



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

Aurora Energy Pty Ltd

Wednesday 30 November 2022

MEMBERS

Hon Rosemary Armitage MLC (Deputy Chair)

Hon Jane Howlett MLC

Hon Tania Rattray MLC (Chair)

Hon Rob Valentine MLC

Hon Meg Webb MLC

Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon. Guy Barnett MP, Minister for State Development, Construction and Housing, Minister for Energy and Renewables, Minister for Veterans Affairs.

Ms Mary O’Kane, Chair

Mr Nigel Clark, Chief Executive Officer

Mr James Chisholm, Chief Financial Officer

Mr Andrew Crozier, Chief Digital and Product Officer

Mr Alistair Burke, Acting Chief Customer Officer

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The committee met at 8.59 a.m.

CHAIR (Ms Rattray) - Minister, I would like to welcome you here as your portfolio responsibility for Aurora. We have at the table, starting on my right, Meg Webb MLC, Jane Howlett MLC, Rosemary Armitage MLC, Tania Rattray as the Chair, Rob Valentine MLC and Josh Willie MLC. Our secretariat support is with us as well. Thank you.

Minister, we'd like you to introduce your team at the table and we'd also invite you to make an opening statement.

Mr BARNETT - Thank you, Madam Chair and members of the committee. It's a pleasure and honour to be here for Aurora Energy GBE scrutiny hearings. I'd like to welcome Prof. Mary O'Kane on my left, and I know she's familiar to many of you around the table and I'm very grateful for her leadership over many years with Aurora Energy. Likewise, to the new CEO, Nigel Clark, who's had vast experience on the mainland at Momentum Energy in New Zealand for six years and much experience across the energy landscape. We're very grateful that Nigel's been able to take up that role.

CHAIR - Welcome, and congratulations, and your first GBE scrutiny?

Mr CLARK - Yes, it is.

CHAIR - We will keep that in mind.

Mr BARNETT - This is a first. I want to put on record my thanks to Rebecca Kardos who many of you know as the former CEO. She did a great job for Aurora Energy as well.

Aurora plays a critical role in the Tasmanian Government's renewable energy plans. As a Government, we are committed to continuing to put downward pressure on electricity prices and to empower the people and businesses of Tasmania with the information and tools they need to save money by managing their energy usage and reduce their bills.

We have had tough times. The cost of living is a priority for Tasmanians, and we've responded to that in a targeted and comprehensive way with the Winter Energy Bill Buster payment - \$180. More than 94 000 Tasmanians benefited from that \$11.2 million investment from the taxpayers, and I'd like to acknowledge Aurora Energy in that regard.

On the 1 July this year, aurora+ has been available at no additional charge to customers. It's an important initiative to help Tasmanians save money on their energy usage and reduce bill shock. Likewise, I'm pleased to announce today that some 50 000 Tasmanians are now taking advantage of the aurora+ - an increase from 34 000 in June, which is a terrific milestone. I'm also pleased to announce that in the past month, Aurora has completed more than 50 per cent of the advanced meter rollout across the state for customers in Tasmania. It is significant progress on the Government's commitment to deliver meters to the state by 2026.

The Australian Government has indicated that it intends to announce plans to curb the volatility in the National Electricity Market before Christmas - quite possibly, next week. I want to stress today that it's important that Tasmania's energy policy needs to be informed

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and coordinated with the actions of the Australian Government to avoid duplication, confusion and unintended consequences such as fuelling inflationary pressures.

The Your Energy Support (YES) program - I know members around the table are very familiar with that. It's been very successful again this past year, providing affordable payment plans, tailoring energy saving advice and protection from disconnection.

In October, the Tasmanian independent regulator confirmed that Tasmania has the lowest, or amongst the lowest, regulated prices in the country. The Government continues to work with Aurora Energy to keep downward pressure on prices. I want to thank the team at Aurora Energy for a strong year helping to support the delivery of clean, reliable and affordable renewable energy.

CHAIR - Thank you, minister. You didn't introduce the rest of the people at the table so would you please do that? It's very useful for *Hansard* as well.

Mr BARNETT - Absolutely. I welcome, Nigel Clark; James Chisholm, the Chief Financial Officer; Alistair Burke, the Acting Chief Customer Officer; and Andrew Crozier, the Chief Digital and Product Officer.

CHAIR - That's a large title.

Mr BARNETT - Yes. We have some great minds at the table.

CHAIR - Thank you. Is there any way that you might be able to quieten your computer because if it dings for two hours - you're obviously a busy minister, but every email that comes in -

Mr BARNETT - We'll sort that out, Chair.

CHAIR - Thank you.

Mr BARNETT - I will pass to the Chair of Aurora Energy, Mary O'Kane.

Prof. O'KANE - I'm pleased to appear as the Chair of the Board of Aurora Energy. When we reflect on the year we've just been through, I'm proud of the way that Aurora has continued to support its customers and community and our staff in a time of great change and uncertainty.

I'm also proud of the ongoing resilience of our people and their unwavering commitment to provide Tasmanians with the assurance that Aurora Energy is reliable, affordable and we are investing in the state's future. The challenges of the pandemic are still being felt as we entered the last financial year. However, Aurora's efforts and passion to provide value to Tasmanians and invest in the state's future leaves us with a lot to celebrate.

That said, from a financial perspective, the volatility in the wholesale energy market has had impacts on how Aurora, as a retailer, met our commitment to the shareholders. We recorded an underlying net loss, before tax, of \$11.9 million, and a profit after tax of \$3 million.

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In a tough year also for our customers, we have also remained true to who we are, Tasmanians supporting Tasmanians. In 2021-22, Aurora, alongside the Tasmanian Government - and as noted by the minister - helped to keep bills down for Tasmanians on low incomes with continued contributions to the NILS Energy Saver Loan and Subsidy which provides subsidised access to energy efficient products, a really important initiative.

We also continue to assist residential and small business customers through, what we used to call our COVID-19 Customer Support Fund, recently renamed the Customer Support Fund as it has gone wider in its net. It includes providing more than \$400 000 in direct bill credits to assist over 850 local businesses in COVID-19-affected industries.

To encourage engagement with the Your Energy Support - the YES program - we extended the payments for the program covering one fortnightly payment each quarter up to \$200 for those keeping up with their scheduled payment plans.

We know there are challenging times still ahead for homes and businesses, given the current cost of living pressures, but as a proud Tasmanian owned and operated company, we have shown that we committed to doing what we can to help, however long it takes.

In these testing times, and amid so much change, I am pleased to report the business also managed to progress its strategy to provide better support to Tasmanians' experiences with purchasing energy. Aurora customers are benefiting from Aurora's ongoing investment in the development of new capabilities to empower customers to control and manage their energy use with several enhancements to aurora+, the service aurora+ delivered in 2021-22.

Importantly, the aurora+ service fee was removed as at 1 July 2022 to encourage more Tasmanians to control and manage their energy usage. We know that using aurora+ can reduce the impacts of bill shock and address energy affordability issues. You just heard that we have passed the 500 000 mark of people taking up aurora+ and we are very proud of that.

CHAIR - Is that 50 000?

Prof. O'KANE - Sorry, that's right. I am used to operating in another state. Thank you.

Internally, we have worked hard to support the wellbeing of our people. Our ongoing emphasis on employee wellbeing, supported by flexible ways of working between office and home, helped produce strong results across both our cultural engagement measures, most notably an average annual engagement score of 73 per cent.

As I indicated, our financial performance for 2021-22 was below expectation and we recognise that we, along with all Australian energy businesses, still face a period of heightened risk as energy markets enter a period of increasing wholesale prices, increased competition and greater uncertainty as the energy system transits to more renewables, less fossil fuels, as we as a nation tackle the challenge of climate change.

On the upside, however, 2021-22 saw positive movement on the onerous contract provision relating to Cattle Hill, as a result of material increases in the forward market prices and the forecast economic value that Aurora Energy could obtain from the product. Should market conditions continue, it is expected that the remaining years of the long-term contract

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will be reassessed - as in the money - and the onerous contract provision will no longer exist at 30 June 2023.

It's fair to say that change and uncertainty will continue to characterise our operating environment. However, we welcome the opportunities that inevitably arise from change and we know that to remain relevant to our Tasmanian customer base, and to be competitive in an increasingly competitive market, we must continue to keep a relentless focus on helping Tasmanians keep energy costs manageable. Thank you.

CHAIR - Thank you very much and I'll now invite Mr Willie to open the questioning.

Mr WILLIE - Thank you Chair. The first issue I would like to raise, minister, is one that I wrote to you about talking about bill shocks. It concerns the retail energy platform HubCX. Is it still the case that a third of your customers haven't been rolled into that system? What was the cause of that? Could you offer a bit more explanation about those issues?

CHAIR - You have had the heads-up on that question already.

Mr BARNETT - Yes. It is an operational matter for Aurora Energy. We are attempting to respond to the member. That is a matter for Aurora Energy. I will see if our new CEO or somebody at the table can assist with the details of that question.

Mr CLARK - We are well on the way to the HubCX transition. The majority of our small customers are now on HubCX. We have an end date of 30 June 2023 to be targeted complete in moving from two systems onto one system. But as far as the specifics on how many are left to transition over, Andrew Crozier would have the details, so we can cover that. However, we are well progressed.

Mr WILLIE - What has caused the delay for the third or so that -?

Mr BARNETT - Thanks very much for the question. I will pass back to the CEO.

Mr CLARK - I will let Andrew handle that. I would not phrase it as 'we are well delayed'. We are in a transition of a billing engine. They are always complex matters, and we have clear plans to deliver by 30 June next year. Andrew can cover the specifics of what remains, thanks Andrew.

Mr CROZIER - Thank you. The way that we have gone about this billing transformation, which is a highly complex project for any business, and not least an energy organisation, is that we have phased the migration of customers over time in order to try to reduce the potential impact on customers. We want to ensure that as we brought different customer cohorts across to the new system, we could identify if there were any customer experience impacts and would be able to resolve and remediate them quickly, and then move on to different of customers as we go.

There has never been any expectation, certainly from a delivery perspective, that we would move our customers across, in what would be termed as a 'big bang' migration, where all customers would be moved across at one go. Severe challenges that can come with doing that kind of thing, where you move everybody across, you can have severe issues. I have worked on a number of billing transformations across a number of industries and a number of

countries, and a number of those have gone about a 'big bang' approach. While that does allow you to get things done quickly, it can have quite severe impacts on customers because of the various different scenarios that you have with different customer groups.

Aurora decided a number of years ago to roll out their migration process, where we are bringing customers across over time, and as Nigel said, our intent is that we will have completed that process by the end of this financial year in June.

Mr WILLIE - Where I'm going with this, minister, you're well aware from my letter, I've had quite a number of constituents who didn't receive bills on time, and some received two bills at once. Can you outline how many didn't receive a bill, and how many received two bills at the same time?

Mr BARNETT - Thanks for the question. I will ask the CEO.

Mr CLARK - Andrew.

Mr CROZIER - Again, I would reference the fact that any project of this nature of moving customers from one billing platform to another billing platform is highly complex in nature and unfortunately, invariably, it involves some customer impacts. Over the past number of years, Aurora has worked really hard, and the approach that we have taken has been specifically designed in order to try to minimise and mitigate that kind of impact.

We can say that less than 5 per cent of our customers have had a material impact like you are describing for our bills. I know there have been other numbers quoted in the media, but those numbers absolutely were not true. We have identified where those customers have been impacted. We have been entirely proactive in communicating with them to let them know, and if any customer is financially disadvantaged in respect to receiving a couple of bills, or a bill being quite late, and therefore building up, there are programs in place, and the opportunities that we have been very proactive in working on to ensure that they are not financially disadvantaged. If they need to have an opportunity to break up their bill or for us to find a way for them to pay it off over time, then that is something that we absolutely would do.

We would do that regardless of whether we are in a migration situation, or we're just dealing with customers who are trying to pay down debt. As a Tasmanian-owned business, as a company where we are all Tasmanians, our primary focus is on ensuring that we are helping our fellow Tasmanians pay off their energy bills in an effective and efficient manner.

Mr WILLIE - Minister, how are you communicating with customers? I have had constituents who are quite distressed. They have received two bills at once, there is a big shock, they might be a pensioner or have limited means to address that bill. How are you communicating with them? Some who have appeared in my office haven't had a lot of communication.

Mr BARNETT - Thank you very much for the question. It is a good question. It is also an important response from Aurora Energy and likewise the Government. We encourage people to reach out to Aurora Energy. Aurora Energy have a YES program. They do a very good job, I have seen how they operate and they want to help, they want to assist. Andrew outlined that quite well in his earlier response. It is a really important part of the culture and

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ethos of Aurora Energy that they want to help Tasmanians and the customers to actually respond, to get on track, to respond to any queries and to try to deal with them.

I have seen it in action, personally, as a minister, on a number of occasions and likewise, I know that is part of the culture. Nigel, the CEO and/or Andrew might want to provide more information to that important policy and cultural position at Aurora Energy.

CHAIR - Can you also give us some indication of what 5 per cent in numbers looks like, ballpark figure, 5 per cent of what?

Mr CROZIER - As of this moment, we have migrated approximately 190 000 customers of our entire base, so the 5 per cent would really add to that. To be truthful, it can be quite difficult to identify exactly when there are issues related to migration, because all billings systems have issues to some extent all the time. The big number of customers who have been migrated who have had some kind of an issue over the migration period is 5 per cent, but a proportion of that potentially would have happened anyway, it is just the nature of the billing system being quite complex.

Specifically, to the communication and the question in that area is that whenever we identify that a customer has had any kind of impact, we are proactively emailing or communicating with them. We are using our channels, whether it's social media or other avenues through our call centre to ensure the customers are aware, if they do need any help or if there are any issues with their bills, that as soon as they reach out to us we are proactive in engaging them. If we know there has been an issue, that we will try and do everything we can to make sure it does not have any impact on them.

Mr WILLIE - I am reflecting the experience of constituents and it does not kind of marry up with what is being said on communication. They are in shock when they get double bills. I am seeking some clarity and transparency; how many customers are yet to roll over to HubCX and how many receive double bills?

Mr CLARK - We can certainly answer the question on how many remain to roll over.

Mr CROZIER - We have around 280 000 customers, and as mentioned we have migrated in the range of 190 000. We have around about 90 000 customers to migrate over the next 7 months.

Mr WILLIE - And the customers who received a double bill, specifically?

Mr BARNETT - I am not sure we have that, but we will check with the CEO and or Andrew, if you can?

Mr CROZIER - I do not have that, specifically.

Mr CLARK - We do not have that exact number.

Mr WILLIE - Could you take that on notice, minister?

CHAIR - Is that something you drill down into, actually put each complaint or inquiry into a certain box?

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Mr CLARK - Absolutely, we have a complaint handling process, there are very clear processes. Obviously, as you would imagine complaints come in the retail business for many different reasons, one would be potentially late bills or double bills and absolutely that process covers the customers feedback.

CHAIR - That data is available to the member?

Mr CLARK - As far as our complaints, yes, we have that complaint information.

CHAIR - We will make a note of that one.

Mr WILLIE - I have a couple of questions on the database, please. Minister, how much did the billing system cost, including the implementation costs? If I could add to that, who is providing the database? In the financial report it says it is classed as a service, Aurora does not own the database and if we could have some information about the costs and who is doing it?

Mr CROZIER - I question whether the actual cost of their implementation is commercial in confidence, if I am allowed down to that number I will. Specifically, the question as to who we are migrating to, our historic platform is an Oracle platform, what we have moved to, and what you have kind of described here is a software as a service platform provided by a company out of Melbourne called Hansen. Their product which you have referenced a couple of times is called Hub CX.

We are moving from Oracle, which is an on-premise platform to Hansen, which is a software as a service platform, specifically, because the vast majority of technology these days is moving to a service BS model where we physically do not need to own the system anymore. Therefore, for us, over time, there should be a number of benefits where, for example, it is that company's responsibility to ensure they are keeping that system up to date with whatever kind of new advancements may happen in technology, as well as the regulatory burden on us to have to make changes specifically to assist in what we own and maintain is reduced.

We have transitioned purposely three years ago away from an on-premise model to a software as a service model. The brand that was chosen three or four years ago in order to be the platform for that billing system is called Hansen and their product is HubCX.

Mr WILLIE - I understand the commercial in confidence sensitivities, minister, but this is a government-owned entity. We should be able to know a rough cost of what the new data base is costing.

Mr BARNETT - There are different reasons for commercial in confidence, but that is a matter for Aurora Energy. I will see if the CEO, Andrew, can add to that answer. If you need to check it then you should feel to check it and we might be able to respond by 11.00 a.m.

CHAIR - We can come back to that if you need to have a conversation.

Mr BARNETT - I will check with the CEO, Andrew.

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Mr CLARK - Our concern would be commercial in confidence. It is a contractual arrangement and it would not be something we would air publicly because of the nature of the contract.

Mr WILLIE - We have seen a number of data breaches with large companies, minister. What confidence do you have with this new service provider that they can keep Tasmanian customers' data safe?

Mr BARNETT - You have asked a good question that applies across government in terms of cybersecurity. Keeping information safe, certainly as a government, that is an important matter for us across government. Those matters have been discussed at the highest level. In terms of the specifics for Aurora Energy, I will pass to the CEO.

CHAIR - The fine is pretty excessive now after some federal legislation.

Mr CLARK - We have a rigorous cybersecurity program and I will get Andrew to elaborate a little bit further. Certainly, the recent events have reminded every enterprise as to the thoroughness of your program. We have a thorough program both covering on-premise and on-site systems, but also external providers such as Hansen as per your question. Andrew, would you like to add some more colours to the nature of a full cyber program that we take very seriously?

Mr CROZIER - First of all, it is our responsibility to make sure all our vendors are technically competent when it comes to cyber. Hansen would be vetted along with every other vendor we choose to work with that touches customer or business information. As Nigel has indicated, we do have a rigorous and robust process on how we manage cyber. To be frank, the threat and the danger associated with cyber is something which is growing as we have all seen over the past number of months and years.

Some of the activities Aurora undertakes are, for example, we have our own dedicated cybersecurity leads employed by the business who are trained and qualified to the highest standards in respect to dealing with issues. We have various forms of software in defence in place in order to monitor potential threats and actions and to be able to qualify them, based on what might come through, in order for us to be able to respond. Whenever we do any activity with any third-party vendor we go through rigorous security testing of their platforms of their capabilities, to understand their policies and processes and to ensure they match back to the level of capability and quality that would be required by Aurora. That is a fundamental part of any of our technology processes, whether it is for the billing system or any other.

Cybersecurity, as the person whose responsibility for technology lies with me, is the thing that keeps me up late at night. It is an increasing threat, as we have seen; however, at Aurora we take it incredibly seriously. We understand the impact, the danger it could have and the importance of the information we hold. We pride ourselves in having the highest level of process and rigour ensuring that we are doing everything we possibly can to keep the business and customer information safe.

Mr BARNETT - Can I add to that, because it is a really important question, it is important to Government. This is a matter for the board as well as an operational matter. So, to the chair, on cybersecurity and the importance of it.

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Ms O'KANE - It is a very important matter with the board. It is discussed quite frequently there. We have of course, the board audit risk and compliance committee. It is a regular topic there. We are audited - we have our auditors and we are externally audited by the Auditor-General. We discuss all of those matters with him.

We do take it seriously. We are concerned about the future. We are vigilant. And we try to keep ourselves educated. We have partnered with the Joint Cyber Security Centre to ensure we are up to date on what the issues are, and what new issues are coming on to the table. However, I am concerned that it will be something we will increasingly face over the next few years.

Mr WILLIE - My final question - is the database rollout on time and on budget? I know you can't answer the cost, because it is commercial in confidence, but it is on budget and on time?

Mr BARNETT - I will pass on to the CEO; but my understanding is that through to 30 June next year, in terms of the roll out, and that is the plan.

CHAIR - Seven months to go.

Mr BARNETT - That is right. I will pass this to the CEO and/or Andrew.

Mr CLARK - As far as timing, 30 June is the baseline projection time for us to complete the project. So, as we sit here today, that is our firm timing working with Hansen. As far as the budget - approved by the board - the project currently sits within that budget, yes.

CHAIR - Thank you.

Ms ARMITAGE - The member for Elwick mentioned some of the issues that happened with the rollout. What other teething problems did you have with the rollout, apart from the ones that were mentioned?

Mr BARNETT - Thanks for the question and again back to you, Andrew.

Mr CLARK - It is probably best for Andrew to respond.

Mr CROZIER - I go back to the fact that what we have effectively entirely replaced the core technology on which our business is based. Fundamentally, as an energy retailer, we are here to collect money on behalf of the energy system. In order to do that we use a billing system; and although this is my first job working in energy, I have been here for three years, and it surprises me every day the level of complexity that exists in that space.

CHAIR - Try our job sometime.

Mr CROZIER - The Oracle system has been there for ten years or more, and when we left it and moved that across, almost everything has to be replaced and rebuilt. Therefore, there are a number of areas where you will see challenges. Rebuilding and renewing your operational processes which sit underneath the billing system is something we had to monitor and ensure.

Training staff on how to use an entirely new system, whenever they have become very used to and comfortable with the platform over very many years, causes a number of different challenges.

The billing system is integrated to almost everything else we do. So, whenever you move it and lift it, invariably, all the other things that we touch have to be changed or adjusted. We have a program, we have been very diligent and rigorous as we move, trying to identify the challenges and impacts that flow out of the system.

That is one of the reasons why we have chosen to do it over a period of time, rather than doing it in what is a traditional big bang approach. There have been a number of small operational changes or impacts on staff understanding and knowledge which we have been close to try to pick up and adjust, but I would probably struggle to give you any specific examples that weren't too detailed.

Ms ARMITAGE - To follow up, minister, with regard to staff. How has that affected your staff? Have you had staff going on stress leave with the number of calls they have been getting and difficulties dropping calls, because they have not have been able to manage them, when they have been coming in and they have had no breaks between calls?

Has that strongly impacted on staff? How have you dealt with that?

Mr BARNETT - Thanks for the question.

Mr CLARK - We have two groups of staff, if you like. There are new staff who have only ever known the Hub system, so, they are delighted with the system and they are operating within that system.

We then have staff that cross over the two systems, so they have the CCMB -the old system- and the new. Are they stressed? Look, certain people in a business get stressed every time you do a billing system transition, because as it was explained by Andrew, not everything works perfectly on day one.

Ms ARMITAGE - Have you had an increase of workers compensation or people going on stress leave?

Mr CLARK - No. As far as our core processes, the way we run the call centre, the rostering of staff, and all those processes, they have carried on per normal. So, no, we have not had an increase in stress or staff leave, or the like. Most of our new staff are very excited about the functionality of HubCX.

Ms WEBB - I wanted to come back to follow up on some questions from the member for Elwick around the transition and the impact on customers, to clarify a couple of things. You mentioned the five per cent of the 190, I take it. So, just shy of 10 000 customers who have had some form of blip, as that transition occurred, which would be understandable with a big, new system. Included in that five per cent would be people who have been double-billed?

Mr BARNETT - Thank you. I will put that question as an operational matter to the CEO and/or Andrew, perhaps, to outline an answer to that question.

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CHAIR - We had a significant outline to that question earlier.

Ms WEBB - No, we don't need an outline, it is a straightforward question.

Mr BARNETT - Just to respond to the question.

Ms WEBB - Double bills, and they are included in that five per cent?

Mr CLARK - I will actually get Alistair to respond, which will in part answer your question raised earlier about complaints and that goes to double bills.

Mr BURKE - Thank you. In terms of double bills, the issue that arises sometimes is that customer bills can be delayed. That is ultimately the issue, rather than double-billing. I think that the correct way to frame it is that sometimes customers might get a bill delayed, which then flows into a subsequent bill. It is actually very hard to get a specific number around a concept of double-billing, because it is very dependent on individual customers and their individual billing cycles.

What we can talk to, is the number of customers who have reached out to us with a direct issue around this, which we categorise as a complaint relating to billing and late bills. We also cast the net quite wide in terms of how we define a complaint, to make sure that we're getting a full range of customer views around these types of issues so that we know where the pain points are and we can take appropriate action.

In terms of complaints for the prior financial year around delayed bills, which talks to this issue, there were just over 1400 complaints out of 280 000 customers. That represents about 16 per cent of all complaints related to delayed bills. Quite a small number in terms of the overall customer base. That being said, we do acknowledge that any time a customer receives bills in compressed time frames, that creates challenges and contributes to customers coming up with challenges to pay. As Andrew alluded to earlier, we really encourage any customers who do feel that they have impacted by billing migration, or have had bills that are too close together, to reach out and talk to us, because we do have a number of options and ways that we can support customers in that scenario to help mitigate the impacts that they are facing.

Ms WEBB - Thank you. To be clear, 1400 through your complaints system that were related to late, what we call double bills, but, delayed bills? As a result of the transition - that is part of the 9500 or so - that is the five per cent you indicated were being impacted.

Earlier in the answers, the implication was that having identified that people were being impacted, Aurora was reaching out proactively, not waiting for complaints. In terms of reaching proactively, did you reach proactively to the 9500, the five per cent, or was that identified through complaints?

Mr BURKE - We definitely try to keep track of any customers who might have their bill currently delayed. Obviously, we can then proactively reach out to them. The challenge with the migration, their complexity, sometimes, is that it can be difficult to actually clear some of the errors that are causing the bill to not be sent out. We endeavour to track any customers that haven't had their bill when they should have, and we have been sending proactive

communications out to those customers. That might be by email, SMS as well, depending on what the customer's preference is in terms of their communication.

We absolutely endeavour to reach out to any customers who we've identified have not received their bill, and proactively let them know, and also encourage them to call us directly to address any of those issues. Naturally, we also have the complaint process at the other side, as a reactive measure to try to identify any things we may have missed proactively.

Ms WEBB - The proactive number that you reached out to in terms of delayed bills was what number?

CHAIR - Would you have that detail?

Mr BURKE - Obviously over the course of a 12-month period, different customers might be impacted at different times. We would do regular communications every so often, whether it be on a monthly basis to the group of customers we identify are impacted at that period of time; so it's very difficult to pull out the data that says we sent 'x' amount of emails or SMS's throughout the year.

Ms WEBB - My final one on that is in terms of any articulation across the YES program. In terms of customers impacted by blips like delayed bills as part of the transition, how many customers may have entered the YES program because of that transition process? Do you have that figure available?

Mr BARNETT - Thanks for the question.

Mr BURKE - We don't track. There's a range of reasons why customers might enter our YES program and we make sure that we try to identify any of those triggers. One of them might be customers having challenges paying their bill. However, it's important to highlight that the migration itself might not be the sole reason why customers are having challenges paying their bill; so we don't track that measure specifically but we do make sure that we have those handover points. If any customer complaint comes in, for example, and we identify that that customer might have challenges paying their bill, we will make sure that we have that arrangement to pass them on to our dedicated YES team and then we'll work with the customer around the different options and support we can provide.

Ms WEBB - Was there an observed increase in the YES program participants around the time of the transition? I'm trying to see if there was anecdotal evidence - even if you don't collect the data in terms of entering to the YES program - identifying transition as a trigger point. Was there a way that you can observe whether you think that had an impact?

CHAIR - Perhaps that information went back to the board? I would expect that it probably did.

Mr BARNETT - Let's ask the CEO to answer the question.

Mr CLARK - Yes, I can answer that question - there was no discernible increase in people entering the YES program through our system transition.

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Ms HOWLETT - Minister, can you inform the committee how Aurora Energy is helping customers who may be experiencing family and domestic violence and require additional support?

Mr BARNETT - Thank you for the question. As a government, we take this very seriously as does Aurora Energy. I know Aurora Energy will have more to say about this shortly because they're getting feedback from stakeholders.

Aurora Energy meets with customer advocates such as Anglicare and Council on the Ageing. Over the past year, that's helped inform the development of family violence and domestic violence policy and support for customers impacted in these types of situations. It's very important.

In late 2021, Aurora Energy started the journey of creating a policy and I'm pleased to announce that it was approved last month, in October this year. It's designed to support customers experiencing domestic violence, including family violence and elder abuse, resulting in energy affordability issues. They've committed to that, including training that will be rolled out to frontline staff, including how to identify customers experiencing family violence and domestic violence and the treatment of immediate scenarios.

Aurora Energy's family violence policy has been developed independent from and in advance of the work undertaken by the Australian Energy Market Commission, which is intended to come into effect in May next year. This was raised at the Energy Ministers' meeting a couple of months ago and will, no doubt, be raised again in advance of May next year. It's an important issue across Australia but Aurora Energy is ahead of the game. I will pass to the CEO to add to that answer.

Mr CLARK - A lot of work has been done in the last year, building towards the release. We have recently taken it to the board and had approval. Aurora recognises that this is an issue in the community. We hold valuable customer information, so to have the safeguards and protections for people who find themselves in such a situation is crucial, and we are pleased that we have got to this point of the policy release.

Mr VALENTINE - In opening statements, mention was made of the Cattle Hill power purchase agreement. In the figures that were looked at, the liability for that is about \$28 million over a decade. Explain to us what the benefit is to Tasmanians through Aurora making those sorts of purchases with such losses involved? Some would say it is a handout to private enterprise of about \$5 million a year. Can you explain the machinations on that and the rationale? People would be interested in hearing that.

CHAIR - The member is interested, and his team.

Mr BARNETT - Yes of course. I will pass to the chair in a moment because it is an important matter that did have to be considered by the board and its policy position. Obviously a very important matter for Aurora Energy which has improved and will continue to improve. It is a position likewise for the Government to support more renewable energy in Tasmania and to improve energy security. On the back of 2015-16 you will remember energy security was a challenge for, not just the Government, but for the state after the Basslink outage.

CHAIR - It would be fair to say it was a debacle.

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Mr BARNETT - It was a very challenging time for all of us, not just in Government and Aurora, but across the board. Energy security is a top priority. We have now two new wind farms, as you know, Cattle Hill and Granville Harbour. That has improved our energy security in addition to our hydro storages. In terms of the details, I will pass to the chair to add to that.

Prof. O'KANE - Thank you minister. You have really touched all the policy points that are relevant to it. Obviously, like many renewable energy projects it had a bumpy ride through, where we will see longer term benefits in the energy security and in the energy mix. In terms of the detail and how we are coming out of the onerous phase, I will pass to our CFO.

Mr CHISHOLM - The contract we have in place is there to meet our obligations under the renewable energy trading scheme. That contract was entered in to back in about 2018-19. Subsequent to that contract being struck, the forward prices on large scale generation certificates dropped. That is what caused that initial recognition of the onerous contract. Subsequent to that, that onerous provision has been unwinding as we have seen LGC prices lift. Most recently in the current financial results we have seen that lift by \$13 million. The onerous provision carried in the balance sheet at the end of the last financial year is \$6 million, and based on current forward prices -

Mr VALENTINE - It has gone from \$28.851 million down to six?

Mr CHISHOLM - And we expect it to be zero at the end of this year.

Mr BARNETT - Thank you for the question, I will pass to the CEO.

CHAIR - \$6.8 million to be exact. That is closer to seven than it is to six.

Mr CHISHOLM - \$6.8 million and we expect it to be zero at the end of the financial year.

Mr VALENTINE - What obligations do we have with renewable energy certificates? Can you explain that to us? Why Aurora has obligations in that regard?

Mr CHISHOLM - Well, there is a renewable energy trading scheme that is federal legislation. Every retailer has these obligations.

Mr VALENTINE - Every retailer has that obligation?

Mr CHISHOLM - Yes.

Mr VALENTINE - Okay. Thank you.

Mr BARNETT - To add to the answer, the CEO would like to add.

Mr CLARK - To add further, there are actually two schemes we comply with as well. There are LGCs and there are RETs which have been long established schemes federally that we have to comply with. That is why you have forward purchases, so we can try to bring them best price points for our consumers.

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Mr VALENTINE - This was considered the best way to achieve that?

CHAIR - At the time.

Mr BARNETT - At the time, yes.

Mr VALENTINE - Or a way with fewer other options.

CHAIR - We have a supplementary on this one, Ms Webb?

Ms WEBB - The federal government was reviewing the RETs. Did Aurora make a submission or get involved in that review at all?

Mr BARNETT - I do not recall Aurora making a submission. That sort of review would be from the Tasmanian Government. I will check with the CEO, however, if that is okay?

Mr CLARK - No, we did not make a submission.

Ms WEBB - Okay, thank you.

CHAIR - Mr Valentine, and then I am going to start moving around, two questions each so everyone gets a fair go.

Mr VALENTINE - 14 questions are not going to go far, are they?

CHAIR - I will come back to you.

Mr VALENTINE - Profit before tax is improved from the negative \$7.7 million in the 2019-20 noted in the 2021 report, to \$4.3 million in 2021-22, in this year's report. In the last twelve months, it has fallen by 84 per cent. Can you explain the turnaround in profit in 2021-22, when compared to the performance achieved in this year's report?

Mr BARNETT - It is set in the annual report and in terms of the answer to that question, it is probably best, for the Chief Financial Officer, unless the CEO, wants to.

Mr VALENTINE - To go from \$27 million down to \$4.3 million is a significant drop.

Mr CHISHOLM - The key driver of that change has been the results we have seen in the market of the last quarter of the year, through the high wholesale prices, the volatility we saw through the last quarter has had a significant impact on our financial results.

Mr VALENTINE - What is happening to turn that into a more positive story?

Mr CLARK - There is a combination of things, obviously, the last quarter of the last financial year was quite extraordinary. You would recall how the forward price and spot price escalated rapidly, you then had the intervention of EMO directing in the market. It was quite an extraordinary circumstances. For us to ensure Aurora is on a sound financial footing, we have risk management policies, approved with the board which looks after the wholesale hedging. We have arrangements through the mechanisms in Tasmania, where we can hedge our regulated base, which is the majority of our customers.

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Protecting the wholesale risks in the business is paramount and we have strong policies to do that. We also maintain very tight cost control, the way that we run the business. As you know, we make up close to only 12-13 per cent of the overall bills, the part we can impact is on the smaller part. We take very consciously to run as efficiently as we can to lower those costs that make up Auroras cost to serve. We believe those foundations are what will see us return to a more profitable number than the prior year.

Mr VALENTINE - Can I add a corollary question to that?

CHAIR - As long as it is not the one I am going to ask.

Mr VALENTINE - It noted that the money market revenue over the same period, this is the period 2019-20 to 2021, there was \$547 000, it declined from \$547 000 to just \$21 000. Can explain the fall in the money market revenue and what impact that is going to have on Aurora?

CHAIR - You probably need to go to the other end of the table

Mr CHISHOLM - Clarification on money market.

Mr VALENTINE - It is coming from note B1(a) on page 51 in last year's annual report, I can give you last year's annual report if you want.

CHAIR - While you are finding that question, mine was about the more competition in the market, is that affecting the revenue of the business?

Mr BARNETT - Again, this is a question best for the chair or the CEO, they might want to add we have now six retail electricity providers in Tasmania. This is a significant increase to what we have had, competition is definitely increased. I am not sure if the chair might want to add something.

Prof. O'KANE - Competition has increased and we are focusing very heavily on it. It is not having a big impact but we are seeing it and we are seeing it more over time and we have to be ready for yet more.

CHAIR - Tasmanians are not used to having another option. Is that something that eventually they will think, 'Oh that might be worth looking at'?

Prof. O'KANE - Absolutely, they might. That is one of the reasons we have to keep a relentless focus on serving customers and making sure that we are a very reliable provider.

CHAIR - Thank you.

Mr VALENTINE - We are looking at note B1(a) on page 51 of last year's annual report, the 2020 figure is \$547 000. It drops to \$21 000 as noted in this year's annual report.

Mr CHISHOLM - The money market investments, the business managers, it is working capital. It has financing facilities with TASCORP but day to day, we manage the money overnight. We put money on deposit to try to manage that working capital so this is just a

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reflection of how much money we hold in on deposit versus having drawn down against our banking facilities. There will be an interest rate component in that too, if you have a drop in interest rates from 2020 to current that will have another impact as well.

CHAIR - Is there interest now? I didn't even think there was any interest going about. Thank you.

Ms HOWLETT - Minister, how many people have completed Aurora's YES (Your Energy Support) program this year? Can you please provide some details on the support processes for customers experiencing financial vulnerability to help manage their power bills?

Mr BARNETT - It is a very important program. I am very proud of Aurora Energy and what they do with the YES program. I've visited on many occasions and met with those behind the telephone line who provide support to vulnerable Tasmanians who want to get back on top of their electricity bills. They do a great job. It is all about providing affordable payment plans, tailored energy saving advice and protection from disconnection and more.

You have asked about the numbers as well. With the expanding reach and impact of the program, it has enabled 938 electricity customers to successfully get on top of their energy bills in that financial year. It brings the total number of customers the program has assisted to almost 14 000 since the creation of the YES program in 2014. That is a high number. I am very pleased to be able to support those Tasmanians in vulnerable circumstances.

Extending the initiative, Aurora Energy's COVID-19 support fund, which is continuing through to providing general support, I am proud of that initiative of the board as well. To encourage customers to remain engaged with the program or make contact if they are not, Aurora Energy launched a new payment support program. The program offers its customers who are meeting their payment commitments at their quarterly review with a credit to the value of their next quarterly instalment, up to \$200.

In the 2021-22 financial year, close to 3500 customers received an incentive payment for staying on track with their payment plan, bringing them close to getting on top of their energy bills. It is another initiative that supports vulnerable Tasmanians. The program also offers financial support to YES participants impacted by cancer in 2021-22, with 93 customers receiving assistance of up to \$500 credit on their account along with customised support and information. I am very pleased with the YES program. I will check if the CEO wanted to add to that answer.

CHAIR - It is a fairly comprehensive answer. I think we will move on, thank you.

Ms WEBB - I have a supplementary on the YES program and I haven't had any call questions yet, just pointing that out. The exit percentage of people in that program over the past year, how is that looking and how is it tracking against recent years in terms of people exiting?

Mr BURKE - Over the financial year 2021-22, we had a successful completion rate of almost 32 per cent, so that is of all participants who have exited the program. Naturally, about 68 per cent of those who exited in that particular year did not complete the program successfully. However, we do have a number of customers who come off and back onto the program and we continually, proactively reach out to customers to try to keep them engaged.

The support that is on offer through that program, there is an element that we need customers to continue to engage with us on that. Where customers do not successfully complete the program, we continue to look at opportunities to re-engage with them.

Ms ARMITAGE - While we are talking about the cost of living and vulnerable people, just going back to the aurora+ app and the smart meter. Will you consider making the aurora+ app free permanently to address the ongoing cost-of-living challenges? I know it is free at the moment.

Mr BARNETT - The Government has made the decision to make it free through to 30 June next year and will review it at that time.

Ms ARMITAGE - Right, so, to expand the access to the aurora+ app features, you have to have a smart meter. What is being done to expedite the rollout of the smart meters across the state? Are they targeted, for example, to lower socio-economic areas where there is a need for cost-of-living savings?

Mr BARNETT - Thank you very much for the question. It is a very important question and the rollout is important to government, with a target by 2026. You will see some 50 000 Tasmanians now, and I will ask the CEO to respond.

Ms ARMITAGE - Are you targeting areas or can people actually request a smart meter? Is that how it actually works, looking at areas?

CHAIR - Or are you lobbying the government to change their policy and extend -?

Mr CLARK - There is a combination of ways that a smart meter can get rolled out, and I will get Alistair to add a little bit further to the accelerated rollout. New connections, and yes, someone can request a smart meter conversion. If someone is on a basic meter, they can make that call, get the smart meter, and then get onto aurora+. Then there is what they call the accelerated program and that is about to grow in earnest in early 2023. That will see the majority of the remaining meters delivered in the next two years, but I will ask Alistair to add a little further.

Ms ARMITAGE - Are you targeting the lower socio-economic areas to help those people?

Mr BURKE - I think to reiterate the point, it is a significant focus for Aurora, the rollout of smart meters. We know the benefits that customers can gain by getting that greater visibility of their consumption over 30-minute time blocks. That is the key underpinning feature of aurora+, so it is something that we are very focused on, continuing to roll out to customers.

We have installed just over 154 000 advanced meters to small customers since the metering rule changes in 2017, which as the minister said, is just over 50 per cent of all small customers. This is fantastic. In targeting those customers, we are taking a combined approach. The escalated rollout will be a combination of geographic rollout, working closely with other stakeholders including TasNetworks and our metering provider, TasMetering. They will be on a geographic basis. However, that is also supplemented with campaign targeting of customers, so to the example you provide, if there is a cohort of customers that we can get an advanced meter to, outside of that geographic rollout, we will look at that.

One of those campaigns up until this point has very much been about aurora+ and every time we look to engage with customers who we think would benefit most from aurora+, particularly vulnerable customers, then we have that opportunity to put a smart meter on within 15 days.

Ms ARMITAGE - My final question, have there been any issues with the roll out of the smart meters and are they going according to schedule?

Mr BURKE - We are on track to deliver on the Government's commitment by the end of 2026. Anytime we undertake a significant roll out involving infrastructure, there are complexities. We are working through those with our stakeholders and with customers. The key is that we continue to get insights from the work that we have done and make sure that we are feeding it back to our roll out to make the process as smooth as we can for customers.

CHAIR - Thanks, Alistair.

Ms WEBB - The first question is about bill shock. You report in the Energy Charter Disclosure Statement, the customer bill shock score jumped from 2021 to 2022, presumably that might be post-COVID-19 related. The Economic Regulator is also detailing in their data report, considerable debt levels increasing across things, average amount of debt increased by 54 per cent, and a range of other figures.

One of the things I was interested to read, which I thought it was really positive in your Aurora Energy Charter Disclosure Statement from 2021-22. You said that 20 000 customers were proactively notified regarding tariff comparisons and, as result, 1000 switched to a different tariff to help with costs.

Can you tell me a little bit more about intentions to continue that proactive contact with customers to switch? Also, in that same disclosure statement, it talks about an intention to run two-way consultation sessions with the financial counselling sector. I am wondering if there is a progress update on whether those sorts of sessions, which presumably is about community education, ultimately, if they have been rolled out?

CHAIR - There are a couple of questions there.

Ms WEBB - Related to the same.

Mr BARNETT - No. I understand why they are related as well.

COVID-19 has had an impact across Australia. Debt levels did go up, the impact on businesses, residential vulnerable Tasmanians, big time. That is why I am proud of Aurora Energy for establishing the COVID-19 support fund, \$5 million. We have increased support of that in light of the cost of living pressures that we are currently facing in Tasmania, with a further \$1 million to support that now. I will pass to the CEO and the team at the table to answer the other parts of your question.

Mr CLARK - Andrew, you would be best to cover the other two questions there. .

Mr CROZIER - Bill shock is actually a bespoke metric which we have developed at Aurora, specifically because we as a Tasmanian-owned and operated retailer operating in a competitive market, are the business that best understands the kind of challenges and needs of the Tasmanian customer. Therefore, we are trying to create metrics in order to properly impact things that really matter and mean something for Tasmanians.

Bill shock in Tasmania is certainly something which we really need to take very seriously. Specifically, the bill shock score, it does fluctuate seasonally because you get a greater degree of shock whenever you are using more electricity. In Tasmania that tends to be the opposite of what would be the case in the majority of the other states in Australia. Our bill shock here tends to spike in winter, compared to summer in the other states.

What we know from having a deep understanding of our customer and being Tasmanian ourselves, is that the key things that we can do to help a Tasmanian customer to mitigate bill shock and also to reduce their energy cost are, number one, ensure that they are on the right tariff, which you referenced. We only have a couple of tariffs here, so it is not that tricky. We can identify where you are better off on an alternative tariff and if we can tell you that, we will automatically email you and tell you that we believe you would be better off on another tariff. Ultimately, it is up to the customer to decide whether they want to act on that information. If we know that a customer is better off on something else, again as a community-based business, and the best in ensuring that we are doing the right thing by our fellow Tasmanians, then we feel that is the right thing to do, and we have been doing that for a number of years.

In addition, we also know, and we can see through the analysis and insight that we have in respect to bill shock and other things, that there are certain things that customers can do that will really help them whenever it comes to bill shock.

CHAIR - Put another jumper on. That is what I tell my kids.

Mr CROZIER - There is no such a thing as bad weather, it is a poor choice of clothes: that is what my grandmother told me.

One of the key things is, first to ensure that you can get onto aurora+. To reiterate, anybody who wants to get onto aurora+ can request it and get an advanced meter. If they do not have one, and they will get one and then they can get onto aurora+.

So, aurora+ is a critical tool, because it goes from only understanding how much energy you are using once a quarter - in the old world - to being able to see every single day how much energy you are using and how much it is costing. It is being able to drill down into those things which is driving the cost and impacting your usage. The critical thing we can do is to get customers on the right tariff and then using aurora+.

Underlying that, as well we know, if a customer pays monthly because they are paying a little bit more frequently than once a quarter, that also has a material impact on their bill shock. We know if we can get the customers onto the right tariff; we can get them utilising our digital products and we can get them on the right billing frequency - they are the nirvana elements for us. Therefore, internally that is what we are working on which is really hard to try and identify - especially for customers who we know it would make a big difference to - educate, inform and get them using the products and services using the insight and information we have to the benefit of our fellow Tasmanians.

CHAIR - Is there any cost to the meter?

Ms WEBB - No.

CHAIR - That is good.

Ms WEBB - On the bill shock score which, as you said you have developed as a metric, the jump though - seasonal adjustments aside - from 2020 to 2021 and then to 2021 to 2022 was quite significant of 21 per cent to 30 per cent, or thereabouts. What is the explanation on that as an annual score?

Mr CROZIER - There are many answers to that. It was indicated that COVID-19 plays a part. What we did see that was somewhat surprising was that during COVID-19, people's satisfaction was much higher than what you might have naturally expected. We did see that things corrected themselves back again a little bit after the midst of COVID-19 which was that first score. Also, it is worth noting we have only just developed this score and whenever you are going through a maturation process of managing and developing a metric like this you do not really know the volatility in it or what is driving that. There were a number of macro factors which could be pointed to that but also, it is just the maturity of a measure which sometimes has fluctuations which could influence it too.

Ms WEBB - I wondered whether the removal of COVID-19 supports was partly -?

Mr BARNETT - Sorry to interrupt. Chair, Aurora does have an answer to your earlier question.

CHAIR - Thank you, we will take that.

Mr CLARK - On the question raised previously about the aurora+ fee, the charge is not charged to people who consume that service. From 1 July 2022, that fee was removed.

The other question I want to cover is the question on the financial counsellor support and there are three elements to that. We have a positive working relationship with counsellors, including providing an extra \$200 000 to the Government's energy hardship fund which is administered with the Salvation Army. We engage with the stakeholders and Neighbourhood Houses Tasmania over recent months with events statewide to outline support available and education regarding aurora+. We also partner with the Salvation Army in the financial counselling and we have done for a number of years. They were also vital in providing information, feedback and support into the development of the family and domestic violence policy.

Mr WILLIE - I have been reflecting on this commercial in confidence question about HubCX. Minister, the Justice department, for example, is implementing a new database Justice Connect. They outlined the costs of that in the state Budget. How is this any different?

Mr CLARK - You keep coming back to a database; it is more than a database; it is a functional SAS - as Andrew explained earlier, software as a service - product we have purchased from Hansen. It encompasses both the code and database but it is more than just a

database and, as you would appreciate, they are a commercial vendor competing in the energy utility market.

CHAIR - They have done the company a good deal? Is that the reason?

Mr CLARK - We operate on very sound principles but, as you would appreciate, it is commercial in confidence to protect both parties.

Mr WILLIE - Minister, how is it different to the Justice department when they contract a service that is outlined?

Mr BARNETT - I am not the Attorney-General or Minister for Justice so I cannot comment.

Mr WILLIE - There seem to be different standards across Government.

Mr BARNETT - Clearly, there are matters where there is relevance to commercial in confidence matters and others where it is not.

Mr VALENTINE - The commercial in confidence aspect - is that from Aurora's perspective or from the person retailing the software they want it kept commercial in confidence?

Mr CLARK - We can add further to this question that there was a competitive tender process run by Aurora for selection of the vendor a number of years ago. It was all the commercial due diligence you would expect in such a contractor relationship, because in changing these systems, you are going to have that relationship for at least ten years. It has been a very competitive and commercially-run process.

Mr WILLIE - We have heard a bit about hardship programs, minister. How many customers are on payment plans?

Mr BURKE - At 30 June there were just under 5000 payment plans in place - 4964 payment plans. They can vary between shorter term payment arrangements or longer term payment arrangements over a longer period of time, depending on the customer's debt and what the appropriate time frame to support them to pay their debt.

CHAIR - No interest component?

Mr WILLIE - Have we seen an increase in payment plans, minister, because of the cost of living issues that many Tasmanians are facing?

Mr BURKE - We actually have not seen an increase in payment plans. It is generally about level to what we saw in the previous financial year. That can be due to a number of factors. Obviously, one of the key elements of a payment is continuing to comply with that arrangement. Off the back of COVID-19 and the recent cost of living challenges, we have seen that customers do have greater challenges in actually continuing to meet the payment plans they set up. That is something we are really conscious of and we continue to work with customers to make sure that if their payment, their circumstances change, we have the

conversation about also changing their payment plan arrangements to make sure they continue to be fit for purpose for their needs.

CHAIR - Is there an interest component connected to the payment plan? Do you put any interest on it?

Mr BURKE - The payment plan -

CHAIR - Is just what it is. Some of us have not done scrutiny of Aurora Energy prior.

Mr BURKE - The payment plan is just a portion of their overall arrears. There is no interest component on that payment plan mentioned.

CHAIR - That was the question.

Mr WILLIE - The other thing raised, minister, is the aurora+ app. Great app, I use it myself. What is the annual cost of that app? I believe Aurora asked the Economic Regulator to spread the cost across the customer base in its capacity to serve. You intervened in that. How is the business carrying that annual cost?

Mr BARNETT - Thank you for that. I think we have indicated the 50 000 Tasmanians now taking advantage of it, which is a big increase since June, of 34 000. In terms of those answers, I will pass to the CEO.

CHAIR - Instead of the people using the app, everyone is paying.

Mr WILLIE - No, they are not. The business is carrying the cost.

Mr CLARK - From 1 July 2022, there is no fee on aurora+. It is a channel to market, and it is embedded in our broad cost base of how we provide channels to market and services to customers. We will have customers contact Aurora through phone calls. We will have customers contact Aurora through email. Web forms. They can also contact us through aurora+.

So, aurora+ is just one of multiple services we provide that Tasmanians would expect from our retail business. In everyday life, Tasmanians use apps and web pages to do activity. aurora+ allows you to do activity as well as look at your energy usage. You can pay your bill. You can download your bill. It is one of many channels to market in how we operate. It is embedded in our total cost to serve, as is our call centre, as is the staff who can be taking a phone call one minute, answering an email the next minute, potentially taking an email query from aurora+. It is that broad service.

CHAIR - Hence my comment, everyone pays, it is across the board.

Mr CLARK - Everyone pays for the phone, telephony service. Everyone pays for the email service. Some Aurora customers will never ring our call centres. Some will ring it often. Some will do an email. Some will not do an email. It is a multiple of services.

Mr WILLIE - The total cost for the aurora+ and the annual servicing cost, please?

Mr CLARK - We do not break out that as a specific cost as opposed to all the other services. As I said, we could have staff that on a singular day and could work on multiple services. To try to identify the cost of singular service is not something that we would typically do. We have multiple services that make up our cost to serve, that the regulator approves and our price path determination.

Mr WILLIE - Minister, what I am hearing is there is no record keeping on the cost of aurora+ specifically?

Mr BARNETT - Well, I think you have heard the answer from the CEO. I can't add to that.

Mr WILLIE - I find that extraordinary.

CHAIR - Supplementary, Ms Webb.

Ms WEBB - Supplementary on that. If that is the case, and we have a determination through to, I think it was, June next year that there won't be a cost applied to the app. Presumably if there's not an identified overall cost to the app it would be hard to reapply a cost to the customer at a later date. Would that be right, minister?

Mr BARNETT - I've said earlier and announced some time ago that we'd review it by mid next year.

Ms ARMITAGE - But, that's for the app itself isn't it?

Mr BARNETT - Yes. We said we'd review it so that's what we will do. We're very pleased with the take-up and the rollout; it's progressing well.

CHAIR - The member has asked a specific question. How can you reapply to the regulator to add a cost - if that's what Aurora Energy decides to do - if you don't actually know how much it costs to implement it, or have it available?

Mr BARNETT - That's a matter that will be determined either in advance of, or at the time of the review.

CHAIR - That was your question member?

Ms WEBB - Yes, that was my question, thank you. Obviously, no answer specifically.

Mr VALENTINE - So, can I have a supplementary on that?

CHAIR - So, it's a sup to a sup?

Mr VALENTINE - It's a sup to a sup. Given the fact that it has saved you staff time answering queries coming on the telephone and all sorts of other ways, this aurora+ has actually saved you money. Will that be taken into account when you review it? In fact, you will see that those savings will outweigh any need to gain money back from your customers for the use of that app. It's actually saved you operationally, hasn't it? Will you take that into account when the review occurs?

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Mr BARNETT - Absolutely, we'll take everything into account that's relevant.

Mr VALENTINE - It seems to me it saved you money and you're not having staff spend time -

Mr BARNETT - As I say, we'll take everything into account that's relevant and we'll review it at that time or sooner and we're very pleased with the rollout. It's getting to more Tasmanians faster and we're pleased about that.

CHAIR - Okay. Mr Willie, last question here.

Mr WILLIE - This is no reflection on Rebecca Kardos, I think she was quite well respected from what I can tell, but this is of public interest. What termination payments were there in the last financial year for the former CEO, Rebecca Kardos, and other executives? Can you provide a breakdown to the annual leave, long-service leave and any other applicable component of the termination payments?

Mr BARNETT - Thank you for the question and your affirmation about the former CEO, it is appreciated. Of course, the hearing today is about the financial year 2021-22, but I will pass your question to the chair to see if we can assist.

Prof. O'KANE - Thank you minister, and again, thank you for your comment about our former CEO, she was fantastic and we have a fantastic new CEO, so we are very blessed.

The payment is in this financial year, but I think it is sensible, and you are quite right it's in the public interest.

Mr WILLIE - Yes, termination payments across GBEs.

Prof. O'KANE - So, it's not a termination payment, or at least I wouldn't characterise it as such. It's a payment in lieu of contract notice and that was -

CHAIR - Termination payment?

Prof. O'KANE - Well -

Mr BARNETT - I apologise, Chair, I will intervene. The chair is attempting to answer the question. I would ask if you would allow the chair to answer that question.

CHAIR - Apologies. Please proceed.

Prof. O'KANE - Thank you. It's \$114 119.73, the contract, and of course there are statutory entitlements - annual leave, pro-rata long-service leave - and that was an additional \$110 028.12.

Mr WILLIE - Okay. Any other executive payments in the 2021-22 financial year?

Prof. O'KANE - Only Ms Kardos.

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Mr WILLIE - Only her this financial year.

Prof. O'KANE - That's just for this financial year. Her salary up to the point.

Mr WILLIE - Okay, so none the previous?

Prof. O'KANE - Minister, with respect, could I just expand a little on the thinking because I think that if this is in the public interest we should do it. Ms Kardos gave us quite a long period of notice, which we appreciated because searching for a new CEO is quite tough.

Mr WILLIE - Especially in the current environment.

Prof. O'KANE - Absolutely, and we started in what I thought was prudent time, but not too far in advance because I was concerned about exactly this number. We were remarkably lucky, or did the right work or something, and we got a new CEO somewhat sooner than we expected. We were able to get a very orderly transition and I was really pleased and grateful to my colleagues on the board who helped me with the search. So, we decided that, despite the size of those payments, the orderly transition was well worth doing and I think everyone in senior management and on the board is quite happy with it.

Mr VALENTINE - I am interested in the notional maximum revenue area. In your 2021-22 annual report, Aurora's revenue from sales of electricity to business and residential customers in 2021-22, and we note that far exceeds the regulated notional maximum revenue. The notional maximum revenue was \$481 million in 2016, but it has just been revisited and it is \$512 million now, but your electricity sales totalled roughly \$852.3 million, or \$852.22 million.

Can you provide information which reconciles the information presented in that annual report with the allowances provided within the regulator's determination? In asking that question, it is recognised that the year being reported relates to the regulator's previous determination in 2016. However, the components of that notional maximum revenue determination are the same as for the most recent determination and the cost proportions are similar. I can give you a breakdown of those costs if you like, but the item in their energy and network purchases basically represents 91.5 per cent of Aurora's costs and it is not detailed in any way.

It hides the amount and cost of energy purchased from alternative wholesalers, hides the cost of items such as metering, meeting national regulatory expenses, the cost of transmission and distribution and hides the cost of meeting renewable energy targets, which are passed through to customers in their energy bill.

Are you able to tell us a little bit about that? Because clearly, the notional maximum revenue in 2016 was \$481 million, this new determination of \$512 million - well, we know you are not reporting against that - but \$825 million. Why? It far exceeds that notional maximum revenue, so can you explain that?

Mr CLARK - We can answer your first question in the most simple way, the \$862 million you refer to -

Mr VALENTINE - It's \$852.3.

PUBLIC

Mr CLARK - Okay, I am on page 51 but the clear answer there is that regulated revenue is only applicable to a certain part of our customer base. So, all of this CNI and large industrial customers, they are not regulated, so when you look at total revenue of Aurora -

CHAIR - It is only two- thirds of your business.

Mr CLARK - It is only one portion of the business that is covered by the regulated revenue. I will hand over to our CFO on your follow-on question, but we might just need the reference to where you had gone with the breakup. Certainly, the majority of costs of an energy retailer are, as you say, energy and networks. They make up the bulk of our operating regime and the rest is really covered by our regulated cost to serve and margins.

James, I might hand to yourself on those other questions that were raised.

Mr VALENTINE - Well, the chart was \$2.1 million on page 6. It shows the components of your revenue. The table in attachment 1 compares the outcome of the 2022 determination with 2016.

Mr CHISHOLM - I am not really sure what the question is, to be honest.

Mr VALENTINE - I want to know why this notional maximum revenue has been far exceeded by the \$852.3 million and the break-ups that are involved? You have the break-up of customer service functions, marketing costs undertaken by Aurora as a virtual monopoly, basically, isn't it? You have all of these different things that we don't get to see in your annual report. I am interested in some detail on that.

CHAIR - That is on page 51?

Mr CLARK - Are you referring to the regulated cost determination document? Sorry, I am trying to understand the source.

Mr VALENTINE - Electricity sales total \$852.3 million, note B1(a), page 51.

CHAIR - It is in annual report on page 51 and there is a table.

Mr CLARK - As I said previously, the simple difference between your regulated revenue and your total revenue is the bulk of the customers that are not on a regulated tariff, which is a substantial number. It is your large industrials, CNIs.

Mr VALENTINE - Can you give us those? The large industrials that you are talking about, you are talking about Nystar, maybe?

Mr CLARK - I think that would be an 'in confidence' matter. We compete in a competitive market as you would appreciate for the CNI and the MIs so there are some significant MIs and there is approximately about 5000 CNI customers that make that competitive market.

CHAIR - We can probably take a stab at the big ones ourselves at a later time.

PUBLIC

Ms ARMITAGE - On the same page, a supplementary with regard to the gas customers. Looking at the business gas customers going down from \$8357 million to \$5130 million, the reason behind that. Why has there been such a change from 2021 to 2022?

Mr CHISHOLM - Gas is a competitive market. Our main competitor is Tas Gas so that could represent customers that have been won by Tas Gas as opposed to Aurora. It is a drop in the number of business customers we have.

Ms ARMITAGE - You don't have a reason? It is such a big difference when you look at the residential, 54 to 51 if you look at the \$8 million to the \$5 million, it is a huge difference isn't it? I thought there might have been some reason apart from just a better deal that you think they are getting with Tas Gas. There is competition but Aurora is doing its best to keep customers but that really is a big change. There is no evidence that you have for the change apart from people are getting a better deal with Tas Gas.

Mr CHISHOLM - It is really volumes of customers. Potentially, it could be a couple of very large customers and it pans off in the mix customers how much energy they use but that would be the driver customer numbers and the makeup of the customer we have in that category.

Mr WILLIE - My question goes to the aurora+ costs, minister. I found it extraordinary we couldn't get an answer for that. I have here an Economic Regulator document and it says, 'The allowance for aurora+ app costs including marketing and call centre costs, has been set at an average of \$9.08 per customer'. If you average that out over the 280 000 it is about \$2 542 400 is the ongoing cost of aurora+. Why not just say that?

Mr BARNETT - Thank you for the question. I think you are referring to information in that 12 months -

Mr WILLIE - Yes. The price determination.

Mr BARNETT - Yes. In that 12-month period, and we have just noted -

Mr WILLIE - We could not get answer before.

Mr BARNETT - Well, the CEO was answering your question. I am happy to pass to the CEO. I am just making the point which I said earlier a couple of times we will be reviewing it prior to 30 June next year.

Mr WILLIE - It does not give us a lot of confidence when we are seeing this obfuscation of information.

Mr BARNETT - The CEO has been responding to your question. I will allow the CEO to respond again.

Mr CLARK - The regulator allowed us an allowance for cost to serve and of that is included is aurora+, as you rightly point out, but so are the other services, as I said. If you look at the aurora+ service cost, it would make it up, it is system cost, which once again would be privileged information, because there are financial contracts in place for developing and building such services. As I said, there are labour costs. These are to do with staff. There are

a variety of costs that make that up. However, the regulator informing their price determination looks at our costs base and allocates what is a reasonable cost to serve in providing those services Tasmanians expect us to provide to the Tasmanian community.

Mr WILLIE - Why not provide the reasonable cost to serve here in the hearing?

Mr BARNETT - I cannot add to the answer provided by the CEO.

Ms WEBB - Can I have a follow up on that, please? The figures the member for Elwick just provided from that the energy regulator document, were those figures put together by the energy regulator, or provided to them by Aurora?

Mr CLARK - I might hand to Alistair to elaborate further on the cost determination process, but effectively, that is the final -

Ms WEBB - Sorry to interrupt. I do not need the process elaborated on. My question is a really straightforward one. The figures that were in the document quoted by the member for Elwick, were they figures that Aurora provided to the regulator for consideration? Or were they figures that the regulator, in some sense, determined themselves and applied when they were making their determination?

Mr BURKE - I think the process is important. Obviously, there is an extensive price investigation process the regulator conducts. Through that process, Aurora Energy provides a range of information for assessment by the regulator. As Nigel said, that includes the costs of us providing standard retail services across a range of areas. Aurora Energy, through that process, provides an extensive submission for consideration by the regulator that touches on all of our operations. Then the regulator will make an assessment what the regulator deems to be an efficient cost for providing standard retail services to Tasmanian customers.

I would highlight that process is very extensive. It involves the regulator comparing the services and the costs that Aurora has to other jurisdictions in extensive benchmarking, but also conducts a cost build-up review of Aurora Energy's cost. Arguably, it is one of the more extensive regulatory processes in Australia, in terms of assessing what those costs are. To your direct question, the \$9 was the regulator's assessment of efficient cost based on all of the information that Aurora Energy provided.

Just to elaborate, as part of that process we submitted a public submission. One of the key principles that underpinned Aurora's submission through process was to make as much information publicly available. It is really important that process is conducted in an open and transparent way. That was the principle that we made sure we followed throughout that process. Naturally, anytime you are looking at the costs of a retailer in a competitive environment, there are elements of those costs that are commercially in confidence, and some of the specific figures around the technology that underpins aurora+, but also the labour costs and other elements, just as with any other component of our services. Some of that information is commercial in confidence and that is why that was provided to the regulator in a commercial confidence manner.

Ms WEBB - Thank you. Just to make it clear, though, this process of parliamentary scrutiny through GBE estimates hearings, commercially in confidence is information we can request and have provided to us. It does not have to be done in a public sense, in this hearing,

or released publicly. But this committee is entirely at liberty to request information be provided for consideration and scrutiny of a commercial in confidence nature and deal with that appropriately.

CHAIR - I think the minister is well aware of that process. He sat in this process as well at a previous time, so thank you.

Ms HOWLETT - Minister, what community organisations have received support from Aurora Energy and can you please update the committee as to the benefits to the community of this financial support?

Mr BARNETT - I mentioned earlier about the importance of culture and policy at Aurora Energy led by the chair and the board, implemented by the CEO and the team. They are very community oriented at Aurora Energy and they are delivering those short-, medium- and long-term benefits in the financial year that we are discussing.

The Tasmanian Men's Shed Association and we are assisted and likewise, the Association for Children with Disability with their communications as well as partnering with the Dress for Success Hobart to help break down employment barriers for women experiencing disadvantage. In particular, this year I would like to highlight Aurora Energy's commitment to improving the health and wellbeing of its people and community which we know is critically important as we continue to manage the uncertainty brought about by COVID-19 and other matters. Aurora Energy was a gold sponsor of the Mind Games this year, an action packed event that raised awareness and vital funds for research into workplace mental health. the Tasmanian based Menzies Institute for Medical Research, and over \$90 000 was raised for this worthwhile cause in 2022. I am so pleased to note Aurora Energy will again sponsor the event in 2023.

In a similar vein, Aurora Energy's Community Grants were specifically designed to support Tasmanian Community organisations in their efforts to build more inclusive and connected Tasmania. Six recipients, with one of those six recipients the Geeveston Community Centre, with a \$6500 grant to help roll out an adapted program to meet the COVID-19 safety requirements, and to ensure more seniors in their community are skilled and empowered to connect online. The Geeveston Community Centre said digital literacy, social connection and mental health are key concerns and priorities in our community, the digital literacy program bridges the gap between those who struggle with technology and the vital services they need access to. They do a good job and it is important to provide support to the community.

CHAIR - While you are talking about community, can I have the quantum of the Community Service Obligations obligations for Aurora Energy? I am happy for you to find it at a later time.

Ms ARMITAGE - Minister, can you provide an overview of what has been achieved with Aurora's partnership it the Bank of Us, to provide loans for energy efficient products, what has the uptake been like and could the program be expanded in the future?

Mr BARNETT - This is best for the CEO and the digital inclusion officer, so if Andrew might be able to respond on that one?

Mr CROZIER - The Bank of Us partnership is something we are very proud of. A couple of years ago, Aurora started to think about how we can develop new propositions that can help purposely impact the lives of Tasmanians in a positive way, especially through a lens of getting behind and supporting our collective Tasmanian ambition to be a renewable powerhouse. We identified a number of different areas where we thought we could partner with businesses. Our intent was where we could partner with businesses locally, we would prefer to do that.

The Bank of Us is a really good example of where two organisations with very similar visions, ethos and cultures were able to come together to develop something which we believe will make a real impact and really support and assist Tasmanians in respect to making that green transition. The proposition itself is highly competitive in the market, the Bank of Us effectively offer Aurora customers there best and secured loan rate, but for unsecured purposes. The range which you can borrow, financially and for different purposes is really quite broad, it goes from around about \$500 to about \$80 000. The purpose you can use for that is also quite broad, it can be anything from putting insulation through to purchasing a Tesla, if you can stretch to that kind of level.

For commercial reasons, I'm not going to specify how many of those have been. All I can tell you is it's a partnership and a proposition which we're committed to. We are committed to working with Bank of Us to understand what other things we can do in that particular financial services space which might help impact and support customers. We see it as complementary to the initiative which the state Government is running in parallel in respect to loans. It also sits beside other propositions which we have, such as the first Tasmanian opportunity or proposition where customers can access electronic vehicles through a company called Carbar and also our support and encouragement of our partner, Beam which is one of the e-mobility providers here in Hobart. We've been encouraging and supporting them.

Ms ARMITAGE - You're talking about the scooters?

Mr CROZIER - That's right.

Ms ARMITAGE - I'm not going to ask the number, because of what you said, but what has the uptake been like? Has it been significant? Has it been a good uptake of the loans with Bank of Us? Obviously, you don't want to give figures but I am wondering whether it's been low, or significant?

Mr CROZIER - I am not going to reference the specifics. All I'm going to say is that as two organisations we're really pleased with the proposition we've been able to put together and the fact that we've been able to get it to market. We're both working collectively to see how we can grow and iterate what it is we're offering and to grow its impact; but we're both pretty pleased with how it's gone so far. It's an area where we're working together in order to understand how we can grow and expand that proposition, as you've mentioned, in order to help support Tasmanians make that transition to a renewable future.

Ms ARMITAGE - People need to know about it. I must admit, I wouldn't have known it existed until I read it in the annual report. How well has it been advertised? That's why I asked about the uptake - what it's been like and whether it could be expanded in the future? You mentioned interest - can you give me an idea of the interest rate? Is it a reasonably good

interest rate? Obviously, it's not interest free. The Bank of Us obviously works with the Government in giving the home loan rate.

Are you able to give me any information, because you haven't told me anything about it and people want to know about it. If people out there are going to use it, they do need some information about it. It can't really be commercial-in-confidence if it's a bank offering a loan to customers to help them. We just need some information, minister, with respect.

Mr BARNETT - Thank you for your question and I understand exactly where you're coming from. We'll see if Aurora can assist the member to the extent that they can.

CHAIR - How does a customer find out what the rate is?

Ms ARMITAGE - You're not going to go in there if you can't get any information.

Mr CROZIER - The interest rate that's charged is 5.9 per cent, which for an unsecured loan product is very good because it's their secured loan rate they're offering as an unsecured proposition specifically for Aurora customers, specifically for this purpose. For information as to what the product is - it is an unsecured proposition, which you can borrow for a very broad range of purposes when it specifically comes to renewables -

Ms ARMITAGE - Up to how much did you say?

Mr CROZIER - Up to about \$80 000. What I would say, and this is important, is that we are really just a partner with Bank of Us when it comes to this proposition; so, I have to be a little bit careful in describing their product because that's really not the role that I'm playing in this particular relationship.

Ms ARMITAGE - You don't know how many of your customers have actually taken advantage of this? That's really interesting, because it shows whether it has been put out there well enough - whether people know about it, to know how many people have taken it up and if you have a very low take-up. I know you're saying that you're both happy with it, but it really tells me nothing. You might be happy that some people have taken it on board but in order to know has it been publicised well enough and do people know, you need to understand whether it has had a reasonable uptake, a low uptake, if you understand. Minister, I don't want to be difficult but I'm trying to find out whether people in the community know about it and can benefit from it.

Mr CROZIER - We have to manage our budgets as well in terms of how much money we're able to spend to promote various different things. We communicate with customers about this proposition on our website. There's a special section on the website that talks about what we call adjacent products - which is the EV proposition - along with the loan and others. We have communicated the proposition and have run campaigns via digital channels - through Facebook and other mechanisms such as that, and we will also have communicated with customers directly via email as to what the proposition is.

This is also - just to be clear - it's a test. We have developed this proposition - along with other things - in order to see how we can encourage or help support our Tasmanian customers to do things beyond our core - which is energy retailing. We're attempting to do that in a way

which also doesn't overly distract us from what we are supposed to be doing - which is energy retailing - and also doesn't cost a lot of money.

I appreciate the point and we'd like to get the message out more.

Ms ARMITAGE - So, we don't know how many people. As a Bank of Us customer, and an Aurora customer, and a Facebook customer, I've never heard of it. Sorry minister, but it just would have been interesting to know. Thank you, I understand that's probably the best I can get.

CHAIR - Thank you. Let's move on.

Mr BARNETT - Chair, we do have an answer to your earlier question.

CHAIR - Oh, the CFO, thank you.

Mr BARNETT - Yes, so through you Chair, I will pass to the CFO.

Mr CHISHOLM - Thank you. In the last financial year almost \$41 million electricity discounts were provided by Aurora to concession holders, and the number of concession customers is roughly about 84 000.

CHAIR - Thank you. Very much appreciated. Ms Webb.

Ms WEBB - Thank you. A couple of questions on the modern slavery reporting that you do. I am quite interested in it. Obviously, Aurora is captured by the Commonwealth legislation because of its revenue of over \$100 million. There have been two iterations of the reporting, which is really interesting to read. It's not very detailed in terms of what happens behind the scenes to feed into the report that you provide. What process does Aurora take to identify potential modern slavery risks in the supply chain? I'm aware of questionnaires you send out, and things like that, but I'd like a bit more information about whether there is a defined strategy there? I'll have a follow up question after that, I think.

Mr BARNETT - Thanks very much. Through you Chair I'll pass to the CEO and/or Alistair.

Mr BURKE - Thank you for the question. Modern slavery, since its inception a few years ago, has obviously been a significant focus, not just for Aurora but for a number of organisations. When that first came in we took a number of steps to review our supply chain and also our modern slavery risks within that. We established a modern slavery policy which clearly articulates the different roles and responsibilities within our organisation for ensuring that we manage those risks appropriately and the different areas of the business where it's particularly important to manage those risks closely.

We reviewed our supply chain, in terms of what Aurora provides, and the scope of our business. We are largely a service-based business, so we don't have supply chains in terms of the manufacturing of goods and some of these other items which are considered to be the higher risk areas for modern slavery. We are able to identify some key risk areas and we work closely with our partners around what they are.

Metering is one example where we do use physical goods as part of our end-to-end supply chain. We make sure each year that we are reviewing any changes within our service providers' businesses and operations which may either increase or change the risk around modern slavery. We have a number of questions that we go through each year with them. Over the last couple of years, as the scheme has matured, we have also looked at ways that we can improve the processes that we take.

We engaged MinterEllison, an external firm that specialises in working with businesses to make sure they have fit-for-purpose frameworks, and through that review we improved our policy. We also reviewed our questionnaire, and each year we look at our supply chain to see whether that risk has changed year-on-year.

Ms WEBB - Your current statement talks about relevant employees receiving training. What categorises a relevant employee, and who does the training? Who provides that training to Aurora?

Mr BURKE - Our governance team, who are the owners of the modern slavery policy, they conduct training each year. That happens prior to the exercise where we go out and speak with all of our service providers. Relevant staff are identified as those being responsible for some of those key risk areas.

One example might be procurement, for example. Each time we look to partner with a third party, we make sure that, as part of our procurement process, we ask questions and review modern slavery practices of other organisations. We make sure we target our training at those types of staff members who regularly deal in areas which may give rise to modern slavery risk.

Ms WEBB - One final thing on the modern slavery statements. I note that it is not in your annual report. What consideration might be given to even a brief reflection of your statement in your annual report? Is it available on the website, along with the policy that it is drawn from? I don't believe it's currently there on the website. Public visibility, obviously, is very important, especially as we are trying to educate in the community and amongst other organisations. It is a good opportunity to demonstrate that.

Mr BARNETT - Thanks for your question. I will also take on board your feedback. I'll pass to the chair.

Prof. O'KANE - I was going to same thing. Excellent suggestions, thank you. I just need to check with Alistair. I don't think we have it on the website, do we?

Mr BURKE - No, but every organisation that is required to submit a modern slavery statement is published on the regulatory website where entities submit their statements. It is available online.

CHAIR - People might not realise to go there, though.

Ms WEBB - It is a wonderful way to proactively demonstrate on your communication tools, your annual report, and your website, I think.

Prof. O'KANE - It is. It is something the board takes very seriously, as you do.

PUBLIC

CHAIR - The member gets a gold star for that suggestion. That is going to be taken on board, thank you.

Mr VALENTINE - Going back to the smart meters, a quick question on that. Obviously, there are some advantages if you are using aurora+ and those sorts of things. What sort of functionality do they provide to you? Are you able to manipulate power delivery to certain premises? Is there any functionality that smart meters provide to Aurora?

Mr CLARK - No, we certainly aren't Big Brother, manipulating.

Mr VALENTINE - It is a question I was asked.

Mr CLARK - Very happy to answer. Overwhelmingly, what the smart meters do is provide you with the ability of information which then benefits in many ways - through to some of the things we've talked about today in bill shock. It removes things like estimate bills. It removes meter readers getting attacked by Dobermans. It has all sorts of benefits that a smart meter brings. It improves your accuracy as a business and things like market settlements. As you mentioned earlier, a large part of our cost is network and energy. It is 90 per cent of our cost. By having smart meters, you are looking at accurate data much more quickly than a quarterly-read meter. It allows all those benefits that come to play.

Potentially, some smart-metering technology will become important in some of the behind-the-meter aspects of a house. With the likes of EV and batteries, some of that movement that you are now seeing in Australia, once again, will only work if people understand their usage at the time of day, and influencing their behaviours. So, smart metering brings all those advantages.

Mr VALENTINE - In relation to the smart metering, and also setting of new tariffs, do you do any consultation with the community before looking at setting new tariffs? You know, the likes of the Australian EV Association, for instance. Do you communicate with them or not?

Mr BARNETT - That's a very good question. I know you're interested in electric vehicles, honourable member, but in terms of the detail, I'll ask the CEO.

CHAIR - And as brief an answer as we possibly can have. We've still a couple of questions, and we do need to finish at 11.00 a.m. Thank you.

Mr CLARK - I'll get Andrew to shed a bit of light, but tariff-setting is a very big topic. Andrew maybe, if you could -?

Mr CROZIER - Tariff-setting is really a distributor's responsibility. That's something that TasNetworks would do. We work with TasNetworks with the information we have around what we think is the right thing for the customer. What we take really seriously is trying to make sure that the customers are on the right tariff once they're set.

Mr VALENTINE - You would communicate with TasNetworks when it comes to setting tariffs, quite clearly.

Mr CROZIER - TasNetworks set their tariff strategy around what the tariffs are. We then deliver them to the customer.

Mr VALENTINE - Do they consult with you before they set their tariff? To see what the impact may or may not be, on your customer base?

Mr CROZIER - They consult with lots of different people. The same way that we have gone through a price determination process, TasNetworks goes through a process every number of years in order to set their tariff strategy. That might be something that you could ask them more questions about.

Mr WILLIE - Minister, you walked away from your policy to cap power prices and give Tasmanians cost-of-living relief, have you had any conversations or discussions with Aurora to revisit that policy?

Mr BARNETT - Aurora obviously follows government policy and any directions of Government. As a Government, we are about responsible budget management. Cost-of-living is a very important issue for all Tasmanians, it is a top priority for our Government and I know other Tasmanians. Of course, in Tasmania - not my say so - but the independent Economic Regulator says our electricity prices is either the lowest or amongst the lowest in the nation for regulated customers, residential and small business. The Economic Regulator made that determination in October just last month.

We have a targeted and comprehensive approach and you are aware of that with the Winter Bill Buster payment, the Energy Saver Loan Scheme, \$50 million. We have now just added another \$50 million Energy Saver Loan Scheme for unregulated customers in the business area, commercial and industrial. On top of that, the aurora+ app is being made free, as well as the support we have provided for vulnerable Tasmanians, an extra million dollars, which is now \$2.7 million, which is a flow-on from the COVID-19 payment.

Mr WILLIE - Minister, my question specifically is, have you had any recent discussions with Aurora to revisit that price cap policy?

Mr BARNETT - No.

Ms WEBB - I wanted to get some quick details about disconnections. In the energy charter disclosure statement, there were 677 disconnections for non-payment during 2021-22 compared with 489 the year before. The restriction on disconnections through COVID-19 was probably related to that. Have you any comments on the trend or the direction of those disconnection numbers are going? I am particularly interested in having a breakdown of residential and non-residential in that 677 figures.

Mr BURKE - In terms of the trend, from the previous financial year, we had zero disconnections due to our decision to go above and beyond the Australian Energy Regulator statement of expectations and not de-energise any customers. That the best comparative is with the year before that and the rate of disconnections in the last financial year was on parity to those in the 2019-20 financial year. We have a very similar rate and in terms of the second part of the question, which was on the break up of disconnections, that number the member referred to is the residential number of overall disconnections.

PUBLIC

Ms WEBB - 677?

Mr BURKE - There were 724 disconnections and the difference was small business. A very small number of small business disconnections, with the vast majority being residential.

Ms WEBB - Thank you, to clarify, that other number I mentioned in my question, I think I probably misconstrued it, the 489 disconnections was for 2019-20, was that the COVID-19 period?

Mr CLARK - That was the year before.

Ms WEBB - It was the year before, is that the figure you were saying was comparable to the 677?

Mr BURKE - Yes, so, because there were a few months within that financial year where we had to stop connections prior to the end of the financial year. When you do a rate comparison up to that point in the year, it was comparable.

Ms WEBB - Do you have detail about reconnections after disconnection? What percentage are reconnected and within what time frames, or is there a way you track the trajectory of disconnections in that way?

Mr BURKE - In the most recent financial year, 37 per cent of disconnected customers were reconnected within seven days.

Ms WEBB - Thank you.

CHAIR - The time being as close to 11 as what we are going to get, we will not get another question. On behalf of the committee, we sincerely thank you for your time. We know that everybody is extremely busy and trust you understand it is our job to provide as much scrutiny as we possibly can to this very important organisation on behalf of the Tasmanian people, hence our questions.

We sincerely thank you and we would also like to wish you a Merry Christmas, a Happy New Year, and a safe one at that. We are suspended.

Mr BARNETT - Thank you, Chair, and thank you to those at the table for their support today.

THE WITNESSES WITHDREW

The committee suspended at 11 a.m.