

# UNCORRECTED PROOF ISSUE

**Wednesday 6 December 2017 - House of Assembly - Government Businesses Scrutiny Committee - Aurora Energy**

## HOUSE OF ASSEMBLY

### GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

**Wednesday 6 December 2017**

#### MEMBERS

Mr Bacon  
Dr Broad  
Ms Dawkins  
Mr Jaensch  
Mrs Rylah (Chair)  
Mr Street (Deputy Chair)

#### SUBSTITUTE MEMBERS

Mr Groom  
Mr Llewellyn  
Ms O'Connor  
Dr Woodruff

#### IN ATTENDANCE

**Hon. Guy Barnett MP**, Minister for Energy

**Ministerial Office**

**Dr Michael Connarty**, Senior Adviser

**Aurora Energy**

**Ms Caryle Demarte**, Chair

**Mrs Rebecca Kardos**, Chief Executive Officer

**Mr Grant Russell**, Chief Operating Officer

**Mr Kane Ingham**, Group Manager Commercial Services

**Mr Chris Warr**, Manager Corporate Affairs & Stakeholder Relations

**The Committee resumed at 11.05 a.m.**

**CHAIR** (Mrs Rylah) - Welcome to the scrutiny hearing for Aurora Energy. Minister, would you like to make an opening statement?

**Mr BARNETT** - Thank you, Chair. It is an honour to be here in my first role as the Minister for Energy. I acknowledge the former minister here in the hearing today and thank him for his work.

As the new minister I am very excited to be working with Aurora Energy to implement the Government's Tasmania First energy policy to drive lower electricity prices and reliable electricity supply. Aurora Energy's role is critical in this Tasmania First energy policy. It is pleasing to note Aurora Energy's performance for 2016-17 has demonstrated its customer-focused approach. Since being established as a retail-only business in 2014, Aurora Energy has demonstrated a customer-focused approach while delivering as a cost-efficient energy retailer.

Since its inception Aurora Energy has already achieved a saving of 10 per cent in operating costs when compared to the baseline of 2014-15. I am particularly pleased with Aurora Energy's help with a number of Tasmanian government key initiatives. These include the establishment and rollout of the \$20 million Tasmanian Energy Efficiency Loan Scheme - or TEELS - in conjunction with Westpac. TEELS has delivered from than \$13 million in funds for Tasmanians to invest in energy-efficiency initiatives. This is particularly important as it raises awareness of energy efficiency and the value it can have in Tasmania. This has been an outstanding success, with more than 3500 applications since 1 May, meaning people have voted yes to this scheme by engaging with it.

Aurora Energy has more recently implemented the Government's energy rebate for their unregulated customers. This rebate will ensure that Aurora Energy customers who have contracted since January 2017 and have been exposed to the highly volatile and high prices in the national market get assistance in lowering that wholesale energy cost. The Government's action ensures customers pay around \$85 a megawatt for their energy for the 2017-18 financial year which is amongst the lowest, if not the lowest, energy prices available in the national market for that period. Similarly, Aurora Energy has implemented the regulated price cap that has kept price increases for the typical residential customer at 2 per cent, compared to the up to 20 per cent increases in other states - South Australia and New South Wales, for example.

Aurora Energy has also entered a partnership with Goldwind to secure the planned construction of the 144 megawatt wind farm at Cattle Hill in Tasmania's central highlands, and the renewable energy certificate deal has helped underpin the financing and commencement of this project. This will not only strengthen the state's energy security but deliver local benefits to both its customers and the community.

Aurora Energy has also assisted more recently in the implementation of the special energy bonus to pensioner concession card holders and commonwealth senior health care card holders. This initiative will provide a one-off \$125 per household to all eligible households. This is expected to assist more than 80 000 households with managing cost-of-living pressures and energy affordability, which is a top priority. Aurora Energy has made great progress on engaging its people, the community and helping those most vulnerable in the community. I would like to now hand over to the chair of Aurora Energy for an opening statement followed by the CEO.

**Ms DEMARTE** - I am pleased to appear before the committee today to discuss Aurora Energy's performance for the 2016-17 financial year and the future outlook for the business.

Aurora Energy exceeded its projected financial targets and achieved a majority of its operational key performance indicators. In 2016-17 Aurora Energy achieved a profit after tax of \$19.48 million and delivered \$35.4 million in returns to the Tasmanian Government on an accrual basis. The transition to renewable generation within the National Electricity Market introduced significant volatility into wholesale energy markets and ignited a renewed focus on energy security in 2016-17.

Aurora Energy is proud to play a role in strengthening the state's energy security, establishing a partnership with Goldwind for the construction of a 144-megawatt wind farm at Cattle Hill in Tasmania's central highlands.

While managing the challenges associated with uncertainty in the National Energy Market, Aurora Energy has also continued to demonstrate a strong commitment to embedding a low-cost operating model. In 2016-17 operating costs amounted to \$36.8 million, a significant achievement demonstrating a sustainable saving of 10 per cent when compared to the baseline of 2014-15. Alongside finding business efficiencies, creating and delivering value to Aurora Energy's customers has been the forefront of Aurora Energy's performance in 2016-17. Aurora Energy's commitment to improving customer service outcomes was reflected by a customer loyalty score of plus-36, well above the 2016-17 target of plus-20.

In summary, delivering to our customers while achieving positive returns to shareholders have been central to Aurora Energy's performance in 2016-17, leaving the business in a strong position to navigate the challenges and leverage opportunities of the year ahead.

**Ms KARDOS** - I am also pleased to appear before the committee today to talk about Aurora Energy's performance in 2016-17. The minister asked me on my way in how many times I have appeared before a committee in this role and this is my fourth time. Each year I am always astounded by the performance of the team I have the pride to lead, who demonstrate through their passion for the community they reside in their strong customer service and focus on delivering valuable outcomes to the Tasmanian community.

As Caryle outlined, Aurora Energy continued to provide strong financial results coupled with a strong focus on our customers, and making a difference within the community we are a part of was a critical focus as well. We further expanded our very successful Your Energy Support - or YES - program, investing a further \$1 million in 2016-17. We partnered with Anglicare and provided home visits, support and financial literacy advice. We enabled a greater reach of the program to support more Tasmanians with energy affordability and, through that, we are proud to have reached and supported more than 6220 customers since the inception of that program, a significant achievement in itself.

We also designed, launched and partnered with the Westpac group and the Tasmanian Government to launch what has become the overwhelmingly successful Tasmanian Energy Efficiency Loan Scheme through the provision of interest-free finance to all Tasmanians, regardless of whether they are a customer or not. They have demonstrated they want to make energy-efficient choices within their businesses and homes and to make energy more sustainable, both in terms of

their use but also their cost going forward. As at 31 October, over 1147 Tasmanians have been able to take advantage of this program and have that choice to make those changes.

We have also continued to support the well-established no-interest loan scheme that has been in place for a long time, the No Interest Loan Scheme, that provides interest-free finance to concession customers. We have provided a 50 per cent energy saver subsidy, recognising for these customers they needed a little bit of additional support. Through the 50 per cent subsidy on the purchase and installation of those energy efficiency choices that they make it makes energy, again, more affordable.

Our successful Voice of the Customer Program once again tells us that for those customers who require advice, support, assistance we, again, deliver to their needs and provide that in a way that they understand and value. We also redesigned our community program because at Aurora Energy we are very cognisant that we are a part of the social fabric of Tasmania. As part of that we need to support those areas of the community that are more vulnerable and we extended our Community Support Program this year to make that more targeted in its support.

We also provided more than 50 not-for-profit organisations at a statewide and at a regional level with our support. This is about our objective to make a practical difference within the community that we are a part of.

In summary, Aurora Energy has demonstrated a good year. We have met the majority of our financial targets but more importantly, through the activities of our people and the investment in them, which has been recognised through the Employer Choice Awards this year, we have been able to demonstrate that we can make a significant contribution to the Tasmanian community.

**CHAIR** - Thank you very much.

**Mr BACON** - Minister, what were the outcomes of the PAY AS YOU GO trial?

**Mr BARNETT** - I will ask Mrs Kardos to respond.

**Mrs KARDOS** - We undertook a concept trial earlier this year for PAY AS YOU GO. We did some research around the key design attributes the new PAY AS YOU GO product needed to keep. We did a trial in December through to February of this calendar year. The overwhelming response from the customers is the conceptual design attributes that we had identified, which was about greater control and convenience, were correct. We have been extending our efforts since then going into the detailed design and how do we now bring that new product to market with those design attributes and giving our PAY AS YOU GO customers an equivalent product to what they experience now, but even better.

**Mr BACON** - Minister, could you explain to us how the new product will differ from the existing product?

**Mr BARNETT** - I will ask the CEO to respond.

**Mrs KARDOS** - The key features of the current product is it allows you to pay in advance so the new product will again allow you to pay in advance so that is the control piece. The challenge with the current product though and what our customer research has shown us, is that our customers do not appreciate the inconvenience of having to recharge their PAY AS YOU GO cards. What we

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want to do is use new technology, smart phone technology, where they can recharge from the convenience of their lounge or if they are away from home, it does not matter they do not have to go to their local service station or newsagency. They can actually be able to recharge from anywhere. That was one of the key aspects we trialled in the concept trial and that was the overwhelming feedback that they really appreciated that convenience.

**Mr BACON** - Minister, will a retail presence be maintained with the new product?

**Mr BARNETT** - A retail presence?

**Mr BACON** - Yes.

**Mr BARNETT** - That is a matter for Aurora. Let us check with the CEO.

**Mrs KARDOS** - Sorry, could you explain what you mean by a retail presence.

**Mr BACON** - If you are giving new options for people to pay in advance or recharge their card, can they still go to an existing retail outlet and recharge their card with the new product?

**Mrs KARDOS** - One of the key transition aspects that we will need to look at as we implement the new system is how we manage that transition. Yes, we have a number of PAY AS YOU GO recharge agents at the moment and the new product, in some ways, will not require that functionality, so how do we manage that transition effectively?

**Mr BACON** - For potentially low income Tasmanians, who do not have access to a smart phone, who at the moment take their card to a retail outlet and charge it up, what is the answer for them with the new product?

**Mr BARNETT** - These are operational matters and I ask the CEO to respond.

**Ms KARDOS** - That is a very good point you make. We want to make sure the next generation of PAY AS YOU GO is not only available to people who own a smart phone. We need to ensure there are options for those other customers who may be in an area where coverage is an issue or just practically does not work. One of the things we did in the concept trial was to include people who do not own a smart device. We provided them with a smart device as part of the trial to see how they found that, to see if there were any challenges. The overwhelming feedback we had from those trial participants was they found the smart device and the access to do that, they did not find that as a barrier.

The other aspect is we always have our Australia Post channel. We will always have a presence in every community within Tasmania.

**Mr BACON** - There is a guarantee, minister, the Australia Post option will be available under the new product?

**Mr BARNETT** - My understanding is that is the case. Let us clarify with the CEO. The whole point about the PAY AS YOU GO system is to provide for choice and flexibility and to remove the physical bills and to make it easier for people. As a Government, we want the lowest possible prices but we want to make it easy and efficient for people, for them to be in charge of their own bills and provide that flexibility.

**Ms KARDOS** - The overwhelming response we received from the trial is PAY AS YOU GO customers want convenience. Running out of credit at 5 o'clock in the morning in the middle of winter and having to find a recharge agent, have a conversation with your meter, is not necessarily the most convenient outcome. The key aspect of the trial was testing, what are those opportunities to use the technology advances. PAY AS YOU GO was developed nearly 20 years ago. What is the opportunity of leveraging some of the technology that has emerged over the last 20 years to make it more convenient for customers? If they need to recharge, they do not have to do that in a manner that requires them to leave their home, when we know the weather can be exceedingly cold here.

That is the concept and that is the plan. Yes, there will transition issues, there always are and we will work through them with our normal customer focus. We will work with those customers. If the replacement product is not the right product for them, we will make sure there is a right product for them.

**Dr WOODRUFF** - Minister, during the last budget Estimates, Mr Groom said:

We have had applications to the combined order of \$12.5 million in relation to the Westpac credit card scheme which is obviously in excess of the \$10 million fund and it is in that context that the Tasmanian Government has made the decision to double the TEEL fund to \$20 million.

Can you provide the total value of credit card debt issued under the TEEL scheme to date and break it down by home purchasers and small business purchasers under \$10 000?

**Mr BARNETT** - I think I can provide some answers to your question. The TEEL is a very well-supported scheme and the feedback so far has been very positive in terms of the products that can be purchased from any supplier which has operated in Tasmania for 18 months or more, since 1 November 2015. To confirm, it is in two parts. You have the household and small business purchases of up to \$10 000 and then small business purchasers between \$10 000 and \$40 000. Yes, as you have indicated, that is a \$20 million scheme concluding, estimated in around 1 May next year.

A total of 3606 TEELs applications have been submitted as of 31 October 2017. Westpac have approved 1629 applicants for a total of \$12.28 million and an overall approval rate of 71 per cent as of 31 October this year. A total of \$7.94 million or 72 per cent of the approved funds had been spent by 1147 successful applicants as at 31 October. Westpac Bank was appointed as the financial partner following an extensive request for the proposal in the first place. The cost of undertaking TEELs in 2016-17 was estimated at \$53 242. In terms of the breakdown you have asked for, the residential approved was 1582.

**Dr WOODRUFF** - Applicants?

**Mr BARNETT** - Yes, that's the number approved, and the total limit was \$10 929 474. Businesses approved were seven, and the total limit was \$50 500; large businesses approved were 40, and the total limit was \$1.3 million. So overall there were 1629 approved with a total limit of \$12 281 829.

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**Dr WOODRUFF** - Sorry, minister, can you clarify - the overall amount was \$12.28 million under the scheme and broken down into \$10.92 million for residential approvals and \$1.3 million for the 10 000 to 50 000 level approvals.

**Mr BARNETT** - Yes, that is for large business, and small business was \$50 500.

**Dr WOODRUFF** - Thank you.

**Mr GROOM** - I have a follow-up in relation to the TEELS program. I congratulate Aurora for another fantastic year. I don't think there is any doubt that the TEELS program has been a great success. Could you bring it to life a bit in the types of energy-efficiency products small customers can access through that scheme, and also small business? What sort of practical difference might that make for them in managing their power bills?

**Mr BARNETT** - Perhaps I can kick it off and then pass to the CEO for more detail. You are right, Mr Groom, and again thank you for your leadership in this place as the responsible minister for the introduction of this. Frankly, the feedback I've had as minister in the last few months has been positive and terrific, so thank you for working with Aurora Energy to help make that happen.

I will outline some of the products that have benefited Tasmanian customers under the scheme. Solar panels have been very popular - 1436; 2.5 star energy rated heat pumps; solar-powered battery storage; efficient wood heaters; hot water cylinders; condensation control systems providing energy-efficiency options; ceiling and floor insulation; double-glazing and even triple-glazing; draft sealing and a range of other things. In terms of business you have irrigation pumps, certain upgrades for buildings and industrial refrigeration, so there is a range of products that have benefited not just residential customers but also small and larger businesses. Clearly the benefits have flowed to Tasmanians since the scheme has been in place. I will ask the CEO to add to that and perhaps flesh it out a little further.

**Mrs KARDOS** - As the minister has outlined, the response has been overwhelming, that is why the scheme went from \$10 million to \$20 million in a very short space of time. What Tasmanians have demonstrated is they have a real appetite for making fabric and fitting changes within their homes that are more energy efficient.

Solar panels have been by far the most popular, with over 1400 requests for that, but so has more energy-efficient heat pumps. A lot of residences in Tasmania, as well as small businesses, have the old bar heaters on their walls. They are very inefficient and don't produce the best heating either. These are ways that not only make energy more affordable, but by taking these actions they can improve the amenity of their business or home. For some customers, being able to put in more effective heating means not only are their bills during winter far less but also their home is far more amenable.

Refrigeration is a huge energy consumer in large businesses, so being able to put more energy-efficient refrigeration in is going to reduce their operating costs. For the majority of small businesses, energy is one of their largest costs, so being able to make those more energy-efficient choices ensure the ongoing sustainability of those businesses as well.

**Mr GROOM** - The minister mentioned that part of this has been to commence a conversation with Tasmanians about the opportunity in energy efficiency. We all recognise that historically we have been a bit underdone in this space. I am very conscious of the fact Aurora makes no apology

for its strong customer focus and having conversations with customers about opportunities. I am interested in your broad observation. How have you seen the success of this project in commencing a discussion and engagement with your customer base in terms of the opportunity of energy efficiency generally?

**Mrs KARDOS** - We are all energy customers, and I am fairly confident you are all Aurora Energy customers, unless you have gone off the grid. As customers we want choice, control and convenience around the products we purchase. What we have found through TEELS and starting that conversation around energy efficiency is that we have given our customers the opportunity to get some control and choice such as, 'What can I do to get control of my energy costs? What practical changes can I make within my business or home to do that?' As an industry we talk a lot about the price of energy and in Tasmania it is regulated so there is not a lot of control around the price, but the price is multiplied by the number of units we consume and there is a lot we can do around that factor. By supporting our customers in understanding what those opportunities are and then providing them with interest-free finance, and for our concession customers a 50 per cent energy saver subsidy, we help them not just talk about it but implement those changes to make energy more sustainable in the long term.

**Mr LLEWELLYN** - Does it extend to such things as insulation, double-glazing and those sorts of things?

**Mrs KARDOS** - For double-glazing, we have had 464; triple-glazing, 409; draught sealing, 161; and ceiling and floor insulation, 625, so the scheme is quite broad. We include efficient wood heaters, recognising that for some Tasmanian customers that is their preference for a heating source. The scheme is quite open. We spent a lot of time consulting with various members of the community, TREA and other groups such as that, on what should be included in the design of the scheme and what star ratings we should be looking for to make sure it was as open and available to everyone in Tasmania. It is open to all Tasmanians; they do not have to be an Aurora Energy customer.

**Mr BACON** - Last year it was stated that the new pay-as-you-go product would be rolled out in December of this year, but now on the website it says there are a number of regulatory and commercial requirements to be finalised, as well as operational and system testing. When can the 26 000 PAYG customers expect to be able to access the new product?

**Mr BARNETT** - I want to make it clear regarding pay-as-you-go and the Government's policy. As I have said, these things are rolling out. There is a reform process in place. The chief executive officer can add to my comments. From the Government's perspective, we are trying to make it more convenient and easier for customers to not just pay their bill but to be in charge of the use of their energy.

**Mr BACON** - Why the delay?

**CHAIR** - Order, Mr Bacon.

**Mr BARNETT** - What I am saying is there will continue to be initiatives by Aurora Energy to meet the Government's objectives, which is to make it more convenient. We talked earlier about the physical recharge points. There will be a range of new ways of recharging using different technology. In the future there will be more opportunities for that to take place to meet the needs of our customers. We are trying to make it more convenient.



**Mrs KARDOS** - The original plan, as you correctly pointed out, was the end of this calendar year. I would much prefer to be talking about the new product launch. There is a national reform agenda underway in the National Electricity Market called Power of Choice. Part of that is the implementation of metering competition and the customer-led deployment of advanced meters. The underpinning metering technology we are looking at to build the next generation pay-as-you-go product is dependant upon on that advanced metering.

The original plan was to bring in the reform agenda and the new product at the same time. What became very quickly evident is the scale and magnitude of the reform. The impact on us as a business and the industry as a whole required us to focus on that and get that implemented with no impact on our customers and to do that well. Once we have that in place, bring a new product to market in 2018 and design a solution that fits sweetly on top of the new metering infrastructure. That is the reason for the delay, primarily driven to ensure that we get the best outcome for our customers and that we ensure we implement this reform agenda in an efficient and effective manner that does not negatively impact our customers.

**Mr BACON** - Will it be a staged rollout? If so, how will you identify which customers will receive it first?

**Mrs KARDOS** - You are now getting into the details of the implementation. We have not done the detailed implementation planning at this stage. My preference would be not to speculate at this point. Once we have done the detailed implementation planning we will be communicating with our customers and advising them of it.

**Dr WOODRUFF** - Minister, the details of the TEELS is set out in an Aurora Energy document that was called Tasmanian Energy Efficiency Loan Scheme Terms and Conditions. Aurora Energy's role in the TEELS is set out in part three of the terms and conditions and is restricted to providing all details and information in your request form to Westpac. The terms also state that 'Westpac will contact you to invite you to apply for a Westpac credit card to purchase eligible products'.

The terms and conditions in 3.4 say, 'whether or not any finance is made available to you is solely the responsibility of Westpac. Westpac retains the right to refuse finance in its absolute discretion'. Minister, can you please describe exactly what the role Aurora Energy played in managing the scheme. I have a follow-up question about costs.

**Mr BARNETT** - In terms of Aurora Energy's exact role I will pass to the CEO. Let me make it very clear that the feedback we have had is overwhelmingly positive. I am really disappointed the Greens have been so critical of the scheme -

**Mr BACON** - It is surprising to see this.

**CHAIR** - Order.

**Mr BARNETT** - There you are. I am saying it as I see it.

It has been well supported across the board, different income backgrounds, by all types of Tasmanians in all nooks and crannies of Tasmania. This is a really good scheme. It has been well supported. We have doubled it from 10 million to 20 million. It is absolutely a ripper.

Frankly, I consider it scaremongering, typical of the Greens and very disappointing. There is a reference to its being a debt trap. That is simply wrong. Westpac has been a Tasmanian Government banker since 1998. Numerous financial institutions were approached, including all the big four banks, and Westpac developed a solution for the scheme. There has been a 19-year relationship. The scheme has come together and it has been well supported.

Residential customers need to repay their debt, that is not unusual, over the 36-month period. The applicable conditions and the monthly accounts make it very clear how customers are progressing in repaying the debt. There are no other fees such as monthly account service fees. They do not apply. There is no establishment fee, involved with the customers unlike other no interest loan products that are in the market place, whether it be in a retail space or buying or selling furniture or other products in the retail sector.

I will ask the CEO to add any further to the role of Aurora Energy.

**Ms KARDOS** - May I ask our chief operations officer, Grant Russell, to the table. Grant has been overseeing the establishment of the relationship with Westpac. He has been involved heavily in the detailed design and the administration of the scheme. He can provide a lot more detail about how the scheme operates and Aurora Energy's role.

**Mr RUSSELL** - If I can I will go back to the start. The proposition to commence a TEELS scheme was: how can we deliver an interest-free product which benefited the purchase of energy-efficient products. Given we did not have financial services licences at Aurora Energy, it was inappropriate for us to lend finance. Therefore we went through a due diligence process, a request for proposal (RFP) for lenders to provide finance for underpinning the scheme.

As part of that process we worked through numerous submissions. We went further than the submissions and approached other Tasmanian institutions, as well as the national big four banks. We ended up with a practical scheme from Westpac, which underpinned the lowest cost to Tasmania; a manageable finance scheme, which we were able to support and a practical outcome in terms of ensuring that good lending practice was maintained.

At the very outset of the scheme we ensured that good lending practices were key. That meant the scheme had an interaction between the finance company, as in Westpac, and the customer. The customer had to physically go into a branch and be assessed for finance. There was no over the phone, it was not online; it was a physical appointment where an ability to gain access to finance was determined. That was done across Westpac branches throughout the state. To date we have had no issues with those appointments, those processes, those interviews.

In terms of our ongoing relationship in this scheme, we designed this scheme with the input of TasCOSS, the Tasmanian Renewable Energy Alliance, TREA, and other parties in terms of product and services. We then went through what products were applicable. To date we have added four products to the range of available products so we take on feedback and we add products.

Since we commenced we have added triple glazing and draught proofing in terms of window seals. We have added honeycomb blinds and been specific. We have listened to customers when they have said, 'can we have this?' Westpac do not make those calls. Aurora Energy's team, who support the product, take those calls and walk that through. Aurora receives the applications,

receives customer enquiries and deals with them every single day. Effectively we are answering calls, questions, queries from customers and retailers each and every day regarding TEELs.

**Dr WOODRUFF** - Could you please break the costs down into the costs of setting up the scheme, which is presumably those interactions you were talking about, and those communications, and the costs of administering the scheme?

**Mr BARNETT** - Thanks very much for the question. The annual report does include some of that information and I will ask the CEO to respond.

**Mrs KARDOS** - We are implementing the scheme under our shareholder's direction so on page 42 of the annual report it outlines the costs we incurred in 2016-17 and that was primarily in the original design which was \$53 000. Most of the effort was done within the original team and it was spent on consultation and tender preparation and things like that. Subsequent to that, the scheme has been estimated to have a total cost of no more than \$1.5 million for the entire scheme. That is for both large customers and for small customers for the total amount.

**Dr WOODRUFF** - How much of it went to the large and the small?

**Mr RUSSELL** - We are still working that through so we have not differentiated. I can't tell you what the number to date has been but we are well within the \$1.5 million.

**Mr STREET** - Minister, the Government made a fairly significant commitment to assist businesses manage the cost of electricity. Can you detail for the committee what the progress of the Commercial and Industrial Energy Rebate scheme has been so far?

**Mr BARNETT** - Yes, I can. It is a very good approach and positive feedback that we have had. Let me say first of all that this is entirely consistent with our Tasmania First energy policy. It means the secure supply for Tasmania and the lowest possible electricity prices. I was at the Tasmanian Small Business Council dinner last night, the Premier was speaking to 50-odd people there and the feedback is very positive to the Tasmania First energy policy and specifically the program that you are referring to.

You have household and small business power prices; they have gone down under this term of the Government. They are lower today than when we came into government more than three and a half years ago. This year we capped regulated power prices at 2 per cent, a massive contrast with the other states which saw power prices go up some 20 per cent or more. We have reduced the wholesale contract price by 20 per cent and are providing an energy rebate for eligible business customers to further reduce their price impact and that energy rebate is a \$20 million fund.

Thanks again to the former minister, who is sitting here at the table with us, for his initiative. That is providing further support to unregulated customers who have contracted since January 2017 this year and they have been exposed to those high contract prices. The fund will be administered through the retailers for their respective customers. This was done to ensure all retailers are not adversely impacted by this arrangement and all customers received the rebate.

I am happy to say that the first energy rebates are flowing to customers so Aurora Energy began paying those customers in November, just last month, with the rebate backdated to the beginning of the customer contract. I have feedback already in past weeks. In terms of the positive feedback,

customers very much appreciate the Government's initiative, led by the former minister, to help make a difference in this space.

Aurora Energy is paying those customers based on their billing cycle, either monthly or quarterly, over those time frames. I understand ERM Power has begun the payment process this week so it is good news for those customers as the energy rebate provides support for them in the current market conditions. We are reviewing the wholesale market mechanisms that Labor implemented in 2013 that has failed these businesses to address the issues seen this year and to provide better outcomes for Tasmanian unregulated customers.

That review, just to give you a heads up, is expected to be completed in the first quarter of next year. Our policy, as you know, Tasmania First to keep the power prices as low as possible and that is a very important point. We are already amongst the lowest in Australia in terms of power prices and we are committed to delivering the lowest power prices in Australia by 2022, that is our target.

**CHAIR** - Can I advise the committee we are trying to get that noise stopped, please bear with us while we get that stopped.

**Mr BACON** - Minister, when it comes to the new generation PAY AS YOU GO, who will bear the cost for the new infrastructure? Will it be individual households who use the service, more than half of which are concession customers? Who will pay to remove and install each PAY AS YOU GO unit?

**Mr BARNETT** - That's an operational matter.

**Mr BACON** - Have you had any conversations about this, though?

**Mr BARNETT** - It's a very important point. Clearly as I said before, as a policy we want to make it convenient and for choice to be a top priority, for customers to have control, convenience and choice. Those priorities remain in place. I will ask the CEO to respond.

**Mrs KARDOS** - We're just finalising the business case for the new PAY AS YOU GO replacement currently. One of the key criteria for that is ensuring that the costs are minimised. What we want is the customers wanting to transfer to this new product. We don't want there to be any impediments to do that. That is a key consideration that we're making. We don't have a final position on that as yet. It is just being finalised and will be going to the board in 2018.

**Mr BACON** - When you talk about choice, customers will have a choice to stay on the old system?

**Mrs KARDOS** - As I've said in previous committee meetings, the current product is nearing end of life. The key impetus in doing this is to provide a new next generation PAY AS YOU GO product. The choice of staying on your current system is finite, because the underpinning technology we won't be able to guarantee its ongoing effectiveness in the next decade.

**Mr BACON** - Minister, people effectively will have no choice but to move off the existing PAY AS YOU GO product and you don't have a position on whether or not they will have to pay for the new meter?

**Mr BARNETT** - I'm making it very clear that our policy position as a government is that choice is really important. As we move into the 21st century as the CEO has outlined we need to move with the times to provide access to new technology, more choice wherever possible for customers. We want to make it convenient for customers and to give them some sense of control around the use of their power and payment of that, going forward. The CEO has outlined the fact that this is a matter coming to the board next calendar year in 2018. We're talking about the 2016-17 financial year and happy to take questions in this regard. The Government's policy position is very clear.

**Mr BACON** - No guarantee from you going forward that customers that are on PAY AS YOU GO won't have to pay for their new meter.

**Mr BARNETT** - The guarantee I am providing to you today is that the Government's policy position in support of choice, in support of convenience, in support of control and making it easier for customers remains a top priority. It is consistent with the Tasmania First energy policy. The CEO has outlined that the final decision has not been made and that will be going to the board in the new year.

**Mr BACON** - Is there an estimation, minister, on the total cost of replacing the PAY AS YOU GO meters, if there are 26 000 PAY AS YOU GO customers.

**Mr BARNETT** - In terms of the estimate?

**Mr BACON** - Yes.

**Mr BARNETT** - I'm not sure that that estimate has been assessed, but I will check with the CEO. Obviously this is an operational matter in terms of the detail, but clearly those matters need to go to the board for a final decision in the new year. This is matter for Aurora Energy going forward. We're looking at the annual report for the last financial year. I'm happy to take questions in and around that. About the plans and strategic decisions for the future, clearly that is outside of this GBE hearing, but more than happy to feed back and give you a general direction, but this is a matter for the board in the next calendar year.

**Mrs KARDOS** - In answer to your question, no we haven't got a final estimate of that, but that will be a key consideration in the business case. As I said earlier, we want to ensure that the transition is one where customers are embracing the new technology and are eager. Any impediment to that is a key consideration in the design and in terms of how we price the product as well.

**Dr WOODRUFF** - Minister, I thought your response to my previous question about the TEELS terms and conditions was slightly hysterical. This is a GBE committee and this is about asking reasonable questions around scrutiny. I would like to continue on about TEELS. Nowhere on Aurora's website or in the terms and conditions does it set it out what interest rate successful applicants will be subjected to if they are not able to pay the credit card debt within the 36-month interest-free period. Also, late payment and other fees are not mentioned on the website. Given the ability of Tasmanians to purchase items on the credit card up to a total value of \$10 000, the risk they will end up paying significant amounts of interest is potentially high, particularly as it is targeted at people on low incomes, who would not be able to make the repayments necessarily within the three-year period. Why aren't those details disclosed on Aurora's website, noting that similar schemes such as Harvey Norman's 54-month interest-free credit card scheme with Go sets

out late payment fees and the interest rate that is payable after 54 months' lapse? Why is that not made available to Aurora customers?

**Mr BARNETT** - You have asked a number of questions and made an introductory remark, so I will respond to all parts of your question. The reason I responded to you in the first place is that the Greens have been very critical of TEELS. Through your colleague, Cassy O'Connor, in the parliament on the public record time and again, you have been negative and knocking regarding TEELS. On the other hand, the vast majority of feedback we have had - in fact, the overwhelming majority - has been positive regarding TEELS.

As to the second part of the question relating to low-income earners, TEELS is for all Tasmanians. It is not targeting low-income earners. There are other schemes in place. TEELS has been set up, you have heard the background, and it is for all Tasmanians in supporting energy-efficiency measures. We have had an outline of the products that are available and it has been well received and well taken up.

**Mrs KARDOS** - I will get to Grant to go into the details of why we have constructed the website the way we have. He can explain it in more detail.

**Mr RUSSELL** - The reality is the lender is Westpac Corporation and Westpac's lending criteria is Westpac's lending criteria. We have been clear that Aurora Energy removes itself from that lending criteria, given we have a credit rating for customers in our loans system. We do not want to know individual customer's responses in terms of approvals, non-approvals, who they are and how much. It is a decision for Westpac. At a practical level, Westpac has a process which is very thorough based on going into the bank and having an interview. That process has resulted - and we do monitor the outcomes - in Westpac's late payment fees being significantly less with this product than they are in their general lending criteria around the credit card platform.

Where concession cards are available to a customer, they are encouraged openly on the website to use the NILS, which we fully support and provide funding at 50 per cent rebate for those customers who are not advised to take the credit card option. The credit card option was the available finance option that was in place to support the scheme.

**Dr WOODRUFF** - What is the interest rate that is charged after 36 months if a person doesn't pay back the full amount of debt?

**Mr RUSSELL** - The interest rate charged after 36 months is the standard rate Westpac would charge.

**Dr WOODRUFF** - And what is that?

**Mr RUSSELL** - That will be the rate at the point in time.

**Dr WOODRUFF** - What is that at the moment? What was that when the scheme was established? How do people find that out?

**Mr RUSSELL** - The current variable rate is 13.69 per cent.

**Dr WOODRUFF** - Okay, so has that varied over the period? When a person goes to sign up, are they given a fixed rate they will be charged at after 36 months?

**Mr RUSSELL** - Yes. If you sign up in May and the rates change by, say, August, your rate would be different as to what you would be charged.

**Dr WOODRUFF** - But it is fixed at the point of the contract being written that there will be a rate. At the moment if a person is signing a contract today, the rate in 36 months time if they haven't completed their payment, will still be 13.69 per cent?

**Mr RUSSELL** - Yes.

**Dr WOODRUFF** - Thank you.

**Mr GROOM** - Minister, one of the other areas of strong focus through the Government broadly but also Aurora has been facilitating some very exciting renewable developments, and I note Cattle Hill is a very exciting project that can deliver large numbers of jobs for Tasmanians during construction. Can you provide an update to the committee in terms of Aurora's role in helping to facilitate that important project?

**Mr BARNETT** - Thank you for the question. The message behind the question is important and it has delivered a lot of positive benefits already but there are more to come. Aurora Energy was responsible for the purchase of the renewable energy certificates from the Cattle Hill Wind Farm, specifically Goldwind, and that has secured the progress and the building and construction of this \$300 million, 49-turbine wind farm at Cattle Hill in the central highlands, not from Lake Echo and Lake Penstock, where I fish. It is 144 megawatts and there will be an estimated 150 jobs during the construction phase of 18 months or so starting in January, next month. It is about to kick off and there will be 10 ongoing jobs after that.

This is part of our Tasmania First energy policy. At the moment 90 per cent of our energy is self-sufficient, renewable and we are targeting 100 per cent by 2022. The decision, with government support and direction, with Aurora Energy making that agreement with Goldwind has and will deliver enormous progress towards getting that 100 per cent renewable by 2022, with the additional 1000 gigawatt hours of on-island energy generation by the end of 2022. That is what we are targeting. This will help with the Granville Harbour Wind Farm, which is some \$280 million and starting again next year.

There has been a lot of progress. We are very pleased with the progress but there is more to come and it will kick in early next year. I have had ongoing discussions with Goldwind and they are now looking at local business development and jobs.

**Mr GROOM** - I was going to ask about the commitment from Goldwind to seek to maximise the Tasmanian opportunities.

**Mr BARNETT** - About six weeks ago they announced, together with myself, in New Norfolk, a local jobs participation program. We are looking at New Norfolk, Bothwell, Southern Midlands, Central Highlands, Derwent Valley, all those areas that are seeking work during this construction phase. It is in the central highlands, so it is not Hobart, Launceston, Burnie or Devonport, and they want the locals to get access to those jobs first. That is fantastic. I have already had conversations with the mayors of those municipalities. Central Highlands Mayor Lou Triffitt is particularly excited about it. Bothwell will benefit significantly because a lot of the transport corridor will go

through Bothwell up the hill into the Central Highlands. Bothwell will do well in terms of retail, accommodation and hopefully those local jobs will come through.

John Titchen from Goldwind is very focused on ensuring the local community will benefit where ever possible. In terms of spending that \$300 million, we have talked about the importance of local supply of local contractors wherever possible and they have taken that on board and are implementing that.

On top of the other policies we have under our Tasmania First energy policy, this will advance the cause to keep lower prices and keep our target towards getting fully self-reliant by 2022. We are on track and it is a great initiative and Aurora Energy has been a key part of that.

**Mr BACON** - How much does it cost at the moment to remove a PAYG meter?

**Mr RUSSELL** - It depends on the exact circumstances, whether it is an after hours call or whether it is a standard operational call.

**Mr BACON** - A standard.

**Mr RUSSELL** - Off the top of my head it is \$60 on a pre-scheduled call. Depending where it is in terms of timelines, if it is to be done early, et cetera, it can go up to a couple of hundred dollars. The free swap-out period goes on from the price change in July each year. Between TasNetworks as the meter provider and its dollar LNSP and ourselves, we provide the same period for customers. No cost to them to swap out.

**Mr BACON** - Is the cost to Aurora \$68 or is that the cost to the customer?

**Mr RUSSELL** - It is a straight pass through cost. We do not put dollars on top of the cost of the meter exchange.

**Mr BACON** - So it costs Aurora \$68 and you pass that on fully to the customers at the moment, in terms of installing a pay-as-you-go meter?

**Mr RUSSELL** - You would install a pay-guard unit. Primarily now we are swapping our old Siemens units, taking Bec's point previously regarding end of technical life span. The old Siemens units are being replaced by a pay guard unit. We need to put a pay guard on the top. Again it is in the hundreds of dollars.

**Mr BACON** - It is in the hundreds of dollars?

**Mr RUSSELL** - Yes.

**Mr BACON** - Once the new generation pay-as-you-go is available, would you estimate that it costs the equivalent of a couple of hundred dollars plus the \$68.

**Mr RUSSELL** - I would not like to say exactly how much it could or would cost in terms of the nature but the reality is that pay as you go is a stand alone unit. It is bespoke. You are paying costs for a bespoke product, rather than using a standard infrastructure which you can leverage the cost benefits.



**Ms KARDOS** - As Grant has outlined, the current pay as you go solution is bespoke and, associated with that, the costs are higher. As I mentioned earlier, one of the reasons for the delay, is because we want to ensure that the new product can work on the advanced meters we are now deploying so we do not have those additional costs for a pay-guard unit in the new design. Again, we are ensuring that we have the most cost-effective product we can operate so that it is not seen as a barrier to taking advantage of the new pay-as-you-go system.

**Mr BACON** - How many of the new meters have been deployed?

**Ms KARDOS** - The national reform rule change only came into effect over the weekend, on Monday. Our first meter will be 11 December.

The meter is not that dissimilar to the meters TasNetworks deploys now. The key difference in that it will be comms enabled, which will allow for that meter to be read remotely. You do not need to have a meter reader physically come on the premises to read a meter. Through the new national reform we will get every 30 minutes a read from a premises. That will allow us to provide greater visibility and information to customers so they can get a greater understanding of what is going on within their premises in terms of energy and what actions they can take. That is one of the aspects that we have got through our customer research and through concept trials. We tested that greater availability of usage information with our customers. They really valued being able to see. One of the comments from the trial participants is, 'I can tell when my kids have not gone to school because it gives you that greater granularity of who is using energy within your home'. That is one of the key design attributes of the next generation of pay-as-you-go and why it is dependent on ensuring that we implemented the national reform of deploying advanced meters, which only went live this weekend.

**Mr BACON** - Will the cost of the new meters be passed on to customers?

**Ms KARDOS** - As I said, we are preparing the business case at the moment.

**Mr BACON** - Under the power of choice reforms that you mentioned before, if you are not a pay-as-you-go customer, if you get one after 11 December who pays for that meter?

**Ms KARDOS** - If you have a newer replacement meter as of today, the costs associated with that meter is within the regulated price that you pay for energy today.

**Dr WOODRUFF** - Minister, the terms and conditions document on TEELS makes it clear Aurora Energy does not do an assessment or provide advice on whether a customer needs an energy efficiency upgrade, or on whether it is the best spend for them in their circumstances, or on their capacity to meet credit card repayments. The terms and conditions, number 3.6, say:

Aurora Energy does not take into account your objectives, financial situation or needs in providing the information to Westpac.

Can you confirm Aurora Energy does no check to ensure the energy efficiency upgrade is warranted and does not determine whether vulnerable people will be protected from the worst consequences of credit card schemes which is about being trapped in a debt cycle they cannot afford?

## UNCORRECTED PROOF ISSUE

**Mr BARNETT** - I confirm that it is the Government's policy of supporting choice, convenience and being in control of their own circumstances for all customers large and small, especially residential. That is a very important policy objective and we stand by it. What this scheme does is provide more options and supports energy efficiency initiatives by all or any Tasmanians who apply for it.

The application process is very clear. The CEO and Grant have already outlined the application process. There are terms and conditions that must be met. We have outlined the range of products available under that application process.

Aurora Energy has been listening. It has been flexible and added a number of products to support the measures to improve energy efficiency in the home or in a business, large or small. The feedback has been terrifically positive and it has been a very successful program to date. I expect it to continue to be successful until those funds are expended in approximately May. I will ask the CEO to add to my answer if she would like to.

**Mrs KARDOS** - We did do quite a lot of consultation with our vulnerable customer stakeholder group to ensure that the design of the scheme took into account any unintended consequences. It is really important to note that the reason we have partnered with a responsible lender is they are required, under law, to ensure they have controls in place. I will get Grant to go into a more detail on what their requirements are to ensure they are a responsible lender and hence managing those debt scenarios you are outlining.

Also, it is really important to remember that, when we launched TEELS we did it in conjunction with the no-interest loan scheme, which has been around for a long time. Many concession customers have used the scheme to provide them with interest-free finance as an alternative to the less reputable financing options available.

In the last two years, we have provided close to \$1.4 million in energy-saver subsidies to ensure concession customers have had the opportunity to access interest-free finance, to be able to make changes to the fabric and fittings of their homes. They have not missed out because they may not be able to meet a credit requirement check and are able to take advantage of this through a 50 per cent energy-saver subsidy -

**Dr WOODRUFF** - Minister, that is not my question. I know good work is being done.

**CHAIR** - Order. Dr Woodruff, please do not interrupt the witnesses. I will rule it out of order if you continue to interrupt. Allow the witness to finish.

**Dr WOODRUFF** - I was asking for clarification through the minister, Chair.

**CHAIR** - Allow the witness to finish, thank you.

**Mrs KARDOS** - I will get Grant to talk through what the responsible lending criteria is.

**Dr WOODRUFF** - It is about Aurora Energy's guarantee; it is not about Westpac.

**CHAIR** - Order. Dr Woodruff, do not interrupt, please.

## UNCORRECTED PROOF ISSUE

**Dr WOODRUFF** - Chair, can I please confirm to the minister that the question is not being addressed?

**CHAIR** - You are out of order. Allow the witness to finish.

**Mrs KARDOS** - In terms of Aurora Energy's role, we have designed the scheme, we administer the application process, we support customers through that process, but we are not the lender.

**Dr WOODRUFF** - No individual checks of whether the energy efficiency uptake is required or is warranted in that particular individual circumstance? On the individual it goes -

**Mrs KARDOS** - In determining whether they need to use energy more efficiently?

**Dr WOODRUFF** - Honeycomb blinds or what, but what are they particularly going to take the money out for.

**Mr BARNETT** - If I could, I am repeating what I answered to the first question and that is that there are terms and conditions. Aurora Energy is fulfilling its commitment under the terms and conditions. They have a very strong customer focus. As you've seen in the annual report there are numerous pieces of evidence to support that. The CEO or Grant might want to outline in further detail in answer to what I've already added. But to say that they are meeting the terms and conditions of the agreement, Westpac have their own terms and conditions and have to follow it. We've outlined the list of products that are available. It is in accordance with the energy efficiency objectives to support all Tasmanians. In addition to this we have the Yes Program, which is the No Interest Loan Scheme that has been in place for a number of years, which the CEO has already touched on. If you would like to add anything further, please do so.

**Mrs KARDOS** - I think what you're talking about is eligibility criteria for the scheme. In answer to you, no that is not one of the agreed eligibility criteria of the scheme that we agreed with the Tasmanian Government.

**Dr WOODRUFF** - What is not, sorry?

**Mrs KARDOS** - Confirming whether they need to make energy efficiency improvements to their home. That is not a criteria of the scheme. The assumption is that the customer knows what their requirements are and we provide advice and guidance. We refer them as you know on the website to a range of websites where they can get that advice and guidance, but they will know what is going on within their home. That is not an eligibility criteria of the scheme.

**Mr BACON** - Thanks very much. I think you had some more information?

**Mr RUSSELL** - I would like to clarify if you request PAY AS YOU GO currently outside the free period or outside your trial period - if you move into a premises with PAY AS YOU GO you have the right during a trial to request removal - the actual fee is \$427 outside those time points.

**Mr BACON** - Just for removal. Our expectation would be that half the cost of new generation PAY AS YOU GO would be the removal of the existing PAY AS YOU GO and then the installation of another. Is that a fair thing to assume, minister?

## UNCORRECTED PROOF ISSUE

**Mr RUSSELL** - I can answer that. No, you've got a crew there for the job, Scott, so you would actually have a crew who was there doing the job, so it's not two jobs if that makes sense.

**Mr BACON** - It would be, sorry I didn't -?

**Mr RUSSELL** - It would be \$427 outside the free period and the trial period.

**Mr BACON** - You pay \$427 for the removal, minister, and then because you have a crew there you would pay not double that amount, but an additional amount to install the new meter?

**Mr RUSSELL** - That's a total cost including the cost of actually putting a field crew in place who will do both components of the job.

**Mrs KARDOS** - That's the cost today, but in terms of the implementation and the deployment I think it would be unreasonable to assume that is going to be the cost going forward.

**Mr BACON** - It could be much higher than that, minister, or possibly lower than that?

**Mrs KARDOS** - It's more likely to be lower. As I said earlier, we're developing the business case and we're doing the detailed financials and I haven't got a specific number on that at the moment. I think it would be incorrect to make the assumption that the current numbers would be the numbers going forward. It will really depend on the plan on how we do the implementation deployment and how we do that. I am pretty confident that we will find some efficiencies in doing that, because this is a one premise at a point in time. That isn't going to necessarily be the case going forward. I think that would probably higher order costs and I would be quite confident that it would be far less than that, would you agree?

**Mr RUSSELL** - Again, it's the bespoke nature of product, the wiring is slightly different and there are complexities which wouldn't exist in a standard installation.

**Mr BACON** - Minister, I want to give you a final chance to guarantee, particularly to low income Tasmanians who have the PAY AS YOU GO product - given that this is an end-of-life product and they won't actually have a choice, that effectively they will be forced to go to the new generation - a guarantee that they will not have to bear the cost of the installation of the new meter?

**Mr BARNETT** - I have made the Government's position very clear. You have heard some of the response from the CEO on operational matters but you have also heard very clearly that the business case goes to the board in the new year. There is more work to be done. You have heard the response from the CEO. From the Government's perspective let me make it very clear that our top priority is convenience, choice and giving control to those customers. We have a very strong range of concessions in place for low-income earners in Tasmania, in fact amongst the best concessions and the largest concessions throughout of all of Australia. In addition, we have just announced the special energy bonus, which I am happy to respond to with further details about that for pensioners. Our policy is very clear.

**Mr BACON** - I want a guarantee that people aren't going to bear this cost, a yes or no.

**Mr BARNETT** - I have made the guarantee as to choice, control and convenience.

**Mr BACON** - What about cost?

**Mr BARNETT** - This is probably the third time I have answered this same question. The business case is going to the board in the new year. With respect to the annual report to 30 June 2017, it is not directly relevant but further information will be made available as soon as possible and in accordance with government policy to ensure the lowest possible prices, convenience, choice and control.

**Mr BACON** - So no guarantee there for PAY AS YOU GO customers. You said you wanted some questions on the special payment that has been made available, the \$125 per household - the \$10.5 million. Who initiated the idea for this payment?

**Mr BARNETT** - The special energy bonus is entirely consistent with the Tasmania First energy policy. It is a terrific initiative that has been very warmly received. I have had terrific feedback from all around the state, up hill and down dale. The \$125 will be paid in coming weeks in the lead-up to Christmas. It is likely to start next week and will help cover the costs of energy bills for pensioners. It has been a cold winter and energy bills have been a challenge for many pensioners and low-income earners across Tasmania. We have worked very closely with Aurora and I thank them for their work, feedback and implementation of this very important program.

**Mr BACON** - But who initiated the idea for the payment?

**Mr BARNETT** - It is a government policy and we are implementing it through Aurora Energy, with the support of the Government.

**Mr BACON** - Was Aurora Energy consulted before or after it was announced?

**Mr BARNETT** - They have been consulted all the way through.

**Mr BACON** - So it was initiated by the Government in consultation with Aurora before it was announced?

**Mr BARNETT** - As to government policy and the Tasmania First energy policy, we are very consistent that we support the lowest possible prices for Tasmanians. Pensioners are a particular group of Tasmanians who have been doing it tough. We have received some windfall gains by a couple of our energy businesses, and specifically we have been able to use those funds accordingly. We wanted to make those funds available to the pensioners who have been doing it tough. It is consistent with the Tasmania First energy policy and we are very proud of this initiative. I would be very interested to know if Labor supports it and get that feedback.

**Mr BACON** - Absolutely. What modelling did Aurora Energy do to determine the dollar figure behind the program?

**Mr BARNETT** - I have made it clear there will be some estimated 80 000 households that will benefit. That is a huge number of Tasmanians and the benefits will flow through to those 80 000 households. It covers those pensioners and commonwealth health care card holders.

**Mr STREET** - There has been some talk already this morning about low-income earners when we were discussing PAYG, but the actual program Aurora has to deal with customer hardship is the YES program and they have rightly been commended for the work they have done within this

program. Can you detail for the committee some of the work that has gone on over the last 12 months in terms of the YES program, customers help, et cetera?

**Mr BARNETT** - The YES program is a terrifically positive initiative targeting low-income earners across Tasmania, whether they are pensioners or low-income earners. The concession system we have in Tasmania is amongst the most generous in Australia and we are very proud of that. I acknowledge the former minister for his leadership in that space.

We put in place a priority, Tasmania First, to look after those who have been doing it tough and the feedback has been very positive. There has been a range of initiatives regarding the YES program, including the no-interest loan scheme which we have touched on already today. Perhaps the CEO can outline some more detail on the YES program and some of the initiatives and the work that has happened in the last 12 months.

**Ms KARDOS** - One of the things that we at Aurora Energy are most proud of is the Your Energy Support program, and it is great to have Grant beside me, who is the chief architect for the program. I don't think he can claim naming rights because the team came up with the name for the YES program. The critical fact, as I said in my opening speech, is that we have invested a further \$1 million. I will get Grant to talk about where the team has focused their efforts, how they continue to enhance that scheme every day. Grant, do you want run through some of the enhancements we have made in 2016-17?

**Mr RUSSELL** - The first thing is the number of customers and the case management and volume we manage on a daily basis, particularly given the increase in winter bills with the colder winter.

**Mr LLEWELLYN** - Can you tell us what it has been for the last three years?

**Mr RUSSELL** - Over the period of the scheme we have done 6200-plus participants at any point in time in total and we have approximately 46 per cent to 47 per cent of those customers successfully exiting. What that means is those customers are being case managed and helped to bring down consumption with energy audits, energy advice and we walk through the rooms, we intervene with the customer each bill cycle and go through with them what they have done, whether there is an increase or decrease, and keep them on the path to bring down consumption. The key thing is around consumption management and education. There is a lot around education with community groups, conferences and other aspects, where we go and provide that information around what you can practically do to bring down your consumption and make it more affordable and manageable.

One of the key things we have done this year in terms of initiatives in the 2016-17 period is with the Cancer Council. The Cancer Council came to us and asked for assistance in that they were using their funds to assist customers with energy bills. We now have a program working with the Cancer Council to help those customers in difficulty and receiving treatment so the Cancer Council can use its funds for what it needs and we deal with the energy component and those customers.

Another key aspect from this year has been Anglicare and the home visits. We have an Anglicare customer adviser on site two days a week in our office. He sits with us and goes through and does home visits with us and takes customer calls in the office with us. He passes his knowledge on to other departments and sees how we do things and then does home visits. We will send an

energy efficiency expert with Anglicare and they will do the financial counselling aspect and we will go through the energy aspect with the customers. That is the practical application.

**Mr LLEWELLYN** - I wanted to know whether there has been an increase over the years.

**Mr RUSSELL** - We have become more effective at identifying customers so we are increasing. We have gone from 2000, and we did not think we would get to 2500 but we are now up to 2800 approximately as at the end of last month. We are getting much more effective targeting customers and being able to identify them quicker and help them.

**Dr WOODRUFF** - Minister, given the marketing of the Tasmanian Energy Efficiency Loan Scheme was a joint initiative of the Tasmanian Government and Aurora Energy to assist our Tasmanian community with the purchase of energy-efficient products, do you agree Aurora owes people a duty of care to ensure the Westpac credit card is the best way to finance their energy-efficiency upgrade and they can afford to meet the repayments?

**Mr BARNETT** - I make it very clear that Aurora Energy is very customer focused. It has been and continues to be, and I am proud to be the minister for Aurora Energy which is very focused on helping and supporting Tasmanians to provide convenience, choice and control and to deliver outcomes. They have received feedback about the TEELS program and have responded to that. They have been very customer focused. They are acting in accordance with their charter and government policy. I am pleased with the work they have done and it is continuing. The feedback from the community is overwhelmingly positive, apart from a number of Greens members of parliament who are very critical and negative, I think because one of the big banks is involved. That is very disappointing because it undermines the benefits that should and are already flowing to Tasmanians from all parts of the state, residential customers, small business and larger businesses. To suggest that Aurora is not meeting its commitment to its charter and is not acting in accordance with due diligence and the objectives laid out by the Government is totally rejected.

**Dr WOODRUFF** - Minister, I am hearing that this scheme is being based on an assumption that individuals know how to maximise their own benefit and they do not need specialised skills or education. Essentially what you have said today confirms that individual customers - I am not talking about the principle of the scheme but individual customers - are left flying in the breeze and directed through to Westpac to undertake a credit card loan without any checks about whether energy efficiency is appropriate or the best buy for them. It is a hands-off approach to just passing people a credit card as a way of getting money. That does not seem to provide any benefit to the individual around energy efficiency and providing the best value for the \$12 million which has been allocated so far.

**Mr BARNETT** - That it is not correct. The foundation of your question is wrong. The fact is that Aurora Energy is acting in accordance with its charter and in accordance with government policy. They respond to the application, make an understanding and assessment of the energy efficiency of the products that have been applied for -

**Dr WOODRUFF** - Of the product, but not of the individual.

**Mr BARNETT** - I am sorry, Chair, I am trying to answer the question.

**CHAIR** - Order, Ms Woodruff. In courtesy to Hansard we do not speak over each other and it is also courteous to allow the witness to respond in full, so please do not interrupt.'

**Mr BARNETT** - Thank you, Chair. As I was saying, Aurora Energy is acting consistent with government policy and is implementing its charter and responding to customer response in terms of the applications. They have responded specifically in terms of the energy-efficiency products that have become available. You have heard a list of them, I outlined them earlier and the CEO added to that list. There is a range of initiatives, not just solar panels but a full range of energy-efficiency measures that are benefiting Tasmanian customers. This is a scheme which is terrifically positive and the feedback has been terrific.

I want to make sure everyone is very clear that \$12.79 million has been expended in total and approved to date and 1691 applicants have received loans from TEELS as of 3 December 2017. This is a very good program, as we have outlined in detail before the committee today. There is only one political party that would appear is opposing this and I haven't heard any other groups or organisations in the community other than the Greens that appear to be critical or negative towards it. I think it is because there is a big bank involved. Frankly, I would ask you to look past that and look to the benefits of the scheme and how it is helping Tasmanians in terms of moving to more energy efficiency measures and initiatives that are simply benefiting them.

**Dr WOODRUFF** - But there are no checks and balances for the individual person.

**Mr BACON** - Minister, we talked about the special payment that is being made. Why is this payment being made in the middle of summer when you would expect most Tasmanians would struggle more with their power bills in the winter?

**Mr BARNETT** - Thanks for the question. In answer to that question the special energy bonus is flowing from a windfall gain from a number of the energy businesses. We are very pleased with the response and the Government has made a decision that puts Tasmanians and specifically those doing it tough, and pensioners, at the forefront. We have responded as a Government, thanks to the support of Aurora Energy, to achieve that objective to provide those supports flowing from the winter energy bills that needed to be paid. We have had a cold winter and clearly some of those bills, particularly for pensioners, have been tough. We have responded to that so those cheques will flow from next week and assist in the payment of those bills. At the end of the day it is called a cost of living and cost of living is very important for Tasmanians. Like for business, the cost of doing business, but specifically for pensioners, cost of living is a top priority issue. I was in New Norfolk yesterday, I had feedback from a range of pensioners and I can tell you right now they are very pleased. They are looking forward to that and they have told me that this will really assist them with the payment of their energy bills.

**Mr BACON** - Will the payments be sent on Aurora or government letterhead?

**Mr BARNETT** - They will go out by letter next week. It will be on Tasmanian Government letterhead and it will include the \$125 cheque.

**Mr BACON** - What is the projected cost to the State Government to mail the payment in the form of a cheque to eligible -

**Mr BARNETT** - Sorry, Chair, through you I am just responding to Mr Bacon. I keep being interrupted by Ms O'Connor.

**CHAIR** - Mr Bacon has the call.



**Mr BACON** - What is the projected cost to the State Government to mail the payment in the form of a cheque?

**Mr BARNETT** - The cost is \$10.5 million in total. The cost of the mail-out, we will clarify that. Just a moment, thank you.

**Mr BACON** - So Aurora is doing the mail-out but it is going out -

**Ms KARDOS** - The administration costs of administering the scheme and doing the mail-out all up is estimated to be no more than \$500 000.

**Mr BACON** - So \$500 000. Aurora is actually doing the physical mail-out?

**Ms KARDOS** - Yes, we are producing the letters for the customers, the production of the cheques on behalf of government in line with their policy.

**Mr BACON** - Aurora is sending the letters but they are going out on Tasmanian Government letterhead?

**Ms KARDOS** - It is a government policy. We are administering the scheme in line with that government policy. Through our customer database we are able to provide the pensioners that are eligible for the special energy bonus and through our relationships we are then able to enable the production of the letters and the associated cheque.

**Mr BACON** - Who is signing the letters?

**Mr GROOM** - Minister, I was very pleased recently to join with Aurora in celebrating their engagement with the Employer of Choice award and I am very conscious of the strong focus that Aurora has in its employee engagement. Could you provide some update of the effort that Aurora has put into its employee engagement?

**Mr BARNETT** - Thanks very much, Mr Groom, much appreciated because Aurora Energy has received a large number of ticks in terms of outcomes. It is set out in the annual report. The Employer of Choice award that you mentioned is one key outcome that really highlights the fact that it's not just doing their job in accordance with government policy, but they are a great place to work. It's not that easy to receive that award. It's great positive feedback. I will ask either the Chair or the CEO to outline how that came to be and then perhaps some of the other training and employment opportunities for your employees and the team at Aurora Energy. How are you trying to increase that capability going forward?

**Mrs KARDOS** - There is a lot of change in our market, we have reform agendas, we've had a year of considerable change and we are a small team. We employ 188 full-time equivalents, so 188 passionate Tasmanians. I think you can't get any more passionate than Peter Bird (TBC) who is on the front cover of our annual report. If you ever have the fortune of meeting Peter you will know exactly what I mean about passionate.

One of the key focuses of the team is ensuring that we empower our people with training and development to equip them with the skills to be able to deal with the large amount of change that we have underway. In 2016-17 we offered a formal qualifications program to all our employees.

## UNCORRECTED PROOF ISSUE

More than one-third of the workforce put their hand up and said, 'yes, we would like to do that.' It is really important to note that for a lot of these employees this was their first foray back into education since leaving high school. Those employees took the advantage of either a certificate 3 in business or a diploma of leadership and management. We partnered with TasTAFE to deliver that program.

Of the 52 employees who participated in the program we had a 100 per cent completion rate. There is a lovely photo in the annual report of the graduates celebrating at our graduation ceremony. It is fair to say they were bursting with pride. It was great, we invited their families so their parents and their children could come along and see them graduate and have a positive experience with education and developing themselves. That is to their own benefit, but also to the benefit of Aurora Energy and the contribution we can make within the Tasmanian community.

We also were recognised this year as an employer of choice. That was a great moment for us, because over the last few years we've made a conscious effort to ensure that we have invested in our people. We want Aurora Energy to be the best place to work in Tasmania. That is our aim. We believe that engaged employees will provide the best customer experiences for our customers. You will get the best outcomes for Tasmanians if you have Tasmanians who are fully engaged and really enjoying what they do, and have the skills to be able to do that.

**Ms O'CONNOR** - Minister, can you confirm to the committee that it will be your signature on the letter that is attached to the \$125 cheque?

**Mr BARNETT** - No, I can confirm that the letters are expected to go out next week.

**Ms O'CONNOR** - Will the letters be signed by the Premier?

**Mr BARNETT** - I've told you and answered that question already -

**Mr BACON** - No, you didn't.

**Mr BARNETT** - They are Tasmanian Government letters on Tasmanian Government letterhead and enclosing the cheque. They are expected to go next week.

**Ms O'CONNOR** - The question was whose signature will be on the letters?

**Mr BARNETT** - I'm not in a position to answer that question.

**Ms O'CONNOR** - Will it be a minister or the Premier?

**Mr BARNETT** - What's it matter?

**Ms O'CONNOR** - Of course it matters. We're talking about -

**Mr BACON** - What, now, you'll just choose which questions you'll answer and which ones you won't.

**CHAIR** - Order.

**Ms O'CONNOR** - My question to you, minister, is whose signature will be on the letter, on Tasmanian Government letterhead, that sends out a once-off \$125 cheque to pensioners?

**Mr BARNETT** - I've outlined the details of the special energy bonus and the benefits for Tasmanians, particularly the pensioners who have been doing it tough. I've outlined that it's a Tasmanian Government initiative with the support of Aurora Energy. I've also indicated that a Tasmanian Government initiative will go out on Tasmanian Government letterhead and it is expected to commence next week, with the cheque.

**Ms O'CONNOR** - Can I just ask, minister, why you're not prepared to tell a committee of the Parliament of Tasmania whose signature will be on the publicly funded letterheads?

**Mr BARNETT** - I am sure that will be finalised in the not-too-distant future.

**Ms O'CONNOR** - Why is your Government sending out a letter which it is being opaque about who will sign it rather than just crediting the \$125 to the accounts of Aurora customers?

**Mr BARNETT** - That was based on advice. We received advice as a government, including from Aurora Energy, as to the most efficient and best way to do it.

**Ms O'CONNOR** - So the most efficient way to do it, in your view, is to spend \$500 000 of public funds on a letter on Tasmanian Government letterhead that will be signed by the Premier, is that right?

**Mr BARNETT** - Let me be very clear that we are very proud of the initiative. It is supporting pensioners and the total cost is \$10.5 million.

**Ms O'CONNOR** - It's a bribe.

**CHAIR** - Order.

**Mr BARNETT** - That has been on the public record for some time. That includes the costs for administration and sending out of those letters and cheques. It was based on advice to send a cheque. Obviously there are PAYG clients and customers throughout Tasmania so you have to find the most efficient and easiest way to do it. This was based on advice and the advice has been followed. We are proud of this initiative and if you are opposing this initiative, please let me know or advise the public accordingly.

**Ms O'CONNOR** - We're just naming it as an election bribe, which is what it is.

**Mr BACON** - Minister, you received advice from Aurora Energy to say the most efficient way to pay this was by cheque?

**Mr BARNETT** - We have received advice to confirm that the best and most efficient way to ensure the \$125 is received and paid to the relevant recipients, as in the pensioners and those with a Commonwealth health care card, is via cheque.

**Mr BACON** - And that advice came from Aurora Energy?

**Mr BARNETT** - We have received that advice, including from Aurora Energy.

**Mr BACON** - So that advice, that the most efficient way to provide this payment, came from Aurora Energy?

**Mr BARNETT** - As I say, we have received advice that confirms it is the most efficient and best way to achieve that and ensure the customers receive the funds.

**Ms O'CONNOR** - Why can't you give a straight answer?

**CHAIR** - Order, Ms O'Connor.

**Mr BACON** - What advice did Aurora Energy provide on the most efficient and cost-effective way to make this payment?

**Mr BARNETT** - I have already answered that question. It is in accordance with the answer I have already provided.

**Mr BARNETT** - Can I ask the CEO what advice they gave?

**Mr BARNETT** - As you know, all questions are addressed through the minister.

**Ms O'CONNOR** - What are you trying to hide?

**CHAIR** - Order.

**Mr BACON** - Then through you, minister, can we hear from the CEO as to what advice was provided by Aurora Energy as to the most efficient and cost-effective way to provide this payment?

**Mr BARNETT** - I have answered the question. It was in accordance with the advice we have received as a government, including from Aurora Energy, that it was the most efficient way to ensure Tasmanians who are pensioners received the \$125. That is in accordance with the answer I have already provided.

**Mr BACON** - Were you provided with advice to say this was the most cost-effective way?

**Mr BARNETT** - I have answered that particular question but I am happy to answer it again. It is the most efficient and best way to get these funds to the pensioners, and there will be an estimated 80 000 Tasmanian households that will benefit and receive that \$125. We are proud of this initiative and it has been well supported. The feedback we have had to date has been very positive.

**Mr BACON** - Have you been provided with any advice -

**CHAIR** - Order, Mr Bacon. Mr Street has the call.

**Mr BACON** - Minister, have you been provided -

**CHAIR** - Mr Bacon, I warn you.

**Mr BACON** - Minister, have you been provided with any advice on the most cost-effective way to deliver this payment?

**CHAIR** - Mr Bacon, I will name you if you continue to disrupt the committee. I give the call to Mr Street.

**Mr STREET** - Minister, as you would know, the Government has a women on boards strategy it has put in place. Can the chair detail how Aurora is performing in the make-up of the Aurora board and also how the business is tracking generally?

**Mr BARNETT** - Thank you very much. It is a very important policy of the Hodgman Liberal Government that has as been in place for some time. I also acknowledge Jacquie Petrusma, the Minister for Women. She has been a very strong advocate to ensure in terms of not just women on boards but committees and women in a whole range of roles across government take their place in terms of making a positive contribution. We are very proud of that. There is always more work to do. Mrs Petrusma and the Premier have been strong in terms of ensuring women on boards and committees have an important role to play.

I have been involved with women in resources, for example, in my own portfolio areas. We are very proud of those initiatives and there is still a fair bit more work to do. I will pass to the chair to speak on the role of women in Aurora and specifically on the board. The chief executive officer may wish to respond as well.

**Ms DEMARTE** - The board has five directors and four non-executive directors, of whom two are female and two are male. Our managing director, Rebecca, obviously is female, so we have gender diversity at a board level. From a philosophical perspective Aurora Energy is focused on the right person for the right job at the right time. Rebecca can give you details clearly but we have female representation at our leadership team and across the board in Aurora.

**Mrs KARDOS** - To add to Caryle's comments, Aurora Energy recently hosted a Women in Energy forum where TasNetworks, Hydro Tasmania and ourselves came together. Caryle was the original coordinator of the Women in Energy initiative in Tasmania. It was a fantastic session where we had Caryle, Yvonne Rundle, one of our non-executive directors, and also Janine Healey, who was on the Hydro Tasmania board, on the panel. They shared their stories of how they were able to become so influential and it was a fantastic event. It is testament to them how they can continue to be role models for the next generation of women in all three of our energy businesses.

**Ms O'CONNOR** - Minister, with the letter on Tasmanian Government letterhead that is going to pensioners, will there be only one signature on it? Can you rule out, for example, Liberal members signing that in their own electorates?

**Mr BARNETT** - I have made it very clear and answered that question a number of times. I want to confirm on the record that this is a terrific initiative of the Government that has been well received.

**Ms O'CONNOR** - Tedious repetition. We are just asking -

**CHAIR** - Order. Ms O'Connor, please do not interrupt.

**Ms O'CONNOR** - Chair, through you -

**CHAIR** - No, do not interrupt.

**Ms O'CONNOR** - he is not answering the question.

**CHAIR** - Order. That is not the problem. You have an opportunity to ask another question.

**Ms O'CONNOR** - It is the problem.

**CHAIR** - No, Ms O'Connor. If you continue to interrupt I will ask you to withdraw. Please do not interrupt.

**Mr BARNETT** - In conclusion, Chair, as I have already indicated, the special energy bonus will commence next week, according to my advice based on the feedback I have had. It will be on Tasmanian Government letterhead and will include a cheque for \$125. It will go to an estimated 80 000 households in terms of pensioners and Commonwealth healthcare card holders. There are thousands of those and they are subject to an application process through Service Tasmania. Once the application comes in it gets assessed and reviewed, then all being well in accordance with the application process they will also flow and that will continue through to the New Year. Some will come before Christmas and some will be after Christmas and the cheques likewise will flow to those in need.

**Ms O'CONNOR** - Thank you, minister, but that is not the question I asked. For the *Hansard* record, you have refused to answer the question about who will sign the letter four times.

Minister, in the same year you have announced a one-off \$125 payment that is restricted to pensioners and some other concession cardholders, the electricity component of Tasmanians household power bills has gone up 30 per cent compared to last year, with your own government pocketing, as I understand it, the \$110 annual power bill reduction to the average household that the Australian Energy Regulator ordered TasNetworks pass back to households.

Instead of sending a cheque to only some of the Tasmanian community who need power price relief, why didn't you pass on the full savings TasNetworks was ordered to return to households, leaving every Tasmanian household with an extra \$110 on average in their back pocket?

**Mr BARNETT** - I reject the foundation of the question and also the implication in the question that the Government is uncaring or is not interested in pensioners and those doing it tough.

**Ms O'CONNOR** - You are in an election year, we know that, very interested.

**CHAIR** - Order, Ms O'Connor.

**Mr BARNETT** - Chair, I am attempting to answer the question and will continue, with your permission, to continue to answer this question. It is a very important question because it highlights the terrific record the Government has in terms of supporting pensioners and those doing it tough across Tasmania.

**Ms O'CONNOR** - In an election year, a one-off.

**CHAIR** - Order, Ms O'Connor.

**Mr BARNETT** - The point I am trying to make is, apart from the special energy bonus, which is a terrific initiative, well supported by the pensioners across Tasmania, we have a full range of concessions in place that support all Tasmanians and specifically those doing it tough. Those concessions are acknowledged at a national level as amongst the most generous around Australia.

**Ms O'CONNOR** - Point of order, Chair. My question related specifically to the Australian Energy Regulator's advice to government that TasNetworks pass on the savings to households, leaving households \$110 each better off. I asked, through you, Chair, for the minister to answer that specific question.

**CHAIR** - Thank you, Ms O'Connor. We will allow the minister to finish his answer. I do not know where he is going but I will allow him to answer.

**Mr BARNETT** - Thank you very much, Chair. The range of concessions to Tasmanians -

**Ms O'CONNOR** - That is not the question.

**Mr BARNETT** - I have answered part of the question and I am now trying to answer the second part of the question. The member for Denison continues to interrupt and is trying to either delay the work of the committee or simply interrupt me, as minister. That is unacceptable.

**Ms O'CONNOR** - How dare I.

**CHAIR** - Order. Ms O'Connor, I will name you.

**Mr BARNETT** - The number of concessions available to Tasmanians is amongst the most generous across the country and that should be acknowledged and noted and we are proud of that, as a government. I acknowledge the former minister for his leadership in this regard and thank the Government for supporting those concessions and continuing to support them.

The special energy bonus is on top of all those concessions. To try to suspect, suggest or if there is any implication, I reject it, that it is simply a one-off payment because it is on top of all the concessions that already in existence. We have done what we said we would do. We have announced it publicly. It is a windfall gain. Rather than staying with Aurora Energy or TasNetworks, the money has gone back to those doing it tough in Tasmania and that is the pensioners. We are proud of that initiative.

**Mr BACON** - Minister, would it have been more cost-effective for customers to receive a discount on their next bill instead of receiving the cheque?

**Mr BARNETT** - The advice we have received is that it is the most efficient and best way to achieve the objective.

**Mr BACON** - But cost-effective, I said. I have asked you this 15 times.

**CHAIR** - Order, Mr Bacon. Please don't interrupt.

**Mr BARNETT** - I am doing this based on advice that I have received.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Yes, but my question is not about what advice you have received, it is about what would be more cost-effective. I beg you to answer my question.

**CHAIR** - Order, Mr Bacon.

**Mr BARNETT** - Chair, I am attempting to answer the question and I have made it very clear this is a very important initiative. We are proud of the initiative. All the feedback we have had so far is, it will be well appreciated by the 80 000 households plus the Commonwealth senior healthcare card holders and those others that apply for it and receive it. It will be appreciated. We are proud of this initiative. The feedback and advice we had was that it was the best way and most efficient way to forward it by letter and by cheque. What I advised in addition to that is that there are PAY AS YOU GO customers for example, about 11 000, and to get the benefits direct to those customers, those pensioners doing it tough, this was deemed the most efficient and best way to go.

**CHAIR** - The time for the scrutiny of Aurora Energy has expired. I thank the witnesses and the minister and I thank members.

**The Committee suspended at 1 p.m.**