennessy
Conciliators	Irene Brown Justine Bunn Samantha Fitzsimons Michela Friolo Maree Healy Katie Howie Alycia James Kellie Lee Carolyn Monod Elize Simpson Amelia Tauber Megan Wilson
Enquiry Officers	Louise Goh Jane Harper Sansha Johnson Jeff Smith





# Case handling process

## Contacting EWOV

Our aim is to make contacting EWOV and lodging a complaint easy. Complaints don't have to be put in writing — they can be taken over the phone, or by fax or email, or online at EWOV's website. So that customers can contact us without charge, we use Freecall and Freefax facilities.

Callers with a speech or hearing impairment may use the National Relay Service (NRS), while an interpreting service is available to those whose first language is not English.

## Approach to dispute resolution

EWOV is an alternative to formal legal processes — comparatively speedy, informal, accessible and impartial. We deal first and foremost in what is 'fair and reasonable', considering good industry practice and current law.

For example, in investigating a case we may consider:

- whether the EWOV member had procedures in place to say, assist it to recognise significant debt issues, or identify where a customer had made previous contact with it concerning the issue of the complaint
- how the member might reasonably have used that knowledge to assist the customer (eg. provided information or advice; consulted with them about a proposed action; moved to limit the customer's exposure to escalation of debt)
- any steps the customer took, or should reasonably have taken, to address the issue
- any special circumstances of the customer
- the results of similar cases in recent years
- the member's customer service policies and how these were applied in the case
- how another industry, or scheme, deals with similar complaints.

EWOV's process focuses on conciliation — case resolution and closure where the customer and the member mutually agree on the outcome of the complaint, as well as on any future action each may be required to carry out. Our process often helps the parties better understand the issues, as well each other's point of view. It also gives them a sense of ownership of the outcome.

## Case types

Cases are received as either Enquiries, or Cases for Investigation. Whether EWOV takes the matter as an Enquiry, or as a Case for Investigation, depends on a number of factors. Key among these are whether the member had a reasonable opportunity to address the complaint before the customer contacted EWOV, and whether the matter falls within jurisdiction.

## Enquiries

The overwhelming majority of people who contact EWOV do so because they have a complaint, even though these initial contacts may be classified as Enquiries. Although Enquiries don't involve investigation by EWOV, they do require immediate or short-term information provision, and/or advice, and may generate outward calls. Customers typically detail their complaint issues to one of EWOV's Enquiry Officers who will help them progress the matter by, for example, suggesting information they may need to gather to pursue the complaint. They may also provide information on any codes or regulations that may apply to the customer's circumstances.

Of the Enquiries received this year, some 31% were referred back to the member concerned, because the customer had not yet contacted it, or because they had phoned EWOV simply to let us know about their issue and its status.



Out of 45,471 EWOV cases closed to 30 June 2003,  
only 35 required Binding Decisions.



48% of customer Enquiries were referred back because they had made one contact only with the member, usually via its call centre. In these cases, the customer was referred back to a higher level contact, in line with EWOV's 'Refer to Higher Level' (RHL) policy which provides members with a further opportunity to resolve the customer's complaint at Enquiry level, rather than have the case investigated. Where the matter fell outside EWOV's jurisdiction, customers were referred on to other bodies.

### Cases for Investigation

Where the customer's issue remained unresolved following referral back to the member, or if the customer had already made extensive attempts at resolution, we accepted the case for investigation.

Until 30 June 2002, under EWOV's 'bill the biller' policy, we registered all cases (including those about network issues) against the customer's retailer. That policy has now changed, enabling us to take complaints about network matters such as quality and reliability of supply, and connections, against the distributor concerned.

During the year, EWOV also renamed its case categories for consistency with the other energy and water Ombudsman schemes.

Cases for Investigation are allocated into the three categories explained below. Where a case remains unresolved within the timeframe for that level, it may be upgraded to the next level.

A *Level 1 Complaint* (formerly a Consultation) is a more substantial matter than an Enquiry. It requires further investigation and contact with the company/authority. Level 1 Complaints have a 14-day time frame\* within which to be resolved.

A *Level 2 Complaint* (formerly a Complaint) is relatively complex and requires detailed investigation. It may be an unresolved Level 1 Complaint. Level 2 Complaints have a 28-day time frame\* within which to be resolved.

A *Level 3 Complaint* (formerly a Dispute) requires a high level of investigation and negotiation. It is generally an unresolved Level 2 Complaint. A Level 3 Complaint has a 90-day time frame\* within which to be resolved. Level 3 Complaints may go to a Binding Decision by the Ombudsman.

### Investigation process

Once a case has been accepted for investigation, we contact the member to put the complaint to it. It is asked to respond, providing information to assist the investigation. This often includes screens from its customer information system, which provide information on the customer's billing history or contacts the customer has made with it relevant to the complaint. If the customer has documentation to support their case, we ask them to provide it also. Where the case requires, we may commission independent technical or legal advice, or seek the opinion of a regulatory body.

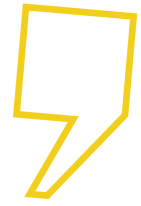
At all times, our aim is to establish an objective view of what has happened, and to help the parties reach an agreement with which they are both satisfied.

Where a case remains unresolved after detailed investigation and negotiation, the Ombudsman reviews it and may make a Binding Decision. Where a Binding Decision is made, it is binding on the member, while the customer may accept or reject it. If it is rejected, the member is released from its terms. The Ombudsman also has the discretion to discontinue an investigation where a case has insufficient merit.

\* Time frames may be affected by factors internal to the company/authority (eg. field testing and reports, site inspections, resourcing for complaint management, case backlogs); factors external to the company/authority (eg. EWOV case backlogs, the seeking of technical/legal advice, delays in customer action/replies); as well as the complexity of the case.



The Victorian water industry led the way in implementing hardship programmes for utility customers.



# Focus on trends and policy

## Systemic issues

Essentially, EWOV has been set up to conciliate individual cases. However, we also have a responsibility to identify systemic issues from the cases we receive, and as appropriate, report these to regulatory bodies. A systemic issue is a serious matter capable of affecting a large number of customers.

Identification is usually by way of a succession of similar complaints. However, there have been instances of systemic issues being detected from just one complaint, when it's been realised that the effect of the issue may well extend beyond that complainant to others — be that to other customers of the member concerned, or even customers across an industry generally. We also track compliance with legislation and industry codes, enabling us to identify systemic issues of a compliance nature.

Wherever possible, we adopt a preventative focus, looking for ways to identify and address problems before they become a source of widespread customer complaint. In identifying systemic issues and trends in this way, EWOV helps ensure that matters with the capacity to affect groups of customers are quickly identified and acted on by the appropriate regulatory agencies.

Most of EWOV's reporting of systemic issues is to the ESC, but reports may also be made as appropriate to agencies such as:

- the Australian Competition and Consumer Commission (ACCC)
- Consumer Affairs Victoria (CAV)
- the Office of the Chief Electrical Inspector (OCEI)
- the Office of Gas Safety (OGS)
- the Department of Sustainability and Environment (DSE).

Since the introduction of electricity and gas FRC last year, EWOV has compiled regular reports on cases raising potential compliance issues. By way of an agreed Market Conduct Reporting Protocol, these reports have been sent

to the ESC, CAV and the retailers concerned. Several different retailers have been involved in the matters EWOV has reported.

Potential FRC compliance issues highlighted in this way during the year included:

- the marketing practices of electricity, gas and dual fuel retailers
- market contract terms requiring small business customers to pay interest on late payments
- customers being double billed after transfer to a new electricity or gas retailer
- transfer delays due to inaccurate data entered into the central database
- tariffs that apply when a market contract has been signed by the former occupant of a premises, but not the current occupant
- transfer of arrears from one address to a new account at another address
- portability of market contracts.

FRC was not the only source of systemic issues — other matters we brought to the ESC's attention, some affecting hundreds of customers, included:

- members' interpretation of direct and consequential loss under the Voltage Variation Compensation Guideline No 11
- high gas and electricity disconnection rates
- billing delays
- backbilling in excess of 12 months
- responsibility for costs when customers must underground private overhead lines
- difficulties with the roll-out of the Special Power Payment and Off-peak Concession (one retailer)
- billing format issues for customers on payment plans (one retailer)
- incorrect usage graphs on bills (one retailer)
- field visit fees a retailer sought to impose for visiting customers as part of its routine collection cycle (one retailer).



## 'Capacity to pay' research project

Almost 20% of the Billing cases EWOV receives are about the actual or imminent disconnection or restriction<sup>3</sup> of supply. These cases invariably occur in conjunction with stressful and difficult customer circumstances and usually result from account arrears.

At the September 2002 meeting of the ESC's Customer Consultative Committee, questions were raised about how companies and authorities were responding when customers said they couldn't afford to pay their electricity, gas and/or water bills. Concerns were expressed about whether practices in regard to capacity to pay had altered.

In late 2002, we undertook research into disconnection and restriction cases received by EWOV from January to September last year. In doing this, we were looking to assess whether issues to do with the customer's capacity to pay had been raised.

Our research showed capacity to pay issues to be involved in most of the Cases for Investigation and in a significant proportion of the Enquiries we received during that period. We submitted the research to the ESC, with some recommendations. The ESC is now reviewing its performance monitoring and reporting processes, to assess the adequacy of its current hardship and affordability performance indicators. As part of that review, it will be examining company/authority approaches to hardship policies and the impact of those policies on customers. *Resolution 16* contains more information on this research.

## Input to industry, regulatory and consumer forums

A range of industry, regulatory and consumer forums seek EWOV's involvement. This year, these included:

- monthly meetings with the ESC
- quarterly meetings of the ESC's Customer Consultative Committee

- two-monthly meetings of the ESC's Marketing Code of Conduct Advisory Committee
- monthly FRC forums, involving the ESC, the Department of Infrastructure's Energy and Security Division, the National Electricity Market Management Company (NEMMCO) (electricity) and the Victorian Energy Networks Corporation (VENCorp) (gas)
- quarterly meetings with the OCEI, including a presentation to its Rural Advisory Committee
- the National Electricity Code Administrator (NECA)'s Round Table, also attended by representatives from the Energy and Water Ombudsman NSW and the NECA Advocacy Panel
- meetings with the Consumer Utilities Advocacy Centre (CUAC).

## Policy development and research

Working at the complaints frontline gives us a unique and current perspective of the customer experience. This is recognised by industry stakeholders, with our contribution to customer service policy development and research often sought. This year, we contributed to:

- the ESC's Review of the Electricity and Gas Retail Codes
- the ESC's industry comparative performance reports
- the Victorian Government's working group to consider the establishment of a Public Transport Industry Ombudsman
- the draft Code of Practice for Liquefied Petroleum Gas (LPG)
- the South Australian Department of Treasury and Finance's Consultation Paper on the establishment of the South Australian Essential Services Commission
- projects by the Australia and New Zealand Energy and Water Ombudsman Network (ANZEWO) to identify and implement best practice across Australian energy and water ombudsman schemes.



# Electricity results

With the progressive opening of the electricity market to Full Retail Competition (FRC) completed in January 2002, this was the first full year when all customers were able to choose their electricity retailer. FRC cases contributed to the overall increase in electricity cases, as did the systemic billing and call centre problems experienced by some EWOV members. There was also the impact on customers of policy and operational changes following a number of electricity company mergers and takeovers.

This year 8,815 electricity cases were received, up 39% on the 6,353 cases for previous year.

6,636 cases were received as Enquiries — up 29%, from 5,139.

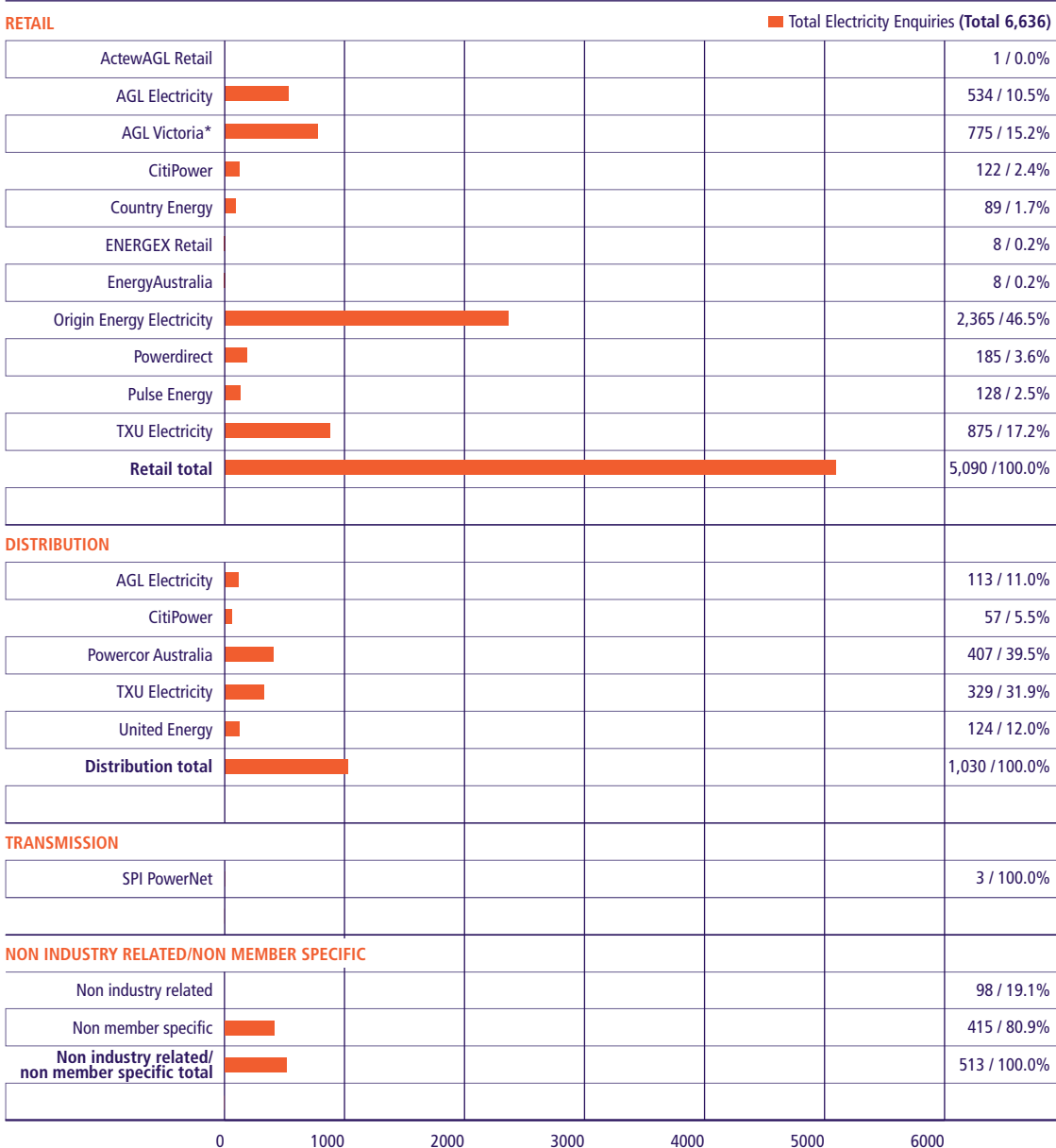
2,179 cases were received as Cases for Investigation — up 79%, from 1,214.

The electricity Enquiries to Cases for Investigation mix was 75% to 25%, against an 81% to 19% mix the previous year. This shift shows that a greater proportion of the electricity cases we received this year required investigation, rather than information provision and/or referral.

This is the first Annual Report to separate results for electricity retailers from those for electricity distributors.

In 2002 in Victoria, the average amount that households paid for electricity for the year was \$703 (if they did not have electric hot water) or \$854 (if they had off peak electric hot water).<sup>4</sup>

Figure 6: Electricity Enquiries received



\* Formerly Pulse Energy Electricity

## Retailers

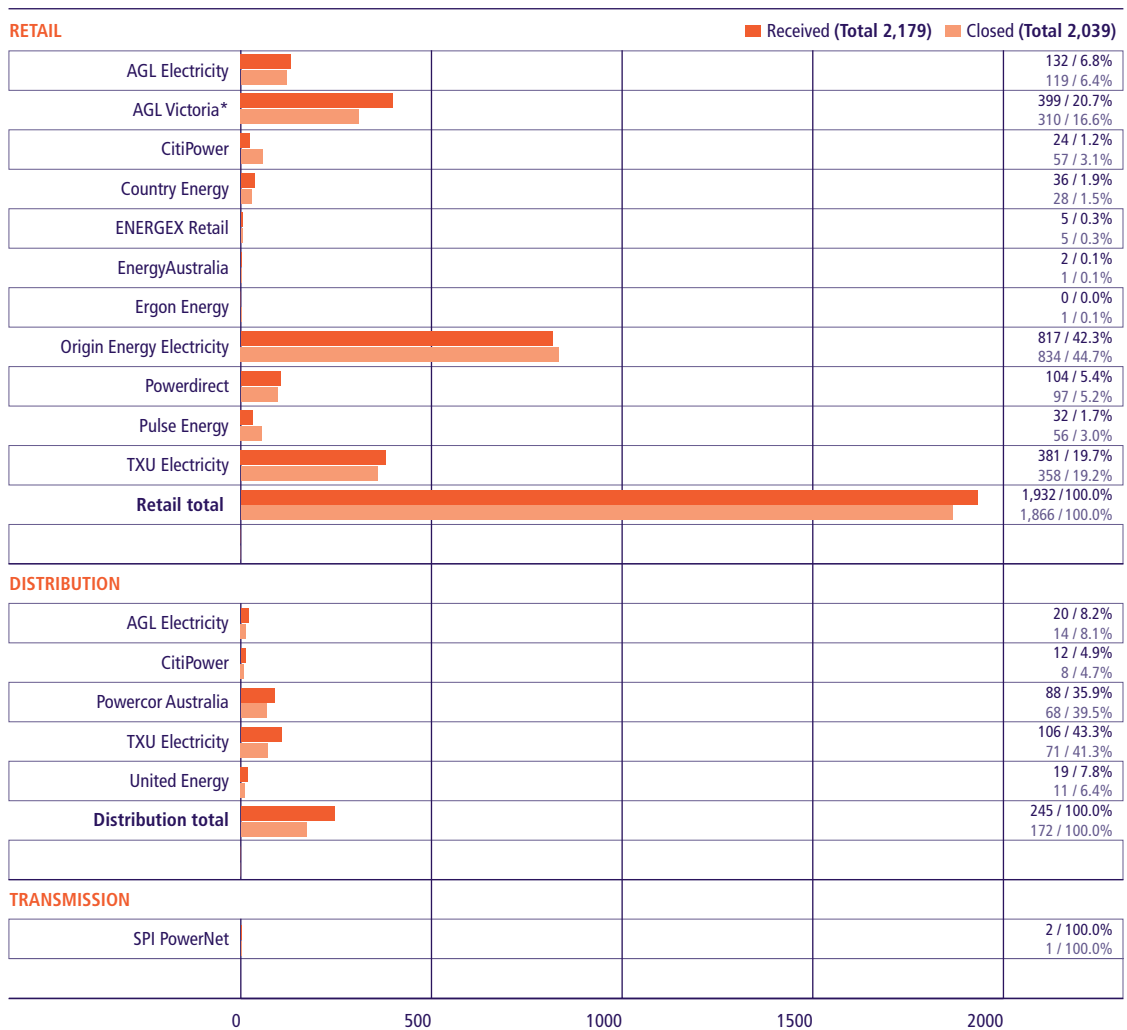
7,022 electricity retail cases were received this year — 5,090 as Enquiries and 1,932 as Cases for Investigation.

In August 2002, Origin Energy Electricity (OEE) purchased the retail arm of CitiPower. From September 2002, cases formerly received against CitiPower Retail were received against OEE. The combined entity has a market share<sup>5</sup> of 39%. Against this, it recorded 47% (3,328) of all electricity Retail cases. Its Enquiries to Cases for Investigation mix was

75% to 25%. As noted earlier in this report, during the year OEE experienced significant problems with its billing systems.

Also in August 2002, AGL acquired Pulse Energy Pty Ltd and subsequently the name changed to AGL Victoria (AGLV). With a market share of 26%, Pulse/AGLV recorded 19% (1,334) of the electricity retail cases. Its Enquiries to Cases for Investigation mix was 68% to 32%, giving it the highest proportion of Cases for Investigation among the local electricity retailers.

**Figure 7: Electricity Cases for Investigation received and closed (Levels 1 – 3 combined)**



\* Formerly Pulse Energy Electricity

Note: Cases closed may include cases from the previous year.



TXU Electricity (TXU) recorded 18% (1,256) of the electricity retail cases, against a market share of 23%. Its Enquiries to Cases for Investigation mix was 70% to 30%.

AGL Electricity (AGL) recorded 9% (666) of the electricity retail cases, against a market share of 12%. Its Enquiries to Cases for Investigation mix was 80% to 20%.

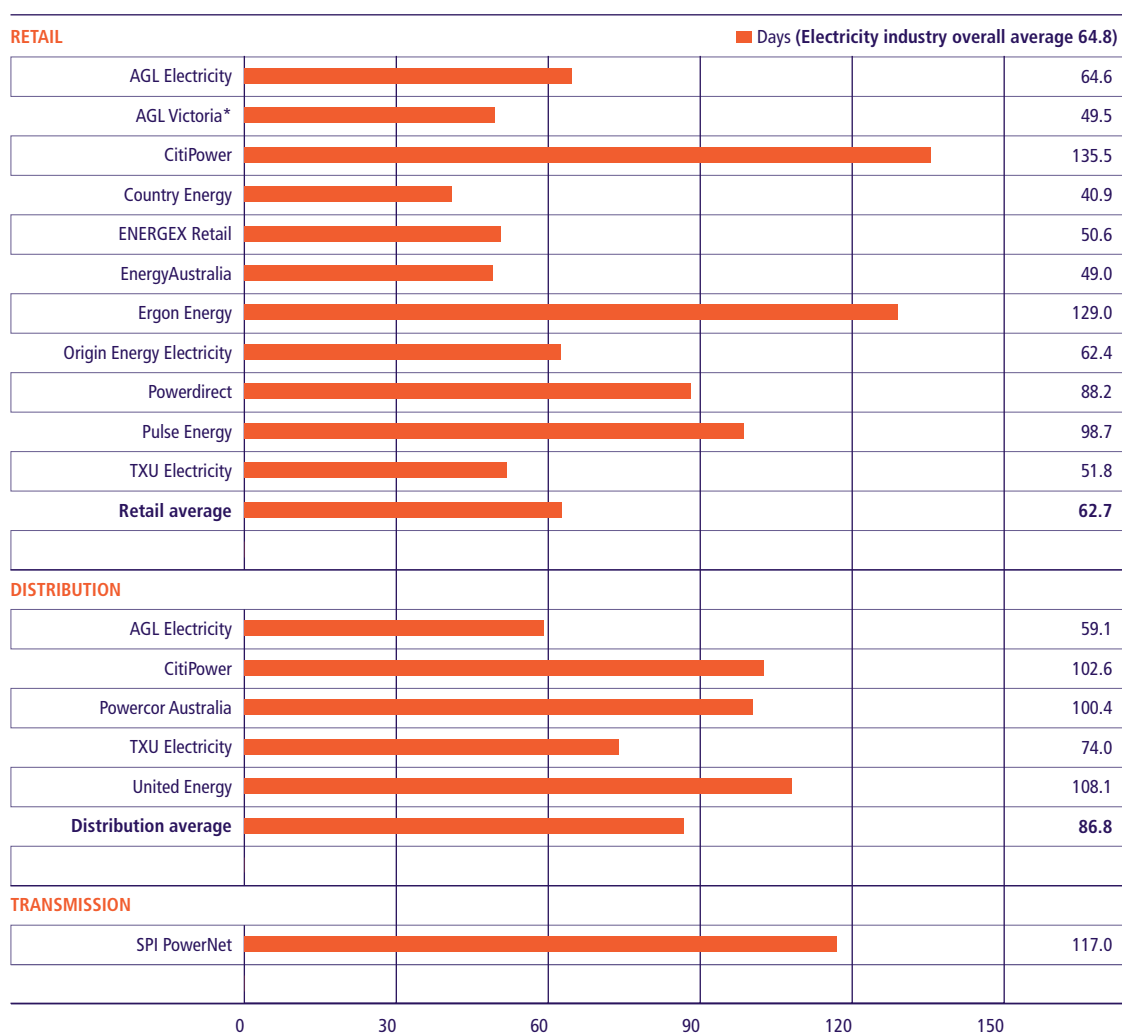
Among the independent electricity retailers, Powerdirect recorded the highest number of cases — 4% (289) of the electricity retail cases. Its Enquiries to Cases for

Investigation mix was 64% to 36%, the highest proportion of Cases for Investigation of all of the electricity retailers.

Country Energy recorded 2% (125) of the electricity retail cases, with a 71% to 29% Enquiries to Cases for Investigation mix.

Independent retailers ActewAGL Retail, ENERGEX Retail and EnergyAustralia each recorded low case numbers for the year. No cases were received against Integral Energy or Ergon Energy.

**Figure 8: Average days to close Electricity Cases for Investigation (Levels 1 – 3 combined)**



\* Formerly Pulse Energy Electricity

Note: Some of these averages are based on low case numbers.

Case closure times may be affected by factors internal to the company/authority (eg. field testing and reports, site inspections, resourcing for complaint management, case backlogs); factors external to the company/authority (eg. EWOV case backlogs, the seeking of technical/legal advice, delays in customer action/replies); as well as the complexity of the case.

## Distributors

1,275 electricity distribution cases were received — 1,030 as Enquiries and 245 as Cases for Investigation.

Powercor recorded the highest number of these — 495 cases, or 39%, against its market share of 27%. Its Enquiries to Cases for Investigation mix was 82% to 18%.

TXU Electricity recorded fewer cases (435, or 34%, against its market share of 23%). However, its Enquiries to Cases for Investigation mix was 76% to 24%, giving it the highest proportion of Cases for Investigation among the electricity distributors.

As well as being impacted by the number of customers it services, a distributor's performance is likely to be affected by the size and terrain of its geographical area and the length of its poles and wires network. Within Victoria, Powercor and TXU Electricity provide services to the largest geographical areas.

The other electricity distributors, CitiPower, United Energy and AGL Electricity recorded significantly lower case numbers this year.

## Most prevalent issues

### Overall

The most prevalent electricity issue was once again Billing — 5,640 cases, or 64% of all electricity cases, consistent with the previous year. The most prevalent Billing sub-issues were disconnection (1,052 cases, 19% of Billing cases — up from 17% the previous year) and high bills (856, 15% of Billing cases).

The growth of the competitive electricity market during the year saw Transfer emerge as the second most prevalent electricity issue overall — 974 cases, or 11% of all electricity cases (up from 3% last year). Customers complained about issues such as billing errors and double billing following transfer to the new retailer, long delays before the transfer took effect and transfer without consent.

### By sector

Billing was the most prevalent issue in the electricity retail sector — 5,447 cases, or 78% of all retail cases. The most prevalent Billing sub-issues were disconnection (1,040 cases, 19% of Billing cases) and high bills (848, 16% of Billing cases). Transfer was the second most prevalent retail issue — 901 cases, 13%; followed by Market Conduct — 313 cases, 4%.

In the electricity distribution sector, the most prevalent issue was Supply — 637 cases, or 50% of all distribution cases. The most prevalent Supply sub-issues were unplanned outages (422 cases, 66% of Supply cases) and reliability

of supply (133 cases, 21% of Supply cases). Provision was the second most prevalent distribution issue — 434 cases, 34%; followed by Land — 100 cases, 8%.

In the electricity transmission sector, SPI PowerNet's most prevalent issue was Land — 4 cases, 80%.

**Figure 9: Most prevalent Electricity issues (all case types combined)**

Electricity industry overall (Total cases: 8,815)			
Billing	5,640	Disconnection	1,052
		High	856
Transfer	974	Billing	317
		Information	168
Supply	673	Unplanned Outage	451
		Reliability	137
Electricity retail (Total cases: 7,022)			
Billing	5,447	Disconnection	1,040
		High	848
Transfer	901	Billing	315
		Delay	146
Market Conduct	313	Sales/Contact	295
		Advertising	12
Electricity distribution (Total cases: 1,275)			
Supply	637	Unplanned Outage	422
		Reliability	133
Provision	434	New	208
		In-Place	186
Land	100	Pole Cabling	45
		Vegetation	23
Electricity transmission (Total cases: 5)			
Land	4	Easement	3
		Pole Cabling	1
Supply	1	Unplanned Outage	1



The total length of Victoria's electricity distribution lines is about 200,000 km.<sup>6</sup>



**Figure 10: How EWOV dealt with Electricity Enquiries**  
(outcomes of Electricity Enquiries)

Referred to Higher Level Member Contact	3,142
Referred to Member	2,166
Provided General Information	792
Referred to Essential Services Commission	178
Referred to Another Organisation	86
Referred to Consumer Affairs Victoria	69
Referred to Office of the Chief Electrical Inspector	39
Referred to Member of Parliament	38
Referred to Sustainable Energy Authority	29
Referred to Telecommunications Industry Ombudsman	24
Referred to Department of Human Services	19
Referred to Energy and Water Ombudsman NSW	15
Referred to State Ombudsman	15
Referred to Electricity Industry Ombudsman of South Australia	13
Referred to Department of Natural Resources and Environment*	11
<b>Total</b>	<b>6,636</b>

\* Now Department of Infrastructure and Department of Sustainability and Environment

33% of electricity Enquiries were referred back to the member because the customer hadn't yet had contact with it, or had phoned EWOV simply to let us know about their issue and its status.

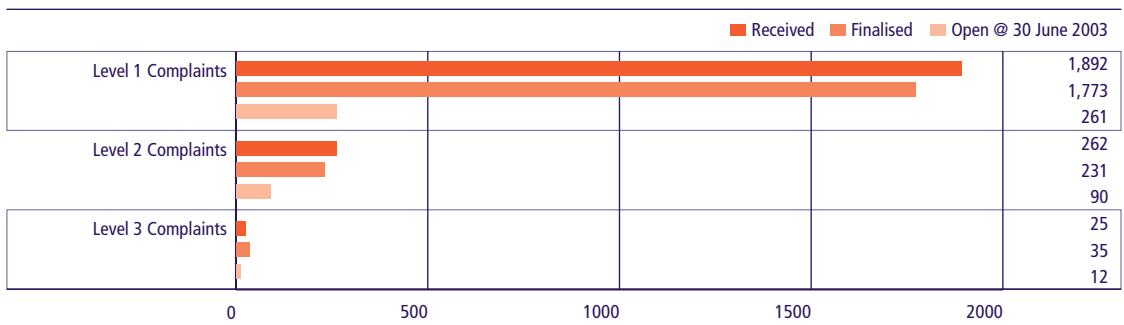
In line with EWOV's 'Refer to higher level' policy, 47% were referred back to the member because the customer had made one contact only, usually with its call centre.

**Figure 11: How EWOV dealt with Electricity Cases for Investigation**  
(Outcomes of Closed Levels 1 – 3 Complaints combined)

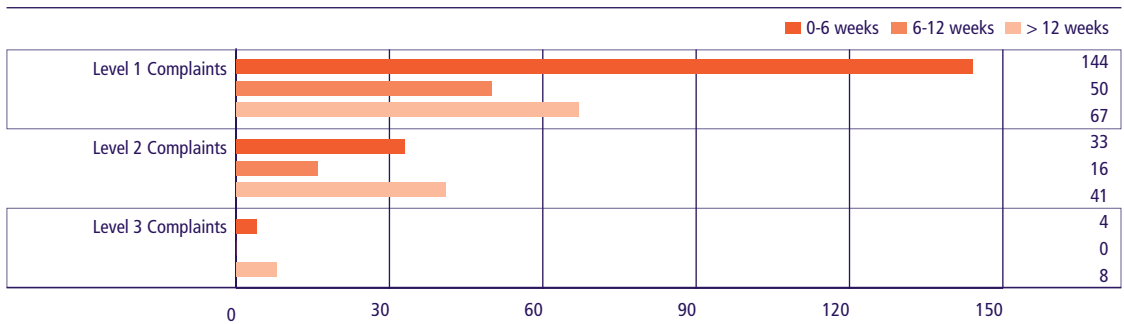
	Closed Cases for Investigation (Total 2,039)
Conciliated	1,937
Upgraded to another case level	81
No further investigation	11
Out of jurisdiction	3
Withdrawn	3
Referred to another body	2
Binding Decision	2

Of the 2,039 electricity Cases for Investigation closed during the year, 95% were resolved through conciliation.

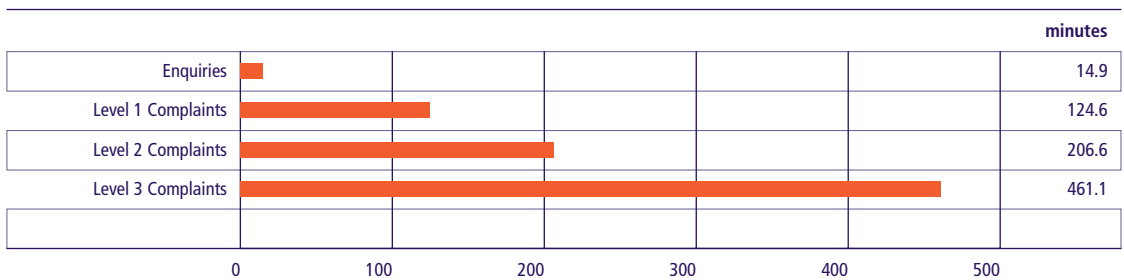
**Figure 12: Progress of Electricity Cases for Investigation during the year**



**Figure 13: Age of open Electricity Cases for Investigation @ 30 June 2003**



**Figure 14: Average time spent on closed Electricity cases (in minutes)**



# Electricity case studies

## D/2001/78 Binding Decision

### Clarifying responsibility for voltage problems

Mr M was concerned about voltage variations at his residence. He said the voltage dropped regularly, then surged back up, and he believed this had caused damage to his appliances. He was dissatisfied with the length of time his distributor was taking to rectify the problem.

#### EWOV investigation

The distributor advised EWOV there was a problem with the regulator on a transformer supplying Mr M's property, which had not been repaired. It acknowledged the voltage at the property was outside applicable limits, and identified the cause of the voltage drop as the high voltage regulator. Adjustments were proposed, but the distributor considered the voltage variations were 'minor in nature'.

It suggested that problems with the circuit breaker at Mr M's premises may have caused some of his appliances to switch off. It recommended the circuit breaker be enhanced, or modified, to ensure successful operation.

It also took various actions to rectify the voltage problems, culminating in the replacement of the transformer supplying the property. Subsequent testing indicated that the voltage levels returned to those required by the *Electricity Distribution Code*.

The distributor also advised it had programmed a project to augment the relevant feeder and/or install a new high voltage regulator. Until this work was completed, it planned to keep a low voltage regulator in place at Mr M's property.

EWOV arranged for an independent technical consultant to analyse the voltages indicated by the distributor's testing results, and to conduct separate tests. He concluded that:

- the voltage variation was extreme, exceeding both the upper and the lower limits as defined in the *Electricity Distribution Code*;
- the cause of the voltage variation appeared to be prior to the point of supply; and
- the ongoing voltage variation problems would have resulted in the expected life and operation of the customer's electrical equipment being diminished.

An assessment of Mr M's appliances indicated that the total value of the damage was \$1,390. Notwithstanding that the voltage levels had been corrected, Mr M remained dissatisfied with the quality of supply at his property, saying

that when he used more than one appliance in the kitchen, he lost supply. EWOV's independent technical consultant indicated that to alleviate the internal problems, work should be undertaken to ensure the correct operation of the circuit breaker, but it would be Mr M's responsibility to arrange this work.

#### Decision

As negotiations failed to resolve the matter, the Ombudsman issued a Binding Decision, noting that the voltage variations were extreme, and that the company's assessment of them as 'minor' was in stark contrast with EWOV's technical advice. She noted that the amount of time to rectify the problems was inordinate, having a cumulative effect, damaging appliances and affecting customer service. She concluded that the voltage variation problems caused by the distribution system had been rectified, and responsibility for the resolution of the ongoing problems rested with Mr M. The Ombudsman directed the distributor to pay Mr M \$1,390 for his damaged appliances and a further \$800 as a customer service payment. She also directed that the distributor advise him of its progress towards augmenting the relevant feeder. Mr M did not respond to the Ombudsman's Decision, so it was assumed that he did not accept it. Accordingly, the company was released from its obligations.

**This case illustrates the exacerbating effect delays can have on a customer's complaint, as well as the difficulty customers may have in understanding the division between their responsibilities and those of their service providers.**

## D/2000/81 Binding Decision

### Amenity affected by placement of power poles

Mr H complained to EWOV about the placement of a number of electricity poles, including a tee-off pole at the entrance of a property he was subdividing. He said the positioning of the poles affected the visual amenity and consequent value of the subdivision. This was of particular concern as he had not subdivided a property before and had taken care with all aspects of the development. He also raised issues about safety, drainage and site maintenance. He stated that the electricity distributor had not communicated with him immediately before the erection of the tee-off pole, which he wanted placed



in a different location. Similarly he had been trying unsuccessfully to obtain details of the proposed location of the internal poles and stated that he was not informed of this until after pegging, with the result that the poles were now in the drain. He believed the distributor's location map had been deliberately vague. Mr H claimed that the amenity had affected sales of his blocks, to the amount of \$2,500 per block, plus additional lost time and legal costs.

In response, the electricity distributor advised EWOV that:

- no special instructions had been received about the position of the entrance pole;
- Mr H instructed that supply be provided at the most economical cost;
- the offer to do the work included a copy of the subdivision plan showing the proposed route of the overhead line, with the tee-off (entrance) pole positioned in accordance with normal design requirements; and
- the subdivision poles had been installed in accordance with code requirements.

### **EWOV investigation**

Mr H's surveyor said he had had considerable difficulty in communicating with the distributor about establishing easements and pole placement and had made several unreturned calls. He and Mr H had become aware that the pole positions had been pegged, only after the event.

EWOV sought a range of advice including regulatory, technical, survey and specialist property valuation advice, as well as the views of another electricity distributor and the local Council.

The (then) Office of the Regulator-General advised that there are no specific regulations governing the installation of power poles on private subdivisions, save that distributors are required to exercise reasonable care. The Office of the Chief Electrical Inspector was of the view that while it did not have specific safety concerns about the placement, the tee-off pole might impede access.

Another distributor contacted by EWOV indicated that in this situation, it would meet onsite with customers to discuss their requirements and confirmed that Mr H's distributor should have provided him with specific details of the anticipated location of the poles prior to placement.

The local Council said that it also had some concerns about safety, access and maintenance, however, it would not take any remedial action. The independent property valuer noted that the tee-off pole detracted from the aesthetics, but it was difficult to establish the impact this had had on the buyers and prices paid.

### **Decision**

The Ombudsman considered that there had been inadequate information provision and communication by the distributor in its dealings with Mr H. In particular she noted that the distributor should have provided Mr H with a clear and concise diagram of the location of the poles, and the opportunity to inspect the peggings before installation.

She noted Mr H's inexperience as a property developer, and that a more experienced developer may have negotiated differently.

From the independent advice received, the Ombudsman formed the view that while it appeared there had not necessarily been a contravention of safety or regulatory requirements, the location of the poles may impede drainage and access and the location of the tee-off pole had had some negative effect on the aesthetics at the entrance. She considered this would have had some impact on the decisions of potential buyers.

She noted that as Mr H no longer controlled the body corporate, it would be inappropriate to direct that the poles be relocated, since this would impact third parties, who were in any case not obliged to comply with her Decision.

The Ombudsman found that the distributor had consulted poorly and failed to provide information prior to the pole placement. She determined that a fair and reasonable outcome was that the distributor pay Mr H \$2,500 in full and final settlement of his complaint. The amount of \$2,500 took into account a fair and reasonable amount for customer service, and allowance for Mr H's costs and losses in relation to the sale of his properties. Mr H accepted the Ombudsman's Decision.

**This case highlights the importance of clear communication processes when dealing with customers undertaking works.**

**C/2002/6310**

### **Backbilling beyond the limits**

The customer, a social club, was dissatisfied that estimated bills for extended periods were resulting in large unexpected backbills. The club hadn't been able to obtain an explanation for this from its electricity retailer and wanted to ensure it did not continue. EWOV's investigation showed that while the bills for the period in dispute appeared to be correct, the club had received another large backbill a year earlier, which extended beyond the 12-month limit on backbills set in the *Electricity Retail Code*.



On EWOV's approach, the retailer reduced that bill to bring it into line with the 12-month limit. This resulted in a \$954.39 reduction to the club's outstanding account. The club remained dissatisfied that it had received the unexpected bills at all, since it had provided the retailer with a registered key to ensure access to the electricity meter. The retailer assured it that in future the club's meter would be read. It also applied a further \$500 reduction to the club's outstanding account on the basis of good customer service.

**This case highlights the problems that can arise from bill estimation, compounded where the period of the backbill exceeds the time limits set in the Electricity Retail Code.**

C/2003/1460

## Incorrect bills from electrician's paperwork error

After Mr A completed and moved into his house in 1999, he began receiving unusually high electricity bills. Several times, his electricity retailer reassured him that the bills were based on correct meter readings. He was told to pay them and sent information on reducing his usage. However, he continued to believe the bills were too high. In December 2002, he spoke with the meter reader and again contacted the retailer. This time he was told he was on an incorrect tariff and would be sent revised bills. These arrived, but were backdated to March 2002 only.

Once EWOV opened its investigation and the electricity retailer went back to examine the issue, it discovered that Mr A had been put on the wrong tariff because of an error in the paperwork his electrician submitted during the building of his house. In recognition of the fact that it hadn't discovered this earlier, the retailer cancelled all of Mr A's accounts from 1999 and re-issued them using the correct tariff, leaving his account \$801.58 in credit. It subsequently sent him a cheque for this amount.

**This case illustrates the value of thoroughly investigating customer concerns as soon as they are raised. An internal investigation may well have led the electricity company to identify the cause of the tariff allocation error much earlier.**

C/2002/5679

## Change in usage patterns creates high bills

Mr P was concerned about recent unexpected high bills, so he engaged an electrician to inspect his electrical appliances. Although the electrician considered the bills to be too high for his appliances, no faults were found with them. Further, Mr P said the home was empty during the day on weekdays.

Tests undertaken by Mr P's electricity retailer confirmed that his meter was operating correctly. The retailer also carried out an energy audit with Mr A, the results of which he discussed with his family. It was during this discussion that Mr P's son admitted he was no longer attending school. Instead, he had been at home during the day generally consuming more electricity. With the cause identified, the next bill Mr P received was markedly down.

**Energy audits may be of benefit in helping customers understand changes in their usage patterns and may enable them to take action to reduce future consumption.**

C/2002/3654

## Long feeder affects supply reliability

Since January 2002, Mrs W had experienced regular supply outages, of up to seven hours, and more she thought than her neighbours. Her house was all-electric, including an electric water pump. She was seeking a commitment from her electricity distributor to rectify the problem.

Contacted by EWOV, the distributor confirmed its awareness of the issues. It said that Mrs W's supply came via a long rural feeder and, as her property was at the end of the line, supply was not as reliable as that for other customers.

It sent a senior representative to meet with Mrs W at her property. Following the meeting, it agreed to conduct further investigation into the performance of the feeder line supplying the area, with a view to improving supply reliability to all residents. However, recognising the significant impact the supply interruptions were having on Mrs W's household, the distributor arranged for her to be transferred to an adjacent feeder, at its cost.

**This case illustrates the benefits of face-to-face meetings. Resolution options often present themselves once the parties understand the issues from each other's point of view.**



## Gas results

While EWOV has dealt with gas complaints since 1999, this year was significant because the progressive opening of the gas market to Full Retail Competition (FRC) was completed in October 2002. FRC cases contributed to an increase in gas cases overall, as did the systemic billing and call centre problems experienced by some EWOV members. Provision cases were also up — for example, cases to do with new connections more than doubled compared with the previous year.

This year, 2,333 gas cases were received, up 55% on the 1,508 cases for the previous year.

1,808 cases were received as Enquiries — up 45%, from 1,250.

525 cases were received as Cases for Investigation — up 103%, from 258.

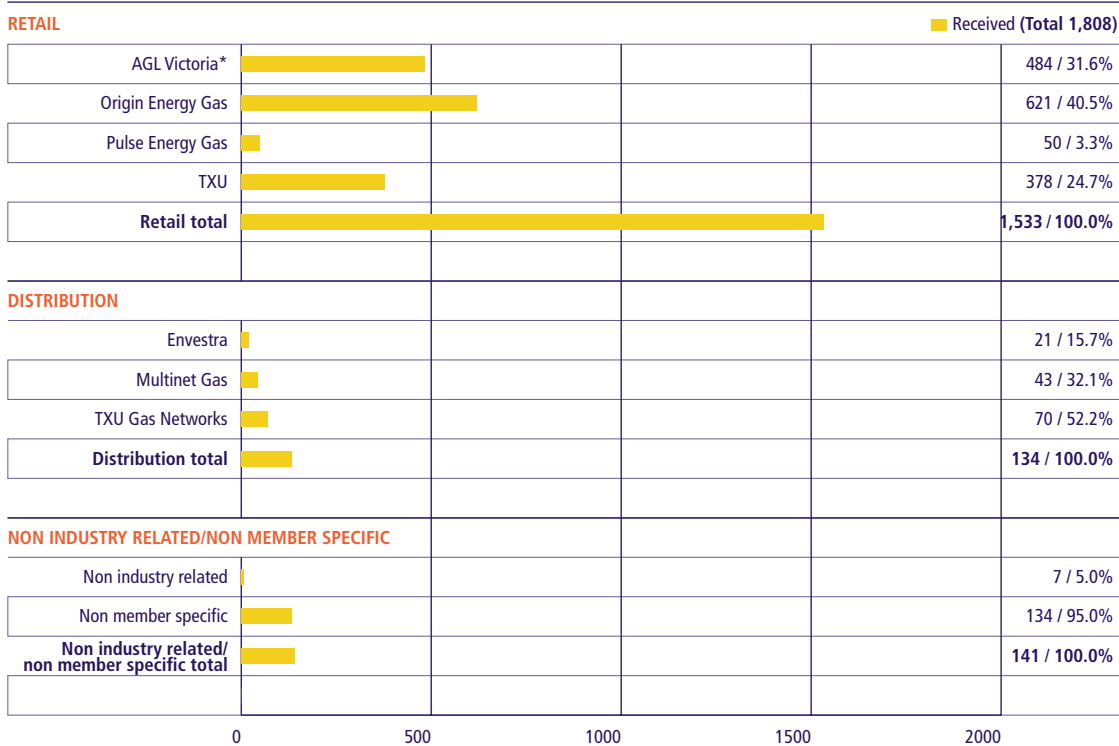
In gas, the Enquiries to Cases for Investigation mix was 77% to 23%, against an 83% to 17% mix the previous year. As with electricity, this shows that a greater proportion of the gas cases EWOV received this year required investigation, rather than information provision and/or referral.

This is the first Annual Report to separate results for gas retailers from those for gas distributors.



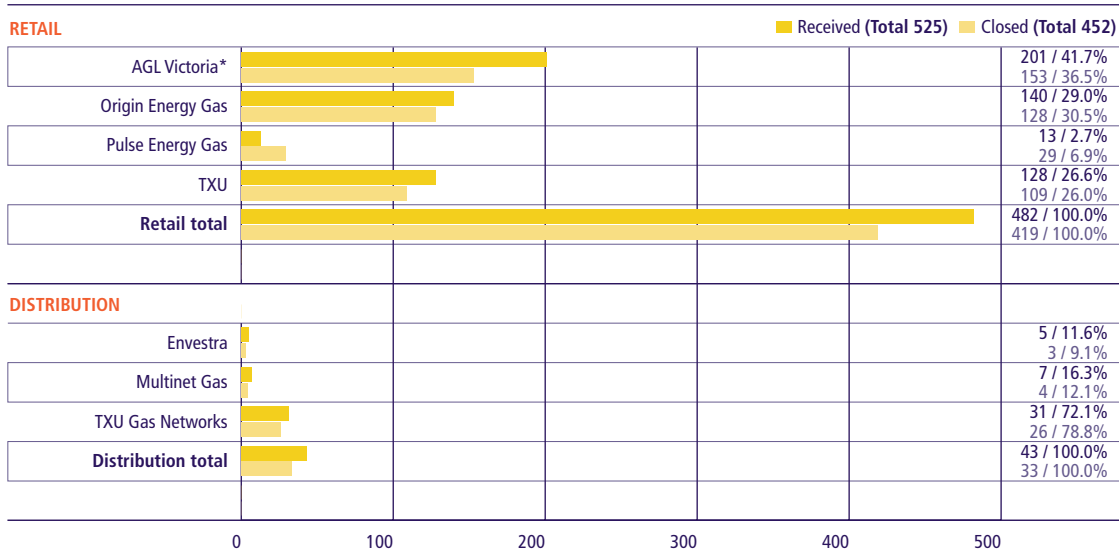
The projected 2003 average household gas bill for Victoria is \$665.7

Figure 15: Gas Enquiries received



\* Formerly Pulse Energy Gas

Figure 16: Gas Cases for Investigation received and closed (Levels 1 – 3 combined)



\* Formerly Pulse Energy Gas

Note: Cases closed may include cases from the previous year.



The total length of the Victorian gas pipeline network is around 25,000 km.<sup>9</sup>



## Retailers

2,015 gas retail cases were received this year — 1,533 as Enquiries and 482 as Cases for Investigation.

Origin Energy Gas (OEG) recorded 38% (761) of these, against its market share<sup>8</sup> of 36%. Its Enquiries to Cases for Investigation mix was 82% to 18%. Some of the Billing problems experienced during the year by Origin Energy Electricity also affected its gas retail business.

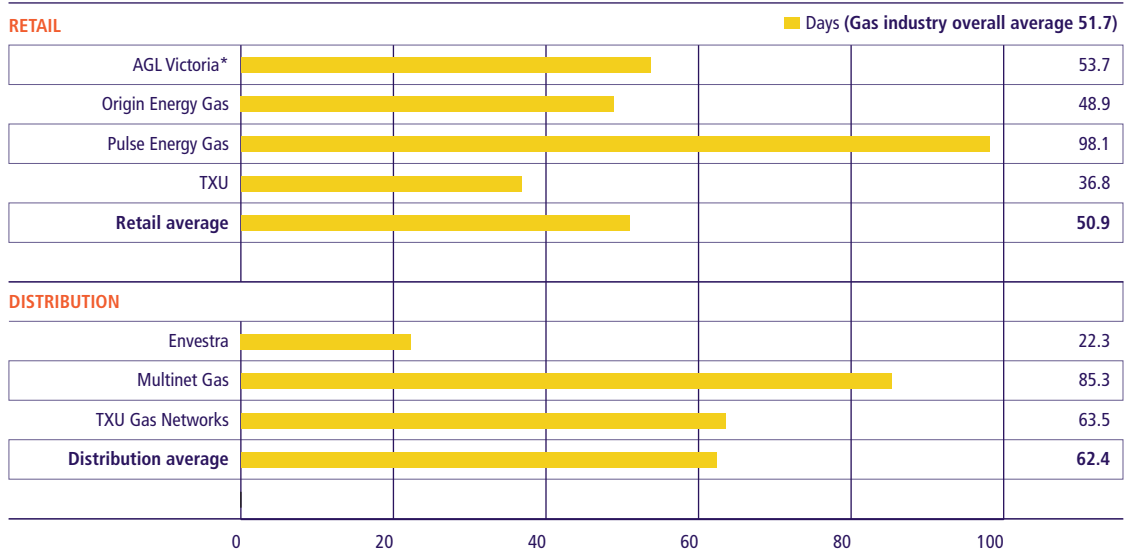
AGL Victoria (formerly Pulse Energy Gas), with a market share of 36%, recorded 37% (748) of the gas retail cases.

Its Enquiries to Cases for Investigation mix was 71% to 29%, giving it the highest proportion of Cases for Investigation among the gas retailers.

TXU recorded 25% (506) of the gas retail cases, against a market share of 28%. Its Enquiries to Cases for Investigation mix was 75% to 25%.

No cases were received during the year for independent gas retailers, ENERGEX Retail or EnergyAustralia.

**Figure 17: Average days to close Gas Cases for Investigation (Levels 1 – 3 combined)**



\* Formerly Pulse Energy Gas

Note: Some of these averages are based on low case numbers.

Case closure times may be affected by factors internal to the company/authority (eg. field testing and reports, site inspections, resourcing for complaint management, case backlogs); factors external to the company/authority (eg. EWOV case backlogs, the seeking of technical/legal advice, delays in customer action/replies); as well as the complexity of the case.

## Distributors

177 gas distribution cases were received — 134 as Enquiries and 43 as Cases for Investigation.

TXU Gas Networks recorded the highest number of these — 101 cases (57%), against a market share of 29%. It also recorded the highest proportion of Cases for Investigation, with an Enquiries to Cases for Investigation mix of 69% to 31%.

Multinet Gas recorded 28% (50) of the gas distribution cases, against a market share of 42%. Its Enquiries to Cases for Investigation mix was 86% to 14%.

Envestra recorded 15% (26) of the gas distribution cases, against its market share of 29%. Its Enquiries to Cases for Investigation mix was 81% to 19%.

**Figure 18: Most prevalent Gas issues**  
(all case types combined)

<b>Gas industry overall</b> (Total cases: 2,333)			
Billing	1,548	Disconnection	353
		High	211
Provision	251	In-Place	124
		New	123
Transfer	205	Error	53
		Billing	39
<b>Gas retail</b> (Total cases: 2,015)			
Billing	1,514	Disconnection	352
		High	206
Transfer	197	Error	52
		Billing	39
Market Conduct	116	Sales/Contact	109
<b>Gas distribution</b> (Total cases: 177)			
Provision	135	New	69
		In-Place	66
Land	16	Pipes	11
Supply	14	Quality	6
		Reliability	5

## Most prevalent issues

### Overall

Billing was again the most prevalent gas issue — 1,548 cases (66% of all gas cases). As in electricity, the most prevalent sub-issues were disconnection (353 cases, 23% of Billing cases — down from 33% the previous year) and high bills (211 cases, 14% of Billing cases).

The second most prevalent gas issue was Provision — to do with connection of supply to new and existing properties — 251 cases, or 11% of all gas cases.

In the wake of the opening of the fully competitive gas market in October 2002, Transfer emerged as the third most prevalent gas issue overall — 205 cases, or 9% of all gas cases.

As the market gathered pace, there was an increase in transfer issues generally, including complaints about transfer in error or without the customer's consent. One specific gas Transfer issue emerged in late 2002, when the limited data transfer capacity of one gas distributor combined with the successful marketing campaign of one gas retailer to cause transfer delays for the retailer's new customers, with some customers looking at a potential wait of up to five months.

### By sector

Billing was the most prevalent gas retail issue — 1,514 cases, or 75% of all gas retail cases. The most prevalent Billing sub-issues were disconnection (352 cases, 23% of Billing cases) and high bills (206, 14% of Billing cases). Transfer was the second most prevalent gas retail issue — 197 cases, 10%; followed by Market Conduct — 116, 6%.

In the gas distribution sector, the most prevalent issue was Provision — 135 cases, or 76%, the most prevalent Provision sub-issues being the connection of supply to both new and existing properties. Land was the next most prevalent gas distribution issue — 16 cases, 9%; then Supply — 14 cases, 8%.

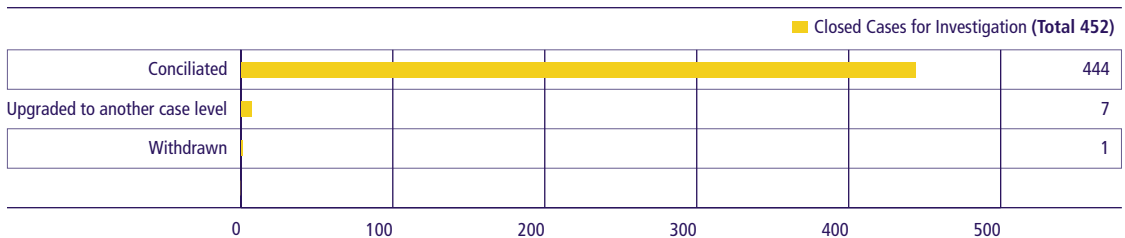
**Figure 19: How EWOV dealt with Gas Enquiries**  
(outcomes of Gas Enquiries)

Referred to Higher Level Member Contact	1,008
Referred to Member	447
Provided General Information	185
Referred to Consumer Affairs Victoria	66
Referred to Another Organisation	44
Referred to Essential Services Commission	34
Referred to Energy and Water Ombudsman NSW	9
Referred to Member of Parliament	9
Referred to Office of Gas Safety	6
<b>Total</b>	<b>1,808</b>

25% of gas Enquiries were referred back to the member because the customer hadn't yet made contact with it, or because they had phoned EWOV simply to let us know about their issue and its status.

In line with EWOV's 'Refer to higher level' policy, 56% were referred back to the member because the customer had made one contact only, usually with its call centre.

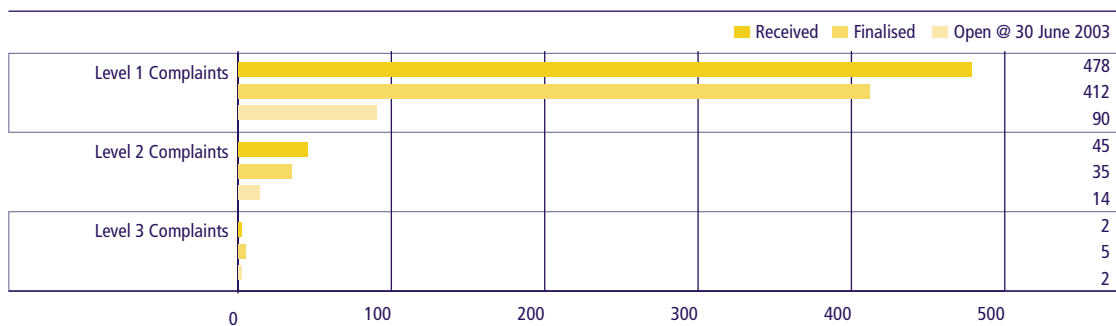
**Figure 20: How EWOV dealt with Gas Cases for Investigation**  
(Outcomes of Closed Level 1 – 3 Complaints combined)



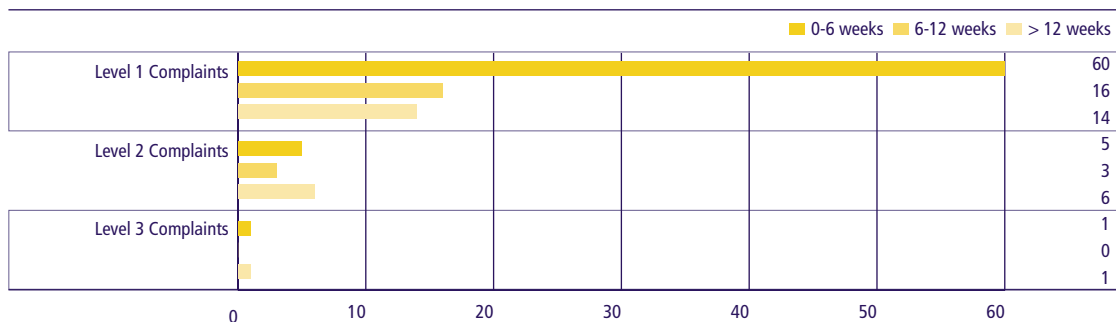
Of the 452 gas cases closed this year, 98% were resolved through conciliation, the highest percentage of the three industries.



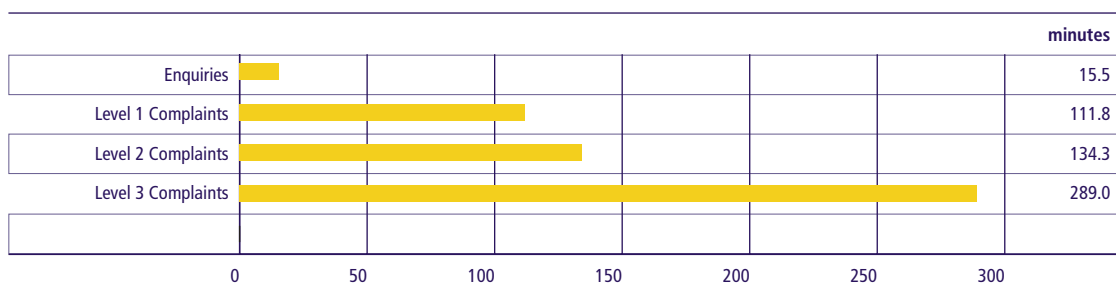
**Figure 21: Progress of Gas Cases for Investigation during the year**



**Figure 22: Age of open Gas Cases for Investigation @ 30 June 2003**



**Figure 23: Average time spent on closed Gas cases (in minutes)**



# Gas case studies

36

G/2002/1497

## Excessive backbill

Ms P hadn't received a gas bill since December 2000. She'd contacted her gas retailer a number of times about the matter, to be told a bill would be sent. She then received a bill of \$1,752 for the period 11 December 2000 – 3 October 2002, although she had been told she would be billed for a year only. Ms P was also concerned about how the bill was calculated, as there had been no actual meter readings. She contacted EWOV, not confident that the retailer would provide this information in a timely, accurate manner.

The retailer apologised for the inconvenience caused to Ms P. It adjusted her backbill, limiting it to the previous 12 months only, in accordance with section 6.2 of the Gas Retail Code. An affordable payment arrangement was agreed and a \$100 customer service gesture was credited to her account.

**As retailers' billing practices can sometimes result in large backbills for customers, the Gas Retail Code limits the period of such backbills to the 12 months prior to the customer's last bill.**

G/2003/614

## Unexplained delays in connection

The customer (a nursing home) complained to EWOV about its inability to obtain a clear date from its gas distributor for connection of supply to a new site. It had contacted the distributor in August 2002. The distributor requested further information, which the customer provided by September 2002. The customer then made contact with its preferred retailer, who arranged with the distributor for the installation of the gas mains. General construction of the site commenced in January 2003, but after three months of delays the gas distributor hadn't laid the mains. The customer said it hadn't been provided with any information about the delay, or a timeframe for connection. Following contact by EWOV, the distributor apologised for inconveniencing the customer, and provided a firm date for the works, as well as a contact point for the customer to track their progress.

**This case highlights the importance of keeping customers informed and providing realistic timeframes for actions to occur.**

G/2003/626

## Transfer effected, although cooling-off rights exercised

In late November 2002, Mr L entered a contract with a new gas retailer. However, after reading the conditions of the contract, he decided to exercise his cooling off rights and he cancelled the contract within the appropriate timeframe. A few months later, Mr L received a letter from the new gas retailer advising that he had been transferred and thanking him for signing a contract with it. Mr L was dissatisfied that the transfer had gone through, despite his exercising his right to terminate the contract. EWOV's investigation showed that the retailer had not effected the cancellation of the contract and had continued the transfer process without Mr L's permission. The new retailer advised that Mr L would be retrospectively transferred back to his retailer of choice and apologised for the inconvenience that had been caused.

**This case highlights some of the problems that have emerged in the newly competitive gas market.**

G/2002/1967

## Delay in meter relocation causes frustration

Mr U had been unable to arrange for the relocation of his gas meter, despite numerous contacts with his gas distributor. He complained about appointments being cancelled without notice, phone calls not being returned and of being generally frustrated by the process.

EWOV contacted the distributor requesting that the matter be handled urgently as the timing of the meter relocation would affect whether building works, already scheduled at Mr U's property, could go ahead. The distributor apologised to Mr U for the delays and undertook to do the work immediately, at no charge to him.

**This case highlights how simple matters can escalate into disputes when customers feel they have been unnecessarily inconvenienced.**



## Dual Fuel results

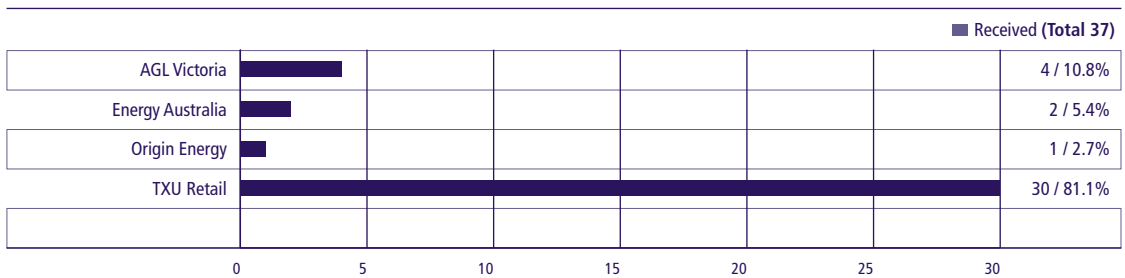
Dual fuel refers to cases where the customer's complaint is not specifically related to either electricity or gas. A customer may, for example, be complaining about the general conduct of a salesperson selling a dual fuel (electricity and gas) contract.

This is different from a situation where say, the customer believes that both their electricity and gas accounts have been transferred without their consent. In this instance, two cases would be recorded, one electricity and the other gas, since it would be necessary to investigate the status and fairness of both transfer processes.

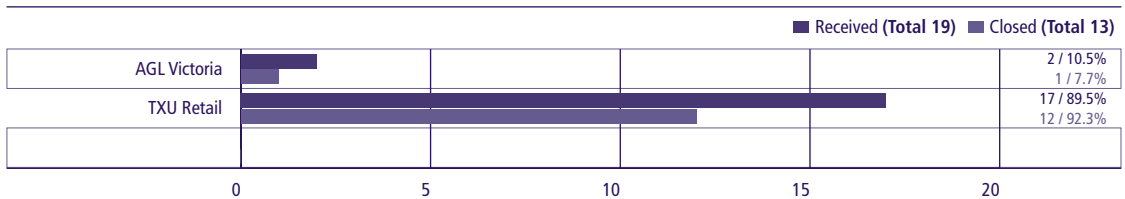
EWOV introduced the Dual Fuel case category in January 2003, to provide for equitable case handling charges for EWOV members, clear and fair reporting of issues to do with the marketing of dual fuels, and efficient case handling by EWOV Conciliators.

In the 18 months or so between electricity FRC beginning (in January 2002) and the end of June 2003, approximately 198,000 Victorian customers switched electricity retailers.<sup>10</sup>

**Figure 24: Dual Fuel Enquiries received**



**Figure 25: Dual Fuel Cases for Investigation received and closed (Levels 1 – 3 combined)**



56 dual fuel cases have been received since this case category was introduced at the beginning of 2003. 84% of these (47 cases) were taken against TXU Retail (TXU). It's likely that this was because TXU was more active in marketing dual fuel contracts than other retailers during the year. 30 TXU cases (64%) were taken as Enquiries, while 17 (36%) were taken as Cases for Investigation.

6 cases (11%) were received for AGL Victoria, 4 (67%) as Enquiries and 2 (33%) as Cases for Investigation.

**Figure 26: Most prevalent Dual Fuel issues (all case types combined)**

Transfer	22	Offer	8
		Billing	4
		Delay	4
Market Conduct	19	Sales/Contact	18
		Advertising	1
Billing	15	Delay	4
		Easyway	4
		Format	4





## Most prevalent issues

The most prevalent dual fuel issue was Transfer — 22 cases, or 39% of dual fuel cases. Matters customers most commonly complained about were contracts not setting out actual prices, or not reflecting the offer the customer accepted, no mention of customers' cooling-off rights, delays in being transferred to the new retailer, and billing problems, such as errors and double billing (receiving bills from both the old retailer and the new one for the same period).

19 Market Conduct cases were received (34%), to do with matters such as the behaviour of telephone and door-to-door sales representatives, aggressive sales techniques and potentially misleading conduct.

A further 15 Billing cases (27%) were received, about matters such as billing delays, bill formats and payment plans.

**Figure 27: Average Time spent on closed Dual Fuel Cases (in minutes)**

	minutes
Enquiries	17.4
Level 1 Complaints	86.6



In the eight or so months between gas FRC beginning (in October 2002) and the end of June 2003, approximately 91,000 Victorian customers switched gas retailers.<sup>11</sup>



# Dual Fuel case studies

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F/2003/51

## Misled about payment plan availability under new dual fuel contract

Mr G was offered a market contract for both electricity and gas, over the phone. He agreed to enter the contract, but explained to the salesperson that he had been on a budget payment plan for years with his local retailer and wanted to maintain this arrangement when he transferred. According to Mr G, the salesperson told him this wouldn't be a problem. The transfers proceeded.

When Mr G received his first bills, he rang the new retailer to confirm his payment arrangements. He was told a payment plan couldn't be set up under the contract he had agreed to. He was also told that if he wanted to change to another type of contract, he would have to pay the first bills in full.

Mr G considered he'd been misled about the availability of the payment plan, saying he wouldn't have agreed to transfer had he known he couldn't maintain his existing payment arrangements. The case was resolved when the new retailer agreed to honour the undertaking Mr G said he'd been given. A payment plan was set up for him, in line with his previous arrangements.

**This case illustrates some of the difficulties that may arise when customers enter into contract arrangements over the phone.**

F/2003/71

## Delay in receiving combined gas and electricity bill

Mr L had agreed to transfer his gas account to his electricity retailer some six months earlier, having been told his gas and electricity accounts could go on the one bill. He was concerned when the combined bill did not arrive — instead he received a separate \$96.58 gas bill. He also complained that although he had been told his Easyway payment plan could continue under the dual fuel contract, the retailer

later advised there would be a charge of \$2 a month to do this. Alternatively, he could set up a direct debit arrangement.

In line with EWOV's case handling policy, since Mr L had one previous contact with the retailer only, he was referred to a higher-level contact. He subsequently advised EWOV that all of his concerns were addressed through the referral and the matter satisfactorily resolved. It had been agreed that he would continue to receive separate gas and electricity accounts to ensure the continuation of his Easyway plan, and avoid the need for a direct debit arrangement. The retailer assured him the \$2 surcharge would not apply in his situation.

**Customers need to be fully informed of all terms and conditions of contracts, including payment options.**

F/2003/53

## Delays lead customer to seek contract cancellation

Mrs R was experiencing ongoing delays with the transfer of her electricity and gas accounts onto a single dual fuel bill. Because of this, and due to the fact that the direct debit arrangement for payment of the accounts had not been activated by the new retailer, Mrs R had requested her contract be cancelled. EWOV found that while there had been a delay in transferring Mrs R to a dual fuel contract, the transfer had occurred prior to her request for the contract cancellation. The retailer assured Mrs R that the direct debit arrangement had been created, a dual fuel account would be established and her bills issued in a timely manner. Recognising that the delay in transferring her accounts, and the failure to directly debit funds towards them had caused arrears to accrue, the retailer applied a \$253 credit to Mrs R's account.

**This case study highlights some of the transfer issues causing frustration for customers in the newly competitive electricity and gas markets.**



The Victorian water industry joined EWOV in April 2001.

This year, total water cases continued to remain low, compared with those in electricity and gas. It's hard to pinpoint exactly why this is so, especially when just under half of EWOV's members are water members. One answer is that the water authorities and companies may be doing a better job of handling customer complaints. Certainly the Victorian water industry has shown itself to be a pacesetter in some difficult areas, such as customer hardship.



## Water results

It's unlikely that the answer is as straightforward as that though. Something we've noticed is that, among water customers, there appears to be a greater tolerance of problems. For example, in these times of strict water usage controls and restrictions, we could have expected a flow of calls about the application of those restrictions. That's not happened. Although there are some very complex issues associated with the water usage restrictions (eg. licensing and water rights that impact directly on farmers' livelihoods), it seems that customers understand the context of what's happening regarding conserving water, and by and large are working with the restrictions. This contrasts quite markedly with the situation in the early years of electricity and gas, when customer concerns about industry changes were very evident.

However, this year there was an increase in water cases requiring investigation by EWOV, rather than information provision or referral. In addition, while case receipt remains low compared with electricity and gas, the issues water cases raise — especially to do with Provision and Supply — are often more particular and more complex.

Water customers' awareness of EWOV's role also seems to be growing, likely to have been heightened by good publicity given to the Ombudsman's visits to regional and rural water authorities during the year.

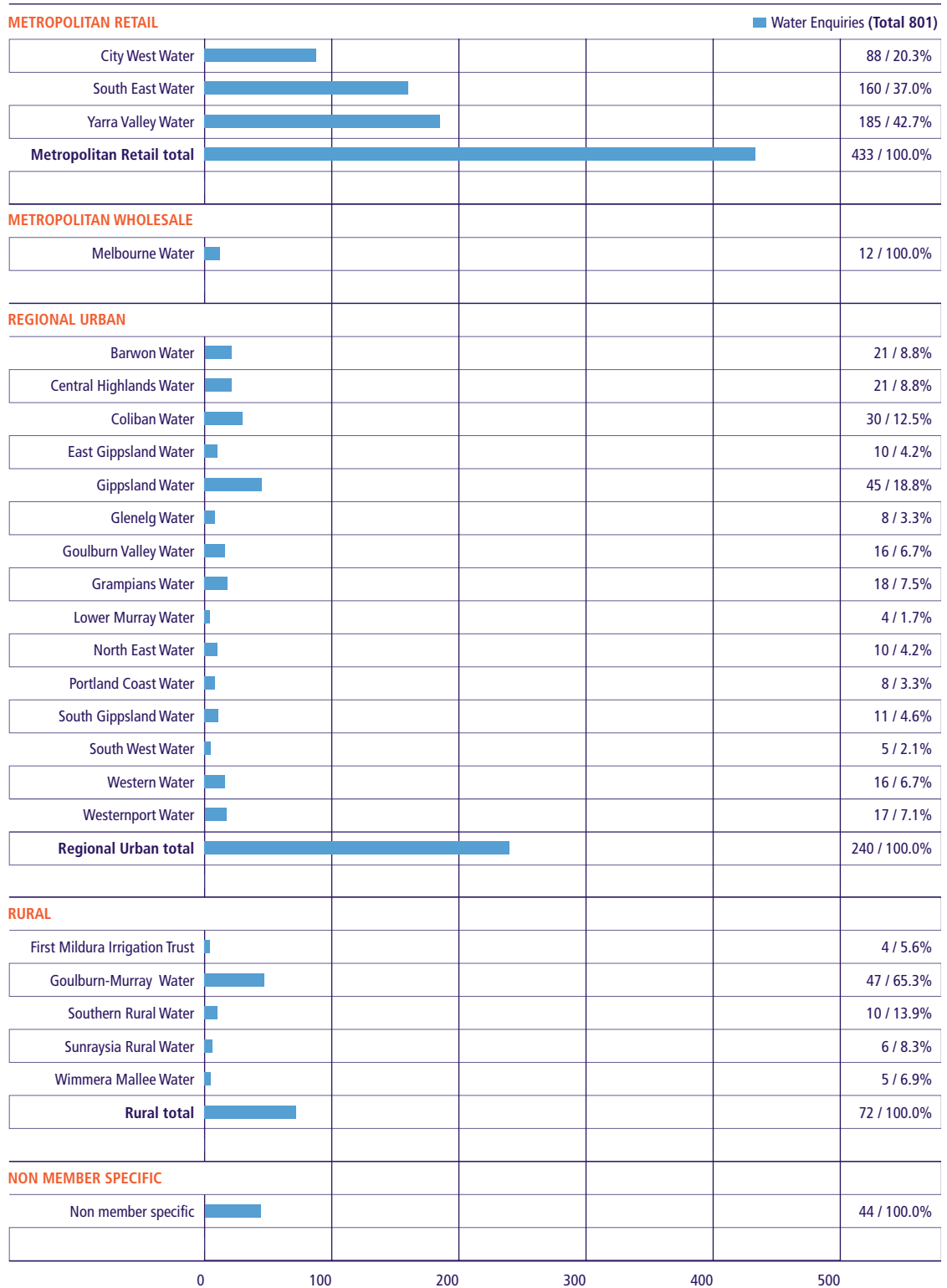
This year, 990 water cases were received, down 2% on the 1,013 cases for the previous year.

801 cases were received as Enquiries — down 5%, from 843.

189 cases were received as Cases for Investigation — up 12%, from 169.

In water, the Enquiries to Cases for Investigation mix was 81% to 19%, against an 83% to 17% mix the previous year.

Figure 28: Water Enquiries received



## Metropolitan retailers

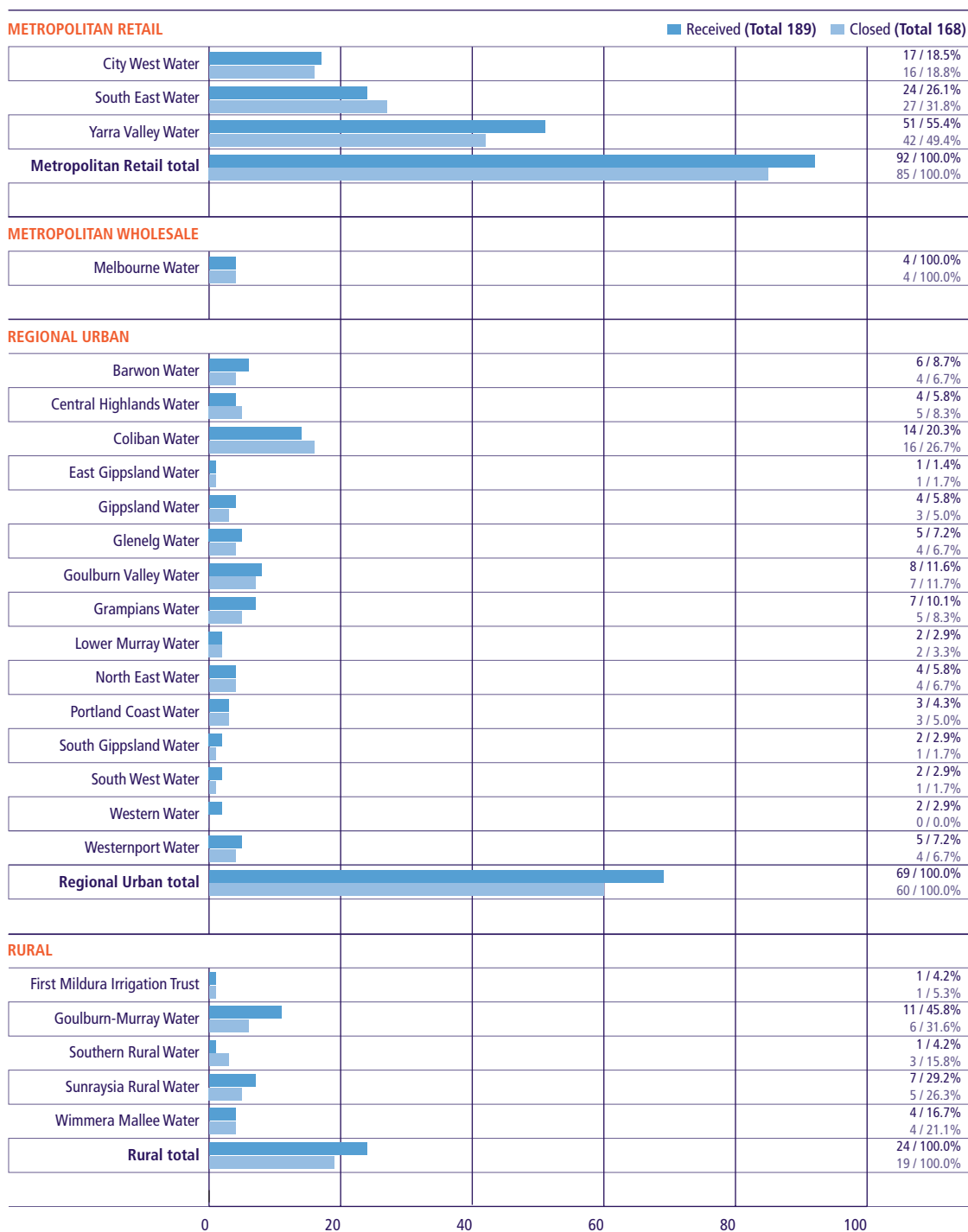
525 metropolitan retail cases were received — 433 as Enquiries and 92 as Cases for Investigation.

Yarra Valley Water (YVW) recorded the most cases — 236, or 45% of all metropolitan water cases, against a market share of 42%<sup>12</sup>. It also recorded the highest proportion of Cases for Investigation among the metropolitan retailers, with an Enquiries to Cases for Investigation mix of 78% to 22%.

South East Water (SEW) recorded 184 cases — 35% against its market share of 39%. Its Enquiries to Cases for Investigation mix was 87% to 13%.

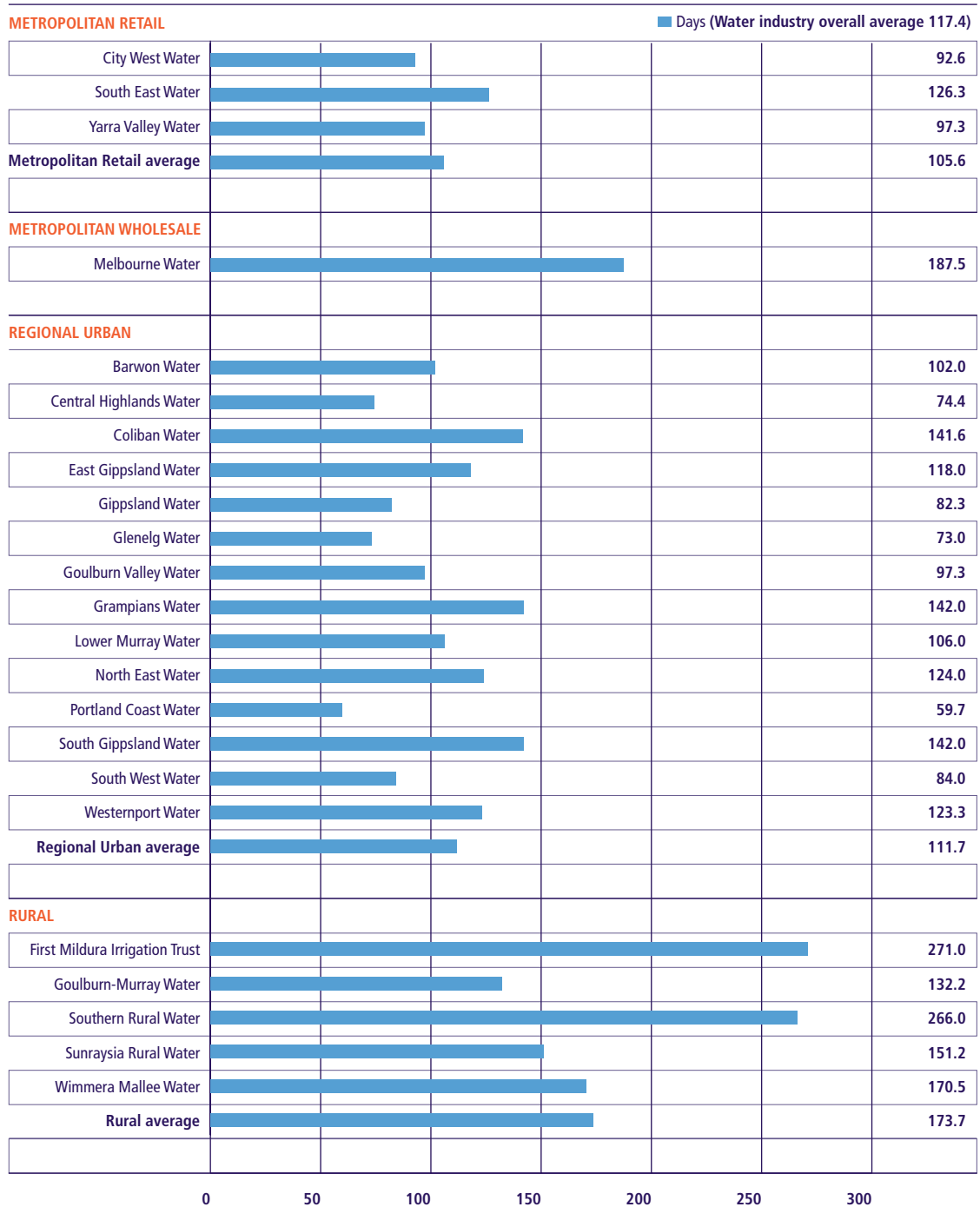
City West Water recorded 105 cases — 20% against its market share of 19%. Its Enquiries to Cases for Investigation mix was 84% to 16%.

Figure 29: Water Cases for Investigation received and closed (Levels 1 – 3 combined)



Note: Cases closed may include cases from the previous year.

**Figure 30: Average days to close Water Cases for Investigation (Levels 1 – 3 combined)**



Note: Some of these averages are based on low case numbers.

Case closure times may be affected by factors internal to the company/authority (eg. field testing and reports, site inspections, resourcing for complaint management, case backlogs); factors external to the company/authority (eg. EWOV case backlogs, the seeking of technical/legal advice, delays in customer action/replies); as well as the complexity of the case.

## Metropolitan wholesaler

The sole metropolitan water wholesaler, Melbourne Water, recorded 16 cases — 12 Enquiries (75%) and 4 Cases for Investigation (25%).

## Regional urban water authorities (RUWAs)

309 regional urban cases were received — 240 as Enquiries and 69 as Cases for Investigation.

Gippsland Water recorded the most cases — 49, or 16% of all RUWA cases, against a market share of 10%. Most of Gippsland Water's cases were taken as Enquiries, its Enquiries to Cases for Investigation mix being 92% to 8%.

Coliban Water recorded the second highest number of cases — 44 cases, or 14%, against its market share of 10%. Almost one third of Coliban's cases were taken as Cases for Investigation, its Enquiries to Cases for Investigation mix being 68% to 32%.

The RUWA recording the least cases for the year was Lower Murray Water — 6 cases, or 2% against its 5% market share. One-third of these (2 cases) were taken as Cases for Investigation, its Enquiries to Cases for Investigation mix being 67% to 33%.

## Rural water authorities

96 rural cases were received — 72 as Enquiries and 24 as Cases for Investigation.

Goulburn Murray, with a market share of 56%, recorded the most cases — 58, or 60% of all rural water cases. Its Enquiries to Cases for Investigation mix was 81% to 19%.

Sunraysia Rural Water recorded the second highest number of cases — 13, or 14%, against its market share of 7%. Over half of its cases were taken as Cases for Investigation, its Enquiries to Cases for Investigation mix being 46% to 54%. This was the highest proportion of Cases for Investigation among the rural water authorities.

First Mildura Irrigation Trust (4% market share) recorded the least cases for the year — 5 cases, or 5% of all rural water cases. 80% of its cases were taken as Enquiries, with one Case for Investigation.

**Figure 31: Most prevalent Water issues (all case types combined)**

<b>Water industry overall</b> (Total cases: 990)			
Billing	507	Service Charge	110
		Arrears	71
Supply	184	Sewerage/Drains/Catchment	50
		Conservation/Restrictions	41
Provision	141	In-Place	87
		New	53
<b>Metropolitan Retail</b> (Total cases: 525)			
Billing	300	High	54
		Service Charge	53
Provision	76	In-Place	56
		New	19
Supply	75	Sewerage/Drains/Catchment	32
		Conservation/Restrictions	18
<b>Metropolitan Wholesale</b> (Total cases: 16)			
Land	11	Easement	4
General Enquiry	2		
Supply	2	Sewerage/Drains/Catchment	1
		Licensing	1
<b>Regional Urban</b> (Total cases: 309)			
Billing	168	Service Charge	44
		Arrears	22
Provision	57	New	29
		In-Place	28
Supply	50	Quality	19
		Sewerage/Drains/Catchment	13
<b>Rural</b> (Total cases: 96)			
Supply	49	Access	17
		Conservation/Restrictions	12
Billing	31	Service Charge	8
		Meter	7
Land	6	Pipes/Channels/Drains	4
		Easement	2



**Irrigation accounts for about three-quarters of the water used in Victoria.<sup>13</sup>**



## Most prevalent issues

### Overall

As in electricity and gas, the most prevalent issue for water was Billing — 507 cases, or 51%. The most prevalent sub-issues were different however — service charges (110, 22% of Billing cases) and billing arrears (71, 14% of Billing cases). 7% of water Billing cases concerned restriction of supply, consistent with the previous year.

184 water cases (19%) concerned Supply (to do with issues such as water quality, conservation and usage restrictions, sewerage and drains).

141 cases (14%) concerned Provision (to do with new supply and existing assets).

### By sector

In the metropolitan retail sector, Billing was the most prevalent issue — 300 cases, or 57%. High bills (54 cases, or 18% of Billing cases) and service charges (53 cases, 18% of Billing cases) were the most prevalent sub-issues. 76 metropolitan retail water cases (14%) concerned Provision and a further 75 cases (14%) concerned Supply.

Land was the most prevalent metropolitan wholesale issue.

In the regional urban sector, Billing was also the most prevalent issue — 168 cases, or 54% of the total regional urban cases. Service charges (44 cases, 26% of Billing cases) and Arrears (22 cases, 13% of Billing cases) were the two most prevalent sub-issues. 57 regional urban water cases (18%) concerned Provision and a further 50 cases (16%) concerned Supply.

In the rural water sector, Supply was the most prevalent issue — 49 cases, or 51% of the total rural cases. Access (17 cases, 35% of Supply cases) and conservation and

usage restrictions (12 cases, 24% of Supply cases) were the two most prevalent sub-issues. 31 rural water cases (32%) concerned Billing and 6 (6%) concerned Land.

### Figure 32: How EWOV dealt with Water Enquiries (outcomes of Water Enquiries)

Referred to Higher Level Member Contact	282
Referred to Member	277
Provided General Information	153
Referred to Another Organisation	33
Referred to Member of Parliament	19
Referred to Department of Natural Resources and Environment*	16
Referred to Legal Adviser	8
Referred to State Ombudsman	8
Referred to Consumer Affairs Victoria	5
<b>Total</b>	<b>801</b>

\* Now Department of Infrastructure and Department of Sustainability and Environment.

35% of water Enquiries were referred back to the water company or authority because the customer hadn't yet made contact with it, or because they had phoned EWOV simply to let us know about their issue and its status.

In line with EWOV's 'Refer to higher level' policy, 35% were referred back because the customer had made one contact only with the company or authority, usually with its call centre.

### Figure 33: How EWOV dealt with Water Cases for Investigation (Outcomes of Closed Levels 1 – 3 Complaints combined)

	Closed Cases for Investigation (Total 168)
Conciliated	145
Upgraded to another case level	18
No further investigation	3
Withdrawn	2

86% of the 168 water cases closed during the year were resolved through conciliation, the lowest percentage of the three industries.

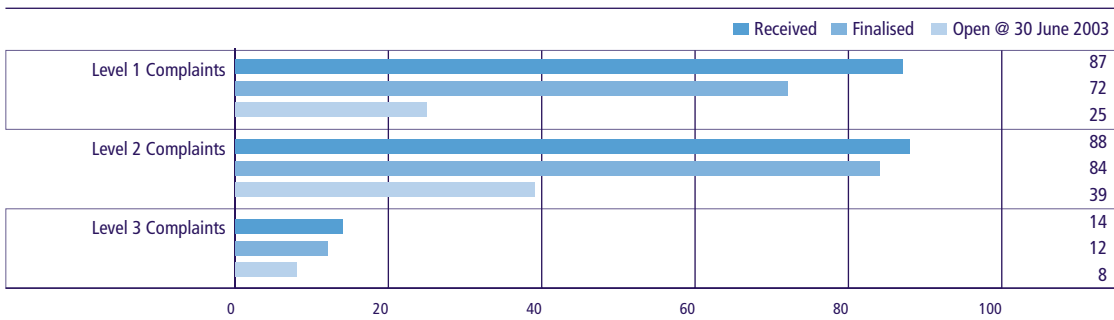
11% of water cases were upgraded to a higher case level, compared with 4% in electricity and 2% in gas, a sign of the more particular nature of some water cases and the complex issues their investigation may raise. In the experience of the Ombudsman and EWOV's Conciliators, it may also point to some inflexibility on the part of a member.



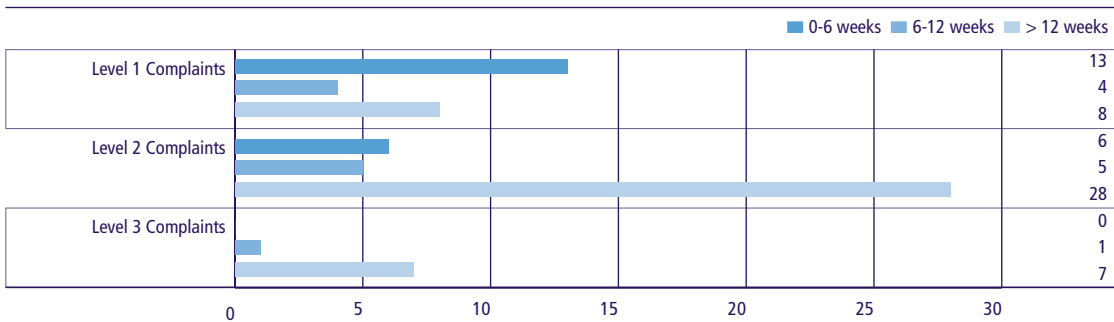


In 2001/02, the average cost of water, sewerage and drainage charges for an owner-occupied household in metropolitan Melbourne was \$512.<sup>14</sup>

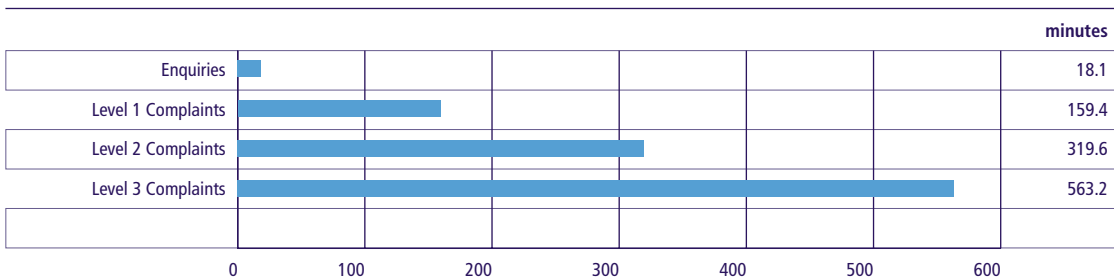
**Figure 34: Progress of Water Cases for Investigation during the year**



**Figure 35: Age of open Water Cases for Investigation @ 30 June 2003**



**Figure 36: Average time spent on closed Water cases (in minutes)**



# Water case studies

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WD/2001/28

## Liability for loss of rental income

Ms B had ongoing problems with the water main servicing her metropolitan property — it had ruptured four times, most recently causing extensive flood damage. Her insurance company agreed to the repairs to her property, but wouldn't commence those until the water main was replaced. This took almost 4 months. Ms B's property ended up being uninhabitable for over 12 months. As well as paying for the repairs, her insurance company paid for 23 weeks loss of rental income for the property. Ms B was seeking reimbursement from her water company for a further 29 weeks loss of income, a sum of \$12,325.

The water company denied liability, saying its engineering report indicated the problems at Ms B's property were the result of inadequate drainage, and were the responsibility of the builder.

EWOV's investigation of the case raised a number of legal issues about the water company's potential liability given the history of leaks and bursts from the main. It also raised issues of how liability might be apportioned and compensation calculated.

EWOV assisted a conciliated outcome, in which both parties agreed on \$8,057.35 as reasonable compensation from the water company.

**Laws and industry codes are taken into account by EWOV when working towards a fair and reasonable outcome to customer complaints.**

W/2002/1162

## Private extension — responsibility for repairs

Mrs R was concerned that she was being held responsible for the repair of a water leak. Her water authority had told her urgent works were required to fix the leak, for a total cost of \$1,500. Mrs R believed that, as the leak occurred outside of her property, she was not responsible for the repair cost.

The EWOV's investigation showed that Mrs R's water service came via a private extension, owned, operated and maintained by her. Repairs were also her responsibility. It transpired that Mrs R had been aware of the private extension at the time of purchasing the property several years before.

When she expressed concerns about the cost of repairs, the water authority investigated other options, coming up with a more affordable \$541 solution. It also offered her a payment arrangement.

**The provision of detailed information and an explanation can be sufficient to resolve a customer's concerns. Once the responsibility for the repairs was confirmed, Mrs R accepted the situation. The water authority's willingness to investigate more affordable options assisted the resolution of the matter.**

W/2003/233

## Adequate information provision

Mrs K had contacted her water authority to check the cost of connecting to the water main, located some 80 metres from her property. She was prompted to do this after a neighbour's property was connected at a reasonable cost. Mrs K was given a technical explanation of why she couldn't connect through her neighbour's property, but she was given no advice as to other options, or the costs involved. She was dissatisfied with this response.

It was found that Mrs K's property couldn't be connected to the main through her neighbour's property because of an authority by-law that prevented a service pipe coming through another person's property. As a result of EWOV's investigation, Mrs K was provided with the specific by-law information and a breakdown of the cost to connect her property to another point at the main, allowing her to make a thorough assessment of her options. She was satisfied with this outcome.

**While EWOV cannot investigate the fairness of the cost of capital contributions, this case was taken on the basis that the customer needed to be provided with more information about her options.**



W/2002/1165

## Unforeseen high water bill

Mr K worked for a body corporate managing a property of several units. A broken pipe under the concrete path behind one of the units became obvious only when water rose to the surface. Mr K arranged for a plumber to repair the pipe, but the body corporate subsequently received a water bill for over \$2,000. Mr K contacted the water authority several times, but was unable to have the bill reduced.

The water authority said the property owner was responsible for maintaining the pipe, but also acknowledged that, at times, internal leaks went undetected. Its Water Leakage Allowance Policy allowed for the sewage disposal charge not to be applied on an estimated volume of leakage. However, in the case of common water usage in a body corporate situation, there was no charge for sewage disposal anyway, so no adjustment was granted.

EWOV sought information from other water authorities as to good industry practice in this type of situation. This showed other authorities would have allowed a reduction in charges, as a matter of good customer service. The case was resolved when the water authority agreed to credit almost half of the account — \$1,125.15 — and reissue a bill for \$1,200.

**In this particular situation, flexibility of approach contributed to the parties reaching an agreed solution. Research into good industry practice assisted the process.**

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The 15 Victorian regional urban authorities have widely diverse characteristics and serve populations from 15,000 to over 200,000.<sup>15</sup>





# Financial statements



## Statement of financial performance For the year ended 30 June 2003

	2003 \$	2002 \$
<b>Revenue from ordinary activities</b>	<b>3,021,591</b>	<b>3,015,249</b>
Employee benefits expense	(1,956,481)	(1,598,998)
Depreciation and amortisation expense	(113,590)	(101,014)
Borrowing costs expense	0	(18)
Rental expense	(368,710)	(254,635)
<b>Other expenses from ordinary activities</b>		
Administration expenses	(427,217)	(458,697)
Consultancy expenses	(247,824)	(267,358)
Marketing expenses	(93,392)	(105,009)
Other expenses	(36,425)	(77,078)
<b>(Deficit)/Surplus from ordinary activities</b>	<b>(222,049)</b>	<b>152,443</b>
Total changes in Members' equity other than those resulting from transactions with members as members	<b>(222,049)</b>	<b>152,443</b>

## Statement of financial position

### As at the year ended 30 June 2003

	2003 \$	2002 \$
<b>Current Assets</b>		
Cash asset	224,353	249,025
Investments	101,000	300,000
Other	39,958	19,017
<b>Total Current Assets</b>	<b>365,311</b>	<b>568,042</b>
<b>Non-Current Assets</b>		
Plant and equipment	267,244	280,402
<b>Total Non-Current Assets</b>	<b>267,244</b>	<b>280,402</b>
<b>Total Assets</b>	<b>632,555</b>	<b>848,444</b>
<b>Current Liabilities</b>		
Payables	235,207	235,825
Provisions	64,151	71,912
<b>Total Current Liabilities</b>	<b>299,359</b>	<b>307,737</b>
<b>Non-Current Liabilities</b>		
Provisions	64,806	50,267
<b>Total Non-Current Liabilities</b>	<b>64,806</b>	<b>50,267</b>
<b>Total Liabilities</b>	<b>364,164</b>	<b>358,004</b>
<b>Net Assets</b>	<b>268,391</b>	<b>490,440</b>
<b>Members' Equity</b>		
Retained surplus	268,391	490,440
<b>Total Members' Equity</b>	<b>268,391</b>	<b>490,440</b>

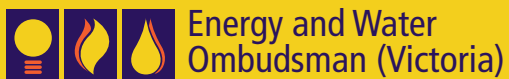
# Financial statements (cont.)

## Statement of Cashflows For the year ended 30 June 2003

	2003 \$	2002 \$
<b>Cash Flows from Operating Activities</b>		
Levy receipts from Members (inclusive of goods and services tax)	3,150,298	2,986,501
Payments to suppliers and employees (inclusive of goods and services tax)	(3,308,502)	(2,980,085)
Interest received	35,161	38,369
Borrowing costs	0	(18)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(123,043)</b>	<b>44,767</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of plant and equipment	90	4,317
Payments for plant and equipment	(100,719)	(98,500)
<b>Net cash outflow from investing activities</b>	<b>(100,629)</b>	<b>(94,183)</b>
<b>Cash Flows from Financing Activities</b>		
Principal repayments under finance leases	0	(2,166)
<b>Net cash outflow from financing activities</b>	<b>0</b>	<b>(2,166)</b>
<b>Net Decrease in Cash Held</b>	<b>(223,672)</b>	<b>(51,582)</b>
<b>Cash at the Beginning of the Financial Year</b>	<b>549,025</b>	<b>600,607</b>
<b>Cash at the End of the Financial Year</b>	<b>325,353</b>	<b>549,025</b>

## Endnotes

- 1 Essential Services Commission (ESC), *Electricity Retail Businesses Comparative Performance Report for the Calendar Year 2002*, June 2003, p 35 and ESC, *Gas Industry Comparative Performance Report 2002*, June 2003, p 44.
- 2 Based on figures provided to EWOV by Victorian water businesses.
- 3 While electricity and gas customers may have their electricity or gas supply disconnected as a result of account arrears, water supply is generally not disconnected. Rather, water supply is 'restricted' to a minimal flow rate. In rare cases, water customers may have their water supply disconnected, usually as a result of account arrears, but this is only after extended negotiations with the service provider have failed, and the water supply has already been restricted.
- 4 ESC, *Electricity Retail Businesses Comparative Performance Report for the Calendar Year 2002*, June 2003, pp 13, 33. Based on standing tariffs and usage of 4,000 kilowatt hours per year (if no electric hot water), or 6,500 kilowatt hours per year (with off-peak electric hot water).
- 5 Pursuant to discussion with the Essential Services Commission and having reviewed the approach of comparable schemes, EWOV presently bases market share for the local electricity retailers on the customer numbers of the electricity companies at deregulation in December 1994. This approach will be reviewed in early 2004.
- 6 Victorian Department of Infrastructure's website: [www.doi.vic.gov.au](http://www.doi.vic.gov.au)
- 7 ESC, *Gas Industry Comparative Performance Report 2002*, June 2003, p 6. Based on standing tariffs and usage of 60,000 megajoules per year.
- 8 Pursuant to discussion with the Essential Services Commission and having reviewed the approach of comparable schemes, EWOV presently bases market share for the local gas retailers on the customer numbers of the gas companies at deregulation in November 1998. This approach will be reviewed in early 2004.
- 9 Victorian Department of Infrastructure's website: [www.doi.vic.gov.au](http://www.doi.vic.gov.au)
- 10 Based on electricity data on NEMMCO's website: [www.nemmco.com.au](http://www.nemmco.com.au)
- 11 Based on gas data provided by VENCORP.
- 12 Pursuant to discussions with the Essential Services Commission, and having reviewed the approach of comparable schemes, EWOV presently bases market share for the scheme's water members on customer numbers provided by the Victorian Water Industry Association. This approach will be reviewed in early 2004.
- 13 Department of Primary Industries website: [www.dpi.vic.gov.au](http://www.dpi.vic.gov.au)
- 14 Essential Services Commission, *Melbourne's Retail Water & Sewerage Companies – Performance Report July 2001 – June 2002*, February 2003. The 2001/02 figures are the most recent figures available. Based on usage of 230 kilolitres per year.
- 15 VicWater website: [www.vicwater.org.au](http://www.vicwater.org.au)



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