



# Annual Report 2008-09



energy ombudsman  
WESTERN AUSTRALIA

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# Energy Industry Ombudsman (Western Australia) Limited

## Chairman's Overview

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

### **The Board**

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

At last year's Annual General Meeting, Ray Myles was elected as the Director representing the gas industry. Ray had been appointed by the Board at its 15 January 2008 meeting to fill the vacancy created by the resignation of Donald MacKenzie in December 2007. In accordance with Clause 12.3(b) of the Company's Constitution, Ray was required to retire at the 2008 Annual General Meeting and was eligible for re-election.

Also, at the Special General Meeting held on 25 November 2008, the Constitution was amended to provide for a more defined selection process for the nomination of future customer representative directors.

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

### **The Company**

A list of the Members of the Company follows. The changes during the year were that the former Alinta Gas Networks Pty Ltd changed its name to WA Gas Networks Pty Ltd; and Esperance Power Station Pty Ltd was accepted as a Member of the Gas Industry Scheme.

### **Customer Complaints**

The Board does not become involved in the 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, on a monthly basis.

In the twelve months ended 30 June 2009 there were 252 cases received concerning gas-related matters and 962 cases received concerning electricity-related matters. Last year the numbers were 140 and 953 respectively.

Notwithstanding the increase in the number of gas-related complaints, 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 follows.

## Chairman's Overview (cont'd)

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### Water Industry Complaints

In the last three Annual Reports I have reported on the Government's proposal to further expand the Ombudsman jurisdiction to include the State's water services industry. This proposal is still under consideration and a large amount of work has been put into the project. I am a member of the Steering Committee and continue to represent the Company's interests concerning this proposal.

### Review of the Schemes

In accordance with Clause 24 of the Company's Constitution and Regulation 8 of the *Energy Coordination (Ombudsman Scheme) Regulations 2004* and Regulation 9 of the *Electricity Industry (Ombudsman Scheme) Regulations 2005*, the Board is required to conduct biennial reviews of the Schemes and develop proposals for their continued operation.

For the 2008 Review, the Board engaged the services of the Ombudsman's Strategic and Corporate Services Division. This was a comprehensive project which included surveys of key stakeholders including consumer groups and Members of the Company by a research consultancy firm. The Board received a very detailed report. The conclusions reached were that: (1) the Gas and Electricity Schemes meet their objectives; (2) the Schemes meet the industry benchmarks; (3) process improvements have been put in place to address issues which arose in the 2006 Review; and (4) overall, both Schemes are operating at a very high level.

The Board was very pleased with the outcome of the Review and submitted it to the Economic Regulation Authority. The Authority subsequently commended the Board on the comprehensive nature of the review.

The Board will be giving further consideration to matters raised in the course of the Review. One of those is the proposition that future reviews only be undertaken every five years, rather than every two.

### Appreciation

I would like to record my thanks to my fellow Directors for their commitment and contribution to the successful operation of the Board during the past year. I would also like to thank the Ombudsman and his staff for their efforts in this fifth year of operation of the Scheme. It is again pleasing to note both the relatively low number of customer complaints received and how efficiently the Ombudsman and his staff resolved them, along with ongoing good support from energy providers.

The audited financial statements for the Company for 2008-2009, the Auditor's report and the Ombudsman's Annual Report follow.



**Paul Wilmot**  
CHAIRMAN

# Profit and Loss Statement

For the year ended 30 June 2009

	2009 \$	2008 \$
<b>Income</b>		
Recoupment of Expenditure	756,019	641,628
<b>Expenditure</b>		
Accountancy Fees	20,400	17,004
Bank Charges	70	80
Computer Costs	-	55,000
Dispute / Complaint Costs	603,206	498,194
Directors' Fees	46,304	44,098
Filing Fees	40	40
Insurance	5,076	6,946
Professional Fees	5,400	4,450
Review of Scheme	8,000	-
Superannuation Contributions	4,172	3,969
Travelling Expenses	18,000	9,812
Legal Costs	45,351	2,035
	<u>756,019</u>	<u>641,628</u>
<b>NET PROFIT / LOSS</b>	<u>-</u>	<u>-</u>

# Balance Sheet

As at 30 June 2009

	2009 \$	2008 \$
<b>CURRENT ASSETS</b>		
Cash Assets	52,591	12,492
Receivables (Trade Debtors)	-	15,632
Prepayments	1,691	0
GST Clearing	14,455	16,762
<b>TOTAL CURRENT ASSETS</b>	<u>68,737</u>	<u>44,886</u>
<b>TOTAL ASSETS</b>	<u>68,737</u>	<u>44,886</u>
<b>CURRENT LIABILITIES</b>		
Annual Levies Refundable	66,867	41,323
Trade Creditors	1,870	1,559
PAYG Withholding	-	2,004
<b>TOTAL CURRENT LIABILITIES</b>	<u>68,737</u>	<u>44,886</u>
<b>TOTAL LIABILITIES</b>	<u>68,737</u>	<u>44,886</u>
<b>NET ASSETS</b>	<u>-</u>	<u>-</u>

# Independent Audit Report



**SHAKESPEARE PARTNERS**  
Chartered accountants

## INDEPENDENT AUDITOR'S REPORT

To the members of the Energy Ombudsman Industry (WA) Ltd

We have audited the accompanying financial report, being a special purpose financial report, which comprises the balance sheet as at 30 June 2009, and the income statement, a summary of significant accounting policies.

### *Director's Responsibility for the Financial Report*

The directors of the Energy Industry Ombudsman (WA) Ltd (the company) are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether it is due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with the Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error.

The financial report has been prepared for distribution to members for the purposes of fulfilling the directors' financial reporting requirements. We disclaim any assumption of responsibility for any reliance on 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Auditor's Opinion*

In our opinion the financial report of the company is in accordance with the directors reporting requirements, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for that year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with the Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

**SHAKESPEARE PARTNERS**  
Chartered Accountants

**Leigh-Anne Meyerowitz**  
Auditor Number : 279757  
18 August 2009

### Offices

47 Outram Street  
West Perth WA 6005

### Postal Address

PO Box 1257  
West Perth WA 6872

### Telephone

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### Website

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ABN 99 858 551 508

Liability limited by a scheme approved under Professional Standards Legislation

Alan Shakespeare CA • Stephen Thompson CA • Leigh-Anne Meyerowitz CA • Stuart MacKinnon CA • Paul Dawson CA

# Company Particulars as at 30 June 2009

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## 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/- Kennerlys  
PO Box 1125  
West Perth WA 6872

### Members

#### Gas Industry

Alinta Sales Pty Ltd  
Electricity Retail Corporation (Synergy)  
Esperance Power Station Pty Ltd  
Origin Energy Retail Limited  
WA Gas Networks Pty Ltd  
WorleyParsons Asset Management Pty Ltd  
Wesfarmers Kleenheat Gas Pty Ltd

#### Electricity Industry

Alinta Sales Pty Ltd  
Electricity Networks Corporation (Western Power)  
Electricity Retail Corporation (Synergy)  
Griffin Energy Sales Pty Ltd  
Horizon Power  
Perth Energy Pty Ltd  
Rottnest Island Authority

### Board

Paul Wilmot	Chairman
Alex Errington	Director (Customer Representative/Secretary)
Ricki Smith	Director (Customer Representative/Treasurer)
Ray Myles	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

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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

<b>Telephone</b>	(08) 9220 7588
<b>Freecall</b>	1800 754 004
<b>Interpreter</b>	131 450
<b>National Relay Service</b>	1800 555 727
<b>Fax</b>	(08) 9220 7599
<b>Freefax</b>	1800 611 279
<b>Email</b>	<a href="mailto:energy@ombudsman.wa.gov.au">energy@ombudsman.wa.gov.au</a>
<b>Website</b>	<a href="http://www.ombudsman.wa.gov.au/energy">www.ombudsman.wa.gov.au/energy</a>
<b>Postal address</b>	Energy Ombudsman Western Australia PO Box Z5386 St Georges Terrace PERTH WA 6831
<b>Office</b>	12th Floor, 44 St Georges Terrace Perth WA 6000
<b>Office hours</b>	Monday to Friday, 9.00am to 4.30pm



# Energy Ombudsman's Report

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I am very pleased to report that the Energy Ombudsman continued to achieve excellent results in 2008-2009.

The Energy Ombudsman provides a fast, free, accessible, high-quality means for consumers of electricity and gas to resolve disputes.

The key results of the year were:

- We received 1,214 cases:
  - 962 (79%) relating to electricity; and
  - 252 (21%) relating to gas;
- We closed 1,208 (99.5%) of these cases;
- We closed 98 per cent of gas cases and 96 per cent of electricity cases within ten business days; and
- Billing remained the major issue of complaint, accounting for 47 per cent of electricity cases and 61.5 per cent of gas cases.



The fact that the Energy Ombudsman is able to achieve these excellent results is attributable to a number of factors. Of these factors, two stand out for particular mention. First, the ongoing success of the Energy Ombudsman reflects the very effective working relationships between my office and the Member companies. Second, the results are achieved due to the expertise and professionalism of a dedicated staff team. In particular, I thank Wayne Mann, Director for his significant ongoing contribution to the operation of the Energy Ombudsman.

A handwritten signature in black ink, appearing to be 'C. Field'. The signature is stylized and written in a cursive-like font.

**Chris Field**  
ENERGY OMBUDSMAN

# Role of the Energy Ombudsman

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The Energy Ombudsman can investigate complaints about:

- the provision or supply of electricity or gas services to a customer;
- billing;
- the administration of credit and payment services for a particular customer;
- disconnection, restriction and refundable advances;
- the way in which a provider has exercised its powers in relation to land, neighbouring land or other property;
- recovery of debts owed or allegedly owed by customers, whether by providers or their Agents;
- service standard payments such as those provided for under the *Code of Conduct for the Supply of Electricity to Small Use Customers*; and
- marketing.

# Electricity Statistics

Between 1 July 2008 and 30 June 2009 the Energy Ombudsman received 962 electricity cases. Of all the electricity cases finalised, 96 per cent were closed within ten business days.

Figure 1 below shows the number of electricity cases received and closed each month in 2007-2008 and 2008-2009.

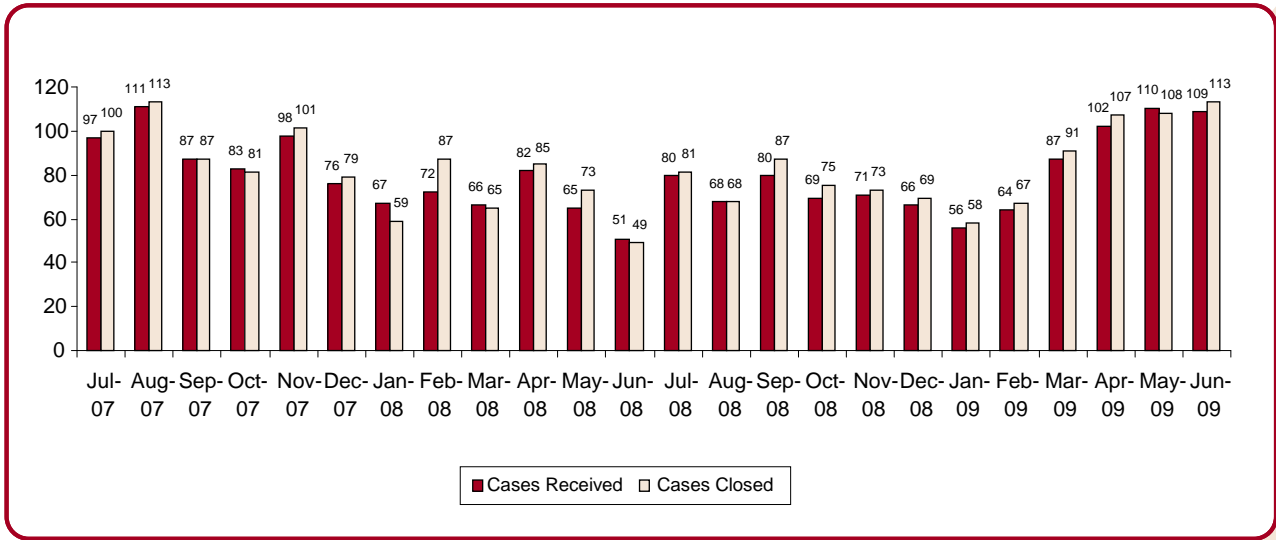


Figure 1: Electricity cases received and closed 2007-2008 and 2008-2009

Figure 2 below shows at what stage electricity cases were resolved by the Energy Ombudsman in 2007-2008 and 2008-2009.

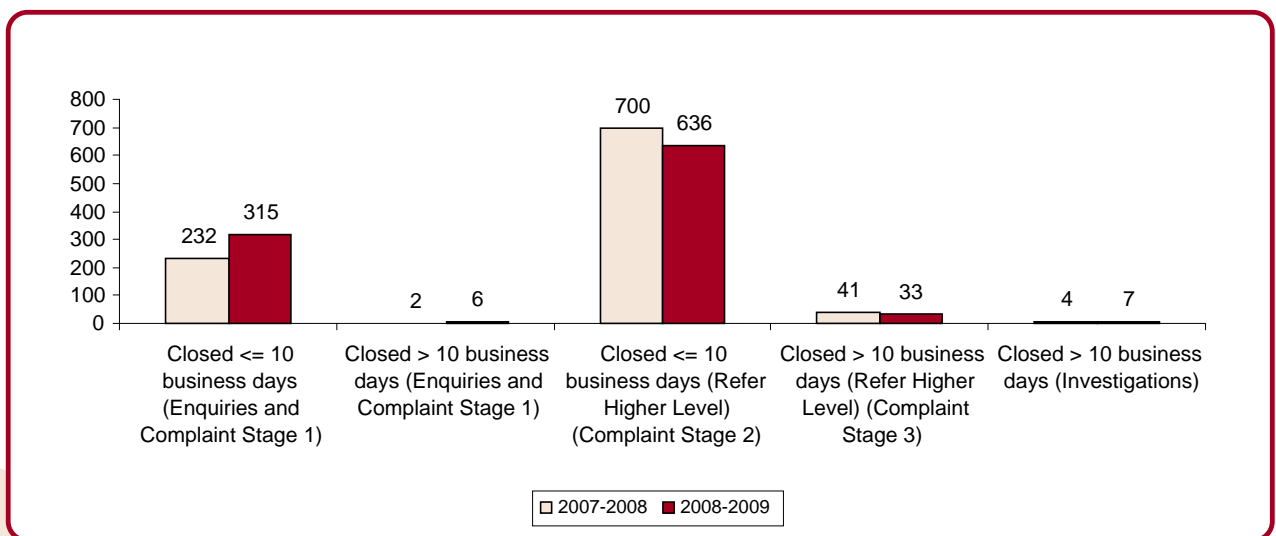


Figure 2: Stage at which electricity cases were closed in 2007-2008 and 2008-2009

## Electricity Statistics (cont'd)

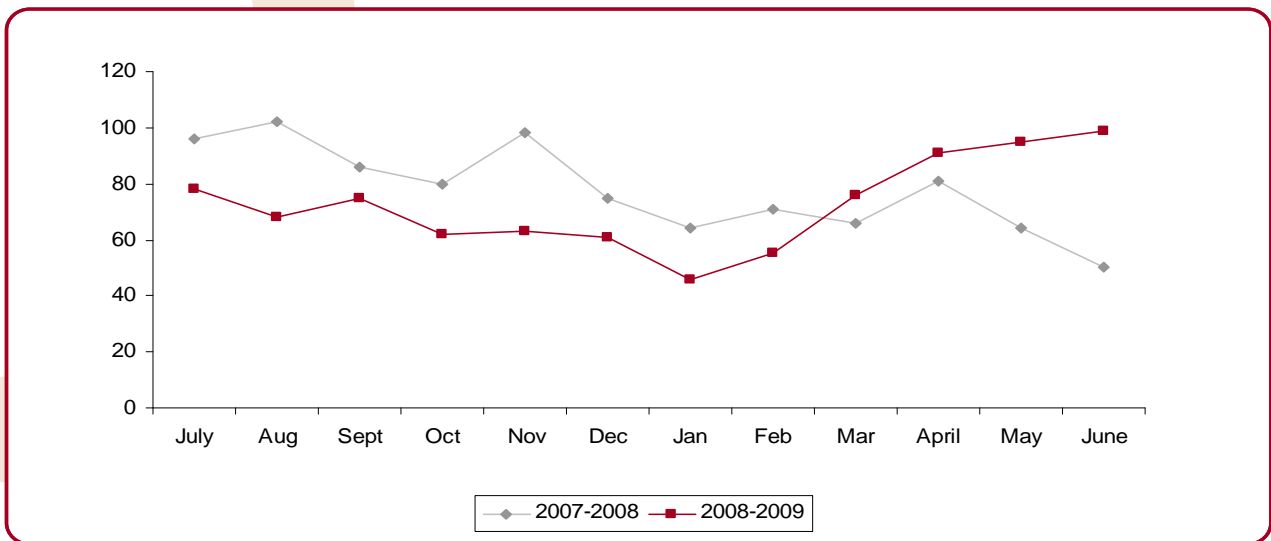


Figure 3: Electricity complaints received 2007-2008 and 2008-2009 (excludes enquiries)

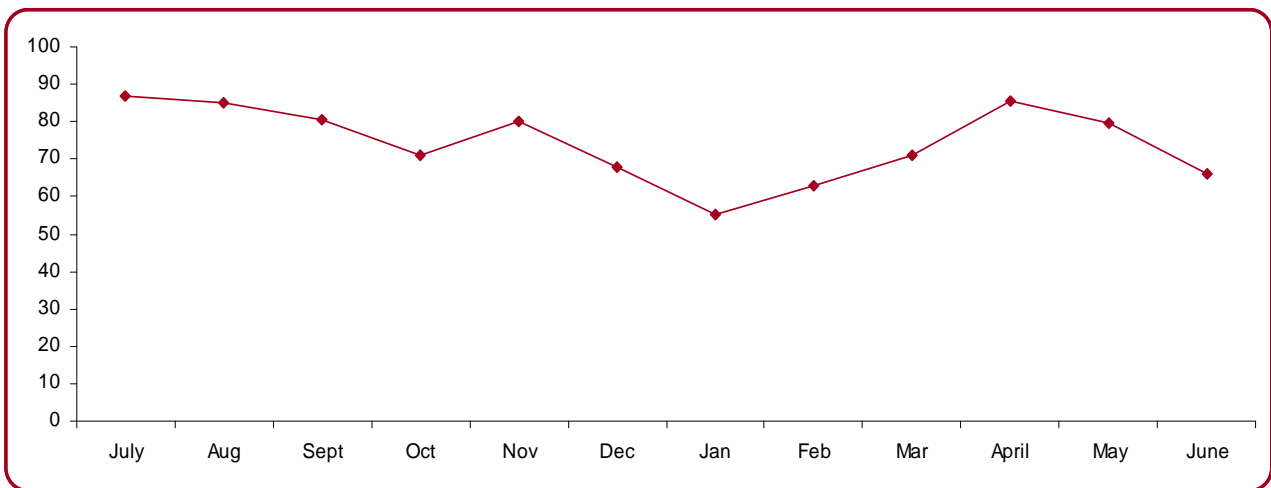


Figure 4: Electricity complaints received – 2 year average by month 2007-2008 and 2008-2009 (excludes enquiries)

## Electricity Statistics (cont'd)

Figure 5 below shows the electricity cases received for 2007-2008 and 2008-2009 by issue. During 2008-2009, billing issues were the most prevalent, accounting for 47% of cases received, followed by credit issues (22%).

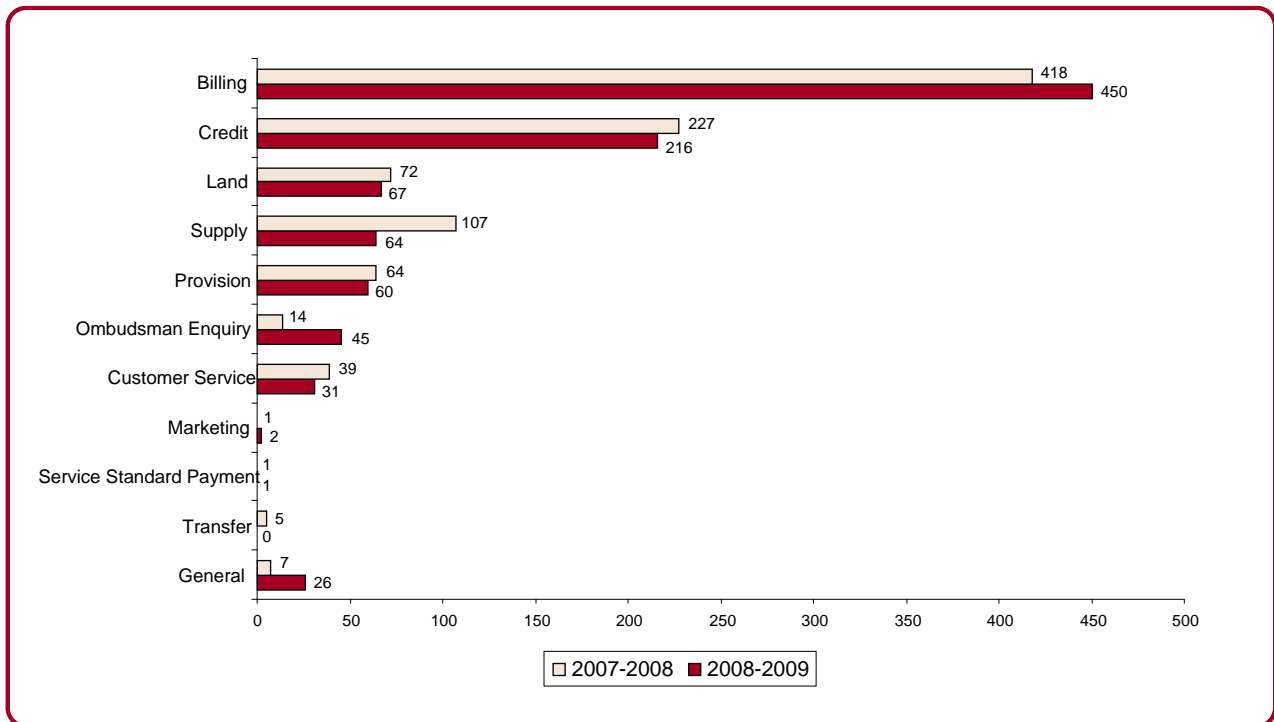
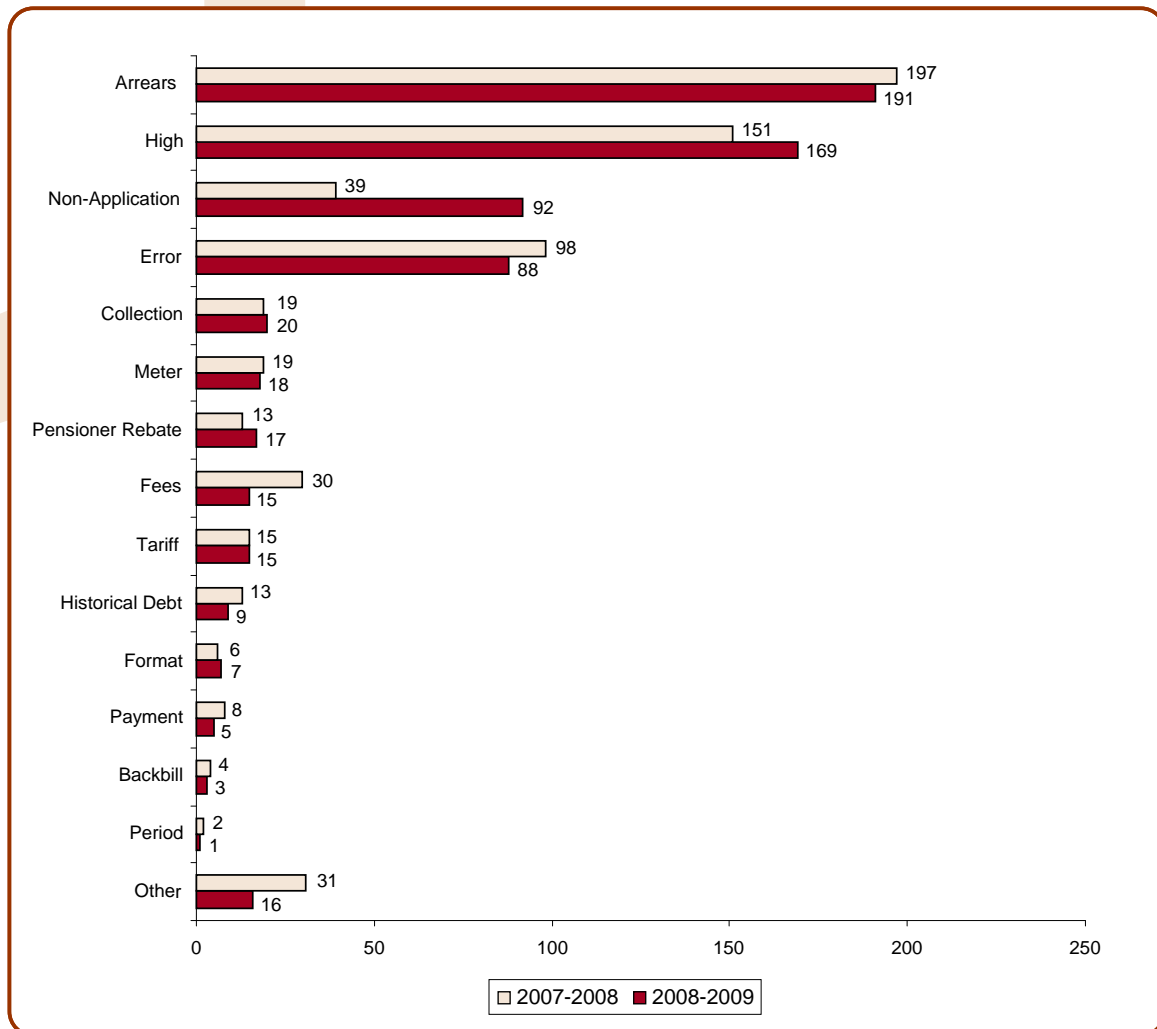


Figure 5: Electricity cases received by issue 2007-2008 and 2008-2009 (First Tier Issues)

## Electricity Statistics (cont'd)

Figure 6 below shows the sub-categories of electricity billing and credit issues for 2007-2008 and 2008-2009.



*Figure 6: Electricity cases received by sub-categories of electricity billing and credit issues 2007-2008 and 2008-2009 (Second Tier Issues)*

**Note:** The figures for 2007-2008 in Figures 5 and 6 vary from those shown in the 2007-2008 Annual Report. A recent audit of complaints categorised as “backbill” during 2007-2008 revealed most of these complaints had been wrongly classified, and the figures have been amended to reflect the correct categories. This affected First and Second Tier issues.

As shown in Figure 6, non-application cases increased from 39 in 2007-2008 to 92 in 2008-2009. This represents an increase of 136 per cent. Cases involving fees fell by 50 per cent from 30 in 2007-2008 to 15 in 2008-2009.

## Electricity Statistics (cont'd)

Electricity billing issues explained:

- **Period** – Customer is disputing the period for which they are being charged;
- **Format** - Format or lack of adequate information on bill;
- **Historical Debt** - Debt relating to previous supply address;
- **Pensioner Rebate** - Rebate has not been applied or has been incorrectly applied;
- **Tariff** - Incorrect rates or lack of information about tariffs;
- **Meter** - Metering issues;
- **Fees** - Fees and charges;
- **Non Application** – Actual or threatened disconnection due to customer not applying for an account;
- **Backbill** - Bills for previous periods not previously billed;
- **Error** - Billing errors; and
- **High Bill** - Bill higher than expected.

Electricity credit issues explained:

- **Payment** - Complaints about installment plans;
- **Collection** - Credit rating or debt collection issues;
- **Arrears** - Credit arrears; and
- **High Bill** – Customer has received a high bill and is experiencing difficulty in payment

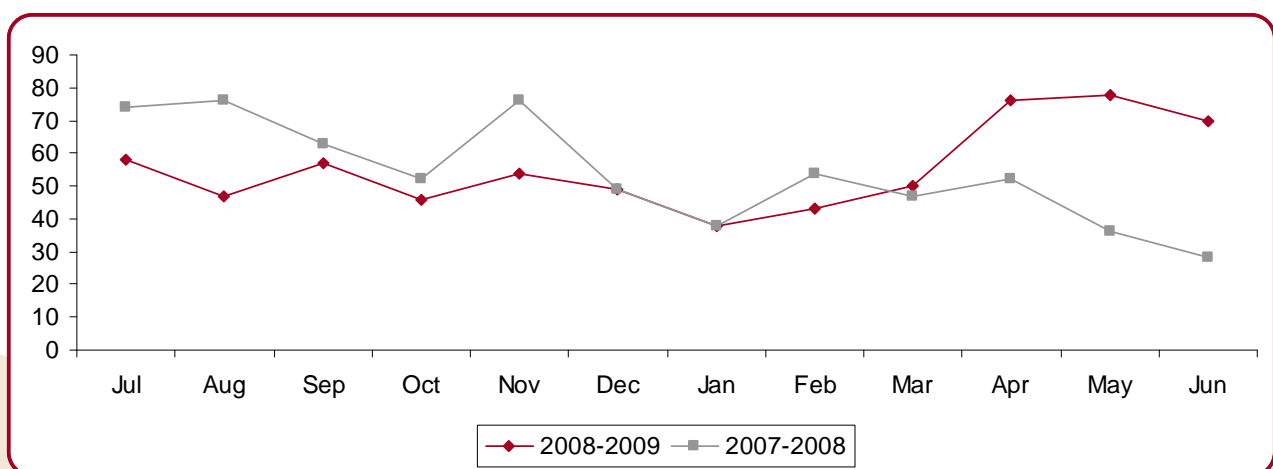


Figure 7: Electricity cases received - billing and credit issues received by month 2007-2008 and 2008-2009 (Second Tier Issues)

## Electricity Statistics (cont'd)

Figure 8 below shows the percentages of electricity billing issues and credit issues for 2007-08 and 2008-2009 involving, and not involving, disconnections.

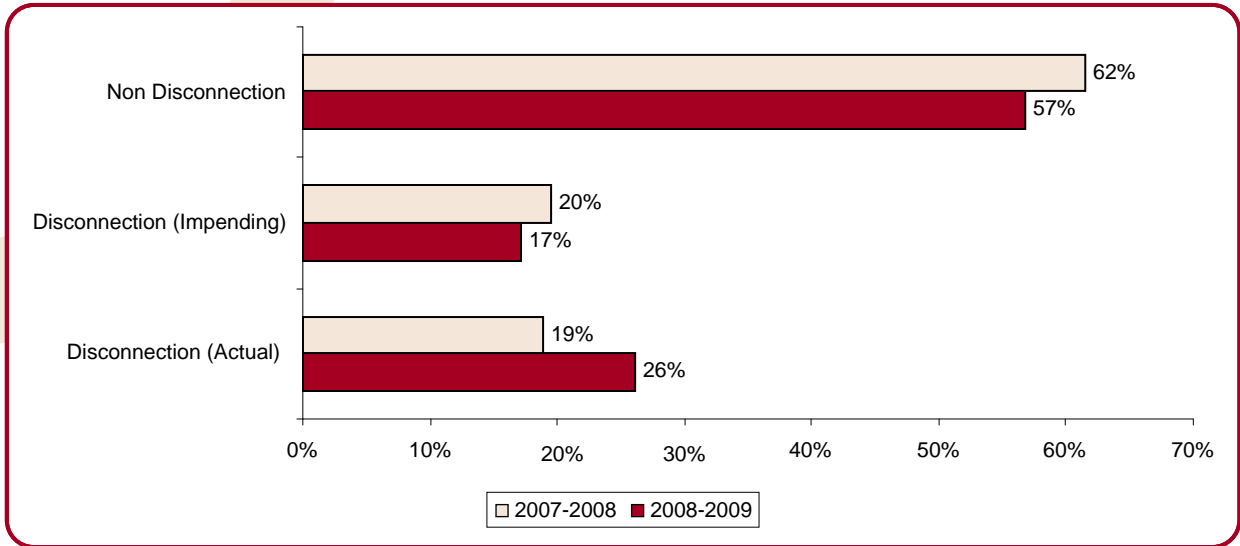


Figure 8: Electricity billing and credit cases showing actual and impending disconnections for 2007-2008 and 2008-2009

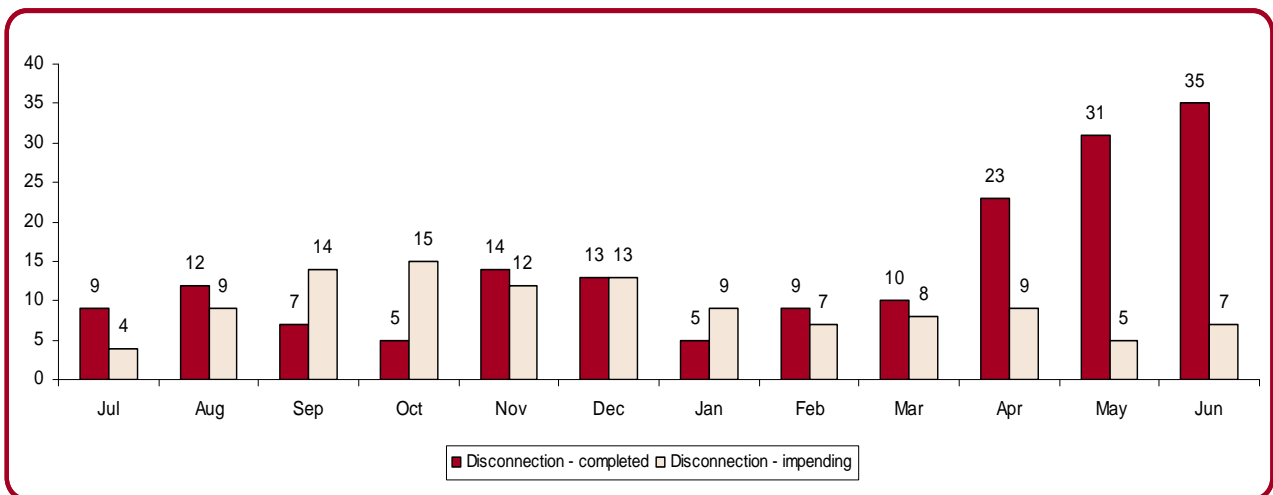


Figure 9: Electricity disconnection cases for 2008-2009



## Electricity Statistics (cont'd)

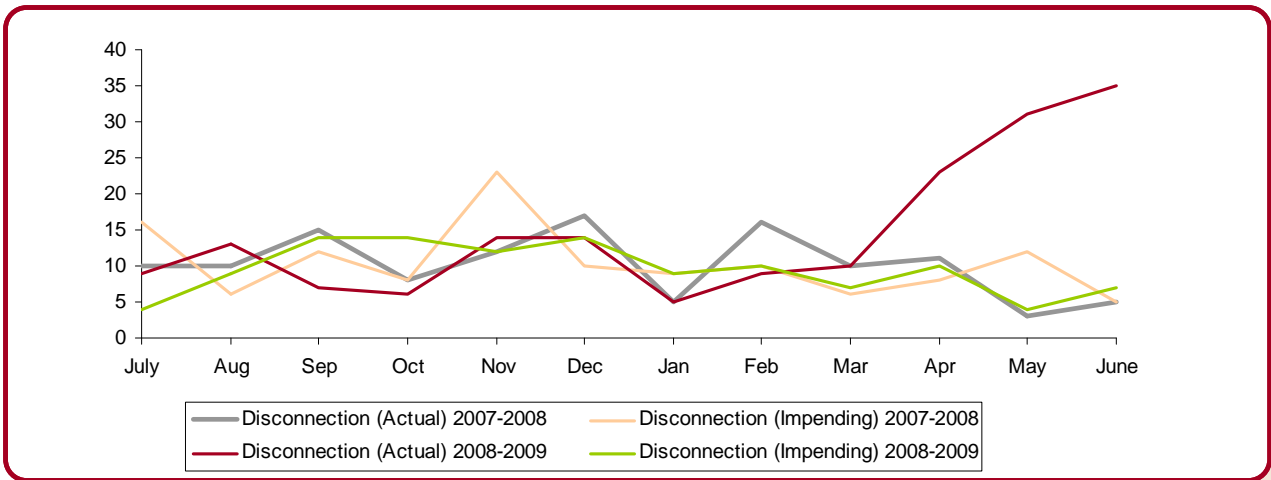


Figure 10: Electricity disconnection cases 2007-2008 and 2008-2009

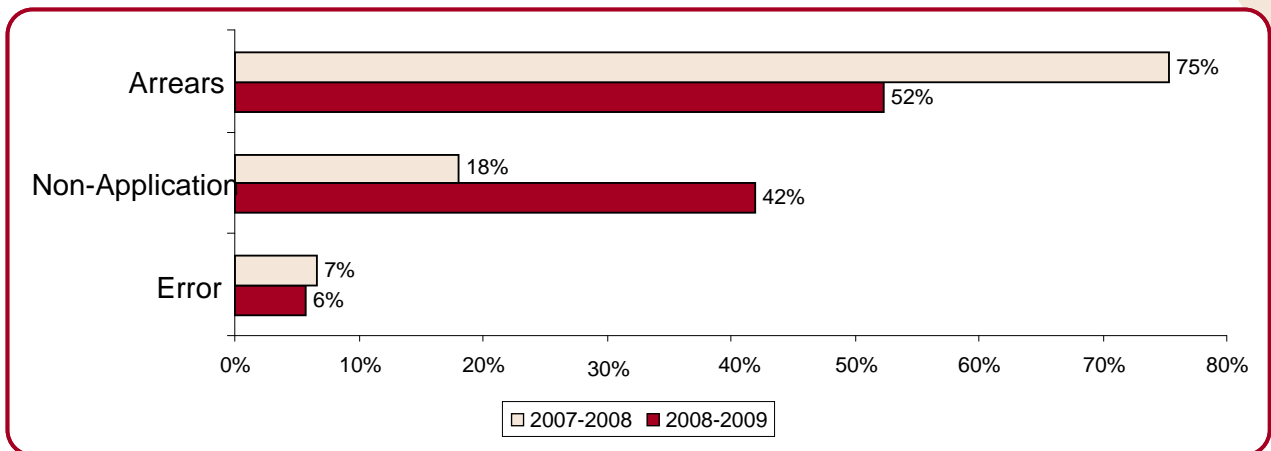
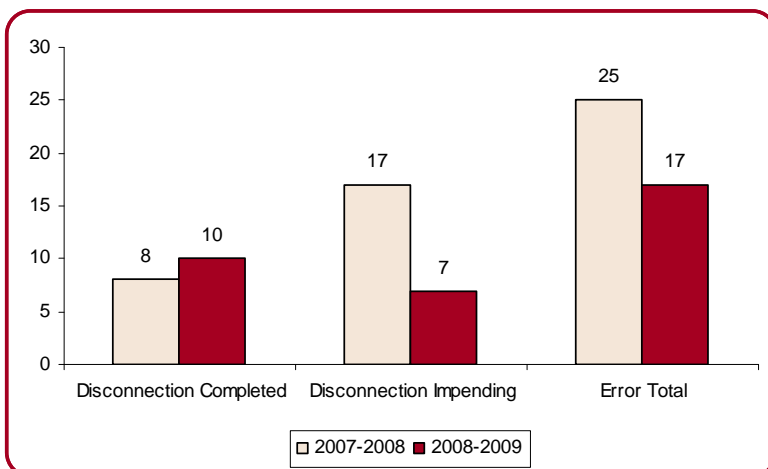
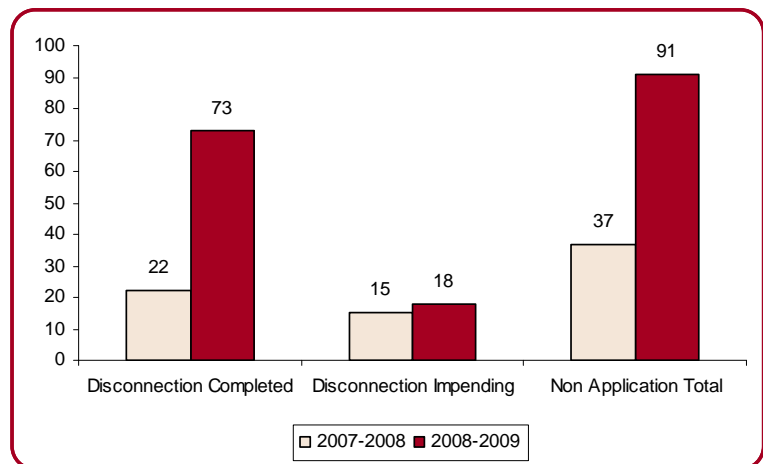
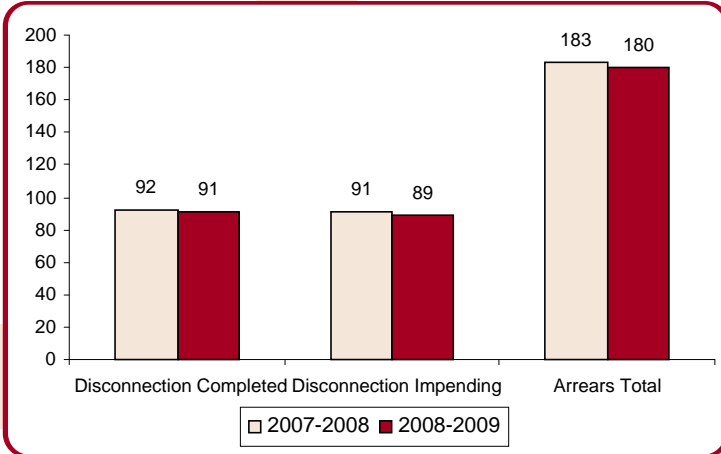


Figure 11: Electricity actual disconnection issues 2007-2008 and 2008-2009

As shown in Figure 9, disconnections-completed cases increased during the quarter ended 30 June 2009 compared with the same quarter the year earlier. Figure 11 shows actual disconnection cases involving arrears fell in percentage terms in 2008-2009 compared with 2007-2008, but non-application related cases increased.

## Electricity Statistics (cont'd)

Figures 12, 13 and 14 show electricity disconnection cases involving arrears, non-application and error.



*Figures 12, 13 & 14: Electricity disconnection cases – Arrears, Non-application and Error 2007-2008 and 2008-2009*

# Gas Statistics

During the period 1 July 2008 to 30 June 2009, the Energy Ombudsman received 252 gas-related cases. Of all the gas cases finalised, 98 per cent were closed within ten business days without the need for investigation.

Figure 15 below shows the number of gas cases received and closed in 2007-2008 and 2008-2009 by month.

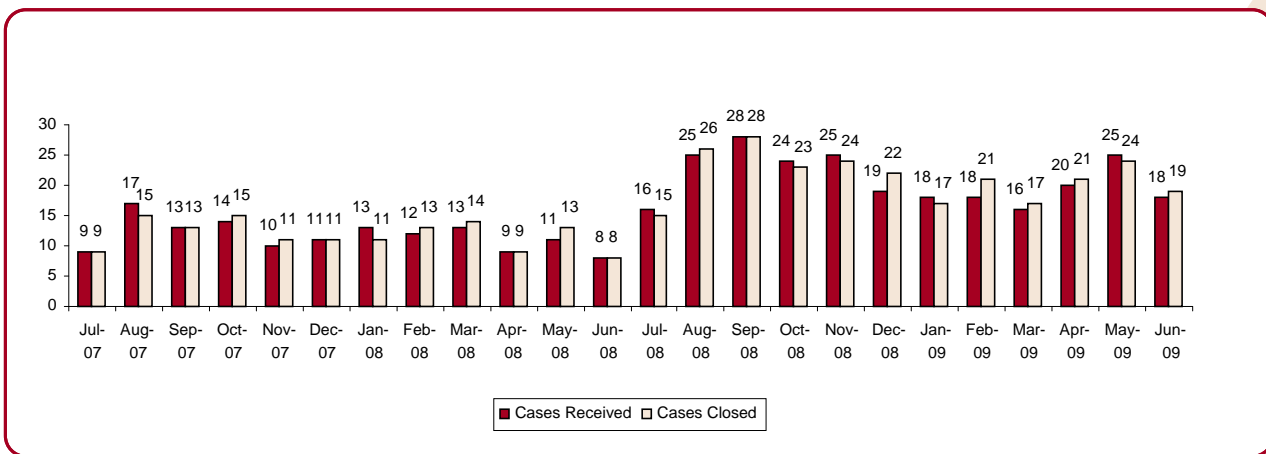


Figure 15: Gas cases received and closed 2007-2008 and 2008-2009

Figure 16 below shows at what stage gas cases were closed by the Energy Ombudsman in 2007-2008 and 2008-2009.

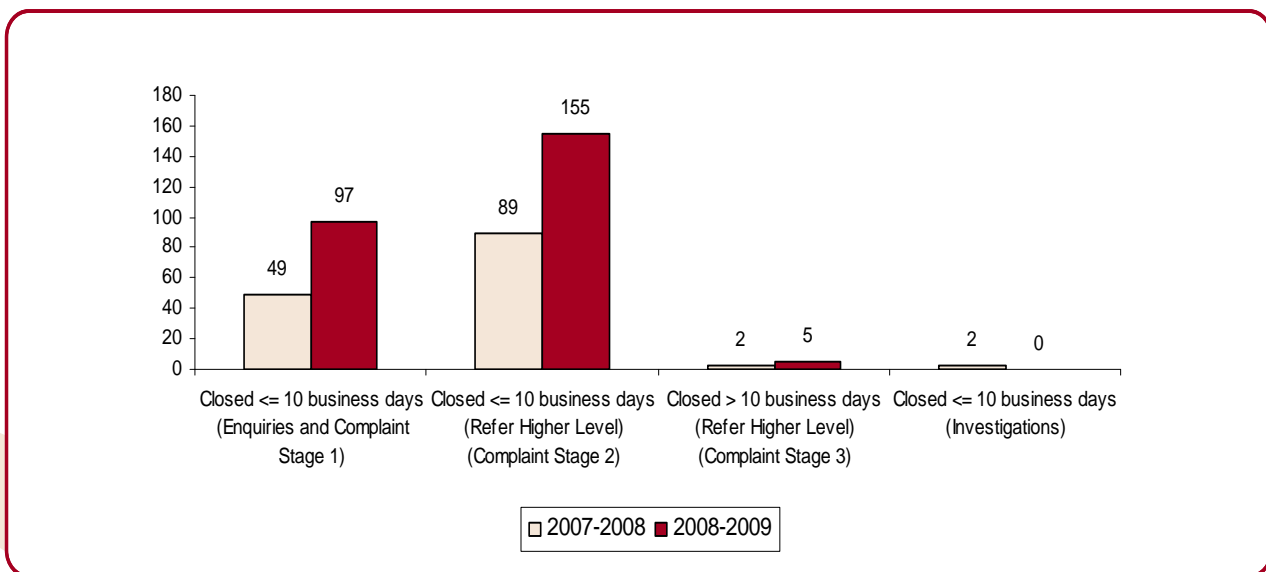


Figure 16: Stage at which gas cases were closed 2007-2008 and 2008-2009

## Gas Statistics (cont'd)

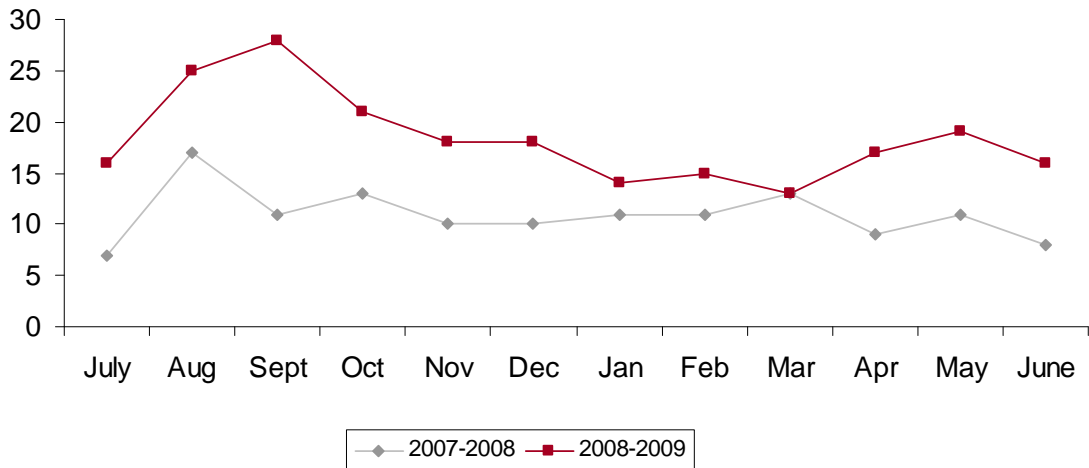


Figure 17: Gas complaints received 2007-2008 and 2008-2009 (excludes enquiries)

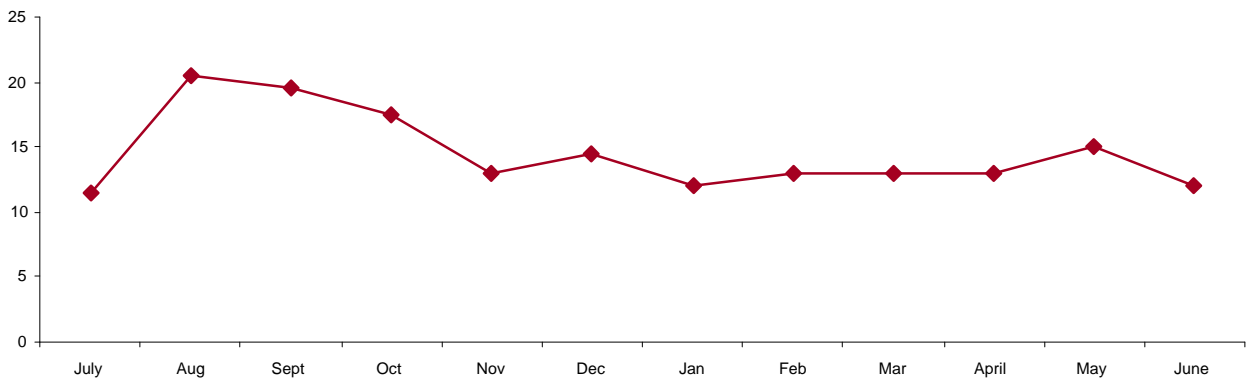
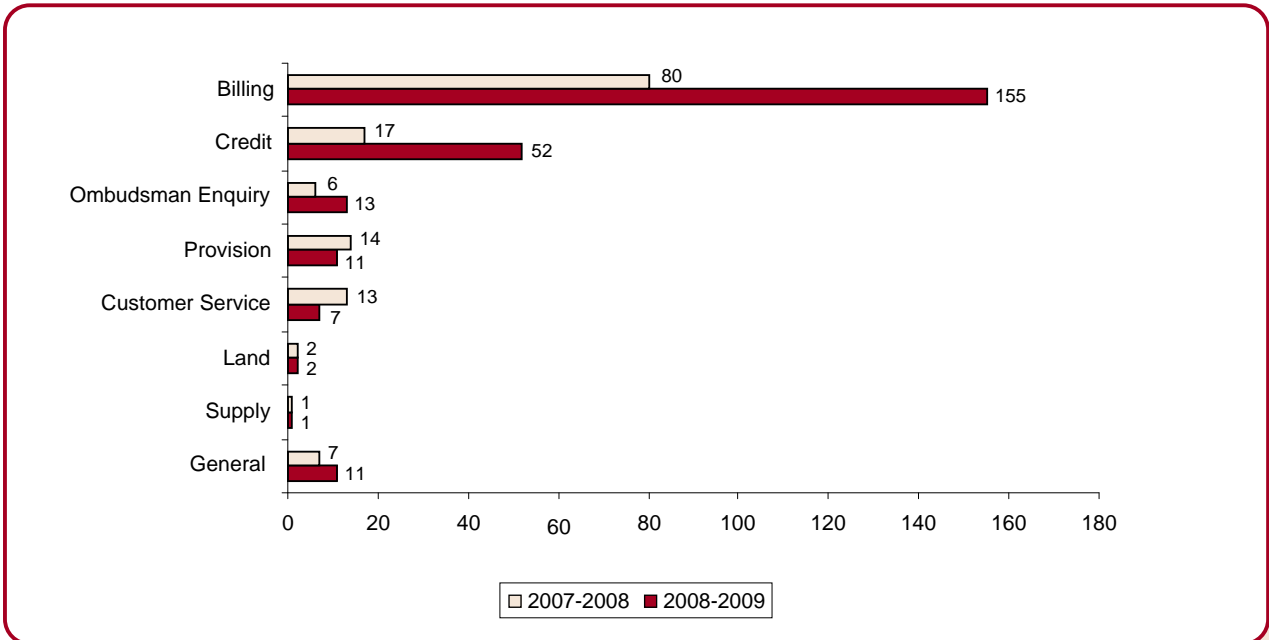


Figure 18: Gas complaints received – 2 year average by month 2007-2008 and 2008-2009 (excludes enquiries)

## Gas Statistics (cont'd)

Figure 19 below shows the percentage of gas cases received for 2007-2008 and 2008-2009 by issue. In 2008-2009, billing issues were the most prevalent, accounting for 61.5 per cent of cases received, followed by credit issues at 21 per cent.



*Figure 19: Gas cases received by issue 2007-2008 and 2009-2009 (First Tier Issues)*

Figure 19 shows a marked increase in the number of billing and credit related cases in 2008-2009 compared with 2007-2008. Billing cases increased 94 per cent and credit cases by 206 per cent. However, total gas cases received remained relatively low.

## Gas Statistics (cont'd)

Figure 20 below shows the sub-categories of gas billing and credit issues for 2007-2008 and 2008-2009 by percentage.

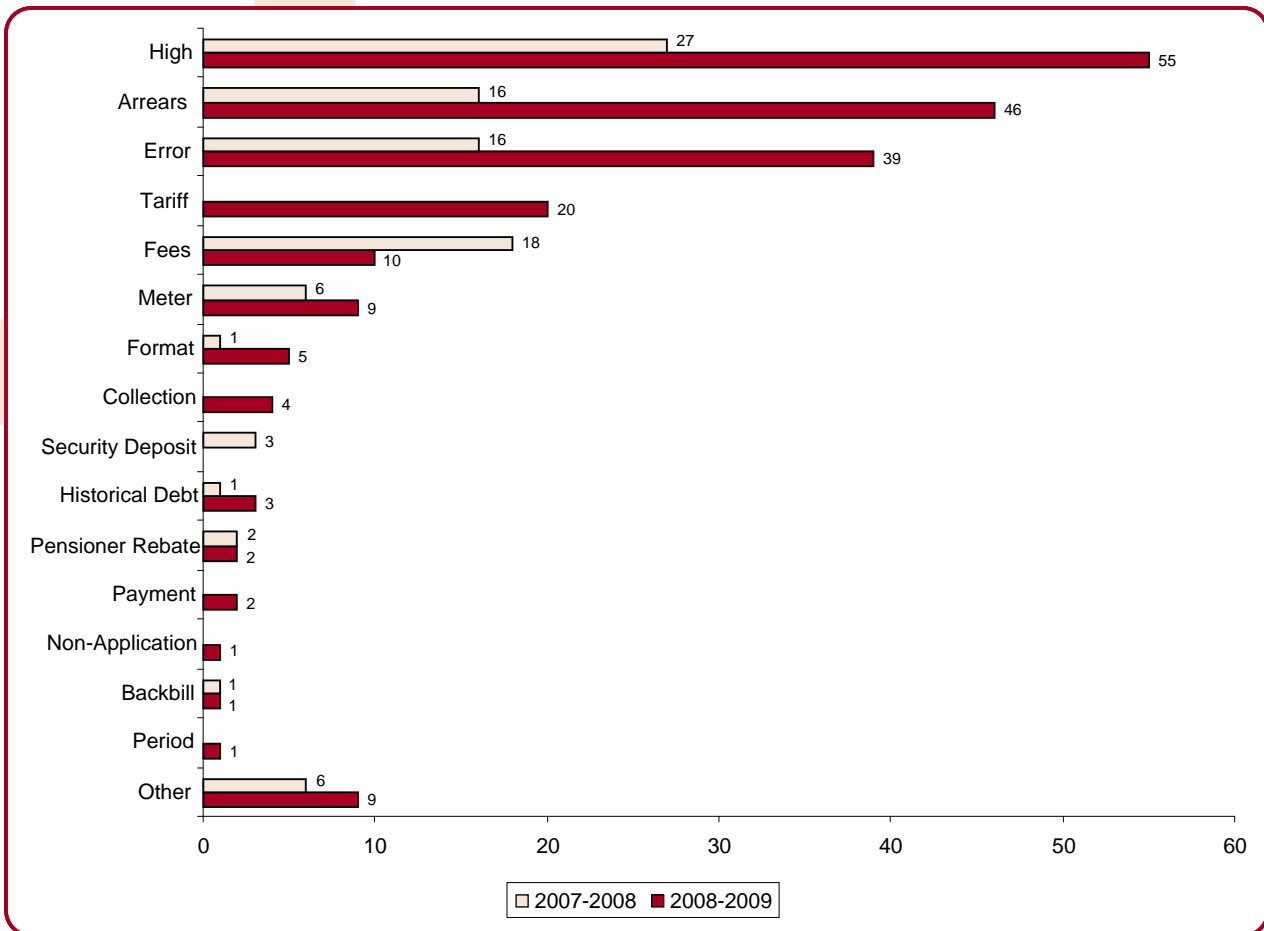


Figure 20: Gas billing issues received by sub-categories 2007-2008 and 2008-2009 (Second Tier Issues)

Gas billing issues explained:

- **Security Deposit** – Complaints about security deposits for new account holders;
- **Period** – Customer is disputing the period for which they are being charged;
- **Format** - Format or lack of adequate information on bill;
- **Historical Debt** - Debt relating to previous supply address;
- **Pensioner Rebate** - Rebate has not been applied or has been incorrectly applied;
- **Tariff** - Incorrect rates or lack of information about tariffs;
- **Meter** - Metering issues;

## Gas Statistics (cont'd)

- **Fees** – Fees and charges
- **Non Application** – Actual or threatened disconnection due to customer not applying for an account;
- **Backbill** - Bills for previous periods not previously billed;
- **Error** - Billing errors; and
- **High Bill** - Bill higher than expected.

Gas credit issues explained:

- **Payment** - Complaints about installment plans;
- **Collection** - Credit rating or debt collection issues;
- **Arrears** - Credit arrears; and
- **High Bill** – Customer has received a high bill and is experiencing difficulty in payment

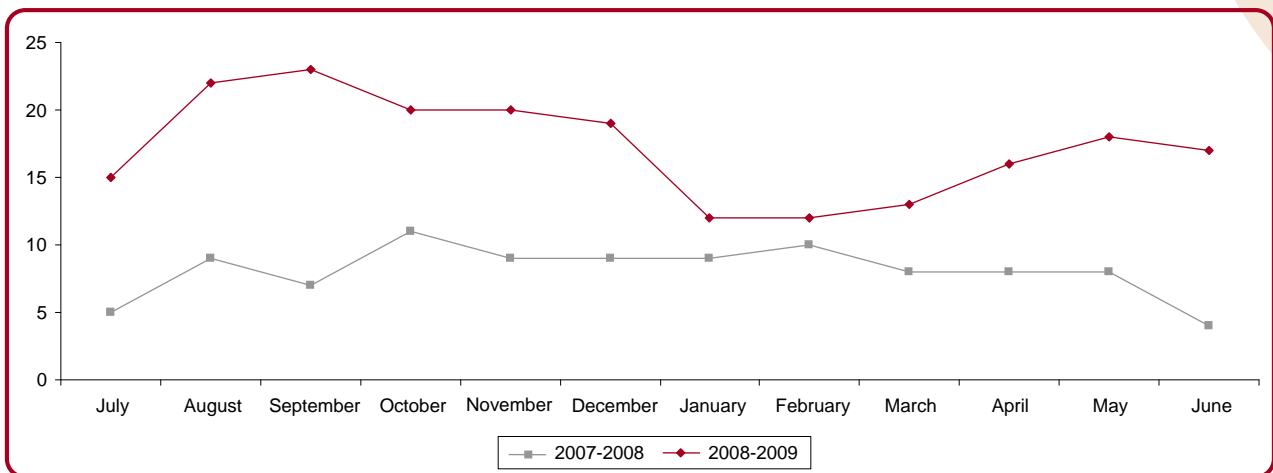
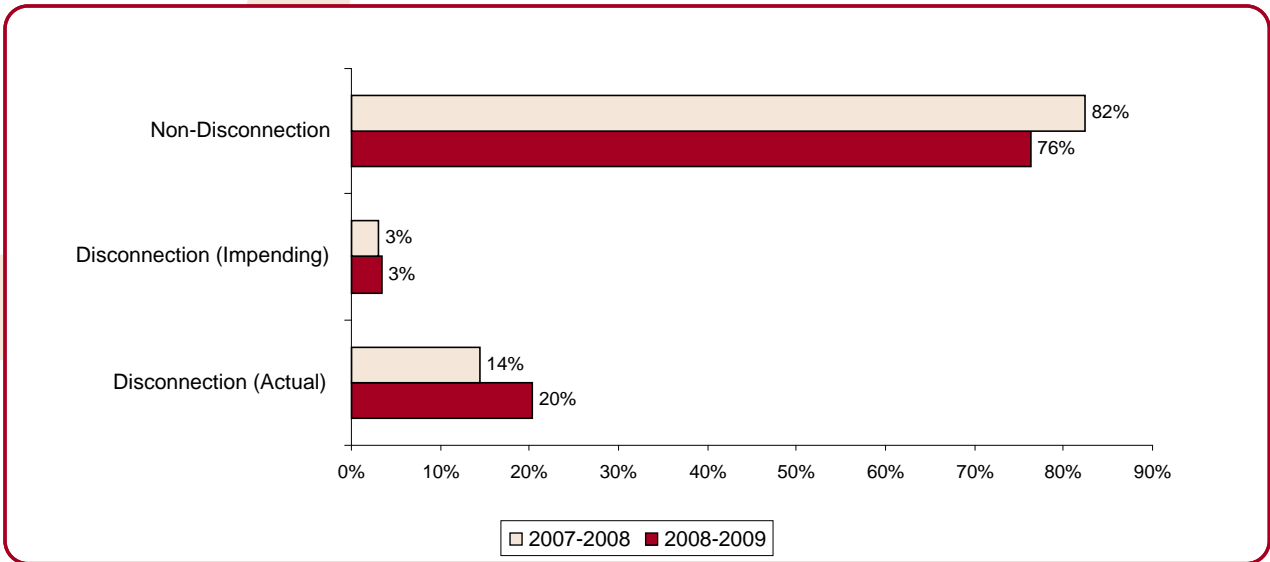


Figure 21: Gas cases received – billing and credit issues received by month 2007-2008 and 2008-2009 (Second Tier Issues)

## Gas Statistics (cont'd)

Figure 22 below shows the percentages of gas billing and credit issues for 2007-2008 and 2008-2009 involving, and not involving, disconnections.



*Figure 22: Gas billing and credit issues show actual and impending disconnections for 2007-2008 and 2008-2009*



## Stakeholder Liaison

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During the year we have continued to meet with Members as necessary to ensure they understand how we operate and enable them to raise any concerns.

We have made presentations to 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 Safety.

## Australian and New Zealand Energy and Water Ombudsman Network

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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. The Energy Ombudsman WA hosted the ANZEWO meeting held in Perth in October 2008 and attended the meeting held in Melbourne in February 2009.

# Staff

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There are two staff dedicated to the Energy Ombudsman function as follows:

<b>Director</b>	Wayne Mann
<b>Energy Investigating Officer</b>	Justin O'Malley

These two officers are complemented by enquiry, investigative, management and support staff from the Western Australian Ombudsman's Office as appropriate.

Strategic and corporate services are also provided by the Western Australian Ombudsman's Office.



