



Winter **2016** Issue

EWOV Connect

Quarterly newsletter linking the
Energy and Water Ombudsman (Victoria) (EWOV)
with community agencies

EWOV opened in May 1996. By 31 May 2016, we had closed over 591,900 energy and water customer cases, most of them residential.



Connect is an online publication...

and is available for download from EWOV's website: ewov.com.au

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Message from the Ombudsman



As EWOV celebrates its 20 year anniversary this year, we take this opportunity to reflect on the industry changes that have affected our scheme, and how we have responded to these changes over the past two decades.

EWOV has seen regular growth since opening our doors in 1996. However, we've now witnessed a steady decline in case numbers over the last 18 months. This shift can be attributed to a number of factors: an increase in consumer awareness about rights and responsibilities through community outreach efforts by advocacy groups, utility companies making a greater effort to engage with and retain customers, improved customer service efforts and stronger internal dispute resolution processes by the companies.

Despite a bigger push for consumer awareness about rights and responsibilities, there are still high levels of affordability and credit cases being received.

In 1996, The Electricity Industry Ombudsman Victorian (EIOV as we were known at the time) received a total of 365 cases in our first year, with 139 of those being about billing. By the 2014-2015 financial year we had received 50,437 cases with 27% being about credit related issues. EWOV's recent [Affordability Report](#) shows credit cases accounting for 30% of all cases received in the first quarter of 2016. We'll take a look at two case studies, 20 years apart, to see the changes in how EWOV investigates issues.

We'll also chat with long-term consumer advocacy identity Denis Nelthorpe about how the changing landscape of the energy industry and the prevalence of financial hardship has influenced our scheme to ensure we are moving with the times and remaining a valuable point of support for all Victorians.

Thank you for your continuing readership.

Cynthia Gebert
Energy and Water Ombudsman (Victoria)

Despite a bigger push for consumer awareness about rights and responsibilities, there are still high levels of affordability and credit cases being received.



Cases Studies: then and now

A case from 1998

EIOV featured this case study in its 1998 Annual Report:

Billing Arrears / Payment Arrangements

A residential customer called the EIOV because she was unable to reach agreement with her electricity company on a payment arrangement for account arrears.

The customer advised her family's income had been substantially lowered following her fiancée's industrial accident. The customer stated she was making \$100 payments each fortnight, but fell behind, following a delay in her fiancée's court matter being heard.

She stated though she advised the company of the pending court action the company continued to threaten disconnection of supply, making weekly contact seeking payment. She felt very intimidated by their action.

The customer stated that her offer of \$50 per fortnight, pending the outcome of the court case, was not accepted and that the company had advised that disconnection of supply was imminent.

The EIOV obtained the agreement of the company and the customer to enter into a fortnightly payment arrangement of \$50 to address her arrears and current amount over the next 12 months.

The customer indicated that once the court case was heard, she intended to increase the payments to clear her debt.

A case from 2015

Mr S contacted EWOV on 21 August 2015 dissatisfied that he was unable to negotiate a sustainable payment arrangement with his energy company.

He advised that he was on a disability pension and the company had previously agreed to match each \$5 a month payment he made (per utility) and assist with his application for the Utility Relief Grant Scheme (URGS). He also said it would provide a new contract which included pay-on-time discounts of 27% for electricity and 16% for gas. However, shortly after the agreement was reached he started to receive debt collection notices, calls and texts seeking payment in full of the outstanding amount of over \$8,500.

In order to resolve the matter, he wanted the company to honour the initial agreement made of \$5 a month matched payment, cease all collection activity and consider a financial credit to recognise the negative impact the collection activity was having on his mental health.

EWOV raised an Assisted Referral on 3 September 2015, but the matter was not resolved so it was escalated to an EWOV Investigation.

As part of the investigation, the energy company advised EWOV it would accept a payment plan of \$5 per month for gas (his ongoing consumption was \$21.90 per fortnight), provide a 16% pay-on-time discount for gas and waive the accrued debt of \$832.72 as a goodwill gesture.

It also advised that Mr S had a large electricity debt of \$9,902.86 and therefore requested he pay \$20 per month and participate in regular 'capacity to pay' assessments. It retrospectively applied a pay-on-time-discount of \$66.53 for the last three electricity bills and advised that if Mr S maintained the payment plan the discount would continue to be applied.

In order to assist in reducing Mr S' electricity usage (\$98.86 per fortnight) the company also offered to replace the heater at his property with a more energy efficient model. It also offered to match an URGS payment if a new form was submitted – given a previous URGS credit of \$500 was applied in 2014 for electricity and Mr S was eligible to apply again.

Mr S wanted the company to allow the payment plan to continue at \$5 per month and for the company to continue to match each payment he made. In order to investigate Mr S' concerns further, EWOV completed a review of the relevant laws and codes, examined the company's customer service performance, sought industry practice advice, looked at previous case results, undertook a financial assessment and sought technical advice.

Based on EWOV's review, the following was established:

- **Laws and codes:** The company had met its obligations under the *Energy Retail Code* when making its offer of hardship assistance.
- **Customer service performance:** Contact notes, call recordings and the account history were reviewed together with Mr S' belief that the company had failed to match each payment that he made. EWOV assessed that the company's response to Mr S' affordability issues was fair and that it had addressed all customer service issues (not making an assessment of Mr S' contract as agreed).
- **Industry practice:** The offer made by the company was found to be in line with good industry practice. All companies contacted by EWOV for their view on the matter, advised that they would offer some form of hardship assistance, which included assisting Mr S in managing usage to bring it in line with his capacity to pay.
- **Other case results:** Of the other complaints reviewed, it was found that companies had offered hardship assistance as long as the customer had engaged with the hardship program and demonstrated a willingness to reduce consumption and bring it in line with their capacity to pay.
- **Financial assessment:** Mr S had a significant cost of living (including rent and medical expenses) but he also received an energy supplement allowance of \$14.10 in his fortnightly pension payment.
- **Technical advice:** EWOV completed an on-site energy audit to determine if there were any appliances that may be causing high consumption, and to offer energy efficiency information. Based on this audit and a review of the meter data, it appeared that Mr S's heater may have been in use for a longer period than he was estimating, which would account for the increased consumption. The company had not contributed to the higher than expected billing.

Based on all of the above, Mr S' expectation of \$5 per month payments indefinitely was not reasonable, particularly as he was receiving an energy supplement allowance of \$14.10 per fortnight and had not addressed the gap between his capacity to pay and his consumption. EWOV concluded that the energy company had made a fair and reasonable offer of resolution and closed the matter on that basis.

EWOV has several tools available to carry out in-depth investigations

In 2016, EWOV uses various conciliation tools to also help Scheme Participants while investigating a complaint, which can assist in providing customers and their company with a greater understanding of consumption, capacity to pay, available support services and options for resolution, including:

- **Financial assessments:** an in-house financial assessment, carried out by EWOV's Financial Assessor. This can assist EWOV in making more informed recommendations to energy and water companies about a reasonable payment arrangement that will not place the customer in further financial stress.
- **In-house usage audits:** in-house audits of electricity, gas and water by independent technicians that provide information on inefficient appliances, faults, leaks and advice on efficiency measures to take to reduce consumption.
- **Concession information:** a review of the customer's eligibility for government concessions and the option of contacting the Department of Health and Human Services (DHHS), if concessions have not been applied retrospectively for more than 12 months – which is the limit that retailers can backdate concessions.
- **Energy – Wrongful Disconnection Payment (WDP):** complete a separate review of the process the energy retailer followed prior to disconnecting supply. This checks if the retailer had complied with its obligations under the Energy Retail Code and, if not, whether a WDP of \$500 per day (or part thereof) would be payable.
- **Water – hardship Guaranteed Service Level (GSL):** if the customer's water supply is restricted, complete an assessment for the GSL payment to review if the water corporation followed the correct process prior to restricting supply.

On the [following page](#) is a flow chart outlining the process EWOV uses during affordability investigations.

How we investigate: affordability cases

Follow the process EWOV uses when we investigate cases involving affordability.

INVESTIGATION REGISTERED



EWOV DISCUSSES WITH THE CUSTOMER

- Continued payments;
- Payment of undisputed amounts;
- Availability of financial counsellors

A commitment to pay by an agreed date. Confirms this in writing.

EWOV DISCUSSES WITH THE COMPANY

- Customer's issues
- What the customer is seeking to resolve the complaint
- The information EWOV needs to start the investigation

FIRST RESPONSE



EWOV REVIEWS THE COMPANY'S RESPONSE ABOUT:

- Meter read history
- Usage history
- Other charges
- Account reconciliation
- Concessions and URGS
- Hardship support provided
- Existing/previous payment plans
- Customer service of company e.g. early intervention and assistance.

ASSESS:

- If a financial assessment is needed (with EWOV's Financial Assessor, an external financial counsellor or the customer's own)
- A plan moving forward

DEPENDING ON CASE CIRCUMSTANCES:

- Meter testing
- URGS, concessions and capacity to pay
- A possible home energy audit

REVIEW the financial assessment and other expert advice obtained.

Provide a summary to the company & confirm details of hardship assistance/offer made.

Investigation complete

Further investigation required

COMPLAINT RESOLVED

- Customer is happy with company's offer and information to resolve complaint
- Include detailed information in resolution letter about payment plan, and customer and company responsibilities moving forward



EWOV INTERNAL ASSESSMENT

- Possible meeting with company
- Review expert advice, financial assessment and home energy audit e.g. meter test or financial counsellor report



OFFER IS FAIR & REASONABLE

Proceed if company's offer is fair and reasonable but customer is not satisfied with EWOV's assessment.

OFFER IS NOT FAIR & REASONABLE

Discuss merits, options for resolution based on assessment.

BINDING DECISION

Proceed if offer isn't fair and reasonable.

then

ELECTRICITY INDUSTRY
OMBUDSMAN (VICTORIA) (EIOV)

1995/96 VS. 2015/16

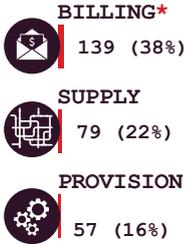


Fuel types:
Electricity

365 cases

*Credit was counted under the umbrella of Billing during this time.

Top three issues:



6 Scheme Participants



Access and info



Freecall and free fax.



Telephone typewriter service (TTY) and interpretation and translation services.



A strong focus on regional visits to promote the scheme.

now

ENERGY AND WATER
OMBUDSMAN (VICTORIA) (EWOV)

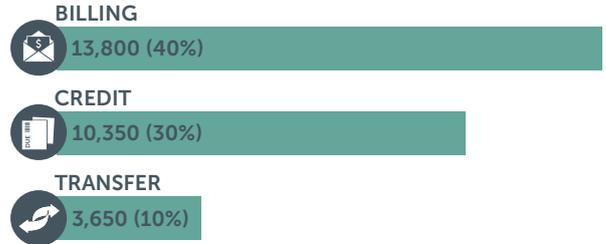


Fuel types:
Electricity
Gas and LPG
Water

over 35,000 cases*

* Projected number of cases for 30 June 2016.

Top three issues:



82 Scheme Participants



Access and info

All this, and:



SMS function for customers with an Investigation, and direct phone numbers to conciliators.



24 hour online complaint form.



32 fact sheets - with key resources translated into over 30 languages - as well as online videos and several multi-lingual staff.

Ask the Ombudsman



Denis Nelthorpe, a long-serving member of the legal community, asks Cynthia about changes to EWOV and the consumer

advocacy sector over the last 20 years.

Q When industry ombudsman schemes began, their role was seen very much to assist with the resolution of individual consumer complaints. In the past 10 years, the need to assist consumers in financial hardship has had a major impact on the role of the schemes. Cynthia, how would you say that financial hardship has impacted on the work of EWOV?

A Enormously. The fact that credit related cases consistently remain one of the highest case types our office receives, serves as a strong reminder that there is still a large sector of the community that experiences difficulties paying utility bills. These customers rely on the support and assistance provided by community agencies, consumer advocacy groups and financial counsellors, as well as services like EWOV.

Responding to the ever changing case trends we receive has resulted in:

- Adapting our case handling processes by offering specific support and specialised investigations which led to the development of a Credit Team which investigates complex hardship related cases.
- Increasing our technical knowledge with expert staff by employing an in-house Financial Assessor for conducting one-on-one financial assessment with customers and an in-house Technical Advisor to, among other tasks, complete energy audits.
- Increasing transparency across our reports and publications. These have changed considerably to include analysis of credit and financial hardship trends our scheme sees through an inaugural affordability research paper, [A closer look at affordability](#) and our new quarterly [Affordability Report](#).
- Creating user-friendly materials about EWOV's role, process and important energy and water issues (relating to financial hardship) for consumers and community agencies including, our community pack, fact sheets, hot topics and videos.

We are always looking for ways to provide additional support and assistance to the wider community by meeting face-to-face at community outreach events, Open Days and Bring Your Bills Days. We are also currently updating our website to make it even easier for consumers to contact us to start to get their issues resolved and will launching a new Community Roadshow in 2016-17.

Q Financial hardship doesn't always fit into the neater categories of traditional complaints. What does EWOV have to do differently and what changes has EWOV had to implement to its processes in order to respond to hardship complaints?

A EWOV case handling processes and methods have evolved considerably over the last two decades and continue to do so. It is crucial for not only the quality of the work that we do, but also to ensure we are reaching fair and reasonable outcomes for consumers and scheme participants – that policies and case handling procedures are consistently reviewed to keep abreast of trends and movements in the consumer and industry sectors.

EWOV has implemented several specialist teams and subject matter experts over the years to address more complex cases, we've also taken on board technical consultants and financial assessors to aid with in-house energy and financial audits.

We also conduct regular large-scale peer reviews to address the sustainability of case outcomes and we review cases and trends to identify any potential systemic issues which we then report for further investigation to the applicable regulator. We also review all energy Investigations where a disconnection has taken place for compliance with the Essential Service Commission's (ESC) Wrongful Disconnection Payment assessment (WDP).

We collect a large amount of data through periodic surveys of both customers and scheme participants which goes towards influencing internal changes to case handling procedures and assists in identifying areas for potential improvement to our processes. This is an important step in ensuring we are taking on board regular feedback and making relevant changes to ensure our scheme is providing the best possible support to those who need it.

Q *Industry schemes rely on member companies resolving matters through internal dispute resolution. How do you feel the industry has responded to the issue of financial hardship?*

A We've seen the number of EWOV cases drop significantly in the last 18 months and believe this is, in part, due to the work scheme participants are doing with resolving complaints in-house and directly with their customers. Having said this, hardship complaints represent a larger portion of EWOV cases than ever before, demonstrating that this issue continues to be an ongoing challenge for all. While EWOV agrees that industry is attempting to respond to the complex and growing issue of affordability, there is still more that can be done.

There is always hope for more improvement in the area of company engagement with customers in hardship and EWOV continues to provide support and recommendations on how scheme participants can achieve this through reporting, research papers and scheme participant training sessions.



Reports, publications and EWOV in the community

A look at what's coming up (reports and publications) and community outreach since the last Connect

Hot Topics

Every month we provide insight into a new topic on our website. This is a great way to learn more about some of the common issues we see customers experiencing and our tips and helpful information. In April 2016, we provided information on [What to do if your EWOV Assisted Referral fails](#) and we took a look at [Avoiding bill shock and staying warm in winter](#) in May 2016. Keep an eye out for June's Hot Topic which will give important information about identifying and resolving water leaks.

Reports

Since March 2016 we also released the following reports:

[Solar and Smart Meter Report – April 2016](#) – analysis of solar and Smart Meter related cases received between 1 January 2016 – 31 March 2016.

[Affordability Report - May 2016](#) – a snapshot of affordability related cases received by EWOV between 1 January 2016 – 31 March 2016.

EWOV in the Community

Bring your Bills Days

EWOV participated alongside several other industry Ombudsman and community organisations at two Bring your Bills Day sessions hosted by the Goulburn Valley Community Legal Centre (GVCLC) on Thursday 5 May 2016 and Thursday 19 May 2015 in Shepparton and South Morang.

EWOV held a stall alongside YMCA, Salvation Army, AMES and the Brotherhood of St Laurence, among many others, at the Welcome to Whittlesea Expo hosted by Kildonan Uniting Care on 5 May 2016.

Australian Vietnamese Women's Association – Environment Expo

EWOV held a stall at the hugely successful AVWA Environment Expo where we were able to provide over 200 attendees with advice about energy efficiency, keeping winter bills down and how EWOV can support the Vietnamese community.

CALD – Pathways to better living expo

Hosted by the South East CALD network, this fantastic community event was a great opportunity for members of the local community to learn more about the free services available to them.

Open Days

EWOV continues to welcome expressions of interest from community agencies and organisations who are interested in learning more about our scheme and how we can provide support to clients and the greater community by attending an Open Day session at our office. These free sessions are not open to the public and are available for groups of 5-10 attendees. Please contact Steph on 03 8672 4357 or at steph.booth@ewov.com.au for further information and to book your session today.

