

The cover features a dark red background with a large white circle in the center. Inside the white circle is a smaller dark red circle. The text 'Annual Report 2009-2010' is centered within the dark red inner circle. A horizontal grey bar spans the width of the page below the white circle.

Annual Report 2009-2010

Energy Ombudsman WA
Free, independent and fair dispute resolution

About this Annual Report

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Energy Industry Ombudsman (Western Australia) Limited

Chairman's Overview

I have pleasure to present this sixth 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, Alex Errington was re-elected as a customer representative director.

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. There were no changes in membership during the year, but Origin Energy Retail Limited has given notice of ceasing its membership from 1 July 2010.

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 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 2010 there were 258 complaints received concerning gas-related matters and 2388 complaints received concerning electricity-related matters. Last year the numbers were 225 and 874 respectively.

This year the number of gas complaints increased in October but reverted to historic levels in the later half of the year. There has been a significant increase in the level of electricity complaints and due to the increased workload the Board approved additional funding to increase the Ombudsman's staffing from 4 to 6 full time equivalent staff. Despite the increase in the number of complaints, 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)

Water Industry Complaints

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

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 sixth year of operation of the Scheme. It is again pleasing to note how efficiently the Ombudsman and his staff are continuing to resolve the complaints received, along with ongoing good support from energy providers.

The audited financial statements for the Company for 2009-2010, the Auditor's report and the Ombudsman's Annual Report follow.



Paul Wilmot

CHAIRMAN

Profit and Loss Statement

For the year ended 30 June 2010

	2010 \$	2009 \$
Income		
Recoupment of Expenditure	993,537	756,019
Expenditure		
Accountancy Fees	20,400	20,400
Bank Charges	136	70
Computer Costs	-	-
Dispute / Complaint Costs	883,265	603,206
Directors' Fees	47,692	46,304
Filing Fees	40	40
Insurance	6,828	5,076
Professional Fees	5,500	5,400
Review of Scheme	-	8,000
Superannuation Contributions	4,292	4,172
Travelling Expenses	20,073	18,000
Legal Costs	-	45,351
Advertising for customer representative director	5,312	-
	993,537	756,019
NET PROFIT / LOSS	-	-

Balance Sheet

As at 30 June 2010

	2010 \$	2009 \$
CURRENT ASSETS		
Cash Assets	66,532	52,591
Receivables (Trade Debtors)	-	-
Prepayments	1,712	1,691
GST Clearing	11,743	14,455
TOTAL CURRENT ASSETS	79,987	68,737
TOTAL ASSETS	79,987	68,737
CURRENT LIABILITIES		
Annual Levies Refundable	54,503	66,867
Trade Creditors	23,950	1,870
PAYG Withholding	1,534	-
TOTAL CURRENT LIABILITIES	79,987	68,737
TOTAL LIABILITIES	79,987	68,737
NET ASSETS	-	-

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 2010, 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 2010 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
8 October 2010

Liability limited by a scheme approved under Professional Standards Legislation.

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

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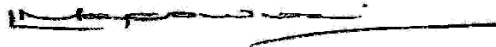
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for audit of the financial report of Energy Ombudsman Industry (WA) Ltd for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy Ombudsman Industry (WA) Ltd

SHAKESPEARE PARTNERS
Chartered Accountants



Leigh-Anne Meyerowitz
Auditor Number: 219757
Date:

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ABN 99 858 567 508

Company Particulars as at 30 June 2010

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
Rottneest 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

Energy Ombudsman's Report

It gives me great pleasure to report that the Energy Ombudsman has achieved excellent results in 2009-2010.

The Energy Ombudsman is an independent office that resolves disputes between consumers of electricity and gas and electricity and gas providers. The Energy Ombudsman's services are free to use and we aim to resolve disputes in a timely, high quality way.

The key results of the year were:

- We received 2646 complaints and 113 enquiries:
 - 2388 (90%) of complaints related to electricity; and
 - 258 (10%) of complaints related to gas;
- We closed 2630 (99%) complaints;
- We closed 99 per cent of gas complaints and 94 per cent of electricity complaints within ten business days; and
- Billing remained the major issue of complaint, accounting for 65 per cent of electricity complaints and 60 per cent of gas complaints.

I take this opportunity to note my appreciation of the cooperation of Member companies in resolving disputes that are brought to the scheme. I also take this opportunity to thank the dedicated staff of the Energy Ombudsman for their continued professionalism and expertise. In particular, I thank Wayne Mann, Director for his significant ongoing contribution to the operation of the Energy Ombudsman.



Chris Field
ENERGY OMBUDSMAN



Organisational Overview

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.

Our Principles

The Energy Ombudsman mission is founded on principles of:

- Independence
- Access
- Effectiveness
- Natural justice
- Equity
- Community Awareness

Role of the Energy Ombudsman

The Energy Ombudsman can investigate complaints about:

- the provision or supply of electricity or gas services to a customer;
- billing, including errors and late bills;
- 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;
- credit arrangements, including recovery of debts owed or allegedly owed by customers, whether by providers or their Agents;
- service standard payments where services do not meet required standards such as those provided for under the *Code of Conduct for the Supply of Electricity to Small Use Customers*; and
- marketing of products.

Staff of the Energy Ombudsman

The office of the Energy Ombudsman Western Australia 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 very small stand-alone energy ombudsman scheme such as EOWA. It also creates the opportunity for improved service quality delivery through the highly developed, specialised expertise existing in the office of the Western Australian Ombudsman.

The Energy Ombudsman staff for 2009-2010 was comprised of 6 full time equivalents reporting to the Western Australian Ombudsman in his role as Energy Ombudsman. This included:

- A team responsible for complaints and investigations;
- Specialist investigations services for complex cases, as well as the review of disputed decisions, provided through senior investigation staff of the Western Australian Ombudsman's office; and
- Corporate services, including information technology, communications and business services, provided through the Strategic and Corporate Services Team of the Western Australian Ombudsman.

Electricity Complaints

Between 1 July 2009 and 30 June 2010 the Energy Ombudsman received 2388 and closed 2372 electricity complaints. In addition 93 enquiries relating to electricity issues were handled during the year.

Complaints Received

As shown in the charts below there has been a significant increase in electricity complaints during 2009-2010. These were primarily related to billing issues (see later in this report).

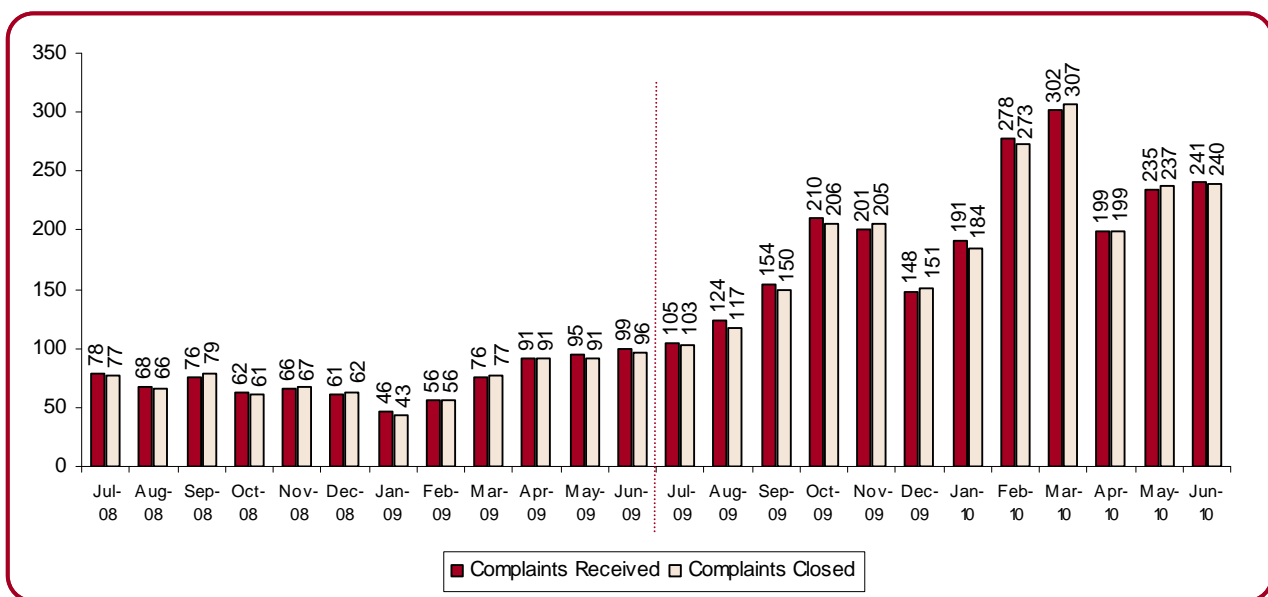


Figure 1: Electricity complaints received and closed 2008-2009 and 2009-2010

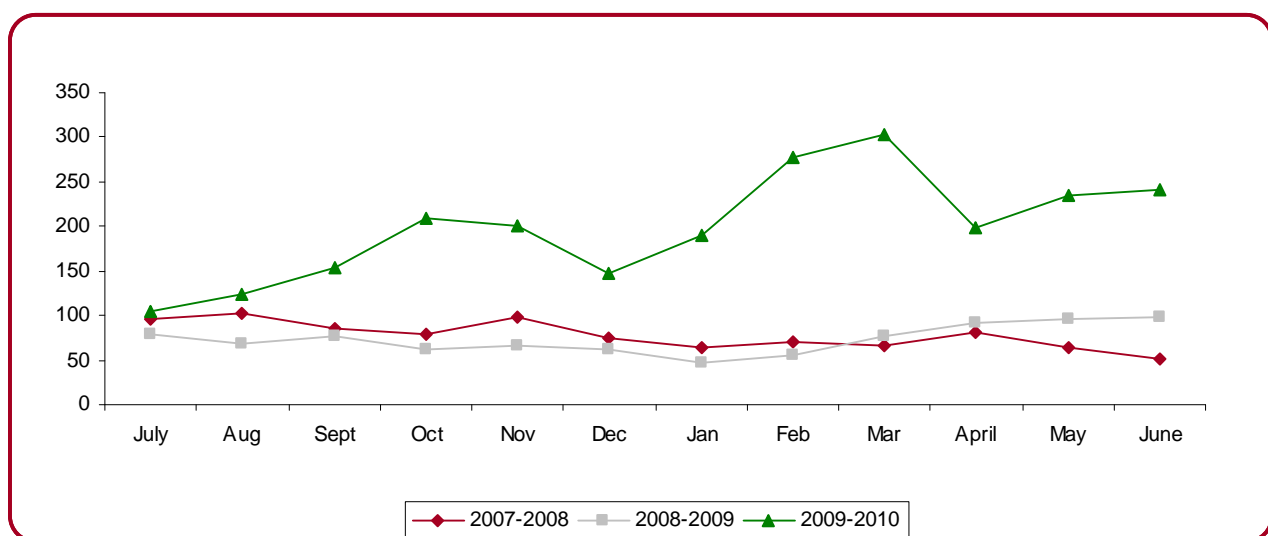


Figure 2: Electricity complaints received 2007-2008, 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

Complaints Finalised

Complaints are finalised through resolution where possible and, if necessary, through investigation. The complaint stages and action taken by the Energy Ombudsman at each stage are shown below.

Definitions

Stage 1 Complaints

The customer has not yet contacted the scheme member. The customer is referred to the scheme member.

Stage 2 Complaints

The customer has had at least one contact with the scheme member (eg. contacted the call centre) but the complaint has not been resolved. The Energy Ombudsman Western Australia refers the complaint to a 'higher level' officer for resolution within 10 business days.

Investigated Complaints

If a complaint remains unresolved after it has been referred to a 'higher level' officer at the scheme member, the matter is investigated by the Energy Ombudsman Western Australia.

The Energy Ombudsman has maintained its high levels of timeliness in 2009-2010 with 94% of complaints finalised within ten business days

The chart below shows the timeframes for resolving electricity complaints over the last three years.

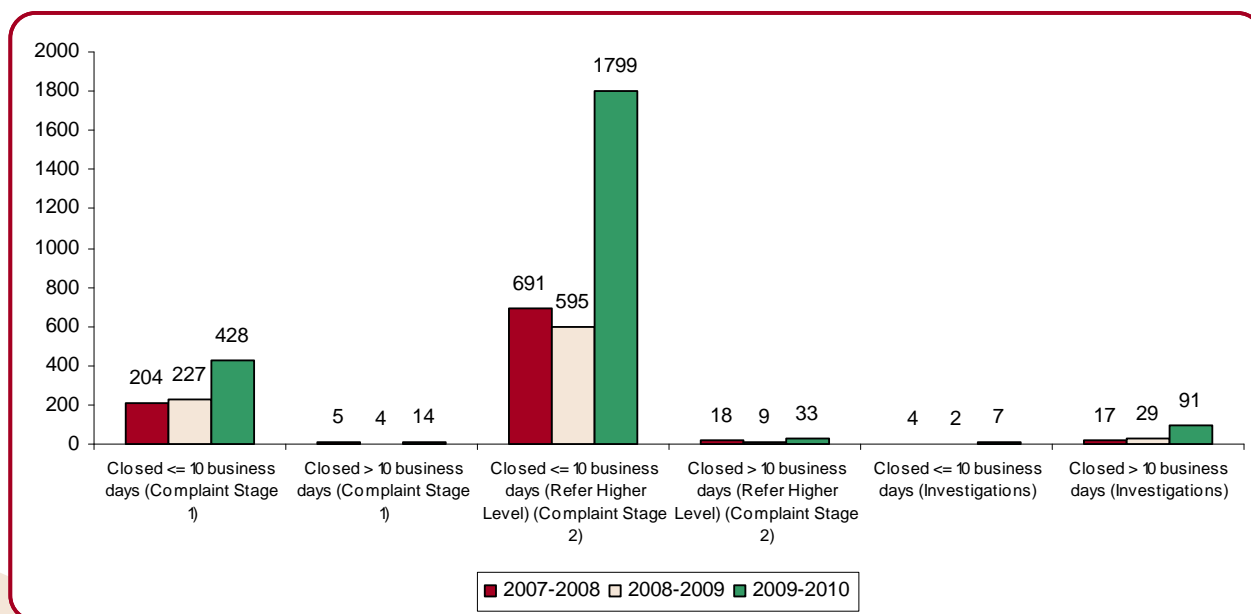


Figure 3: Stage at which electricity complaints were closed in 2007-2008, 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

Issues Raised in Complaints

Issues relating to electricity 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 poor customer service.
Supply	Complaints about the quality and reliability of electricity supply.
General	Complaints not covered by other categories.
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.

During 2009-2010, billing issues were the most prevalent, accounting for 65% of complaints received, followed by credit issues (14%).

The following chart shows the main issues raised in complaints over the last three years.

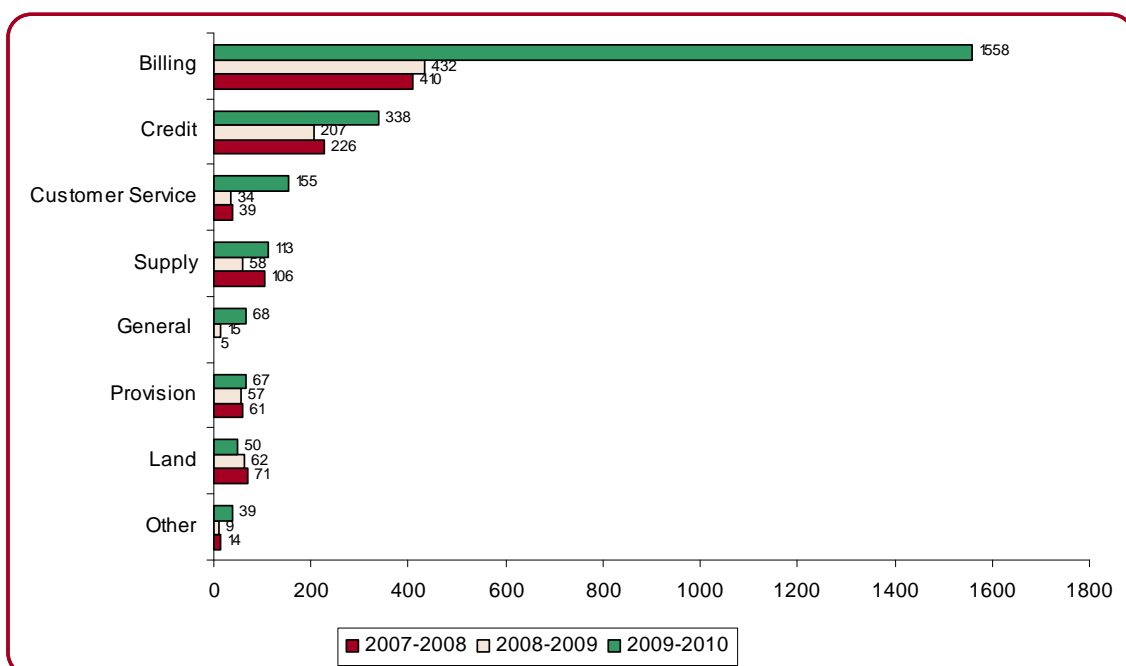


Figure 4: Electricity complaints received by issue 2007-2008, 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

Complaints about billing and credit issues may be made for a range of reasons as shown below.

Definitions

Electricity billing issues explained

High Bill	Bill higher than expected.
Error	Alleged billing errors.
Non Application	Actual or threatened disconnection due to customer not applying for an account.
Pensioner Rebate	Rebate has not been applied or has been incorrectly applied.
Meter	Metering issues.
Tariff	Incorrect rates or lack of information about tariffs.
Fees	Fees and charges.
Format	Format or lack of adequate information on bill.
Other	Includes Backbill, GST, Historical Debt, Payment and Period.

Electricity credit issues explained

High Bill Payment	Customer has received a high bill and is experiencing difficulty in payment.
Arrears	Credit arrears.
Collection	Credit rating or debt collection issues.

The following chart shows the main reasons for billing and credit related complaints over the last three years.

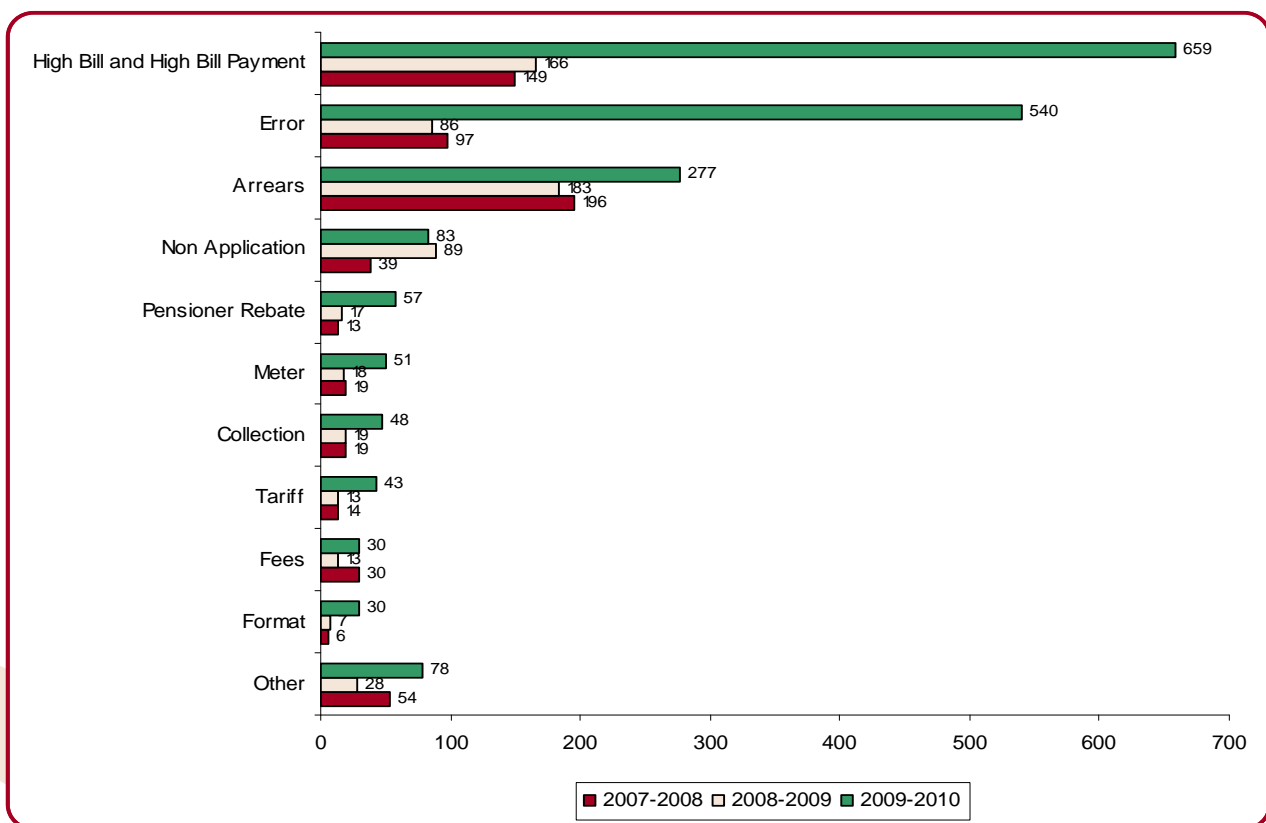


Figure 5: Electricity complaints received about electricity billing & credit issues 2007-2008, 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

As shown in the charts below there has been a significant increase in billing and credit issues this year.

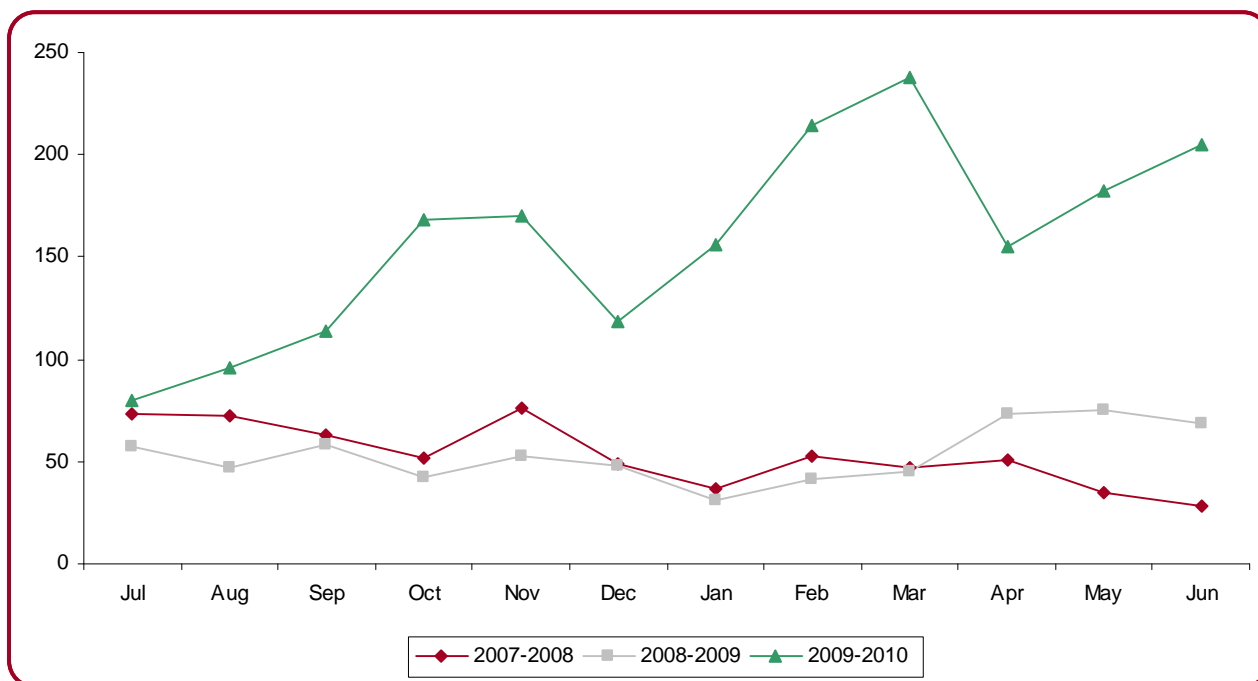


Figure 6: Electricity complaints - billing and credit issues received by month

Disconnections

Electricity retailers sometimes disconnect supply when a customer has failed to pay their bill or to apply for an account when they take up residence. Before disconnecting for non-payment of a bill, a reminder notice and then a disconnection warning is sent. Complaints about reminder notices and disconnection warnings are recorded by the Energy Ombudsman Western Australia as impending disconnections. Complaints about a disconnection that has already occurred are recorded as actual disconnections..

During 2009-2010 there were 1896 electricity complaints involving billing and credit issues. Of these, 216 involved actual disconnection and 126 involved an impending disconnection.

The charts below show the percentages of electricity billing issues and credit issues for the last three years involving, and not involving, disconnections and the monthly trends in disconnections over the last two years.

Electricity Complaints (cont'd)

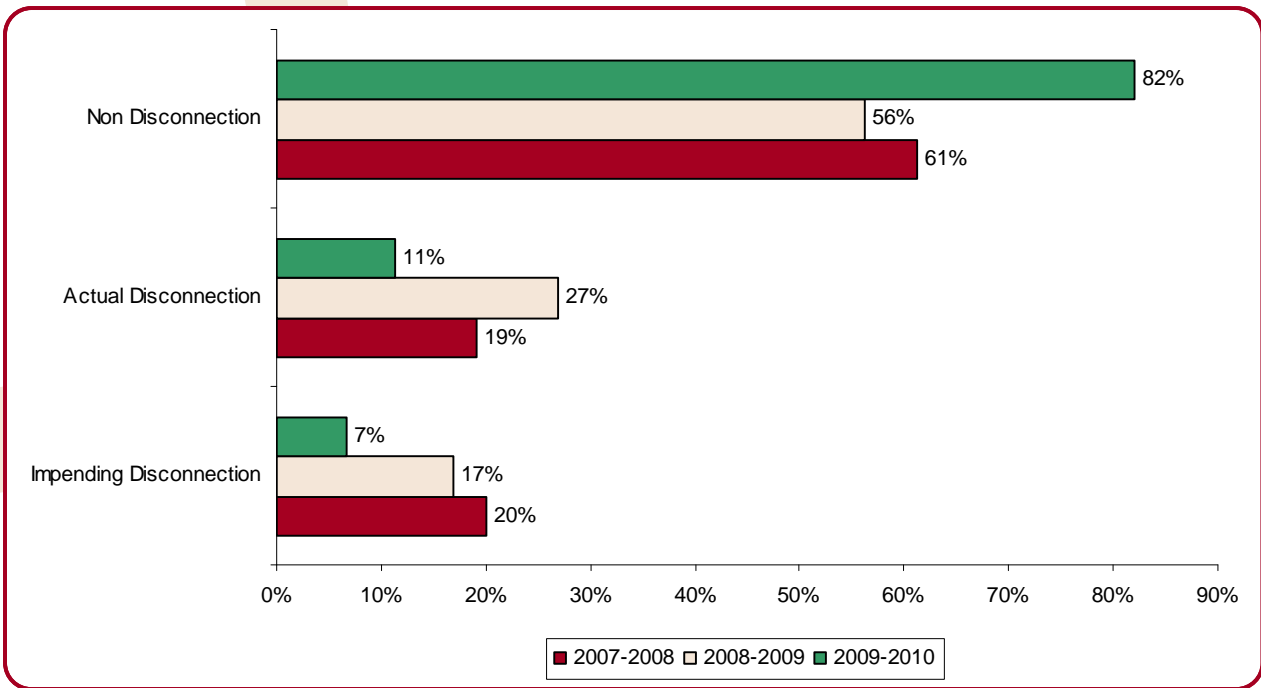


Figure 7: Electricity billing and credit complaints showing actual and impending disconnections by percentage for 2007-2008, 2008-2009 and 2009-2010

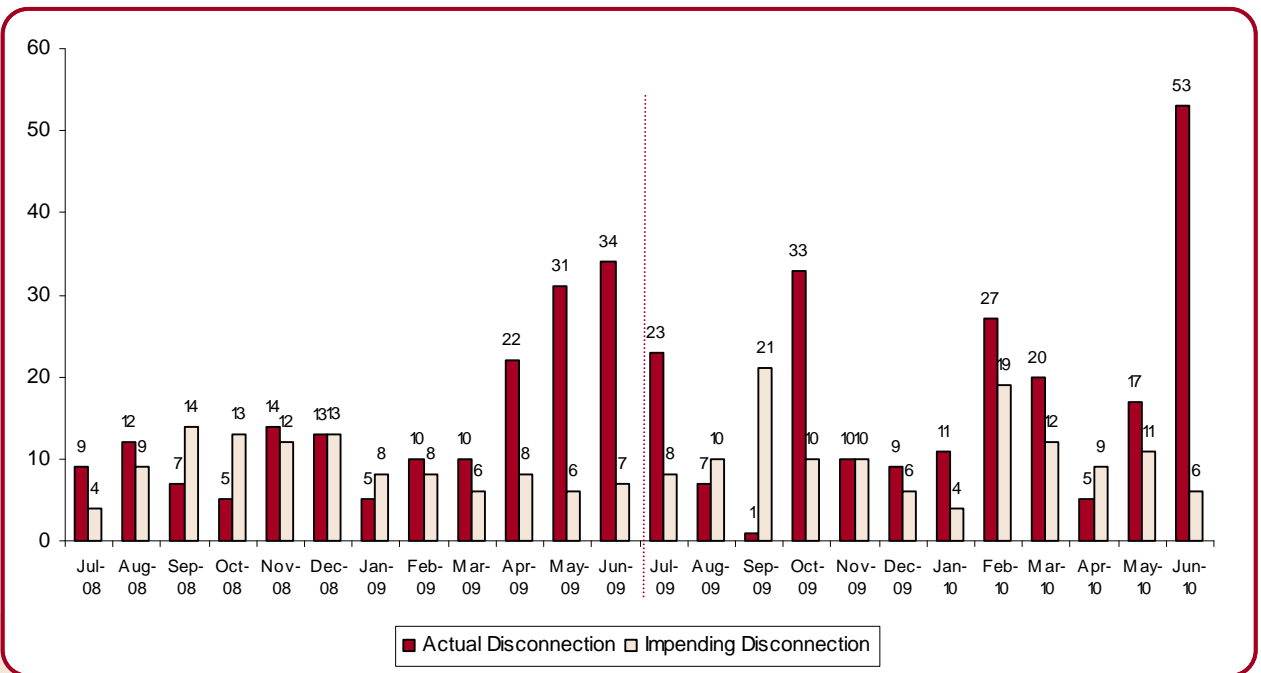


Figure 8: Electricity disconnection complaints for 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

Reasons for Disconnections

The following issues are associated with complaints about disconnections.

Definitions

Arrears Customer has not paid their bill.

Error Customer complains 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.

As shown in the chart below, most complaints about actual disconnections relate to arrears.

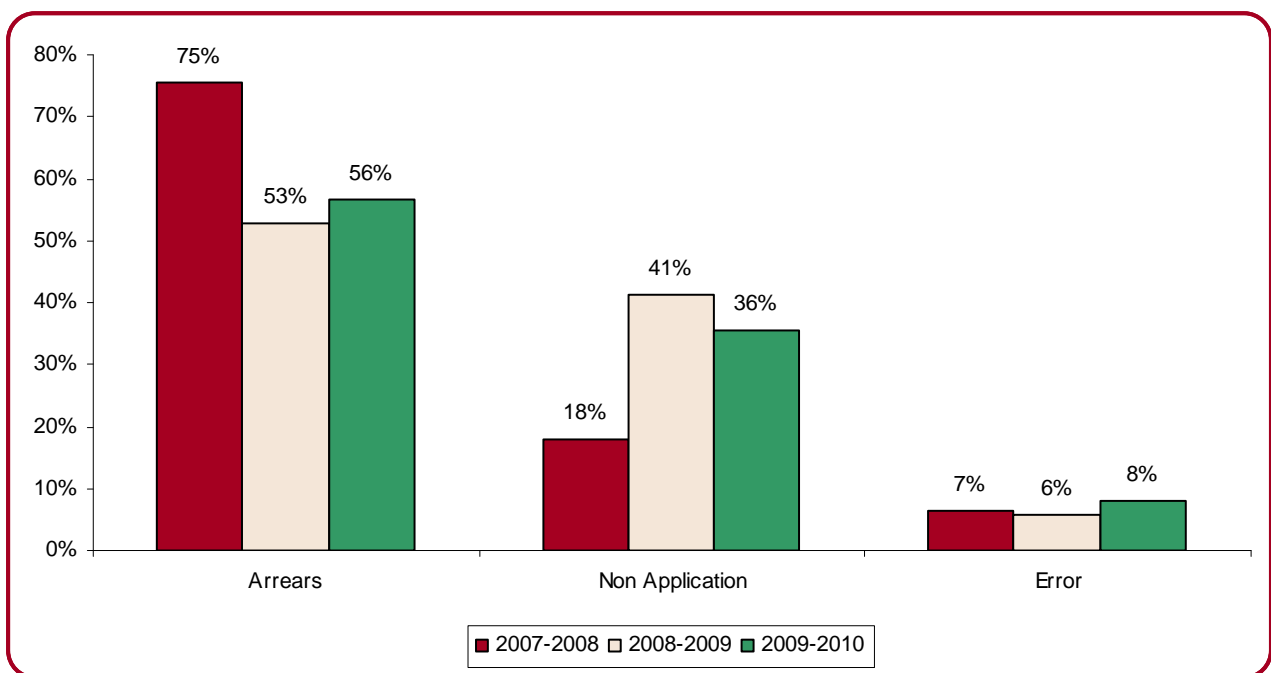
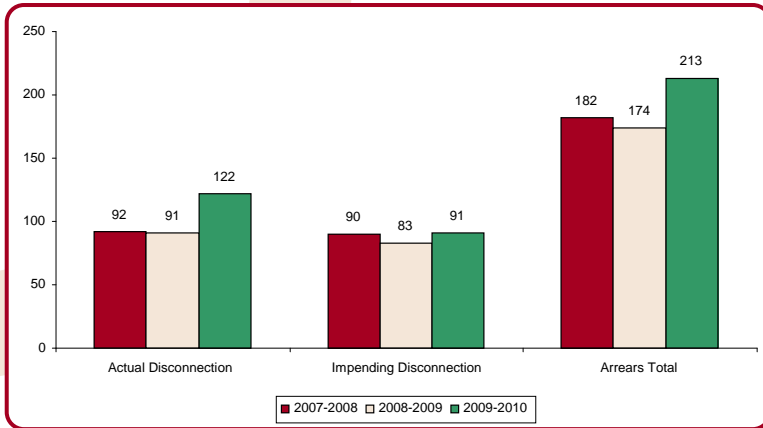


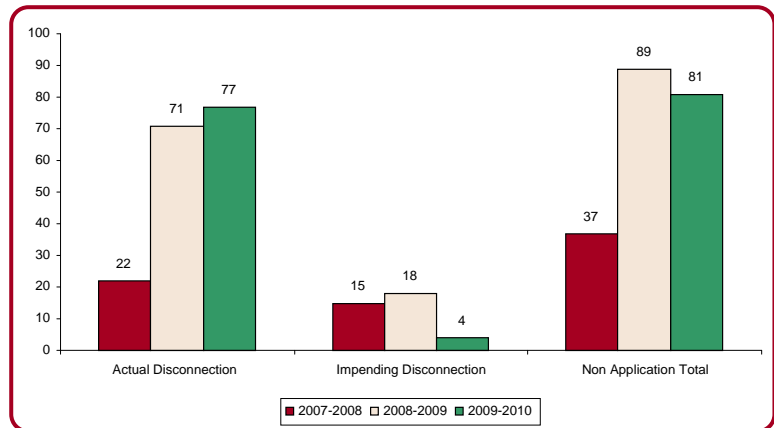
Figure 9: Electricity actual disconnection issues 2007-2008, 2008-2009 and 2009-2010

Electricity Complaints (cont'd)

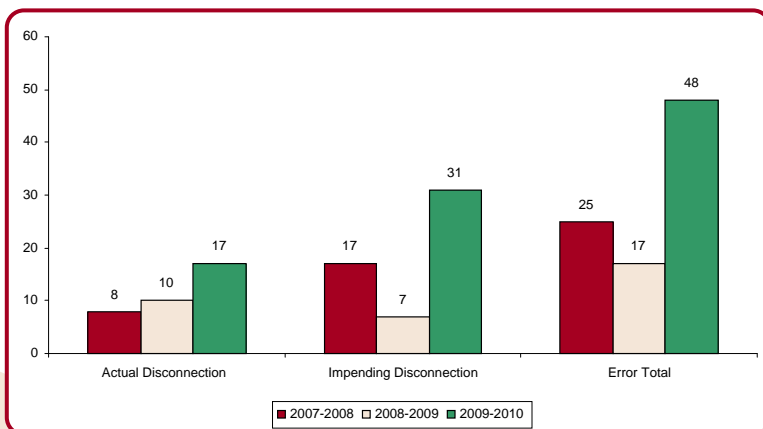
The following charts show electricity disconnection cases involving arrears, non application and error, broken down by actual and impending disconnections.



Non Application



Error



Figures 10, 11 & 12 Electricity disconnection complaints – Arrears, Non Application and Error 2007-2008, 2008-2009 and 2009-2010

Gas Complaints

Between 1 July 2009 to 30 June 2010, the Energy Ombudsman received 258 and closed 258 gas-related complaints. In addition 20 enquiries relating to gas issues were handled during the year.

Complaints Received

The charts below show the number of gas complaints received and closed in the last two years.

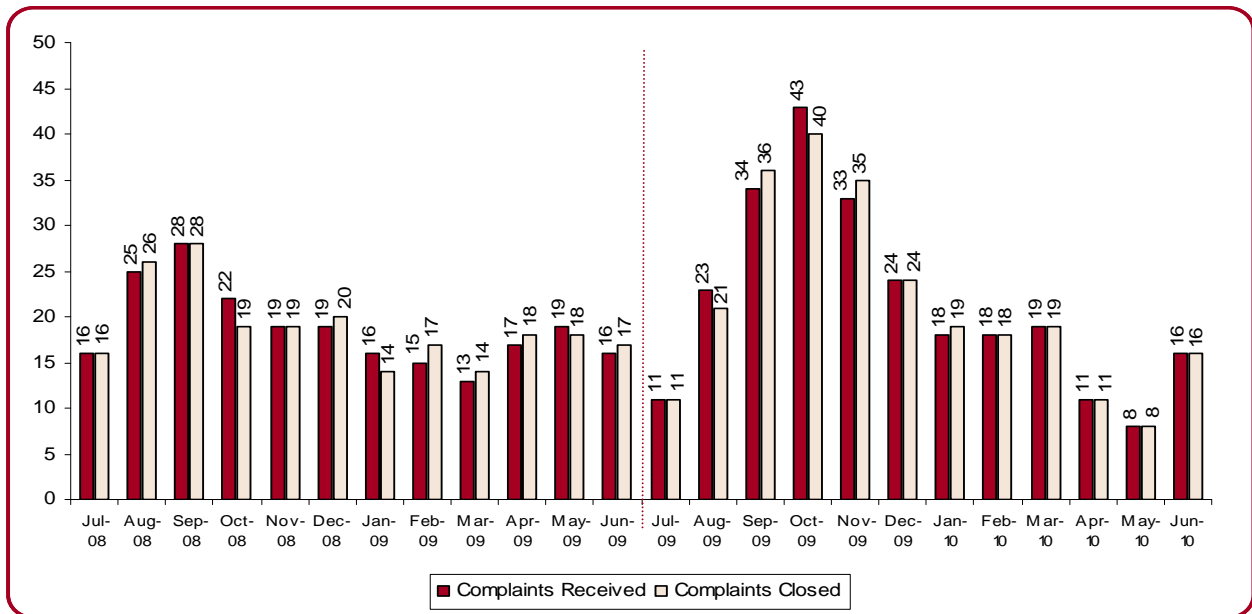


Figure 13: Gas complaints received and closed 2008-2009 and 2009-2010

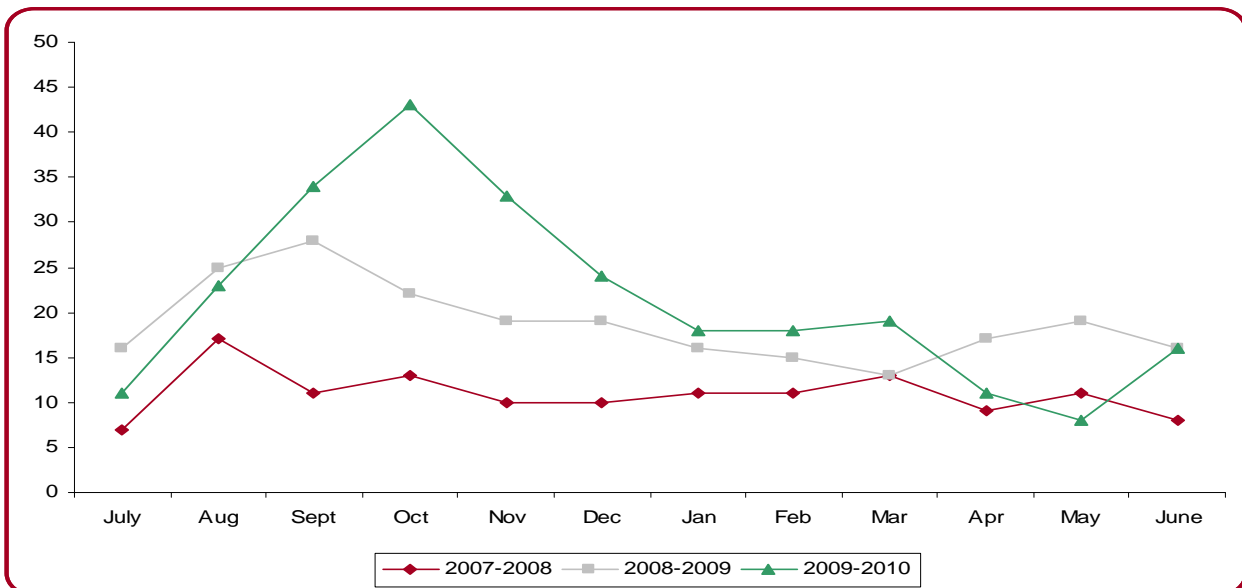


Figure 14: Gas complaints received 2007-2008, 2008-2009 and 2009-2010

Gas Complaints (cont'd)

Complaints Finalised

Complaints are finalised through resolution where possible and, if necessary through investigation. The complaint stages and action taken by the Energy Ombudsman at each stage are shown below.

Definitions

Stage 1 Complaints	The customer has not yet contacted the scheme member. The customer is referred to the scheme member.
Stage 2 Complaints	The customer has had at least one contact with the scheme member (eg. contacted the call centre) but the complaint has not been resolved. The Energy Ombudsman Western Australia refers the complaint to a 'higher level' officer for resolution within 10 business days.
Investigated Complaints	If a complaint remains unresolved after it has been referred to a 'higher level' officer at the scheme member, the matter is investigated by the Energy Ombudsman Western Australia.

The Energy Ombudsman has maintained its high levels of timeliness in 2009-2010 with 99% of complaints finalised within ten business days.

The chart below shows the timeframes for resolving gas complaints over the last three years.

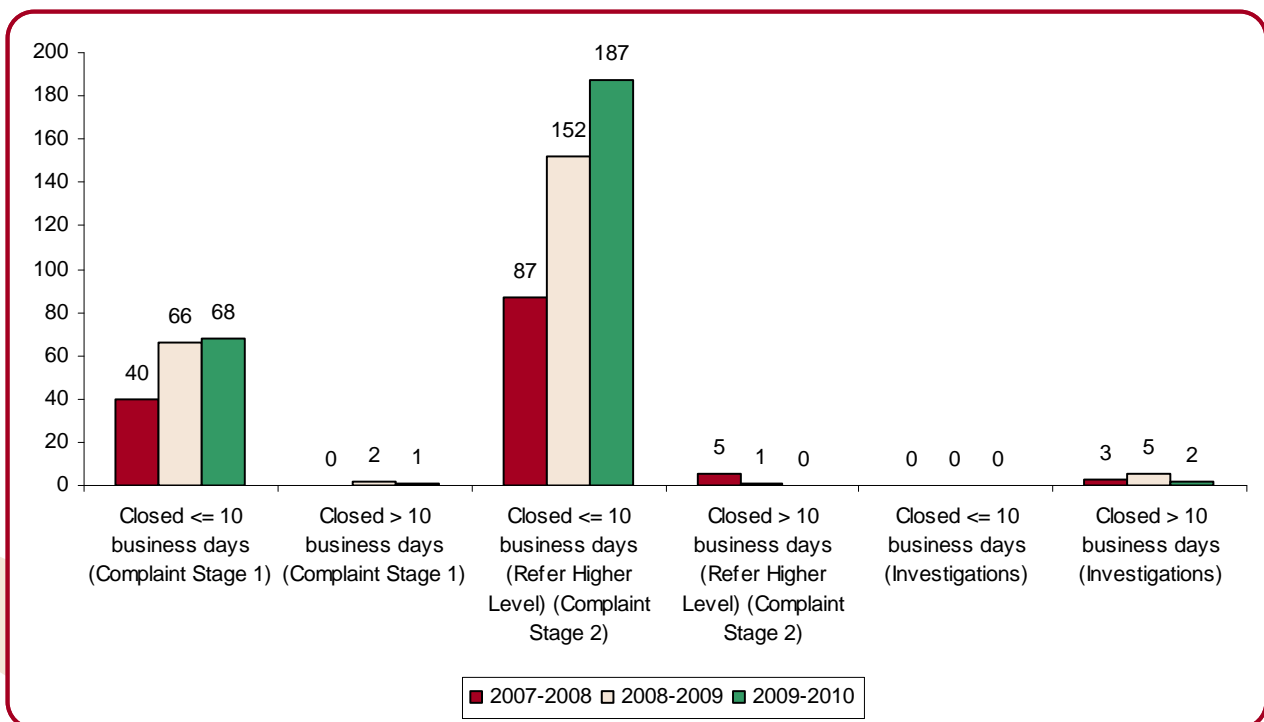


Figure 15: Stage at which gas complaints were closed 2007-2008, 2008-2009 and 2009-2010

Gas Complaints (cont'd)

Issues Raised in Complaints

Issues relating to 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 poor customer service.
Supply	Complaints about the quality and reliability of gas supply.
General	Complaints not covered by other categories.
Provision	Complaints about connection issues.
Land	Complaints about the way a scheme member has exercised its powers in relation to land.

During 2009-2010, billing issues were the most prevalent, accounting for 60% of complaints received, followed by credit issues (17%).

The following chart shows the main issues raised in complaints over the last three years.

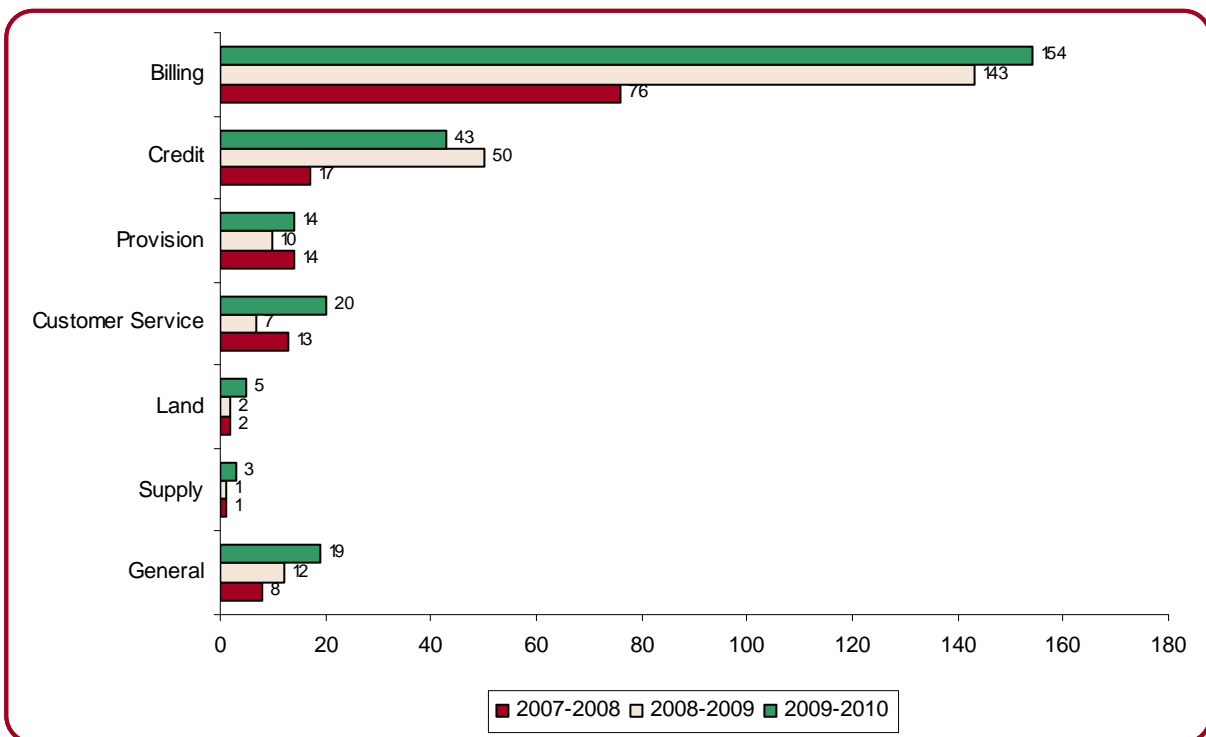


Figure 16: Gas complaints received by issue 2007-2008, 2008-2009 and 2009-2010 (First Tier Issues)

Gas Complaints (cont'd)

Complaints about billing and credit issues may be made for a range of reasons as shown below.

Definitions

Gas billing issues explained

High Bill	Bill higher than expected.
Error	Alleged billing errors.
Tariff	Incorrect rates or lack of information about tariffs.
Fees	Fees and charges.
Meter	Metering issues.
Format	Format or lack of adequate information on bill.
Pensioner Rebate	Rebate has not been applied or has been incorrectly applied.
Other	Includes Backbill, GST, Historical Debt, Payment, Period, Non Application and Security Deposit.

Gas credit issues explained

High Bill Payment	Customer has received a high bill and is experiencing difficulty in payment.
Arrears	Credit arrears.
Collection	Credit rating or debt collection issues.

The following chart shows the main reasons for billing and credit related complaints over the last three years.

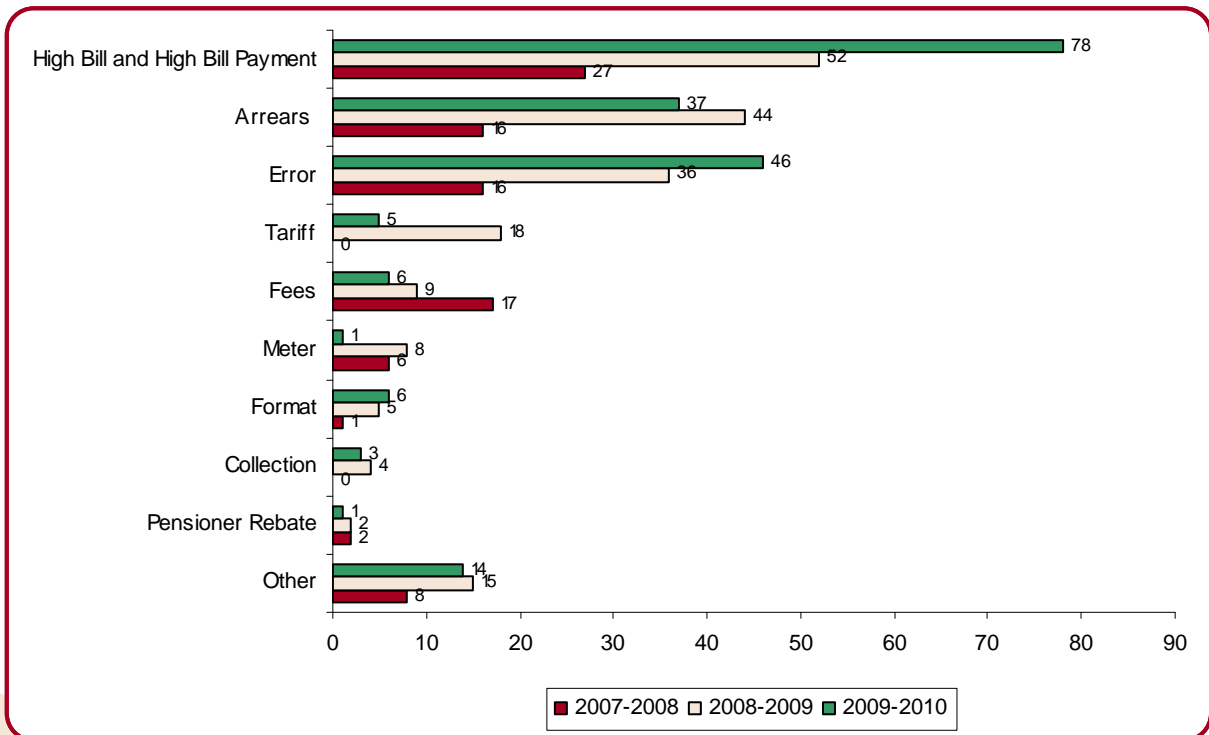


Figure 17: Gas complaints received about billing and credit issues 2007-2008, 2008-2009 and 2009-2010

Gas Complaints (cont'd)

The chart below shows the number of gas billing and credit issues received in the last three years.

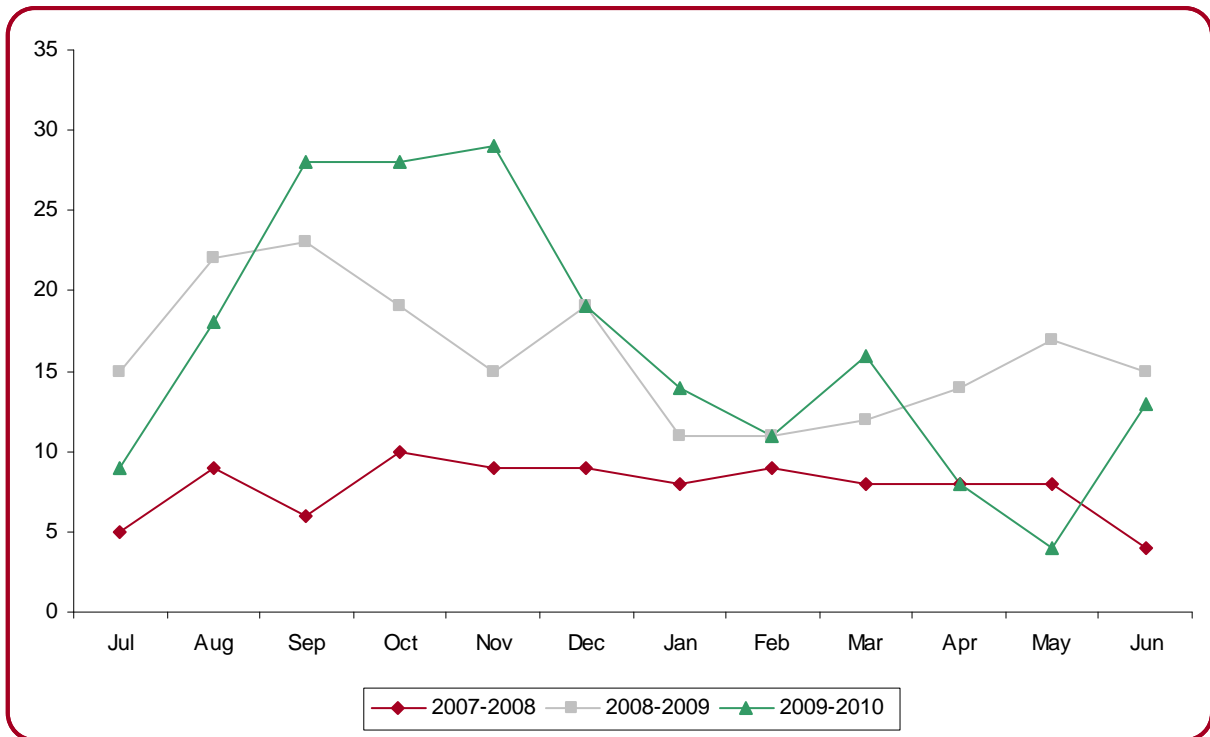


Figure 18: Gas complaints received – billing and credit issues received by month 2007-2008, 2008-2009 and 2009-2010 (First Tier Issues)

Disconnections

Gas retailers sometimes disconnect supply when a customer has failed to pay their bill or to apply for an account when they take up residence. Before disconnecting for non-payment of a bill, a reminder notice and then a disconnection warning is sent. Complaints about reminder notices and disconnection warnings are recorded by the Energy Ombudsman Western Australia as impending disconnections. Complaints about a disconnection that has already occurred are recorded as actual disconnections.

During 2009-2010 there were 197 gas complaints involving billing and credit issues. Of these, 36 involved actual disconnection and 6 involved an impending disconnection.

Gas Complaints (cont'd)

The chart below shows the percentages of gas billing issues and credit issues for the last three years involving, and not involving, disconnections.

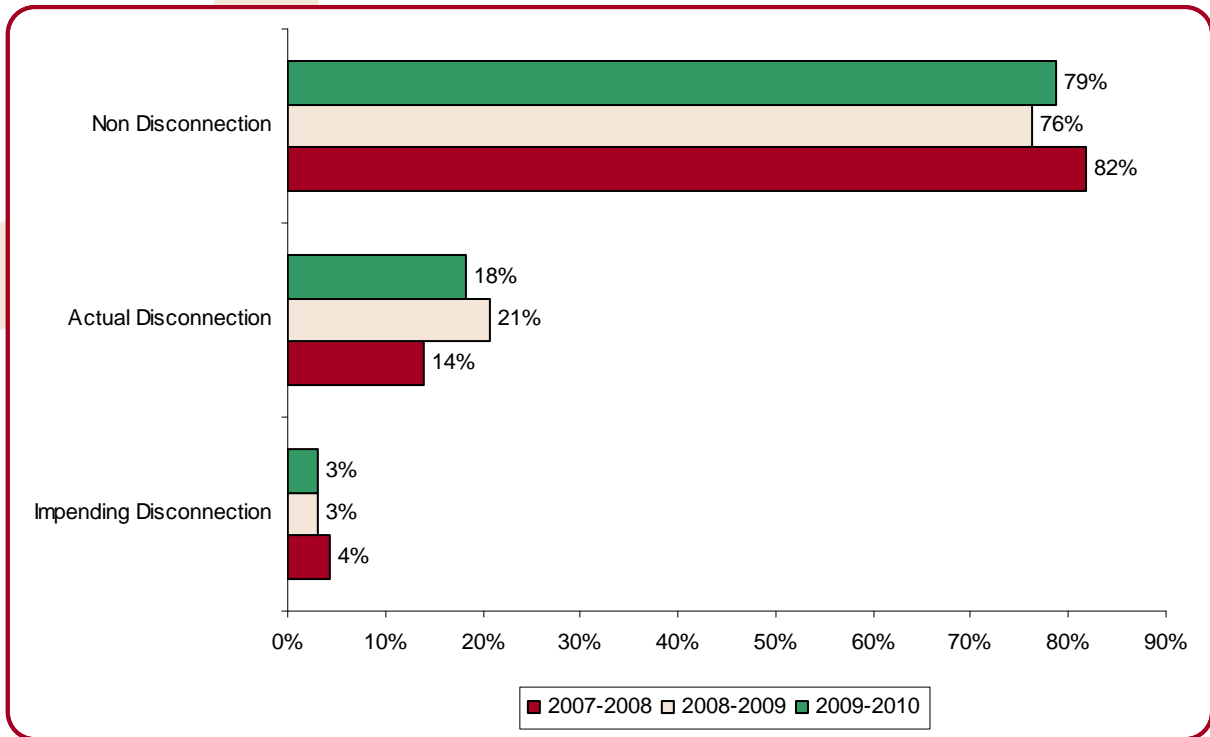


Figure 19: Gas billing and credit issues showing actual and impending disconnections by percentage for 2007-2008, 2008-2009 and 2009-2010

Stakeholder Liaison

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

We have made 6 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

The Energy Ombudsman Western Australia 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 joined in the meeting held in Wellington, New Zealand, in August 2009 by teleconference and attended the meetings held in Melbourne in November 2009 and Wellington, New Zealand in May 2010.

