

**Energy Ombudsman  
Western Australia  
Annual Report 2010-11**



## About this Report

This report describes the functions and operations of the Energy Industry Ombudsman (Western Australia) Limited for the year ending 30 June 2011.

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 [publications@ombudsman.wa.gov.au](mailto:publications@ombudsman.wa.gov.au).

Requests to reproduce any content from this report should be directed to the Communications Manager. Content must not be altered in any way and Ombudsman Western Australia must be acknowledged appropriately.

## Contact Details

### Energy Ombudsman Western Australia

Level 12, 44 St Georges Terrace, PERTH WA 6000  
PO Box Z5386, PERTH WA 6831

**Telephone:** (08) 9220 7588 or 1800 754 004 (free call)  
Translating and Interpreter Service 131 450 (for people who need an interpreter)  
National Relay Service 133 677 or 1800 555 727 (for people with voice or hearing impairments)

**Facsimile:** (08) 9220 7599 or 1800 611 279  
**Email:** [energy@ombudsman.wa.gov.au](mailto:energy@ombudsman.wa.gov.au)  
**Web:** [www.ombudsman.wa.gov.au/energy](http://www.ombudsman.wa.gov.au/energy)

First published by Energy Industry Ombudsman (Western Australia) Limited in November 2011. This report was written, designed, printed and converted for electronic viewing in-house.

**ACN:** 109 054 426

# Contents

<b>Chairman's Overview</b> .....	<b>4</b>
<b>Energy Ombudsman's Report</b> .....	<b>6</b>
<b>Highlights for 2010-11</b> .....	<b>8</b>
<b>About Us</b> .....	<b>10</b>
Our Role.....	10
Structure and Governance.....	11
The Board .....	11
Members of the Energy Ombudsman Scheme.....	11
Our Services .....	13
Strategies to Achieve Our Objectives.....	13
Our Complaint Resolution Process .....	14
<b>Our Work in 2010-11</b> .....	<b>16</b>
Complaints and Enquiries Received.....	16
Complaints Finalised.....	17
Issues Raised in Complaints .....	19
Disconnections .....	23
Investigated Complaints .....	25
<b>Stakeholder Liaison &amp; Access to Services</b> .....	<b>31</b>
Stakeholder Liaison .....	31
Access to Services .....	33
<b>Company Particulars &amp; Financial Statements</b> <b>38</b>	
Company Particulars as at 30 June 2011 .....	38
Independent Audit Opinion .....	39
Profit and Loss Statement.....	42
Balance Sheet .....	42

## Chairman's Overview

I have pleasure to present this seventh 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, Karen Gadsby was elected as a Customer Representative Director. Karen replaced Ricki Smith, who had been a Director since the Company was formed in 2004. Also, Andrew Gaspar was elected as the Electricity Industry Representative Director, replacing Trevor James who had been a Director since 2005.



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 is included in the Company Particulars. There were no changes in membership during the year.

### 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 2011 there were 253 complaints received concerning gas-related matters and 3,790 complaints received concerning electricity-related matters. Last year the numbers were 258 and 2,388 respectively.

This year the number of gas complaints remained constant. However, there has been a further significant increase in the level of electricity complaints this year and, due to the increased workload, the Board approved additional funding to increase the Ombudsman's staffing from 6 to 10.4 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 Energy Ombudsman's Annual Report, which follows.

# Chairman's Overview

## Water Industry Complaints

I am a member of a Steering Committee and continue to represent the Company's interests concerning the expansion of the Ombudsman's jurisdiction to include the State's water services industry.

## 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 seventh 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 Energy Ombudsman's Annual Report, the Company Particulars, the Independent Audit Opinion and the audited Financial Statements for the Company for 2010-2011 follow.



Paul Wilmot  
**CHAIRMAN**

## Energy Ombudsman's Report

It gives me great pleasure to present the 2010-11 Annual Report of the Western Australian Energy Ombudsman.

### The Energy Ombudsman

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

### Complaint Resolution

This year we received 4,043 complaints, including 3,790 electricity complaints and 253 gas complaints. We also received 146 enquiries. Billing and credit continue to be the main issues raised in both electricity and gas complaints.

There was a 53% increase in complaints received in 2010-11 compared to 2009-10. This reflects an overall increase in electricity complaints. Gas complaint numbers have remained similar to last year.

A key objective is to ensure quality and timely complaint handling and our work strategies enabled us to continue to close 89% of complaints within 10 business days (89% of electricity complaints and 96% of gas complaints).

This year has also seen an increase in the number of complaints proceeding to investigation. This year the office finalised 255 investigations compared to 99 in 2009-10 and 36 in 2008-09.

The timely resolution of complaints would not be possible without the cooperation of the companies involved and I take this opportunity to note my appreciation for their active involvement in the resolution of complaints.

### Liaison and Access

Strong liaison with stakeholders is essential to the Energy Ombudsman's achievement of effective dispute resolution and access to services provided by the office. This year we have continued to liaise and communicate 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.



## Staffing

This year saw changes to our staffing levels arising from the increase in complaints received, along with appropriate modifications to our structure and operations to ensure the higher complaint levels could be handled in a quality and timely manner with minimal increase in funding.

In a particularly busy and productive year, I take this opportunity to thank the dedicated staff of the Energy Ombudsman for their continued professionalism and expertise. The achievements of our office are as a direct result of a very hard-working, committed and skilled team. They are also a result of our effective relationships with key stakeholders and the support of the Board.



Chris Field  
**ENERGY OMBUDSMAN**

## Highlights for 2010-11

### Complaint Numbers

- In 2010-11 there were 4,043 complaints received comprising:
  - 3,790 electricity complaints; and
  - 253 gas complaints.
- There has been a 53% increase in complaints in 2010-11 compared to 2009-10.
- There were 3,902 complaints closed comprising:
  - 3,652 electricity complaints; and
  - 250 gas complaints.

### Timeliness

- 89% of electricity complaints, 96% of gas complaints and 89% 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 85% of complaints received (69% for billing and 16% 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 its 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.
- A Communications Strategy that formalised these stakeholder and access activities was developed in early 2010 and implemented in 2010-11.



## **About Us**

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

## 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 supplier. The Energy Ombudsman is not affiliated with any energy providers or consumer organisations and therefore acts impartially in the investigation and resolution of complaints.

#### Mission and Principles

##### MISSION

To receive, investigate and facilitate the resolution of complaints and disputes between electricity and gas consumers and providers, who are members of the Energy Ombudsman Scheme.

The Energy Ombudsman is founded on the **PRINCIPLES** of

**Independence**

**Access**

**Effectiveness**

**Natural Justice**

**Equity**

**Community Awareness**

#### 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).

# About Us

## 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* and the *Charter of the Gas Industry Ombudsman Scheme September 2005*.

### The Board in 2010-11

<b>Chairman:</b>	Paul Wilmot
<b>Directors</b>	
• Customer Representative:	Alex Errington
• Customer Representative:	Karen Gadsby replacing Ricki Smith
• Gas Industry Representative:	Ray Myles
• Electricity Industry Representative:	Andrew Gaspar replacing Trevor James

### Members of the Energy Ombudsman Scheme

The members of the Energy Ombudsman Scheme as at 30 June 2011 are listed below.

#### Gas Industry Members – 30 June 2011

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

#### Electricity Industry Members – 30 June 2011

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

# About Us

## The Energy Ombudsman

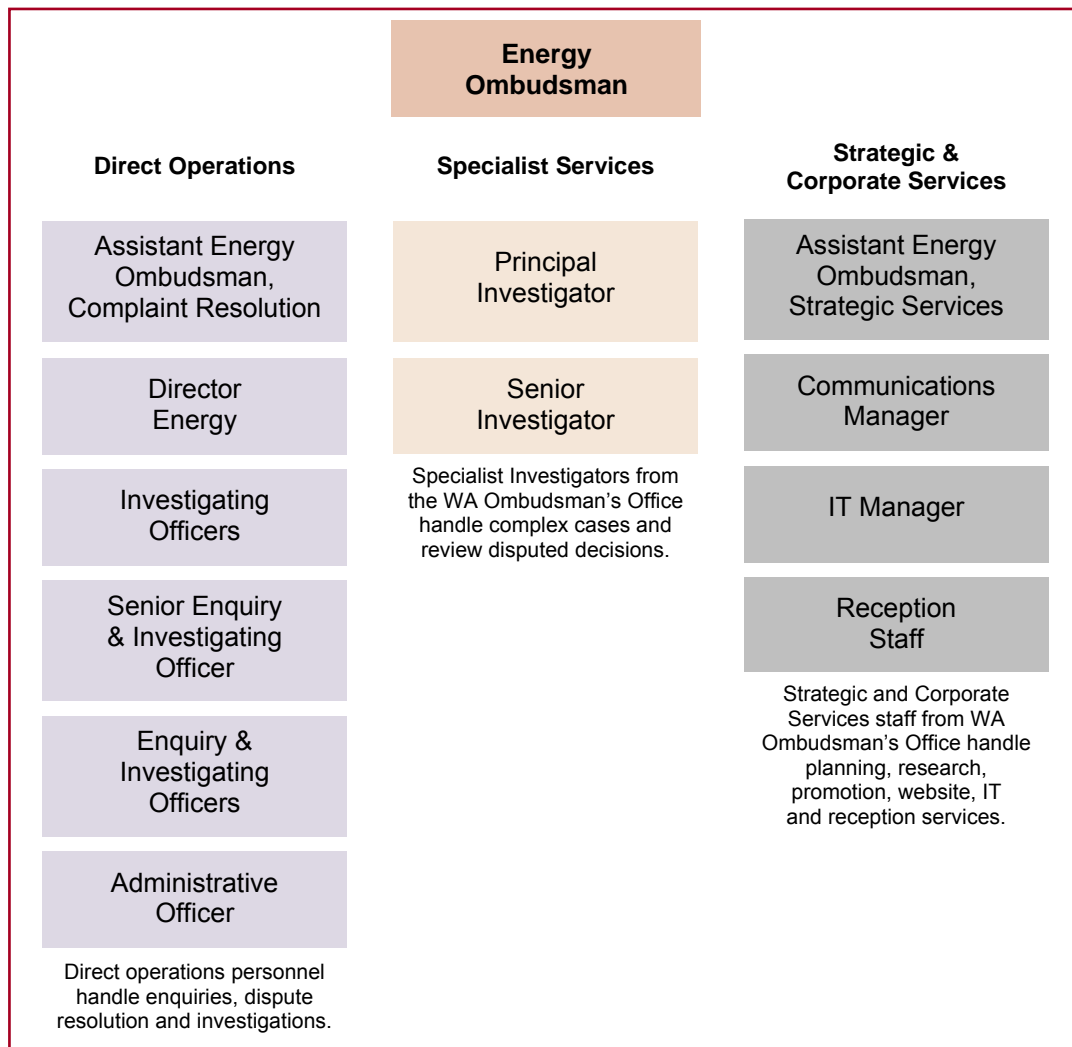
The Western Australian Ombudsman, Chris Field, performs the functions of the Energy Ombudsman under a service agreement with the Board.

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 2011 the Energy Ombudsman was comprised of 10.4 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 investigation staff of the Western Australian Ombudsman's office. Corporate services, including information technology and communications, 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

<b>Matters the Energy Ombudsman CAN Investigate</b>	<b>Matters the Energy Ombudsman CANNOT Investigate</b>
<ul style="list-style-type: none"><li>• Provision or supply of services as required by a licence or agreement under legislation;</li><li>• Billing, the administration of credit and payment services and the recovery of debts;</li><li>• Disconnection and restriction of supply, and refundable advances;</li><li>• Payments for breaches of prescribed electricity standards;</li><li>• Marketing of gas or electricity for sale;</li><li>• A member's exercise of its powers in relation to land, neighbouring land or property; and</li><li>• Complaints and disputes relating to a member or an agent referred by a member or agent.</li></ul>	<ul style="list-style-type: none"><li>• The setting of prices or tariffs or determining price structures;</li><li>• Commercial activities outside the company's licence to supply energy;</li><li>• The content of Government policies;</li><li>• Complaints under consideration by any court or tribunal, or previously considered by these bodies;</li><li>• Events beyond the reasonable control of the energy company; and</li><li>• Actions taken by an energy company in compliance with a direction or notice received by the company.</li></ul>

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 2010-11, we focussed on achieving the following key priorities:

- Resolve disputes between members and their customers in the most timely, effective and cost efficient manner possible;
- Ensure appropriate consumer awareness of, and access to, the Energy Ombudsman;
- Continue to foster and develop stakeholder relations; and
- Continue to implement the recommendations of the 2008 Scheme Review.

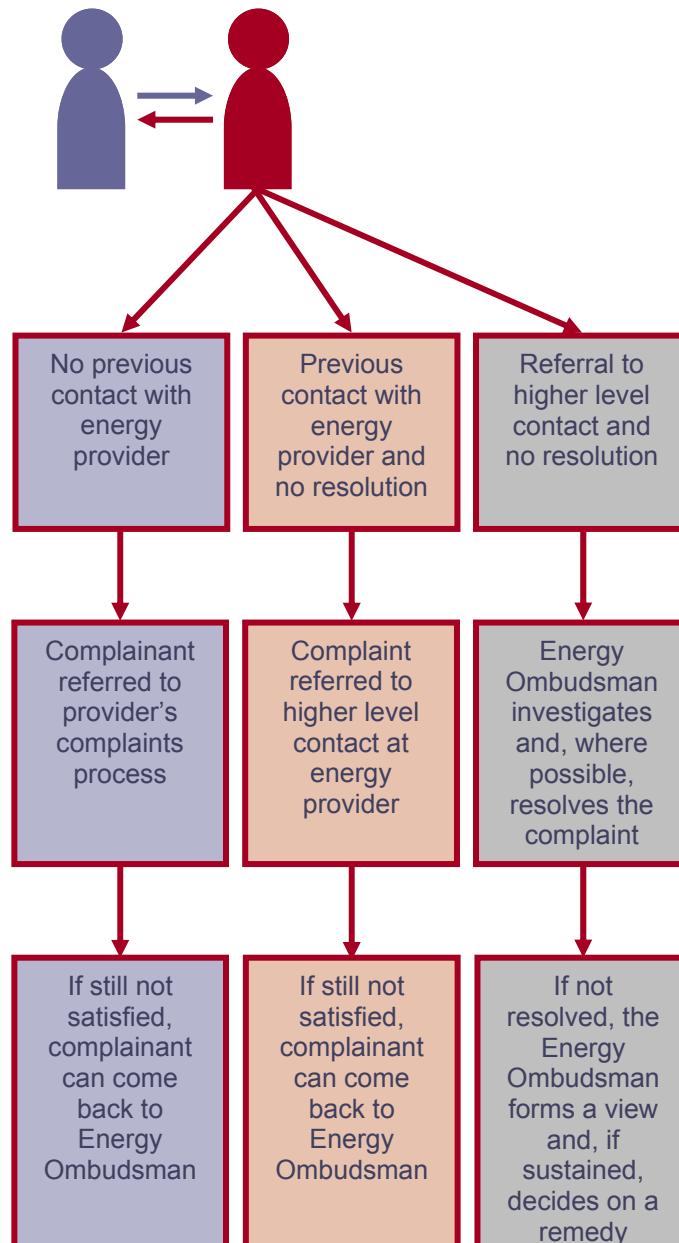
## Our Complaint Resolution Process

Consistent with other industry ombudsman schemes, the Energy Ombudsman has a focus on the resolution of complaints by the energy 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.

**Complainant phones, writes to or visits the Energy Ombudsman**



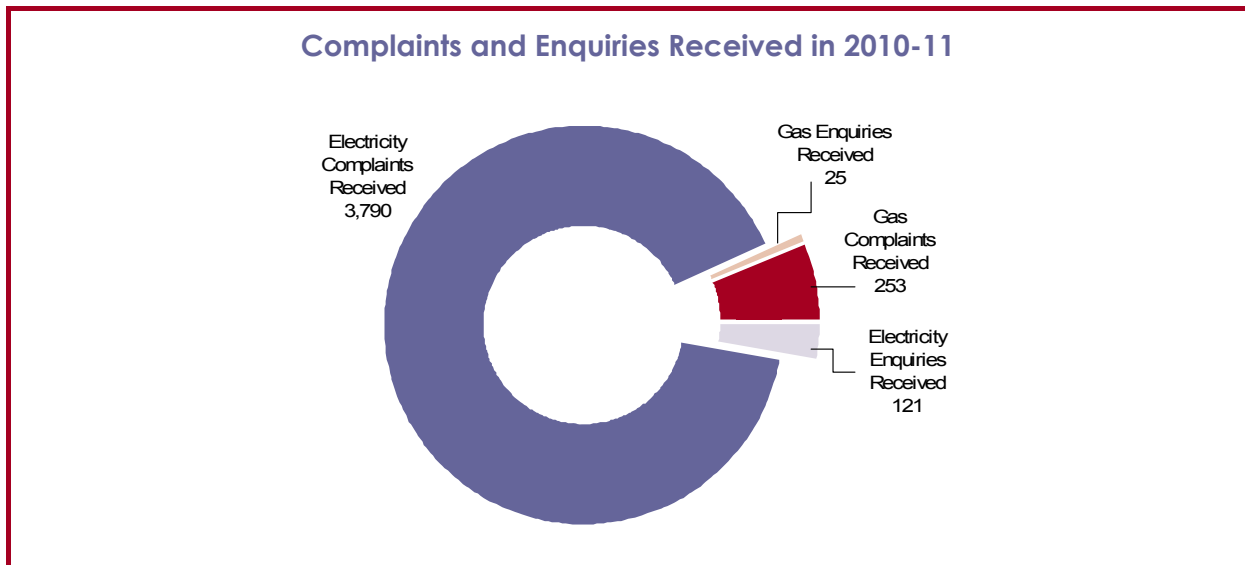
## **Our Work in 2010-11**

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

## Our Work in 2010-11

### Complaints and Enquiries Received

Over the twelve month period from 1 July 2010 to 30 June 2011, the Energy Ombudsman received 4,043 complaints and closed 3,902 complaints. In addition 146 enquiries were received. The following chart shows the breakdown of complaints and enquiries received for gas and electricity in 2010-11.



### Trends in Complaint Numbers

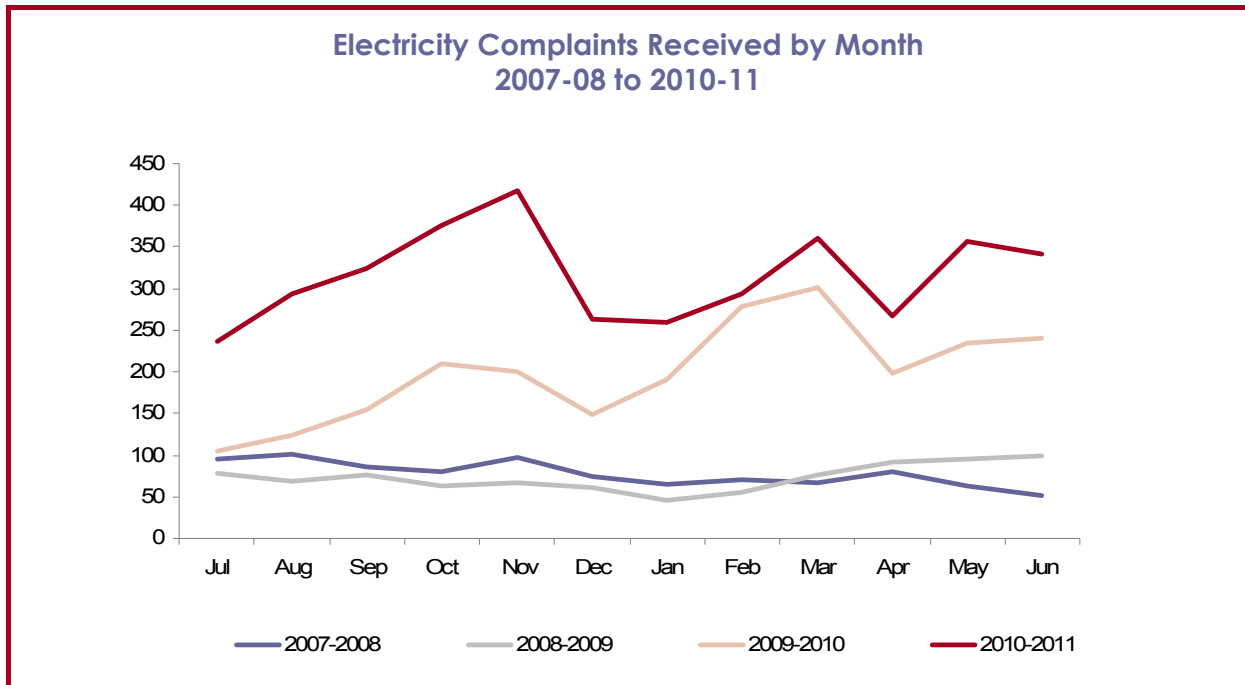
There has been a 53% increase in complaint numbers in 2010-11, continuing the increase in complaint numbers experienced in previous years. As shown in the following chart the increase is in electricity complaints, with gas numbers remaining relatively steady over the last three years.





# Our Work in 2010-11

Further details of the trends in electricity complaints over the last four years are shown in the following chart. The numbers of complaints in 2010-11 show the normal cyclical fluctuations but are consistently higher in each month than in the same period in 2009-10.



## 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 energy or gas provider. The customer is referred to the relevant company.

**Stage 2 Complaints** The customer has had at least one contact with their energy 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 Complaints** 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.

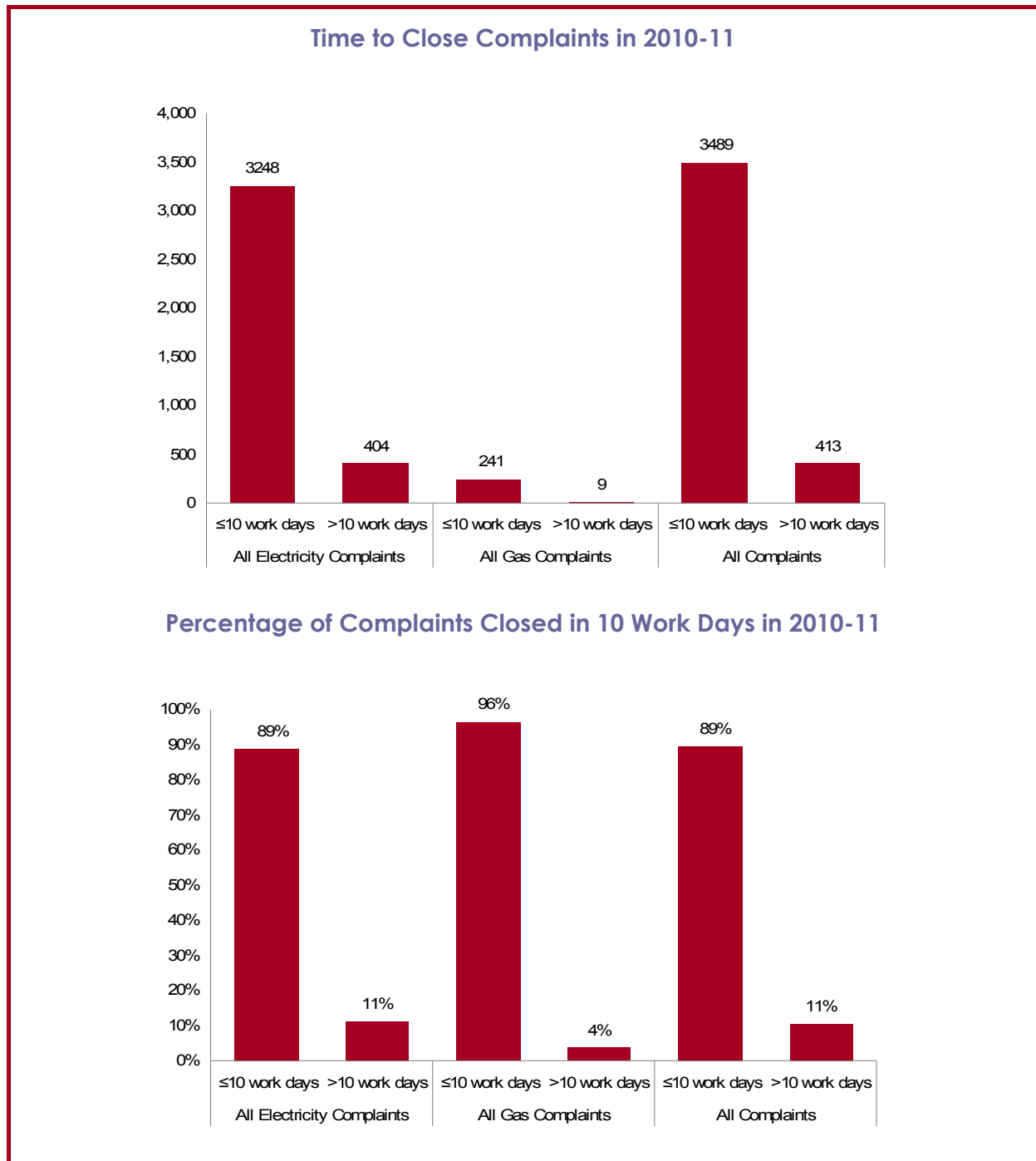
In 2010-11 there were 3,652 electricity complaints closed and 250 gas complaints closed.

# Our Work in 2010-11

## Timeliness of Complaint Handling

The Energy Ombudsman has maintained its high levels of timeliness in 2010-11 with 89% of electricity complaints, 96% of gas complaints and 89% of all complaints being finalised within ten business days.

The following charts show the timeframes for resolving electricity and gas complaints in 2010-11.



## Issues Raised in Complaints

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

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

## Most Common Issues Raised

As for previous years, during 2010-11, billing and credit issues remain the most common issues raised for both electricity and gas complaints.

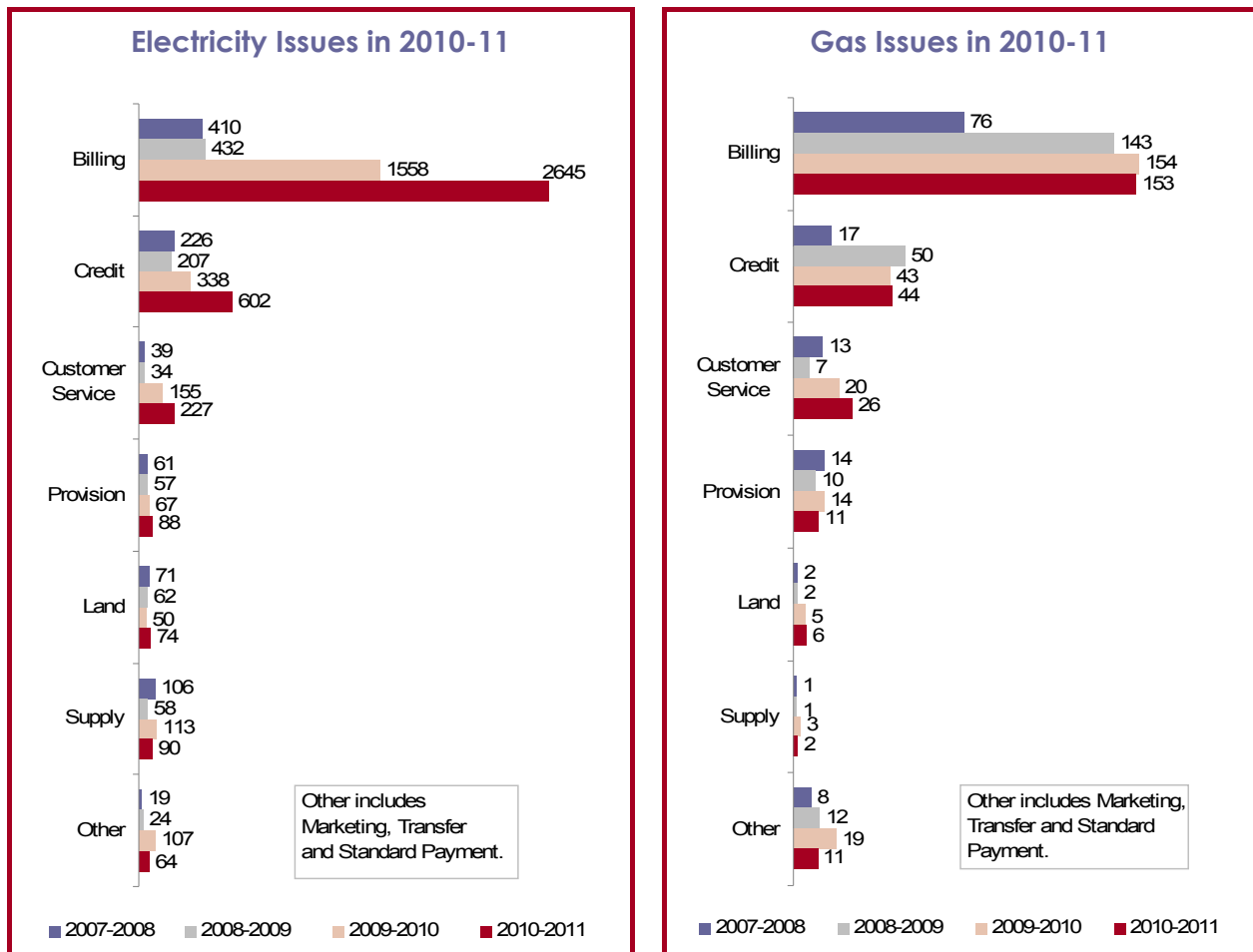
- Billing issues are raised in 69% of complaints received (70% of electricity complaints and 60% of gas complaints); and
- Credit issues are raised in 16% of complaints received (16% of electricity complaints and 17% of gas complaints).

The increase in electricity complaints during the year has been primarily in these two areas with a smaller increase in customer service issues. For electricity complaints:

- There was a 70% increase in billing issues in 2010-11 compared to 2009-10 and billing issues were more than six times what they were in 2008-09;
- There was a 78% increase in credit issues in 2010-11 compared to 2009-10 and credit issues are nearly three times what they were in 2008-09; and
- There was a 46% increase in customer service issues in 2010-11 compared to 2009-10.

# Our Work in 2010-11

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



In some cases the investigation of complaints about high bills shows the bill was correct but the person was experiencing difficulty in payment as shown in the following case study.

## Case Study

### Complaint to Ombudsman helps woman access financial hardship payment

A customer complained to the Energy Ombudsman when she received a high bill following an estimated bill. Although she acknowledged that the estimated bill may have been too low resulting in the second bill being higher than normal, the customer believed that the second bill was still too high.

The Ombudsman's investigation found that the bill was correct. The customer accepted that she had used the power but indicated she was experiencing payment difficulties. The retailer referred the customer to a financial counsellor and she was informed she was eligible for a grant of \$450 from the Government's Hardship Utility Grants Scheme. The retailer also gave the customer additional time to repay the outstanding money.

Credit complaints are often related to debts affecting credit rating as shown in the following case study.

## Case Study

### Ombudsman involvement leads to removal of debt from credit rating file

A man discovered he had a 'bad debt' referred to a debt collector which he believed was related to a billing incident with his energy retailer several years earlier that had affected his credit rating. When he discovered the credit listing, he contacted the retailer and was told that, if he paid the debt, it would be removed from his credit file. He paid the debt and advised the retailer, however it then said the debt would not be removed but could only be marked as 'paid.'

As the customer was dissatisfied with the outcome, the Energy Ombudsman investigated the complaint. Ombudsman staff raised several concerns which led to the retailer reviewing a recording of the conversation where the customer was told his debt record would be removed. The retailer admitted providing incorrect information to the customer and arranged for the debt to be removed from his credit file.

### 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:

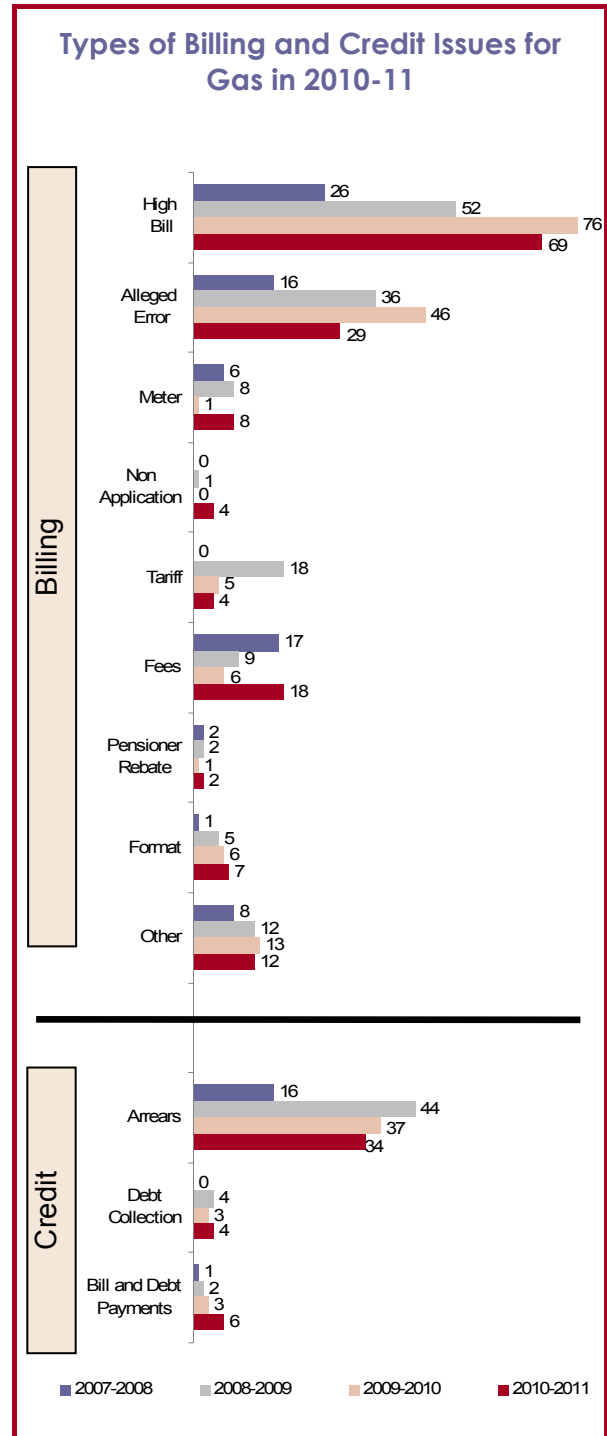
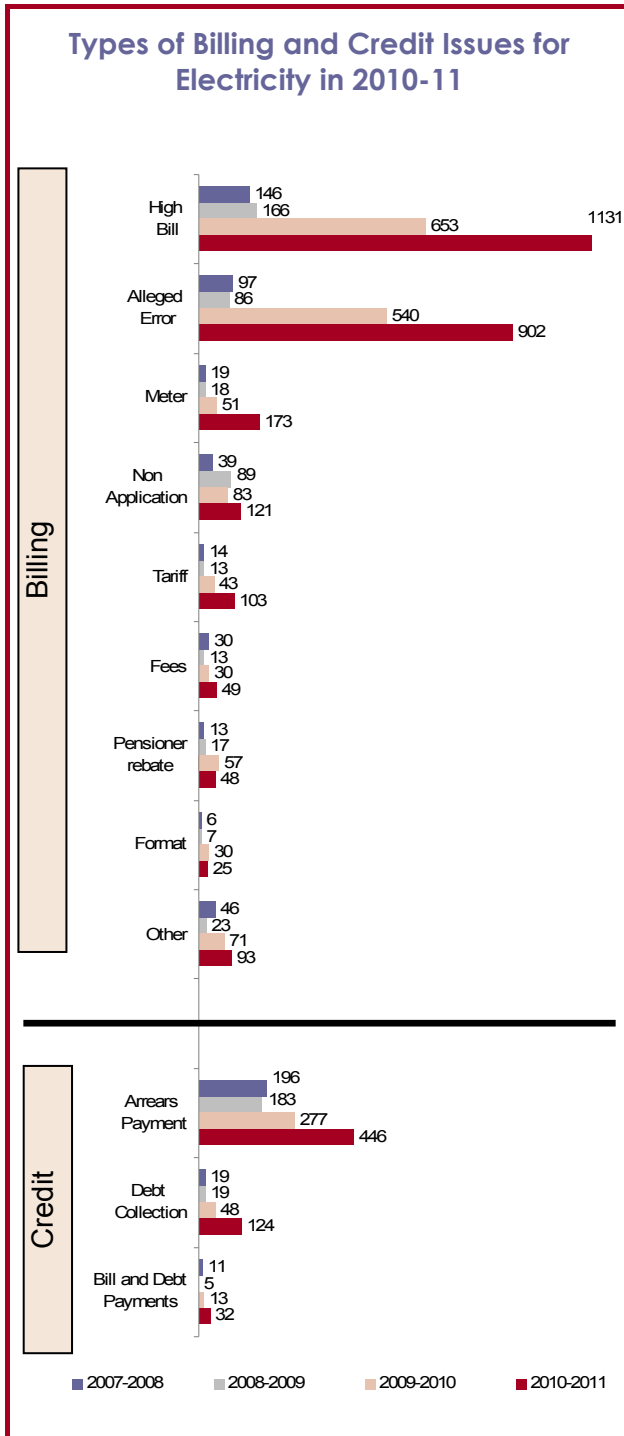
Types of Billing Issues	
High Bill	Bill higher than expected
Alleged Error	Alleged billing errors
Meter	Metering issues
Non Application	Disconnections due to the customer not applying for an account
Tariff	Incorrect rates or lack of information about tariffs
Fees	Fees and charges
Pensioner Rebate	Rebate 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 Issues	
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

# Our Work in 2010-11

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.

The increase in electricity billing and credit complaints was primarily in these three areas, although there were also smaller increases for a range of other types of billing and credit complaints.

The trends over the last four years in the different types of billing and credit issues is shown in the following charts.



## Disconnections

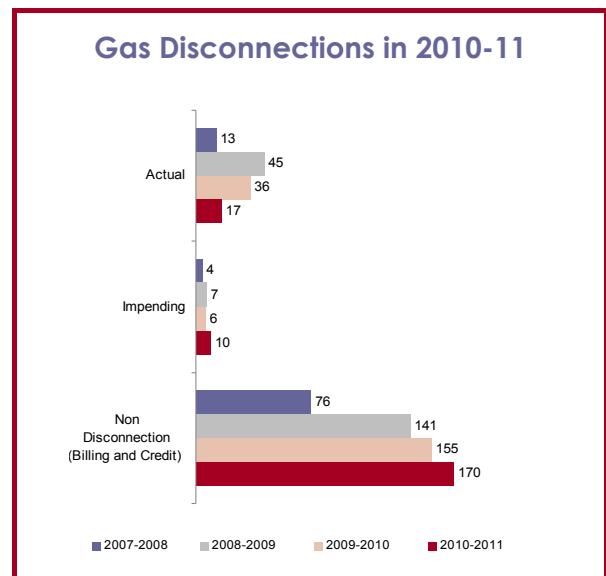
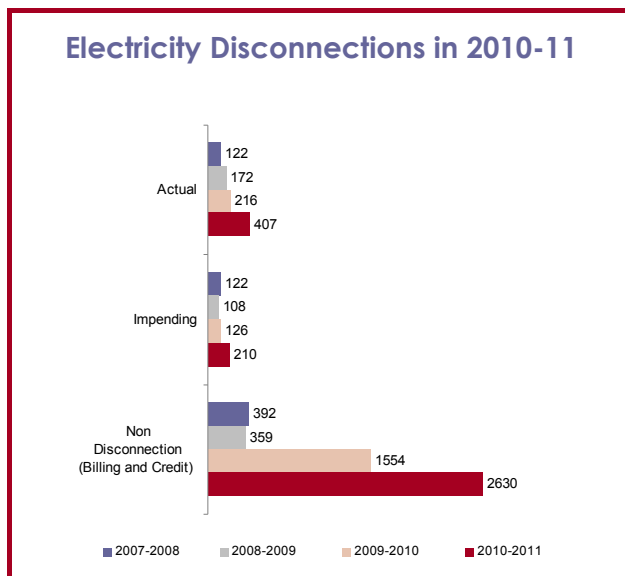
Retailers sometimes disconnect supply when a customer has failed to pay their bill or have not applied for an account when they take up a new residence. Before disconnecting, a reminder notice and then a disconnection warning is sent. Complaints about reminder notices and disconnection warnings are recorded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

During 2010-11 there were:

- 3,247 electricity complaints involving billing and credit issues and, of these, 407 involved actual disconnection and 210 involved an impending disconnection.
- 197 gas complaints involving billing and credit issues and, of these, 17 involved actual disconnection and 10 involved an impending disconnection.

The following charts show trends in electricity billing and credit issues involving, and not involving, disconnections.

For electricity there has been an increase in complaints about actual disconnections and for gas there has been a decrease.

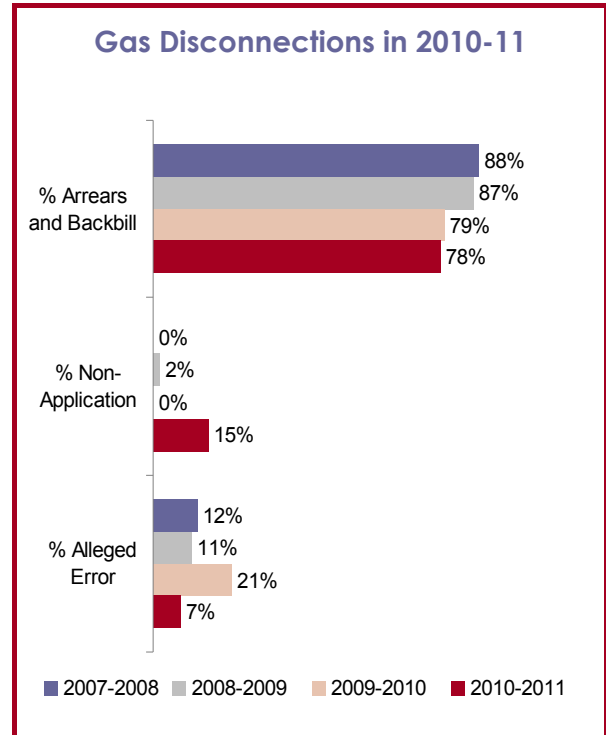
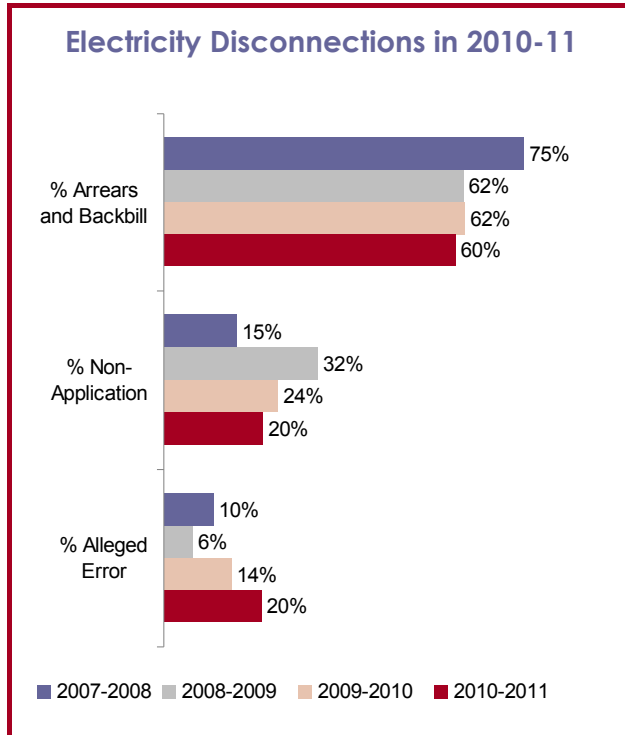


Actual or impending disconnections can occur for the following reasons.

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

# Our Work in 2010-11

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 four years.



Some complaints relate to wrongful disconnections as shown in the following case study.

## Case Study

### Ombudsman involvement prompts compensation for customer's damaged computer

A man complained to the Energy Ombudsman that his power was wrongfully disconnected when the power was cut off to his property instead of the property next door. As a result, his computer was seriously damaged from the power surge created when the power was turned back on.

The customer had approached both the distributor and the retailer seeking compensation of almost \$3,000 for his computer after he sought a quote to repair the computer. The man was dissatisfied, claiming no one would accept responsibility, and he complained to the Ombudsman.

As a result of the Ombudsman's involvement, the retailer agreed to compensate the man in full for the damage to his computer.



## 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

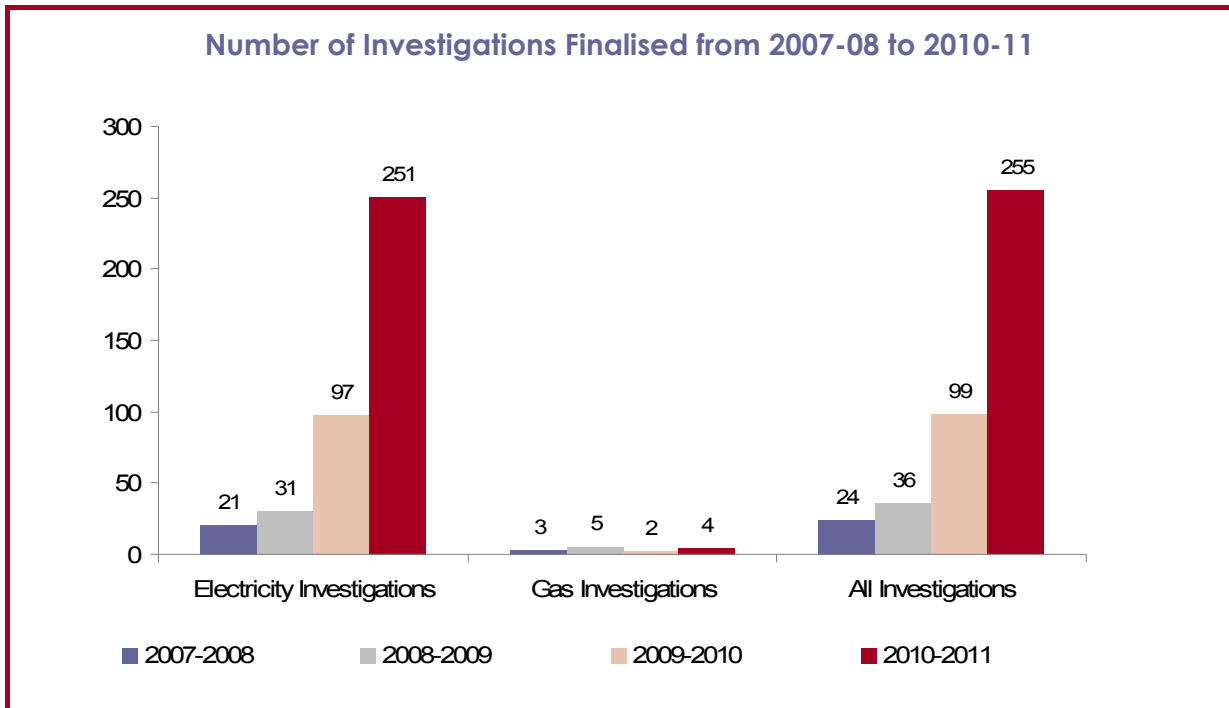
In some complaints, where there is the potential for an early resolution, the Energy Ombudsman may ask the customer to give their provider a final opportunity to resolve the complaint. The customer and the company are advised that, if the matter is not resolved in a reasonable timeframe, the customer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

In 2010-11 there were 810 further referrals finalised for electricity complaints. Of these, 170 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

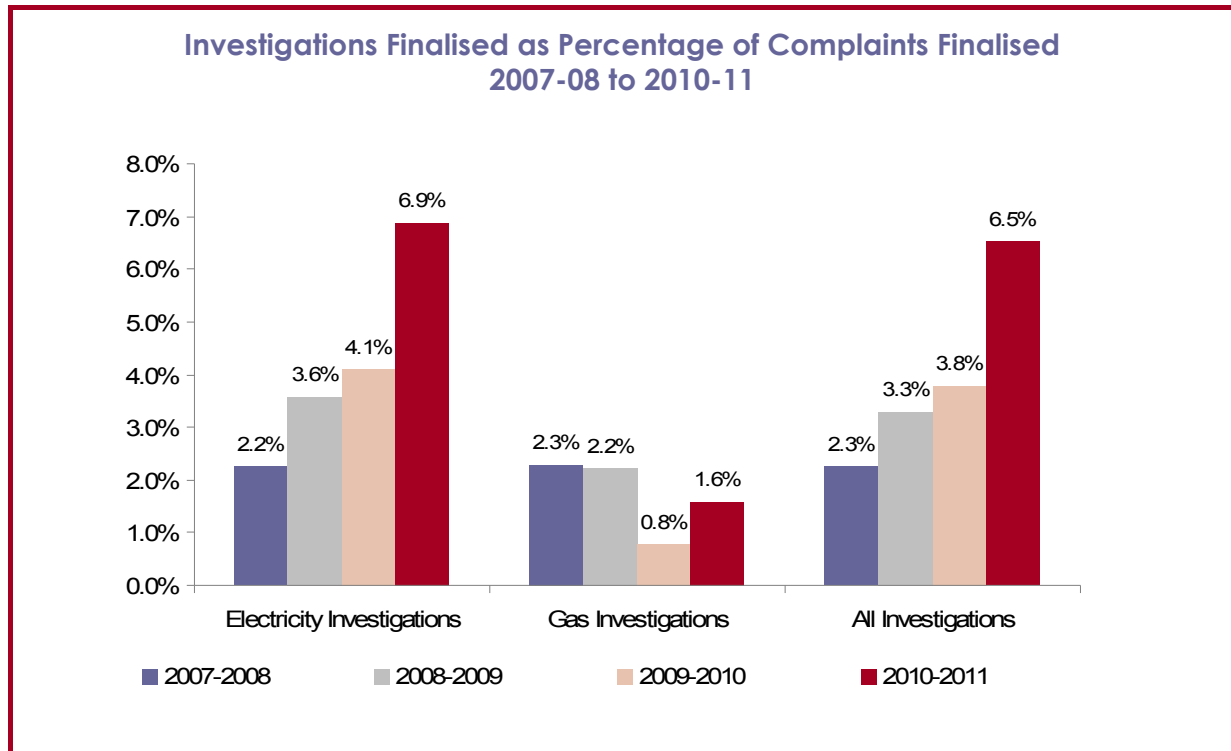
There were 251 investigated electricity complaints and four investigated gas complaints finalised during 2010-11.

As shown in the following chart, the number of investigated gas complaints has remained at consistently low levels over the last four years but electricity complaints have more than doubled in 2010-11 and are eight times higher than they were in 2008-09.



# Our Work in 2010-11

As shown in the following chart, as well as an increase in the number of electricity complaints investigated, there has been an increase in the proportion of complaints finalised after an investigation.



## Outcomes of Investigated Complaints

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

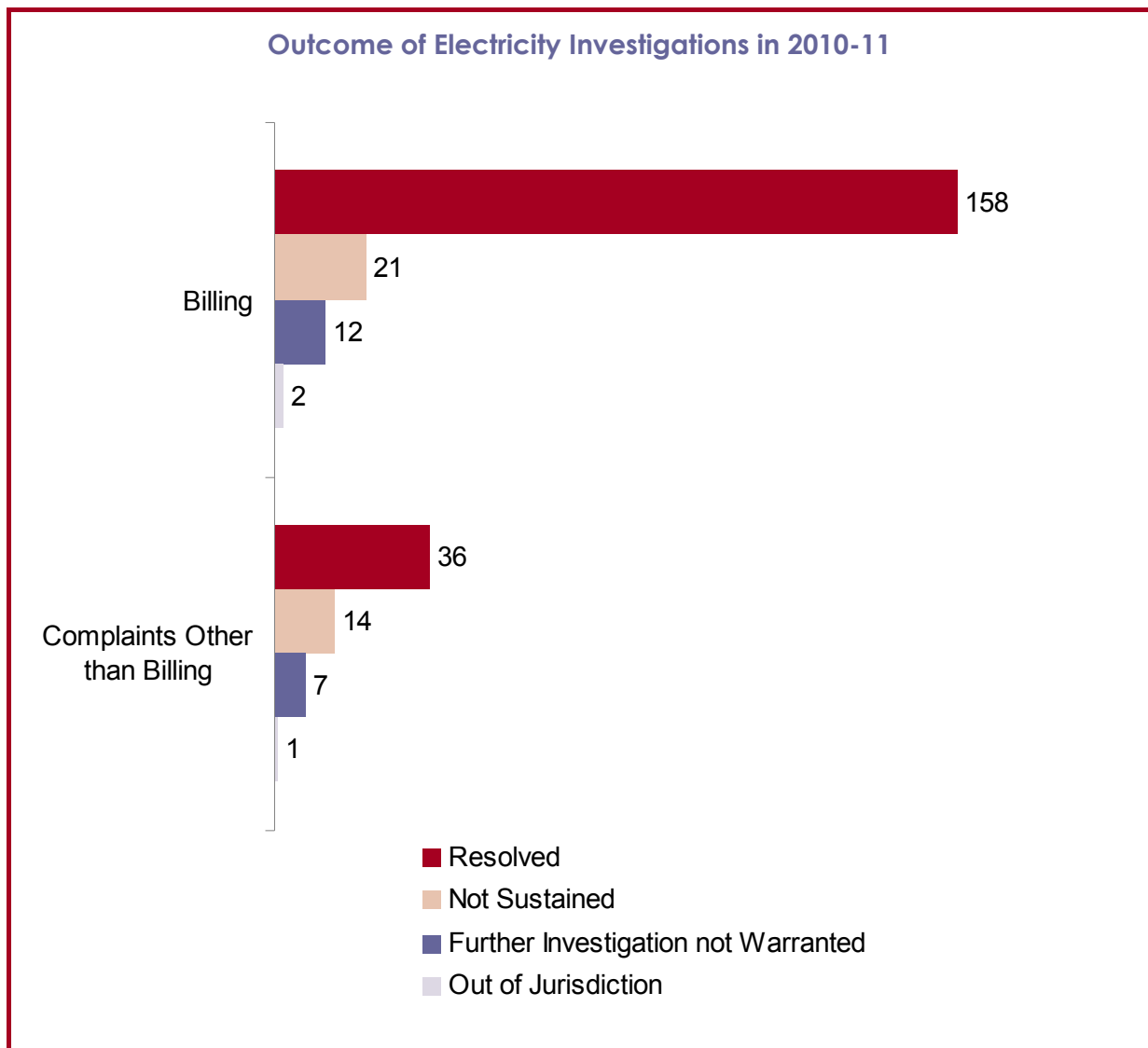
- The Energy Ombudsman facilitates a resolution;
- Investigation of the matter shows that it is out of jurisdiction;
- The investigation shows the complaint is not sustained;
- The investigation shows the matter is sustained and the Energy Ombudsman makes a binding determination including an appropriate remedy; and
- Further investigation is not warranted for a range of reasons such as the 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 197 (77%) of the 255 investigations finalised in 2010-11. Smaller proportions of complaints were finalised because they were out of jurisdiction, not sustained or further investigation was not warranted. There were no determinations by the Energy Ombudsman in the 2010-11 reporting period.

# Our Work in 2010-11

## 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 2010-11 broken down by the issue of the complaint.



## Outcomes of Investigated Gas Complaints

The outcomes of the four investigated gas complaints were:

- Three complaints were resolved; and
- One complaint was not sustained.

## Resolutions Offered for Investigated Complaints

Electricity and gas providers may offer a range of actions to resolve a complaint including reducing bills, 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.

The following case study provides an example of how an investigated complaint may be resolved through a range of actions and by more than one company.

## Case Study

### Correction of estimated bill and application of missed REBS credits

A man installed solar panels on his property which had two electricity meters. After installing the panels, he had a number of issues including:

- Receiving bills for one meter, but not the other;
- Receiving a very high estimated bill, which he disputed; and
- The retailer allegedly not allocating credits under the Renewable Energy Buyback Scheme (REBS).

The man was unable to resolve his issues with the retailer or the distributor, which is when he sought assistance from the Energy Ombudsman.

The Ombudsman's investigation found that the distributor had not advised the retailer about the second meter. The distributor also installed the incorrect meter which meant the man could not access REBS credits. The distributor agreed to replace the meter. When this work was completed, the distributor advised the retailer of the situation. The retailer then cancelled the estimated bill, provided a bill based on an actual reading and arranged for the customer to receive REBS credits. In addition, the customer had his missed REBS credits applied and a goodwill credit was also added.

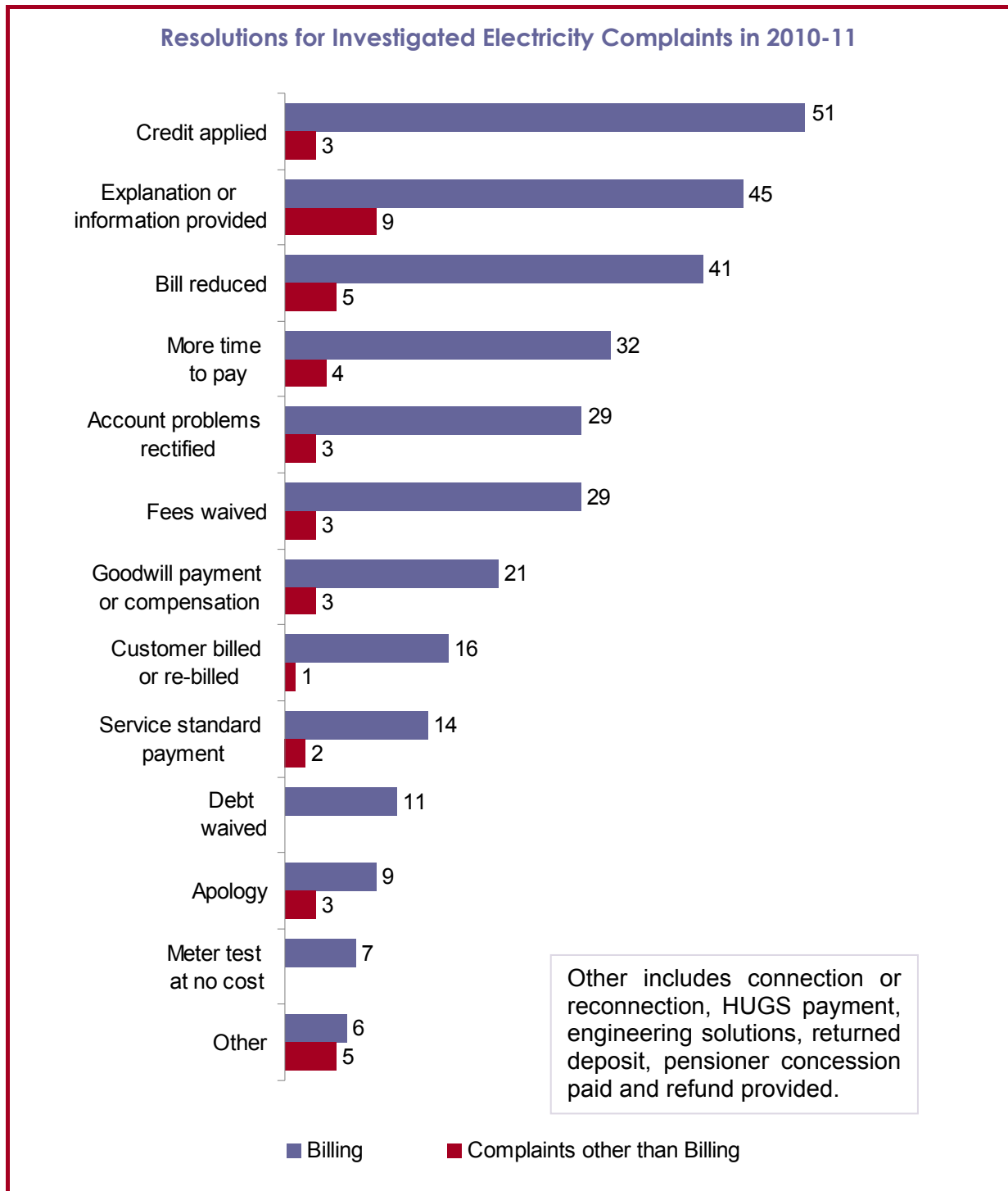
## Resolutions Offered for Investigated Electricity Complaints

In 2010-11 352 actions were offered by electricity providers to resolve the 194 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 company may reduce the bill and offer an apology.

# Our Work in 2010-11

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 three actions offered by gas providers to resolve the three investigated gas complaints that were resolved in 2010-11. In two cases the customers had credit applied to their accounts and one customer was connected.

## **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 (energy 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 was implemented in the 2010-11 financial year and 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 the Economic Regulation Authority and the Department of Commerce 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 industry.

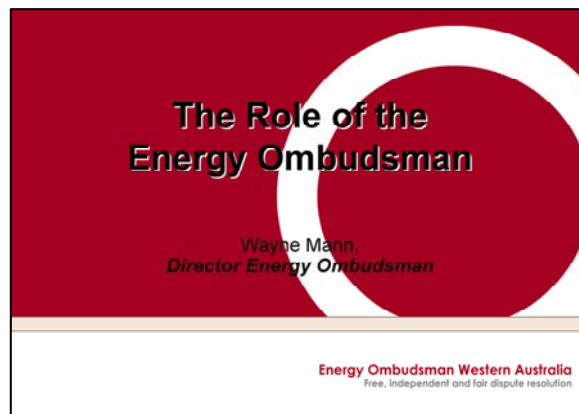
The theme of the 2011 Seminar was 'Root Cause Analysis: A Tool for Addressing Utility Consumer Issues.' The event was held on 30 May and was attended by 77 delegates. The Energy Ombudsman delivered a presentation titled *The Role of the Energy Ombudsman – Resolving Disputes and Identifying Systemic Issues*. Senior members of the Energy Ombudsman team attended the Seminar. Feedback from attendees at the Seminar was positive.

# Stakeholder Liaison and Access to Services

## 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 August 2010 Energy Ombudsman staff briefed Managers of Horizon Power on *The Role of the Energy Ombudsman*.
- Energy Ombudsman staff met with Western Power on two occasions to discuss metering issues, metering data analysis and vegetation management.
- Energy Ombudsman staff met with staff from WA Gas Networks once during the year.
- In April 2011 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, the organisation's complaint handling process and trends in metering complaints.
- In April 2011 Energy Ombudsman staff were invited by Synergy to observe a Section Managers workshop.



## The Economic Regulation Authority

During 2010-11 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 met with the Chairman of the ERA, Lyndon Rowe, and his senior executive team in February 2011.
- The Energy Ombudsman and senior Energy staff attended meetings with the ERA's Consumer Consultative Committee in September and December 2010 and March and June 2011. The Consumer Consultative Committee meets quarterly to provide comment to the ERA on issues affecting consumers that fall within the ERA's jurisdiction.
- The Director, Energy attended two focus groups (July and October 2010) relating to the *Guide to the Code of Conduct for the Supply of Electricity to Small Use Customers*.
- The Director, Energy attended a meeting to organise the Utility Seminar (held in May 2011). The organisation of the seminar also involved the Consumer Protection division of the Department of Commerce.



## 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 attended the Australia and New Zealand Energy and Water Ombudsman Network (**ANZEWON**) meeting in Sydney in June 2011. 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 2010-11. The focus of these discussions was to share information and insights on systemic issues in complaints in the energy industry.
- The Energy Ombudsman attended the Australian and New Zealand Ombudsman Association (**ANZOA**) Special General Meeting and Members Meeting via teleconference in May 2010 and two Executive Members Meetings (via teleconference in February 2011 and in Sydney in June 2011). ANZOA is a peak group for Parliamentary and industry-based Ombudsman in Australia and New Zealand. It acts as a network for consultation and discussion for Ombudsmen on matters of interest, concern or common experience.
- The Energy Ombudsman met with the Tasmanian Energy Ombudsman in Perth in April 2011.

## Access to Services

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

### '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 energy 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 September and November 2010 and March 2011.

# Stakeholder Liaison and Access to Services

## Energy Ombudsman Website

In April 2011 the website of the Energy Ombudsman was redeveloped to improve detail, presentation and accessibility. During the redevelopment process, special consideration was given to web standards and best practice for accessibility. The site design incorporates the office's revised corporate branding.

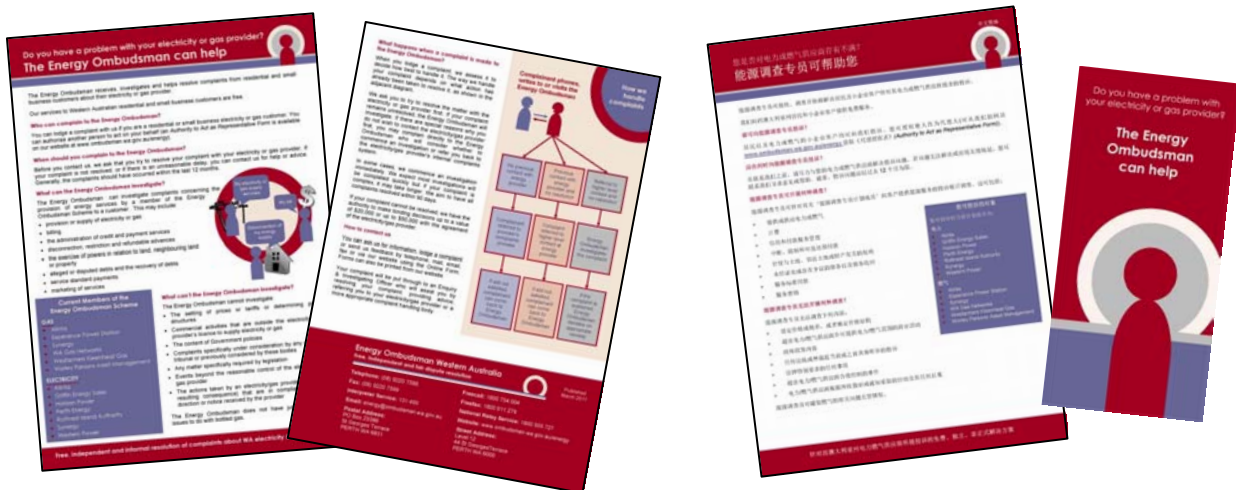
Central to the redevelopment project was revision of existing content, and the development of new content specifically for scheme members, complainants and people from culturally and linguistically diverse backgrounds. Links to Energy Ombudsman publications and useful links to external websites are used 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](http://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. During the year, the Energy Ombudsman publications were rebranded and reviewed to coincide with the launch of the new website.

In addition, the Energy Ombudsman's complaint forms and information sheets were 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.



# Stakeholder Liaison and Access to Services

## Regional Visits



Assistant Ombudsman, Strategic Services, Mary White and Energy Ombudsman, Chris Field on the visit to the Great Southern Region.



Energy Ombudsman, Chris Field delivers a presentation as part of the Great Southern Regional visit.

The Western Australian Ombudsman continued the Regional Awareness and Accessibility Program (the Program) this year, visiting the Great Southern Region in November 2010. The visits also include the Health and Disability Services Complaints Office and the Office of the Information Commissioner.

The Program is an important way for the Energy Ombudsman to raise awareness of, and access to, its services for regional and Indigenous Western Australians. During the visit, the Assistant Ombudsman, Strategic Services and Principal Indigenous Liaison Officer delivered a presentation to the local Indigenous community, specifically addressing energy issues. Energy Ombudsman information sheets were distributed and Ombudsman staff dealt with enquiries and complaints about the Energy jurisdiction during complaint clinics which formed part of the visit.

Staff from the Western Australian Ombudsman's office visited Wiluna and Kalgoorlie during the year to further improve access to the State and Energy Ombudsman's offices. The team met with local Indigenous community leaders and members of the local community through complaint clinics.

## Community Presentations

Throughout the year Energy Ombudsman staff delivered presentations to interested community groups on the role of the Energy Ombudsman and how the Ombudsman may be able to assist members of the local community. Energy Ombudsman staff presented to the following groups during the year:

- To Financial Counsellors at Southside Care in Kelmscott in July 2010;
- To social housing students at Joondalup TAFE in September 2010; and
- To the Nollamara Lawn Bowling Club in June 2011.

# Stakeholder Liaison and Access to Services

## Western Australian Ombudsman Newsletter

Two editions of the Western Australian Ombudsman Newsletter were issued in 2010-11. 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 September 2010 edition featured two articles which included information about the Energy Ombudsman. These were:

- A story about working with Indigenous communities which included information about the Western Australian Ombudsman's Regional Awareness and Accessibility visit to Broome in May 2010; and
- A story about a visit in June 2010 by staff from the Indonesian Ombudsman's office as part of the Indonesian Australian Ombudsman Linkages and Strengthening Program. The Indonesian delegates attended presentations on the role of the Western Australian Ombudsman and the Energy Ombudsman and participated in focus group discussions on complaint handling initiatives and effective strategies for promoting good decision making practices.



Photograph: Director, Energy Ombudsman, Wayne Mann with delegates from the Ombudsman of the Republic of Indonesia during their Perth visit.



The December 2010 edition featured an article about the Western Australian Ombudsman's Regional Awareness and Accessibility visit to Albany in November 2010. As with previous visits, Ombudsman staff distributed information about the Energy Ombudsman and were available to take complaints about energy issues.

# **Company Particulars and Financial Statements**

- **Company Particulars**
- **Independent Audit Opinion**
- **Profit and Loss Statement**
- **Balance Sheet**

# Company Particulars and Financial Statements

## Company Particulars and Financial Statements

### Company Particulars as at 30 June 2011

Energy Industry Ombudsman (Western Australia) Limited - ACN 109 054 426	
<b>Registered address</b>	c/- Kennerlys Ground Floor, 24 Outram Street West Perth WA 6005
<b>Postal address</b>	c/- Kennerlys PO Box 1125 West Perth WA 6872
<b>Members</b>	<p><b>Gas Industry</b></p> <p>Alinta Sales Pty Ltd Electricity Retail Corporation (Synergy) Esperance Power Station Pty Ltd WA Gas Networks Pty Ltd WorleyParsons Asset Management Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd</p> <p><b>Electricity Industry</b></p> <p>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</p>
<b>Board</b>	<p><b>Chairman:</b> Paul Wilmot</p> <p><b>Directors</b></p> <p>Customer Representative: Alex Errington Customer Representative: Karen Gadsby Gas Industry Representative: Ray Myles Electricity Industry Representative: Andrew Gaspar</p>
<b>Company Secretary</b>	Lejo Ouwendyk
<b>Accountants</b>	Kennerlys, Certified Practicing Accountants PO Box 1125 West Perth WA 6872
<b>Auditor</b>	Shakespeare Partners, Chartered Accountants PO Box 1257 West Perth WA 6872

## Independent Audit Opinion



**SHAKESPEARE PARTNERS**  
CHARTERED ACCOUNTANTS

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

As lead auditor for audit of the financial report of Energy Industry Ombudsman (WA) Ltd for the year ended 30 June 2011, 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 Industry Ombudsman (WA) Ltd

**SHAKESPEARE PARTNERS**  
Chartered Accountants

**Leigh-Anne Meyerowitz**  
Auditor Number: 279757  
2 September 2011

## 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 2011, and the detailed profit and loss statement 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 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.

### 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*, provided to the directors of Energy Industry Ombudsman (WA) Ltd on 2 September 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Liability limited by a scheme approved under Professional Standards Legislation

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



## Auditor's Opinion

In our opinion the financial report of Energy Industry Ombudsman (WA) Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Energy Industry Ombudsman (WA) Ltd's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with 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  
5 October 2011

# Company Particulars and Financial Statements

## Profit and Loss Statement

For the Year Ended 30 June 2011

	2010-11 \$	2009-10 \$
<b>Income</b>		
Recoupment of Expenditure	1,678,418	993,537
<b>Expenditure</b>		
Accountancy Fees	21,420	20,400
Bank Charges	16	136
Dispute / Complaint Costs	1,551,967	883,265
Directors' Fees	48,729	47,692
Filing Fees	41	40
Insurance	7,156	6,828
Professional Fees	6,575	5,550
Superannuation Contributions	4,819	4,292
Miscellaneous Expense	13	-
Advertising for Customer Representative	-	5,312
Travelling Expenses	37,682	20,073
Legal Costs	-	-
	1,678,418	993,537
<b>NET PROFIT / LOSS</b>	-	-

## Balance Sheet

As at 30 June 2011

	2010-11 \$	2009-10 \$
<b>CURRENT ASSETS</b>		
Cash Assets	49,164	66,532
Receivables (Trade Debtors)	10,353	-
Prepayments	1,814	1,712
GST Clearing	20,061	11,743
<b>TOTAL CURRENT ASSETS</b>	81,392	79,987
<b>TOTAL ASSETS</b>	81,392	79,987
<b>CURRENT LIABILITIES</b>		
Annual Levies Refundable	-	54,503
Trade Creditors	79,814	23,950
PAYG Withholding	1,578	1,534
<b>TOTAL CURRENT LIABILITIES</b>	81,392	79,987
<b>TOTAL LIABILITIES</b>	81,392	79,987
<b>NET ASSETS</b>	-	-
<b>EQUITY</b>		
Accumulated Losses	-	-



**Energy Ombudsman Western Australia**  
Free, independent and fair dispute resolution

