



Annual Report

ENERGY INDUSTRY OMBUDSMAN

(WESTERN AUSTRALIA) LIMITED

2005–2006

ACN 109 054 426

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Energy Industry Ombudsman (Western Australia) Limited

ACN 109 054 426

Chairman's Overview

I have pleasure to present this second *Annual Report of Gas Industry Ombudsman (Western Australia) Limited/Energy Industry Ombudsman (Western Australia) Limited*.

Briefly, the history of the company is that it was registered by the Australian Securities and Investments Commission as Gas Industry Ombudsman (Western Australia) Limited on 12 May 2004. Subsequently, on 31 May 2004, the Gas Industry Ombudsman Scheme commenced operation and continued for the next 16 months, dealing with complaints about gas-related matters.

In last year's inaugural annual report I outlined how work was proceeding towards the expansion of the Gas Industry Ombudsman Scheme to encompass the State's electricity industry. Although it had been planned that the expanded scheme would commence on 1 July 2005, all arrangements could not be put in place by that date and the implementation date was eventually 22 September 2005.

On that date, amendments to the company's constitution, charter and the service agreement with the Ombudsman came into operation. Subsequently, on 10 October 2005, the company's name was changed to Energy Industry Ombudsman (Western Australia) Limited.

The Board

The Board of Gas Industry Ombudsman (Western Australia) Limited comprised five directors: a chairman, two consumer representative directors and two gas industry representative directors.

The number of directors on the board did not change on 22 September 2005, but one of the gas industry representative director positions was replaced by a director representing the electricity industry. To allow for a smooth transition, Justin Scotchbrook resigned as a director. Justin played a key role in the original setting-up of the company, as a director for just over two years, and in the transition to the expanded scheme. His efforts were much appreciated.

At the first meeting of the Board of Energy Industry Ombudsman (Western Australia) Limited, held on 12 October 2005, Trevor James was appointed as the director representing the electricity industry.

There were eight board meetings held during the year.

The Company

The founding members of Gas Industry Ombudsman (Western Australia) Limited were Alinta Sales Pty Ltd, AlintaGas Networks Pty Ltd and Wesfarmers Kleenheat Gas Pty Ltd.

On 8 February 2005 the board approved the membership of BRW Power Generation (Esperance) Pty Ltd.

Following the extension of the scheme on 22 September 2005, the board approved the membership of Western Power Corporation and Perth Energy Pty Ltd as electricity industry members.

Following the restructure of Western Power Corporation on 1 April 2006, the board approved the membership of Electricity Networks Corporation, Electricity Retail Corporation (Synergy) and Horizon Power.

At its meeting held on 14 June 2006, the board approved the membership of the Rottnest Island Authority as an electricity industry member.

Customer complaints

The board does not become involved in day-to-day management of customer complaints—that is the role of the Ombudsman, with whom the board has a service agreement. However, the Ombudsman provides a report to each meeting of the board and gives the board details of the number of complaints received and resolved, in both the gas and electricity sectors.

In the first 13 months of operation of the Gas Industry Ombudsman Scheme there were 188 complaints received. In the 12 months ended 30 June 2006, there were 149 complaints received.

Since the inclusion of electricity into the scheme on 22 September 2005, 543 complaints have been received concerning electricity-related matters.

Further details of the nature of both series of complaints are contained in the Ombudsman's annual report, which is appended to this report.

Water industry complaints

Early in the year, the board was approached and subsequently received a briefing from officers of the Department of the Premier and Cabinet in relation to a proposal to further expand the jurisdiction of the company to include the State's water supply industry.

The board later received, considered and commented on a draft position paper which had been prepared concerning the proposal. It was noted that the proposal reflected the position which existed in Victoria and New South Wales, where gas, electricity and water were included within the one ombudsman scheme.

Later in the year, the board was advised that it was unlikely that a change would be made at the present time.

Appreciation

I would like to record my thanks to my fellow directors for their commitment during the past year. I would also like to thank the Ombudsman and her staff for their efforts in this second year of operation of the scheme. It is pleasing to note both the relatively low number of customer complaints received and how efficiently the Ombudsman and her staff resolved them with ongoing good support from energy providers.

The audited financial statements for the company for 2005-2006, the Auditor's report and the Ombudsman's annual report follow.



Paul Wilmot
CHAIRMAN

Profit and Loss Statement

For the year ended 30 June 2006

	2006 \$	2005 \$
INCOME		
Recoupment of Expenditure	441,917	185,885
EXPENDITURE		
Accountancy Fees	13,976	10,800
Bank Charges	98	91
Computer Costs	3,608	2,830
Dispute / Complaint Costs	350,790	103,499
Directors' Fees	40,000	22,740
Filing Fees	40	40
Insurance	12,195	10,012
Professional Fees	4,665	-
Printing & Stationery	683	1,424
Superannuation Contributions	3,600	26,833
Travelling Expenses	12,262	7,616
	441,917	185,885
NET PROFIT/LOSS	-	-

Balance Sheet

As at 30 June 2006

	2005 \$	2006 \$
CURRENT ASSETS		
Cash assets	43,514	986
Receivables (Trade Debtors)	25,836	44
TOTAL CURRENT ASSETS	69,350	1,030
TOTAL ASSETS	69,350	1,030
CURRENT LIABILITIES		
Annual Levies Refundable	69,350	-
Trade Creditors	-	1,030
TOTAL CURRENT LIABILITIES	69,350	1,030
TOTAL LIABILITIES	69,350	1,030
NET ASSETS	-	-
EQUITY		
Accumulated losses	-	-

Independent Audit Report



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West Perth WA 6006

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PO Box 1257
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ENERGY INDUSTRY OMBUDSMAN (WA) LIMITED

Scope

We have audited the financial report, being a special purpose financial report of Energy Industry Ombudsman (WA) Limited for the year ended 30 June 2006 comprising the Profit & Loss Account, Balance Sheet, and notes to and forming part of the financial report. The company's directors are responsible for the financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Energy Industry Ombudsman (WA) Limited and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance of this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared. Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examinations, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. The financial report is presented fairly in accordance with accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the accounting policies described in Note 1 of the financial statements, the financial position of Energy Industry Ombudsman (WA) Limited as at 30 June 2006 and the results of its operations for the year then ended.


Shakespeare Partners


SR Thompson
Partner

26 September 2006

Partners
A Shakespeare CA
SR Thompson CA
LA Meyerowitz CA
S MacKinnon CA

4911 99 298 551 508

Company Particulars as at 30 June 2006

Energy Industry Ombudsman (Western Australia) Limited
ACN 109 054 426

Registered address	c/- Kennerlys, Ground Floor 24 Outram Street West Perth WA
Gas industry members	AlintaGas Networks Pty Ltd Alinta Sales Pty Ltd BRW Power Generation (Esperance) Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd
Electricity industry members	Alinta Sales Pty Ltd Electricity Networks Corporation Electricity Retail Corporation Horizon Power Perth Energy Rottnest Island Authority
Board	Paul Wilmot Chairman Alex Errington Director (Consumer Interests Representative) Ricki Smith Director (Consumer Interests Representative) Donald MacKenzie Director (Gas Industry Representative) Trevor James Director (Electricity Industry Representative)
Company Secretary	Alex Errington
Accountants	Kennerlys, Certified Practising Accountants PO Box 1125 West Perth WA 6872
Auditor	Shakespeare Partners, Chartered Accountants PO Box 1257 West Perth WA 6872

Energy Ombudsman Western Australia

Our Mission

The mission of the Energy Ombudsman is to receive, investigate and facilitate the resolution of complaints and disputes between consumers of electricity and gas services in Western Australia and members of the Electricity Ombudsman and Gas Industry Ombudsman Schemes. The mission is founded on principles of independence, natural justice, access, equity, effectiveness and community awareness.

Contact Details

Postal address	Energy Ombudsman Western Australia PO Box Z5386, St Georges Terrace PERTH WA 6831
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Fax	(08) 9220 7599
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Website	www.ombudsman.wa.gov.au/energy
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Telephone	(08) 9220 7588
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Free call	1800 754 004
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Interpreter Service	131 450
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National Relay Service	1800 555 727
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Office	12th Floor, 44 St Georges Terrace Perth WA 6000
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Office Hours	Monday to Friday, 8.00 am to 5.00 pm
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Letter to the Chairman

energy ombudsman
WESTERN AUSTRALIA

Free, Independent and Informal Resolution of Complaints about the WA Electricity and Gas Industries

9 August 2006

Mr Paul Wilmot
Chairman
Energy Industry Ombudsman (Western Australia) Ltd

Dear Mr Wilmot

It is my pleasure to submit my annual report as Energy Ombudsman for the year ended 30 June 2006.

Yours sincerely



Deirdre O'Donnell
Energy Ombudsman
Western Australia

Level 12, 44 St Georges Terrace, Perth, Western Australia
PO Box Z5386, St Georges Terrace, Perth, WA 6831
Telephone (08) 9220 7588 Free call 1800 754 004 Interpreter Service 131 450 National Relay Service 133 677
Free fax 1800 611 279 Email energy@ombudsman.wa.gov.au Web Site www.ombudsman.wa.gov.au/energy

Ombudsman's Overview

Our second year of operation included nine months as Energy Ombudsman, where we received both gas and electricity complaints. Overall, the year was a busy and successful one.

Highlights were:

- We received 692 complaints for the year: 543 (78%) relating to electricity and 149 (22%) to gas.
- We resolved and closed 686 (99%) of these complaints.
- All of the gas complaints were resolved within ten business days and 96% of electricity complaints were resolved within this timeframe.
- Billing was the major issue of complaint, accounting for 57% of electricity and 55% of gas cases.
- Actual disconnection of electricity supply, which is a significant matter for any consumer, accounted for just under 6% per cent (or 31 cases) of the electricity complaints received during the year.

The Energy Ombudsman has been set up to provide consumers of gas and electricity services with an independent avenue to receive their complaints and, to the extent possible, resolve them.

For the consumer, access to the Energy Ombudsman must be as simple and straightforward as possible, and resolution of their concerns must be as informal and speedy as practicable. This is a vital aspect of our service, and I am pleased to report that over 96% of all complaints were resolved in less than ten business days.

The Ombudsman also has an important role to play in relation to our industry members. Complaints provide a useful source of intelligence to companies about their business processes, customer service and overall communication with consumers, and complaints that come to the Energy Ombudsman as an office of last resort provide an important and independent channel of feedback for members.

As well, the Ombudsman can provide practical advice and assistance to members in relation to their complaint handling processes. Based on the statistics for this year, I am pleased to recognise the responsiveness of industry members to concerns raised by the Energy Ombudsman, and to acknowledge that the high percentage of matters resolved within ten business days reflects well on their internal processes.

The Energy Ombudsman also maintains an important relationship with the industry regulator, the Economic Regulation Authority (ERA). A memorandum of understanding is in place which sets out our agreement to meet at least quarterly to discuss matters relevant to the operation of the Energy Ombudsman. As Ombudsman I am an observer at meetings of the ERA Consumer Consultative Committee and provide a report to that Committee.

The independence of the Energy Ombudsman Scheme provides the foundation on which we operate. It gives confidence to those who deal with us that their matters will be treated fairly. The board provides the governance structure that ensures the independence of the Ombudsman and the good governance of the scheme. I would like to thank the Chairman and board members for their support in our second year of operations.

As this is my final report as the present Energy Ombudsman, I would particularly like to acknowledge the contribution of all those who have been part of our establishment. I believe we have put in place a sound framework for an

effective scheme that will serve both consumers and members. I would especially like to recognise my Energy Team, under the leadership of Wayne Mann, Manager, Energy for their professionalism and commitment to continual learning.

I wish to thank all members of the board, and particularly our Chairman, Mr Paul Wilmot, for their support. I also thank the members of our scheme and all those stakeholders who play an active role in our development and growth.

Establishment of the Gas Industry Ombudsman

Western Australia's Gas Industry Ombudsman Scheme was established on 31 May 2004 and I commenced as the inaugural Gas Industry Ombudsman from that date.

This role is in addition to and separate from my role of Parliamentary Commissioner for Administrative Investigations (State Ombudsman). In 2003 the *Parliamentary Commissioner Act 1971* was amended to enable me to enter into an agreement with the governing body of the Gas Industry Ombudsman Scheme (GIO Scheme) to serve as the GIO and to allow the staff of my office to assist me in that role. I entered into this agreement on a cost-recovery basis. The costs of the GIO are paid for by the governing body. The costs are ultimately met by the members of the GIO Scheme, that is, the gas companies.

In September 2005 I entered into a new agreement which also includes my role as Electricity Ombudsman as described below.

Establishment of the Electricity Ombudsman

On 22 September 2005 the Electricity Ombudsman Scheme was established and I commenced as Electricity Ombudsman from that date. This role and my role as Gas Industry Ombudsman were combined under the title of Energy Ombudsman from that date.

In 2004 the *Parliamentary Commissioner Act 1971* was amended to enable me to enter into an agreement with the governing body of an Energy Ombudsman Scheme to serve as ombudsman and to allow staff of my office to assist me in that role. In September 2005 I entered into such an agreement covering my roles as Electricity Ombudsman and Gas Industry Ombudsman. Shortly thereafter the governing body of both schemes—Gas Industry Ombudsman (Western Australia) Limited—was renamed Energy Industry Ombudsman (Western Australia) Limited.

Role of the Energy Ombudsman

Under our charter, the Energy Ombudsman receives, investigates and deals with the resolution of complaints and disputes from residential and small business customers about their electricity or gas company, including:

- the provision or supply of (or the failure to provide or supply) gas or electricity services by a Member to a Customer as required by a licence or agreement or under legislation
- billing
- the administration of credit and payment services in the circumstances of a particular customer
- the recovery of debts owed or allegedly owed by customers whether by members, their agents or factors
- disconnection and restriction of supply and refundable advances

- payments to customers for breaches of prescribed electricity service standards
- the marketing of gas or electricity for sale
- the way in which a member has exercised its statutory powers in relation to land or other property or in relation to neighbouring land or other property, that are made by the owners or occupiers of that land or other property
- a member of the scheme or an Energy Marketing Agent that, by agreement with the Ombudsman and the complainant, are referred to the Ombudsman by a member or an Energy Marketing Agent.

Complaint Statistics — Electricity

Between 22 September 2005 and 30 June 2006 the Energy Ombudsman received 543 electricity complaints. Of these complaints, 530 (96%) were resolved within ten business days. Of the remainder, a further 15 (3%) were resolved in more than ten business days with eight (1%) remaining unresolved at the end of the period.

Figure 1 below shows the number of electricity complaints received and resolved in 2005-2006 by month.

Figure 1: Electricity complaints received and resolved 22 September 2005 - 30 June 2006

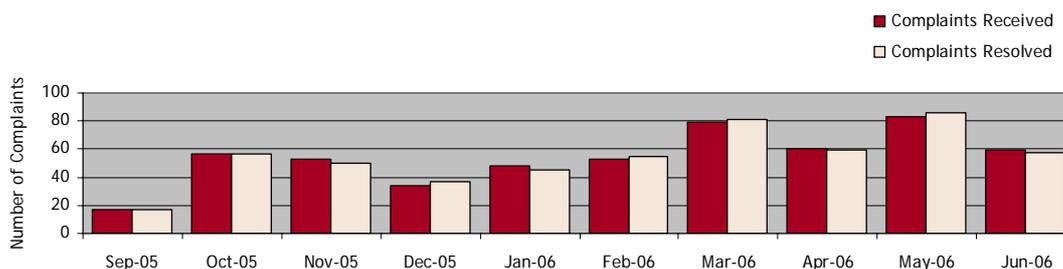
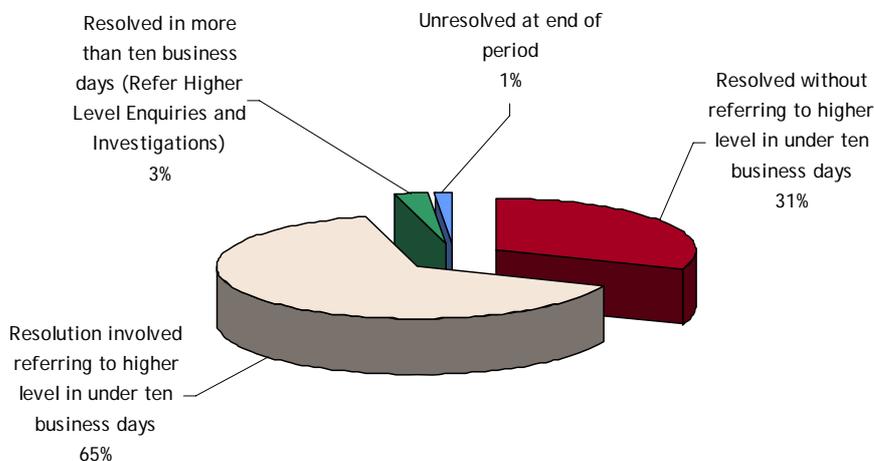


Figure 2 shows the stage at which electricity complaints were resolved in 2005-2006.

Figure 2: Stage at which electricity complaints were resolved 22 Sept 05 - 30 June 06



Note: If customers have previously complained to their supplier when they complain to the Energy Ombudsman, we refer them to a higher level contact within the supply company. The enquiry process is shown in Chart 1 on page 16. For those matters which proceed to investigations, the process we follow is shown in Chart 2 on page 17.

Figure 3 shows the percentage of electricity complaints received for 2005–2006 by issue. Billing issues were the most prevalent, accounting for 57% of complaints received, followed by supply issues at 11%.

Figure 3: Electricity complaints received by issue 22 September 2005 - 30 June 2006

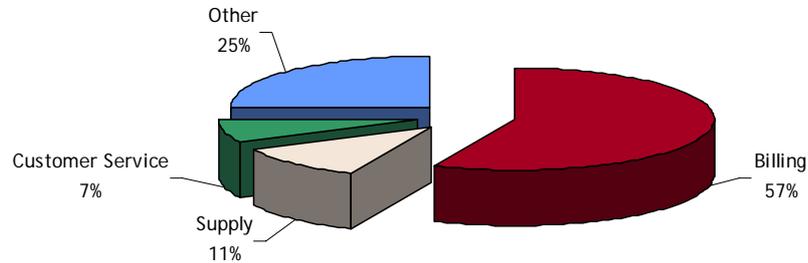
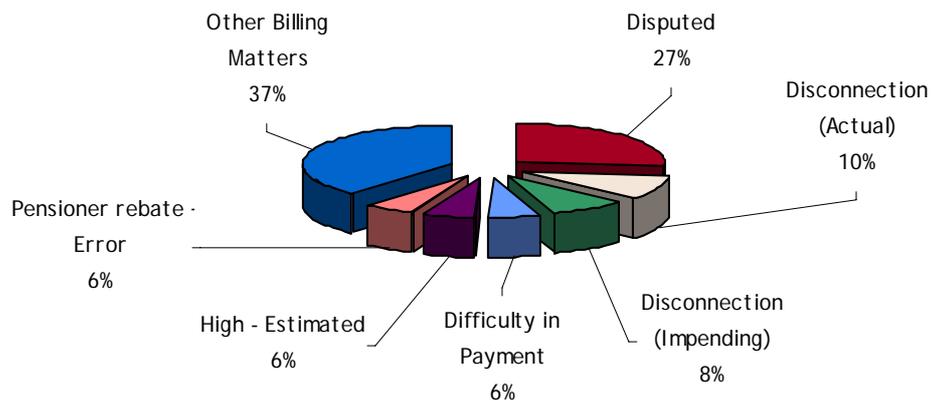


Figure 4 shows the sub-categories of billing issues for 2005–2006 by percentage. Disputed bills accounted for 27% of complaints about billing, and a further 10% involved actual disconnection.

Figure 4: Electricity billing issues 22 September 2005 - 30 June 2006



An explanation of the billing issues follows:

Disputed - The customer has received a high bill and disputes the amount.

Disconnected (Actual) - Power supply to the customer's premises has been disconnected for non-payment of a bill.

Disconnected (Impending) - Customer has received notification that the power will be disconnected unless a bill is paid.

Difficulty in payment - The customer is unable to pay a bill by the due date.

High estimated - The customer has received a high bill based on estimated consumption and disputes the amount. Estimated accounts are issued when meter readers are unable to access meters eg due to locked gates.

Pensioner rebate - Disputes over the administration of pensioner rebate schemes or enquiries seeking information about such schemes.

Other billing matters - Includes disputes involving billing errors, fees and tariffs charged and security deposits.

Complaint Statistics — Gas

During the period 1 July 2005 to 30 June 2006, the Energy Ombudsman received 149 gas-related complaints. All of these complaints were resolved within ten business days without the need for investigation.

Figure 5 below shows the number of gas complaints received and resolved in 2005-2006 by month.

Figure 5: Gas complaints received and resolved 2005 - 2006

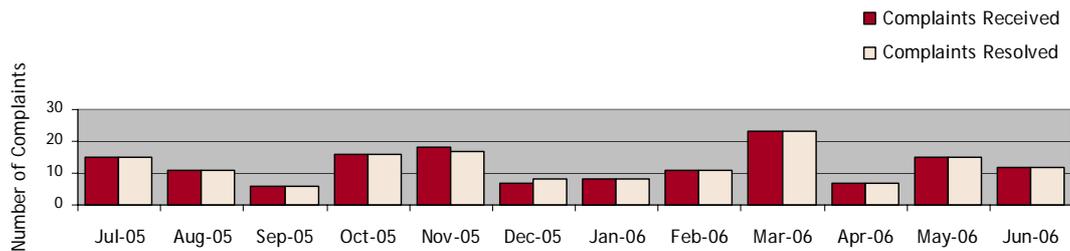
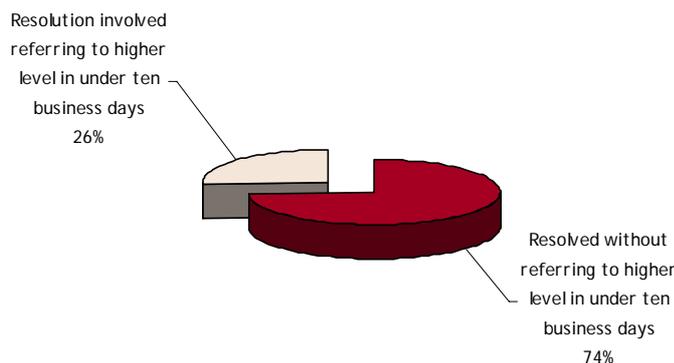


Figure 6 shows at what stage gas complaints were resolved by the Energy Ombudsman in 2005-2006.

Figure 6: Stage at which gas complaints were resolved 2005 - 2006



Note: If complainants have already complained to their supplier when they complain to the Energy Ombudsman, we refer them to a higher level contact within the supply company.

Case study — Accessible information

A small take-away food outlet received an account for several thousand dollars. The owners didn't understand why, and asked a family friend to act as their representative with the energy supplier because they didn't have good English language skills. Their friend contacted the company and was informed that the account was a 'catch-up' account, as the business had been receiving estimated accounts for the previous year.

The owners had paid the accounts, not realising that they were in fact only estimated accounts. Their friend sought our assistance. Once it was explained that the large account was a catch up, the owners were happy to establish a payment plan to pay the balance.

This case raised issues about clear information for customers from non-English speaking backgrounds, and the Energy Ombudsman made some suggestions to the supplier about improving its accessibility.

Figure 7 shows the percentage of gas complaints received for 2005-2006 by issue. Billing issues were the most prevalent, accounting for 55% of complaints received, followed by provision (that is, connection) issues with 13%.

Figure 7: Gas complaints received by issue 2005 - 2006

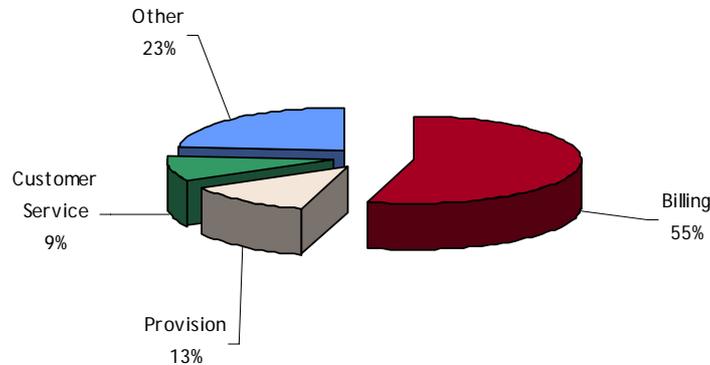
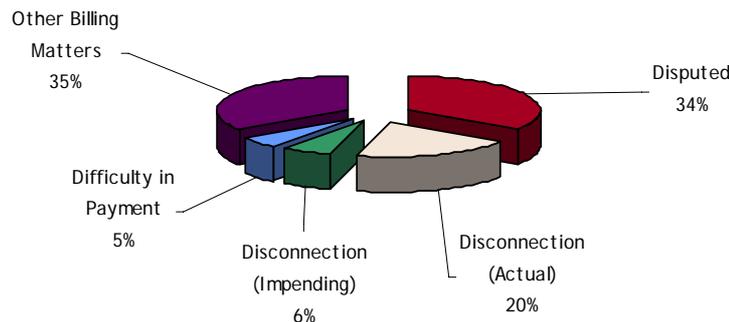


Figure 8 shows the sub-categories of billing issues for 2005-2006 by percentage. Disputed bills accounted for 34% of gas complaints about billing, and a further 20% involved actual disconnection.

Figure 8: Gas billing issues 1 July 2005 - 30 June 2006



Other issues include disputes involving meters, privacy and supply.

Case study — Shared housing and previous accounts

Mr B and Ms C were co-tenants. Mr B established the energy account in his name but advised the supplier that Ms C was also residing at the address. After seeking his consent, Ms C transferred a previous account of hers onto the account.

A month later, Ms C moved out. The energy supplier disconnected Mr B because Ms C's account remained unpaid. Mr B advised his supplier that Ms C had gone, and that her outstanding account was for a previous address, while he was up-to-date with his account. However the supplier refused to reconnect him.

Customers need to be aware of all of their obligations when they set up an account. But at the same time, the Energy Ombudsman looks to suppliers to be flexible if the particular circumstances warrant it.

Mr B got in touch with us and told us that Ms C had been hospitalised and was unable to be contacted. He hadn't told the supplier this in order to respect Ms C's privacy.

We contacted the supplier and said that we were satisfied there were significant issues causing Ms C to move out and that in our view it was unfair to disconnect Mr B when he was not responsible for the previous account. The supplier then reconnected him.

Complaint Handling Procedure

We have developed a schematic outline of our internal procedures to assist consumers and industry members understand the process we follow when a consumer brings a matter to us. This information is provided in our information brochure and on our website.

- Firstly, we ensure the Energy Ombudsman has the power to deal with a complaint.
- Then the relevant company is given ten business days to consider the matter if this has not already occurred. We expect many complaints to be resolved at this initial stage.
- If we commence an investigation, the company must supply all relevant documentation to us within 28 days of being notified of our investigation.
- We expect most investigations will be completed quickly, but if a problem is complex, resolution may take longer.
- Our aim is to resolve all complaints within 90 days.

Charts 1 and 2 which follow show our processes for enquiry and investigation of complaints. Chart 1 shows the Enquiry Process. Typically, most matters are resolved by following this process. Chart 2 shows the process we follow when we decide to undertake an investigation. This process has associated timeframes and escalation points.

Chart 1 — Enquiry Process

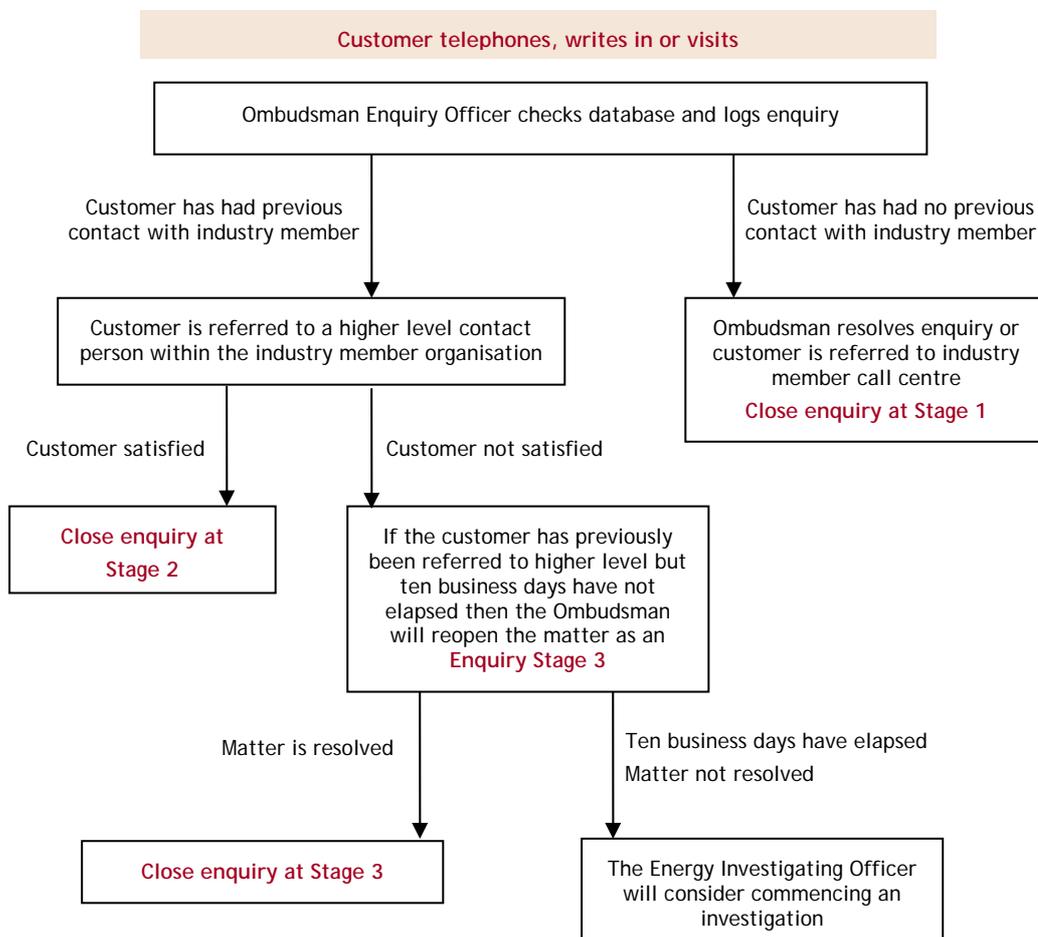
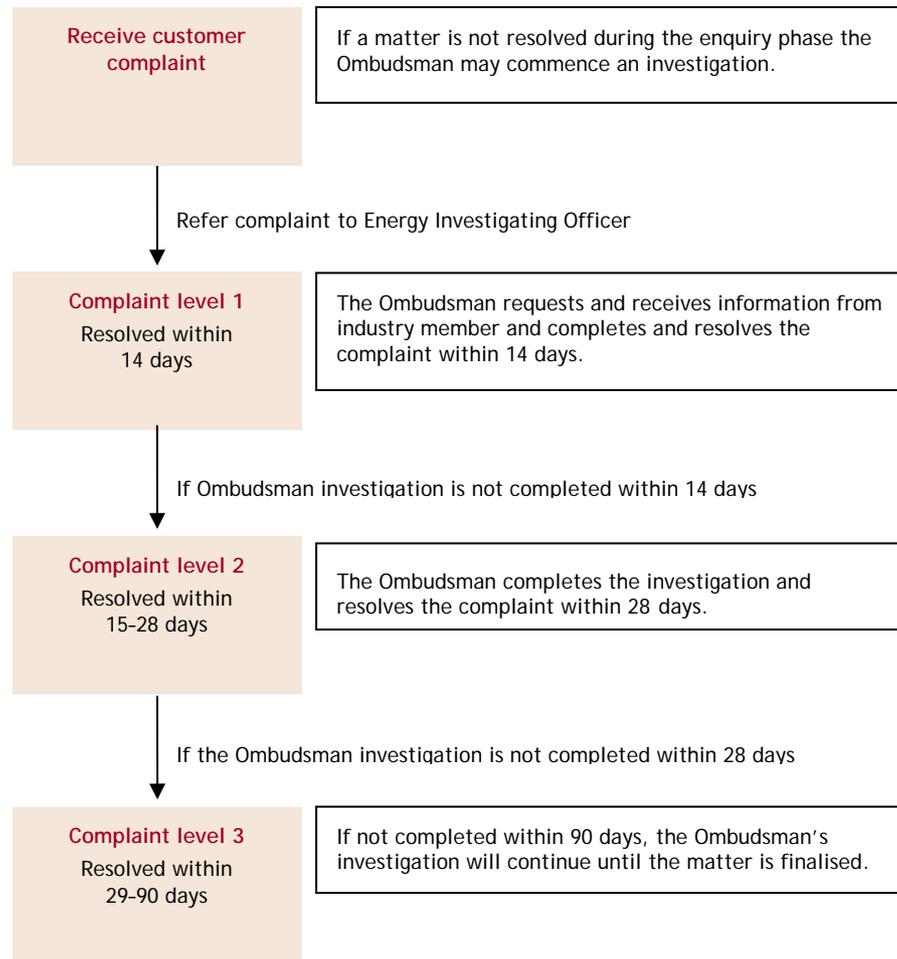


Chart 2 — Investigation of Complaints Process



Case study — Customer service standards

Mr T had a faulty hot water system that was leaking, resulting in a bill 300% above his normal accounts. He phoned his energy supplier and explained the situation, and was advised that the account would be recalculated to reflect his normal usage pattern.

When his next account arrived, Mr T discovered that he received the same account again, despite the supplier's earlier advice. He contacted them again, and was told that the customer service officer he'd spoken to was inexperienced and not authorised to waive the amount in the first place. Mr T was understandably upset and so he contacted us.

We contacted the supplier and said that while the customer service officer may have been inexperienced, we didn't think this was a fair response. The supplier agreed to waive the higher account and to honour the initial advice given to the customer.

The lesson for the supplier was to ensure that customer service officers are trained thoroughly and know what they have the power to do when dealing with disputed amounts on bills.

Industry Ombudsman Benchmarks

The Energy Ombudsman is guided by the benchmarks for industry-based customer dispute resolution schemes¹.

We apply the benchmarks in these ways:

Accessibility

We impose no cost barriers to consumers.

We have set up a user-friendly website and online complaint form, as well as accessible lines of communication including a free call number for all complainants in Western Australia, and access for deaf and hearing-impaired customers via the National Relay Service. A message about the Energy Ombudsman is included on bills to all energy customers sent out by industry members.

Advice about the existence of the Energy Ombudsman to community groups has been progressed in conjunction with the State Ombudsman's existing outreach program, and through a range of specific meetings and presentations.

Independence

Our legislation and governance arrangements through the structure and composition of the board provide the framework to ensure that the independence of the Ombudsman is protected.

The Ombudsman's decision-making processes are independent from industry members and customers. The Ombudsman is neither an advocate for the customer nor a representative of industry members.

The Ombudsman has authority to make binding decisions where necessary.

Fairness

Fairness is fundamental to the mission of our office, and we apply the principles of procedural fairness in our daily operations.

We provide opportunity for all parties to have input into our investigations.

Accountability

The Ombudsman is required to publish all binding decisions. General information about complaint categories and complaint trends are reported to the board in the regular Ombudsman's report. We also aim to provide regular reports to members on complaints received. Complaint statistics are also published on our website.

In the event that any issues of concern arise which require prompt attention, we raise these with the relevant member as a priority.

¹ www.consumersonline.gov.au/downloads/selfreg/benchmarks/BMARK1.rtf

These benchmarks were developed by a working party assisted by dispute schemes, consumer groups, government and regulatory authorities, and are available on the website of the Australian Competition and Consumer Commission.

Efficiency

In order to keep track of complaints we have developed a database and a system of categorisation and escalation consistent with those used by other Australian and New Zealand Energy and Water Ombudsmen. Our standard operating procedures are designed to ensure that complaints are dealt with consistently. Our team structure and internal escalation process are also designed to ensure there is always sufficient capacity within the office to deal with complaints as they are received. Finally, where comparable data is available, we endeavour to ensure we meet the standards which apply in other industry ombudsmen schemes. Our staff receive thorough training in alternative dispute resolution practice.

The fact that over 96% of all cases dealt with this year were resolved in less than 10 business days is a positive indicator. Timely resolution is critical to both parties to a dispute, and our role in assisting this is very important to us.

Effectiveness

The effectiveness of the Energy Ombudsman is maintained by our office adhering to our charter and constitution and ensuring strong lines of communication to members and key community stakeholders. Complaint statistics are monitored monthly to ensure satisfactory resolution of complaints is being achieved. We welcome feedback about our operations and take every opportunity to explain our procedures and the reasons for our decisions, so that all who use the scheme may have confidence in our processes.

In 2006-2007 the board will conduct a review of the schemes to assess the extent to which they are meeting scheme objectives.

Case study — Credit reference concerns

Mr A advised his energy supplier when he changed address but the supplier sent his account to the old address. As his account remained unpaid for several months, the supplier referred it to a debt collection agency. When Mr A applied for a business loan some 12 months later he was refused the loan as the outstanding debt showed up on his credit history. Mr A approached the supplier who advised him what the account was for. He then paid the outstanding amount. However, the credit reference still remained on his credit history, and continued to impact on his business plans. The debt collection agency would not remove the reference from Mr A's credit history without the supplier's approval. Mr A contacted the Energy Ombudsman seeking assistance to have the supplier remove the reference.

Problems with correct billing addresses are not uncommon. In cases such as this when each party has contributed in some way, a negotiated outcome is the fairest approach, and can help maintain goodwill between the customer and their supplier.

After examining the correspondence between all three parties, we formed the view that all three were partially responsible for the account being unpaid: the energy company sent accounts to the wrong address; Mr A eventually received the account even though it had gone to the wrong address but then forwarded it to his real estate agent for payment, however, the agent didn't pay the account; and the debt collection company repeatedly rang the wrong number. We suggested to the company that the credit reference be removed from Mr A's credit history, and this occurred.

Liaison

We place importance on establishing and maintaining positive working arrangements with members of the Energy Ombudsman Scheme. This includes ensuring they understand how we operate and are able to readily contact us with questions or concerns.

We also aim to ensure that other complaint handling bodies are aware of the Energy Ombudsman's role and functions.

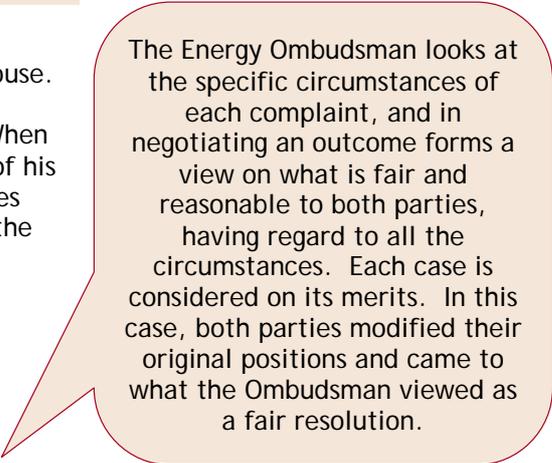
Prior to the implementation of the Electricity Ombudsman Scheme, we worked with Western Power Corporation to ensure the role and procedures of the proposed Electricity Ombudsman were understood. This liaison has continued and since the disaggregation of Western Power similar liaison has commenced with Synergy and Horizon Power. The Energy Team has continued to liaise with community groups, including the Western Australian Council of Social Service and the Consumer Credit Legal Service (WA) Inc.

Regular meetings continue with the Economic Regulation Authority. Liaison has also been established with the Office of Energy Safety (with a memorandum of understanding under development) and the Office of Energy.

Case study — Claim for damage to appliances

An energy supplier was replacing cables in front of Mr N's house. After the new cables had been installed, the supplier tested them by turning the power on and off a number of times. When the installation was completed, Mr N discovered that some of his electrical appliances no longer worked. He lodged a damages claim with the energy supplier but it rejected the claim on the basis that there was no evidence that the work had actually caused the damage to the appliances.

We negotiated between the parties and the company made an offer, based on the principle of putting the complainant back in the position they were in before the incident. This was eventually accepted by Mr N.



The Energy Ombudsman looks at the specific circumstances of each complaint, and in negotiating an outcome forms a view on what is fair and reasonable to both parties, having regard to all the circumstances. Each case is considered on its merits. In this case, both parties modified their original positions and came to what the Ombudsman viewed as a fair resolution.

Australian and New Zealand Energy and Water Ombudsman Network (ANZEWON)

As a member of the Australian and New Zealand Energy and Water Ombudsman Network (ANZEWON), I participate in meetings which occur every three to four months, taking place on rotation at the offices of each member.

These meetings include reports from each of the jurisdictions on significant consumer protection issues, and provide a forum for ensuring a consistent approach to complaint resolution, including complaint categorization and system issues.

From the perspective of a small office with a new jurisdiction, membership of this group is a significant benefit. It also helps ensure that a consistent approach applies across all energy and water ombudsmen.

In the past year I attended the following meetings:

- Melbourne (6 and 7 October 2005)
- Adelaide (6 and 7 March 2006).

I also had the pleasure of hosting an ANZEWON meeting here in Perth on 29 and 30 June 2006.

ANZEWON members provided significant support to our staff during the year, for which I thank them. This support included sharing procedural information, providing advice on handling particular classes of complaint and discussing information technology solutions.

Case study — Estimated accounts and guard dogs

An energy supplier had historically sent Mr W estimated accounts. The meter readers could not access the meter because of a large dog which was fenced in at the property behind a locked gate. In 2003, the dog was put down, and Mr W advised the supplier that meter readers could now enter the property unhindered. For two years Mr W received accounts based on meter readings. However, in late 2005, he began to receive estimated accounts again. He was concerned because the amounts were significantly higher than previous 'actual' accounts, so he contacted the company. The explanation given was that the meter readers had intended to read the meter but believed the gate to be locked, and that was why estimated accounts were sent again. Not happy with this explanation, Mr W called the Energy Ombudsman.

Good systems and processes to accurately record changes to customer details are essential.

The supplier sent the meter readers back to conduct an actual meter reading and Mr W was issued with a new account. The supplier also verified that its system recorded that there was no longer a dog on the premises and that the gate was no longer locked, and therefore there was no need to estimate future accounts.

Staff

During the year various staff members from the State Ombudsman's office assisted me in my role as Energy Ombudsman.

Wayne Mann acted in the position of Manager Energy from 1 July 2005 and was appointed to the position from 23 March 2006.

Sherry Armstrong acted in the position of Energy Investigating Officer from 1 July 2005 until November 2005. Justin O'Malley commenced in this role in January 2006.

Scott Campbell, Julie Cheng, Grace Moro and Joyce Wolfe assisted with answering telephone enquiries.

Executive Assistant Kim Harms provided assistance to me and Corporate Services staff provided reception, human resource, financial, supply and information technology services.

Jeanette Murray, Corporate Communications Manager, provided high-level assistance in media relations, development of materials for our website, including case studies, and in participating in joint communication initiatives applying to all ANZEWON members.

Nicola Mouton, Web Administrator, has developed the Energy Ombudsman website including the presentation of statistics and assisted in the production of this annual report.

Judith Elliott provided administrative support and assistance over a three-month period in a position funded by the Office of Energy to ensure the office was prepared for the establishment of the Electricity Ombudsman Scheme.

Judi Anderson provided assistance developing policy papers on a range of topics relevant to the functions of the Energy Ombudsman.

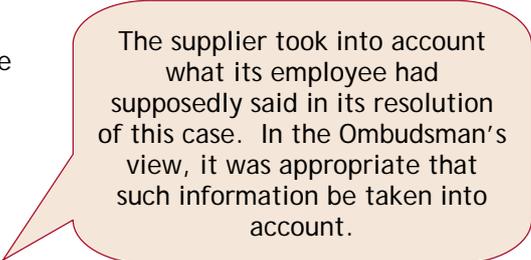
Professional services

Felicity Gregory from the State Solicitor's Office prepared the Services Agreement and Jackson McDonald provided relevant legal advice.

Case study — Business claim for damage to appliance

An electrical outage caused damage to a substantial piece of equipment at a small business. The owner lodged a damages claim and provided independent information that the damage was most likely caused by an outage. His claim was declined, so he contacted us. The supplier agreed to conduct a power quality investigation in the neighbourhood but this did not show anything substantial.

However, in a casual conversation with the owner, one of the supplier's employees later commented that the cause of the initial outage was partially the supplier's fault. The owner told us and the supplier then agreed to compensate the business for its repair costs.



The supplier took into account what its employee had supposedly said in its resolution of this case. In the Ombudsman's view, it was appropriate that such information be taken into account.

Training and Development

In August 2005, Wayne Mann, Manager Energy, completed alternative dispute resolution training provided by the Trillium Group.

Record Keeping

The Energy Ombudsman has developed a record keeping plan, as required by the *State Records Act 2000*, which is currently being implemented.

Case study — An unusually high bill

Mr S, a small business operator, received an energy account that was three times his previous account, and for a slightly shorter time frame. He contacted the supplier who could not provide an answer other than 'the meter is correct'. Mr S arranged for an inspector to examine the meter. The inspector advised that the meter was running correctly but that it was a 'main meter' for the complex. Mr S spoke to neighbouring businesses who advised that they were paying separate accounts. Upon closer examination of the accounts, Mr S realised he was being billed for the neighbouring businesses as well as his own. He advised a customer service officer of this but was not happy with the company's response so he called the Energy Ombudsman.

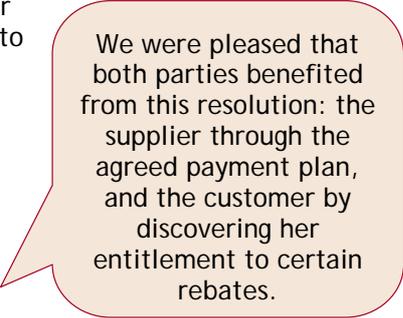
This case highlights the importance of customer service officers treating complaints seriously, and really listening to the complainant in the first instance, so that appropriate action may be taken. It also demonstrates how important it is for small businesses to ensure via their landlord that they are aware of the appropriate process to follow to get power connected and to have it properly billed.

At our instigation, the company then went back and investigated the situation. It acknowledged that Mr S was being billed for his neighbours' usage, and re-calculated the business's account. It also removed the main meter and installed a sub-meter on the premises.

Case study — Payment plans to cover arrears

Ms D was disconnected due to a large unpaid account. She contacted her energy supplier to arrange reconnection, but was told that she first had to make payment in full.

Ms D contacted us and explained that she could not pay the full amount but could make instalment payments. We asked the supplier why a payment plan hadn't been offered to Ms D. They then proposed a payment plan and realised that the customer was entitled to a number of rebates. The supplier ensured that all rebates were credited to her account to reduce the amount owed by Ms D, then established a payment plan that she could adequately budget for, and reconnected her supply.

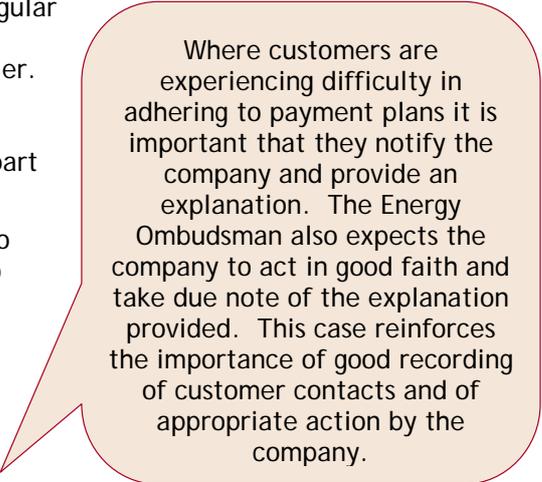


We were pleased that both parties benefited from this resolution: the supplier through the agreed payment plan, and the customer by discovering her entitlement to certain rebates.

Case study — Risk of disconnection averted

Mrs G's account was overdue. She contacted the energy supplier to set up a payment plan. One of the conditions of the plan was that regular payments were due on particular dates. Mrs G missed one payment and received a disconnection notice from the supplier. She rang the supplier and explained why she had missed that payment, but the customer service officer failed to note the reasons and did not pass the information on to the relevant part of the company.

Mrs G contacted the Energy Ombudsman seeking assistance to stop the disconnection. We contacted the energy supplier to find out why the disconnection was proceeding, given the customer's explanation for missing the payment date. The supplier discovered that the reasons (which were significant) had not been recorded, and so the disconnection was averted.



Where customers are experiencing difficulty in adhering to payment plans it is important that they notify the company and provide an explanation. The Energy Ombudsman also expects the company to act in good faith and take due note of the explanation provided. This case reinforces the importance of good recording of customer contacts and of appropriate action by the company.