Energy Ombudsman Western Australia Annual Report 2012-13

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About this Report

This report describes the functions and operations of the Energy Industry Ombudsman (Western Australia) Limited for the year ending 30 June 2013.

It is available in print and electronic viewing format to optimise accessibility and ease of navigation. It can also be made available in alternative formats to meet the needs of people with a disability. Requests should be directed to the Communications Manager at (08) 9220 7555 or mail@ombudsman.wa.gov.au.

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Contents

Chairman's Overview4
Energy Ombudsman's Report 6
Highlights for 2012-138
About Us
Our Role10
Structure and Governance11
The Board11
Members of the Energy Ombudsman Scheme11
Our Services13
Strategies to Achieve Our Objectives14
Our Complaint Resolution Process14
Our Work in 2012-13 16
Complaints and Enquiries Received16
Complaints Finalised18
Issues Raised in Complaints19
Disconnections24
Investigated Complaints26
Stakeholder Liaison and Access to Services
Stakeholder Liaison
Access to Services35
Company Particulars and Financial Statements 40
Company Particulars as at 30 June 201340
Independent Audit Opinion41
Statement of Comprehensive Income
Detailed Balance Sheet45
Statement of Changes in Equity46
Cash Flow Statement46

Chairman's Overview

I have pleasure to present the ninth Annual Report of the 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.

Simon Thackray was appointed the Electricity Industry Representative Director in August 2012 following Andrew Gaspar's resignation. Alex Errington resigned as a



Customer Representative Director in November 2012 having served in that capacity with considerable distinction over a nine year period. Two new Customer Representative Directors Judy McGowan and Wayne Mann were appointed in November 2012.

The Board held five meetings during the year. In addition, the Board received the complaint statistics and financial reports on a monthly basis.

The Company

A list of the Members of the Company is included in the Company Particulars section of the report.

Customer Complaints

The Board has a service agreement with the Energy Ombudsman who operates the Scheme. The Board therefore has no responsibilities for the handling of customer complaints. The Energy Ombudsman provides a report to each meeting of the Board outlining the number of complaints received and resolved in both the gas and electricity sectors.

In the year ending 30 June 2013 there were 268 complaints received concerning gas related matters and 3,112 complaints received concerning electricity related matters.

In the previous year the numbers were 262 gas complaints and 3,340 electricity complaints. The number of gas complaints has again remained relatively constant this year and it is pleasing to note that there was a 6.8% decrease in the number of electricity related complaints.

Further details of complaints are contained in the Energy Ombudsman's Annual Report, which follows.

Water Industry Joining the Scheme

The Energy Ombudsman Scheme will expand to become the Energy and Water Ombudsman, with a proposed commencement date in 2014. In preparation for this change, members approved amendments to our Constitution and Charter at the 2012 Annual General Meeting. This historic change will result in two new Board members being appointed, a Water Industry Representative Director and a Customer Representative Director.

Review of the Scheme

In accordance with our Constitution the Board approved a Review of the Scheme to be undertaken by staff of the Western Australian Ombudsman's Office who are not involved in the operation of the Scheme. This review is being undertaken in the second half of 2013, with significant input from stakeholders, and will report on the operation of the Scheme to gauge whether the Scheme is meeting its objectives.

Appreciation

I would like to record my thanks to my fellow Directors for their commitment to the successful operation of the Board during the past year. I would also like to thank the Energy Ombudsman and his staff for their efforts in resolving complaints so efficiently in this ninth year of operation of the Scheme.

The Energy Ombudsman's Annual Report, the Company Particulars, the Independent Audit Opinion and the audited Financial Statements for the Company for 2012-13 follow.

Paul Wilmot CHAIRMAN

Energy Ombudsman's Report

It gives me great pleasure to present the 2012-13 Annual Report of the Western Australian Energy Ombudsman.

The primary function of the Energy Ombudsman is to investigate and resolve complaints about energy services in Western Australia.

This year we received 3,380 complaints, including 3,112 electricity complaints and 268 gas complaints. We also received 326 enquiries. Billing and credit continue to be the main issues raised in both electricity and gas complaints.



This year there was a 6.2% decrease in overall complaints compared to 2011-12 including a 6.8% decrease in electricity complaints. Gas complaint numbers have remained relatively similar to last year.

The Energy Ombudsman only fulfils its role when it resolves complaints in a timely way. This year, we closed 84% of complaints within 10 business days (83% of electricity complaints and 93% of gas complaints).

The timely resolution of complaints cannot be achieved without the cooperation of member companies. I record my appreciation of their active involvement in the resolution of complaints.

Effective liaison with stakeholders is essential to the Energy Ombudsman's achievement of quality, timely dispute resolution and ensuring our services are accessible to the electricity and gas consumers. This year we have continued to liaise with key stakeholders including electricity and gas providers, the Economic Regulation Authority and other regulators and other Ombudsmen. We have also undertaken a range of activities to ensure access to our services for residential and small use customers, including conducting two regional visits, to the Pilbara in August 2012 and the South West in March 2013.

From 2014, the Energy Ombudsman will become the Energy and Water Ombudsman and our Office will handle complaints that have not been resolved with the water service provider. Work commenced this year to prepare for this new jurisdiction.

I take this opportunity to express my sincere appreciation to the Board of the Energy Ombudsman for the work that they undertake and in particular the Chairman, Paul Wilmot. The Board ensures that the governance of the Energy Ombudsman is of the high standard that consumers are entitled to expect. Finally, the work of the Energy Ombudsman is undertaken by a highly skilled and dedicated group of staff, including Deputy Energy Ombudsman, Mary White and Director Energy, Marcus Claridge.

I take this opportunity to thank each staff member for their contribution to ensuring high quality, cost effective and timely access to justice for Western Australian electricity and gas consumers.

Chris Field ENERGY OMBUDSMAN

Highlights for 2012-13

Complaint Numbers

- In 2012-13, there were 3,380 complaints received comprising:
 - 3,112 electricity complaints; and
 - 268 gas complaints.
- There were 3,390 complaints closed comprising:
 - 3,119 electricity complaints; and
 - 271 gas complaints.

Timeliness

• 83% of electricity complaints, 93% of gas complaints and 84% of all complaints were closed within 10 business days of receiving the complaint.

Issues Raised

- Concerns about billing and credit are the main issues raised in complaints with these issues identified in 81% of complaints received (63% for billing and 18% for credit). Of these:
 - High bills and alleged errors are the most common reasons for billing complaints; and
 - Payment of arrears and debt collection are the most common reasons for credit complaints.

Liaison and Access

- Effective relationships with key stakeholders and access to our services have been maintained this year through:
 - Continuous liaison and communication with Energy Ombudsman Scheme member organisations, regulators and Ombudsman industry bodies; and
 - Ensuring ongoing access to Ombudsman services for residential and small use customers, and community groups who may represent them, including through regional visits to the Pilbara and the South West.

About Us

- Our Role
- Structure and Governance
- What We Investigate
- Our Complaint Resolution Process

About Us

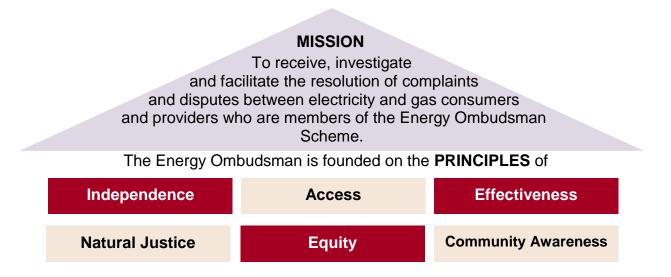
About Us

Our Role

The Energy Ombudsman

The Energy Ombudsman Western Australia has an independent role in overseeing the resolution of complaints between Western Australian residential and small business customers about their electricity or gas provider. The Energy Ombudsman is not affiliated with any electricity or gas providers or consumer organisations and therefore acts impartially in the investigation and resolution of complaints.

Mission and Principles



The Role of the Energy Ombudsman

The role of the Energy Ombudsman is principally to do three things:

- Investigate and resolve complaints about a member of the Energy Ombudsman Scheme (Member);
- From complaints, to identify systemic and emerging issues, as well as monitor the outcomes of complaints and report these issues and outcomes to the Economic Regulation Authority (ERA) and in other relevant forums; and
- Undertake outreach, education, liaison and other activities to ensure awareness and accessibility to the Energy Ombudsman, particularly for under-represented Western Australians (in terms of complaints to the Energy Ombudsman compared to representation in the general population).

Structure and Governance

Background of the Energy Ombudsman

The Gas Industry Ombudsman Scheme was established on 31 May 2004 and the Electricity Ombudsman Scheme was established on 22 September 2005. At that time the two schemes were combined under the title of Energy Ombudsman. The schemes are collectively known as the Energy Ombudsman Scheme.

The *Parliamentary Commissioner Act 1971* was amended to enable the Western Australian 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 Western Australian Ombudsman's office to assist in that role. The costs of the Energy Ombudsman are met by its members.

The Board

The Board of Energy Industry Ombudsman (Western Australia) Limited (**the Board**) is the governing body of the Energy Ombudsman. It comprises five directors: an independent chair, two customer representative directors, a gas industry representative director and an electricity industry representative director. Details of the membership, responsibilities and operations of the Board are documented in the *Energy Industry Ombudsman Constitution November 2008* (**Constitution**) and the *Charter of the Gas Industry Ombudsman Scheme September 2005* (**Charter**)

The Board in 2012-13

Chairman:Paul WilmotDirectorsPaul Wilmot• Customer Representative:Alex Errington (Resigned 21/11/2012)• Customer Representative:Wayne Mann (Appointed 21/112012)• Customer Representative:Judy McGowan (Appointed 21/11/2012)• Gas Industry Representative:Ray Myles• Electricity Industry Representative:Simon Thackray (Appointed 13/08/2012)

Members of the Energy Ombudsman Scheme

The members of the Energy Ombudsman Scheme as at 30 June 2013 are listed below.

Gas Industry Members – 30 June 2013	Electricity Industry Members – 30 June 2013
Electricity Retail Corporation (Synergy) Esperance Power Station Pty Ltd ATCO Gas Australia WorleyParsons Asset Management Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd	Alinta Sales Pty Ltd (Alinta Energy) Electricity Networks Corporation (Western Power) Electricity Retail Corporation (Synergy) Regional Power Corporation (Horizon Power) Perth Energy Pty Ltd Rottnest Island Authority

The Energy Ombudsman

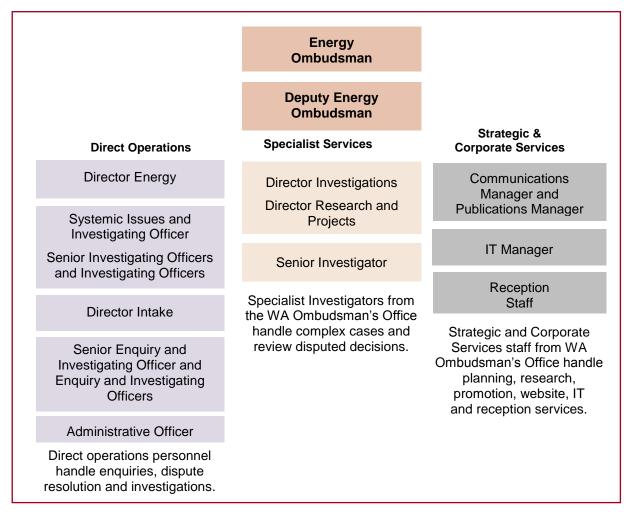
The Western Australian Ombudsman, Chris Field, performs the functions of the Energy Ombudsman under a service agreement with the Board.

The Energy Ombudsman has an Executive Management Group made up of the Energy Ombudsman, the Deputy Energy Ombudsman and the Director Energy. The Energy Ombudsman utilises the governance structures of the Western Australian Ombudsman, including an Audit and Risk Management Committee.

Operational Structure

The Energy Ombudsman's office is located within the office of the Western Australian Ombudsman. This provides the opportunity to achieve significant benefits through scale and scope economies that would not be available to a small stand-alone Energy Ombudsman scheme such as the Energy Ombudsman. It also creates the opportunity for improved quality service delivery through the highly developed, specialised expertise existing in the office of the Western Australian Ombudsman.

At 30 June 2013, the Energy Ombudsman was comprised of 14.9 full time equivalent employees reporting to the Western Australian Ombudsman in his role as Energy Ombudsman. The structure of the Energy Ombudsman's office is shown below.



About Us

Direct operational dispute resolution services are provided by a team of staff reporting to the Western Australian Ombudsman in his role as Energy Ombudsman. Specialist investigation services, as well as the review of disputed decisions, are provided for complex cases through senior investigating staff of the Western Australian Ombudsman's office. Other services, including communications and information technology, are provided through the Strategic and Corporate Services Division of the Western Australian Ombudsman.

Our Services

The Energy Ombudsman receives, investigates and resolves complaints and disputes from residential and small business customers about their electricity or gas provider. The following table describes matters that the Ombudsman can and cannot investigate.

The Energy Ombudsman also liaises closely with scheme member companies in order to achieve effective dispute resolution, and with the community to provide effective access to our services.

Strategies to Achieve Our Objectives

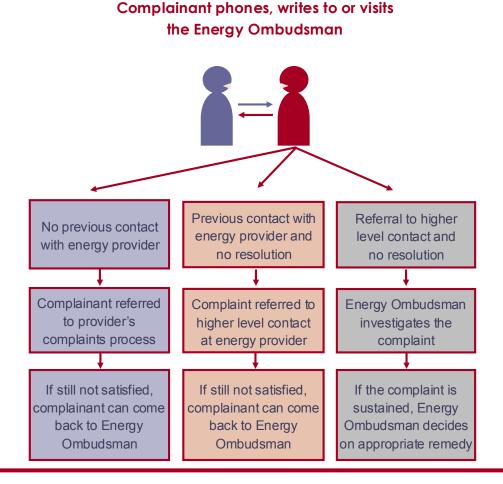
During 2012-13, we focused on achieving the following key priorities:

- Resolving disputes between members and their customers in the most timely, effective and cost efficient manner possible;
- Ensuring appropriate consumer awareness of, and access to, the Energy Ombudsman;
- Continuing to foster and develop stakeholder relations; and
- Commencing the review of the Energy Ombudsman Scheme.

Our Complaint Resolution Process

Consistent with other industry ombudsman schemes, the Energy Ombudsman has a focus on the resolution of complaints by the electricity or gas provider and asks people making a complaint to try to resolve the matter with the electricity or gas company first.

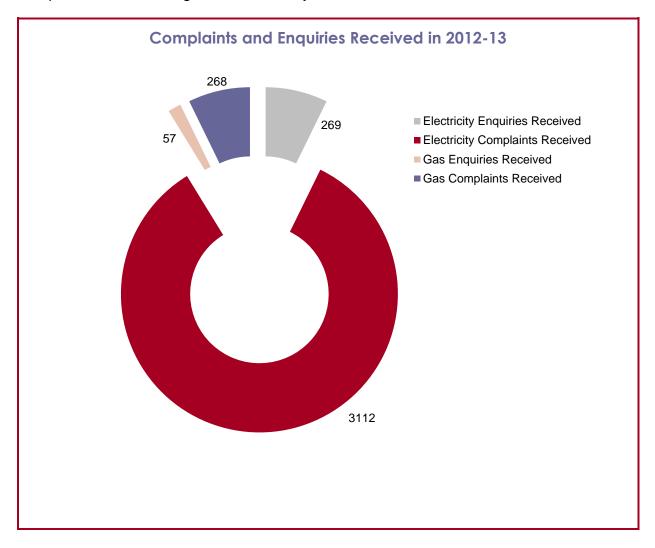
The Energy Ombudsman investigates complaints that remain unresolved after referral to a higher level contact in the energy company. When investigating complaints the Energy Ombudsman considers the relevant law, good industry practice and what is fair and reasonable in the circumstances. A summary of the process for handling complaints is shown below.



- Complaints and Enquiries Received
- Complaints Finalised
- Issues Raised in Complaints
- Disconnections
- Outcome of Investigations

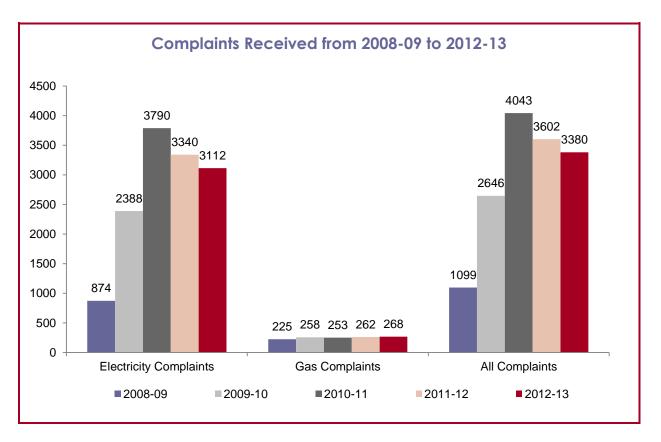
Complaints and Enquiries Received

Over the twelve month period from 1 July 2012 to 30 June 2013, the Energy Ombudsman received 3,380 complaints and closed 3,390 complaints. In addition 326 enquiries were received. The following chart shows the breakdown of complaints and enquiries received for gas and electricity in 2012-13.

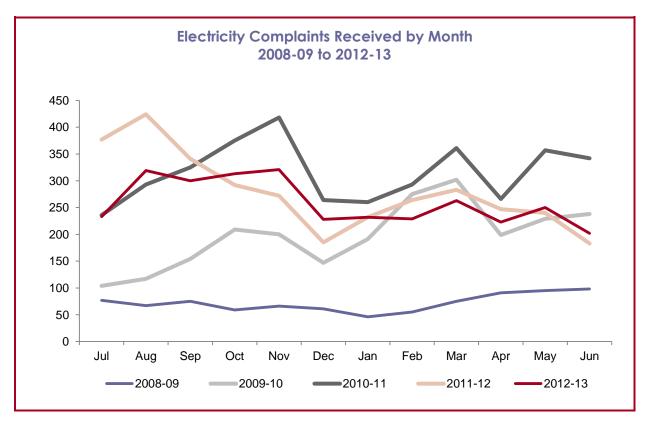


Trends in Complaint Numbers

Overall complaints have decreased by 6.2% in 2012-13 including a 6.8% decrease in electricity complaint numbers this year as shown in the following chart. Gas numbers have remained relatively steady.



Further details of the trends in electricity complaints over the last five years are shown in the following chart. After a significant increase in electricity complaints commencing in 2009-10, there was a 6.8% decrease in 2012-13.



Complaints Finalised

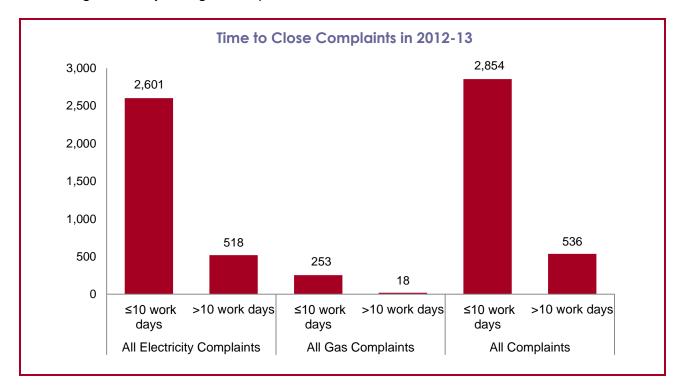
Complaints are finalised through resolution by the energy or gas company where possible and, if the matter cannot be resolved at that level, the complaint is investigated. The complaint stages and action taken by the Energy Ombudsman at each stage are shown below.

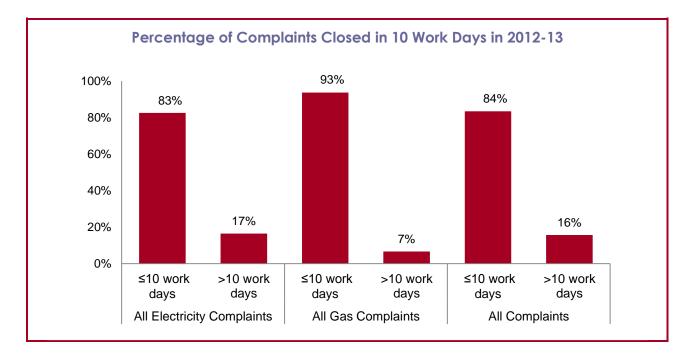
- Stage 1 Complaints The customer has not yet contacted the electricity or gas provider. The customer is referred to the relevant company.
- Stage 2 Complaints The customer has had at least one contact with their electricity or gas provider (such as contact to the call centre) but the complaint has not been resolved. The Energy Ombudsman refers the complaint to a 'higher level' officer for resolution within 10 business days.
- Investigated If a complaint remains unresolved after it has been referred to a 'higher level' officer at the relevant company, the matter is investigated by the Energy Ombudsman.

In 2012-13, there were 3,119 electricity complaints closed and 271 gas complaints closed.

Timeliness of Complaint Handling

The Energy Ombudsman has maintained its high levels of timeliness in 2012-13 with 83% of electricity complaints, 93% of gas complaints and 84% of all complaints being finalised within 10 business days. The following charts show the timeframes for resolving electricity and gas complaints in 2012-13.





Issues Raised in Complaints

Issues raised in electricity and gas complaints fall into the following categories:

-		
Billing	Complaints about bills including alleged errors and disputes over meter readings and fees and charges.	
Credit	Complaints about payment arrangements, debt collection issues and payment difficulties.	
Customer Service	Complaints about alleged poor customer service.	
Supply	Complaints about the quality and reliability of supply.	
Provision	Complaints about connection issues.	
Land	Complaints about the way a scheme member has exercised its powers in relation to land.	
Service Standard Payments	Complaints about regulated payments for poor service.	
Transfer	Complaints about transfers from one supplier to another.	
Marketing	Complaints about the marketing activities of scheme members.	
General	Complaints not covered by other categories.	

Most Common Issues Raised

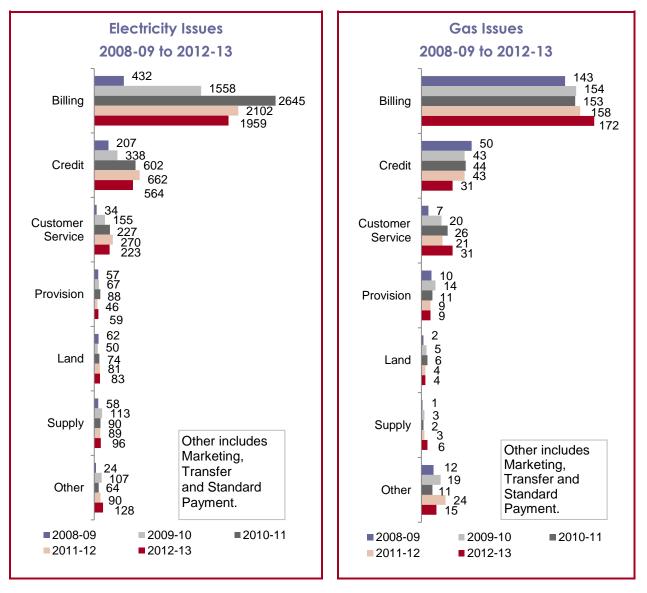
As for previous years, during 2012-13, billing and credit issues remain the most common issues raised for both electricity and gas complaints.

- Billing issues were raised in 63% of complaints received (63% of electricity complaints and 64% of gas complaints); and
- Credit issues were raised in 18% of complaints received (18% of electricity complaints and 12% of gas complaints).

The decrease in electricity complaints during the year has been primarily in the area of billing. For electricity complaints:

- There was a 7% decrease in billing issues in 2012-13 compared to 2011-12; and
- There was a 15% decrease in credit issues in 2012-13 compared to 2011-12.

The following charts show the trends in issues raised in complaints over the last five years.



The following case studies illustrate the issues raised in complaints and the resolutions that occurred.



Distributor provides more accurate estimates of consumption

A customer noted that there had been a significant increase in their bills due to higher than usual estimates of consumption and queried this with the retailer. They were told that the estimates were based on the average consumption in the area but, as the distributor would be doing an actual meter read shortly, this would enable an adjustment based on the customer's actual consumption. When the distributor came to conduct the actual read, the meter was found to be faulty and a correct actual read was not possible. The customer therefore continued to be billed on estimated consumption, based on the average consumption patterns in the area. The customer complained to the Energy Ombudsman because they thought this was unfair, as they only used the home during holiday periods and would have lower than average consumption.

An investigation revealed that, although there had been a series of estimated reads over the previous year, there was a history of actual reads from prior periods that showed the customer's consumption patterns were considerably lower than average. The matter was resolved by the distributor providing the retailer with revised estimates based on the customer's prior history and the retailer re-issuing reduced bills to the customer.



Retailer removes credit listing on compassionate grounds

A customer left their residence without paying their final electricity bill. The retailer appropriately issued the final bill and several letters requesting that the customer finalise the account. The customer engaged with the retailer, acknowledging the debt and promising to pay arrears. The customer failed to honour the commitment, and the debt was listed with a credit reporting agency.

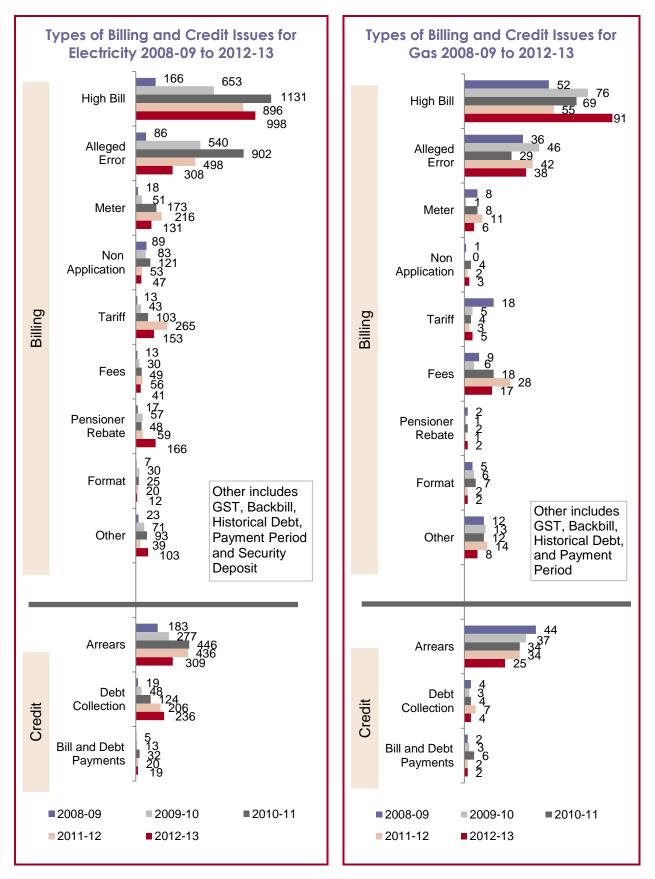
The customer approached the Energy Ombudsman requesting the listing be removed. The customer was able to demonstrate hardship circumstances which had affected their ability to settle the final bill. Based on the individual circumstances of the case, the retailer and credit reporting agency agreed to remove the listing on compassionate grounds.

Reasons for Billing and Credit Complaints

Complaints about billing and credit issues may be made for a range of reasons. The main types of billing and credit issues are:

Types of Billing Issues		
High Bill	Bill higher than expected	
Alleged Error	Alleged billing errors	
Meter	Metering issues	
Non Application	Disconnections due to the customer not applying for an account	
Tariff	Incorrect rates or lack of information about tariffs	
Fees	Fees and charges	
Pensioner Rebate	Rebate has not been applied or has been incorrectly applied	
Format	Format or lack of adequate information on bill	
Other	Includes backbills, GST, historical debt, payment periods and security deposit	
Types of Credit Is	sues	
Arrears	Credit arrears	
Debt Collection	Credit rating or debt collection issues	
Bill and Debt Payments	Customer has received a high bill and has difficulty in payment, has difficulty paying debts or problems with payment arrangements	

For both electricity and gas complaints, the main reasons for billing complaints are high bills and alleged errors and the main reason for credit complaints is payment of arrears and debt collection. The trends over the last five years in the different types of billing and credit issues are shown in the following charts.



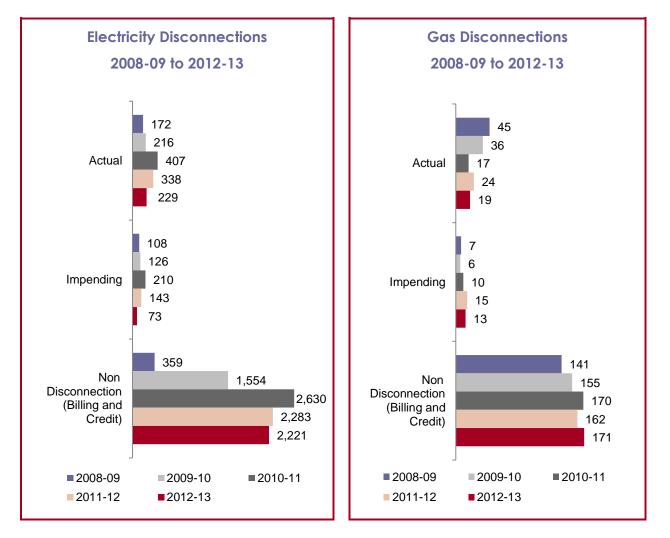
Disconnections

Retailers sometimes disconnect supply when a customer has failed to pay their bill or have not applied for an account when they take up a new residence. Before disconnecting, a reminder notice and then a disconnection warning is sent. Complaints about reminder notices and disconnection warnings are recorded by the Energy Ombudsman as impending disconnections. Complaints about a disconnection that has already occurred are recorded as actual disconnections.

During 2012-13, there were:

- 2,523 electricity complaints involving billing and credit issues and, of these, 229 involved actual disconnection and 73 involved an impending disconnection; and
- 203 gas complaints involving billing and credit issues and, of these, 19 involved actual disconnection and 13 involved an impending disconnection.

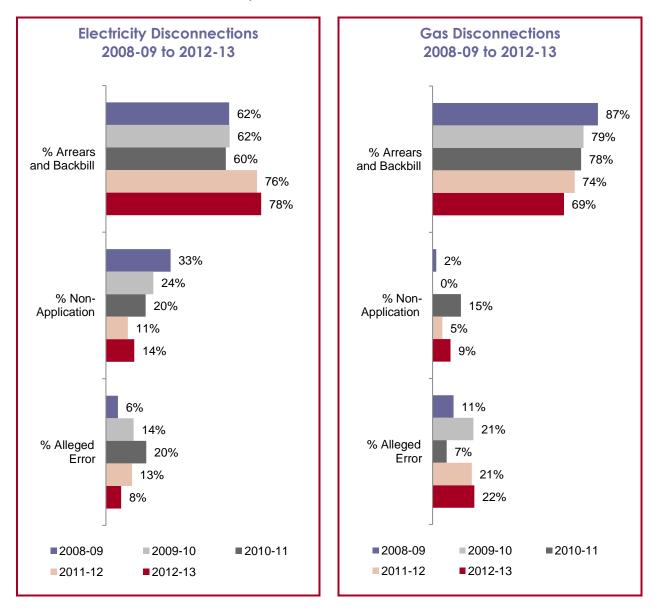
The following charts show trends in electricity billing and credit issues involving, and not involving, disconnections. For electricity and gas there has been a decrease in complaints about both actual and impending disconnections in 2012-13 compared to 2011-12.



Actual or impending disconnections can occur for the following reasons.

Reasons for Disconnection		
Arrears and Backbills	Customer has not paid their bill or a backbill for a previous period.	
Alleged Error	Customer claims that they have been, or are about to be, disconnected due to an alleged error by the retailer.	
Non Application	The customer has moved into or acquired a property and not applied to their retailer for an account to be established.	

For both electricity and gas, most complaints received about disconnections relate to arrears in bill payments. The following charts show the trends in the reasons for disconnections over the last five years.



The following case study illustrates the issues raised in complaints about disconnections.



Ombudsman involvement leads to an urgent reconnection

A customer complained to the Energy Ombudsman that they had been disconnected for consuming electricity without entering into a contract with a retailer. The customer had been under the mistaken impression that their employer, who owned the home, had already established an account.

As the retailer had not been afforded an opportunity to resolve the complaint, the Energy Ombudsman advised the customer to approach the retailer and, if the matter was not resolved, to contact the Energy Ombudsman again.

Shortly afterwards, the customer informed the Energy Ombudsman that, given the genuine confusion over who was to establish the account, the retailer had undertaken to reconnect the property, but this would take a number of days. The customer was concerned about the welfare of their young child over this period, in particular due to a lack of power to cool the house in very hot weather conditions. The Energy Ombudsman approached the retailer, who was previously unaware that a young child was at the property, and undertook to reconnect the property in a few hours.

Investigated Complaints

The Energy Ombudsman refers complaints to the electricity or gas provider to resolve the matter in the first instance and most complaints are resolved directly between the customer and the company. If the customer does not consider the matter is resolved they can bring their complaint back to the Energy Ombudsman for investigation.

Resolution Through Further Referral

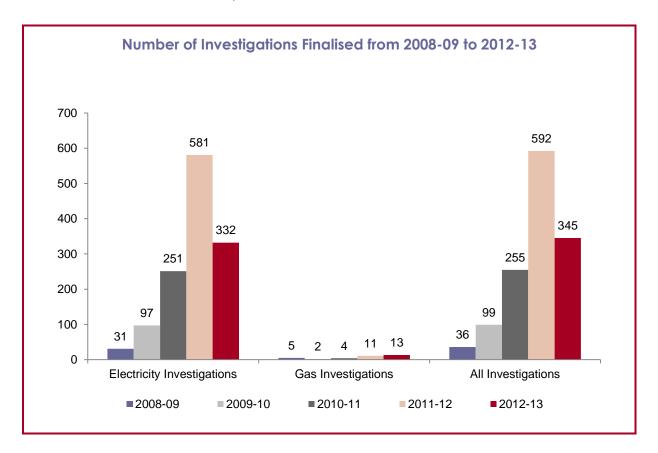
In some complaints, where there is the potential for an early resolution, the Energy Ombudsman may ask the customer to give their provider a final opportunity to resolve the complaint. The customer and the company are advised that, if the matter is not resolved in a reasonable timeframe, the customer can bring it back to the Energy Ombudsman and it will be investigated.

In 2012-13, there were 142 further referrals finalised for electricity complaints. Of these, 45 (32%) were later escalated to an investigation because the customer came back to the Energy Ombudsman when their complaint could not be resolved with the company.

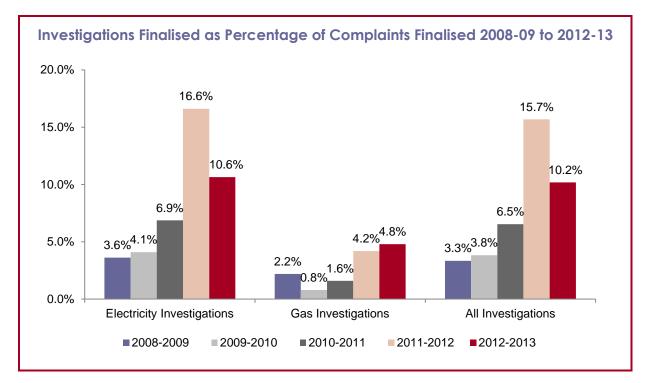
Investigations Finalised

There were 332 investigated electricity complaints and 13 investigated gas complaints finalised during 2012-13.

As shown in the following chart, the number of investigated electricity complaints has decreased in 2012-13 from a peak in 2011-12.



As shown in the following chart, there has also been a decrease in the proportion of complaints finalised after an investigation in 2012-13 compared to 2011-12.



Outcomes of Investigated Complaints

Complaints that proceed to investigation may be finalised for the following reasons:

- The Energy Ombudsman facilitates a resolution;
- Investigation of the matter shows that it is out of jurisdiction;
- The investigation shows the complaint is not sustained;
- The investigation shows the matter is sustained and the Energy Ombudsman makes a binding determination including an appropriate remedy; or
- Further investigation is not warranted for a range of reasons such as a lack of independently verifiable evidence.

For most investigated complaints the investigation ceases because:

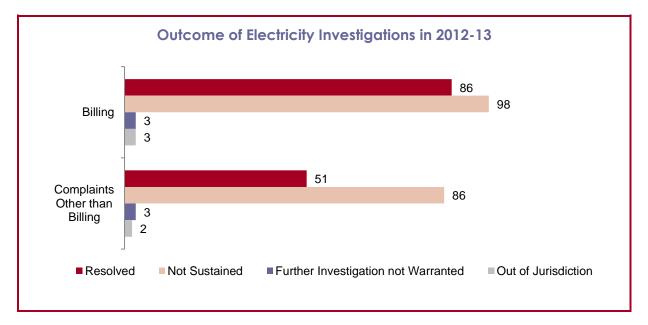
- The Energy Ombudsman investigating officer is able to facilitate a resolution between the customer and their electricity or gas provider. This occurred in 145 (42%) of the 345 investigations finalised in 2012-13; or
- The investigation shows the complaint is not sustained. This occurred in 188 (54%) of the 345 investigations finalised in 2012-13.

Smaller proportions of complaints were finalised because they were found, during the investigation, to be out of jurisdiction or further investigation was not warranted. There were no determinations by the Energy Ombudsman in the 2012-13 reporting period.

Outcomes of Investigated Electricity Complaints

Most investigated electricity complaints related to billing and were resolved following the involvement of the Energy Ombudsman.

The following chart shows the outcomes of the investigated electricity complaints finalised in 2012-13 broken down by the issue of the complaint.



Outcomes of Investigated Gas Complaints

The outcomes of the eleven investigated gas complaints were:

- 8 complaints were resolved;
- 4 complaints were not sustained; and
- 1 complaint did not require further investigation.

Resolutions Offered for Investigated Complaints

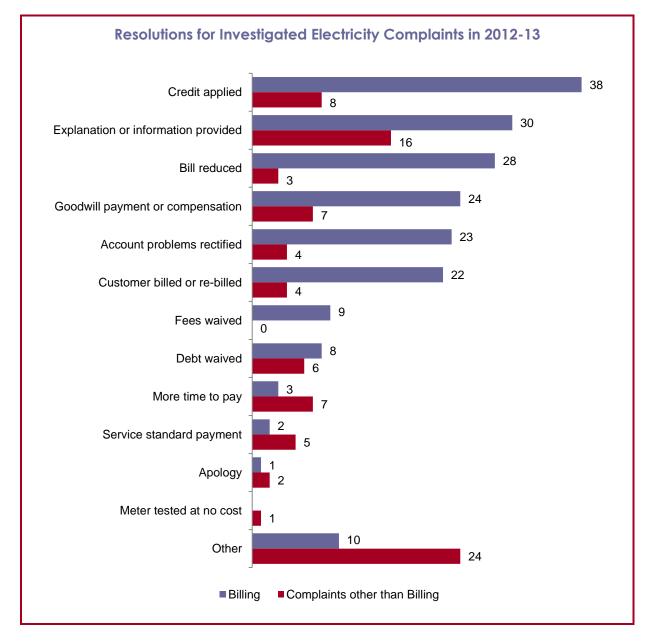
Electricity and gas providers may offer a range of actions to resolve a complaint including reducing bills, correcting or removing credit listings, providing the complainant with more time to pay, or providing compensation, an explanation or an apology. Bills may be reduced for a variety of reasons including correction of errors (for example, payment of rebate entitlements). Compensation may be paid where a customer has suffered a loss or damage due to the actions of their electricity or gas provider.

Resolutions Offered for Investigated Electricity Complaints

In 2012-13, 285 actions were offered by electricity providers to resolve the 137 investigated electricity complaints that were resolved during the year.

The number of actions undertaken is higher than the number of complaints resolved as there is often more than one action taken by the company to resolve the complaint. For example, the retailer may reduce the bill and offer an apology.

The following chart provides the breakdown of the actions offered to resolve investigated complaints for billing complaints and complaints about other issues.



Resolutions Offered for Investigated Gas Complaints

There were 23 actions offered by gas providers for the 8 investigated gas complaints that were resolved in 2012-13.

Stakeholder Liaison and Access to Services

- Stakeholder Liaison
- Access to Services

Stakeholder Liaison and Access to Services

Effective engagement with key stakeholder groups is essential to the Energy Ombudsman's achievement of effective dispute resolution, increased awareness of the services provided by the office and identification and addressing of systemic issues within the industry. The office does this through:

- Continuous liaison and communication with key stakeholders including member organisations (electricity or gas providers), regulators and Ombudsman industry bodies; and
- Ensuring ongoing access to its services for residential and small use customers, and community groups who may represent them.

In early 2010, the Energy Ombudsman presented to the Board a communications strategy developed to formalise the stakeholder liaison and access activities being undertaken by the office. The strategy commenced in 2010-11 and has continued throughout 2012-13. These activities were carried out to enhance the promotion of, and access to, the Energy Ombudsman by key stakeholders. Further details about these activities are detailed in this section.

Stakeholder Liaison

The office regularly liaises with a number of key stakeholders. This continuous communication and feedback process allows the office to better understand relevant industry issues and to encourage best practice and leadership in dispute resolution in the sector.

Utility Seminar

Every two years, the Energy Ombudsman partners with the Economic Regulation Authority and the Department of Commerce, Consumer Protection to present a Utility Seminar for member organisations, water providers, regulatory bodies and community groups. The event provides a valuable opportunity for the Ombudsman and the regulatory bodies to share perspectives and open a dialogue around topical issues in the energy and water industries.

The 2013 Seminar, *Stakeholder Engagement Master Class* was held on 23 April 2013 and



Attendees at the *Stakeholder Engagement Master Class* on 23 April 2013

was attended by 61 attendees. The Energy Ombudsman opened the afternoon session and senior members of the Energy Ombudsman team attended the Seminar. Feedback from attendees at the Seminar was positive.

Member Organisations

In order to achieve effective dispute resolution, the office liaises closely with the scheme member organisations. The office was involved in several meetings with members as outlined below:

- In October 2012 and March 2013, the Energy Ombudsman met with the Chief Executive Officer of Synergy. Energy Ombudsman staff also had regular liaison with Synergy throughout the year to discuss issues such as Synergy's financial hardship program, credit management, the organisation's complaint handling process and trends in complaints relating to credit, metering and billing;
- In December 2012 and June 2013, the Energy Ombudsman met with the Chief Executive Officer of Western Power. Energy Ombudsman staff also met with Western Power regularly to discuss resolution of complaints; and received a briefing from Western Power's metering branch on the technical aspects of reading and testing meters; and
- Energy Ombudsman staff representatives attended a liaison meeting with Kleenheat Gas in April 2013.

The Economic Regulation Authority

During 2012-13 the office continued its regular interaction with the industry regulator, the Economic Regulation Authority (**ERA**). The office was involved with meetings and liaison with the ERA as outlined below:

- The Energy Ombudsman and senior Energy staff attended meetings with the ERA's Consumer Consultative Committee in September and December 2012 and March and June 2013. The Consumer Consultative Committee meets quarterly to provide comment to the ERA on issues affecting consumers that fall within the ERA's jurisdiction;
- The Deputy Energy Ombudsman and Director Energy attended liaison meetings with senior staff of the ERA in August and November 2012 and February and May 2013;
- The Energy Ombudsman met with the Chairman of the ERA in September 2012 and in March 2013; and
- In April 2013, the Deputy Energy Ombudsman attended a meeting with representatives from the ERA regarding the proposed process for the statutory review of the Energy Ombudsman Scheme scheduled for 2013.

Stakeholder Liaison in Preparation for the Expansion of the Scheme to become the Energy and Water Ombudsman

From 2014, the Energy Ombudsman Scheme will expand to become the Energy and Water Ombudsman. In preparation for this change, senior Energy Ombudsman staff have met with staff from the Department of Water on several occasions and made a presentation, titled *The Water Services Ombudsman Scheme*, to the Founding Water Services Members in January 2013 and to other key stakeholders, including the Western Australian Local Government Association, in June 2013.

Ombudsman Industry Bodies

Liaison and collaboration with Ombudsman industry bodies provides an opportunity for the office to benchmark its performance and stakeholder communication activities against other similar agencies, and to identify areas for improvement through the experience of others. A summary of the liaison with these industry bodies is outlined below:

- The Energy Ombudsman chaired the Australia and New Zealand Energy and Water Ombudsman Network (ANZEWON) meeting in Perth in November 2012, and attended a meeting via teleconference in April 2013. ANZEWON 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 Director Energy participated in regular teleconferences with ANZEWON throughout 2012-13. The focus of these discussions was to share information and insights on systemic issues in complaints in the energy industry;
- In February 2013, the Director Energy met with staff from Energy and Water Ombudsman New South Wales and Energy and Water Ombudsman Queensland to discuss their experiences with the water jurisdiction;
- The Energy Ombudsman attended the Australian and New Zealand Ombudsman Association (ANZOA) Members Meetings in New Zealand in November 2012 and via teleconference in May 2013 and Executive Members Meetings via teleconference in August 2012, February and May 2013. ANZOA is a peak group for Parliamentary and industry-based Ombudsmen in Australia and New Zealand. It acts as a network for consultation and discussion for Ombudsmen on matters of interest, concern or common experience; and
- The Energy Ombudsman:
 - Met with the Energy and Water Ombudsman Victoria, in September 2012; and
 - Met with the Electricity and Gas Complaints Commissioner, New Zealand via teleconference.

Access to Services

The office continued to utilise various communication methods to ensure access to its services for residential and small business customers, including:

- Meeting with representatives of the Home Energy Saver Scheme; and
- Addressing a community meeting about the role of the Energy Ombudsman.

'Ask the Ombudsman' on Nightline

The office continues to provide access to its services through the Energy Ombudsman's regular appearances on Radio 6PR's *Nightline* program. Listeners who have complaints about their electricity or gas provider or want to make other enquiries about the Energy Ombudsman jurisdiction can call in and speak with the Energy Ombudsman live on the air. The segment also allows the office to communicate key messages about the Energy Ombudsman jurisdictions and the outcomes that can be achieved for members of the public. The Energy Ombudsman appeared on the 'Ask the Ombudsman' segment in October and December 2012, and March and June 2013.

Energy Ombudsman Website

The <u>Energy Ombudsman website</u> provides a wide range of information and resources for members of the public on the complaint handling process provided by the Office.

The website content and functionality are continually reviewed and improved to ensure there is maximum accessibility to all members of the diverse Western Australian community. The site provides information in a wide range of <u>community</u> <u>languages</u>.

Links to Energy Ombudsman publications and useful links to external websites are used throughout. The site also features an online form for complainants to use to lodge a complaint. The site can be accessed at www.ombudsman.wa.gov.au/energy.



Publications

The Energy Ombudsman provides publications to assist complainants to understand the role of the Energy Ombudsman and the Energy Ombudsman's complaint process.

The Energy Ombudsman's complaint forms and information sheets are translated into 15 community languages to ensure accessibility for people from culturally and linguistically diverse backgrounds. The translated forms and information feature on the website and are available in hard copy on request.



Regional Visits

In 2012-13 the Office continued the Regional Awareness and Accessibility Program (**the Program**), with visits to the Pilbara towns of South Hedland, Karratha, Roebourne and Marble Bar in August 2012; and the South West towns of Collie, Harvey and Bunbury in March 2013. Preparations are underway for our visit to Kununurra in November 2013.

The Program is an important way for the Energy Ombudsman to raise awareness of, and access to, its services for regional and Aboriginal Western Australians. Energy Ombudsman information sheets are distributed and Ombudsman staff deal with enquiries and complaints about the electricity and gas providers during complaint clinics which form part of regional visits.

Speeches and Presentations

Throughout the year Energy Ombudsman staff delivered presentations on the role of the Energy Ombudsman and how the Ombudsman may be able to assist members of the local community. The Energy Ombudsman also delivered a keynote speech, titled *The Role of the Energy Ombudsman and its relationship with regulators, industry and consumers*, to the Energy in Western Australia conference, in October 2012.

Western Australian Ombudsman Newsletter

Two editions of the Western Australian Ombudsman Newsletter were issued in 2012-13. The newsletter is a key publication used by the office to communicate information to stakeholders about the office's performance, achievements, events and resources.

The August 2012 edition included the staff profile of the Director Energy and the December 2012 edition featured an article titled: '*Energy Ombudsman – Year in Brief 2011-12*'. Statistics concerning the number and type of complaints received for the past year were discussed, and timeliness in actioning these complaints was highlighted. The article went on to note how the Energy Ombudsman had liaised with key stakeholders, including:

- Energy Ombudsman Scheme members, the Economic Regulation Authority and other regulators and Ombudsman industry bodies; and
- Ensuring ongoing access to Ombudsman services for residential and small use customers, and community groups who may represent them.

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Company Particulars and Financial Statements

- Company Particulars
- Independent Audit Opinion
- Statement of Comprehensive Income
- Detailed Balance Sheet
- Statement of Changes in Equity
- Cashflow Statement

Company Particulars and Financial Statements

Company Particulars as at 30 June 2013

Energy Indus	try Ombudsman (Western Austr	alia) Limited - ACN 109 054 426	
Registered address	c/- Kennerlys Ground Floor, 24 Outram Street West Perth WA 6005		
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 ATCO Gas Australia, previously WA Gas Networks Pty Ltd WorleyParsons Asset Management Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd		
	Electricity Industry		
	Alinta Sales Pty Ltd Electricity Networks Corporation (W Electricity Retail Corporation (Syner Horizon Power Perth Energy Pty Ltd Rottnest Island Authority	,	
Board	Chairman: Directors Customer Representative: Customer Representative: Customer Representative: Gas Industry Representative: Electricity Industry Representative: Alternative Directors Gas Industry Representative: Electricity Industry Representative:	Paul Wilmot Alex Errington (Resigned 21/11/12) Wayne Mann (Appointed 21/112012) Judy McGowan (Appointed 21/11/12) Ray Myles Simon Thackray (Appointed 13/08/12) Justin Scotchbrook Margaret Pyrchla (Appointed 20/02/13)	
Company Secretary	Leendert Johan Ouwendyk		
Accountants	Kennerlys, Certified Practicing Accountants PO Box 1125 West Perth WA 6872		
Auditor	Shakespeare Partners, Chartered Accountants PO Box 1257 West Perth WA 6872		

Independent Audit Opinion

SHAKESPEARE PARTNERS	TOTAL BUSINESS SOLUTIONS
47 Outram Street West Perth WA 6005 PO Box 1257 West Perth WA 6872 Tel: 9321 2111 Fax: 9321 2050 info@shakes.com.au www.shakes.com.au	ABN: 99 858 551 508
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO DIRECTORS OF ENERGY INDUSTRY OMBUDSMAN (WA) LTD	
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there	e have been:
 no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and 	
 No contraventions of any applicable code of professional conduct in relation to the audit. 	
SHAKESPEARE PARTNERS Chartered Accountants	
Lepour	
Leigh-Anne Meyerowitz Auditor Registration Number: 279757 23 August 2013	
Liability limited by a scheme approved under Professional Standards Legislation Alan Shakespeare CA • Stephen Thompson CA • Leigh-Anne Meyerowitz CA • Stuart MacKinnon CA	

SHAKESPEARE PARTNERS

TOTAL BUSINESS <u>SO</u>LUTIONS

47 Outram Street West Perth WA 6005 | PO Box 1257 West Perth WA 6872 | Tel : 9321 2111 | Fax : 9321 2050 | info@shakes.com.au | www.shakes.com.au | ABN: 99 858 551 508

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENERGY INDUSTRY OMBUDSMAN (WA) LTD

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Energy Industry Ombudsman (WA) Ltd, which comprises the detailed balance sheet as at 30 June 2013, and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Energy Industry Ombudsman (WA) Ltd 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 the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the *Corporations Act 2001*. 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 that 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been provided to the directors as at the date of this auditor's report was made.

Liability limited by a scheme approved under Professional Standards Legislation

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

٠.	SHAKESPEARE PARTNE	R S
i:	CHARTERED ACCOUNTANTS	
	Auditor's Opinion	
	In our opinion the financial report of Energy Industry Ombudsman (WA) Ltd is in accordance with the Corporations Ac 2001, including:	•
	 giving a true and fair view of the Energy Industry Ombudsman (WA) Ltd's financial position as at 30 June 201 and of its performance for the year ended on that date in accordance with the accounting policies described Note 1; and 	
	complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.	e
	Basis of Accounting	
	Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis o accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the <i>Corporations Act 2001</i> . As a result, the financial report may not be suitable for anothe purpose.	
	SHAKESPEARE PARTNERS Chartered Accountants	
	Lepeone	
	Leigh-Anne Meyerowitz Auditor Number:279757	
	auditor Number : 279/57	

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Income		
Complaint/Dispute Revenue	2,626,680	2,582,782
Total income	2,626,680	2,582,782
Expenses		
Accountancy	23,088	22,200
Bank Charges	-	56
Dispute / Complaint Costs	2,349,680	2,305,449
Directors Fees	48,512	39,146
Fees and Charges	70	-
Filing Fees	43	42
Insurance	7,592	7,216
Recruitment representative fees	6,468	-
Professional Fees	9,670	7,977
Superannuation	4,366	3,523
Travel and Entertainment	4,936	-
Total expenses	2,454,425	2,385,610
Profit from Ordinary Activities before income tax	172,255	197,172
Income Tax Expense	51,677	59,152
Profit attributable to Members	120,578	138,021

Detailed Balance Sheet

As at 30 June 2013

	2013	2012
	\$	\$
Current Assets		
Cash Assets (Cash at Bank)	264,230	196,480
	264,230	196,480
Current Tax Assets		
GST Recoverable	989	926
Tax recoverable	8,473	(59,152)
	9,463	(58,225)
Other		
Prepayments	1,931	1,801
	1,931	1,801
Total Current Assets	275,623	140,056
Total Assets	275,623	140,056
Current Liabilities		
Payables (Trade creditors)	2,116	2,035
	2,116	2,035
Current Tax Liabilities		
PAYG withholding payable	1,456	
ATO PAYG instalment payable	13,452	
	14,908	
Total Current Liabilities	17,024	2,035
	,•	2,000
Total Liabilities	17,024	2,035
Net Assets	258 500	129.021
NEL ASSEIS	258,599	138,021
Equity		
Retained profits/(accumulated losses)	258,599	138,021
Total Equity	258,599	138,021

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Retained surplus/ accumulated deficits \$	Total \$
Balance at 30 June 2012	138,021	138,021
Balance at 1 July 2012		
Profit for the year	120,578	120,578
Total comprehensive income for the year	120,578	120,578
Balance at 30 June 2013	258,599	258,599

Cash Flow Statement

For the Year Ended 30 June 2013

	2013 \$	2012 \$	
	Inflows/(0	Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from members	2,626,616	2,612,270	
Payments to suppliers and employees	(2,558,866)	(2,464,954)	
Net cash provided by/(used in) operating activities	67,750	147,316	
Cash flows from investing activities			
Net cash provided by/(used in) investing activities	-	-	
Cash flows from financing activities			
Net cash provided by/(used in) financing activities	-	-	
Net increase/(decrease) in cash and cash equivalents	67,750	147,316	
Cash and cash equivalents at 1 July 2012	196,480	49,164	
Effect of exchange rate fluctuations on cash held			
Cash and cash equivalents at 30 June 2013	264,230	196,480	

