



## **PARLIAMENT OF TASMANIA**

### **TRANSCRIPT**

### **HOUSE OF ASSEMBLY**

### **GOVERNMENT BUSINESSES SCRUTINY COMMITTEE**

**Aurora Energy Pty Ltd**

**Tuesday 25 November 2025**

#### **MEMBERS**

Ms Burnet (Chair)  
Mr Rob Fairs (Deputy Chair)  
Mr Vica Bayley  
Ms Kristie Johnston  
Mr Marcus Vermey  
Mr Dean Winter

#### **OTHER PARTICIPATING MEMBERS**

Mr Peter George  
Ms Janie Finlay  
Mr Mark Shelton  
Prof George Razay



## **WITNESSES IN ATTENDANCE**

**Hon. Nick Duigan MP**, Minister for Energy and Renewables

**Nigel Clark**  
CEO, Aurora Energy Pty Ltd

**Trevor Danos**  
Chair, Aurora Energy Pty Ltd

**Nicole Hunt**  
Chief People Officer

**James Chisholm**  
Chief Financial Officer

**Alistair Burke**  
Chief Digital Transformation Officer

**Ian Hermanis**  
Acting Chief Operating Officer

**Will Barbour**  
Chief Customer Officer



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## Aurora Energy Pty Ltd

**CHAIR** - Welcome everybody, the time being 2.00 p.m., scrutiny of Aurora Energy will now begin. The time scheduled for scrutiny is two hours. Members will be familiar with the practice of seeking additional information which must be agreed to be taken by the minister of the Board or the Chair of the Board, and the question handed in writing to the Secretary.

I invite the minister to introduce the people at the table, their names and positions, and to make a brief statement to the committee.

**Mr DUGAN** - Thank you, Chair. Good afternoon, all. With me I have Trevor Danos, Chair; next to him Nigel Clark, the CEO; we've got James Chisholm; Alistair Burke; Nicole Hunt; I think Will Barbour to my left; and my chief of staff, Amanda Lovell. Great to be with you all to talk about Aurora Energy here at GBE Scrutiny.

Firstly, again, I thank the board and the senior executive team and all the staff at Aurora Energy for continuing to provide high levels of service to more than 270,000 Tasmanian customers. The electricity sector continues to evolve at a rapid pace shaped by global efforts to reduce carbon emissions and changing costs in energy generation, transmission and in storage.

Along with this, the rise of consumer energy resources means the way consumers are interacting with the grid is also changing - rooftop solar, batteries and electric cars are all helping drive the shift to the system. With households becoming an active part of the energy system, operating in this environment requires a proactive, future focused stance. Aurora remains focused on this, delivering improved services through digital platforms like Aurora+, which has clocked 120,000 users, as of October 2025.

Aurora has had a strong year with performance above target, returning an EBIT result of \$5.5 million and a dividend of \$4.8 million which will be used to deliver better outcomes for Tasmanians through funding things like roads, hospitals and schools. The Tasmanian government remains committed to delivering positive energy outcomes to all Tasmanians and I'm pleased to report that Tasmania continues to have the lowest regulated energy prices in the nation. Additionally, we have some of the most generous electricity concessions in the country and I thank Aurora Energy for its work in delivering these concessions to Tasmania.

I'd also like to acknowledge Aurora's efforts in supporting customers experiencing financial vulnerability through its Your Energy Support (YES) and Knock to Stay Connected programs. These programs provide affordable payment plans, tailored energy-saving advice, protection from disconnection and more. Aurora continues to have a strong community focus, investing over \$490,000 across 24-25 in partnerships and donations, supporting great initiatives like the Variety Tasmanian School Breakfast Club, a no-interest loan scheme and Hockey Tasmania. I'm very pleased to see Aurora recognised for its efforts in this space of the Tasmanian 2024 Volunteering Awards, winning the Volunteer Impact Award in corporate partnerships. With those few words, I will pass to the chair to provide his opening remarks.

**Mr DANOS** - Thanks very much, minister. I'm very pleased to appear before the committee today as Chair of Aurora Energy, having joined the board just over 12 months ago.

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Reflecting on the past year, we're extremely proud of our efforts to make energy easy for our customers, as Aurora being the only energy retailer owned by the Tasmanian government. We continue to operate in a rapidly evolving energy market, shaped by global efforts to reduce carbon emissions. Despite those challenges and the uncertainty, we remain committed to achieving our strategic goals and delivering lasting value for our shareholders, customers and the community.

This year, we've made significant progress in customer experience financial performance, product development, employee engagement, digital innovation, community impact and energy education. As the minister mentioned, we recorded a profit after tax of \$4.3 million, favourable to budget by \$1.3 million, an improvement on the previous year's results, which allowed us to return \$2.8 million to the Tasmanian government. It represents strong fiscal management in the face of significant financial headwinds, including volatile wholesale market conditions and sustained cost-of-living challenges for our customers. We very much recognise the financial pressures that many Tasmanian households and businesses are facing, and we remain committed to supporting those who are doing it tough. In partnership with state and federal governments, we've delivered 1.36 million government energy bill rebates totalling \$108 million to support residential and small business customers. Every Tasmanian household received a \$60 renewable energy dividend payment as well as additional support through the federal government's Energy Bill Relief Fund. These targeted payments were provided on top of existing energy concessions, which remain among the most generous in the country.

For employees, pleasingly we saw employee engagement results increase steadily, continuing to increase year-on-year from 2022, with engagement stores increasing from 66 per cent to 73 per cent over the last two years, demonstrating that our many and varied efforts to improve culture are working. Today, more than 120,000 Tasmanians are actively managing their energy use and cost through our free Aurora Plus app, thus enabling customers to take advantage of our popular Power Hours program.

Advanced meters are a central part to what we're doing in our product development, in our customer experience. Over 92 per cent or more than 250,000 of Tasmanian households have an advanced meter installed ahead of the state governments 2026 target for installations and well ahead of the national recommendations for set by reference to the year 2030.

Appreciating cost-of-living pressures and the need to be ever more present in the Tasmanian community, we also have strengthened our community-engagement efforts in the past year. We continue our long-standing support for the Tasmanian No Interest Loans Schemes (NILS), which provide safe, fair and affordable loans to low-income households. Our ongoing investment has enabled more customers to accept to access energy-efficient appliances without resorting to predatory lending or rent-to-buy schemes. Over the past decade this support is estimated to have saved low-income families over \$23 million.

The industry in which we operate continues to transition to renewable energy. We must ensure we remain relevant and trusted with our Tasmanian customers in an increasingly competitive market. To close, Tasmanians can be guaranteed that when they need us, they will be able to speak with someone who lives here, whether in our Hobart or Launceston office, someone who understands Tasmania's energy needs and who genuinely cares about them and our community, knowing at all times that the financial returns that we generate benefit the people of Tasmania. Thank you.

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**Ms FINLAY** - I'm going to be particularly interested today in terms of the cost-of-living pressures for Tasmanians and how support is provided to them as people, but also through their bills. The mention of the Power Hours Program, I am keen to understand how many Tasmanians are engaged in the Power Hours Program and in a cents and dollar figure, on average, how much someone benefits financially from the Power Hours Program?

**Mr DUIGAN** - It's one of those important initiatives to drive that engagement, to drive that literacy piece as we're rolling out the app and asking people to be a bit more involved in their energy use and understanding when they use. We had Power Hours at my house on Saturday night from 6.00 to 9.00 p.m. We had a party going on. It was great. Everything, the lights were blaring. That's a new level of engagement with the power delivery to my house, for example, and my family's interaction with it. As we have Power Hours and I will let the business talk to the level of value that's delivered through Power Hours, but it's importance and value I would see as being as much that but also engaging or having people engage more with their power.

**Ms FINLAY** - I'm interested in the global response, but given that you raised it minister, so for those three hours and you chose to participate and allocate those hours, you may then have done your own personal calculation of how much do you think you saved by allocating those hours.

**Mr DUIGAN** - I'm not aware of the actual saving. I don't know the answer to that, but I know we put the dryer on in the middle of a party. Probably one for the CEO to speak to in terms of the level of value back.

**Mr CLARK** - Just setting the scene, and then Will can cover some of the statistics. But yes, it is a multi-prong - it's a loyalty program, it's an acquisition program. We use Power Hours for a multitude of things. It is ultimately a cost to Aurora, hence why it's not free hours of power every day, all day, because it does come at a cost - nothing's for free. But we use it as a multi-prong attack, we've had great uptake, and I will get Will to cover some of the statistics on the growth in Tasmanians engaging and the benefits of the scheme.

**Ms FINLAY** - Before you throw to the number of Tasmanians, the costs to Aurora - what are the costs of the program, in terms of delivering it, managing it, the technology, the marketing?

**Mr CLARK** - Now that it's established, that cost is minimal. Basically, we dial it up through our engagement systems with customers and make them aware, so it's fully embedded in A+. The actual cost of delivering the program is minimal.

**Ms FINLAY** - Thank you. So, the establishment cost of the Power Hours program, in terms of the marketing?

**Mr CLARK** - To be honest, it was pretty minimal, so a number doesn't come to mind as to what that cost was.

**Ms FINLAY** - Is that something that you're able to -

**Mr CLARK** - We would have to come back on that, but it was not a large amount of money to set up the scheme, no.

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**Mr BARBOUR** - Thanks for the question. I might just come back, if that's all right, to the opening question. But the establishment costs in terms of marketing was actually reasonably modest, given that we have good access to our customer base and it's accessed as a proposition by customers who utilise Aurora+. As the minister referenced in the opener, as of yesterday, over 121,000 thousand and a bit Tasmanians utilise Aurora+. There's not an incremental cost as we go on to accessing or putting the different Power Hours events in front of those customers, be it through in-app notifications or emails. Now, some of those customers we can't reach if there are marketing consent considerations, but through the app if you've got push notifications activated, there isn't any sort of material additional marketing costs. There are big campaigns running on an ongoing basis for this.

**Ms FINLAY** - So, the establishment costs are something that you can come back to me with? My question was how many Tasmanians have taken it up, and on average what is the cost and cents benefit to Tasmanians for taking up the hours of power?

**Mr BARBOUR** - How many Tasmanians - it's up around 100,000 now, who have participated at some stage within the life of Power Hours. Some of those will be consistent users, there is a range of numbers of events that people have participated in. The events are year-round and on a per-event basis. There will be different time slots, and we try to flex the time slots, so that they might suit a family or folks who might spend the day at home and give options to Tasmanians. Then, some people move in and out of the state, so to nail it down and say this is how many and this is the average is difficult, because people have different lifestyles.

**Ms FINLAY** - I suppose what I am trying to understand is - and you use an interesting word in your response, in terms of it was an acquisition, so it's about loyalty, engagement and literacy acquisition. There was a big push to promote it at the beginning, and my internal contemplation was, what are the costs of promoting this as a communications or engagement exercise? Where to many in the community who are trying to reduce their cost of power, it comes across as though it's going to provide you with material savings if you participate. I'm trying to understand if people experience material savings in their power bills?

**Mr CLARK** - I will take this one, Will. I don't think we've ever used those words that you're using of 'material savings' -

**Ms FINLAY** - Of course not. Well, let me phrase the question in a different way - it's implying that people get a reduction in their power bills.

**Mr CLARK** - It's part of our marketing program and it's given away \$1.26 million, which is not an insignificant amount of money and 3.39 million free hours of electricity. It's one of the many ways that Aurora helps Tasmanians doing it hard, along with our debt programs, YES program and a variety of other things. It's not an insignificant amount of money, when you look at the margins that we make - we are very tightly regulated. \$1.26 million is a significant contribution to the Tasmanian consumer base that we have.

**Ms FINLAY** - So, there was a reduction for the 100,000 events or customers that participated of \$1.26 million?

**Mr CLARK** - That is the value to date of Power Hours: \$1.26 million, 3.39 million hours.

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**Mr BAYLEY** - My question is to the Chair. Chair, thanks to you and your team for coming today. I look forward to the conversation. I just want to start with dividends paid to the state in 2023-24. As I understand it, you delivered a dividend of \$900,000. Similarly, despite making an additional profit in 2024-25, I had down that you delivered, despite a budget of \$1.4 million, an actual dividend of \$900,000 as well. But, I heard you say in the opening there that it was \$2.8 million. Can you just unpack for us the dividend contribution, as you understand it? Because I thought I saw in the budget that it was \$905,000.

**Mr DANOS** - The Chief Financial Officer is probably best placed to respond to that.

**Mr BAYLEY** - As you like. Sure.

**Mr CHISHOLM** - Thank you. The \$2.8 number quoted is the returns to government. That's made up of the dividend paid of \$900,000 and income tax expense of \$1.8.

**Mr BAYLEY** - Okay, so that adds tax as well with tax contributions?

**Mr CHISHOLM** - Yes, income tax expense.

**Mr BAYLEY** - Right. Strictly speaking, that's not a dividend, is it? That's just, I guess, a taxation return?

**Mr CHISHOLM** - That's the returns to government, because the government get the income tax.

**Mr BAYLEY** - When it's budgeted across the forward Estimates 2025-26 for \$3.3 million, 2026-27 \$5.7 million, 2027-28 and 2028-29 of \$7.5 million, does that include those taxation elements as well?

**Mr CHISHOLM** - No, that is pure dividends.

**Mr BAYLEY** - I guess my question is: there's a significant increase there, or projected increase - it's going to double on the projected 2025-26 dividend - and it's nowhere near the \$900,000 that has been delivered over the last two years. Are they ambitious, the projected dividends? And what's the basis of those projections?

**Mr CHISHOLM** - If we look at the financial projections for the organisation - last year, we made \$5.5 million. We are looking to make \$9.2 million - this is EBIT - going out to about \$12.5 million.

That's very much driven by a number of factors. One of it is around tighter cost management, so looking at labour costs reducing in real terms. We have revenue coming in from late payments fees and in interest on overdue accounts. Then, it's the price determination outcomes.

As a whole, in essence, revenue per what we've been allowed by the regulator relative to our cost base, and we're trying to manage costs on the way out. So, we don't think it is overly ambitious; we think that's a realistic target for the business.

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**Mr BAYLEY** - Where are some of those tighter costs management opportunities for the business?

**Mr CLARK** - I will pick that up. What you've seen in our results improving in the last two years and will continue to improve - it is things such as efficiently on how we run our front and back office operations, getting return for the investment that we make in technology - as you would expect, you shouldn't invest and not get payback - so, tightening up management of IT systems, trying to reduce the amount of systems, and the redundancy of the systems. It's closing down revenue leakage. In our business it's very easy to let money slip through on things like occupier accounts historically and the like, which we've shut down.

The growth that you've seen in our income is not by chance or fluke; it's been by hard yards of a clear strategy on improving revenue margin and reducing costs, and hence you get the net result improving. But, as you will see, it's not a hockey stick. It's a modest build over the next four years which we feel comfortable we can deliver.

**Mr BAYLEY** - Just to finish off: the budgeted dividend this year was \$1.4 million, but you delivered \$900,000. What was the reason for that \$500,000 discrepancy? What would you put that down to?

**Mr CLARK** - Maybe James can elaborate on the concept of dividends and the percentage ratio.

**Mr CHISHOLM** - I think when you look at the overall results, the dividends are paid on underlying earnings. Although you've got earnings that are higher than budget, part of that is a result of an onerous contract. When you adjust for that the numbers come out at that 900 - but really it is a reflection of earnings for the year.

**Mr BAYLEY** - Which is that onerous contract?

**Mr CHISHOLM** - This is the Cattle Hill.

**Mr BAYLEY** - Right. I will come back to that.

**Ms JOHNSTON** - The annual report doesn't seem to publish any disconnection statistics. Can you provide us with the total number of disconnections and reconnections for the last five years? Disconnections for customers on concessions, or in the YES Program, and the median average debt at the point of disconnection for those customers that have been disconnected because of debt, please?

**Mr CLARK** - I will pass that one to Alistair, but just before we jump to that, back to the member. The cost of implementing the Power Hours system was \$260,000 as a project.

**Ms JOHNSTON** - Thank you.

**Mr BURKE** - Thank you, and I might need to get you to repeat some of those questions. Before I get into some of the specific data, what I would reiterate is that every year - and the last financial year is no exception - the disconnection step in the process remains the last resort for Aurora Energy and it's only after we've been through a full collection cycle with a number of different proactive touch points that we get to the stage of potential disconnection.

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As was alluded to earlier, some of the additional programs that we've implemented in conjunction with the likes of TasNetworks over the last year or two - in particular the Knock to Stay Connected program - has added an additional step, an additional opportunity for customers to engage and to avoid the disconnection taking place. From our perspective, we continue to see that process and any touch point with the customer as a critical opportunity to identify where customers may be in need of additional support. So, that is a big part of that process.

In terms of the last 12 months - I think it was the first question - we saw a reduction in disconnections year-on-year of 28 per cent to 214 disconnections spread across residential and small business customers. In terms of residential customers there were 191 disconnections which took place, and for context, we currently have almost 240,000 residential customers, so a very, very small percentage of the overall customer base.

I think the following question was around reconnection. Of those that were disconnected, we had 30 per cent reconnected within seven days, which is the metric that we record and monitor in that space and that's broken down to 57 residential customers reconnected with Aurora. Just important context on that figure though, obviously we are only one of a number of retailers in the market in Tasmania. We don't have visibility of what happens to all customers post that disconnection occurring. So, while that percentage reconnected with Aurora under the same details, there is a strong likelihood that customers did move on to other retailers or looked to connect in a different way.

**Ms JOHNSTON** - Disconnection for customers on concessions and the YES Program?

**Mr BURKE** - Importantly, we don't disconnect with customers on the YES Program. Anybody who's actively engaging with us, that's a critical part of our hardship program, we won't disconnect, so there's zero. In terms of the last financial year, there were 71 customers that were on concession at the time of disconnection, noting we do have over 90,000 customers in Tasmania receiving a concession.

**Ms JOHNSTON** - And the final one was median average debt at the point of disconnection.

**Mr BURKE** - We might need to see if we actually capture that figure. We do capture lots of data around debt and disconnections, as you can imagine. The debt amount is not necessarily a determining factor in the connection process. We do have thresholds where we won't disconnect for low amounts, but we don't actually track that in terms of a metric to make an assessment around disconnection. I will see if we can actually get that data. It may not be something that we record.

**Ms JOHNSTON** - Thank you.

**CHAIR** - Are you asking to take that on notice?

**Mr BURKE** - I will seek to bring that information back. The first will be just to confirm -

**CHAIR** - We just didn't get to all of them last time.

**Mr BURKE** - Sorry.

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**Ms JOHNSTON** - If it's able to be taken on notice then, if he can't bring it back today?

**Mr DUIGAN** - Just in terms of if it's not a number we capture and bring it back.

**Mr BURKE** - We might not capture that number.

**Mr DUIGAN** - If we can provide it to you, we will.

**Prof RAZAY** - Many senior Tasmanians have concerns about the mandatory rollout of the smart meter. Some of it was health concerns - basically, they were concerned about the electromagnetic exposure from the pulsing radio frequency communication devices in the meters. The other concern was about - they were promised that it will give them some saving and they feel that actually the bills have been increasing, especially when they use multiple devices.

At the moment, they cannot opt out from mandatory installing smart meters, but they can opt as well to have their meter to be measured manually every three months rather than remotely.

My question to you, minister: how do you address the concern about their health and also the increased cost, and whether you will assure them that they will continue in the future to have their option of reading the meter manually?

**Mr DUIGAN** - Thank you, Prof Razay. I appreciate the question. More broadly, the rollout of smart meters, which has been very successful in the case of Aurora, is like any sort of change: it brings with it new ways of doing things, new opportunities, and people who are somewhat resistant to it, and I understand that. As we are working our way through, given we are - how far through are we, 90 per cent?

**Mr CLARK** - 93 per cent.

**Mr DUIGAN** - 93 per cent. We are into what I think you would call the 'tail', and those are either: premises that are very difficult to do, because the wiring's old or there's been something built in front of it, or, potentially the customer has some reservations about changing over. So, these will come more slowly, and I recognise that. I think that's probably okay. I'm happy to work with people on that.

In terms of greater cost to customers, that's not the case. Customers will be able to stay on the tariffs that they are on, irrespective of whether they have an old meter or a new meter. They will be charged for the energy they use irrespective of the device used to measure that usage.

The point you raise about radio signals: I think that is a common misconception among some of those people - I'd be happy for Nigel, perhaps, to speak to that - because it is a pretty low level.

The aspect of reading meters, though, is something I would comment on. As there are fewer and fewer old-school meters out there in the community, the cost of reading them manually goes up, and I think at some point, that needs to be reflected for those people who

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refuse to have their meter automatically report. If they want that manual reading, then they probably should expect to see a charge coming for it.

In terms of the radio frequency and so on of smart meters?

**Mr CLARK** - Sure. We are not aware of any credible scientific study of any form that creates that fear with any logic. The industry wouldn't be rolling out smart meters if that had been the case. Smart meters have been around for decades in some countries and jurisdictions; there is no reported evidence.

Secondly, we see the smart meter as an ability for elderly Tasmanians to be able to save money through the use of A+ and time-of-use tariffs. They can load shift if they're home during the day. They can use a lot of their consumption during the day, which is the off-peak power rate that's only available because they have a smart meter.

I convey what the minister said. Eventually, people that have a basic meter who choose not to have comms connected - really, we will have to have a user pay concept of meter reading, because the meter reading cost is going to become prohibitive, and we would argue that that is unfair on the balance of Tasmanians who have adopted the technology.

**Prof RAZAY** - As you know, nearly 23 per cent of our population are over 65, and I feel that it's nice to give special attention to our seniors, because education is so essential to address some of their concern and how to deal with the new technology as well. Thank you.

**Mr SHELTON** - Minister, some of the discussion already today has been around the rise of cost of living over the last few years. We know it's been a challenge for some Tasmanians, which can sometimes result in the actual energy and energy debt. Can you please explain what support Aurora offers to vulnerable customers and those with energy debts, please?

**Mr DUIGAN** - Thanks, Mr Shelton. As you mentioned, there has been some discussion of this already, and it is an area of significant effort by interest for the government and effort by Aurora. We provide our concession framework, which has been described as one of the most generous in the nation, and Aurora support the vulnerable customers through the hardship Your Energy Support (YES) Program, which provides affordable payment plans, tailored energy advice, direct referrals to financial counsellors, protection from disconnection and more - that has assisted more than 16,000 customers since 2014. The YES Program has been recognised nationally, with the national regulator calling it a driver for recent decreased hardship debt levels in Tasmania, and this is a fantastic initiative.

Potentially, chair or Nigel, you might like to provide some further information about that. But I think what we do know, is the sooner we engage with people who are experiencing hardship paying their bills, the better off they are.

**Mr CLARK** - Yes, the YES Program is one part. I think it's safe to say it's in the core DNA of Aurora is that we are a Tasmanian proudly owned business, so we look after the interests of Tasmanians - through things like YES and through things like our debt forgiveness program that has allowed a lot of people to get out of a debt bow wave that they could have no future sight of being able to get out from under, and we've been able to come in and meaningfully work with them and the success rate has been extremely high for them to get out

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from under that debt cloud. There is a range of things that we do - all our debt processes, which Alistair has already alluded to today.

It's about getting the people early and creating that ability to have the discussion of being in hardship, which is an embarrassing situation for a lot of people. Our team works very hard to create the opportunities and the connections to then get them on programs and to get good results, which we've seen in the last year reported through the AER. This area for us, as I said, is very core to our DNA.

**Ms FINLAY** - With the details around Power Hours, around looking to modify when people are using power in that it's a sort of behavioural change program, I suppose. The change in the tariffs available to Tasmanians, I read in one of the reports, is also about behavioural change.

We had an exchange last week on the Tariff 41 - I know that people can be grandfathered into Tariff 41 - and the move to Tariff 93. But, post-2029, what will be the differential between Tariff 41 and Tariff 93? My understanding is that there will be incremental changes where the grandfathering will be neutralised, because they will practically be the same - can you clarify that?

**Mr DUIGAN** - I would be happy for Nigel, if you've got the complete detail there?

**Mr CLARK** - We can give some light on that. But before we jump to that, just back to the member's earlier question on debt.

**Mr BURKE** - Yes. We track the debt at the time the disconnection is scheduled, so for the period 1 July - and this is only a recently reportable figure - from the period 1 July 2025 to 30 September 2025 - so only for the most recent period of the current financial year - the average amount of residential debt at the time of disconnection scheduling for residential customers is \$3774, and for small business customers \$3042.

**Mr CLARK** - Thank you, Alistair. Back to the other question - I think what you're alluding to is Tariffs 31 and 41? As covered last year, what's been happening over time is TasNetworks have been on a program to migrate those two tariffs to be closer in price parity, and they are about 5 years through a 10-year campaign to do that. As you know, we then take cost components and have our tariffs regulated, and the regulator regulates the movements in those tariffs, so, we cannot just simply reflect the movements of a TasNetworks tariff. I think, as we covered last year, we cannot suddenly move nor have we suddenly moved a 31/41 to be comparable in pricing. We have imbalances in our tariffs and that's part of the regulated process in Tasmania that has evolved over many years, so the 31/41 is not causing any untoward price changes in those tariffs from a retail point of view.

**Ms FINLAY** - My question specifically was post-2029, what will be the difference between those tariffs in terms of the experience of a consumer at the moment having choice to stay on their tariff 41?

**Mr CLARK** - Okay, we cannot answer that question today because the networks component will run its path, but how our tariffs are determined every three years we have a price determination, we have certain rules put on us by the regulator as to how we can move

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price bands. So to be honest, it would only be speculation to know what a tariff might be in five years' time.

**Ms FINLAY** - So, you mentioned that it was changing over 10 years, and they are five years into a process. My understanding is that, at the moment, and a bit like the question asked previously, back in the day, particularly older customers, would know that their hot water and their heating came off that particular tariff and so there was a benefit in that and that they wanted to maintain that benefit and they could, even though people are being moved across to the time-of-use tariff, as opposed to that hot water and-

**Mr DUIGAN** - Only if they move, but yes.

**Mr DUIGAN** - That's right, so new builds are separate, but my understanding is that it has been marketed as though there's a benefit to that grandfathering but post-2029, there won't be a benefit. They will have been over time merged to be the same amount, so people will lose the benefit, particularly our older members of the community, will lose the benefit of feeling like they are in control of having lower power prices for their hot water and for their heating which, for many, gave them comfort and in the questions that will continue from here, I think there's fear that can be generated in the community about how to use their power, particularly when there's marketing programs about changing behaviour and perhaps changing long-held behaviours and so, my question was is that correct, that post-2029 there will not be a differential in those tariffs anymore?

**Mr DUIGAN** - The 31 and 41 will be the same. My understanding is that they will merge to be essentially the same and there will be a single flat-rate tariff offered.

**Ms FINLAY** - Yes, even though they are sort of being told at the moment that you can choose to have this better tariff, but over time it will incrementally increase.

**Mr DUIGAN** - Well, as Nigel mentioned, the regulator is key to all of that and the regulator sets those prices. So, that path is available to people now. There might be speculation about what it might look like in five years' time, but my understanding is that TasNetworks is bringing 31 and 41 together.

**Mr CLARK** - If I can, I am going to shed a little bit of light. Firstly; no, we would not want elderly Tasmanians to fear. As was said, we do not force anyone into a tariff change. Flat-rate tariff 31/41 gives some people the comfort that they want on an all-day tariff, but we know for a fact that majority of Tasmanians with a smart metre going to a time-of-use tariff will actually be cheaper than a 31/41 in many instances. So, firstly there's that element.

Secondly, I think the concept you are picking up on is when the flat-rate tariff was grandfathered last year by TasNetworks, we grandfathered our flat-rate tariffs of new, as you said, moves or new builds coming onto 31/41, but we offered a very competitive flat-rate market-based tariff which we have been offering from day one.

So, for those that will still wanted to have a flat-rate tariff, they have been able to do that at a very competitive rate very similar to the to the 31/41 combination. The regulator, in our last price determination, has asked us to reinstate a regulated flat-rate tariff. So, that will come into play from 1 July 2026. So next year, in our pricing, that will come back into play, so there

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will now be a regulated flat-rate tariff which will be different to 31/41 and so, it's just speculation, as I said, as to where our tariffs would be in 2030-

**Ms FINLAY** - I think it's known though, to 2029.

**Mr CLARK** - But you're only talking about the TasNetworks component, we are regulated under a totally different methodology. Our regulator can put very tight bands on how we can move tariffs around. We may never achieve parity in a cost sense on TasNetworks and we have that issue today. We have many tariffs that are not cost reflective. That's a reality and that could still be the reality with what you're talking about.

**Mr BAYLEY** - I want to explore the onerous contract with Cattle Hill a little bit more and I'd be interested if there are other onerous contracts that Aurora has signed up to. I heard this contract was one of the reasons why Aurora didn't meet its budgeted dividend of \$1.4 million to the tune of \$500,000, and actually delivered \$900,000. I was wondering whether you could talk us through the onerous contract and perhaps provide the committee with the financial return to the business since that contract was signed? I assume it was signed in 2019 or 2020 - around the time that the project was commissioned - so, the last three or four years or so, of returns on the basis of that contract and give us some clarity around other onerous contracts that the business may hold.

**Mr DANOS** - I'm not aware of any others, but the authority on our onerous contract is the CFO and if I may go to James.

**Mr CHISHOLM** - We only have the one onerous contract and that's the Cattle Hill contract. The contract was marked 'assessed' at the end of this last financial year and off the back of that we took a \$1.5 million onerous contract provision. Some of the impacts on previous financial years were to do with earlier onerous contract provisions taken and then [inaudible]. Since this has been signed, it's been out of the money, it's been in the money, and it's currently -

**Mr BAYLEY** - Can you give us the sense of each year, what the returns have been or are you able to take that on notice?

**Mr CHISHOLM** - I don't have that. When we talk about returns, it is really dependent on what we can sell this to our [inaudible] customers for. We do use a lot of these certificates for meeting our obligations to mass-market customers, so under the standing offer customer price setting, it utilises some of that pricing. Some of the contracts we have to buy in the market and - when we look at it, we don't really assess the Cattle Hill contract on its own for each financial year in terms of the green performance. We assess in the whole [inaudible] because it's not only that, we also buy spot-market contracts for LGCs. I think the biggest indication - and we do have a history of when this contract's been in and out of the money. I just don't have that with me. But, at the moment, there is a \$1.5 million contract provision ready and reflecting the fact that the LGC market has dropped off significantly in recent times.

It's one of the issues that retailers have because under the Renewable Energy Trading Scheme, we have an obligation to surrender certificates to the Regulator and this was put in place to get wind farms and solar farms up, so the risks associated with entering into those investments by developers through this legislation was effectively passed through to retailers in order to manage our risks. We do need to take these longer-term positions because we can't guarantee we're going to be able to buy everything in the market. As it stands it is onerous, but

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only by \$1.5 million. I suppose we could go back and work it out. I just don't have that on me at the moment.

**Mr BAYLEY** - Look, \$1.5 million may not sound a lot in terms of the books of the business, but if it did contribute to \$500,000 less contribution from a dividend perspective it's not insignificant. What are the projections going forward with this contract? Have you modelled it and do you know what it's going to cost or earn the business going forward? How long is the contract for, and what is it going to do?

**Mr CHISHOLM** - It was signed in 2020 and goes through to 2030. That's when the Renewable Energy Trading Scheme comes to an end. It's quite difficult to make an assessment at this point at this point, as we look forward, it does depend on what happens to the market. The market's come down and could very well go up again, so to project based on exactly what the outcome will be is difficult. There's no doubt at the moment that there's definitely pressure on LGC prices, so it is potentially going to be difficult for retailers with these long-term contracts to manage these positions.

**Mr BAYLEY** - To take your point, I suppose, does this mean that Aurora effectively assumed some of the risk of the development of that wind farm by purchasing these contracts upfront for 10 years?

**Mr CHISHOLM** - That's what the scheme was designed to do. It put an obligation on retailers to enter into PPAs to acquire certificates, in order to meet this legislative obligation. Those PPAs that were put in place ensured that the developers could get the funding and the financing they needed, because they had this guaranteed stream of income. It is, as I said, that transfer of risk from developers to retailers, and that's how the scheme was designed.

**Mr BAYLEY** - Were you directed to enter into this onerous contract by the minister of the day?

**Mr CLARK** - No, we've covered in past years as well. We weren't directed.

The thing I think I'd add is that this is now an old scheme approaching its end of life. As you know, it's subsequently being replaced by the CIS scheme, which has been the active scheme federally to encourage and underpin the building of solar and wind. And then, there's further changes afoot being proposed in the NEM structure for mid-short, mid-medium, and longer-term, and particularly longer terms for ESEM. So, there's various other forms of scheme that are about to really replace the scheme. This is in its last legs.

**Mr BAYLEY** - For sure - one of the risks.

**Mr GEORGE** - I'd just like to go back - most of the questions I had about the YES Program and debt forgiveness have been answered already. Clearly, you are dealing with people who are suffering financial stress, financial trauma, and often embarrassment and shame. I'd like to know, if you can tell me, please, the amount of time that customers have to wait between approaching Aurora for some form of debt forgiveness or assistance and getting an outcome and getting a result. When they're dealing with people, of course it's mostly online. Are they dealing with people who have training in social welfare issues? How many of them are working in that area, and are they Tasmanians?

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**Mr DUGAN** - I'll take the opening part of that question. I think one of the great strengths of Aurora and why Aurora continues to have the lion's share of customers in Tasmania is because if you do pick up the phone, you'll speak to a Tasmanian. You'll speak to somebody in Hobart or in Launceston, and they understand obviously the Tasmanian context.

I would like perhaps someone to speak to the level of debt forgiveness, because it has been substantial. As we were talking about, people who would contemplate their level of debt and not see a way out of it and not see a way through, debt forgiveness has been proven to be a very - you know, it's expensive and we'd rather people pay their bills, but having that as a mechanism has been a way to bring people back into the fold. With that said - perhaps, Nigel?

**Mr CLARK** - Alistair, I think, can cover the questions from the member.

**Mr BURKE** - Yes, thank you. In terms of the first question around how long customers have to wait, we've put a lot of focus not just in our standard interactions with customers over the phone, but across a range of touch points to identify any triggers of hardship - and that goes beyond just financial hardship.

In recent times, obviously, we've seen increasing challenges around things like family and domestic violence. We have a range of ways to identify, as quickly as possible, any customers that may be needing assistance at a point in time. And as we know, things can change in customer's personal circumstances very quickly. They may have never been in a hardship scenario before and find them in one very quickly. So, we have a very clear focus on identifying that as quickly as possible and then bringing him into our YES Program, which is that dedicated framework to support.

Debt forgiveness is a significant initiative that we've established over recent times, but it's also just one of a number of different tools that we use to support customers depending on their needs and requirements. Obviously, coming into the YES Program you do have that protection from disconnection while you're engaging in the program, but there could be shorter-term support measures like payment plans that might be sufficient for customers, through to longer-term payment plans, more tailored support around energy consumption, how to reduce their ongoing energy consumption and then all the way through to debt forgiveness, which is designed for those customers who built up, particularly through COVID, that long-term debt. As Nigel said earlier, if there wasn't an initial piece of support from Aurora, in some scenarios, it was going to take 5 to 10 years to pay off that debt.

In terms of debt forgiveness, there is a requirement of customers to be participating in the program and be making regular payments towards their consumption to become eligible for debt forgiveness, it's not something that we offer overnight and there's lots of evidence to support that. Customers also need to play an active role in taking steps to manage their debt and consumption, and purely waiving their debt from day one is not going to support longer-term sustainable outcomes. That's how we focus on that program.

There's also a range of other things that we do, and I don't want to take up too much time, but we do other sorts of more targeted incentive payments - we've done Cancer Council support payments and Neil's funding other things as we've referred to.

**Mr GEORGE** - If I may, I was hoping to get some detail on how many people work in these programs? How long do customers who are in trouble spend trying to get into one of

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these programs? In the numbers of people involved in it, what training do they have? How long on average is it taking customers who are suffering in a financial crisis to get onto these programs?

**Mr BURKE** - I'm happy to talk to that. As I said, customers don't have to wait long; it can be instantaneous once they're identified as being in that situation, they will instantaneously go into the program.

In terms of our team, we have a dedicated YES team and they're a Tasmanian-based team and they work exceptionally hard day in, day out to support these customers.

**Mr GEORGE** - How many are on the team and what training do they have, in terms of social welfare or dealing with people?

**Mr BURKE** - Happy to talk to that. We have, including our leadership staff and support staff of that team, approximately 13 to 15 dedicated roles within Aurora; obviously, that can change over time, but that's a representative number that we've had for a significant period of time. That includes our team leadership, we have support roles and then also our YES agents.

As I said, this area has become a lot more complex in recent years, and through that we've identified that we do need to have dedicated support for our YES agents. In the last 12 months we've had external providers come into our business and run targeted, customised training and support with people that have got lived experience in this space and who work in this sector day in, day out. We have had significant focus on training and development and also supporting our staff who need to have these difficult conversations on a regular basis.

**Ms JOHNSTON** - In the 2023-24 annual report, you reported your Knock to Stay Connected programs have 580 knocks that were made, with a 65 per cent success rate of cancelling disconnections, but there's nothing in the 24-25 annual report. I'm assuming from your answer beforehand that the Knock to Stay Connected is still running at the moment. Can you please provide data around how many knocks were undertaken in the financial year, and how many disconnections were cancelled as a result? Also, if there were any fees or charges applied for the Knock to Stay program, please?

**Mr BURKE** - Yes, we have continued to run the Knock to Stay Connected program in conjunction with TasNetworks. As I said earlier, it is a last step at the end of an extensive collection process. The program since its conception has been significantly successful and has resulted in a lot more Tasmanians staying connected to power, than they otherwise would have been.

In terms of the specific questions - over the 2024-2025 financial year, there were 857 knocks completed, and as a result of that, 609 disconnections were actually stopped, so almost a 70 per cent success rate, in terms of avoiding customers being disconnected and, again, just to reiterate, that's not any customers that are on our existing hardship programs because obviously that framework won't apply in that scenario. Where a knock is successful, there is a fee attached to that which is a direct pass through from TasNetworks of a miscellaneous site visit fee of \$127 which is materially lower than the disconnection costs should a disconnection proceed. So, a standard disconnection for non-payment fee from TasNetworks is \$190 and as we've heard earlier, there's also then often additional reconnection

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costs as well and we see, when disconnections, occur that the fees borne by customers can be up to \$380.

So, it's significantly in the customer's interest to obviously remain connected and for the knock to occur. What we have also done, and we continue to take feedback from our stakeholders around how we can improve our programs and processes, where we identify through that knock that a customer should be on our yes program and they then subsequently enter the program following the knock, we've actually made the decision to waive any of those fees as well moving forward. So, again, another opportunity to get customers under the yes program, but then also look at ways that we can reduce any fees that they pay.

**Ms JOHNSTON** - It's effectively a fee for cold calling someone's place and a site visit onto a customer. It's only if they are eligible for the yes program that they have that fee waived; if they're in any hardship, is there any way of waiving that? I mean, obviously these are customers who are sort of at the end of their tether, are extremely vulnerable, may not be aware of all the range of programs that are available to assist them, are they the only circumstances? I mean it seems a bit harsh to be cold calling someone to collect debt and charge them \$127 for the privilege of cold calling them.

**Mr BURKE** - Through you, minister, what I would say is we undertake a range of engagement attempts with a customer before the knock takes place. That includes their invoices, overdue reminders, we have a number of outbound telephone calls to engage those customers, we then send disconnection warning notices, SMS prior to disconnection. So, over that whole period, we do a number of proactive steps to engage with the customer and obviously try, through those contacts, to offer support and get them onto the programs we have before they get to that step.

The important point as well that I would call out is that not every customer who ends in a disconnection scenario is necessarily in a hardship scenario and so, we need to be conscious of differentiating the customers who won't pay versus those who cannot pay and, again, focused on making sure that we are investing in those customers that truly need our support and that's why, as I said, that we go through a number of steps to try and avoid a disconnection to occur, but when that knock does take place, there are some fees associated with the crews to attend the site.

**Mr CLARK** - I think the other thing to add is it's not a cold call. If that knock wasn't made, they would be disconnected that day, so action is going to be taken either way and it is a cost-saving as opposed to letting them be disconnected and reconnected, so it's not a cold call.

**Mr SHELTON** - Minister, it's always been interesting to me, in these processes of GBEs, that every backbencher gets a whole heap of information that actually might be out there, but that information comes forward and it's very enlightening, what's coming forward today, so thank you for that and my question is around those energy consumers that, in the past, have just paid their bill and that sort of thing.

Well, we know that the energy market and the processes are getting more complicated in the everyday and, unfortunately, I can only see it getting more complicated as the country moves through the energy transition. However, energy is also an essential service and involves a bill that all households face, so can you please outline some of the initiatives underway to

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help improve customer's understanding of energy concepts so that they are best positioned to manage their own energy costs into the future?

**Mr DUGAN** - Thank you. It's an often-bandied-around phrase, 'energy literacy', and we would extol the virtues and the benefits of being literate in your energy use. What does that mean? Essentially, it asks you to know how much you're using, when you're using, when's the best time, and what the market looks like. It's all very well for me to talk about that; here at this table we are the beneficiaries of a great deal of information. Out there in the wider community, it's perhaps a little bit more difficult to get to.

Power People, you might be aware, is a program that runs through Men's Sheds. We have ambassadors who are skilled up and provided with knowledge to disseminate into the community and tell people who are interested how they can better make the energy system in Tasmania work for them. Nigel, perhaps, you know - I have had some interaction with Power People people, and it's a system that I really like in terms of a softly-softly and gentle method of communication. You might be able to provide some more detail around that.

**Mr CLARK** - Thanks, minister. We recognise energy literacy is super important, particularly because we have a lot of elderly customers in Tasmania. Not everyone is fluent on the internet and modern apps and the like. This program, starting out through the Men's Shed, has been a way of train the trainer and train people on energy literacy. There's no point in rolling out smart meters and time-of-use tariffs and the like if people don't understand how those can be of benefit to them in reducing their energy usage and efficiency and creating greater efficiency.

Power People has been going for a number of years now. It has three key modules: energy efficiency strategies; understanding your energy bill; and saving through smart technology. It's not just the Men's Shed - they've been the key facilitator - we've got seven to 10 trained trainers based all around Tasmania. Now, it's branching in to providing sessions to the likes of Rotary, Probus, Neighbourhood Houses. Recently, there were five sessions held during Seniors Week. So, we see this as a terrific outreach from TasNetworks and Aurora in educating Tasmanians on energy literacy.

**Ms FINLAY** - I have couple of follow-up questions around the disconnections and debt forgiveness. On the debt forgiveness: when someone receives the benefit of debt forgiveness - and you talked about talking through that process and understanding that - what percentage of people, or in real terms what number of people find themselves back in energy debt to the point where they're escalating a bill again? Do they stay actively involved in a program from the point of debt forgiveness? What's the recurrent escalating debt experienced by people who have been given forgiveness?

**Mr BURKE** - We don't track that level of detail at the moment. It is something that we are focused on in terms of expanding that program and continuing on into the future, making sure that we're capturing the right metrics to be able to ascertain the success of that specific initiative. What we do track is the successful completions from the YES program. Depending on the individual customer scenario, there may be some customers who, even after the debt forgiveness, still need to remain on the program and receive that ongoing support, whereas other customers may actually get that support and then be able to exit the program altogether.

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In terms of successful completions for the program - and again, the reason I say we don't track that specifically is because there's a number of things that we do that might support a successful completion, not just debt forgiveness - but in the last financial year, there were 1,482 successful completions from the YES program, meaning those customers who have paid off any legacy debt are in a position that they are in control of their usage moving forward and agree that they no longer need that level of support from Aurora. That was a 329 per cent increase from the last financial year of successful completions from the program.

**Ms FINLAY** - Can you remind me what is that number out of? How many people are currently on the YES program?

**Mr BURKE** - Yes. At most recent capture of September 2025, there were 6,375 customers on the program at that point in time. Obviously, that's a rolling number. We have some that complete and others that come on, so it's ever changing.

**Ms FINLAY** - Thank you. It's great to hear that you've got a team of 13-15 people that are trained around this engagement with people, when they find themselves in difficult situations. I'm wondering whether you do any data analytics. Back to my comment before - I think particularly with older people, but it's probably not just older people - there is definitely, despite an attempt not to have this happen, concerns in the community about people using their heating.

I know people that are probably doing okay, that still are choosing not to turn the heaters on in winter because of the concern about power prices. I think there's a new demographic of people that are actively concerned, and are taking perhaps uninformed, detrimental decisions around their heating and that's adding to health impacts and things in winter. I'm wondering whether you can put your mind to any data analytics around people's change through winter, around a reduction of power, when you might have 20 years worth of records for them, an old member of the community, they consistently - and all of a sudden their usage goes down, and that you might actively engage before people get in trouble?

I don't know how you would manage it, so that's the question: are you doing any analytics on this, because there are definitely people in our community that might not be disconnected but have turned their power off, that are not lighting or heating their homes in winter and that are choosing to be cold and get sick, rather than actually heat their homes. What level of work are you doing in what is a complex and multi-layered scenario with data, to maybe engage early before people get in trouble, or before people get sick? That's a really long question.

**Mr CLARK** - Yes, and there's multiple parts.

**Ms FINLAY** - Yes, but if you can maybe navigate it?

**Mr CLARK** - Yes, I understand what you're saying. I will give a couple of lenses: one is our work with smart meters, the A+ app and the likes, which is exactly one of those things you're talking about, and that is to give people visibility on their usage to be able to get onto tariffs, load shift where they can into the middle of the day and the like. As to someone's personal circumstance of affordability of energy, you couple that with rent, with food, with petrol, with insurance, so we will leave that that part alone, but of the parts that we can control, our focus is to push the energy literacy, help people try and use less energy - we have no

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problem, and we encourage people to use less energy. Do we have the analytics - you're saying as to does someone suddenly reduce their usage? It's not a -

**Ms FINLAY** - It might not even be sudden; it might be reshaping.

**Mr CLARK** - I suppose the issue with that is through our energy literacy, we hope to see people reduce their usage over time. I think to get to the analysis of, or to get to the root cause of what you're flagging would be quite difficult, because people are their own masters as to how they use their energy and when, but our focus is to try and educate them on when is the best time to use it, to lower your cost as best you can, supporting things like energy efficient appliances, support of the NILs scheme and those various things. We also, rightly so, don't have data going back 20 years. The data you're talking about really has only been available since smart meters came into play. When there was a basic meter being read four times a year, we had absolutely no idea what people's usages is, and for those that remain on the basic meter today, that is the problem with those remaining on that.

**Ms FINLAY** - There would be bill data, I suppose though, quarterly bill data. I think this is sometimes a tricky scrutiny, because you're doing lots of great things: you are proactively engaging with the community, you've got lots of different programs, there's lots of good thought going into how we can support people and there's a lot of outward-focused programs. What about partnerships with people like TasCOSS? I know they're active in this conversation, in terms of concern for energy poverty, and they have come up with ideas around low-income energy tariffs and things.

Do you enter into a way of finding that information out to support people? It might be through conversations with Neighbourhood Houses, with men's sheds and with people having conversations, 'Are you changing the way that you use power?' I know that the Neighbourhood House in one of our communities say that their coffee expenditure in winter goes through the roof, because it's the only hot thing a person will have through winter. They're not heating themselves, so they go and have a hot cup of coffee up at Starting Point. Have you put your mind to, or would you put your mind to ways of doing - and I know that you're doing a lot - but doing more to get early access to information, because a lot of this is about protecting people at the end when there's difficulty with debt, but early access to people in terms of supporting them through their choices.

**Mr DUGAN** - I might just mention before handing over to you: in terms of government's energy policy - and I have certainly met with TasCOSS and genuinely asked for thoughts and ideas that they might have in exactly the space you are talking about, how there may be ways to support people and reaching into those difficult-to-access places, you know, I'm more than happy to hear. I imagine you hear regularly from those agencies as well as others but I'm happy to hear if there are good ideas out there. More than happy to hear.

**Ms FINLAY** - I'm wondering whether the smart people at the table - whether it's an active conversation, whether it's a program or a project, you have to continue to find ways of doing this.

**Mr CLARK** - Look, we work with a multitude of partners. We have talked about some of them today, NILs, Men's Shed, we work with Salvos, we fund - I think it's at least a half if not a full position - in TasCOSS that advises on energy. We work with the other community groups as you would expect. So, we have forums at least twice a year where we meet with

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community representative organisations that pick up the likes of the organisations you are referring to and also a separate forum with business.

So we use that as a forum to listen and hear what the challenges are that are going on in the community. So we seek to be engaged on multiple fronts. Obviously rolling out Generation You now is another way of trying to bring understanding and literacy to the evolving world of CER that's coming in as well, and I know for a lot of people that's attainable for some and not for others, but we are trying to play that part as well in educating. So we tend to have a full-court press on, I suppose, many ways of trying to connect to the community and hear the things that you are alluding to.

**Mr BAYLEY** - My question is to the Chair, to the business really, through the chair and it's about customer engagement from a different angle, I guess, and a different cohort. Obviously Aurora is no longer a monopoly retailer in Tasmania and we have five or seven retailers in total, which I think is a healthy thing from a competition perspective, but obviously that means customers are leaving Aurora and I am interested in the steps you take to try to retain those customers or try to win those customers back. Do you offer incentives, what are the incentives, et cetera? How many people work in that kind of program as well? How do you manage that space, because it is a competitive space and if you lose customers, you lose business?

**Mr CLARK** - Thanks. I will just correct for the record my last question: the position we fund is with the Salvation Army, not with TasCOSS.

**Ms FINLAY** - That was going to be my next question, what does that one-and-a-half people do with it?

**Mr CLARK** - Thanks for the question. Will can pick up. We compete very hard, as we have covered in prior scrutinies, we make no bones about that. We are here to protect the value of Aurora for Tasmanians. Competition, retention and acquisition is a key part of being an active retailer. So, Will, would you like to elaborate? Thanks.

**Mr BARBOUR** - Thanks, Nigel. Yes, happy to expand. Nigel's absolutely right, the market is increasingly competitive across the different segments, be they residential, small-to-medium business and large. So although we still have the majority of the market share in Tassie, it is becoming more competitive and we certainly welcome that. We have, as you say, a commercial imperative to make sure that we are putting operational practices in place and propositions to retain customers and win back customers, but we are inevitably, on an ongoing basis, really cognisant of the competition, that we operate within our sort of boundaries in that respect.

So we have a program of outbound activity to chat with customers who might be at risk of leaving, or who have, and we might be able to bring back to Aurora. Fundamentally, we have chatted a little bit about power hours so far, it's one of our propositions. We have talked a bit about tariff change, around the 80 per cent mark of Tasmanians on our last cut of data, looking at 12 months, would be better off on a time-of-use tariff. We can't get to all of these folks from an engagement perspective.

Sometimes when we do manage to get hold of them post-departure, we can talk them through the savings that they could make and they will come straight back. Fundamentally, our

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value proposition, though, among some other things like power hours is, as a starting point, talk to a Tasmanian about the value of being with a Tasmanian business and thinking about the challenges in the economy and beyond at the moment. A lot of that actually resonates with a lot of our fellow Tasmanians, when you talk to them about the fact that we've got an office in Hobart and Launceston, we understand the conditions here from a climate perspective, we understand the products, we understand the importance of understanding your interval meter data, and with the way that pricing works across the Tasmanian landscape, there's really not a great deal of difference, and in some cases no difference.

We will then chat about the importance of something like getting on a direct debit discount, utilising the power hours at the right time, for example, getting onto the right tariff, and for many customers, the best way to use your solar and for an increasing number of customers, the best way to use your battery. Those different points of value and the opportunity to chat with a fellow Tasmanian will often mean that they will come back and join us.

**Mr BAYLEY** - Are there other incentives? Are there bill credits or discounts? Is there an internal policy framework that guides this program and actually gives you a suite of things that you can offer people aside from the ones that you've mentioned?

**Mr BARBOUR** - Absolutely. There's a really well-structured framework for a limited number of people who work in this part of the business who've also had a separate stream of training to support this, but it's quite a defined and well-monitored framework to understand to what extent we can go, going back to my earlier point about our market position, but being cognisant of competition law -

**Mr BAYLEY** - Are you able to provide a copy of that framework?

**Mr CLARK** - No.

**Mr BAYLEY** - That's because it's commercial?

**Mr BARBOUR** - As you said in the opener, it's a competitive market and, from our perspective, an increasingly competitive one. What I will say is we use some of those levers like I've mentioned, and a lot of Tasmanians recognise the importance of being a Tasmanian business that puts any proceeds back into the Tasmanian community and economy. We do have some things like bill credits and what have you, but no, I couldn't speak to detail because of our environment.

**Mr BAYLEY** - How many people over the years have been offered this? Have you got that kind of data you can share with the committee?

**Mr BARBOUR** - Again, I think we'd probably just reference the fact that we're in a competitive environment and that is a stream that's clearly quite directly related to that.

**Mr BAYLEY** - Through you, Chair: is it only when someone disconnects or calls up and says, 'I'm going to shift to another provider,' that people get offered these kind of discounts and incentives? What I'm getting at is, for a normal, loyal customer who has been with the business for a long time, for example, I guess they deserve some of those incentives equally, and obviously some are power hours, and tariffs and that sort of stuff are completely available, but are there things available that your average customer wouldn't know about that your agents -

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that's not the right word - your customer service people can put on the table to try to induce those customers back again?

**Mr BARBOUR** - Yes, we operate as part of that broader stream of work and this will happen when you call our service centre on any day of the week. For example, I will choose a specific use case here, a lot of Tasmanians who have solar, we referenced earlier the split tariff 31 and 41, so 31 lights and power, 41 heating and hot water. A lot of Tasmanians will just have their solar contributing to one of those two streams, so they're not actually potentially getting the full benefit of their own generation. We have a list that we work through and some of that's outbound calling, some of it's via email, to proactively work with Tasmanians and let them know that's potentially a saving you're missing out on. There are a number of different use cases, but we do this on an ongoing basis.

**Mr BAYLEY** - Do you do regular reviews of how effective it is, the program?

**Mr BARBOUR** - Yes, weekly.

**Mr BAYLEY** - Weekly. And just quickly, how many staff work there?

**Prof RAZAY** - Minister, the interim Budget revealed that worker compensation claims are rising dramatically, especially with increased psychological injury. How is it impacting Aurora, how much is it costing it, and in particular can we look at how customers are satisfied by looking at compensation claims from customer office staff.

**Mr DUIGAN** - Thank you, and I take your point and certainly around those rising incidences.

**Mr CLARK** - We have a very low rate and I will ask Nic to explain the answer to the question. Thank you.

**Ms HUNT** - Thank you. Aurora put a lot of focus on how we measure and manage the health and wellbeing of our organisation, particularly focused on areas like the psychosocial components. In terms of your question relating to workers compensation, last year we had one workers compensation claim and that only had a loss-time of around a day. So, we've regularly had low claims, that's over the last number of years now and, as I said, we're quite active in terms of how we manage the health and wellbeing of our employees and ensuring that we have a culture where our people feel included and that they can thrive.

**Prof RAZAY** - Can you elaborate a little bit more? Because it is costing millions of dollars in other organisations, so I am pleased to see that you have got a very low rate. Can you clarify a bit more why you are doing so well?

**Ms HUNT** - I think if you look at our overall engagement and culture results, this is something that's incredibly important to Aurora Energy. We put a lot of effort into the action plans that we have in place around driving positive cultural experiences and outcomes for our people. We have seen our engagement results increase by up to 73 from 67 per cent in the last year and our most recent survey in October, we had a result of 78 per cent, a further improvement which we are very proud of, and that comes through a lot of activity relating to our leadership development and how connected our people feel with their immediate leaders and the psychosocial elements associated with that as well, providing initiatives where we have

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an inclusion program, which is part of our diversity equity and inclusion strategy, which is a three-year program that we have launched last year, where we look at all elements of the diversity of our organisation and try and, as I said, create an environment where our people feel as though they can thrive.

**Prof RAZAY** - Thank you.

**Ms JOHNSTON** - As you'd be aware, the Auditor-General recently released a report and one of the concerns he raised was around remuneration and termination payments for GBE's executive payments. From the Auditor-General's recent queries about executive payouts across GBEs, has Aurora made any changes to its remuneration structure, bonus criteria or board oversight and is Aurora fully compliant with the government's board and executive remuneration guidelines and has the Auditor-General raised these specific concerns about Aurora's compliance in this area?

**Mr DUIGAN** - Thank you. That's probably one for you, Chair.

**Mr DANOS** - Well, we are fully compliant, yes, with the policies. I am not aware of any termination payments having been made in the last year and when people do leave, they're paid what they're entitled to, they don't get paid more than they are entitled to.

**Mr CLARK** - And we have no bonus schemes, so ours is very vanilla.

**Mr SHELTON** - Minister, being able to invest in energy efficient appliances is a fantastic way to help lower energy bills over the long-term. However, I recognise investing in new and energy-efficient appliances isn't cheap, especially for the low-income households. So, minister, what options are there to support low-income households to get access to efficient appliances?

**Mr DUIGAN** - Thank you, Mr Shelton, and it's an absolute truism, that the best way to cut your power bills is to cut your energy use, and you can do that by not turning it on or by having an appliance that uses less energy. That's one of the great challenges, I guess, with the energy transition, that electric cars are not cheap and solar panels are not cheap and we need to find ways to bring those perhaps lower-income households along so that they can share some of the benefits.

Aurora and the government have both had a long-term relationship with the No Interest Loans Scheme, NILS, and in 2024-25, Aurora invested \$200 000 into the NILS Energy Saver Loan and Subsidy Program, which enabled 246 Tasmanians on low income to access energy-efficient products including 83 heat pumps, 79 fridges, 74 washing machines and 10 freezers and critically, these appliances are more energy-efficient, helping vulnerable Tasmanians save money on electricity by investing in smarter choices, so that has the effect of lowering your power bill, but also providing a lending opportunity and an option for people who often find themselves with pretty ordinary choices in that space. I will pass to Nigel for a bit more detail.

**Mr CLARK** - I think NILS is probably hands-down one of the best schemes that we have to support vulnerable people. Since its inception in 2003, when Aurora contributed \$300,000 seed capital - talking to the NILS folks, they will tell you the money has cycled probably 18 times. It's not a one-off sugar hit where you give some money and it's gone; it goes around and around, creating ongoing benefit.

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The success rate of people paying off the debt is very high, and the calculation from NILS on the contribution from Aurora over the last 10 years has saved about \$23 million in three parts: predatory interest saved, reduction on the cost of the appliance, and the energy efficiency achieved from the appliance.

We think it's a fabulous scheme, hence why we support, along with the state government, this scheme. We've been proud contributors now for nearly 20 years, and we will continue to do so.

**Mr SHELTON** - As a supplementary, just quickly - as riveting as a committee hearing is, not everybody tunes in to a parliamentary committee hearing.

**Ms FINLAY** - They always do when you're here.

**Mr SHELTON** - As far as Aurora goes, how do we advertise the NILS program to the wider community?

**Mr BARBOUR** - Operationally, our staff - and especially those who we talked about earlier, who sit within the YES team - have a really good understanding of the NILS proposition, and so, there's that mechanism. There's a referral to NILS - NILS has a referral network across a number of community organisations around the state - and then, we utilise our channels like our email database, for example - or most recently, you might have seen some editorial and some advertorial in different papers and community magazines around Tasmania talking about NILS.

We need to be careful; NILS has unfortunately an inherently strong customer or client base, if you like, because of general need in the community, so we work quite closely to best understand what sort of volumes that organisation can actually handle, and then we will help to drive some volume through to NILS at the right times.

**Mr DANOS** - I will just mention, we had the NILS people come to our end-of-year function for not-for-profits and also our opening of the Launceston office. Maybe, Nigel, do you just want to give a colour?

**Mr CLARK** - Just one other thing, to add colour: we have a Connect event once a year, where we bring all our staff together. This year, we had three speakers from the community who we work with from not-for-profits, and one of those was NILS. They had the opportunity to talk to ninety of our staff about the relationship and the partnership and the benefits. It's a multi-pronged attack, but as Will said, what they will stress heavily is that connect and hand-off - when we have people in stress to hand off to NILS, and vice versa. So, there's a very strong relationship between their team and our YES team.

**Ms FINLAY** - I know there were some earlier questions around your regulatory operating environment, the pressures that that's putting on you as a business in terms of the thinning retail margins for you to operate on, and therefore the impact that could have on dividends. There's a tension piece somewhere there between your ongoing operations, service to the community, and the service to government.

Can you speak to me about that piece in the middle, where - I suppose, what you see as the ongoing pressures to be, from changes in the regulatory environment and how that impacts

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your ability to return profitability or viability, and therefore, the conversation that happens between you as an entity and the government in terms of dividends?

**Mr CLARK** - One of the things that is indeed changing is the regulatory environment, and particularly from a federal level. The amount of change - it just seems to accelerate each year in what they are looking to tinker with and change in the market. Some of those things, while they may seem simple at first, have implications on changing billing systems and technology systems, so they can be very expensive.

What we will do is analyse those projects or those initiatives when they are presented and have that dialogue with the government, that if we think the change is not warranted and to the best interest of Tasmanian consumers, we will either seek to defer it, push back, or cancel it altogether, because there are some things that will not make a lot of sense for the Tasmanian consumer. A good recent example would have been this consumer data rights, where we had to put in a CDR system from a federal point of view, it was a large cost to do it and yet we would argue very little benefit to Tasmanians. We will continue to have an open dialogue with government to prevent, in our mind, wasting money on initiatives that have little value.

**Ms FINLAY** - That piece of tension between - it happens with all of our government business enterprises and state-owned companies, but between your clear mind to operate and return a viable surplus benefit to your organisation, and that need to return a dividend to the government; how much of your focus at board level or at executive level that contemplates, in terms of keeping a balance in that system where those things join?

**Mr DANOS** - We have to operate as a sustainable business, financially. The regulator effectively sets our prices; that's a bottom-build-up approach. So, they look to see what our costs are, and they compare them to fellow retailers to what's a fair amount, of course, a very significant amount of our cost is the electricity that is costed to us by the transmission and distribution network. We're constrained by what we can charge - we've just gone through the price reset earlier this year, which sets the price framework for the next three or five years.

The business needs to be sustainable; we need to earn enough money to pay our staff, to make investments in IT systems and the like. We don't start the year with a view that we want to pay a particular dividend; we start the year as to what is the cost of operating the business and that should generate a profit, and then the dividend is reflected as a percentage of the profit. It's a fairly normal business activity of the board to look at that.

**Mr BAYLEY** - Chair, I want to go back to the retention strategies we spoke of earlier. I'm just interested in number one, has it got a name, that program? Has it got a specific name, just so I can refer to it? No? Let's call it 'retention program'.

Just to be clear, I think we sort of got there before, but are there options within that program that you offer to customers who have left the business for another provider, that aren't offered to standing customers - to existing loyal customers?

**Mr CLARK** - I will take this one. I think the answer to what you're driving at, is the vast majority of Tasmanians are on regulated tariffs. Our regulated tariffs are the lowest in the country and that's been confirmed in multiple years, and we're about to get the 25 report. I think you would appreciate if we started to discount every Tasmanian that's on a regulated tariff, then

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we would be sitting here talking about tens-of-millions dollar losses in Aurora - so, that is not sustainable.

What is sustainable is when you are in a competitive market, you are looking to hold on to certain market segments and types of customers. It is standard practise that you would have techniques that at times will hold on to customers and win back customers. They are questions that are based on financial analysis, the type of customer, the usage and the creditworthiness. There are many factors that that feed into that, but one cannot just get into the process of giving bulk discounts to all customers, particularly because our regulated tariffs are set in Tasmania to be the lowest possible energy prices and are on a very tight leash. I think what you're referring to, is a very small part of the market and the activity that's undertaken.

**Mr BAYLEY** - I guess I'm trying to understand how big that is, and I guess what I'm trying to come to terms with is incentives being offered to someone to try to win them back or keep them as distinct from incentives being offered to long-paying, loyal customers. There's just a sort of an incongruity about that, I suppose - the fact that someone that's about to leave the business may get a better deal than someone who's a long-term, loyal customer. This obviously comes at a cost to the business. Do those costs get covered by the regulated standing offer prices that you offer to customers? Or is there a separate bucket of money that tries to cover the costs associated with retaining or winning back these vulnerable customers?

**Mr CLARK** - Sure. Two parts to your question; you're not alone in trying to get your head around the aspects of loyalty that you are referring to. I think every retail business, whether it be energy, telco, insurance, goes through those same challenges of customers that have been with you for many years versus customers you are trying to win or not win, so we're not unique in that commercial conundrum.

**Mr BAYLEY** - Except that, you know, not unique, but in this space, you are a government business, I suppose, and so there's transparency expectations -

**Mr CLARK** - We're a government business but we are subject to competition; we are competing in fully competitive market so we are not like your typical government business. Secondly, in answer to do we get an allowance, fundamentally, the regulator does not build in an allowance into our price-determination for competition, so we are regulated very tight on that cost build-up, so there's no visible allowance that is really granted for competing. The best case that comes into play is his determination of our margin percentage.

**Mr BAYLEY** - Chair, I just have one follow up on this, with your indulgence, Prof Razay. Some of these incentives that you offer, are they the sort of thing that would need to be approved by the Office of the Economic Regulator or Department of State Growth or the minister, him or herself, and have they been approved by anybody?

**Mr CLARK** - No, we don't believe they need to be approved and we don't seek approval, they are part of running a retail competitive business.

**Prof RAZAY** - Honourable minister, how cost effective has our rooftop solar investment been in reducing cost of energy? Response from customers, some of them say only a few dollars in saving, while other ones report significant saving on their bills. If it's really very effective in reducing costs, why is it we haven't increased the proportion of solar energy in our clean energy, for example, especially now with the drier years.

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Last year, Hydro contributed it will reduce from more than 90 per cent to 79 per cent. We know wind energy contribution is about 15 or 17 per cent -

**Mr DUIGAN** - 17 per cent.

**Prof RAZAY** - Yes, 17 per cent, but solar is static. What is it, is it 3-4 per cent? Why is that? I mean, if it's really cost effective, why don't we invest even more?

**Mr DUIGAN** - So, we have been investing previous- we have had the Energy Saver Loan scheme, which has run for the past three years and has been a fantastic tool in terms of driving solar uptake in Tasmania and we've seen, I think, \$67 million invested into primarily solar, sun batteries and some other energy efficiency areas, but it has been primarily through solar. So, we have seen and we are continuing to see year on year - I am not sure of the number off the top of my head, but I have a feeling it is 4000, something in that range - of new solar being installed in Tasmania.

The payback is typically around about 10 years or thereabouts for a typical installation on your house. It largely comes down to a choice for the homeowner as to whether they choose to make that initial investment in their house, but I think most people would recognise that it adds value to the home. It adds energy to our grid and we are always happy to have it.

These consumer energy resources do not come entirely without impacts to the network and to retailers and there's the cause and effect, of course, but we certainly welcome growing solar installation in Tasmania and would expect to see that happen.

**Ms JOHNSTON** - Back to disconnections, I think if I calculate this correctly from the data you gave earlier this afternoon, for 214 disconnections, 23 of those were from small businesses. Do you have data around the reconnection rates for small businesses and can you explain to the committee the steps you go through to assist small businesses who are having trouble paying their bills in terms of before getting to that disconnection point or assistance when you get to that disconnection point?

**Mr BURKE** - So, just in terms of -sorry -

**Mr DUIGAN** - Please.

**Ms JOHNSTON** - Sorry, I sort of threw it straight at you.

**Mr BURKE** - As I said earlier, within the entire financial year, there were only 23 small businesses that got to the point of disconnection. In terms of our support for those customers, we have regulatory obligations around supporting all small customers, including businesses. We ensure, as we do with all of our customers, that we have ongoing dialogue and provide support including payment plan arrangements, payment extensions and have ongoing dialogue about that business particularly over the last couple of years post-COVID. Since that time there's had to be a degree of flexibility with businesses because things have moved around pretty quickly and that can impact their short-term cash flow and their ability to pay their bills.

The best way that we can support business is that we have dedicated small business roles within operational teams. They work with those businesses around their needs and how we can best cater to those. Again, there are a very small number of cases where, despite the ongoing

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attempts to engage, customers won't do that and without going to that step, sometimes that is the key trigger for customers to actually pick up the phone and speak to us about how we can help. That's generally the case,

**Ms JOHNSTON** - Of those 23 small businesses who are disconnected, do you have data on how many reconnected? Do you have data on the individual reconnections? I think it was 30 per cent within seven days.

**Mr BURKE** - Yes, 30 per cent was for both. The breakdown is roughly 57 customers were residential that reconnected and the remaining seven customers were small business. Again, the same issue applies in terms of small business where there is competition and there is ability for small business customers to go to a competitor. So, we might not have any visibility regarding what they do post-disconnection.

**Ms JOHNSTON** - Thank you.

**Mr SHELTON** - My next question is on a similar line to Prof Razay's. Over recent years, Australia has seen a huge growth in households investing in Consumer Energy Resources (CER) like solar, home batteries and electric cars. These are a great way for consumers to get more involved in their own energy story. Like my last supplementary, what's Aurora doing in this area as far as educating consumers to the potential benefits of CERs, and supporting their growth for the interest of the consumer? At the same time the relationship with Aurora being a retailer and the households becoming their own producers how is all that unfolding?

**Mr DUGAN** - Thank you for the question - and Prof Razay in your last question - in Tasmania 62,000 homes or solar installations. Not an insignificant number, obviously room for growth. In terms of CER, to your question, Mr Shelton, it's an area of significant work going on at the national council of energy ministers, there's a lot of work happening there. I know your question was more pointedly to Aurora and how it sees it and I think that's worthwhile exploring here.

**Mr DANOS** - I will hand over to Will to elaborate on Generation You.

**Mr BARBOUR** - Thanks for the question. To the earlier points, it is a complex sector that's undergoing transition and even the term 'consumer energy resources' is one that we might all use around the table but you won't find a lot of Tasmanians using that term.

One of the things we've done most recently - and we've taken a position that there's a role for Aurora to educate around consumer energy resources - is to launch a free content hub on the Aurora Energy website. That's branded Generation You and our motive here is that people actually want to engage with this stuff, but it's complex, it's difficult and they don't quite know where to go, so Aurora sees itself as having a leadership role there to be able to make some of that material a lot more approachable.

If you go to the Aurora website, you will see a whole lot of new material, it's hot off the press. Thinking about the fact that it is hard to approach, a lot of this material. We've broken it out to be categorised. It's a bit of fun, there are a number of characters relating to the likes of the storers for batteries, the chargers for electric vehicles, there's a category there for solar, smart appliances and on general electrification and saving money, and then something that weeds its way into everything is the data and insights through Aurora+.

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This campaign platform, or this communication tool, is something that we see as a first step. There will be many more and 2026 will be a big year for us in this respect, but a first step towards really sharing some of that education with Tasmanians. We recognise too that there's a really broad spectrum of understanding of this technology. The material is not supposed to be really technical and detailed. It is supposed to be entry level.

There was a question a little earlier about how do people approach a question around should I get solar? That's exactly the sort of material we're populating the Aurora Energy website with. It's approachable, it's a bit of fun, it appeals broadly, and it can really help people to understand what consumer energy resources are all about and how they can benefit.

**Ms FINLAY** - Minister, moving on a little bit, we've gone from people to small business, back to our MIs and the Aurora bonds. We would be the first ever to advocate that MIs have to always pay their way, so if they have a bill, they have to pay it. However, regularly the conversation around bonds is raised in visits with MIs. I am interested in - and I'm obviously not expecting anyone to talk about commercial terms on arrangements or whatever - but generally, what is the level of cover that Aurora looks for in their bonds? It's shared with me that none of the MIs are never going to pay their power bill because they need power to do their job and so, I'm interested if they have historically been issues with MIs actually meeting their requirements that the bond covers and then, have the bonds ever been called on? I'm just interested in understanding that because I have a conversation from one side often, now I would like this side of the conversation.

**Mr DUIGAN** - Thank you and I appreciate the question actually, because it is one of those ones where I think, you know, if you only listen to one side, you would say that's a reasonable argument. If you only listen to the other side, you would say that's a reasonable argument. But I think, in all of these things, there is a balance and there is a need for protection. We are talking about very large quantities of energy use, thereby exchanges of dollars in these contracts and the numbers get big and they get big quickly and the risk to the Tasmanian taxpayer, government, Aurora, is material. If for whatever reason we haven't had our bill paid for a period of something like two months, it's some millions of dollars. The bond is there to make sure that, in the event of default, the taxpayer isn't hung out to dry.

**Ms FINLAY** - I'm keen to understand how much cover you look for, is that a set formula or is it dependent on the MI? Have there been instances where there's been non-payment and the bonds are being called on?

**Mr DUIGAN** - To that level of detail, and I believe it's a relatively standard commercial engagement that you have -

**Ms FINLAY** - I don't know whether I'm going to like the answer or not like the answer. I'm not playing poker with you - facial expressions all over the place.

**Mr DUIGAN** - But in terms of where it lives and I would take this opportunity, just while we have it, to thank the Aurora team for the work it did recently in, you know, the current case -

**Ms FINLAY** - I know that one was unique and a bit different, so that's not actually the front-of-mind purpose of the question.

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**Mr DUIGAN** - I just wanted to put it on the record because it was a piece of work that needed to get done. There was some dexterity from both sides, so I appreciate that.

**Ms FINLAY** - Yes, but it is useful to know that that's not why I am asking the question, that one.

**Mr DANOS** - Thank you for inviting outside of the explanation. When the Tasmanian electricity sector was disaggregated, for the major industrials, for some historical reason, as it is now, the power to them is supplied by Hydro, but Aurora is responsible for paying Hydro the power that's supplied to the MI and that's whether the MI pays us or not. So, at the end of the month, we have to pay Hydro whether or not we have received the money from the MI.

It's just a normal commercial practice that we want to be covered, that we are not going to be caught out, that we have to pay Hydro and we've got no money from the MI.

James can provide more detail, but we just need cover for a month or two months so that we don't find that they've used the electricity, payment is required to be made to Hydro, and we're caught out having to make a payment of several million dollars.

The bond is very normal. Whether it's called or not, in a sense, is irrelevant. It's just a case that we don't want to be caught naked in between the supply of the power and the obligation to pay the power.

**Ms FINLAY** - That's, I suppose, why the question is particular in is there a standard amount of cover that you seek to have? How often have you been caught in the middle? And, is that a timing issue, or is it actually an 'intention not to pay' issue or an intentional delay in payment? Understanding how often that there's a gap in the process and how much cover - is that unique to the individual MIs, or is there a standard formula for that?

**Mr DANOS** - James, are you happy to word the methodology?

**Mr CHISHOLM** - The approach we take is pretty much standard industry practice. MIs or any sort of customers, contract customers, we do credit assessments and we make that assessment. Obviously, depending on the customer's creditworthiness will determine whether we seek credit support or not. I mean, you could be dealing with a company which is a high-investment-grade organisation - we wouldn't seek credit support in those circumstances. It very much is dependent on the actual customer that we are dealing with.

**CHAIR** - Last question.

**Ms FINLAY** - Do all the MIs have a bond?

**Mr DANOS** - Or a parent company guarantee, yes. Some form of financial support.

**Ms FINLAY** - But each of the four have something, so it's not -

**Mr CHISHOLM** - We only have three. We don't have Bell Bay. I don't want to go into details of the different forms of credit support that we've got. I mean, it rarely is that assessment.

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If we do deem that we need credit support to manage our exposure, there is a formula, but it's pretty much based on the exposure we have.

Typically, we bill customers one month in arrears, so by the time we issue the bill, we've already incurred that month of costs. It can be up to between 14 and 28 days to pay, so by the time - you know, if it's a 14-day and we get to that point and somebody doesn't pay, we've already incurred 1.5 months' worth of cost, but then contractual requirements around default notices, et cetera. So, it can be quite a substantial amount of money, as the minister said, and that's pretty much the basis of the formula. It purely is a 'how much exposure'.

**Ms FINLAY** - How often are default notices having to be issued?

**CHAIR** - Ms Finlay, we will move on so we will get everybody else to have a chance.

**Ms FINLAY** - Would you mind if I just ask that last question? Because that concludes that set of questioning.

**CHAIR** - You know, you seem to dominate questions, but go right ahead.

**Ms FINLAY** - Well, I'm only asking questions to your chairing. Is there default notices offered often?

**Mr CHISHOLM** - No.

**Ms FINLAY** - Thank you.

**Mr BAYLEY** - Just one last one, sorry, on the retention program - I think that's what we're calling it. Given there's no OTTER or State Growth or ministerial kind of oversight or approval, I'm interested in what safeguards there are within the program to ensure that effectively taxpayer money isn't being used to cross-subsidise and benefit some customers over others. How do you actually regulate this internally?

**Mr CLARK** - As was alluded to, there is a framework around various programs so that there would be no cross-subsidisation. What you might get into is - I will give a hypothetical. You might have a chain store of shops, for instance. We will be competing with another active retailer or retailers in the market. We will assess the profitability of that cohort of customers, and the decision around where you may be allowed to go in treatments would be dictated by that profitability.

We're talking about, in these cases, people that are not on regulated tariffs. They are, on their own merits, assessed as to where one might position your final price and ultimately that's the mechanisms, and this applies for a lot of our customer base in the C&I market and in the mid-tier market that are typically not regulated Stoff prices.

**Mr BAYLEY** - But they could be a residential customer on various tariffs as well, couldn't they? Whom have signalled an intention to disconnect and join another provider that would then be contacted by -

**Mr CLARK** - I think, as Will alluded to before, and as I explained previously, we are not into mass discounting of residential customers on soft tariffs otherwise would we would

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sink Aurora financially. So, we do things like Power Hours to try and encourage them onto different tariff structures, pay-on-time discount, so there would be various things that we would work with the consumer on to try and lower their energy cost.

**Mr BARBOUR** - If I can add a little bit to that, just picking up on your words there 'signalled they might leave us.' So, that's actually a really important point because some of these customers, if we do not have a communications consent to send them material that isn't part of a basic service message that we send or a bill that we send really infrequently, sometimes that's the first point of contact outside of a bill that we have had with this customer in years and years and years.

A lot of the time, the value that you can return to that customer is just on the basis of a basic service conversation because this event is being triggered. We do a quick analysis of their last 12 months of intermeter data, 92 per cent, we've got good access to that now. Some of these customers can save hundreds of dollars just for the tariff change and then you talk them through things like getting access to the direct debit discount and how to use Power Hours or the solar.

It's not only about dangling a carrot. Sometimes it's just about the fact you've had a point of engagement that we could not have otherwise and that can be a really positive customer experience that brings the bill down in a material fashion as well.

**Mr BAYLEY** - Is that the same 10 to 15 people that are in the Yes Program that sort of manage those conversations or is a completely separate bunch of people?

**Mr BARBOUR** - Yes.

**Mr BAYLEY** - One last question, if I may; can you just talk us through gas use this year? It looks pretty stable in terms of residential and other users, I am just interested in if there are any trends there and what do you expect to happen into the future? Obviously, it was a major generator through the Tamar Valley Power Station this year, that's separate to you, you don't supply gas to Hydro? No. Can you just tell us how it is for the residential and business customers?

**Mr CLARK** - Look, our gas usage is very small. We pulled out of large industrial users many, many years ago so our customer numbers are pretty much flat from last year, slightly up.

**Mr BAYLEY** - Have you dropped all promotion to try to recruit people to connect?

**Mr CLARK** - We don't do any visible promotion, but we do have reward. Like, if someone has a dual fuel, there is a potential market contract that they can go on to with dual fuel, but we do not specifically promote gas in a heavy way at all. Where we see the future going is, with the advent of CER resources coming in, step 1 was our information portal as you have heard about today. What we would hope to be doing in the future is bringing propositions to customers that can help them electrify their home and come off gas, but obviously we do not have an open chequebook to be able to facilitate that, so we need to work with partners, potentially with government, on means of how we can help electrify off-gas usage, but it will be a slow burn because of the cost involved. There's quite a bit to it.

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**Prof RAZAY** - Since Aurora moved to use digital technology in delivering bills through emails or phones rather than mail there has been significant saving I expect. How much has been saved and do you transfer some of the saving to customers? Because I think they should get some reward for that.

**Mr CLARK** - You're correct. There has been a great take up of digital application in trying to get out of paper. We still have paper, but for those that want it, we are obliged to deliver. Our regulated cost is built up from a cost stack build up. So, as we reduce our costs in things like getting off paper bills onto electronic, then that cost stack build up reflects our cost structure. So, if that cost has been coming down then that would be reflected, so ultimately the tariffs that are set for Tasmanians do reflect cost decreases in the likes of what you are referring to.

**Prof RAZAY** - Thank you.

**CHAIR** - And there's nothing taken on notice or anything, nothing to be taken?

**Mr DUIGAN** - That is a good question. Do we have any?

**Mr CLARK** - I don't think there was.

**Ms FINLAY** - You came back with all the answers.

**Mr SHELTON** - Everything's been answered.

**Mr DUIGAN** - Everything has been answered.

**CHAIR** - Very good, because time is about to expire, really. It has expired. Thank you everybody. The time has now expired and I appreciate everybody's attendance and participation.

**The committee suspended from 4.00 p.m. to 4.05 p.m.**