



# energy water ombudsman

energy and water ombudsman (victoria)

annual report

04

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

EWOV opened in May 1996.  
To 30 June 2004, we had  
helped almost 60,000  
Victorian electricity, gas  
and water customers.

## Our mission

- to provide independent advice, information and referral regarding energy and water services
- to receive, investigate and facilitate the resolution of complaints involving consumers of energy and water services in Victoria and members of the scheme
- to work with customer groups and industry to achieve customer service excellence

## Our vision

To be a responsive, innovative and dynamic organisation, which is recognised for excellence

## The principles that guide how we work

- independence .... *resolution not advocacy*
- access .... *readily accessible to individual consumers of electricity, gas and water services*
- equity .... *fairness to all parties*
- quality .... *highest professional standards*
- effectiveness .... *high calibre staff, supported by training and state-of-the-art technology*
- efficiency .... *optimal use of resources*
- community awareness .... *foster and maintain community awareness*
- linkages .... *effective links and working relationships with consumers, members and stakeholders*

## We operate according to national benchmarks

EWOV complies with the National Benchmarks for Industry-Based Customer Dispute Resolution Schemes published in 1997 by the Commonwealth Department of Industry, Science and Tourism. These benchmarks focus on the principles of accessibility, independence, fairness, accountability, efficiency and effectiveness.

Your guide to  
**ewov's**  
annual  
report

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# 2003/04 at a glance

Of course, we'd like you to read all of our Annual Report, but until you can, here's a snapshot of the things that stood out for us this year.

- We received 13,767 cases, up 13% from 12,194 cases last year.
- We resolved and closed 3,123 Complaints, 451 (17%) more than last year. We conciliated 96% of these.
- The case increases were across all industries:
  - electricity cases (9,624) were up 9%
  - gas cases (2,769) were up 19%
  - dual fuel cases (238) were up 325%
  - water cases (1,136) were up 15%.
- Billing was the most common issue overall. Billing cases were up 19%. They made up 67% of all cases, compared with 63% last year.
- Overall, almost 1 in 6 cases was about billing disconnection or restriction of supply (up from almost 1 in 8 last year). Among these, there were more cases about *actual* disconnection or restriction, rather than *imminent* disconnection or restriction.
- Case analysis we submitted to the Essential Services Commission pointed to shortfalls in customer hardship initiatives.
- Our contact with Indigenous communities revealed significant affordability and disconnection issues — we've been working with other agencies to help address these.
- New case issues emerged as energy retailers increased their marketing activity and more customers took up market contracts, including dual fuel offers.
- Independent research into customer satisfaction with our service placed EWOV in the very top bracket of service providers.

# from. the chair



As EWOV's Chairperson, I am very aware of the time and effort the Ombudsman, the EWOV staff team and the scheme's Directors put into providing an effective and independent dispute resolution service for Victoria's electricity, gas and water customers. So, it is always heartening to hear that those we're here to help think we're doing a good job.

I was therefore delighted to see the results of our most recent customer satisfaction survey which again places EWOV in the very top bracket of service organisations. To have the overwhelming majority of customers surveyed (residential and business) rate their satisfaction with our service as either excellent, or good, is a great result and one of which we are all very proud.

That's not to say we'll rest on our successes — the survey identified some opportunities for raising those satisfaction levels even higher, and I know the Ombudsman and her team are already working towards that. And, we plan to undertake a broader survey of EWOV stakeholders in the coming year. The survey results are, however, a wonderful affirmation of the work EWOV is doing, and how we're doing it.

2003/04 brought EWOV a 13% increase in cases. On top of that, we came into this year carrying a major case backlog from last year's 37% increase in cases. Of course we want customers to seek our help when they're unable to achieve resolution through their electricity, gas or water providers, but case increases will always stretch the organisation's resources and demand effective management strategies. With the high level of professionalism and attention we've come to expect of them, the EWOV team has not only managed the increase in cases, but also wound back the case backlog with which we started the year. The Board and I have been particularly impressed by the work they've undertaken to reduce aged cases, with extraordinary results achieved in a short time.

We have also been impressed that this has been achieved while returning a 2003/04 financial surplus for the scheme. This will translate into a lower charge to EWOV members for 2004/05.

On a different note, the EWOV Board has recently farewelled three of its longer serving Directors — Colin Peirce of the Victorian Employers Chamber of Commerce and Industry and Barbara Romeril of Community Child Care Association Victoria both left the Board at 30 June 2004, and Simon Lucas of CitiPower on 26 August 2004.

Simon was appointed in 1995 as a Director of the original Electricity Industry Ombudsman (Victoria) (EIOV) Board, and continued in this role when the Council and the Board merged in 1998. Colin's involvement with the scheme also started in 1995, with his appointment to the original EIOV Council. He became a Director in 1998. Barbara joined the Board in 1999.

The contributions made by these Directors have always been robust, intelligent and constructive. On behalf of the Board, I thank them for that and know they will continue to take an interest in EWOV from afar.

Stepping into their shoes are Mark O'Brien, Chief Executive Officer of the Tenants Union of Victoria, John Mumford, a regional financial counsellor and member of the Financial & Consumer Rights Council, Victoria, and Sandro Canale of AGL.

EWOV moves into the new financial year very well placed to deliver the highest quality of service to Victoria's electricity, gas and water customers. For me personally, it continues to be an honour to be associated with one of Australia's leading industry-based customer dispute resolution schemes.

The Hon. Tony Staley  
EWOV Chairperson



- We received 26,796 telephone calls (up 8%).
- We recorded 10,658 Enquiries (up 15%) and 3,109 Complaints (up 7%).
- We closed 3,123 Complaints, successfully addressing a case backlog from the year before.
- In 96% of Complaints, we achieved a conciliated outcome.
- 80% of cases were closed within two weeks.
- We made numerous formal public submissions to regulatory agencies and government.
- We worked to improve our own case handling processes.
- We re-organised ourselves for better service delivery.
- We increased community awareness of our services.

# from the ombudsman

This Annual Report presents an overview of the EWOV year. For those of you who want greater detail on the electricity, gas and water cases we received (overall, by industry, by industry sector and by individual member), I recommend our regular detailed six-monthly reports. *Resolution 17* and *Resolution 18*, which together cover the 2003/04 year, are available in hard copy from us, or can be obtained from our website ([www.ewov.com.au](http://www.ewov.com.au)).

## Customers rate us highly

Amid all the year's activity, and because we need to be sure that what we're doing is having a positive impact, we decided it was time for some updated feedback from EWOV's largest stakeholder group – the customers who use our dispute resolution services.

Following up on research we last undertook in 1999, an independent reviewer was commissioned to survey a sample of customers who'd lodged Complaints with us between July 2001 and June 2003. We were looking to understand the service elements customers think are important, the relative priorities they place on these, and their level of satisfaction with the service we've been providing.

The results of the survey place EWOV in the very top bracket of service providers, with 91% of residential customers and 80% of business customers rating their satisfaction with our service as either excellent or good. 88% of customers considered our Conciliators were confident and knowledgeable about their issue. 76% rated their satisfaction with the outcome as either excellent or good.

All in all, the survey results confirmed that we're having a positive impact. Importantly, the results showed that customers can clearly distinguish between their satisfaction with the outcome they obtained, and their satisfaction with our service.



The results also identified some areas for us to work on, one of those being management of customer perceptions around the case handling process. Some customers believe EWOV provides customer advocacy, when in fact we provide an independent dispute resolution service. Customers must also understand the requirement for them to participate in the resolution process, not simply ring and expect us to 'fix it'.

You can read more about our customer satisfaction survey on page 8.

## 96% of Complaints conciliated

It's great to hear that most of the customers using EWOV's dispute resolution services are happy with the outcome. From our point of view, it's also enormously satisfying to be able to help so many customers with so many different case issues.

For example, this year saw more customers contact us trying to understand the changes to buying electricity and gas that have come with *Full Retail Competition* (FRC). Some hadn't asked enough questions of retailers' sales representatives, while some salespeople have been found to be less than forthcoming with important information about contract terms and conditions. Some customers found themselves with payment plans that weren't covering their energy usage, some were sent large backbills after their billing was delayed, and some didn't receive incentives they were told they were entitled to. Others found themselves signed up to contracts, having only agreed to receive information packs. One elderly customer went overseas, leaving his daughter to mind his house, and returned to find his electricity account had been transferred to another retailer on terms he couldn't afford. We were generally able to resolve the issues in these cases quickly, once the retailer was made aware of the customer's concerns, and often, the customer elected to return to their original retailer.

Sometimes, a customer's concern goes back several years. Three years before contacting us one customer, having moved into her new home, asked her gas retailer to change the account details from her builder's name into her name. When this didn't happen, the customer kept paying the bills in her builder's name. When the account details were eventually changed, she received a \$3,569.04 backbill, for which the retailer was holding her responsible until she could prove she'd been paying the bills. With EWOV's help, this was done. She also received a customer service payment for inconvenience.

Not all cases have monetary outcomes. Another customer asked her water authority to fix a water leak in one of its channels on her property, because the leak was causing weeds to grow in her feed paddock. Repairs were started but stopped part-way, with the authority saying it wasn't responsible for repairing her channels. Her protests, that it was the authority's channel, fell on deaf ears. Contacted by us, the water authority apologised and restarted the repair work the next day, completing it to her satisfaction.

Then there are cases where, through our investigation process, the customer realises the problem is at their end, not caused by their provider. Like the customer who said he'd used his gas hot water system for 14 years without a problem, but lately, had been having interruptions to his gas supply whenever it rained. Frustrated that his gas distributor wasn't able to work out what was wrong, he asked EWOV to investigate for him. We found that rain was actually getting into his hot water service and causing the problem. He accepted the result and went off to get the leak fixed.

## Highlighting shortfalls in hardship initiatives

Billing-related disconnection/restriction of supply is one of the most challenging case issues we deal with, partly because it often occurs in conjunction with stressful and difficult customer circumstances. It's also increased to become the biggest Billing sub-issue, making up 23% of Billing cases this year.

The bottom line is that electricity and gas billing disconnection cases are still going up — in electricity, they've now been going up for three and a half years. This is despite more hardship programmes being put in place. Given this increase, I think it's time for industry, government and the Essential Services Commission (ESC) to take stock of what's in place to help customers in hardship, to work out why customers are still being disconnected due to inability to pay, and to identify what else is needed. EWOV's view on the matter remains the same — there should be a clear regulatory requirement on all electricity, gas and water providers to develop comprehensive, effective and accessible best practice hardship programmes.



The Victorian community, generally, may not be aware of how much work and thinking EWOV puts into helping government and regulators develop a consumer protection framework that does just that — protects consumers.

To help us, and the ESC, understand what's behind the increase in these cases, we undertook some specific analysis. This followed up on similar analysis we did in 2002. As well as providing our findings to the ESC, we've also given them to EWOV's members and to the ESC's Customer Consultative Committee. You can read a summary of our findings on page 11.

## Working for a more robust customer protection framework

The Victorian community, generally, may not be aware of how much work and thinking EWOV puts into helping government and regulators develop a consumer protection framework that does just that — protects consumers. In addition to our research into billing disconnection/restriction issues, we made numerous formal public submissions this year, most of these on ESC issues papers.

Cases to EWOV have shown that providers' billing system problems can flow through to a range of problems for customers, including financial hardship as a result of having to pay a large backbill. We therefore supported a recommendation that the ESC consider a reduction in how far back retailers can go to recover undercharges. To this end, we're pleased to see that in the new *Energy Retail Code* to apply from January 2005, the undercharge recovery period has been reduced from 12 months to 9 months where there has been a failure by the retailer to bill.

We were also major contributors to the work of the Marketing Code of Conduct Advisory Committee (MCAC) and have been pleased to see that the ESC has picked up most of MCAC's recommendations in the draft of its new *Energy Marketing Code*. This includes EWOV's recommendation that energy retailers be required to provide clearer information about termination fees prior to a customer accepting a market offer.

Additionally, we've made a significant contribution to the development of the ESC's draft new *Customer Service Code for Metropolitan Retail and Regional Water Businesses*, expected to apply from July 2005. As a result, a message about EWOV will be included on all urban water restriction warning notices. We also supported the ESC's proposal that it be a regulatory requirement for water businesses to have hardship policies and procedures.

## Adding value for EWOV members

An important part of our role is to look for opportunities where we can add value to our members, by using what our cases tell us about the customer experience to help members improve their customer service. Such opportunities have arisen in the context of *Full Retail Competition (FRC)* in electricity and gas, and the accompanying emergence of dual fuel contracts. For example, some customers taking up dual fuel contracts have been put onto payment plans based on estimated usage. These customers go along paying their set instalments, not realising their payments may not be covering their actual usage. Cases to EWOV were showing that some customers then found themselves faced with large 'catch up' bills, which they couldn't afford to pay. Our investigation of these issues during the year led at least one dual fuel retailer to review the accuracy of its instalment plans.

More generally, we continue to play a valuable role in improving communication between customers and service providers. So many times, we find that the basic issue is poor communication or poor information provision. Dispute resolution through EWOV offers a fresh opportunity for the parties to re-establish communication and find a way forward. We've also continued to be a source of early warnings of problems within a member's processes. A particular focus this year was the conduct of sales representatives and the need for retailers (and their representatives) to comply with the *Marketing Codes of Conduct*.

## Improving our own case handling

As an independent arbiter of our members' performance, it's critical that our own performance is of a high standard. We're always looking at what we do, and how we're doing it, to see where we can make improvements. Assisting us with this is EWOV's Case Handling Advisory Committee (CHAC), which provides an excellent opportunity for consumers and industry to work with us, providing constructive suggestions and feedback about proposed changes. One of the great things about the committee is that, as well as industry and consumers, it includes two experts in alternative dispute resolution who bring a broader context to CHAC discussions, and to any decisions the scheme might make based on CHAC's advice.

## Re-organising ourselves for better service delivery

Our ongoing review of operations, and the growth of the EWOV team, led us to consider how we could more efficiently manage staff and casework. As a result, we made some significant staffing and organisational changes during the year. Conciliators and Enquiry Officers were divided into two Conciliation teams, headed up by Team Managers. Current Conciliation Team Managers, Bridie Fennessy and Elize Simpson, are responsible for the day-to-day management of their Conciliation teams, including supervision, receipt and progress of all cases. They report to Janine Young, EWOV's new General Manager Operations, who joined us in September 2003.

We also employed our first Learning and Development Officer who works in close co-operation with other EWOV staff who have training responsibilities, to develop, schedule and implement learning and development activities for the members of the EWOV team.

Speaking of the people at EWOV, I'd like to formally pay tribute to EWOV's former General Manager Strategic Operations, Jo Benvenuti who, early in 2004, took up the position of Executive Manager Corporate Affairs for the Victorian RSPCA. In the seven years Jo was with EWOV, she served in a number of leadership roles. Her contributions were significant — she was part of every major challenge EWOV faced and all of its major achievements. Her strengths in case handling and policy and research benefited not only consumers, but also the scheme's members and staff. We were sad to see her go, but wished her well in her exciting new career.

Jo's departure prompted us to undertake a further review of positions and responsibilities, and rather than refill her position, Steve Morris (General Manager Corporate Affairs) and Janine Young (General Manager Operations) took on expanded roles. You can read more about the roles of the people at EWOV on page 19.

## Taking EWOV to the community

We know it's important that we get out into the community — to remind customers generally of our role, to hear about their electricity, gas and water experiences, and to bring key stakeholders up-to-date with the issues arising from the cases we're receiving. Particularly valuable this year were our visits to Indigenous communities around Victoria, undertaken in conjunction with the Indigenous Consumers Unit of Consumer Affairs Victoria (CAV). The visits showed us that, for the most part, this group's awareness of EWOV is low. However, since we've been involved in this CAV programme, we've received more cases than ever before from customers in Koorie communities. It appears that the visits, and our subsequent contact with customers, have gone a long way to establishing EWOV's reputation as an effective and accessible dispute resolution scheme. Our main community outreach activities during the year are covered on pages 13 and 14.

## Thank you

Thank you to EWOV's Directors for their support of me and the other members of the EWOV team through the year, especially to Board Chairperson Tony Staley who, as always, has been a source of practical and valuable advice. The Ombudsman/Board relationship continues to be intelligent and respectful. This ensures that our discussions are robust and productive, and focussed ultimately on making decisions to ensure EWOV is regarded as the best alternative dispute resolution scheme in Australia.

I'll close this report by saying how proud I am of the members of the EWOV team. Working in alternative dispute resolution, while enormously satisfying, is also enormously challenging. I watch them rise to this challenge day after day and know how hard they work to fulfill the EWOV vision of being a responsive, innovative and dynamic organisation, which is recognised for excellence. Thank you!



Fiona McLeod  
Energy and Water Ombudsman (Victoria)



# customers rate our service highly

- Satisfaction with service results place EWOV service in the top 20% of service providers
- 91% of residential customers indicated their service satisfaction was either excellent or good
- 80% of business customers indicated their service satisfaction was either excellent or good

## Background

This year, EWOV commissioned an independent reviewer to undertake a customer satisfaction research project with a sample of customers who lodged Complaints with the scheme from 2001 to 2003. The project followed previous research conducted for the Energy Industry Ombudsman (Victoria) in May 1999. Our purpose was to determine the service elements important to customers, the priority of these elements and the current level of customer satisfaction with each element. The survey also identified elements of the service experience we can look to improve, to better meet customer expectations.

Where it was possible, given that the 1999 research was based on electricity only, the dimensions of service measurement were compared with those in 1999. The results also provide us with a base level satisfaction measurement that we can use for comparisons in future years, across electricity, gas and water.

Overall, the results of the survey were excellent with very high service levels reported by respondents.

## Who we surveyed

326 electricity, gas and water customers (10% of all customers lodging Complaints) were surveyed — 58% female and 42% male. 31% were concession card holders. 25% had an annual income of under \$40,000, while 20% had an annual income of over \$61,000. 19% were renting and 56% were home owners. 2% were under 25 years, 36% between 26 and 39 years, 28% between 40 and 54 years, and 25% over 55 years. (Some customers exercised their right not to disclose this information.)

## What we found

### Satisfaction with our service

Satisfaction with service results place EWOV service in the top 20% of service providers:

- 91% of residential customers rated their service satisfaction as either excellent or good.
- 80% of business customers rated their service satisfaction as either excellent or good.
- Service satisfaction was highest among gas customers (95%), followed by electricity customers (87%), and water customers (84%).

These were all excellent results.

### Satisfaction with the outcome

76% of customers (up 13% on 1999) rated their satisfaction with the outcome of their Complaint as either excellent or good:

- 57% of residential customers rated their outcome satisfaction as excellent.
- 44% of business customers rated their outcome satisfaction as excellent.
- Outcome satisfaction was highest among gas customers, with 84% indicating an excellent or good rating. For electricity it was 79%, and for water it was 60%.
- At the other extreme, 7% of customers were totally dissatisfied with the outcome, down from 14% in 1999.

### Complaint handling attributes

We tested customers' satisfaction with the way in which their Complaint was handled:

- 88% said the Conciliator they dealt with sounded confident and knowledgeable about the area of their Complaint (as for 1999).

- 78% thought the Conciliator had the authority to resolve their Complaint (up 8% on 1999).
- 83% of calls by customers to EWOV were returned within 24 hours (up 11% on 1999).
- 82% of customers considered resolution had been achieved in a reasonable timeframe (up 7% on 1999).

### Service expectations

We also tested a number of service elements for their importance to customers:

- 62% considered the speed of answering their call to be important. 56% rated our performance as excellent/good (76% in 1999). The change in performance occurred during periods of high case loads, which have now been resolved. Currently, 94% of calls are being answered within 20 seconds.
- For 46%, it was important to have useful information to listen to, if they were in a phone queue (35% in 1999). 41% rated our performance as excellent/good (34% in 1999).
- 54% expected to be able to tell us their problem and have it fixed, without further bother to them (up from 37% in 1999). This incorrect perception held by customers surveyed needs careful management by EWOV, and is discussed below.

### Dispute resolution experience

Respondents were asked about their experience, generally, with dispute resolution schemes/services:

- 23% had previous experience with another dispute resolution scheme/service (against 22% in 1999).
- 66% rated EWOV's service as better (against 61% in 1999); within that group, 51% rated it as much better (against 49% in 1999).
- 6% felt they had experienced superior service from another dispute resolution scheme/service (against 8% in 1999).

### Opportunities for improvement

The survey identified some important areas for our attention, in particular the need for us to better manage customer perceptions about some aspects of the EWOV process.

It's a major concern that 54% of customers thought they could contact us with their Complaint, leave it with us, and have it fixed. We're looking at ways to address this perception, generally and with each customer who lodges a Complaint. It's important that customers understand the collaborative nature of EWOV's processes — in particular, that they need to be involved in the investigation and the resolution (for example, by providing us with necessary information).

Some customers still think EWOV provides customer advocacy, and some think the authority of Conciliators is limited because EWOV is an industry-based scheme. Neither is true, and we'll be working to better address these perceptions.

While 82% of customers rated the timeframe for resolution of their Complaint as either excellent or good, 10% felt it needed either some, or a lot of, improvement. Given that the survey concentrated on a period when case backlog was high, this result is very good. Reporting tools we've already introduced will help address the shortfall, but we'll also look to better manage customer expectations in this area.

The survey revealed that business customers are more likely to expect that they'll have the same EWOV contact throughout the progress of their Complaint. However, it's not uncommon for business Complaints to be quite complex, therefore requiring escalation to more experienced Conciliators, or Complex Case Managers (CCMs). Since we've reduced the number of aged Complaints, we've been able to identify complex Complaints and allocate them to a CCM, or experienced Conciliator, earlier in the investigation process. This should help address business customer concerns about handover of cases. We're also working to better manage customer expectations when cases are handed over.

While the survey highlighted the need for EWOV to review some aspects of its process, it also highlighted the need for members to meet customer expectations in the first place. Customers, generally, are expecting more of their providers, and where they have a choice of provider, those expectations are heightened. Through pro-actively providing customers with relevant, easy-to-understand information about all aspects of their supply arrangements, members can have a significant impact on whether cases come to EWOV at all.



EWOV's dispute resolution role gives us a unique perspective on the electricity, gas and water industries, especially on the quality of the customer experience.

# making the case for change

We also restated our support for a regulatory requirement on all electricity, gas and water providers to develop comprehensive, effective and accessible hardship programmes.

## Contributing to improvements in the customer protection framework

We draw on EWOV's unique perspective of the customer experience to contribute to regulatory and government consultation on the effectiveness of the consumer protection framework.

And, while EWOV has essentially been set up to handle individual cases, we have a responsibility to identify systemic and potential compliance issues from the cases we receive, and as appropriate, report these to regulatory bodies. These bodies include the Essential Services Commission (ESC), the Australian Competition and Consumer Commission (ACCC), Consumer Affairs Victoria (CAV), the Office of the Chief Electrical Inspector (OCEI) and the Office of Gas Safety (OGS). This may lead the regulator to hold discussions with provider/s. It may also lead to amendments to industry codes and guidelines. Where we draw a matter to the attention of a regulator, we also draw it to the attention of the provider concerned.

Additionally, we contribute to research undertaken by the Australia and New Zealand Energy and Water Ombudsman Network (ANZEWON).

## Public formal submissions to regulators and government

This year, we made numerous public formal submissions. These included responses to the following public consultation opportunities provided by the ESC:

- the *Draft Energy Retail Code Decision and Draft Energy Retail Code*
- the *Review of Electricity Licences*
- the *Marketing Code of Conduct Advisory Committee (MCAC) Issues Paper* and the *Review of MCAC*
- the *Price Information Disclosure Guideline Consultation Paper*
- the *Review of the Effectiveness of Retail Competition* and the *Consumer Safety Net for Electricity and Gas Issues Paper* and the *Public Draft Report* on this Review
- *Consultation Paper No. 1 on the economic regulation of the Victorian water sector*
- the *Draft Report reviewing Disconnection and Financial Hardship Performance Indicators*
- the *Draft Decision on the Mandatory Rollout of Interval Meters for Electricity Customers*
- the *Draft Customer Service Code for Metropolitan Retail and Regional Water Businesses*.

We also made a formal submission on the Department of Sustainability and Environment's *Green Paper – Securing our Water Future*.

Our public submissions are made available on the EWOV website ([www.ewov.com.au](http://www.ewov.com.au)), and listed in our regular six-monthly public reports.

## Specific research to highlight customer hardship issues

Electricity and gas billing disconnection cases kept going up this year, despite more EWOV members introducing customer hardship programmes. This prompted us to look more closely at those cases and the underlying issues — we undertook similar research in late 2002. Our latest research (undertaken in March 2004) is reported in more detail in *Resolution 18*, but some of the key points are covered below.

The research strongly suggests that existing hardship programmes, whether established or recently introduced, are neither sufficiently accessible to customers, nor comprehensive enough to pro-actively address *capacity to pay* issues. For example, in our sample of electricity cases, 58% of the Enquiries and 77% of the Complaints clearly involved *capacity to pay* issues. In our sample of gas cases, it was 78% of Enquiries and 71% of Complaints.

The picture in water is markedly different. Overall, water billing restriction and disconnection cases remain very low, and we note that some water providers have made policy decisions to restrict supply for non-payments in rare circumstances only. However, some cases in our water sample clearly involved *capacity to pay* issues.

In reporting to the ESC on our research, we acknowledged the steps a number of providers have taken to develop hardship programmes. However, we recommended benchmarking by the ESC to establish the effectiveness of these programmes. We also restated our support for a regulatory requirement on all electricity, gas and water providers to develop comprehensive, effective and accessible hardship programmes.

We recommended that providers ensure their contact centre and credit department staff understand and know how to apply their business' hardship policies and procedures, to ensure customers in financial hardship are readily referred to staff who can help them. We further recommended that the ESC undertake regular audits to ensure this is the case.

In addition, we re-stated our previous suggestion that water providers be required to include a message about EWOV on their water restriction warning notices, to ensure water customers are aware of the options open to them to resolve their issue.

We provided our report to the ESC in March 2004 and undertook to continue to provide it with reports on billing disconnection/restriction cases. We subsequently tabled the report at the June 2004 meeting of the ESC's Customer Consultative Committee, and distributed it to EWOV members.

## Other systemic and potential compliance issues

We also raised the following systemic and potential compliance issues with the ESC during the year — the first three issues are discussed in the *New issues in new markets* section on page 12:

- transfer of customers to new retailers without their *explicit informed consent*
- marketing to non-account holders
- two reports on cases involving utility connection services
- gas retailers' differing practices in relation to disconnection and reconnection fees
- bulk hot water billing tariffs
- billing issues affecting one gas retailer and some of its customers
- privacy issues arising from one member's customer promotion
- a billing format issue relating to usage graphs on the electricity accounts of one electricity retailer
- billing delay issues affecting some customers of one gas retailer
- an increase in market conduct cases for one member.

In addition, we reported to CAV on cases involving debt collection issues.



We've suggested to the ESC that a retailer should be required to obtain the express authority of the property's account holder before another person is able to enter into a contract for the property.

## New issues in new markets

Since January 2002, Victoria's electricity customers have been able to choose their electricity retailer, and since October 2002, their gas retailer. This *Full Retail Competition* (FRC) has brought new buying options for customers, and some new case issues for EWOV.

### Explicit informed consent

So far, the most common FRC case issue has been *explicit informed consent*. Customers have found their electricity or gas account transferred to a new electricity or gas retailer without their having made a conscious decision for that to happen. Some customers have complained about being misled into signing 'survey' documents, having been told the government would give them an electricity/gas rebate, then finding they had actually signed a contract to transfer their electricity/gas accounts. Other customers have agreed to receive information, only to find their accounts were then transferred to new retailers.

### Marketing to non-account holders

Transfer without *explicit informed consent* has also come up in the context of retailers marketing to non-account holders. One of the disturbing aspects of the emerging market is the marketing of new contracts to persons other than the account holder for a property. Not only have some retailers been marketing to account holders' partners and spouses, they have also been marketing to other family members and other persons who happened to answer the door or the phone. In our experience, having marketed in this way, the retailer then tends to establish an account in the name of the account holder, rather than in the name of the person they spoke with. This can result in new financial responsibilities on the account holder that they aren't aware of, and haven't agreed to.

We've suggested to the ESC that a retailer should be required to obtain the express authority of the property's account holder before another person is able to enter into a contract for the property. We believe this approach would substantially benefit customers and would not be unduly onerous on retailers. It would also be consistent with other practices, such as the requirement in the ESC's regulations that there be *explicit informed consent* in order for a transfer to be effective, the practice of retailers requiring a person to be authorised by the account holder in order for them to obtain information about the account, and the requirement for a person to provide *acceptable identification* when they establish an account in their name.

### Utility connection services

This year, we prepared two reports for the ESC on cases involving utility connection services. Customers (often tenants) can now use a utility connection service to connect electricity, gas, water and telephone to their premises, by completing one application form, at their real estate agent's office, at their newly rented premises or online. While these services can be convenient for customers, EWOV has concerns about how well they really work for the customers who've used them; for example, whether in completing the application form the customer was inadvertently signing up to a contract they didn't understand.

Other concerns we've expressed about the use of these services:

- whether customers are being provided with sufficient information about their electricity, or gas, retailer choices
- the level of information being provided to customers about their contract terms and conditions, prices, contract duration, cooling-off rights and exit fees
- delays in connection and billing
- how the ESC's Marketing Codes and the *Fair Trading Act 1999* (Vic) apply in these circumstances.

# informing the community



We know it's important that we get out into the community — to remind customers generally of EWOV's role, to hear about their electricity, gas and water experiences, and to bring key stakeholders up-to-date with the issues arising from the cases we're receiving.

## Empowering Indigenous customers

In the second half of 2003, we were invited by the Indigenous Consumers Unit (ICU) of Consumer Affairs Victoria (CAV) to take part in its state-wide visits programme to Indigenous communities and agencies. For us, this has been an excellent opportunity to make direct contact with Koorie people, with the support of Indigenous hosts. We've met with Koorie community Elders, community members, community workers, the co-ordinators of Aboriginal co-operatives, cultural centre organisers and consumer tenancy workers. In doing so, we've been able to provide information to groups whose awareness of EWOV was low.

In October 2003, we visited Aboriginal co-operatives in Horsham, Halls Gap, Hamilton, Heywood, Portland, Warrnambool and Geelong. In November and December 2003, it was Indigenous agencies in eastern and western Victoria — Morwell, Sale, Bairnsdale, Cann River, Orbost, Swan Hill, Robinvale, Mildura, Bendigo and Wodonga. In February 2004, we took part in a *Strengthening our Communities: Information Sharing Day* in Doveton, with the ICU and the Victorian Ombudsman's Office. We also participated in a similar event, *Sharing the Knowledge*, organised by the Gippsland Area Consultative Committee in Morwell in March 2004.

The most common community and customer concern has been billing. We've also found quite disturbing levels of disconnection, as well as affordability issues. With the other participating agencies, we'll be looking to help address these issues. For example, we've had input into some important work the Consumer Utilities Advocacy Centre (CUAC) has been doing on levels of disconnection in Koorie communities. It's anticipated that this work will prompt responses from both government and industry. In particular, we're expecting to see moves by electricity and gas retailers to review their hardship arrangements, to ensure they are structured to address Koorie issues.

A separate aligned project has been our work to produce a poster and a brochure for use in our visits to Indigenous communities.

## Exchanging information with outer metropolitan and rural customers

In February 2004, accompanied by a number of different EWOV team members, the Ombudsman undertook three one-day visits to locations in outer Melbourne. We visited Preston/Broadmeadows, Eltham/Heidelberg and Springvale/Berwick, undertaking specific meetings with local community resource agencies, in particular with their financial counsellors. Each day we hosted a general community groups briefing about EWOV's role and current case issues (by invitation to a range of community organisations and local MPs). There was also an advertised opportunity for individual customers to lodge their unresolved concerns with the Ombudsman directly.

Significantly, some findings of our March 2004 analysis of billing disconnection/restriction cases were consistent with feedback from financial counsellors and community workers during these outer metropolitan visits — that the accessibility and effectiveness of hardship programmes varies from provider to provider, and that, in some cases, it relies on a financial counsellor having a good working relationship with a particular contact person.

Customer hardship was also the focus of discussion at a *Rural Energy Consumers Forum* organised by CUAC and the Department of Infrastructure held in Bendigo in June 2004. The Ombudsman acted as moderator for a session, *Low Income and Disadvantaged Customers*, with a panel made up of community representatives and representatives of energy retailers, the Department of Human Services and the ESC.

## Contributing to global research on customer hardship

Since early 2004, several industry, consumer and government organisations, including EWOV, have taken part in a project being run by the Committee for Melbourne, as part of the UN Global Compact Strategy. The aim of the project, the *Utility Debt Spiral Prevention Study*, has been to map out a strategy/model, which cities and countries around the world could use to minimise adverse impacts on utility customers in debt. The current Victorian situation was articulated — social policy, government policy, regulation, legislation, industry programmes, and community programmes. From this, the most constructive elements were drawn on to present a best practice model for addressing utility debt issues. EWOV played a useful role in gathering information about the hardship issue.

## Keeping stakeholders updated

EWOV's public reporting activities are among the most extensive of any of the industry-based customer dispute resolution schemes. Twice yearly, we publish *Resolution*, a detailed analysis of cases, case trends, and emerging issues — by industry, industry sector and for individual members. As well as mailing it to an extensive list of organisations, we make *Resolution* available on our website. This year we introduced a summary version, *Resolution Bulletin*, in an easy-to-read format, especially for distribution to community groups.

We also produce a quarterly electronic newsletter for EWOV members, primarily for the staff who work with us to resolve cases. *The EWOV Link* helps members better understand our scheme's guiding principles and case handling processes, including any policy changes that may be made from time to time. It also provides up-to-date case data, information on particular industry trends, issues or problems that we're aware of, and guidance on how to handle these.

## Giving customers the facts

During the year, we released (and distributed to community groups) a new fact sheet for residential and business customers — *Changing your Electricity or Gas Retailer*. It draws on our experience with electricity and gas *Full Retail Competition* cases, to provide information and tips about market conduct issues. EWOV's fact sheets are primarily used to provide relevant information on commonly raised case issues, directly to customers. Our next fact sheet will address the issue of high bills — how customers can work out what's causing their high bill, or bills, and what they can do to address that.

## Putting our website to good use

The EWOV website ([www.ewov.com.au](http://www.ewov.com.au)) continues to provide us with an excellent means of publishing information quickly, and to a potentially large audience. This year, we added basic information, in 14 languages, about what we do and how customers can contact us. The site also includes:

- online Complaint and Enquiry facilities
- our fact sheets, six-monthly reports and annual reports
- an up-to-date list of EWOV members, including contact information and website links
- case studies illustrating common case issues
- our public submissions to regulatory and government consultation processes.



# scheme foundations

When the original Electricity Industry Ombudsman (Victoria) (EIOV) opened for full operation in May 1996, it was a world first for the electricity industry. It has since been the model for similar energy and water schemes elsewhere in Australia and in New Zealand.

## History

The Energy and Water Ombudsman (Victoria) (EWOV) was originally set up as the Electricity Industry Ombudsman (Victoria) (EIOV). At that time (1995), the Victorian electricity industry was undergoing major restructuring, and there was strong lobbying from consumer groups for appropriate and effective consumer protection mechanisms to accompany the changes.

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. From 1999, gas customers also had access to EWOV's services, and from 2001, Victoria's water customers. Originally set up with 6 electricity members, EWOV had 56 electricity, gas and water members at 30 June 2004 (listed on page 18).

It is 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, that the licensee/authority enters into an ESC-approved customer dispute resolution scheme. Membership of EWOV satisfies these conditions and legal requirements.

## Jurisdiction

While 92% of cases this year were from residential customers, EWOV's services are available to all electricity, gas and water customers. We handle most of the day-to-day electricity, gas and water concerns that customers have, including:

- the provision and supply of their electricity, gas or water (including the failure to provide or supply)
- disconnection and restriction of their supply
- an offer they may have been made by an electricity or gas sales representative
- an electricity, gas or dual fuel contract they may have entered into
- their bills, how they are billed and how they pay their bills
- the conduct of a person selling gas or electricity
- meters and meter reading
- land and property issues to do with electricity, gas or water.

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 customer
- the concerns of third parties directly affected by the activities of an EWOV member (where the member's activity affects someone who is not their customer, for example, marketing of electricity or gas to the general public, vegetation management, network augmentation).

## Funding

EWOV's services are free to customers. Funding comes from the scheme's members, on a 'user pays' basis. 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 own internal dispute resolution processes.

A fixed fee applies 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. The *annual levy* is made up of a fixed fee to cover membership costs, and a variable fee based on each member's share of cases handled.



# ewov directors

(at 30 June 2004)



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The structure of the EWOV Board assures the Ombudsman's independence. Industry and consumers are equally represented, with an independent Chairperson.

## Responsibilities

Meeting every two months, the EWOV Board is 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. It has four committees reporting to it — Finance, Remuneration, Constitution and Rules, and Annual Report.

## Chairperson

The Hon. Tony Staley, appointed 30 November 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

1 Mr Neil Brennan, appointed 22 August 2002

The Chief Executive Officer of Central Highlands Region Water Authority, Neil Brennan has been employed in the Victorian water industry since 1986. He was previously CEO of Western Water. He has also served as President of the Institute of Water Administration.

2 Ms Caryle Demarte, appointed 23 June 1999

Caryle Demarte is General Manager, Public and Government Affairs, TXU Australia Pty Ltd. With extensive senior management experience in the energy industry, Caryle is Deputy Chair of the Energy Retailers Association of Australia.

3 Mr Richard Gross, appointed 14 December 2001

Richard Gross is General Manager Regulation, CitiPower Pty and Powercor Australia Ltd. A member of the original EIOV Council, he has extensive experience in network revenue/pricing, financial planning and analysis.

4 Mr Simon Lucas, appointed 30 November 1998

CitiPower Pty's Company Secretary and General Manager Legal Services, Simon Lucas was a member of the original EIOV Board. He has senior management experience in the electricity industry, including corporate governance, customer policy and risk management responsibilities.



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## Directors — community/consumer representatives

**5 Mr Chris Field**, 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 Executive Director of the Consumer Law Centre Victoria, Chair of the Australian Consumers' Association and Deputy Chair of Victoria's Consumer Utilities Advocacy Centre.

**6 Mr David Headberry**, appointed 20 June 2002

An active advocate for consumers on energy matters for nearly ten years, David Headberry is a qualified engineer. He is Managing Director of Headberry Partners P/L, which specialises in assisting energy consumers secure low-cost, reliable energy supplies in all Australian States.

**7 Mr Colin Peirce**, appointed 30 November 1998

Colin Peirce is Deputy Chairman and an Executive Member of the Small Business Association of Victoria (an executive sub-committee of the Victorian Employers' Chamber of Commerce and Industry). A member of the original EIOV Council, he was involved in the redrafting of consumer codes in the early days of electricity privatisation. He is a lawyer consulting to small business.

**8 Ms Barbara Romeril**, 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. She is presently Executive Director of Community Child Care Association Victoria.

## Company Secretary

**Mr Steve Morris**, General Manager Corporate Affairs, EWOV, appointed 9 October 2000.

### Alternate directors

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

**Mr Anthony Kelly**, Company Secretary, TXU Australia Pty Ltd, appointed 14 December 1998 as alternate director for Mr Simon Lucas.

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

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

At 30 June 2004, EWOV had 56 members — 22 electricity, 10 gas and 24 water. Just over half of these are private companies, the remainder being government businesses. Three new members joined the scheme this year: electricity retailers, Aurora Energy and Red Energy, and electricity transmission company, Basslink.

# industry members

(at 30 June 2004)

## Electricity

### Retailers

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

### Distributors

AGL Electricity Ltd  
CitiPower Pty  
Powercor Australia Ltd  
TXU Electricity Ltd  
United Energy Ltd (Alinta Ltd)

### Transmission companies

SPI PowerNet  
Basslink Pty Ltd

## Gas

### Retailers

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

### Distributors

Envestra Limited  
Multinet Partnership  
TXU Networks (Gas) Pty Ltd  
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<sup>+</sup>

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 Water Authority  
Western Region Water Authority  
Westernport Region Water Authority

### Rural Water Authorities<sup>+</sup>

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

Notes:

# CitiPower remains an EWOV retail member, although Origin Energy acquired its retail electricity business in 2002.

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

~ Commonly known as Gippsland Water

+ Four EWOV water members merged their operations from 1 July 2004 — Grampians Region Water Authority and Wimmera Mallee Rural Water Authority became Grampians Wimmera Mallee Water Authority; and Sunraysia Rural Water Authority and Lower Murray Region Water Authority became Lower Murray Urban and Rural Water Authority

# staff team



The Ombudsman, the General Manager Operations and the General Manager Corporate Affairs make up the EWOV Management Team.

## Ombudsman

The Ombudsman is appointed by the Board and 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.

## Operations

The General Manager Operations (GMO) manages EWOV's Enquiries and Complaints handling functions, including case handling procedures, data integrity systems, case handling quality assurance and the outsourced legal function. The GMO also supports the work of the Ombudsman in developing and implementing the strategic direction of the scheme.

**Conciliation Team Managers** are responsible for the supervision and day-to-day management of EWOV's Conciliation/Enquiry Officer Teams.

**Conciliators** investigate and resolve individual cases, with an emphasis on facilitating outcomes with which both parties agree. Most Complaints are handled by the same Conciliator from start to finish.

**Enquiry Officers** handle the receipt and processing of Enquiries, mostly by phone. They provide information and referrals for customers, including referral to Conciliators where they have assessed that to be appropriate.

**Complex Case Managers** focus on any particularly protracted or difficult matters that may require a higher level of skill and attention to resolve. They also manage EWOV's Internal Review Process.

## Corporate Affairs

The General Manager Corporate Affairs is responsible for EWOV's finance/administration, policy/research and learning/development functions, as well as the outsourced functions of IT, book-keeping and public affairs.

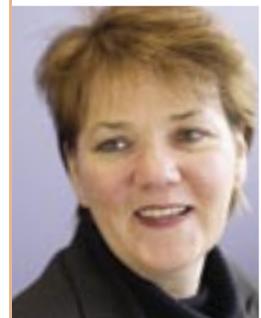
The Policy and Research Officer is responsible for EWOV's internal and external research, and policy development, and for integrating this across the organisation.

The Learning and Development Officer develops and supports EWOV's learning and development activities, ensuring an overall holistic and strategic approach.

## Administration

The Executive Assistant to the Ombudsman, Executive Assistant to the General Manager Operations, and Executive Assistant to the General Manager Corporate Affairs provide executive and project support to these roles.

The Conciliation Team Assistant provides administrative support to the Conciliation/Enquiry Officer Teams.

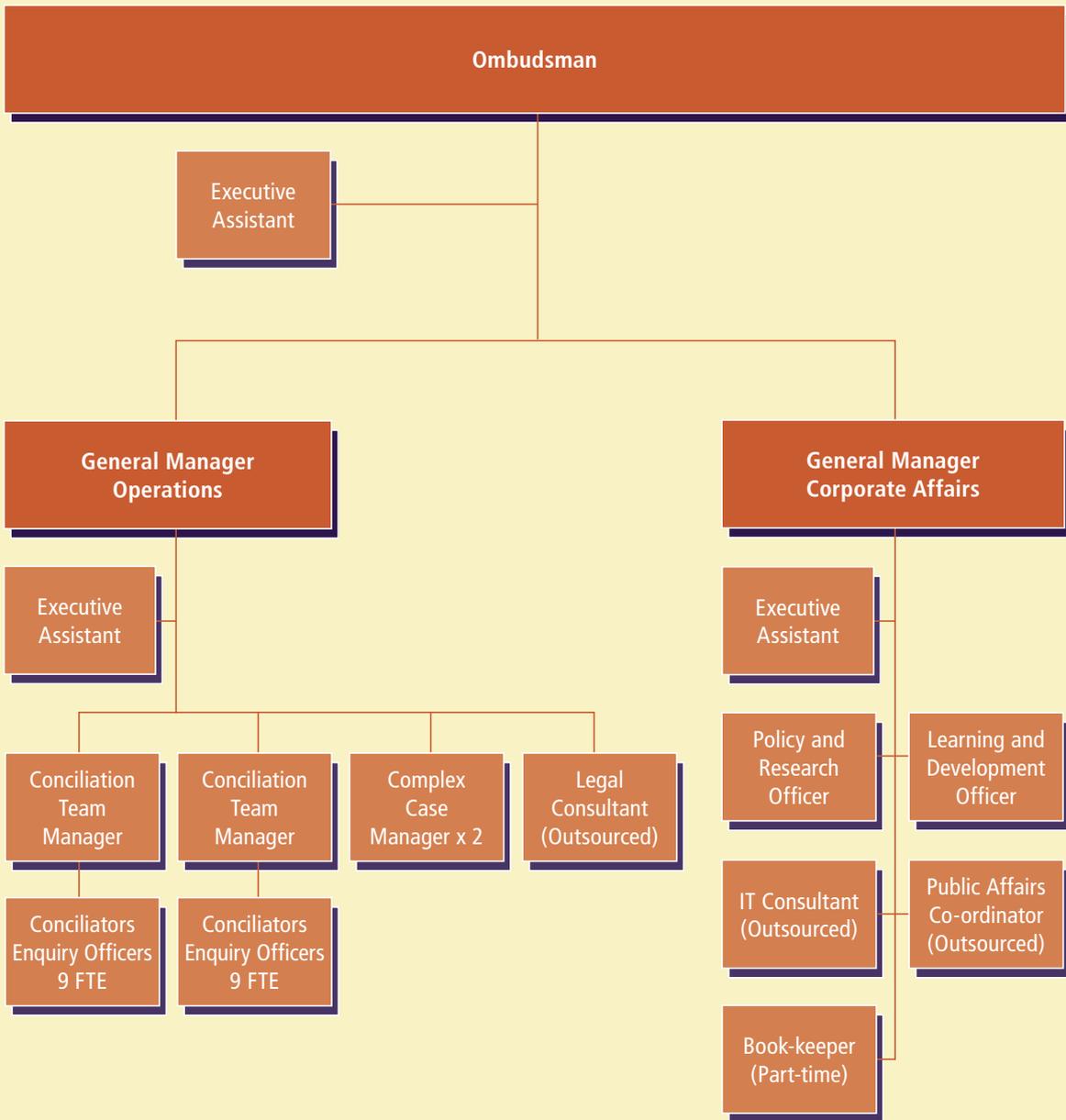


## **EWOV's staff team** (at 30 June 2004)

Ombudsman	Fiona McLeod
Executive Assistant to the Ombudsman	Toni Warren
General Manager Operations	Janine Young
Executive Assistant to the General Manager Operations	Orietta Di Fabio
General Manager Corporate Affairs	Steve Morris
Executive Assistant to the General Manager Corporate Affairs	Heather McCauley
Conciliation Team Manager	Bridie Fennessy
Conciliation Team Manager	Elize Simpson
Policy and Research Officer	Stephen Gatford
Complex Case Manager	Julia Hickey
Complex Case Manager	Simon Howe
Conciliators	Helen Betros Irene Brown Justine Bunn Richard Fernandez Samantha Fitzsimons Michela Friolo Louise Goh Jane Harper Petra Jankulovski Irene Kazantzidis Kellie Lee Olivia Lennon Carolyn Monod Melissa Officer Marika Peirce Rebecca Phillips Jeff Smith Samantha Spry Megan Wilson
Enquiry Officers	Susan Conley Hannah Cumming Stuart Hammond Sansha Johnson Ruth Kent Lynette Squillace
Conciliation Team Assistant	Elicia Withers



1 EWOV's organisation chart (at 30 June 2004)



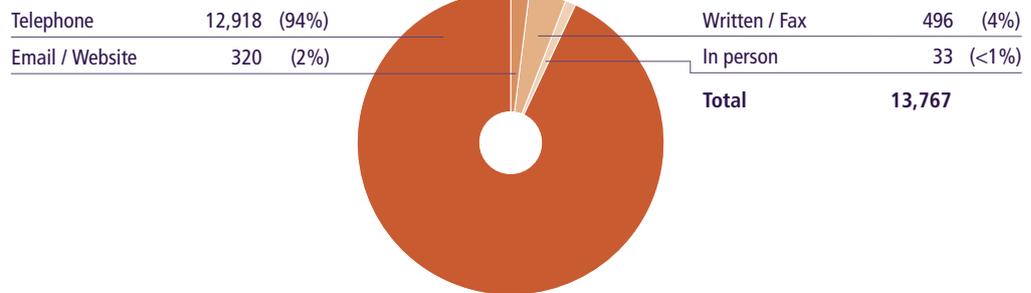
# how we work

EWOV's work is undertaken in the context of eight guiding principles: independence, access, equity, quality, effectiveness, efficiency, community awareness, linkages. The scheme also complies with the National Benchmarks for Industry-Based Customer Dispute Resolution Schemes.

## Contacting EWOV is easy

Customers can phone or fax us (on Freecall numbers), write to or email us, or use the online forms on the EWOV website. This year, 94% of all cases came to us by phone. Callers with a speech or hearing impairment can use the National Relay Service (NRS), while an interpreting service is available to those whose first language is not English.

## 2 How did customers contact us?



## What's an Enquiry and what's a Complaint?

Whether a case is taken as an Enquiry or a Complaint depends mainly on whether the EWOV member has had a reasonable opportunity to address the matter before the customer contacted us, and whether the matter falls within our jurisdiction.

**Enquiries** don't involve investigation, but they do require immediate or short-term information provision, and/or advice, and may generate outward calls. Customers typically detail their concerns to an Enquiry Officer who helps them progress the matter by, for example, suggesting information they may need to gather to pursue the case, or information on codes or regulations relevant to their circumstances. How we assisted customers with their Enquiries this year is set out on page 24.

Where the customer's concern remains unresolved despite resolution attempts with the member, or if the customer has already made several unsuccessful attempts at resolution, we accept the case as a **Complaint**. There are three levels of Complaint, each with a member response timeframe. Where a response isn't provided within the timeframe, or it has been provided but the matter is still unresolved, the Complaint may be upgraded to the next level.

Where, despite detailed investigation and negotiation, a Complaint remains unresolved, the Ombudsman reviews it and may make a Binding Decision. A Binding Decision is binding on the member, while the customer may accept or reject it. If it's rejected, the member is released from its terms. The Ombudsman also has the discretion to decide that a case doesn't have sufficient merit to warrant continuing with the investigation.

## Independent dispute resolution, not advocacy

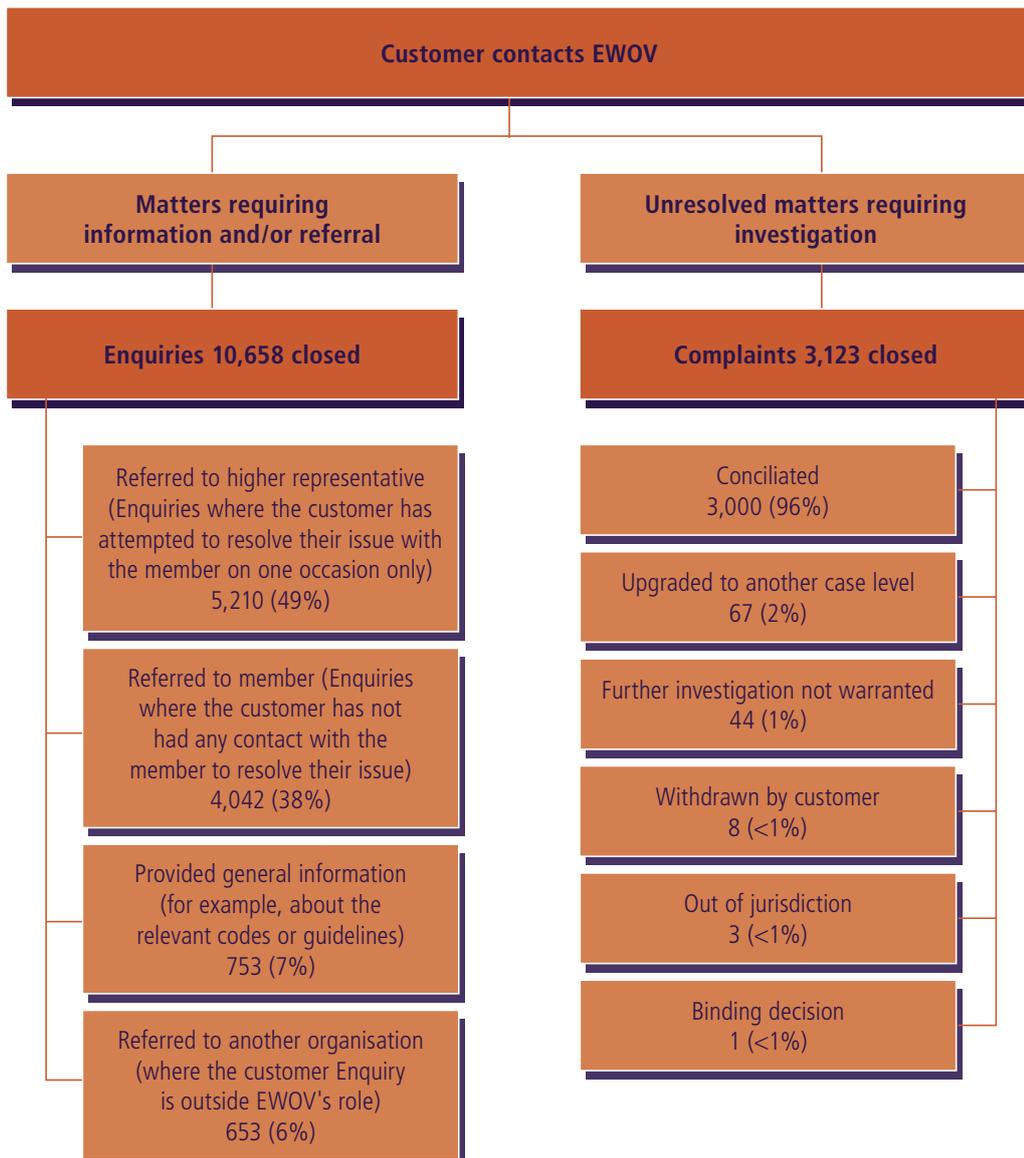
EWOV is an alternative to formal legal processes, offering a process that is comparatively speedy, informal, accessible and impartial. We are neither a customer advocate, nor an industry advocate. We deal first and foremost in what is fair and reasonable, considering good industry practice and current law.

Some of the matters EWOV may consider in investigating a case:

- the member’s monitoring procedures — for example, was it able to identify a customer’s significant debt issues, or previous contacts a customer had made about their concerns
- how the member might reasonably have used that knowledge to assist the customer (for example, provided the customer with information or advice, consulted with them about a proposed action, or 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 scheme, or industry, deals with similar cases.

We focus on conciliation — where the customer and the member mutually agree on the outcome, as well as on any future action each may be required to carry out. At all times our aim is to establish an objective view of what’s happened, to help the parties better understand the issues, as well as each other’s point of view, and thus reach an agreement with which they are both satisfied. As Figure 8 shows, this year 3,000 Complaints (96%) were conciliated.

### 3 EWOV’s case handling procedure and 2003/04 case outcomes



2003/04 cases

# the big picture

This year, we helped 13,767 Victorian customers who had contacted us with an Enquiry or a Complaint about their electricity, gas or water provider.

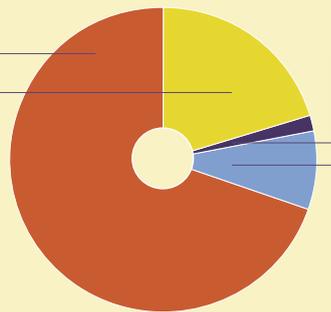
## A 13% increase in cases this year

In 2003/04, 13,767 customers lodged cases with us (Figure 4). This was up 13%, from 12,194 cases in 2002/03, and followed increases of 37% and 33% in previous years. Overall, 70% of cases were lodged by electricity customers, 20% by gas customers, 2% by dual fuel customers and 8% by water customers.

75% of cases came from the Melbourne metropolitan area, while 25% came from regional and rural Victoria.

## 4 Cases overall

Electricity	9,624	(70%)
Gas	2,769	(20%)



Dual fuel	238	(2%)
Water	1,136	(8%)
<b>Total</b>	<b>13,767</b>	

## Enquiries up 15%

As Figure 5 shows, we received 10,658 Enquiries — up 15%, from 9,282.

70% of Enquiries were lodged by electricity customers, 19% by gas customers, 2% by dual fuel customers and 9% by water customers.

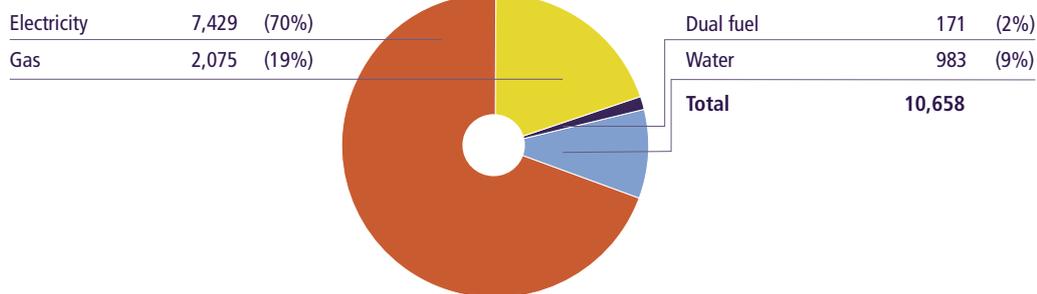
How we assisted these customers is summarised in Figure 6.

38% of Enquiries were referred back to the member, because the customer had not yet contacted it, or because they had phoned EWOV simply to let us know about their issue.

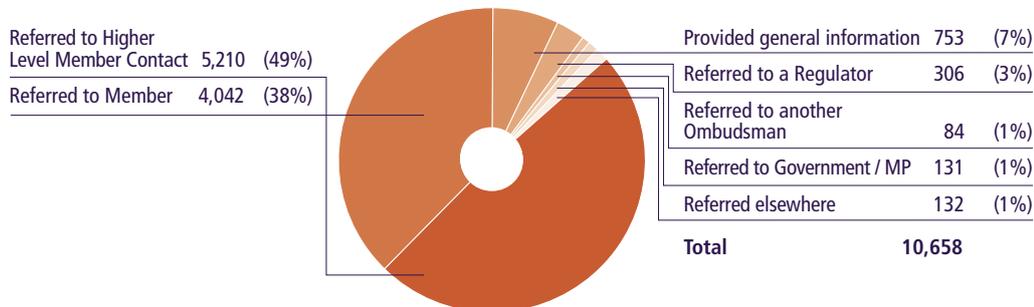
49% were referred back because they had made one contact only with the member, usually via its contact centre. In these cases, the customer was referred back to a higher level contact, in line with EWOV's *Refer to higher level* (RHL) policy which provides members with a further opportunity to resolve the customer's concern at Enquiry level, rather than have the case investigated.

Where the matter fell outside EWOV's jurisdiction, we referred customers to other agencies, including regulators, government departments and other alternative dispute resolution schemes.

## 5 Enquiries



## 6 How Enquiries were handled



### Complaints up 7%

As Figure 7 shows, we received 3,109 Complaints — up 7%, from 2,912.

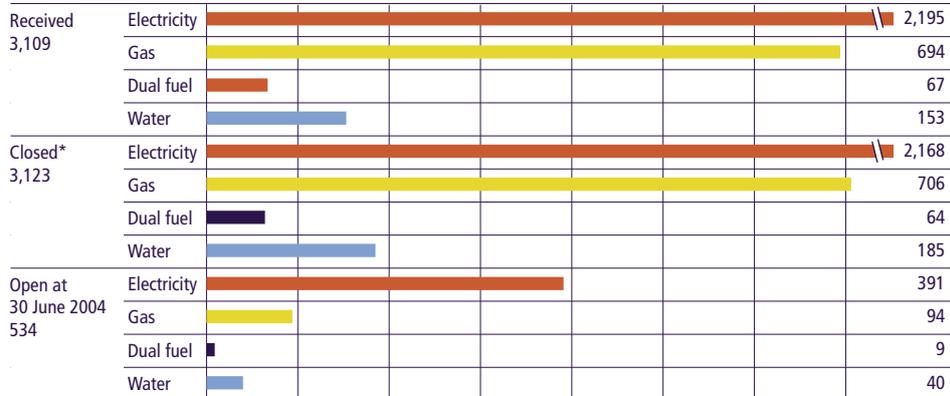
71% of Complaints were lodged by electricity customers, 22% by gas customers, 2% by dual fuel customers and 5% by water customers.

We also overcame a case backlog to close 3,123 Complaints, some of which had been received in 2002/03. This was up 451 Complaints (17%) on last year. In 96% of cases, the Complaint was conciliated.

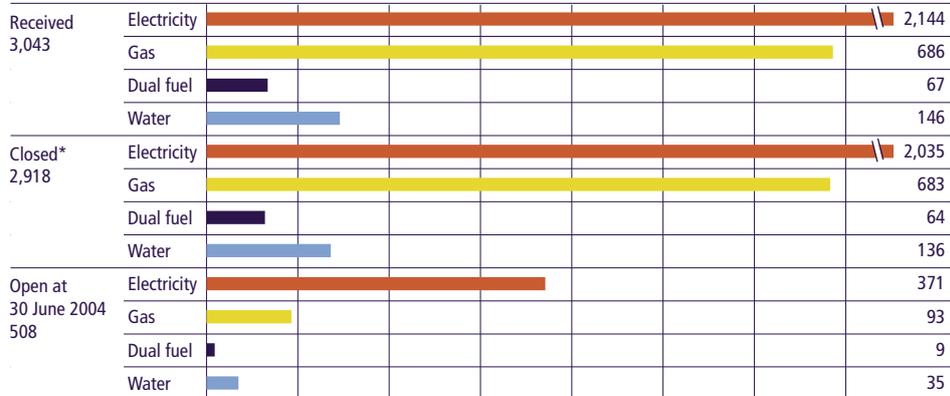


## 7 Complaints received, closed and open

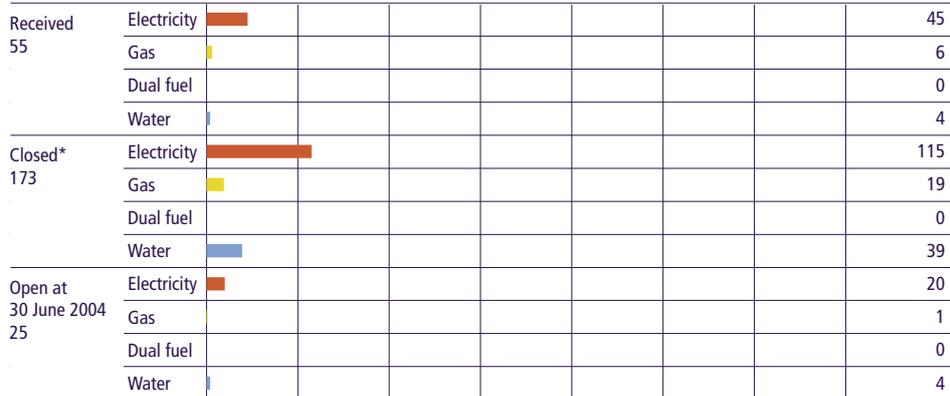
### Complaints



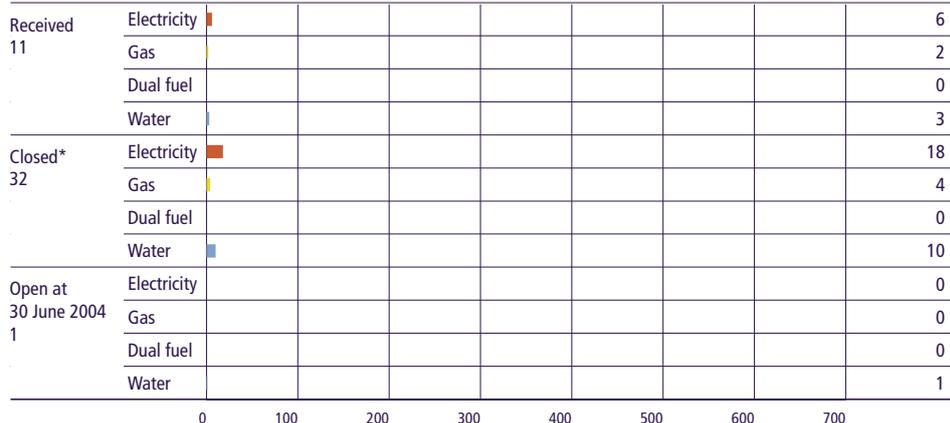
### Level 1 Complaints



### Level 2 Complaints

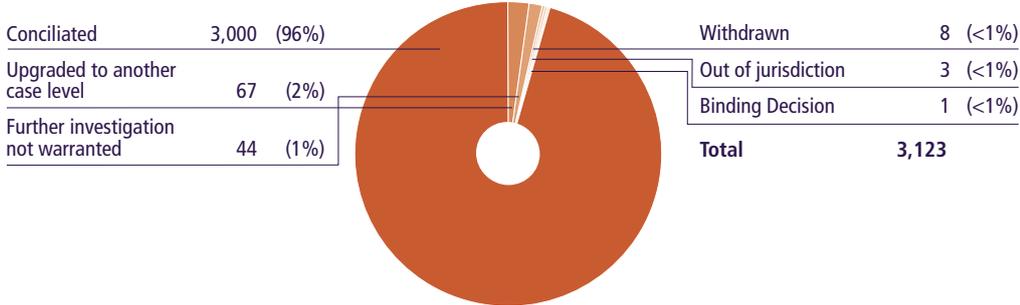


### Level 3 Complaints



\*Complaints closed includes a number of Complaints that were received in 2002/03.

## 8 How we resolved closed Complaints (all industries combined)



The Ombudsman was required to make one Binding Decision only this year, on a Complaint where the customer was dissatisfied with the actions of her water authority in constructing a water main on her land (see case study page 59).

### Who contacted EWOV for help?

Overall, 92% of cases (12,664) came from residential customers. Business customers lodged almost 8% of cases (1,061). These percentages vary, however, within the different industries. The remaining cases were lodged by not for profit organisations (20), or government agencies (22).

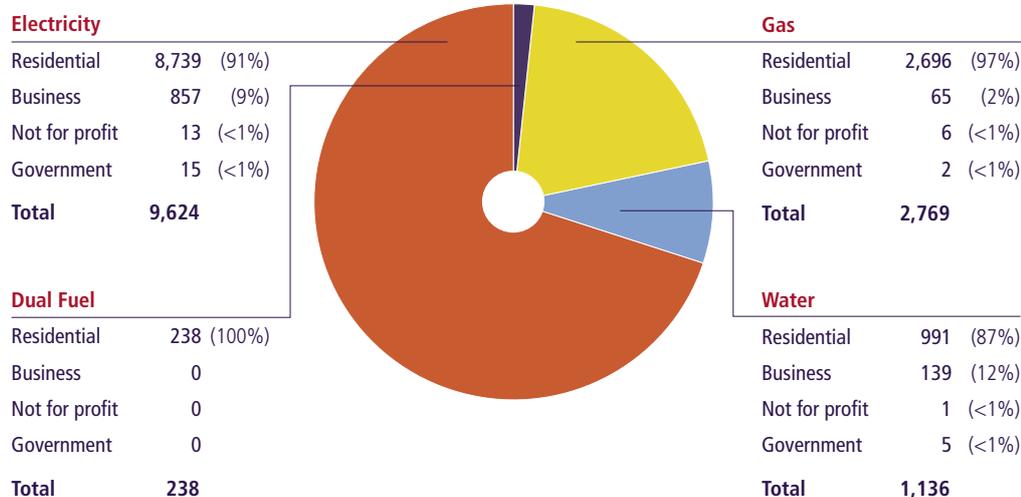
Residential customers lodged almost 91% of electricity cases, while almost 9% were lodged by business customers.

In gas, residential customers lodged 97% of cases, and 2% came from business customers. The smaller proportion of gas business cases reflects the smaller proportion of business customers in the gas market overall.

In dual fuel, all cases were residential. The absence of dual fuel business cases reflects both the small proportion of gas business customers overall, as well as the marketing of dual fuel contracts having been directed at residential customers to this point.

In water, 87% of cases were from residential customers, while 12% were lodged by business customers, including farmers.

## 9 Which customers contacted us for help?



## How did they know to contact us?

52% of customers said they knew about EWOV, reflecting positively on previous promotion of the scheme through a range of avenues, including the media, our publications, our community outreach activities and promotion by members.

A further 27% of customers contacted us based on information from their electricity, gas or water provider. 6% had heard about us from friends, relatives and colleagues (word of mouth).

## How did customers find out about us?

Own knowledge	7,222	(52%)	Government / MP	221	(2%)
Information via an EWOV member	3,730	(27%)	Media	197	(1%)
Word of mouth	844	(6%)	Other Ombudsman	94	(1%)
Financial Counsellor / Community organisation	425	(3%)	EWOV Promotion	81	(1%)
Regulator	396	(3%)	Other	557	(4%)
<b>Total</b>				<b>13,767</b>	

## Cases were up across the board

- Electricity cases (9,624) were up 9%, from 8,815.
- Gas cases (2,769) were up 19%, from 2,333.
- Dual fuel cases (238) were up 325%, from 56.
- Water cases (1,136) were up 15%, from 990.

Industry-specific case information follows in the industry sections of this report, together with information on cases received for individual EWOV members.

## The most common issues we dealt with

Billing was once again the most common case issue overall. We received 9,201 Billing cases up 19% from 7,710 last year. This means Billing was the primary case issue in 67% of all cases we received, compared with 63% last year.

By industry, and compared with last year, Billing made up:

- 68% of electricity cases, up from 64%
- 70% of gas cases, up from 66%
- 51% of water cases, as for last year.

Billing also emerged as the most common issue in dual fuel cases, making up 51% of cases (up from 27%), and largely reflecting the arrival of customers' first dual fuel bills.

The most common Billing sub-issues were billing-related disconnection of supply, high bills, account arrears, billing delays and bill formats.

In both electricity and gas, Billing was followed by:

- Transfer — in particular billing problems and transfer errors (this is the process of transferring a customer from one electricity or gas retailer to another)
- Provision — most commonly about poles, wires, private electric lines, pipes and meters.

In dual fuel, Billing was followed by:

- Transfer — most commonly about contract terms and conditions, information provision and billing
- Market Conduct — most commonly about retailers' door-to-door or phone sales activities.

In water, Billing was followed by:

- Supply — most commonly about sewerage, drains and catchments, and water quality
- Land — most commonly about pipes, channels and drains.

## Rise in billing disconnection/restriction cases

Overall, almost one in every six cases we received was about billing-related disconnection or restriction of supply. This was up from almost one in eight cases last year. Billing disconnection/restriction cases are those where the customer is disconnected or restricted, or threatened with disconnection or restriction, for non-payment of a bill or bills.

This is a case issue we've monitored closely for some time, because of its links to customer financial hardship and because we've been seeing a significant increase in cases. Our six-monthly report, *Resolution 18*, contains a more detailed look at billing disconnection/restriction cases for the six months January – June 2004. *Resolution 19* due out in April 2005 will contain similar information for the period July – December 2004.

On page 11 of this Annual Report, you can read about research we undertook this year into the billing disconnection/restriction cases we'd been receiving, our key findings from that research and how that led us to make a second report on these cases to the Essential Services Commission (ESC).

Electricity billing disconnection cases increased 41%, from 1,052 last year to 1,486 this year. They've now increased every six months for the past three and a half years.

Gas billing disconnection cases increased 73%, from 353 cases to 612, most of that increase coming in the six months from January – June 2004.

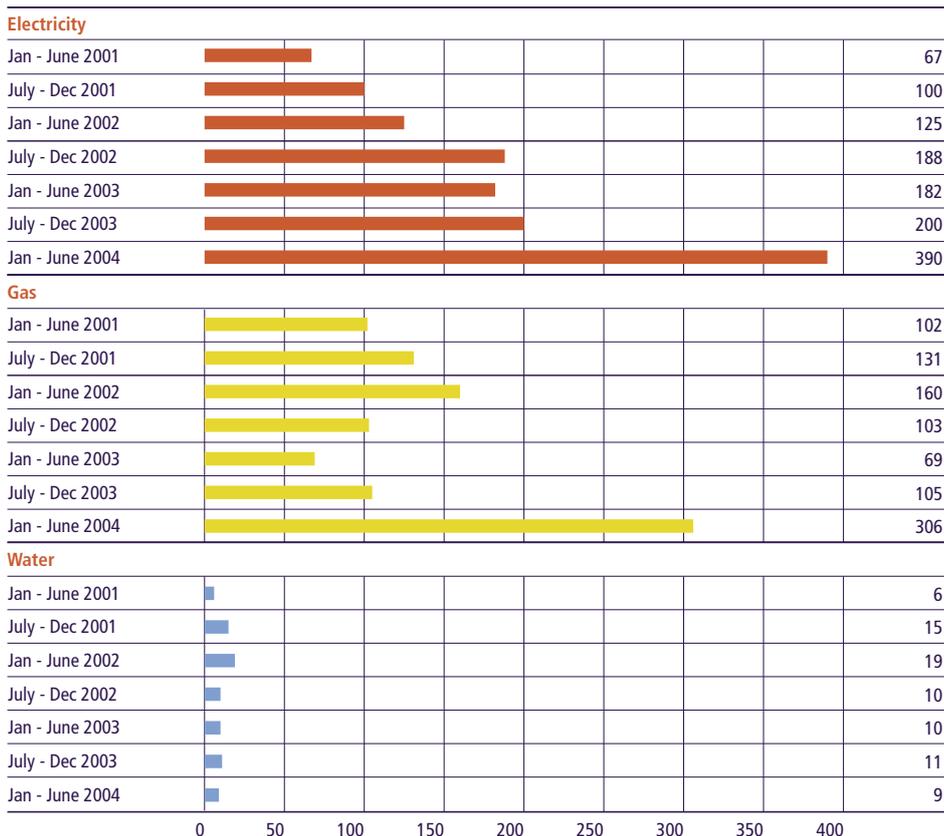
Encouragingly, water restriction cases remained low at 34 cases across EWOV's 24 water members. Water disconnection is rare — supply is usually restricted to a minimal rate of flow, sufficient to ensure health standards are able to be maintained.

As well as tracking billing disconnection/restriction cases overall, we track the categories of *actual* disconnection and *imminent* disconnection.

*Actual* billing disconnection/restriction cases are those where the customer was already off supply when they contacted us. There was a noticeable increase in *actual* cases this year — up 82% overall, from 562 cases to 1,021. In gas, *actual* cases were up 139%, from 172 cases to 411. In electricity, *actual* cases increased 59%, from 370 cases to 590. In water, *actual* restriction cases remained low at 20, as for last year.

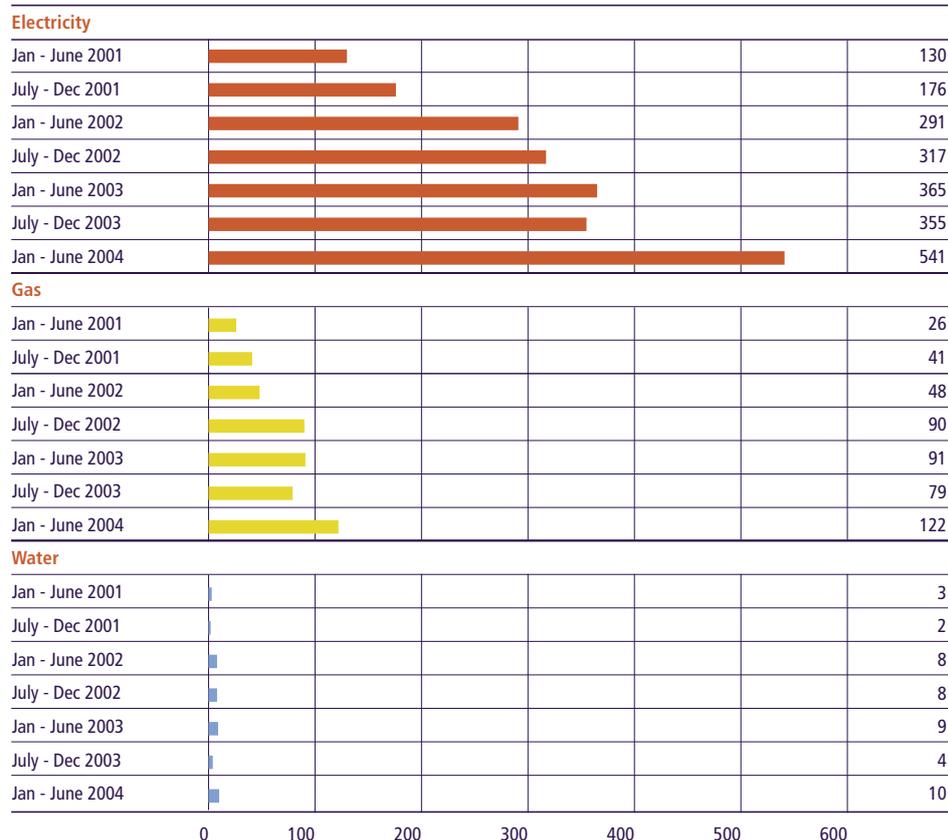


### 11 Actual billing disconnection/restriction cases (all case types)



Dual fuel cases are registered against the fuel disconnected.

## Imminent billing disconnection/restriction cases (all case types)



Dual fuel cases are registered against the fuel disconnected.

## Cases to do with choice of energy retailer

Another area we're keeping a close eye on for case trends is *Full Retail Competition* (FRC). Since January 2002 (in electricity) and October 2002 (in gas) all Victorian customers have been able to choose their electricity and gas retailers. At 30 June 2004, 21 EWOV members (15 electricity retailers and 6 gas retailers) were licensed by the ESC to sell electricity or gas in Victoria. This year saw new energy retailers entering the Victorian market, and increased marketing activity from retailers generally.

We received a total of 1,743 FRC cases — 1,310 Enquiries and 433 Complaints.

945 FRC Enquiries (72%) were about electricity, 278 (21%) about gas, and 87 (7%) about dual fuel.

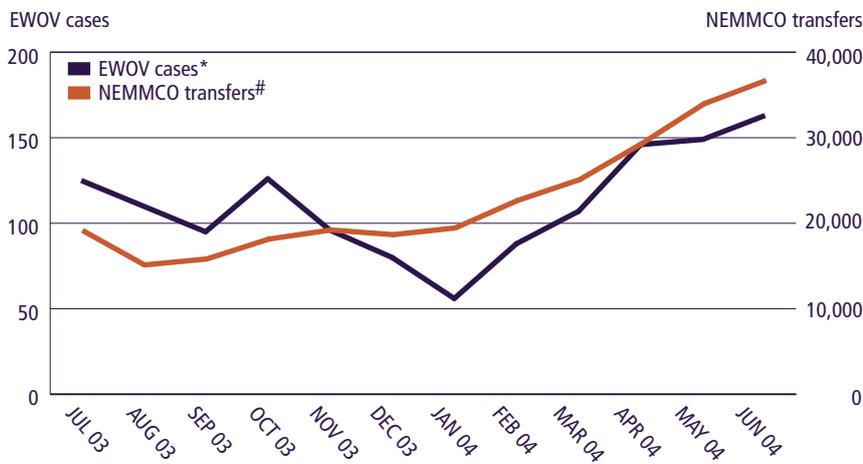
283 FRC Complaints (65%) were about electricity, 124 (29%) about gas, and 26 (6%) about dual fuel.

FRC has also brought new case issues for us — Transfer (the process of customers transferring from one retailer to another) and Market Conduct (retailers' sales and marketing activities).

1,338 Transfer cases were received — 379 (28%) about billing issues, 365 (27%) about transfer errors, 156 (12%) about billing delays, 128 (10%) about information provision, 109 (8%) about contract terms and conditions, and 69 (8%) about an offer.

405 Market Conduct cases were received — 200 (49%) about door-to-door sales, 143 (35%) about phone sales and 17 (4%) about advertising.

## 13 Electricity and dual fuel FRC cases received by EWOV vs Completed NEMMCO transfers (monthly)



Electricity FRC commenced 13 January 2002

\* EWOV cases = sum of electricity FRC cases and dual fuel FRC cases, all case types

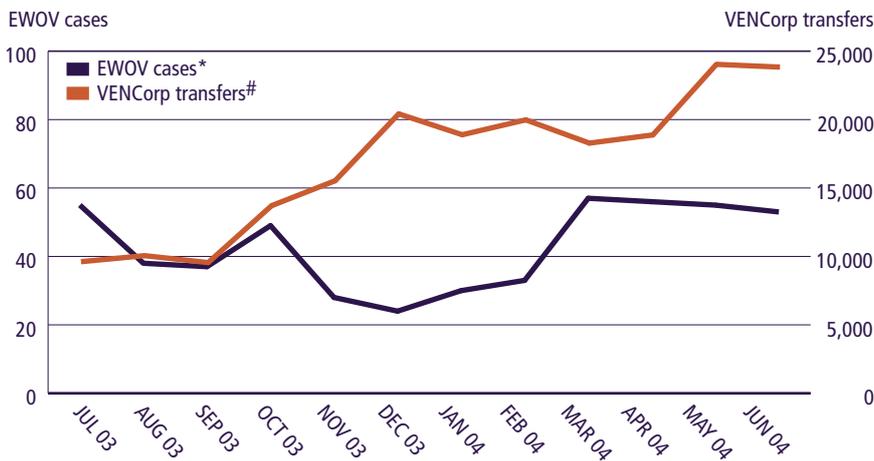
# Source: <http://www.nemmco.com.au/data/retail/330-0300.pdf>

On average this year, EWOV received 1 electricity/dual fuel FRC case for every 202 electricity customers who transferred retailer (shown on Figure 13 as NEMMCO transfers, since the National Electricity Market Management Company, NEMMCO, manages and tracks the electricity customer transfer process).

NEMMCO advises that 36,590 Victorian customers transferred electricity retailer in June 2004, up from 19,311 in January 2004.

## Gas and dual fuel FRC cases received by

## 14



## EWOV vs Completed VENCorp transfers (monthly)

Note: Gas FRC commenced October 2002

\* EWOV cases = sum of gas FRC cases and dual fuel FRC cases, all case types

# Source: Data generated by VENCorp on 14 July 2004

On average this year, EWOV received 1 gas/dual fuel FRC case for every 394 gas customers who transferred retailer (shown on Figure 14 as VENCorp transfers, since the Victorian Energy Networks Corporation, VENCorp, manages and tracks the gas customer transfer process).

VENCorp advises that 23,835 Victorian customers transferred gas retailer in June 2004, up from 18,891 in January 2004.





# electricity cases

full list of them on page 18.

We received a total of 9,624 electricity cases in 2003/04, up 9%, from 8,815 in 2002/03. This followed previous annual increases of 39% and 16%.

Electricity retail cases (8,012) were up 14%. Electricity distribution cases (1,025) were down 20%. Electricity transmission cases increased from 5 to 6.

As Figure 15 shows, we received 7,429 electricity Enquiries — up 12%, from 6,636. There were 6,028 retail Enquiries, up 18%, and 814 distribution Enquiries, down 21%.

How we assisted electricity customers with their Enquiries is summarised in Figure 16.

40% (up from 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. 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 contact centre. This percentage was consistent with the previous year's.

As Figure 15 also shows, we received 2,195 electricity Complaints — up 1%, from 2,179.

There were 1,984 electricity retail Complaints, up 3%, and 210 electricity distribution Complaints, down 14%.

We closed 2,168 electricity Complaints, up 6% from 2,039. 96% of these were conciliated.

## 15 Electricity cases received (Enquiries and Complaints) and closed (Complaints)

	Overall cases		Enquiries		Complaints (Levels 1 - 3 combined)			
	Received		Received		Received		Closed	
<b>Retail</b>	%		%		%		%	
AGL Electricity	1,104	14	861	14	243	12	215	11
AGL Victoria	1,284	16	880	15	404	20	406	21
Country Energy	142	2	119	2	23	1	29	1
ENERGEX Retail	10	0	9	0	1	0	1	0
EnergyAustralia	162	2	128	2	34	2	25	1
Origin Energy Electricity	3,637	45	2,796	46	841	42	795	41
Powerdirect	178	2	148	2	30	2	49	3
TXU Electricity	1,495	19	1,087	18	408	21	419	22
<b>Retail total</b>	<b>8,012</b>	<b>100</b>	<b>6,028</b>	<b>100</b>	<b>1,984</b>	<b>100</b>	<b>1,939</b>	<b>100</b>
<b>Distribution</b>	%		%		%		%	
AGL Electricity	99	10	85	10	14	7	15	7
CitiPower	80	8	64	8	16	8	15	7
Powercor Australia	353	34	274	34	79	38	86	38
TXU Electricity	328	32	261	32	67	32	79	35
United Energy (Alinta)	165	16	131	16	34	16	32	14
<b>Distribution total</b>	<b>1,025</b>	<b>100</b>	<b>815</b>	<b>100</b>	<b>210</b>	<b>100</b>	<b>227</b>	<b>100</b>
<b>Transmission</b>	%		%		%		%	
SPI PowerNet	6	100	5	100	1	100	2	100
<b>Transmission total</b>	<b>6</b>	<b>100</b>	<b>5</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>2</b>	<b>100</b>
<b>Non industry related/non member specific</b>								
Non industry related	97		97					
Not member specific	484		484					
<b>Electricity total</b>	<b>9,624</b>		<b>7,429</b>		<b>2,195</b>		<b>2,168</b>	

List excludes electricity members with no cases.

Complaints closed includes a number of Complaints that were received in 2002/03.

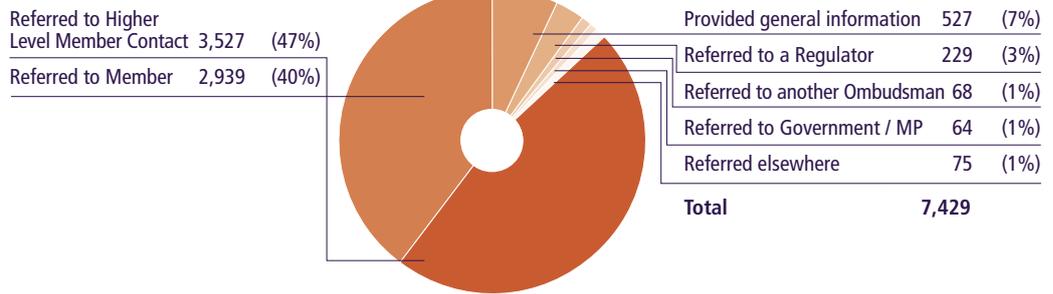
Retailers engaged in marketing activities take the view that their marketing may have an impact on their case numbers from time to time.

No cases were received this year for the following electricity members:

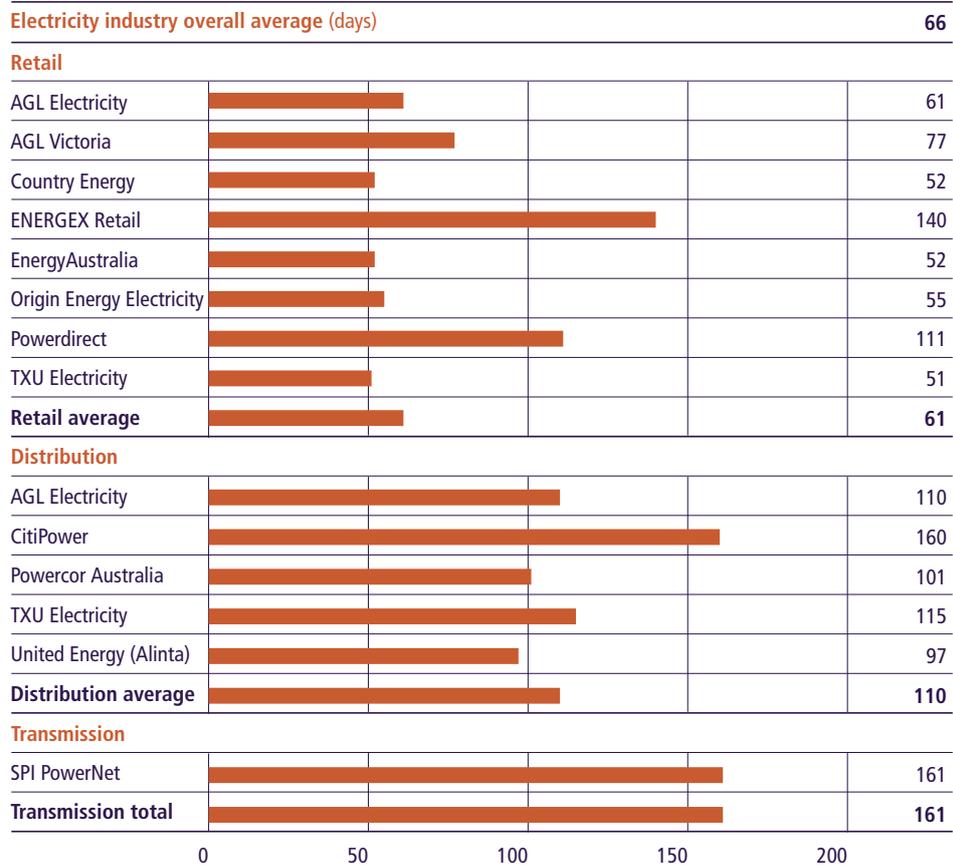
- ActewAGL Retail
- Basslink
- Aurora Energy
- Ergon Energy
- Integral Energy
- Red Energy



## 16 How we handled electricity Enquiries



## 17 Average days to close electricity Complaints (Levels 1 – 3 combined)



List excludes electricity members with no closed Complaints.

Complaints closed includes a number of Complaints that were received in 2002/03.

Case complexity contributes to the time it takes to close a case. EWOV's seeking of technical or legal advice, and delays in customer action/replies, may also have an impact.

Additionally, case closure times may be affected by factors internal to the electricity member, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

## 18 Progress of electricity Complaints during the year

### Level 1 Complaints

Received		2,144
Closed		2,035
Open at 30 June 2004		371

### Level 2 Complaints

Received		45
Closed		115
Open at 30 June 2004		20

### Level 3 Complaints

Received		6
Closed		18
Open at 30 June 2004		0

0 500 1,000 1,500 2,000 2,500

Complaints closed includes a number of Complaints that were received in 2002/03.

## 19 Age of open electricity Complaints at 30 June 2004

### Level 1 Complaints

0-6 weeks		210
6-12 weeks		86
> 12 weeks		75
<b>Total open</b>		<b>371</b>

### Level 2 Complaints

0-6 weeks		11
6-12 weeks		3
> 12 weeks		6
<b>Total open</b>		<b>20</b>

### Level 3 Complaints

0-6 weeks		0
6-12 weeks		0
> 12 weeks		0
<b>Total open</b>		<b>0</b>

0 50 100 150 200 250 300 350 400

## 20 Average time spent on closed electricity cases (in minutes)

### Enquiries

		17
--	--	----

### Level 1 Complaints

		134
--	--	-----

### Level 2 Complaints

		333
--	--	-----

### Level 3 Complaints

		528
--	--	-----

0 100 200 300 400 500 600



# electricity ISSUES

## Electricity overall

As Figure 21 shows, Billing was the most common electricity issue — 6,548 cases, or 68% of all electricity cases. This was up from 64% of electricity cases last year. Disconnection was the most common electricity Billing sub-issue (1,486 cases, or 23%), followed by high bills (985 cases, 15%).

10% of all electricity cases (939) were about Transfer, most commonly billing problems (28%) and transfer errors (also 28%).

8% of all electricity cases (757) were about Provision, 84% of them about new and existing company or customer assets, such as electric lines, poles, and meters.

## Electricity retail

The most common electricity retail cases mirrored those for electricity overall — Billing, Transfer and Provision.

There were 6,347 Billing cases (79% of all electricity retail cases). 23% of Billing cases were about disconnection, and 15% about high bills.

11% of electricity retail cases (891) concerned Transfer, most commonly Billing problems (30%) and transfer errors (29%).

4% of electricity retail cases (326) were about Provision, mostly about new and existing company or customer assets.

## Electricity distribution

Supply was the most common electricity distribution issue — 440 cases, or 43% of all electricity distribution cases. 58% of Supply cases were about unplanned outages and 15% about supply quality.

39% of electricity distribution cases (403) were about Provision, 89% of these about new and existing company or customer assets.

10% of electricity distribution cases (107) were about Land, 61% of them about pole cabling.

## Electricity transmission

All six of the electricity transmission cases were about Land, most commonly transmission towers and easements.



## 21 Most common electricity issues (all case types combined)

<b>Electricity industry overall</b>				
(Total cases: 9,624)	Billing	6,548	Disconnection	1,486
			High	985
	Transfer	939	Billing	267
			Error	262
	Provision	757	In-Place	358
			New	281
<b>Electricity retail</b>				
(Total cases: 8,012)	Billing	6,347	Disconnection	1,467
			High	978
	Transfer	891	Billing	266
			Error	259
	Provision	326	In-Place	171
			New	85
<b>Electricity distribution</b>				
(Total cases: 1,025)	Supply	440	Unplanned Outage	255
			Quality	64
	Provision	403	New	185
			In-Place	173
	Land	107	Pole Cabling	65
			Street Lighting	12
<b>Electricity transmission</b>				
(Total cases: 6)	Land	6	Towers	2
			Easement	2



# electricity case studies



Case studies are provided to demonstrate the range of Complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the Complaint.

*C/2003/5596*

## **Ongoing television interference (TVI) issues**

Mr E had been experiencing television interference (TVI) for some three and a half years. He believed it was caused by the power lines in his street. His distributor claimed that the source of the TVI was not its power lines, but lines associated with the nearby railway line.

The distributor told EWOV it had commissioned and provided to Mr E a report that established the TVI as being due to power running between the railway cables near his property and attributable to a Victorian Railways Network pole.

Information the distributor provided to EWOV on maintenance and other work undertaken in the customer's area showed that more than \$20,000 had been spent trying to address Mr E's TVI concerns over some three to four years. This included retaining two independent technical experts to locate the source of the TVI. There appeared to have been instances in the past where the TVI could have been attributed to the distributor's assets. After independent review of all the material, in EWOV's view it was more than likely that the present cause of the TVI was the railway assets, and therefore not the distributor's responsibility. In recognition of the inconvenience the matter had caused Mr E, the distributor gave him a cheque for \$300. This amount was given specifically to contribute towards the purchase and installation of a digital set top box to help eliminate the problem.

*Sometimes it's necessary for us to simply confirm the information that has already been provided to a customer by a member. This case highlights EWOV's role as an independent third party, and not a customer advocate or an industry advocate.*

*C/2003/7163*

## **Meter access and estimated accounts complicate billing dispute**

Ms W had received a higher than expected electricity bill of \$318.03, following two estimated bills for \$1.02 and \$126.61. There was also a history of meter access issues at Ms W's premises as the meter was located at the side of her house, some 100 metres down a driveway and behind a locked gate. Ms W's electricity retailer had offered to credit her account with \$58, to enable her to buy a standard industry padlock to ensure meter access. Ms W was dissatisfied with this offer and with the inaccuracy of her estimated accounts. She was also concerned about the accuracy of her meter.

In responding to EWOV's investigation, the retailer reiterated its previous offer and offered a further \$50 as a customer service gesture. It was established that as Ms W's high bill was based on an actual meter reading, it contained catch-up amounts from the estimated bills. It was agreed that the retailer would purchase the lock and install it in Ms W's presence, so that both parties would be assured that meter access would not be an issue in the future. A meter test was also arranged, the results showing that the meter was 9% fast and therefore outside the Australian industry standard.

A new meter was installed and several check meter readings taken in order to ascertain Ms W's average daily usage. She was also advised to read the meter herself and monitor her daily usage



against that on the bills she received. As it wasn't possible to work out how long the meter had been faulty, the retailer waived the disputed amount of \$295.92 on Ms W's account in consideration of several years of potential overcharging. It also waived Ms W's most recent quarterly bill, reducing her account balance to zero.

*This case highlights some of the respective responsibilities in relation to billing — that customers must provide access for meter reading, that they should be told if their bills have been estimated, and that providers must ensure that meters are functioning correctly to accurately record customer usage.*

C/2004/3193

### **Misleading sales approach leaves customer powerless**

In April 2004, shortly before she moved house, Mrs L was approached by a door-to-door sales representative from an electricity retailer. She was told that if she established a contract with it for her electricity at her (then) property, it would transfer her account to her new property when she moved. On this basis, Mrs L signed a contract with the retailer.

A couple of days before she moved, Mrs L called the retailer to advise of her new address and to arrange for the electricity to be connected. When she moved in, the power was on and she subsequently received confirmation in writing from the retailer about the terms of her contract.

Two weeks after moving in, Mrs L's electricity was disconnected. Ringing the retailer to arrange for reconnection, she was told she wasn't its customer, and that she had to call the retailer who previously supplied the property. Mrs L contacted EWOV when, after several calls to the retailer with whom she had the contract, her concerns were still unresolved and her electricity had not been reconnected.

EWOV investigated Mrs L's concerns and arranged for the reconnection of her supply. We confirmed that market contracts cannot be transferred from one property to another. The retailer concerned addressed this issue with its sales representatives, including the representative that had met with Mrs L, to ensure the problem would not re-occur. It cancelled Mrs L's contract at her request and apologised. It also sent her a cheque for \$150 as a gesture of goodwill in recognition of the inconvenience. Mrs L subsequently entered into a contract with another retailer.

*It's critical that sales representatives understand the 'rules' of the contracts they are selling and the implications of those contracts for customers.*

C/2004/941

### **Retailer slow to respond to customer request for billing review**

Ms K's business which had been operating out of a factory for 35 years had recently moved to new premises, and the factory was being used for storage only. The electricity meter at the factory was inaccessible, so billing for the business had been estimated based on historical usage. With electricity use at the factory now much reduced, Ms K had contacted the retailer a number of times to provide it with actual meter readings. However, the billing continued in the usual manner. Ms K was seeking a more realistic basis for the billing, aligned to the factory's purpose.

To resolve the matter, the retailer cancelled Ms K's most recent estimated bill and generated a replacement bill, based on a meter read she had provided. It provided her with phone and email contact details so that she could email meter readings as the basis of future bills. Ms K in turn agreed to contact the retailer once a year to arrange for a time when an actual meter reading could be taken.

*Retailers should be able to adopt a flexible approach to billing to assist customers when their usage requirements increase or decrease.*





# gas cases

EWOV began taking gas cases in November 1998. At 30 June 2004, there were 10 EWOV gas members: 6 retailers and 4 distributors. You'll find a full list of them on page 18.

We received a total of 2,769 gas cases in 2003/04, up 19% from 2,333 in 2002/03. This followed previous annual increases of 55% and 41%.

Gas retail cases (2,508) were up 24%. Gas distribution cases (150) were down 15%.

As Figure 22 shows, we received 2,075 gas Enquiries — up 15%, from 1,808. There were 1,839 retail Enquiries, up 20%, and 125 distribution Enquiries, down 7%.

How we assisted gas customers with their Enquiries is summarised in Figure 23.

28% (up from 25%) of gas 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. In line with EWOV's *Refer to higher level* policy, 62% (up from 56%) were referred back to the member because the customer had made one contact only, usually with its contact centre.

As Figure 22 also shows, we received 694 gas Complaints, up 32% from 525. There were 669 gas retail Complaints, up 39%, and 25 gas distribution Complaints, down 42%.

We closed 706 gas Complaints, up 56% from 452. 98% of these were conciliated.

## 22 Gas cases received (Enquiries and Complaints) and closed (Complaints)

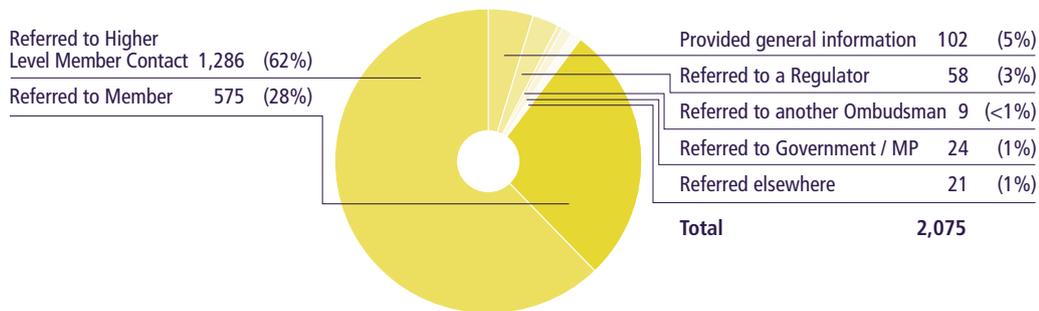
	Overall cases		Enquiries		Complaints (Levels 1-3 combined)			
	Received		Received		Received		Closed	
<b>Retail</b>	%		%		%		%	
AGL Victoria	999	40	705	38	294	44	308	46
EnergyAustralia	55	2	42	2	13	2	7	1
Origin Energy	744	30	558	30	186	28	178	26
TXU	710	28	534	29	176	26	183	27
<b>Retail total</b>	<b>2,508</b>	<b>100</b>	<b>1,839</b>	<b>100</b>	<b>669</b>	<b>100</b>	<b>676</b>	<b>100</b>
<b>Distribution</b>	%		%		%		%	
Envestra	27	18	22	18	5	20	6	20
Multinet Gas	48	32	38	30	10	40	10	33
TXU Gas Networks	75	50	65	52	10	40	14	47
<b>Distribution total</b>	<b>150</b>	<b>100</b>	<b>125</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>30</b>	<b>100</b>
<b>Non industry related/non member specific</b>								
Non industry related	9		9					
Non member specific	102		102					
<b>Gas total</b>	<b>2,769</b>		<b>2,075</b>		<b>694</b>		<b>706</b>	

List excludes gas members with no cases.

Complaints closed includes a number of Complaints that were received in 2002/03.

Retailers engaged in marketing activities take the view that their marketing may have an impact on their case numbers from time to time.

## 23 How we handled gas Enquiries



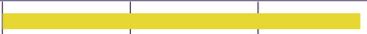
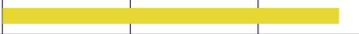
## 24 Average days to close gas Complaints (Levels 1 – 3 combined)

Gas industry overall average (days) **58**

### Retail

AGL Victoria		61
EnergyAustralia		28
Origin Energy		54
TXU		48
<b>Retail average</b>		<b>55</b>

### Distribution

Envestra		84
Multinet Gas		79
TXU Gas Networks		138
<b>Distribution average</b>		<b>108</b>

0 30 60 90 120 150

List excludes gas members with no cases.

Complaints closed includes a number of Complaints that were received in 2002/03.

Case complexity contributes to the time it takes to close a case. EWOV's seeking of technical or legal advice, and delays in customer action/replies, may also have an impact.

Additionally, case closure times may be affected by factors internal to the gas member, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

## 25 Progress of gas Complaints during the year

### Level 1 Complaints

Received		686
Closed		683
Open at 30 June 2004		93

### Level 2 Complaints

Received		6
Closed		19
Open at 30 June 2004		1

### Level 3 Complaints

Received		2
Closed		4
Open at 30 June 2004		0

0 100 200 300 400 500 600 700

Complaints closed includes a number of Complaints that were received in 2002/03.



## 26 Age of open gas Complaints at 30 June 2004

### Level 1 Complaints

0-6 weeks	50
6-12 weeks	21
> 12 weeks	22
<b>Total open</b>	<b>93</b>

### Level 2 Complaints

0-6 weeks	1
6-12 weeks	0
> 12 weeks	0
<b>Total open</b>	<b>1</b>

### Level 3 Complaints

0-6 weeks	0
6-12 weeks	0
> 12 weeks	0
<b>Total open</b>	<b>0</b>

0 20 40 60 80 100

## 27 Average time spent on closed gas cases (in minutes)

### Enquiries

19
----

### Level 1 Complaints

122
-----

### Level 2 Complaints

206
-----

### Level 3 Complaints

585
-----

0 100 200 300 400 500 600

# gas issues

### Gas overall

As Figure 28 shows, Billing was the most common gas issue — 1,948 cases, or 70% of all gas cases. This was up from 66% of gas cases last year. Disconnection was the most common gas Billing sub-issue at 31% of Billing cases, followed by high bills at 13%.

12% of gas cases (334) were about Transfer, 31% of these about billing problems and 29% about transfer errors.

8% of gas cases (212) were about Provision, mostly about existing and new company or customer assets, such as pipes and meters.



## Gas retail

The most common gas retail issues mirrored those for gas overall — Billing, Transfer and Provision.

There were 1,920 Billing cases (77% of all gas retail cases). 32% of these were about disconnection and 14% were about high bills.

13% of gas retail cases were about Transfer (329 cases), most commonly to do with billing problems (31%) and transfer errors (29%).

5% of gas retail cases concerned Provision (122 cases), mostly about new and existing company or customer assets.

## Gas distribution

Provision was the most common gas distribution issue — 85 cases, or 56% of all gas distribution cases. Almost all concerned new or existing company or customer assets.

28% of gas distribution cases (42) were about Supply, 38% of these about reliability and 33% about unplanned outages and interruptions.

9% of gas distribution cases (14) were about Land, 57% of them to do with pipes.

# 28

## Most common gas issues (all case types combined)

Gas industry overall				
(Total cases: 2,769)	Billing	1,948	Disconnection	612
			High	261
	Transfer	334	Billing	102
			Error	96
	Provision	212	In-Place	107
			New	81
Gas retail				
(Total cases: 2,508)	Billing	1,920	Disconnection	608
			High	260
	Transfer	329	Billing	101
			Error	96
	Provision	122	In-Place	61
			New	42
Gas distribution				
(Total cases: 151)	Provision	85	In-Place	44
			New	36
	Supply	42	Reliability	16
			Unplanned Outage	7
	Land	14	Unplanned Interruption/Restriction	7
			Pipes	8

# gas case studies



Case studies are provided to demonstrate the range of Complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the Complaint.

G/2003/39

## Concerns over installation of gas meter

Mr A was seeking replacement of a gas meter that had been installed at his home. He was concerned at the meter's size and colour — specifically, that these features detracted from the home's aesthetic appeal.

EWOV's investigation showed a lack of communication between Mr A, his gas retailer and his gas distributor on the load requirements for the home. As a result, a larger meter had been installed to meet what the distributor believed to be an increased gas need. It was established that a small meter would adequately meet Mr A's needs, although any increase in his usage would require a larger meter. The gas distributor agreed to replace the meter at no charge to Mr A, who in turn agreed to meet the costs for a plumber to come to the home to ensure the correct fittings were in place (in line with normal installation requirements).

*Many problems can be avoided by clear communication between the parties in the first instance. This case benefited from a willingness by all parties to negotiate an outcome.*

G/2004/543

## Usage inflated by incorrect meter start reading

Mrs G had received her first gas bill since moving into her property on 19 December 2003. The bill was for \$689.75. Because this seemed high, she queried it with her retailer. The retailer's response was that the cause may have been a gas leak. Concerned at this, Mrs G contacted the Office of Gas Safety who sent an inspector to the property. The inspector found a tiny amount of gas leaking from her oven, but didn't consider it possible that this leak would be responsible for the high bill.

Mrs G contacted her retailer again. This time she was told the high bill must have been caused by her excessive use of the ducted heating. After Mrs G disputed this, the retailer agreed to send someone to take a check read of the meter. Mrs G didn't ever hear back, but she did receive a revised gas bill for \$544.80. She contacted EWOV dissatisfied that the retailer had failed to investigate her concerns, and was trying to blame her for the high bill.

EWOV's investigation found that the new meter installed at Mrs G's property in December 2003 had not been set at 0, but at 2,095. The retailer apologised for the inconvenience caused and reissued accounts based on the corrected start reading. Mrs G was issued with a new bill for \$48.20, in stark contrast to the original bill for \$689.75.

*This case highlights the frustration that can be caused when retailers fail to thoroughly investigate customer concerns. The retailer should have ensured that its assets (in this case, the meter) were not the cause of the high bills, rather than assuming that the meter reading was correct and sending the customer off to investigate a leak unnecessarily.*





G/2004/1436

### Direct debit problems contribute to customer hardship

Approached by a door-to-door sales representative, Ms V had signed up with a gas retailer, agreeing to a direct debit for her fortnightly payments. However, rather than take the fortnightly payments, the retailer repeatedly tried to take the full amount of her bills. This resulted in Ms V being charged several dishonour fees, which in turn caused her financial hardship, since it depleted her account and meant funds weren't available for other direct debit commitments.

Ms V was being assisted by a financial counsellor and was in the process of applying for a Utility Relief Grant. Both she and the financial counsellor had spoken with the gas retailer, but the issues remained unresolved. She was unable to afford to pay her current gas bill, or the arrears owing, and received a disconnection notice. She also faced an exit fee of around \$250 if she, as expected, changed address in the near future. She said she had been led to believe the fee would be much smaller.

In resolution of the case, the gas retailer agreed to set up a direct debit payment plan of \$30 a fortnight, to cover both arrears and current consumption. It clarified that its contracts are site specific, meaning that when customers move premises, they are required to cancel their existing contracts, to which termination fees are applied. However, if the customer re-signs with the member within three months of terminating the contract, these fees are credited to the account for their new premises.

*This case highlights a number of issues, including the market conduct responsibilities of members' sales representatives, and the importance of the information they provide to potential customers.*

G/2004/907

### Customer's right to transfer contract upheld

Shortly after Mr R, a small business owner, entered into a three-year contract, he sold his business. He said he had been told by the retailer that the contract would be transferable to the new owner. However, after making further enquiries, he was told that only residential customers could transfer contract rights to third parties, and further, that he would have to pay a termination fee of some \$300.

Mr R disputed the termination fee on the grounds that transferring an account into another name was not listed as a method of termination. He also felt that it was in the best interests of the retailer to continue on with the contract, since the new owner was making use of the same electrical appliances and keeping substantially the same business hours and operating times. Mr R had also been trying to arrange a final meter reading, but this had been unsuccessful.

EWOV's investigation confirmed that under Clause 13 (General Provisions) of the supply contract, Mr R could assign or create an interest in his/her rights under the contract with the written consent of the retailer. The retailer agreed to transfer the contract, provided that the new owner agreed to accept the transfer. Upon receipt of the form signed by Mr R and the new owner, and the expiration of the cooling-off period, the retailer would arrange for the contract to be transferred. A date was also arranged for a special meter reading, so that a final bill could be issued to Mr R.

*Customers can be at a disadvantage in their dealings with providers if they are not aware of their rights under their contracts. In this case, EWOV's independent review of the contract helped the customer enforce rights he believed he had, but which the retailer was slow to acknowledge.*



# dual fuel cases



We introduced the dual fuel case category in January 2003. It refers to cases where the customer's concern is not specifically related to either electricity or gas. For example, a customer may 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 case, 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.

We received a total of 238 dual fuel cases in 2003/04, up 325% from 56 in 2002/03. Case numbers increased as retailers stepped up marketing activities, and as customers began to receive their first dual fuel bills.

As Figure 29 shows, we received 171 dual fuel Enquiries, up from 37.

How we assisted dual fuel customers with their Enquiries is summarised in Figure 30.

36% of dual fuel 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. In line with EWOV's *Refer to higher level* policy, 46% were referred back to the member because the customer had made one contact only, usually with its contact centre.

As Figure 29 also shows, we received 67 dual fuel Complaints, up from 19.

We closed 64 dual fuel Complaints, up from 13. 98% of these were conciliated.

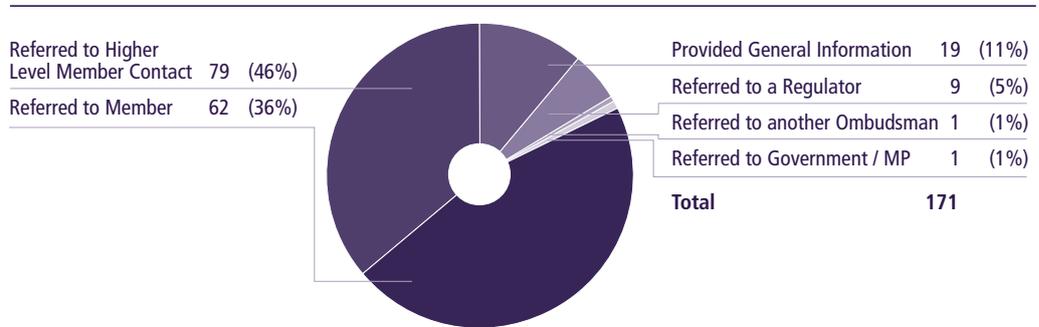
## 29 Dual fuel cases received (Enquiries and Complaints) and closed (Complaints)

	Overall cases		Enquiries		Complaints (Levels 1 - 3)			
	Received		Received		Received		Closed	
	%		%		%		%	
AGL Victoria	18	8	13	8	5	7	5	8
EnergyAustralia	38	16	29	17	9	13	6	9
Origin Energy	9	4	8	5	1	1	1	2
TXU Retail	170	72	118	69	52	78	52	81
Non member specific	3		3		2			
<b>Dual fuel total</b>	<b>238</b>		<b>171</b>		<b>67</b>		<b>64</b>	

Complaints closed includes a number of Complaints that were received in 2002/03.

Retailers engaged in marketing activities take the view that their marketing may have an impact on their case numbers from time to time.

## 30 How we handled dual fuel Enquiries



## 31 Average days to close dual fuel Complaints (Levels 1 – 3 combined)

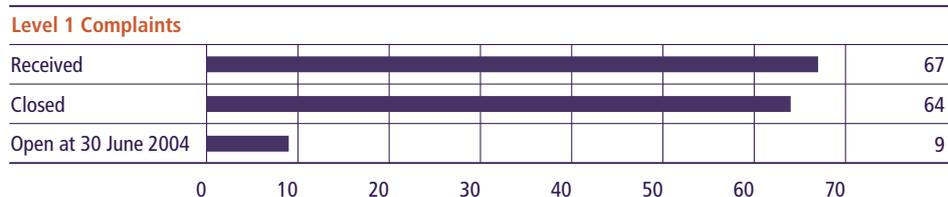


Complaints closed includes a number of Complaints that were received in 2002/03.

Case complexity contributes to the time it takes to close a case. EWOV's seeking of technical or legal advice, and delays in customer action/replies, may also have an impact.

Additionally, case closure times may be affected by factors internal to the member, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

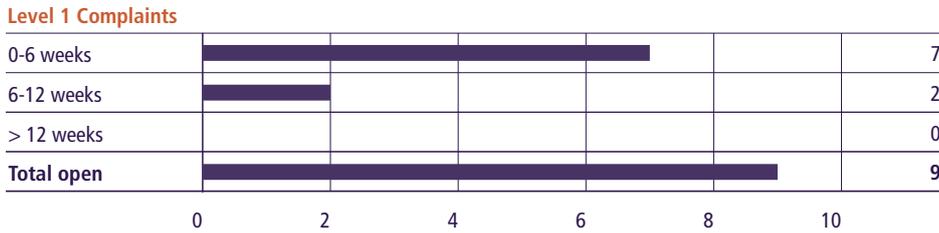
## 32 Progress of dual fuel Complaints during the year



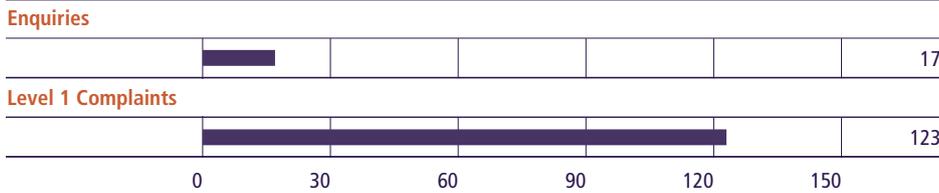
Complaints closed includes a number of Complaints that were received in 2002/03.



### 33 Age of open dual fuel Complaints at 30 June 2004



### 34 Average time spent on closed dual fuel cases (in minutes)



# dual fuel issues

#### Dual fuel overall

As Figure 35 shows, Billing was the most common dual fuel issue — 122 cases, or 51% of all dual fuel cases. This was up from 27% of dual fuel cases last year. The most common Billing sub-issues were billing delays (17%), bill formats (16%), backbills (10%), billing errors (9%) and direct debit (7%).

27% of dual fuel cases (65) were about Transfer, most commonly contract terms and conditions (20%) and information provision, billing problems and cooling-off periods (each 15%).

20% of dual fuel cases (48) were about Market Conduct, 94% of them to do with sales contact, usually in the context of door-to-door and phone sales.

### 35 Most common dual fuel issues (all case types combined)

(Total cases: 235)			
Billing	122	Delay	21
		Format	20
Transfer	65	Contract (terms & conditions)	13
		Information	10
		Billing	10
Market Conduct	48	Cooling-off	10
		Sales/Contact	45
		Advertising	3



# dual fuel case studies

Case studies are provided to demonstrate the range of Complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the Complaint.

F/2004/93

## Payment plan estimated and not enough to cover customer usage

In February 2003, Mr P entered into a dual fuel contract. In June 2003, his preferred retailer arranged the transfer of gas and electricity and the dual fuel contract commenced. At signup, Mr P was told he should pay \$90 a month to cover his gas and electricity usage, and on this advice he entered into a monthly direct debit plan for this amount. In February 2004, he received a letter from his retailer advising that he owed \$700 on his electricity account and \$300 on his gas account (\$1,000 in all). Mr P stated that until he received this letter, he was not aware from any information on any of his monthly statements that his monthly payments were not enough to cover his usage. When he contacted his retailer, he was told there had been a mistake on his account, and that he was actually \$3,600 in arrears, not \$1,000.

Mr P was shocked that he owed his retailer anything, as he had made all relevant payments based on advice from the retailer, and that the amount was so high. He contacted EWOV in frustration, not knowing how much he owed his retailer and how the problem could have been allowed to occur in the first place. He also said that at no time was he advised by the retailer that it estimates usage and payments, and that this could be inaccurate.

The retailer confirmed that the payments of \$90 a month Mr P was making towards his gas and electricity accounts were not enough to cover his on-going usage. It said Mr P actually owed only \$1,019.87, the \$3,000 account being a printing error and he should ignore it. The retailer apologised for any confusion caused, and for not advising Mr P that the monthly payments had been estimated incorrectly. It said that it had sent quarterly (electricity) and bimonthly (gas) summaries to Mr P during the course of the year and that these showed his monthly payments were not covering his ongoing usage. It apologised for not notifying Mr P at an earlier stage that his monthly payments would have to increase. In recognition of the inconvenience caused, the retailer waived \$279.15 from Mr P's gas account, and \$90.72 from his electricity account. A new payment plan was established to adequately cover the arrears and his ongoing usage.

*Retailers should be monitoring the payment plans they have agreed with customers, to ensure payment shortfalls are recognised as early as possible, especially when the plan is based on estimates. Early advice to customers that they need to increase their payments, or reduce their usage, will help avoid financial hardship.*

F/2004/30

### Convenient payment option doesn't turn out to be so

Attracted to the idea of combining payment of her electricity and gas bills, Mrs C took up a dual fuel contract. She was willing to set up a direct debit payment arrangement, and because she was unable to provide information on her historical usage, the retailer suggested the monthly amounts she should pay. The retailer used an estimate of the yearly usage of an average household in a similar situation to work out a monthly payment arrangement of \$15 for gas and \$65 for electricity.

The dual fuel account was set up, but the direct debit payments were being withdrawn intermittently and Mrs C was concerned at the debt she was accruing. She tried to pay an upfront amount of \$400 to reduce the debt, and then start a new monthly payment schedule of \$40 for gas and \$80 for electricity, but these payments also failed to be directly debited from her account.

By the time Mrs C contacted EWOV, having tried unsuccessfully to resolve the problem with the retailer, she owed \$280 on her gas account and \$542 on her electricity account. She was also very disillusioned with the retailer's promise of providing her with an easy way of combining her bills. She sought to be released from the contract without any exit fees and the retailer agreed. Mrs C initiated a transfer to another retailer for her electricity and gas, but agreed to pay the retailer \$100 a fortnight until the arrears were paid.

*Payment arrangements for dual fuel contracts aren't proving to be straightforward for all customers. This payment arrangement didn't cover the customer's usage, and the direct debit process didn't work as it should have. Faced with having to find a way to address her accruing debt, the customer was left feeling very frustrated by what had been promoted as a convenient option.*

F/2004/84

### Retailer responsibility to get problems sorted out

Nine months after signing a dual fuel contract with her gas retailer, Ms T was still trying to obtain a bill. Her gas retailer had told her it wasn't able to bill for both gas and electricity per the new contract, because her electricity retailer hadn't released her details. EWOV's investigation found that the transfer of Ms T's electricity account had not occurred at the appropriate time. This was compounded by the retailer's inability to obtain accurate readings from her electricity distributor. A retrospective transfer was arranged to Ms T's preferred retailer as at the date the transfer should have taken place in November 2003, and accurate readings were obtained so she could be billed. The dual fuel account was then set up as requested, with her new retailer committing to a customer service credit of \$65.14 in recognition of the inconvenience that had been caused.

*Retailers have a responsibility to address customer concerns promptly, including taking action to work with other contributors to the problem (in this case the electricity retailer and distributor) to get the matter resolved in a reasonable timeframe.*

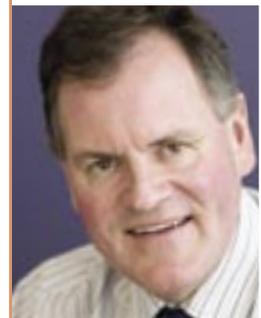
F/2004/111

### Problems with dual fuel contract due to system errors

Having signed a dual fuel contract for his home, Mr T became aware that he had been placed on a commercial tariff rather than a residential tariff. After several unsuccessful contacts with his retailer about this, he contacted EWOV.

The retailer confirmed to EWOV that it had provided Mr T with a contract offer based on a residential tariff and that when he had accepted the offer, it submitted a transfer request. However, in the central database, Mr T's property was listed as a commercial property. As a result, the contract and quote immediately became invalid. Mr T was frustrated that the retailer had not provided him with this information previously and he asked that the retailer pay him the approximate cost of one month's electricity usage in recognition of this. Based on the time it had taken Mr T to resolve the matter, the retailer agreed to this and provided \$150 compensation.

*This case highlights one of the problems that can occur in the transfer process, and illustrates the importance of explaining the problem to customers promptly and clearly.*





# water cases

EWOV began taking water cases in April 2001. At 30 June 2004, there were 24 EWOV water members: 3 metropolitan retailers, 1 metropolitan wholesaler, 15 regional urban water authorities and 5 rural water authorities. You'll find a full list of them on page 18.

We received a total of 1,136 water cases in 2003/04, up 15% from 990 in 2002/03. This followed the previous annual fall of 2%.

Metropolitan retail water cases (599) were up 14%. Regional urban water cases (327) were up 6%. Rural water cases (72) were down 25%. There were also 73 metropolitan wholesale cases, 57 of which related to a single issue.

As Figure 36 shows, we received 983 water Enquiries, up 23% from 801 the previous year:

- 512 metropolitan retail water Enquiries, up 18%
- 70 metropolitan wholesale water Enquiries, up 483%
- 277 regional urban water Enquiries, up 15%
- 59 rural water Enquiries, down 18%.

How we assisted water customers with their Enquiries is summarised in Figure 37.

47% (up from 35%) of water 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. In line with EWOV's *Refer to higher level* policy, 32% (down from 35%) were referred back to the member because the customer had made one contact only, usually with its contact centre.

As Figure 36 also shows, we received 153 water Complaints, down 19% from 189:

- 87 metropolitan retail water Complaints, down 5%
- 3 metropolitan wholesale water Complaints, down 25%
- 50 regional urban water Complaints, down 28%
- 13 rural water Complaints, down 46%.

We closed 185 water Complaints, up 10% from 168. 85% of these were conciliated. A further 9% were closed on the basis that no further investigation was warranted, because either a fair offer had been made to the customer, or our investigation was unable to support the customer's claims.

## 36 Water cases received (Enquiries and Complaints) and closed (Complaints)

	Overall cases		Enquiries		Complaints (Levels 1 - 3)			
	Received		Received		Received		Closed	
<b>Metropolitan retail</b>	%		%		%		%	
City West Water	130	22	108	21	22	25	20	20
South East Water	171	28	146	29	25	29	27	27
Yarra Valley Water	298	50	258	50	40	46	52	53
<b>Metropolitan retail total</b>	<b>599</b>	<b>100</b>	<b>512</b>	<b>100</b>	<b>87</b>	<b>100</b>	<b>99</b>	<b>100</b>
<b>Metropolitan wholesale</b>	%		%		%		%	
Melbourne Water	73	100	70	100	3	100	5	100
<b>Metropolitan wholesale total</b>	<b>73</b>	<b>100</b>	<b>70</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>5</b>	<b>100</b>
<b>Regional urban</b>	%		%		%		%	
Barwon Water	20	6	16	6	4	8	6	10
Central Highlands Water	19	6	15	5	4	8	6	10
Coliban Water	58	18	52	19	6	12	9	15
East Gippsland Water	9	3	9	3	0	0	0	0
Gippsland Water	35	11	28	10	7	14	7	12
Glenelg Water	2	1	2	1	0	0	1	2
Goulburn Valley Water	37	11	32	12	5	10	6	10
Grampians Water	37	11	32	12	5	10	6	10
Lower Murray Water	7	2	6	2	1	2	1	2
North East Water	18	6	15	5	3	6	1	2
Portland Coast Water	14	4	8	3	6	12	6	10
South Gippsland Water	24	7	21	8	3	6	4	7
South West Water	11	3	9	3	2	4	3	5
Western Water	21	6	19	7	2	4	2	3
Westernport Water	15	5	13	5	2	4	1	2
<b>Regional urban total</b>	<b>327</b>	<b>100</b>	<b>277</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>59</b>	<b>100</b>
<b>Rural</b>	%		%		%		%	
First Mildura Irrigation Trust	4	6	4	7	0	0	0	0
Goulburn-Murray Water	37	51	27	46	10	77	14	64
Southern Rural Water	10	14	9	15	1	8	2	9
Sunraysia Rural Water	5	7	5	8	0	0	3	14
Wimmera Mallee Water	16	22	14	24	2	15	3	14
<b>Rural total</b>	<b>72</b>	<b>100</b>	<b>59</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>22</b>	<b>100</b>
<b>Non industry related/non member specific</b>								
Non industry related	4		4					
Non member specific	61		61					
<b>Water total</b>	<b>1,136</b>		<b>983</b>		<b>153</b>		<b>185</b>	

Complaints closed includes a number of Complaints that were received in 2002/03.

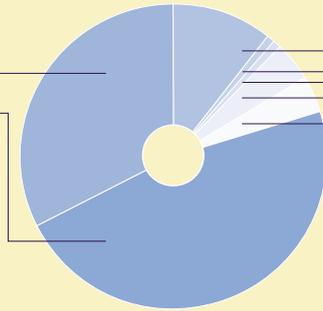


# 37 How we handled water Enquiries



Referred to Higher Level Member Contact 318 (32%)

Referred to Member 466 (47%)



Provided General Information	105	(11%)
Referred to a Regulator	10	(1%)
Referred to another Ombudsman	6	(1%)
Referred to Government / MP	42	(4%)
Referred elsewhere	36	(4%)
<b>Total</b>	<b>983</b>	



# 38 Average days to close water Complaints (Levels 1 – 3 combined)



**Water industry overall average (days)** **142**

### Metropolitan Retail

City West Water		110
South East Water		81
Yarra Valley Water		132
<b>Metropolitan retail average</b>		<b>114</b>

### Metropolitan Wholesale

Melbourne Water		300
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### Regional Urban

Barwon Water		119
Central Highlands Water		142
Coliban Water		138
Gippsland Water		96
Glenelg Water		196
Goulburn Valley Water		263
Grampians Water		199
Lower Murray Water		25
North East Water		2
Portland Coast Water		44
South Gippsland Water		163
South West Water		149
Western Water		194
Westernport Water		325
<b>Regional urban average</b>		<b>145</b>

### Rural

Goulburn-Murray Water		190
Southern Rural Water		323
Sunraysia Rural Water		316
Wimmera Mallee Water		239
<b>Rural average</b>		<b>226</b>

0 50 100 150 200 250 300 350

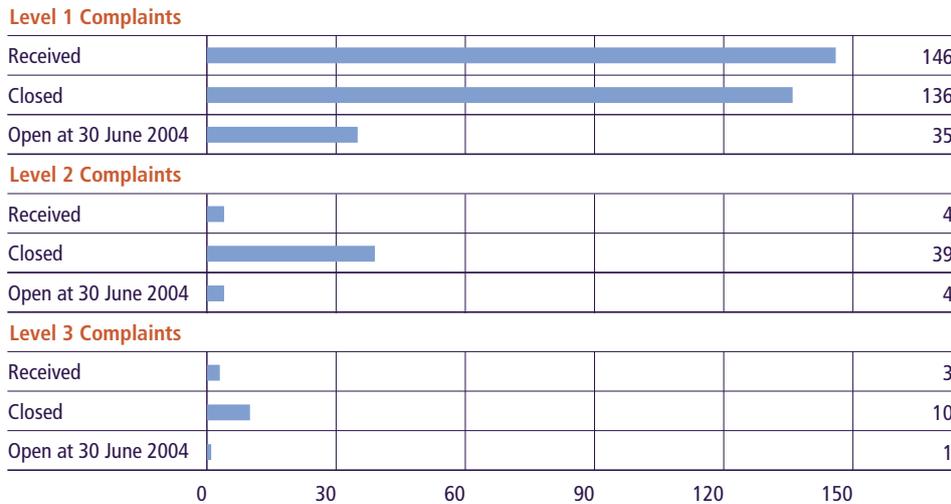
List excludes water members with no cases.

Complaints closed includes a number of Complaints that were received in 2002/03.

Case complexity contributes to the time it takes to close a case. EWOV's seeking of technical or legal advice, and delays in customer action/replies, may also have an impact.

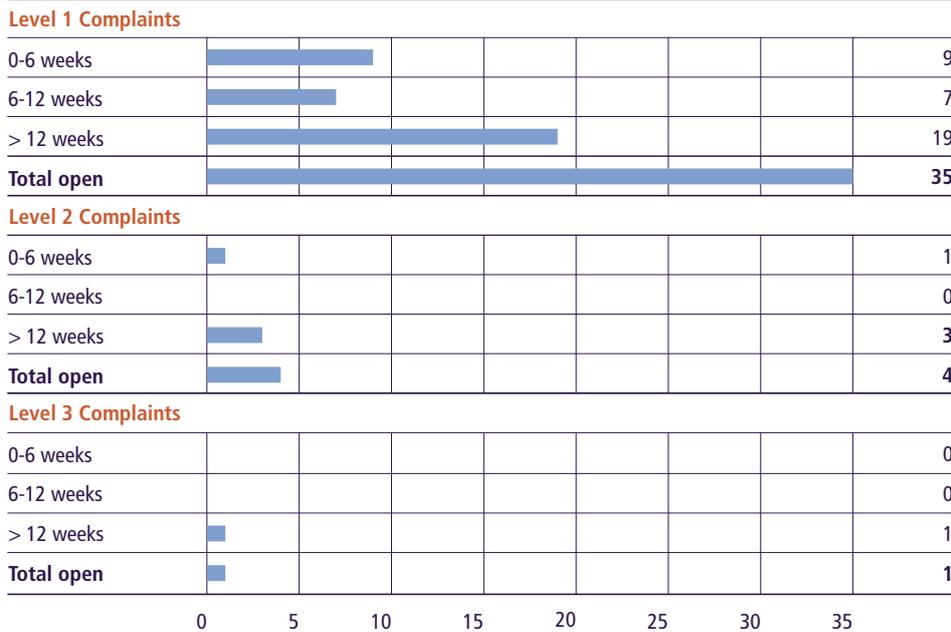
Additionally, case closure times may be affected by factors internal to the water member, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

## 39 Progress of water Complaints during the year

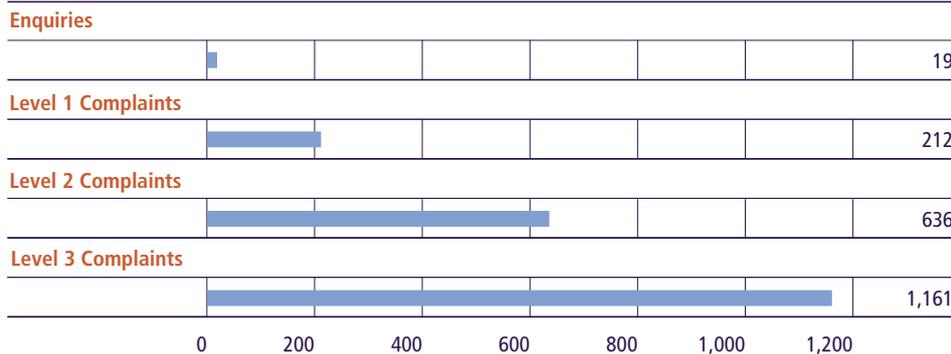


Complaints closed includes a number of Complaints that were received in 2002/03.

## 40 Age of open water Complaints at 30 June 2004



## 41 Average time spent on water cases (in minutes, closed cases)



# water issues



## Water overall

As Figure 42 shows, Billing was the most common water issue — 583 cases, or 51% of all water cases, as for last year. The most common Billing sub-issues were service charges (17%), account arrears (17%), high bills (9%) and restriction (5%).

16% of water cases (186) were about Supply, most commonly sewerage, drains and catchments (19%), water quality (18%) and conservation and usage restrictions (15%).

160 water cases (14%) were about Land, 31% of these about pipes, channels and drains.

## Metropolitan retail

The two most common metropolitan retail water issues mirrored those for water overall.

Billing was the most common issue (361 cases, 60%), in particular account arrears (22%) and bill enquiries (14%).

This was followed by Supply (94 cases, 16%), in particular sewerage, drains and catchments (31%) and unplanned supply interruptions (22%).

There were also 78 cases (13%) about Provision, almost all about new and existing company and customer assets, such as pipes and meters.

## Metropolitan wholesale

57 of the 73 metropolitan wholesale water cases were Enquiries about a Melbourne Water decision regarding the maintenance of jetty structures in one area of Melbourne. A further 3 cases concerned Supply and 3 concerned Billing.

## Regional urban

Billing was also the most common regional urban water issue — 187 cases, or 57%. 30% of these cases were about service charges and 17% about bill enquiries.

18% of regional urban water cases were about Provision (58 cases), almost all to do with new or existing authority and customer assets, such as pipes and meters.

11% of regional urban water cases (37 cases) were about Land, 46% to do with pipes, channels and drains, and 24% to do with easements.

## Rural

The most common rural water issue was Supply — 41 cases, or 57%. 49% of these were about licensing and 22% about access.

Billing was the second most common issue — 19 cases, or 26%. 42% of these were about service charges and 21% about tariffs.

There were also 4 Land cases (6%) to do with pipes, channels and drains, and 4 Provision cases (6%) to do with new and existing authority/customer assets.

# 42

## Most common water issues (all case types combined)



### Water industry overall

(Total cases: 1,136)	Billing	583	Service Charge	100
			Arrears	100
	Supply	186	Sewerage/Drains/Catchment	36
			Quality	34
	Land	160	Maintenance – Jetty Structures	57
			Pipes/Channels/Drains	50

### Metropolitan retail

(Total cases: 599)	Billing	361	Arrears	80
			Enquiry	49
	Supply	94	Sewerage/Drains/Catchment	29
			Unplanned Interruption/Restriction	21
	Provision	78	In-Place	45
			New	31

### Metropolitan wholesale

(Total cases: 73)	Land	67	Maintenance – Jetty Structures	57
			Works	4
	Supply	3	Access	1
			Planned Interruption/Restriction	1
			Sewerage/Drains/Catchment	1
	Billing	3	Enquiry	1
			Service Charge	1
			Tariff	1

### Regional urban

(Total cases: 327)	Billing	187	Service Charge	57
			Enquiry	31
	Provision	58	New	33
			In-Place	23
	Land	37	Pipes/Channels/Drains	17
			Easement	9

### Rural

(Total cases: 72)	Supply	41	Licensing	20
			Access	9
	Billing	19	Service Charge	8
			Tariff	4
	Land	4	Pipes/Channels/Drains	3
	Provision	4	In-Place	3
			New	1

# water case studies



Case studies are provided to demonstrate the range of Complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the Complaint.

## Binding Decision - WD/2002/10

### Compensation for loss and damage to land, due to construction of a water main

Mrs P contacted EWOV in May 2002, dissatisfied with the actions of her water authority in preparing for, and constructing, a water main at the rear of her property. She considered she had been dealt with unreasonably throughout this process. The water main was installed on land she bought from a Government department in August 2001.

Mrs P had initiated purchase of the land in 1997 on becoming aware that, although the family believed it had owned the land for the last 25 years, it was not a part of the land title. The purchase was finalised in August 2001. She expressed concerns about her water authority's information provision regarding the creation of an easement whilst she was negotiating its purchase.

Despite assurances that the main would be located within the easement, it was incorrectly laid partly outside the easement, requiring the authority to extend the easement.

Mrs P was aware of the authority's intention to remove a number of trees for installation of the water main. She had advised it that many of the trees on her property had environmental and sentimental value, having been planted by her late husband over the past 25 years. She said she was assured that specified trees would be under-bored and that there would be no damage to them. The day before an onsite meeting to formalise this agreement, contractors for the authority entered Mrs P's land and removed many of the trees and other flora, which had been the subject of negotiations.

Subsequent negotiations about compensation and reinstatement failed to settle the matter. Mrs P sought a total of \$32,774 in compensation for her losses.

In responding to EWOV's investigation, the water authority stated that Mrs P was kept informed of its intentions to acquire the easement and was served with all appropriate notices during the purchase process.

The authority accepted that the main was unintentionally constructed outside the easement. It advised that this incorrect placement was due to a survey misunderstanding and noted that the pipeline was correctly aligned elsewhere.

The authority also accepted that its contractors had entered Mrs P's land and removed a number of trees on the day before the agreed meeting. It advised, however, that its contractors had acted in contravention of its directions in commencing these works.

The authority stated that its offer to Mrs P was made in accordance with its statutory obligations under the *Water Act 1989* (Vic), (the *Water Act*), and the *Land Acquisition and Compensation Act 1986* (Vic), (LACA), which limited compensation payable. It further advised that this offer should be considered in light of the purchase price of the land as at August 2001, which was \$6,900. This compensation sum did not include the costs of reinstatement of the land, which was treated as a separate matter by the authority.

EWOV's investigation was wide-ranging. It centred on quantification of Mrs P's loss and assessment of a fair and reasonable outcome as to the loss and any inconvenience she may have suffered. It was noted that there were several methodologies which might legitimately be used to quantify Mrs P's loss and that different methodologies might be applied to each of the distinct components of her claim.

Contact was also made with a number of relevant stakeholders, including the Environmental Officer of the local Shire Council and the authority's contractors. In addition, the Ombudsman made a site visit to Mrs P's property, also meeting with adjoining landowners, with Mrs P's consent.



In partial resolution of the matter, the water authority provided, planted and assumed responsibility for the maintenance of 250 native tube plants. It also offered Mrs P a sum in lieu of additional reinstatement works. Mrs P was satisfied with these reinstatement actions. To formalise this agreement, and as the matter of compensation still remained unresolved, the Ombudsman moved to make a Binding Decision on the case.

### Decision

In making this Binding Decision, the Ombudsman operated in accordance with her roles and responsibilities under the EWOV Charter, the *National Benchmarks for Industry-Based Customer Dispute Resolution Schemes* and the *Australian Standards on Complaint Handling and Dispute Resolution*, to arrive at a decision that was fair and reasonable in light of good industry practice and the law.

The Ombudsman considered that the water authority's communication of its intention to create an easement could have been more effective. She further stated that the authority had a heightened responsibility to ensure the main was positioned wholly within this easement, since Mrs P had been in contact several times about the positioning and was assured by the authority that it would be correct.

The Ombudsman accepted the trees that were removed had sentimental and environmental value and that Mrs P had informed the authority of this. She stated that it was apparent that the authority led Mrs P to expect her wishes would be taken into consideration in the execution of the works.

While accepting that the events were not intentional on the water authority's part, the Ombudsman noted that the authority was responsible for the actions of its contractors. She was critical of the authority's formal and legalistic approach in seeking to rely solely on the Water Act and LACA in its offers to resolve Mrs P's case, noting that it should have approached compensation in a more flexible way. Her views in this respect were supported by EWOV's investigation into good industry practice in such matters.

The Ombudsman took into account the authority's view that consideration should be given to the price paid by Mrs P for the land, including trees and vegetation. She noted, however, that Mrs P's claim for loss extended to matters beyond the trees and vegetation. The Ombudsman considered the authority's arguments in support of its interpretation of its legal obligations regarding compensation for Mrs P, as well as her independent legal advice.

In considering the valuation material the Ombudsman decided that it was clear that the trees and other vegetation removed had an intrinsic value which could be separated from the value of the land within which they grew.

The Ombudsman noted that there were inadequacies in respect to the substantiation provided by Mrs P and took this into account in her Decision.

Taking account of identified differences in valuation methodologies, information provided by Mrs P and the water authority, and her own assessment of the manner in which Mrs P had been treated, the Ombudsman directed that the authority pay Mrs P a total of \$11,661. This sum included: \$5,740 for the loss of trees/vegetation; \$520 for loss of hay; \$303 for agistment; \$1,543 for legal fees; \$1,370 for survey fees; \$200 for telephone calls; \$1,000 for customer service/disturbance; \$250 for the acquisition of the additional easement (which was necessary due to the incorrect pipeline placement) and \$735 as payment in lieu of reinstatement works.

The Ombudsman further directed that the authority review its policies and procedures in relation to project management and control, with a report of this review to be provided to EWOV within four months of the date of the Binding Decision.

### W/2002/943

### Customers have responsibilities too

Mrs R was concerned about ownership of, and responsibility for, a sewerage pipe shared by six households, including her own. The pipe ran along the rear of the six properties. There was no easement registered and all sewerage from the six households was discharged via an outflow point to the mains sewer from the sixth house. The pipe was old and, from time to time over the years, had become blocked. The problem was exacerbated by a large mature tree growing close to the pipe on Mrs R's neighbour's property.





Mrs R wanted the water authority to pay for any necessary maintenance or repairs to the pipe, and to order her neighbour to remove the tree. She was concerned at having to pay the normal sewerage disposal charges, although she didn't have an individual sewerage connection, and further, that it was possible for any one of the properties to block off their pipe, leaving the other houses without access to the sewer. She didn't wish to be 'forced into partnership' with her neighbours regarding the drain's maintenance and repair.

The water authority advised EWOV that:

- the pipe was a 'combined drain' — a privately-owned pipe conveying sewage between a group of adjacent houses, and then discharging it via a single point into the mains sewer — as such, it was jointly owned by the customers connected to it, who (not the water authority) were also responsible for its maintenance and any repairs
- it was entitled to impose sewerage service charges and sewerage disposal charges under section 22(1) of the *Water Industry Act*, with no provision in the Act for owners of properties, connected to the mains sewerage system by means of a combined drain, to pay a reduced amount
- although there was no easement, property owners were not legally able to disconnect or terminate a combined sewer service located on their property
- Section 67(1) of the *Water Industry Act* allows the water authority to serve a notice requiring the removal of a tree only *where that tree is damaging or obstructing water authority-owned works* — as the combined drain did not form part of the water authority's works, it was unable to take any action with respect to the tree.

EWOV obtained independent legal advice which concurred with the water authority's assessment of its position, and this was conveyed to Mrs R.

To help resolve the matter, the water authority offered to inspect the drain using a closed circuit camera, at no cost to Mrs R, and provide an assessment of its condition, with quotes for options for remedial action and a recommendation of the preferred option (the insertion of a new inner lining) to all customers connected to it. In addition, it offered to write to the customers to clarify their obligations in relation to the drain, including the serving of a notice to repair it if that was found to be necessary. It emphasised, however, that the customers would be required to make their own arrangements for engaging a plumber and apportioning the cost among themselves.

Mrs R continued to dispute the ownership of the drain and didn't provide EWOV with any further substantiation of her position. Her case file was closed on the basis that the EWOV member had put forward a fair and reasonable offer, and the matter did not warrant further investigation.

*It can sometimes be difficult to establish the line between customer responsibilities and company/ authority responsibilities. This case also highlights how customers can be reluctant to accept responsibility for expensive infrastructure, even when their responsibility to do so is clear.*

### W/2003/573

## Major works brought forward

Mr N's water retailer wouldn't agree to connect his property to sewerage for at least another 10 years. This was despite advice from the local council that his current septic system was inadequate and posed a health risk. His only other option was to upgrade the septic system, which would be costly and serve as a temporary measure only. EWOV found that, originally, Mr N's septic system was deemed to service the property sufficiently. However, regulations had since changed and the local council deemed the property to be in need of urgent sewerage connection.

As a result of our investigation, the council officially submitted a recommendation to the water retailer which then listed the property as a high priority in its backlog strategy program. The retailer advised EWOV that the designs for the works had commenced and the works would be completed within six months.

*It's important that suppliers communicate with other relevant parties to a dispute (in this case, the local council) to avoid customers being unnecessarily caught up in red tape.*

# financial statements

## Statement of financial performance

For the year ended 30 June 2004

	2004	2003
	\$	\$
Revenue from ordinary activities	<b>4,280,547</b>	3,021,591
Employee benefits expense	<b>(2,315,220)</b>	(1,956,481)
Depreciation and amortisation expense	<b>(124,656)</b>	(113,590)
Rental expense	<b>(382,898)</b>	(368,710)
Other expenses from ordinary activities:		
Administration expenses	<b>(557,351)</b>	(427,218)
Consultancy expenses	<b>(330,107)</b>	(247,824)
Marketing expenses	<b>(144,221)</b>	(93,392)
Training & development	<b>(98,649)</b>	(32,904)
Other expenses	<b>(2,523)</b>	(3,521)
(Deficit)/Surplus from ordinary activities	<b>324,922</b>	(222,049)
Total changes in Members' equity other than those resulting from transactions with members as members	<b>324,922</b>	(222,049)

## Statement of financial position

As at 30 June 2004

	2004	2003
	\$	\$
<b>Current Assets</b>		
Cash asset	429,358	224,353
Investments	550,000	101,000
Other	26,009	39,958
<b>Total Current Assets</b>	<b>1,005,367</b>	365,311
<b>Non-Current Assets</b>		
Plant and equipment	308,111	267,244
<b>Total Non-Current Assets</b>	<b>308,111</b>	267,244
<b>Total Assets</b>	<b>1,313,478</b>	632,555
<b>Current Liabilities</b>		
Payables	601,735	235,207
Provisions	59,383	64,151
<b>Total Current Liabilities</b>	<b>661,118</b>	299,358
<b>Non-Current Liabilities</b>		
Provisions	59,047	64,806
<b>Total Non-Current Liabilities</b>	<b>59,047</b>	64,806
<b>Total Liabilities</b>	<b>720,165</b>	364,164
<b>Net Assets</b>	<b>593,313</b>	268,391
<b>Members' Equity</b>		
Retained surplus	593,313	268,391
<b>Total Members' Equity</b>	<b>593,313</b>	268,391



## Statement of Cashflows

For the year ended 30 June 2004

	2004	2003
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Levy receipts from Members (inclusive of goods and services tax)	4,957,831	3,150,298
Payments to suppliers and employees (inclusive of goods and services tax)	(4,183,842)	(3,308,502)
Interest received	45,851	35,161
<b>Net cash (outflow)/inflow from Operating Activities</b>	<b>819,840</b>	<b>(123,043)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of plant and equipment	500	90
Payments for plant and equipment	(166,335)	(100,719)
<b>Net cash outflow from Investing Activities</b>	<b>(165,835)</b>	<b>(100,629)</b>
<b>Net Decrease in Cash Held</b>	<b>654,005</b>	<b>(223,672)</b>
<b>Cash at the Beginning of the Financial Year</b>	<b>325,353</b>	<b>549,025</b>
<b>Cash at the End of the Financial Year</b>	<b>979,358</b>	<b>325,353</b>

## Acronyms used in this report

- ACCC – Australian Competition and Consumer Commission
- ANZEON – Australia and New Zealand Energy and Water Ombudsman Network
- CAV – Consumer Affairs Victoria
- CHAC – Case Handling Advisory Committee (of EWOV)
- CUAC – Consumer Utilities Advocacy Centre
- ESC – Essential Services Commission
- EWOV – Energy and Water Ombudsman (Victoria)
- FRC – Full Retail Competition
- FTE – Full Time Equivalent
- ICU – Indigenous Consumers Unit (of CAV)
- LACA – Land Acquisition and Compensation Act 1986 (Vic)
- MCAC – Marketing Code of Conduct Advisory Committee
- OCEI – Office of the Chief Electrical Inspector
- OGS – Office of Gas Safety
- RUWA – Regional Urban Water Authority
- RWA – Rural Water Authority

## Contacting EWOV

Energy and Water Ombudsman (Victoria) Limited  
GPO Box 469D, Melbourne, Vic 3001

**Enquiries and Complaints:**

Freecall 1800 500 509

Freefax 1800 500 549

Interpreting Service: 131 450

National Relay Service  
(for hearing/speech impaired): 133 677

Website: [www.ewov.com.au](http://www.ewov.com.au)

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