



Annual Report 2007



energy ombudsman
WESTERN AUSTRALIA

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Energy Industry Ombudsman (Western Australia) Limited

Chairman's Overview

I have pleasure to present this third Annual Report of Energy Industry Ombudsman (Western Australia) Limited.

The Board

The Board comprises five directors: an independent chairman, two consumer representative directors, a gas industry representative director and an electricity industry representative director.

In accordance with Clause 12 of the Company's constitution, all five directors were required to retire at last year's Annual General Meeting. All five stood for re-election, and were re-elected.

There were four Board meetings held during the year. In addition, the Board reviewed the complaints statistics on a monthly basis.

The Company

Details of the Members of the Company follow. The only change during the year was that BRW Power Generation (Esperance) Pty Ltd changed its name to WorleyParsons Asset Management Pty Ltd.

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 twelve months ended 30 June 2007 there were 172 complaints received concerning gas-related matters and 1021 complaints received concerning electricity-related matters.

The Board notes that the number of complaints received for both gas and electricity are considered to be low. Furthermore, the speed and efficiency whereby these complaints are resolved by the Ombudsman, with good cooperation by Members, continues to be of a high order.

Further details of the nature of both gas and electricity complaints are contained in the Ombudsman's Annual Report, which is appended to this report.

Review of the Scheme

In accordance with the provisions of Clause 24 of the company's constitution and the Energy Coordination (Ombudsman Scheme) Regulations 2004 and the Electricity Industry (Ombudsman Scheme) Regulations 2005, during the year the Board was required to conduct a review of the scheme and develop proposals for its continued operation. This was done and a report was provided to the Economic Regulation Authority. The report concluded that the scheme was operating satisfactorily and no changes were warranted at this 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 staff for their efforts in this third 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 staff resolved them with ongoing good support from energy providers.

I must also record the Board's appreciation of the work of Deirdre O'Donnell who was the Ombudsman for the scheme from its inception on 31 May 2004 until she vacated the Office of the Parliamentary Commissioner for Administrative Investigations on 23 February 2007. Deirdre did an excellent job as the Gas Industry Ombudsman and then the Energy Ombudsman. She has since been appointed as Australia's Telecommunications Industry Ombudsman.

On behalf of the Board I welcome Chris Field to the position of Energy Ombudsman. Chris was appointed as the Parliamentary Commissioner for Administrative Investigations on 26 March 2007 and assumed the role of Energy Ombudsman on that date. The Board looks forward to a fruitful working relationship with Chris.

I would also like to thank Dr Heather Brown for acting in the role of Energy Ombudsman between 24 February 2007 and 25 March 2007.

The audited financial statements for the Company for 2006/2007, the Auditor's report and the Ombudsman's Annual Report follow.



Paul Wilmot

CHAIRMAN

Profit and Loss Statement

For the year ended 30 June 2007

	2007 \$	2006 \$
INCOME		
Recoupment of Expenditure	560,310	441,917
EXPENDITURE		
Accountancy Fees	17,004	13,976
Bank Charges	85	98
Computer Costs	15,000	3,608
Dispute / Complaint Costs	440,201	350,790
Directors' Fees	42,000	40,000
Filing Fees	40	40
Insurance	7,144	12,195
Professional Fees	4,500	4,665
Printing & Stationery	-	683
Superannuation Contributions	3,780	3,600
Travelling Expenses	20,460	12,262
Legal Costs	10,096	-
	<u>560,310</u>	<u>441,917</u>
NET PROFIT/LOSS	-	-

Balance Sheet

As at 30 June 2007

	2007 \$	2006 \$
CURRENT ASSETS		
Cash assets	20,378	986
Receivables (Trade Debtors)	65,671	44
GST Clearing	6,560	-
TOTAL CURRENT ASSETS	<u>92,609</u>	<u>1,030</u>
TOTAL ASSETS	<u>92,609</u>	<u>1,030</u>
CURRENT LIABILITIES		
Annual Levies Refundable	88,495	-
Trade Creditors	3,157	1,030
PAYG Withholding	956	-
TOTAL CURRENT LIABILITIES	<u>92,609</u>	<u>1,030</u>
TOTAL LIABILITIES	<u>92,609</u>	<u>1,030</u>
NET ASSETS	<u>-</u>	<u>-</u>

Independent Audit Report



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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 2007 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 2007 and the results of its operations for the year then ended.

Shakespeare Partners

A handwritten signature in black ink, appearing to read 'SR Thompson'.

SR Thompson

Partner

12 September 2007

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

ABN 62 888 551 008

Company Particulars as at 30 June 2007

Energy Industry Ombudsman (Western Australia) Limited

ACN 109 054 426

Registered address	c/- Kennerlys Ground Floor 24 Outram Street West Perth WA
Postal address	c/- Kennerleys PO Box 1125 West Perth WA 6872
Gas industry members	AlintaGas Networks Pty Ltd Alinta Sales Pty Ltd WorleyParsons Asset Management Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd
Electricity industry members	Alinta Sales Pty Ltd Electricity Networks Corporation (Western Power) Electricity Retail Corporation (Synergy) Horizon Power Perth Energy Rottnest Island Authority
Board	Paul Wilmot Chairman Alex Errington Director (Consumer Representative) Ricki Smith Director (Consumer 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

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

Telephone	(08) 9220 7588
Freecall	1800 754 004
Interpreter	131 450
National Relay Service	1800 555 727
Fax	(08) 9220 7599
Freefax	1800 611 279
Email	energy@ombudsman.wa.gov.au
Website	www.ombudsman.wa.gov.au/energy
Postal address	Energy Ombudsman Western Australia PO Box Z5386 St Georges Terrace PERTH WA 6831
Office	12th Floor, 44 St Georges Terrace Perth WA 6000
Office Hours	Monday to Friday, 8.00 am to 5.00 pm

Energy Ombudsman's Report

It gives me great pleasure to report the Energy Industry Ombudsman achieved outstanding results in resolving complaints made by Western Australian energy customers this year.

The highlights of our third year of operation were:

- We received 1193 complaints for the year: 1021 (86%) relating to electricity and 172 (14%) to gas;
- We resolved and closed 1185 (99%) of these complaints within the financial year;
- We resolved 98% of gas complaints and 96% of electricity complaints within ten business days;
- Billing was the major issue of complaint, accounting for 64% of electricity cases and 71% of gas cases;
- Actual disconnection of electricity supply accounted for 9% of electricity complaints received during the year; and
- The implementation of a new electronic case management system called *Resolve*.

The excellent performance of the Energy Ombudsman Scheme is a testimony to the high level of cooperation between member companies and the scheme.

The *Resolve* system, used by a number of similar schemes nationally, will further improve and refine our record-keeping and reporting capacity.

I would like to thank the staff of the Energy Ombudsman, led by our Manager Wayne Mann, for their work in 2006-07. I also take this opportunity to acknowledge the significant contribution of my predecessor, Ms Deirdre O'Donnell, who completed her term as State Ombudsman and inaugural Energy Ombudsman in February of this year.

I also thank the Chairman and Board members for their ongoing support of the office of the Energy Ombudsman and for the support they have given me in the short time I have been Energy Ombudsman.



Chris Field

ENERGY OMBUDSMAN

Establishment of the Energy Ombudsman

Western Australia's Gas Industry Ombudsman Scheme was established on 31 May 2004. On 22 September 2005 the Electricity Ombudsman Scheme was established. This and the Gas Industry Ombudsman were combined under the title of Energy Ombudsman from that date.

The *Parliamentary Commissioner Act 1971* was amended to enable the State Ombudsman to enter into an agreement with the governing body of the Schemes to serve as the Energy Ombudsman and allow the staff of the Ombudsman's office to assist in that role. The costs of the Energy Ombudsman are paid for by the governing body and are ultimately met by the members of the Schemes: the energy companies.

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 1 July 2006 and 30 June 2007 the Energy Ombudsman received 1021 electricity complaints. Of these complaints, 987 (96%) were resolved within ten business days.

Figure 1 below shows the number of electricity complaints received and resolved in 2006–2007 by month.

Figure 1: Electricity complaints received and resolved 1 July 2006 – 30 June 2007

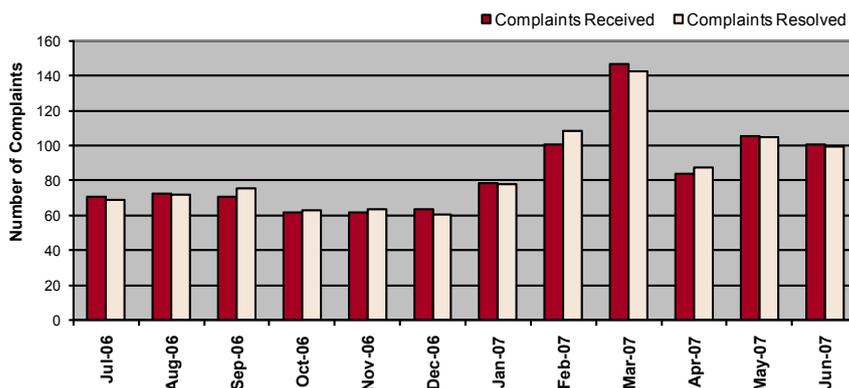
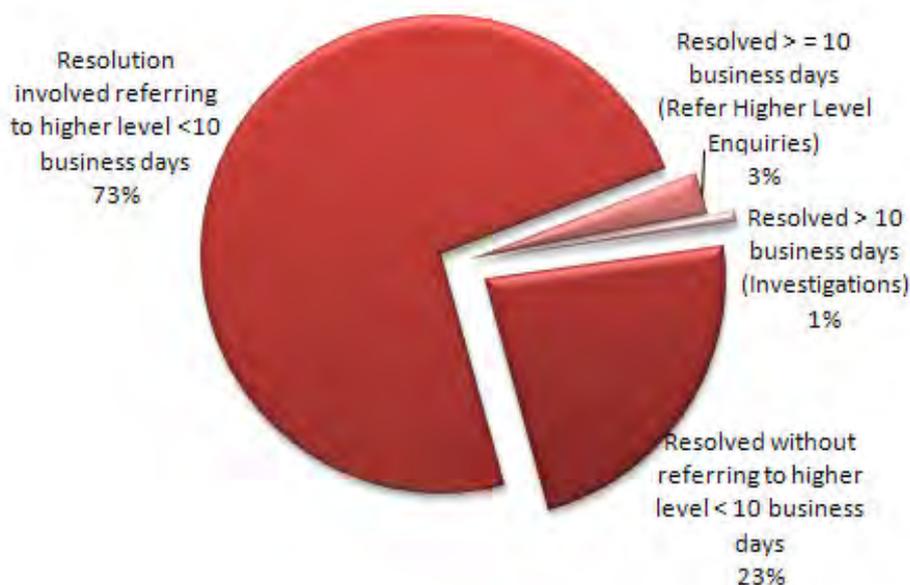


Figure 2: Stage at which electricity complaints were resolved 1 July 06 – 30 June 07



Note: If customers have previously complained to their supplier when they complain to the Energy Ombudsman, they are referred to a higher level contact within the supply company.

Figure 3 shows the percentage of electricity complaints received for 2006–2007 by issue. Billing issues were the most prevalent, accounting for 64% of complaints received, followed by supply issues (12%).

Figure 3: Electricity complaints received by issue 1 July 2006 - 30 June 2007

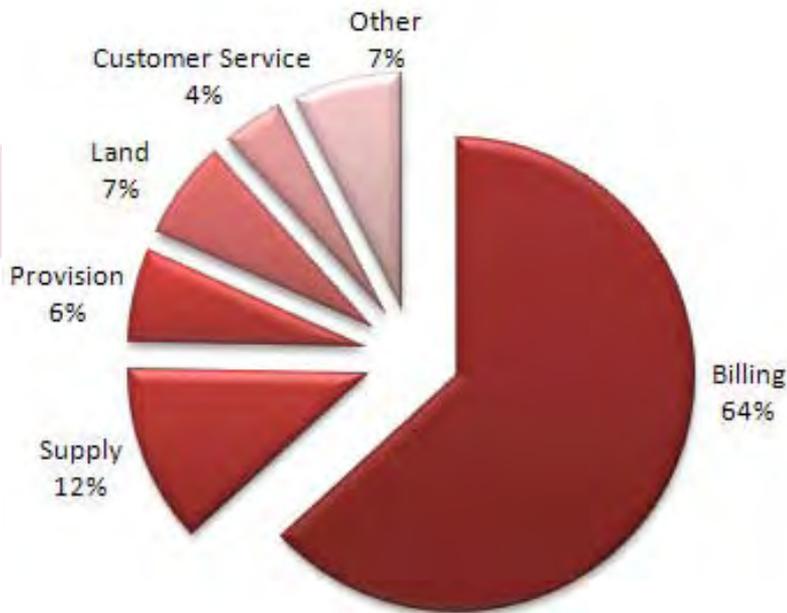
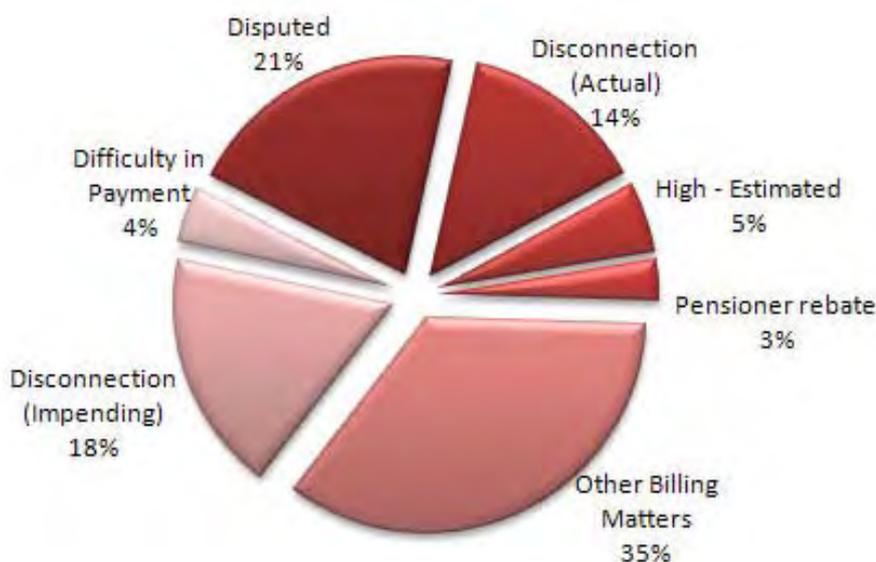


Figure 4 shows the sub-categories of electricity billing issues for 2006–2007 by percentage. Disputed bills accounted for 21% of complaints about billing and a further 14% involved actual disconnection.

Figure 4: Electricity billing issues 1 June 2006 - 30 June 2007



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 2006 to 30 June 2007, the Energy Ombudsman received 172 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 2006–2007 by month.

Figure 5: Gas complaints received and resolved 2006 – 2007

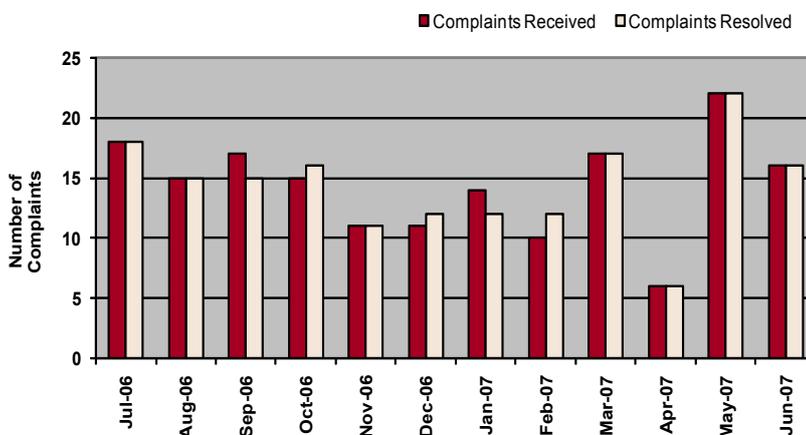
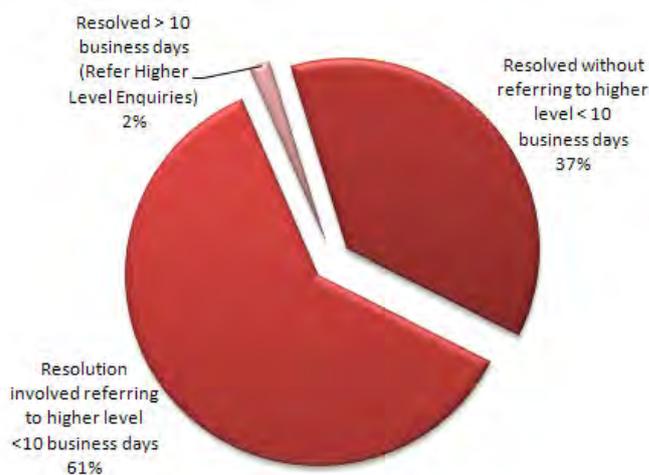


Figure 6 shows at what stage gas complaints were resolved by the Energy Ombudsman in 2006–2007.

Figure 6: Stage at which gas complaints were resolved 2006 - 2007



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.

Figure 7 shows the percentage of gas complaints received for 2006–2007 by issue. Billing issues were the most prevalent, accounting for 71% of complaints received, followed by provision (connection) issues at 8%.

Figure 7: Gas complaints received by issue 2006 – 2007

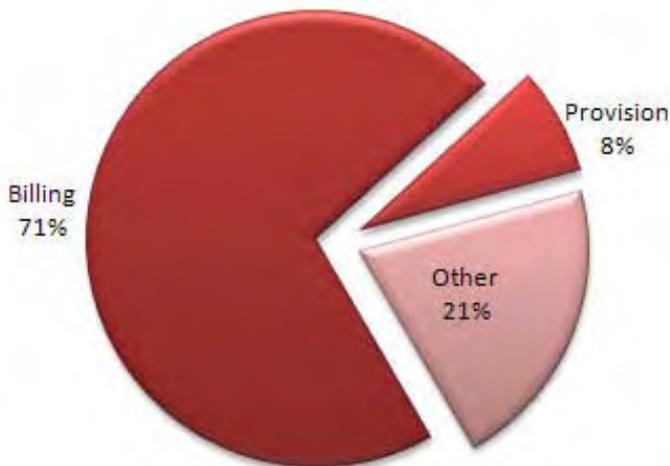
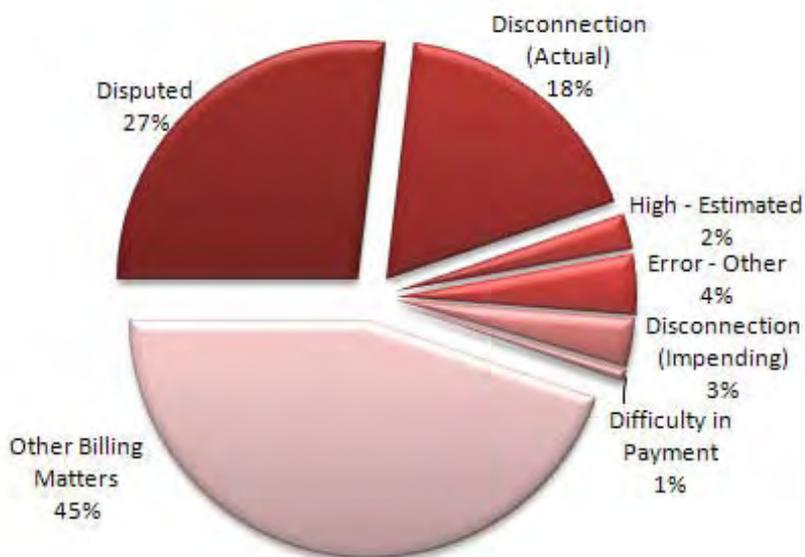


Figure 8 shows the sub-categories of gas billing issues for 2006–2007 by percentage. Disputed bills accounted for 27% of gas complaints about billing, and a further 18% involved actual disconnection.

Figure 8: Gas billing issues 1 July 2006 - 30 June 2007



Other issues include disputes involving meters, privacy and supply.

Stakeholder liaison

Maintaining positive working relationships with members of the Energy Ombudsman scheme is critical. During the year we have met with members as necessary to ensure they understand how we operate and enable them to raise any concerns.

We have made presentations to numerous community support agencies and groups who are often called upon by consumers experiencing difficulties with their utility accounts.

We also maintained our ongoing liaison with the Economic Regulation Authority and the Office of Energy.

Australian and New Zealand Energy and Water Ombudsman Network

The Energy Ombudsman WA is a member of the Australian and New Zealand Energy and Water Ombudsman Network (ANZEWO). This network provides a forum for utility industry Ombudsmen in Australia and New Zealand to ensure a consistent approach to complaint handling across the jurisdictions. Members are able to share information and jointly monitor and respond to emerging consumer issues.

Staff

The Energy Ombudsman currently employs three staff:

Manager	Wayne Mann
Energy Investigating Officer	Justin O'Malley
Energy Enquiry Officer	Asma Khan

Training and Development

- In July 2006, the Energy Team attended a Difficult Complainants workshop organised by the Society of Consumer Affairs Professionals.
- In August 2006, Justin O'Malley and Asma Khan attended the Negotiation and Mediation training conducted by the Trillium Group.
- In October–November 2006, Justin attended the Advanced Dispute Resolution training conducted by the Trillium Group in Melbourne.
- In November 2006, Wayne Mann attended the Advanced Dispute Resolution training conducted by the Trillium Group in Sydney.
- In December 2006, the Energy team attended a Cultural Awareness Training seminar conducted by Nyikina Yorga Consultancies regarding Indigenous issues.
- In February 2007, the Energy team attended a staff security presentation by Police Dignitary Protection Unit.
- In April 2007, Justin and Asma attended 'Difficult Complainants Training' presented by the New South Wales Ombudsman.

Record Keeping

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

Case Study 1

Meter readers often face potentially dangerous dogs or signs indicating there is a dog on a property. When confronted with a property in these circumstances, meter readers notify the network operators to arrange for an estimated account, negating the need for a meter reading.

Mr W had a property with a sign indicating he had a dog at the address. A wire fence separated the front yard from the back yard, effectively containing the dog in the back yard.

As there was no consistent approach taken by the meter readers, Mr W received a combination of actual and estimated accounts. This caused a degree of confusion, and after approaching his retailer, Mr W was advised that only estimated accounts could be provided because of the dog.

Mr W contacted the Energy Ombudsman seeking help. Acknowledging the potential occupational health and safety concerns for meter readers, we encouraged the retailer to consider alternative meter reading methods.

The retailer contacted Mr W and it was agreed that the company would write to Mr W providing him with a list of scheduled meter reading dates, and that Mr W would provide the meter reading. Mr W was happy with the outcome.

Dispute resolution schemes such as the Energy Ombudsman seek ways disputes can be resolved jointly, so both parties are happy with the outcome(s).

Case study 2

When land is subdivided, alterations to the distribution network may be required to provide a supply that meets estimated load requirements for the new properties. For example, each domestic residence in Western Australia is typically allocated up to 63 amps power supply. By subdividing a parcel of land with a pre-existing 63 amp allocation, installation of infrastructure such as a transformer may be required to guarantee the 63 amp allocation. Another example may be that overhead power lines have to be moved and placed underground or relocated as a condition of the subdivision.

Mr G is a property developer who purchased a large parcel of land to subdivide and sell to home builders. Formerly a farming property, the land had the allocated 63 amp supply for the existing house. However with the subdivision, this allocation was insufficient to meet minimum requirements for the proposed new residences.

Mr G contacted the distributor and sought a quote to upgrade the supply. Unhappy with the amount quoted and the distributor's requirement to install a transformer, he contacted the Energy Ombudsman seeking assistance.

We examined the WA Electrical Requirements and the distributor's relevant subdivision policies and took the view that these prerequisites were not unfair or unreasonable. The Energy Ombudsman explained to Mr G the rationale behind the added requirements, and while concerned about the commercial implications for the development, understood the improvements were his responsibility.

Case study 3

Mrs A contacted her electricity network operator to quickly and cost-effectively arrange a connection. The network operator proposed installing overhead wires across Mrs B's neighbouring property.

Mrs B objected because the proposal would have interfered with the movement of machinery and trucks on her farming property, as well as affecting an intended reforestation project.

Mrs B contacted the Energy Ombudsman to express her concerns and proposed a number of alternatives. The Energy Ombudsman contacted the network operator, suggested more flexible outcomes should be considered, and encouraged direct liaison with Mrs B to resolve the issues.

Negotiations between the network operator and Mrs B led to a compromise that met Mrs A's needs, Mrs B's operational issues and the network operator's requirements.

Following the successful resolution of the complaint Mrs B wrote to the Investigating Officer.

The concluding remarks of her letter read:

"I wish to thank you and the Office of the Energy Ombudsman for your assistance in this matter. It is most comforting to know there is someone to turn to for help in these situations."

This case highlights the importance of negotiated outcomes and an emphasis on looking for solutions 'outside the box' for disputes between consumers and energy suppliers.

Case study 4

Mr G received an account from his retailer that included a historical debt of \$21, which he did not believe related to his current account. He contacted the retailer, who advised Mr G that it belonged to a customer with the same name, had mistakenly been allocated to his account and to ignore that component of the bill. The retailer indicated a letter explaining the situation would be issued.

Some time later, Mr G received a letter from a debt collection agency, advising him that the unpaid, historical debt had been referred for collection. Mr G immediately contacted the retailer expressing his concerns and was again advised the matter was in hand. The company apologised and reassured Mr G that the debt was not his responsibility.

A week later, Mr G received a letter from a legal firm representing the debt collection agency, threatening him with legal action to recover the debt. Again, Mr G contacted the retailer and expressed his anger and frustration that the matter had escalated, despite their repeated assurances.

Mr G contacted the Energy Ombudsman, expressing his frustration at the manner the situation had been dealt with. The Energy Ombudsman contacted the retailer and obtained confirmation that Mr G's credit rating would not be affected by the incident. The retailer subsequently wrote to Mr G, apologising for the errors.

This case highlights the importance of retailers maintaining effective record-keeping systems and internal processes that ensure customer complaints are handled promptly and appropriately.

Energy Ombudsman Western Australia

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