

The background of the cover is a repeating pattern of small triangles in various colors (blue, green, orange, pink, grey). Some of these triangles are grouped together to form larger, hollow triangles outlined in the same colors. These larger triangles are arranged in a staggered, overlapping pattern across the entire page.

ANNUAL REPORT

2017-18



ENERGY & WATER
OMBUDSMAN SA

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ABOUT THE ENERGY & WATER OMBUDSMAN SA

WHO WE ARE

Origins

The Energy and Water Ombudsman (SA) Limited is the approved independent scheme in South Australia and originated from the privatisation of the South Australian electricity industry in 1999. A licence condition was imposed on all entities providing electricity services to participate in an independent dispute resolution scheme to ensure fair practice and effective dispute resolution between the electricity providers and their customers. The Scheme was subsequently expanded to include gas and water service providers and their customers.

Energy and water services are important to all stakeholders because they are essential services to the community; they are not considered optional. For that reason, independent ombudsman schemes exist across Australia to deal with issues that arise between the industry and customers.

Role

Our role is to facilitate the prompt resolution of complaints and disputes between the consumers of energy, water and sewerage services and the providers of those services by providing a free, independent, accessible, fair and informal service to consumers.

Principles

The principles that guide our activities are:

- dealing with complaints in a fair, just, informal and expeditious manner
- acting independently, while maintaining good working relationships with Members and other stakeholders
- being accessible to energy and water consumers in South Australia and ensuring there are no barriers to access, such as geographic location, language, physical or mental capability or financial status
- providing a free service to consumers
- making effective use of technology to assist in quality complaint handling, referral and reporting
- fostering effective links with Members, other complaint handling bodies, government agencies and consumer and community organisations.

THE INDUSTRY

Our Members are the electricity and gas distribution, transmission and retail entities and water and sewerage service providers. A list of current Members can be found on page 43.



HOW WE WORK

What we do

We are an independent service that can investigate and resolve disputes between electricity, gas and water retailers and distributors and their customers. Customers can contact us about a range of issues including:

- connection, supply and sale of energy or water services by a Member
- disconnection or restriction of supply
- billing disputes
- administration of credit and payment services
- security deposits
- the impact on land or other property of actions by a Member
- the conduct of Members' employees, servants, officers, contractors or agents
- complaints about acts or practices of a Member that may interfere with the privacy of an individual under the Privacy Act 1988
- any other matters referred by a Member by agreement with the Ombudsman and the person/s affected.

Our full range of services and complaint resolution processes are explained in this report, together with the way we have provided the services in the past financial year.

What we don't do

Our functions do not extend across all areas. We cannot deal with:

- the setting of prices and tariffs
- commercial activities outside the scope of a Member's authorisation/licence
- the content of government policies, legislation, licences and codes
- matters before a court, tribunal or arbitrator
- customer contributions to the cost of capital works
- disputes between Members.

Our approach

We are not an advocacy service for either consumers or the energy and water service providers who are Members of the Scheme. We put a lot of emphasis on working with our Members and their customers to help them solve problems. We want to find solutions that not only deal with a single problem, but also minimise future complaints and help Members build more responsive and robust complaint handling systems.

It's important to remember that the Scheme is not a court. It is a way of bringing parties together and solving problems through shared negotiation.

We are an independent and fair service that can investigate and resolve disputes between energy and water retailers and distributors and their customers.

AT A GLANCE

CASES RECEIVED



10,325 [17% ▲ 2016-17]

CASES RESOLVED



9,905 [11% ▲ 2016-17]

CASES BY INDUSTRY



ELECTRICITY

81% [9% ▲ 2016-17]



GAS

14% [6% ▼ 2016-17]



WATER

5% [2% ▼ 2016-17]

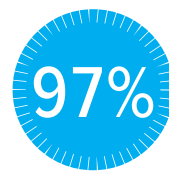
TIME TO RESOLVE CASES



WITHIN 30 DAYS
(TARGET ≥ 85%)



WITHIN 60 DAYS
(TARGET ≥ 92%)



WITHIN 90 DAYS
(TARGET ≥ 97%)



MORE THAN 90 DAYS
(TARGET ≤ 3%)

METHOD OF CONTACT



PHONE

78% [3% ▼ 2016-17]



IN PERSON

1% [= 2016-17]



WEBSITE

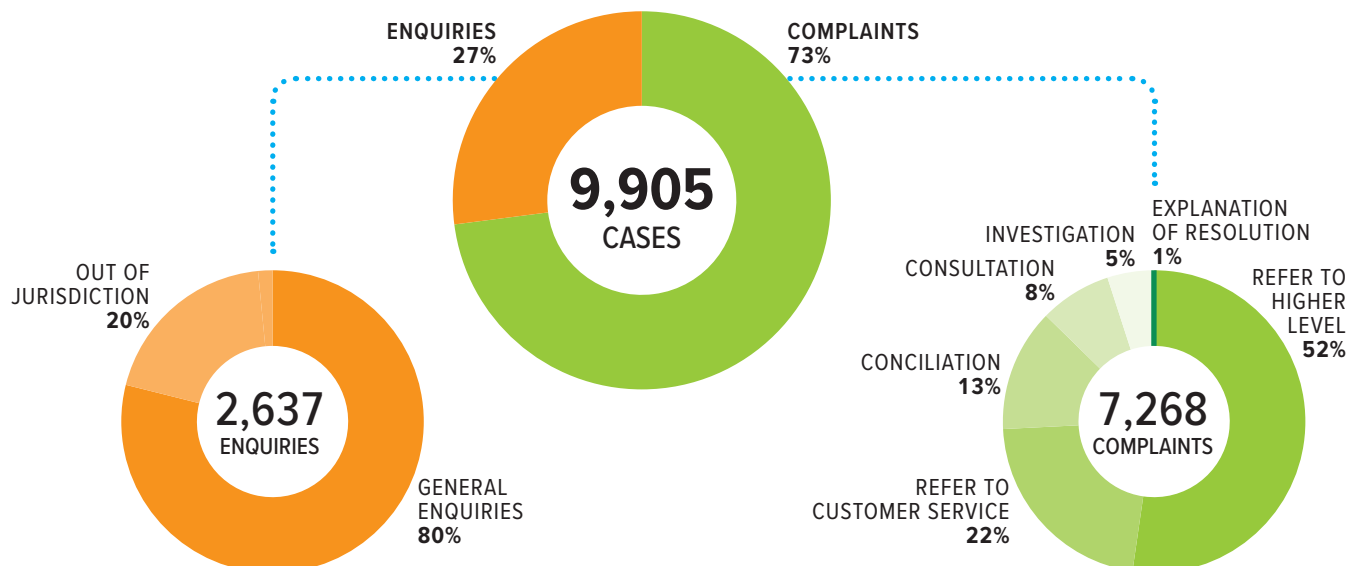
20% [2% ▲ 2016-17]



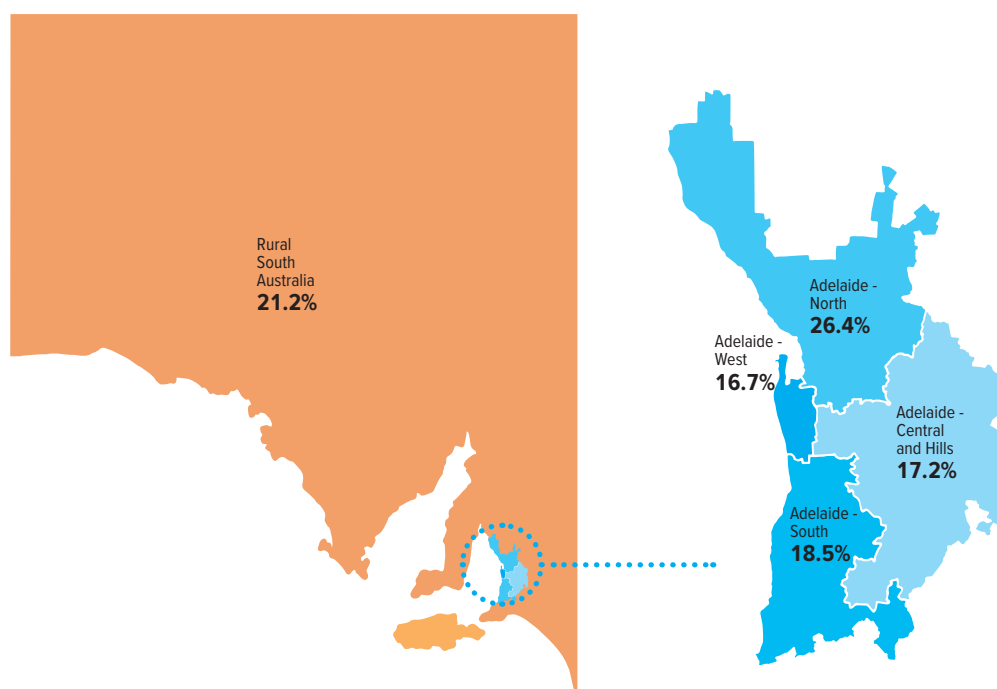
MAIL

1% [= 2016-17]

CASES BY LEVEL AT CLOSURE



PERCENTAGE OF CASES BY REGION



CUSTOMER SURVEY



CUSTOMER SATISFACTION

96% [1% ▲ 2016-17]

CUSTOMER LIKELY TO RECOMMEND

95% [1% ▲ 2016-17]

Our mission is to facilitate the prompt resolution of complaints and disputes between consumers of electricity, gas and water services and Members of the Scheme by providing a free, independent, accessible, fair and informal service to consumers.

BOARD OF DIRECTORS



Peter Bicknell
Chair



Geoff Barton
Industry Director



Jessie Byrne
Consumer Director



Margaret Cross
Consumer Director



Wendy Eyre
Consumer Director



Patrick Makinson
Industry Director



John Hill
Consumer Director



Kerry Rowlands
Industry Director



Anthony Sinclair
Industry Director

CHAIR'S REPORT

On behalf of the Board I am pleased to provide this introduction to the 2017-18 Annual Report of the Energy & Water Ombudsman SA.

It is disappointing that complaint levels increased by 17% during the year, the first rise in many years. This was predominately caused by the changes in metering responsibility from the distributor to the retailers. Although we are unhappy with the increase, the Board is pleased with the way that the Scheme responded to the greater workload while maintaining high levels of user satisfaction.

It seems I regularly comment on the pace and scope of market developments, and this year is no exception. One major change has been delivered – metering contestability – and great progress has been made in preparing for a second – access for residential customers of embedded networks to dispute resolution services of the Scheme.

From 1 December 2017, the Australian Energy Market Commission introduced regulatory changes that mean the installation, maintenance and replacement of energy meters is now taken on by the consumer's nominated retailer. The impact of this change has been significant for customers. This is discussed in detail later in the report.

The response from Members to the consumer and business benefits of the metering changes has been mixed; action by some Members has been slow, with the result that for some consumers the benefits of the changes have yet to be fully realised. In addition, there have been difficulties in the supply chain for new digital meters.

The metering changes are a good example of how we must work to balance the promise of technology and the ability of the market to deliver that promise. The role of the Ombudsman is to facilitate the resolution of customer complaints while maintaining the Scheme's independence and fairness. As digital and data-driven tools become predominant, that role will include contributing to the development of a landscape in which innovation and better service can thrive alongside each other.

The Board is pleased with how the Scheme has allocated resources and effort in dealing with the complexities of consumer complaints raised by metering changes. Feedback from surveys and commentary indicates high consumer confidence in the Scheme as well as a broadening public awareness of the Ombudsman's role.

The Board has continued its strong program of engaging with key stakeholders and has worked to inform itself on both current and emerging issues that affect Members and consumers. Key topics of discussion included metering contestability, the impact of consumer protection changes and hardship programs.

The energy and water industry environment is information-rich, with boundaries becoming more permeable daily. This means the Scheme and the Board no longer operate in a simple linear framework, but in a network of local, national and even international influences where success depends on how well we respond to trends and opportunities.

Accordingly, the Board has engaged regularly with other energy ombudsman schemes and regulators across Australia to ensure information exchange and, where appropriate, collaboration, which reinforces our response to universal and shared experiences that impact Members and consumers.



During the year, the Board met six times and discharged its governance obligations with purpose and strong cooperation. In addition we met with the Members in November at the Annual General Meeting and in May to approve the budget for 2018-19.

Other key Board activities included a Strategic Planning Session in February and our annual discussions with the Australian Energy Regulator, the Essential Services Commissioner of South Australia and the Technical Regulator.

Internally, the Board is working on the development of an improved Risk Management Framework. This introduces an internal audit component to match the current external audit activities conducted annually. The effect of this will be to achieve better alignment of internal and external reporting processes, together with ongoing identification of risk factors.

The Board asked the Ombudsman to provide greater transparency on Member performance this year, and in this report you will find Member performance data that will help consumers make more informed decisions in their choice of service provider.

My term as Independent Chair expired in this financial year and I thank the Board for its trust in appointing me for a further three-year term. I would also like to thank my fellow Board Members for their advice, support and contributions in what was as a year of strong achievement in responding to consumer/ provider disputes.

There were two changes to the composition of the Board, with Kay Matthias and Wendy Eyre leaving at the expiration of their terms. I thank Kay for diligently and effectively serving as a Director for nine years and welcome John Hill, who was appointed to replace her. Wendy similarly provided constructive participation and wise counsel to the Board and Committees over six years. Her term of appointment expired on the 31 July 2018 and, although eligible, she did not offer herself for re-election.

I also thank the Members, who both drive and support the Scheme. I am aware that this year has required a degree of rapid response to significant changes but appreciate the fact that we continue to work collaboratively to resolve the consequential difficulties.

Four new Members joined the Scheme in 2017-18, taking the total to 47.

The Ombudsman, Sandy Canale, and his staff are once more to be acknowledged for their enthusiasm, commitment and effective work. Again, the Board is pleased with the customer, stakeholder and industry recognition of the Energy & Water Ombudsman SA as coordinator, facilitator and problem-solver in a complex and shifting environment.

Peter Bicknell
Chair

OMBUDSMAN'S REPORT

I would like to present the following report, which highlights the significant events, challenges and opportunities for the Scheme during the 2017-18 financial year.

The narrative of this year, from my perspective, has been one of change and challenge. Regulatory opportunities continue to be introduced to free up the market and to facilitate choice. These changes, which encourage innovation and consumer choice, are an ongoing part of the Australian Energy Market Commission's (AEMC) Consumer Action Plan.

The metering change was known and planned for, but the challenge – and frustration, it has to be said – lay in delivery of what was promised. By January 2018, it was already apparent that some Members were unprepared to meet the demands and service requests of customers, and as a result we have seen an increase in case volumes in this Office for the first time since 2012-13.

The metering change was introduced from 31 December 2017, and in the following six months, when metering contestability was a factor, complaints rose year-on-year from 4,439 to 5,691, an increase of 28%. This compares with 17% for the entire financial year.

To me, this indicates that our role of providing individual consumers with access to a robust, fair and independent pathway to resolve complaints is deeply interdependent with how well industry becomes aware of, and responds to, market and service opportunities.

That interdependent perspective gives our industry a way of remedying highly individual, very contemporary problems while ensuring overall sustainability, strength and cohesion. Without it, we struggle to continuously improve and innovate.

When Members are proactive in effectively delivering new products and services, complaints tend to go down and consumer confidence rises. Our role is to work together with Members to help smoothly introduce the benefits of change.

Changes to metering contestability had a long lead-time and were well promoted by regulatory bodies including the Australian Energy Regulator (AER) and AEMC. That some Members prepared poorly and have been unable to meet

demand has had an impact on how all Members are seen by the community.

Difficulties in meeting these requirements meant significant and unnecessary hardships for many, especially for those planning to move into new homes and business locations who found themselves blindsided and without connections for months. Some customers also found themselves unable to settle purchases, with the attendant financial costs that are routine in failed settlement situations.

The Essential Services Commission of South Australia (ESCOSA), the AER, other regulatory bodies and I have been working with industry to find solutions to the metering rule changes that will help Members respond to consumer demand for metering contestability in South Australia. We meet fortnightly and will continue to do so until we see improvement and a decline in complaint levels. This approach has been useful in identifying key roadblocks and encouraging Members to resolve outstanding issues. I would like to thank ESCOSA, the AER and other regulatory bodies for their assistance in this regard.

The Ombudsman's Office does not make regulations and rules but we experience first-hand the damage done to customers when the system does not get it right. Members who embrace opportunities and work hard for their customers should not be penalised, so this year, at the Board's direction, we have included in the data pages of this report information that shows the performance of individual Members. This will encourage transparency and help customers identify where the best practice exemplars are in the industry.

ANZEWON – the Australian and New Zealand Energy and Water Ombudsman Network – has also been a vital participant in the increasingly national landscape of energy services. My interstate colleagues have been a valuable source of learned experience and wisdom as they tackle many of the same issues that swirl around the introduction of new technologies for consumers.

We are focussed on developing our capability to deal with complaints from residential customers in embedded



networks who have previously not had access to the Scheme. These are customers who take supply from an on-seller of electricity, such as in the case of residential caravan parks and apartment blocks. Work is well under way to integrate the potential Members into the Scheme, to train our staff and to communicate access to potential customers.

Underperformance, however, is not the whole story. The water industry has extremely low levels of complaints and gas and electricity distribution and transmission has been stable.

Our website, logo and information materials have been reinvigorated, and on the website more information is available for consumers. As part of the website upgrade we have included more and clearer interactive forms to help us respond to enquiries and complaints more quickly.

Over time we plan to provide dynamic performance data on our website, for Members and consumers.

We have modified our organisational structure after a review of investigation workflows. A new workflow is more transparent and easier to follow for both consumers and Members. The process improvement means we can better handle overflow demands relating to a particular issue or industry sector and allocate resources dynamically to meet demand.

Our policy and research capacity has been strengthened to deliver better business intelligence when dealing with complex and emerging issues.

This coincides with work on business continuity conducted through the year to identify key functional, continuity and contingency planning needs. This work has flowed into recognition of the increased capability needed for the larger number of complex cases coming through to us in the wake of large scale changes.

We have enhanced the team coordination roles in the organisation, emphasising mentoring and high-level problem-solving skills. We feel our learning and development framework is approaching best practice. Processes have been refreshed to deliver a stronger focus on experiential and on-the-job learning and assessment. Blended learning, coaching

and mentoring with subject matter experts, and plan-based programs at the individual and team level are all part of the structured mix.

We are acutely aware of managing the wellbeing and effectiveness of our people in times of stress. With this in mind, we have developed an approach to call monitoring that is aimed at relieving stress, supporting performance and better debriefing in a supportive and success-oriented framework.

Personally, I am looking forward to the expanded challenges that embedded networks will open up next year. We are well advanced in our preparations for this important change to the consumer protection framework.

We continue to develop our community outreach program, which has been successful in increasing knowledge of the Scheme and providing relevant information to consumers. Our focus has been on regional areas and disadvantaged communities, where we are working with bodies that have a direct interface with end users of energy and water services who may need our assistance.

I thank community groups and agencies, stakeholders and the media for the valuable assistance they provide in helping to promote awareness of the Scheme to those in the community who need our services.

I am proud of the way our people have responded to an increase in pressure over the past months. Their resilience and commitment has been continually appreciated, both professionally and personally.

I would like to thank the Board, and Chair Peter Bicknell, for their support, advice and commitment throughout the year.

Before I conclude, I want to say that we lost a loyal colleague and a wonderful, warm fellow human earlier this year, in Vi Nguyen, our Business Services Manager of the last five years. Vi's passion, energy and humour were a great support to me, and to all of our closely-knit team, and I send her family my best wishes for the future.

Sandy Canale
Ombudsman

OVERVIEW OF PERFORMANCE

CASES RECEIVED: YEARLY AND MONTHLY TREND

The volume of cases the Scheme received progressively increased in the years following its inception, peaking at 21,320 in 2012-13. The number then decreased steadily for four years, to 8,829 in 2016-17 (Fig. 1 below).

However, as described elsewhere in this report, there was a 17% increase to 10,325 cases in 2017-18, due in part to the implementation on 1 December 2017 of metering contestability – retailers taking on the responsibility for new and replacement meters.

In total, 704 cases regarding metering contestability were received, contributing to a significant increase in cases in the Metering Contestability category (from 751 to 1,369).

Performance is measured across six categories, as highlighted on the following pages.

In 2016-17, electricity cases represented 72% of all cases received by the Scheme. This year they represented 81% of all cases.

Gas and water/sewerage cases decreased year on year, as a percentage of all cases, from 21% to 14% and 6% to 5% respectively.

Approximately 1.1 million meters are currently installed in South Australia, with a minimum of 53,000 needing to be installed or replaced annually.

Cases received per year

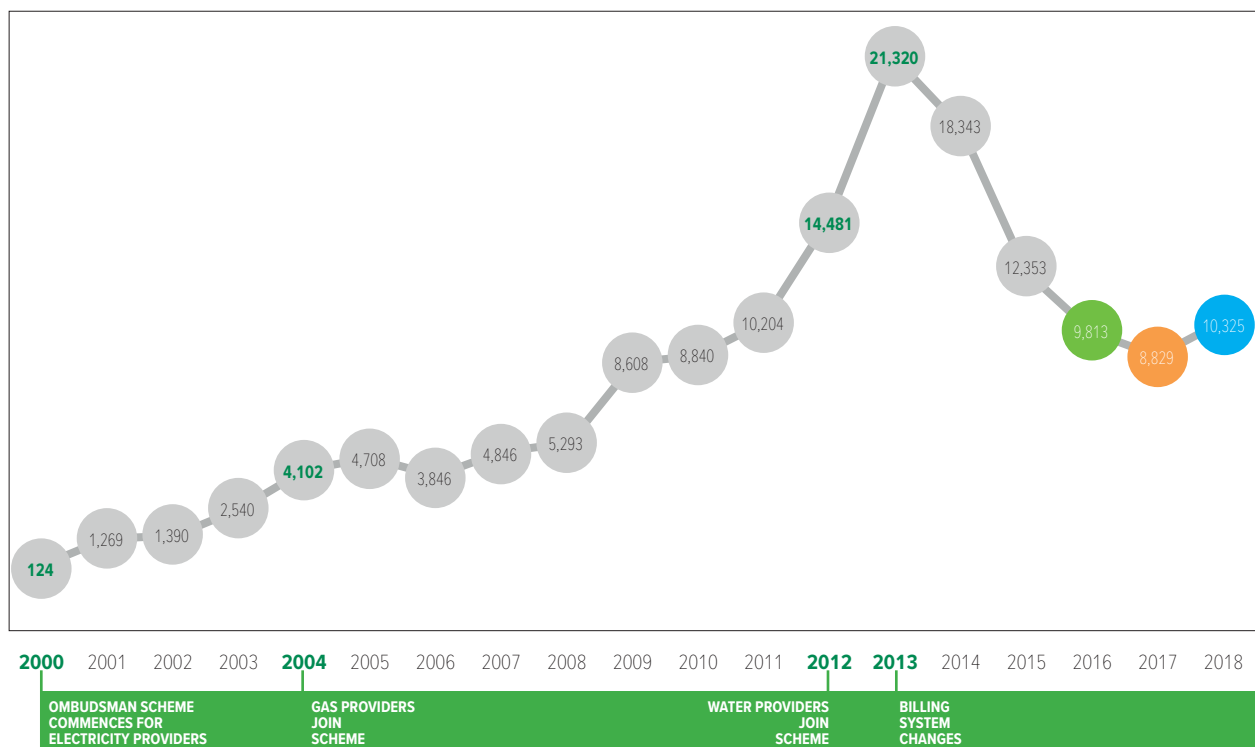


Fig 1. Number of complaints received by year



The chart below shows how many complaints were received quarterly during 2017-18 and in the previous two financial years, which highlights the increase during the second half of 2017-18.

Year-to-year comparison of cases received

2015-16 2016-17 2017-18

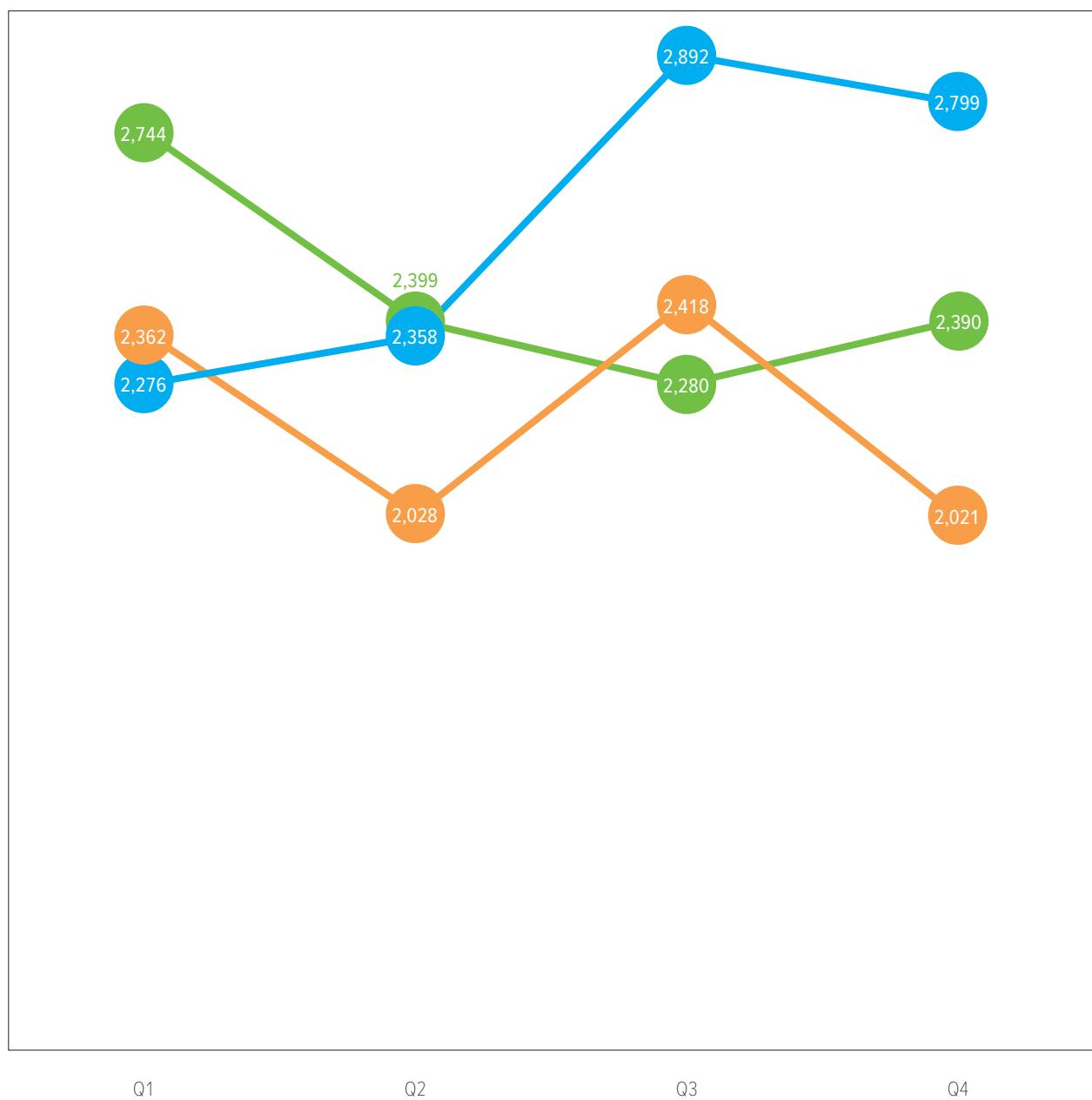
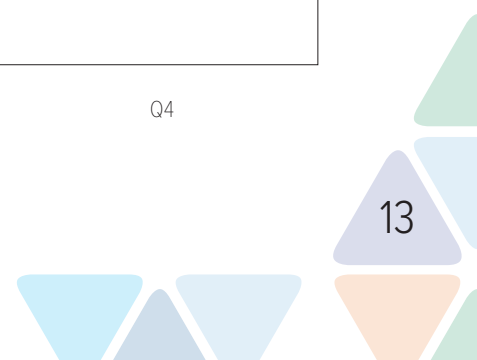


Fig 2. Number of complaints received quarterly



CASES RECEIVED BY INDUSTRY

As shown in the table below, electricity issues increased to comprise 81% of total cases received during 2017-18, while gas and water issues decreased to 14% and 5% respectively.

Industry sector	2016-17	2017-18	Increase (decrease)
Electricity	72%	81%	9%
Gas	20%	14%	(6%)
Water	6%	5%	(2%)

Table 1. Cases received by industry sector, 2016-17 and 2017-18

MAJOR COMPLAINT TYPES

The Scheme received 10,325 cases in total over 2017-18. These are discussed in more detail in the Case Management section of this report.

Excluding General Enquiries (2,589), most of which were not complaints, the three top complaint issues were Billing (4,016 cases), Service Provision (1,369 cases), and Credit Management (1,086 cases).

The chart below shows the breakdown of complaints by issue and industry.

Which issues were most frequently reported by customers

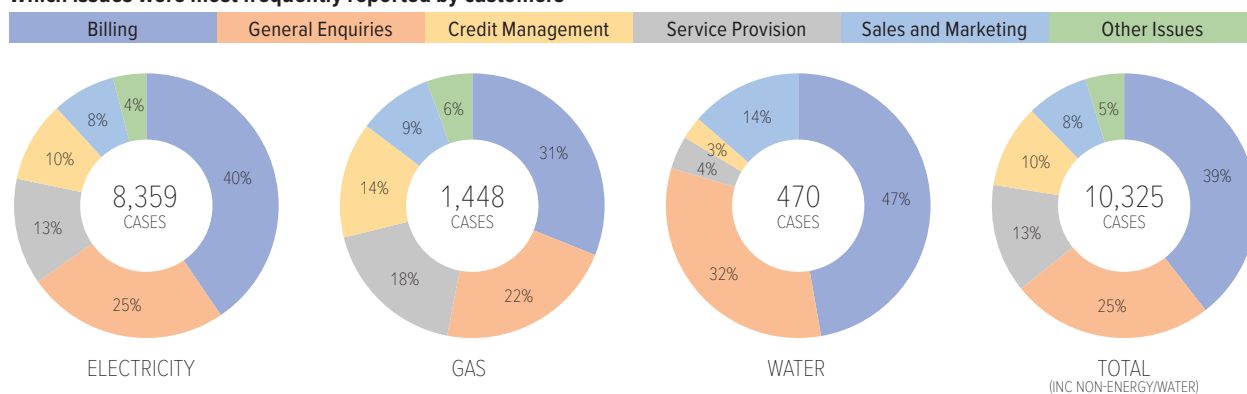


Fig 3. Cases received by issue type and industry, 2017-18

BILLING

Similar to other ombudsman schemes, Billing issues continue to be the largest category. During the year, all Billing sub-issues increased except for Meter Billing, Backbilling, Fees and Charges and Estimated Bills, which decreased by 55 (15%), 68 (27%), 24 (12%) and 8 (4%) cases, respectively. This is reflected in the chart below, which compares 2017-18 cases with the previous year.

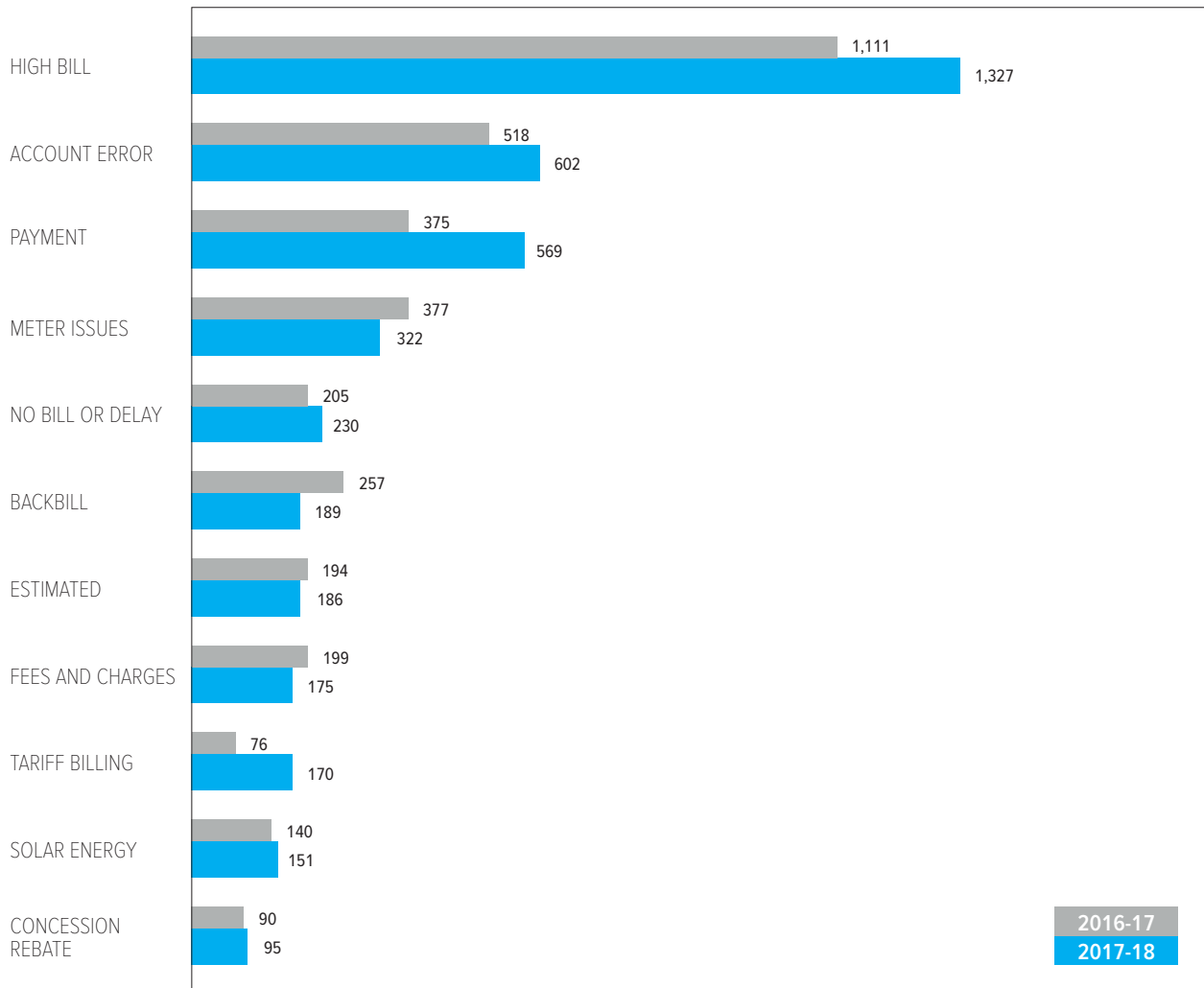


Fig 4. Billing complaints by type, 2016-17 and 2017-18

CREDIT MANAGEMENT AND FINANCIAL HARDSHIP

During the year, we received 1,086 Credit Management cases, making it the third most significant complaint category. Compared to the previous year, these cases decreased by 25% or 367 cases.

Shown below are the sub-issues recorded within this category and the number of cases received this year and the previous year. Overall, all sub-issues have seen significant declines since last year except for Credit Reference cases which increased by 110 cases or 34% on the previous year.

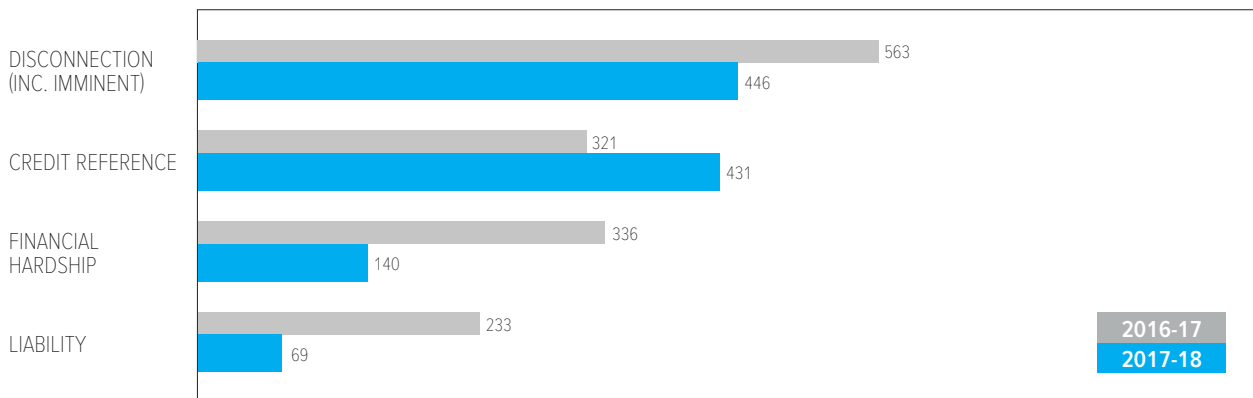


Fig 5. Credit management complaints by type, 2016-17 and 2017-18

Credit Management - Disconnections (including imminent)

Below are the key statistics on Disconnections, including imminent cases (warning of disconnection within 48 hours). It should be noted that while water supply is not disconnected for credit management matters, it may be restricted. Disconnections reduced by 117 cases or 21% on the previous year.

We will continue to monitor disconnection case levels over the next financial year to identify and address significant disconnection issues promptly.

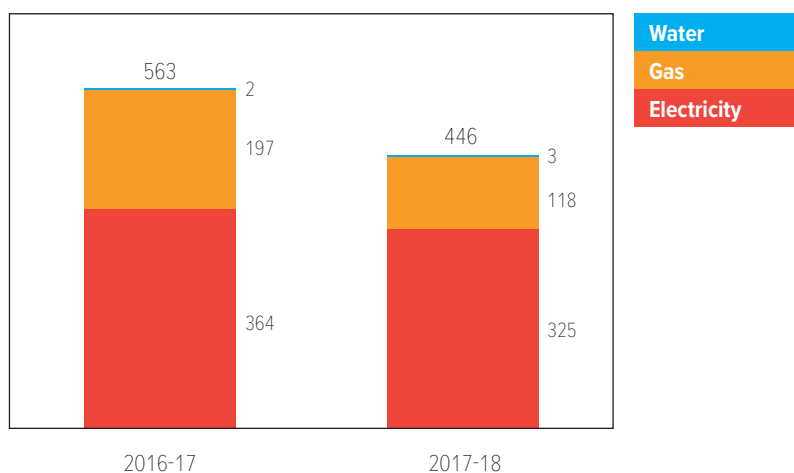


Fig 6. Disconnection (inc. imminent) complaints by industry sector, 2017-18

Credit Management - Financial Hardship - Rural and Metropolitan Areas

The number of Financial Hardship cases fell by 196 (58%) compared to the previous year, with reductions across all areas of the State. This may indicate that more customers are able to access retailer hardship programs.

	2016-17				2017-18			
	People	Number of cases	% of Total Hardship Cases	Cases per 10,000 people	People	Number of cases	% of Total Hardship Cases	Cases per 10,000 people
Adelaide - North	429,050	137	40.8%	3.2	435,075	45	32.1%	1.0
Adelaide - West	234,291	41	12.2%	1.7	234,550	32	22.9%	1.4
Adelaide - South	362,830	74	22.0%	2.0	364,560	20	14.3%	0.5
Adelaide - Central and Hills	300,183	24	7.1%	0.8	299,742	15	10.7%	0.5
Rural	381,781	53	15.8%	1.4	389,621	19	13.6%	0.5
No Address		7	2.1%			9	6.4%	
Grand Total	1,708,135	336	100.0%	2.0	1,723,548	140	100.0%	0.8

Table 2. Financial hardship data by rural and metropolitan areas, 2016-17 and 2017-18

SERVICE PROVISION

This year we received 1,369 complaints from customers in relation to aspects of Service Provision.

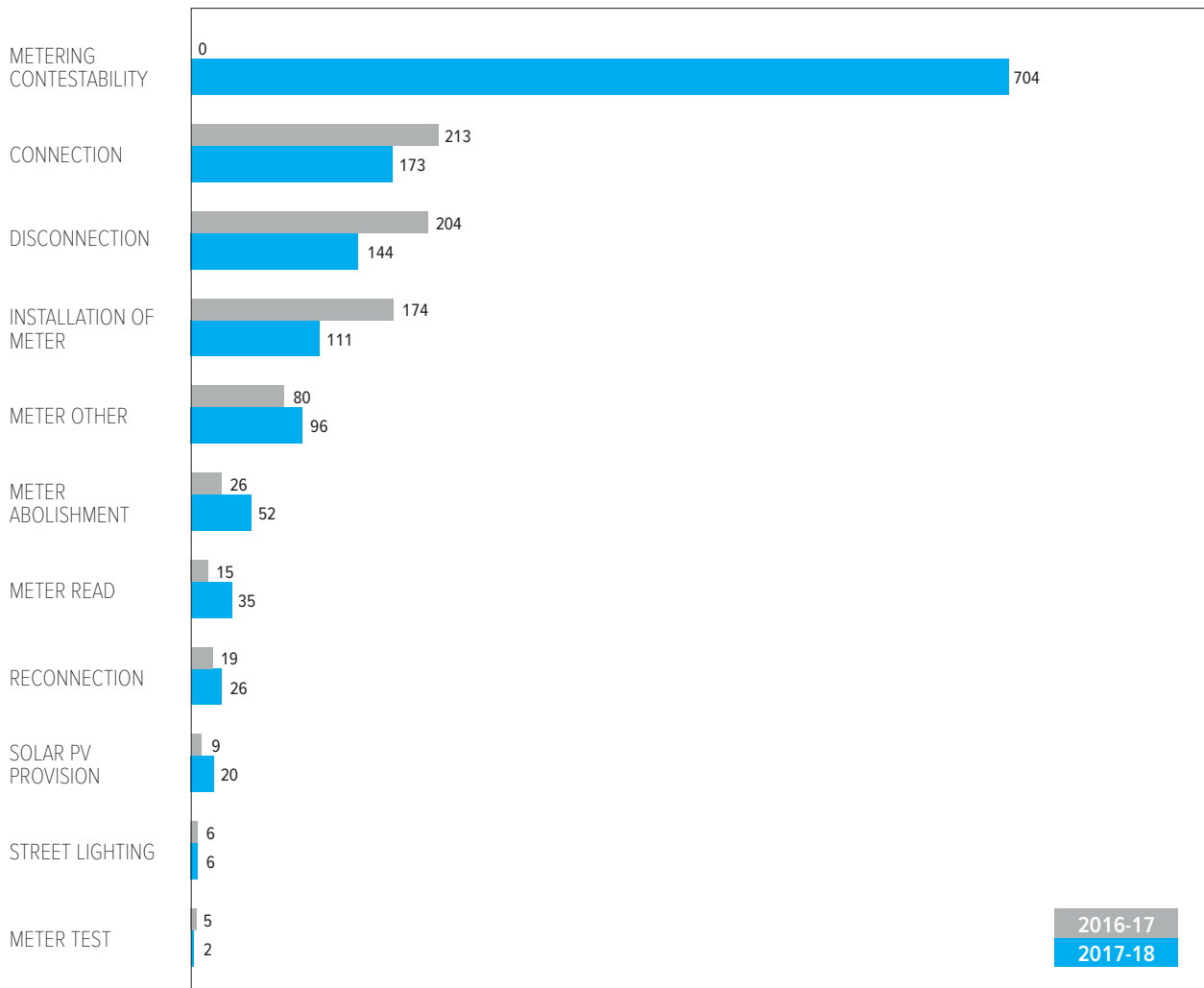


Fig 7. Provision of supply complaints by type, 2016-17 and 2017-18

Metering contestability

As described previously, there were many complaints relating to the new metering contestability regime. The chart below shows the sub-categories that made up these complaints, which started to ramp up from November 2017, the month before contestability commenced. There was a total of 704 cases across all sub-categories.



Fig 8. Metering contestability complaints by sub-category, 2017-18

SALES AND MARKETING

During the year, we received 778 Sales and Marketing cases, which is a 10% increase over the previous year.

Sub-issues recorded in this category are Contract, Market Conduct and Transfer as shown below.

The larger categories of Contract and Transfer saw increases of 27% and 7%, respectively, though the smaller Market Conduct category decreased by 28%.

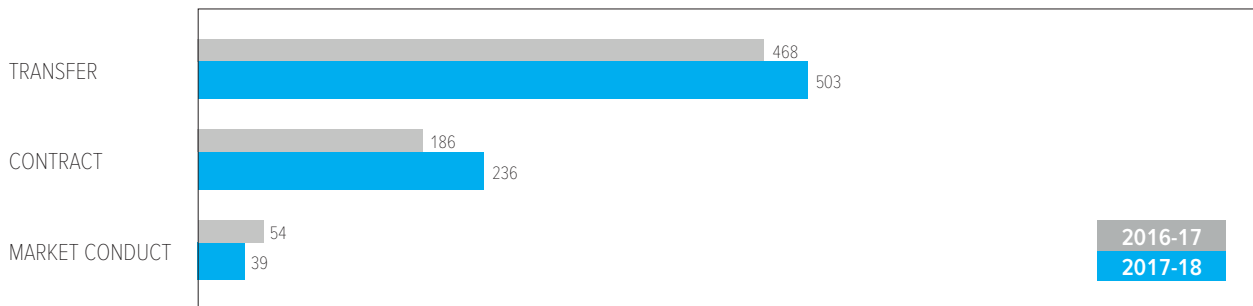


Fig 9. Sales and Marketing cases, 2016-17 and 2017-18

SUPPLY QUALITY

The number of Supply Quality cases decreased by 162 (50%) during the year. There were decreases in all sub-categories, except for Sewerage overflow, which had relatively few cases. Most of the reduction was in Unplanned Outages, which were higher than usual in 2016-17 due to the state-wide blackouts experienced that year.

Shown below are the sub-categories of Supply Quality issues and case volumes this year and last year.

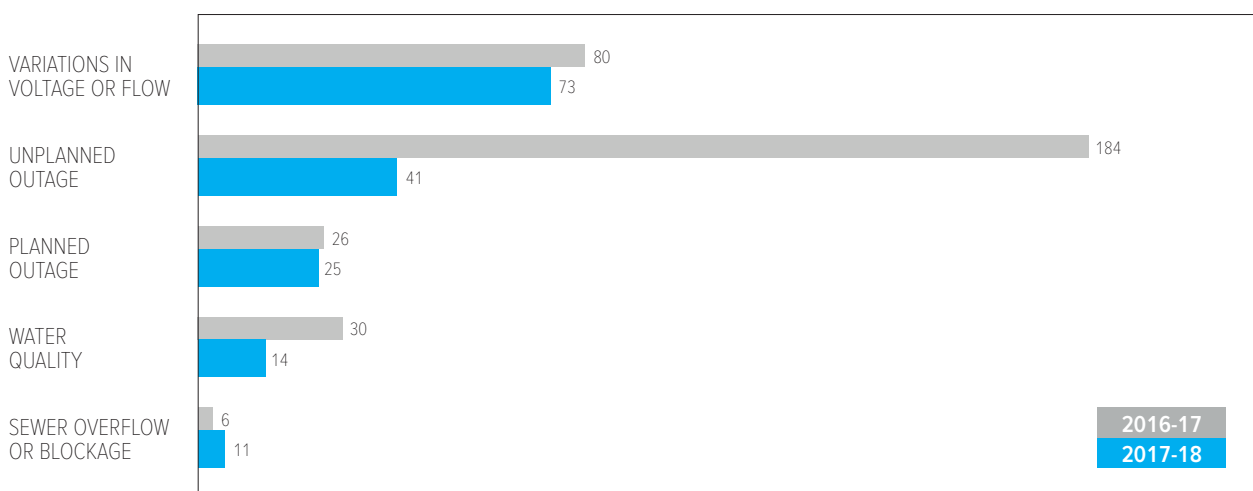


Fig 10. Supply quality complaints, 2016-17 and 2017-18

CASE STUDY

TITLE/SUBJECT: Price change notification dispute

UTILITY: Electricity

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mr S received a bill for \$970 from his retailer. He claimed he hadn't been notified about a price change and accordingly disputed the bill. He made mention that if he had known of the increase in rates, he would have changed to another supplier. After contacting the Scheme, Mr S's complaint was referred to a higher level at the supplier. The supplier determined that no reduction was warranted because the customer had actually been notified electronically of the price changes.

Mr S returned to the Scheme and the complaint was upgraded to a Conciliation. The contract and email notifications were assessed and the review showed the customer had indeed been notified by email of the change in pricing.

There were some customer service issues with delays in communication so, to acknowledge the poor experience, the retailer applied a credit of \$240 as a gesture of goodwill.

TITLE/SUBJECT: Default listing

UTILITY: Electricity

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mr P disputed both his electricity charges and a closed account debt. The supplier sold the disputed debt and the debt buyer listed a default for the unpaid electricity charges.

Mr P was seeking to have the overcharge corrected and the default removed.

An investigation determined that the supplier didn't overcharge Mr P as he had claimed, and the debt was due.

It was also shown that the supplier sold the disputed debt to the debt buyer two years after the final bill was due. The debt buyer didn't notify the supplier that the debt was still disputed and a default was listed more than three years after the final bill was due.

Overall, the supplier did acknowledge the delay selling the debt and the delay in the debt buyer listing the debt. As a result, the supplier recalled the debt from the debt buyer, arranged for the removal of the default and waived half the debt.

CASE MANAGEMENT

THE DIFFERENCE BETWEEN ENQUIRIES AND COMPLAINTS

A **case** is a contact with us, registered and classified as either an 'enquiry' or a 'complaint'.

An **enquiry** is a request for information or assistance, where we do our best to provide the most appropriate response. On occasions, we refer an enquiry to another body, such as a regulator or a government department.

A **complaint** is an expression of dissatisfaction with a Member (an energy or water service supplier) regarding a policy, practice or customer service performance. We endeavour to provide a response or resolution to the complaint using various means, such as conciliation or direct intervention with the Ombudsman's decision.

Enquiries

The provision of timely and accurate information is an important component of our role. Typically, one of our staff will provide information on industry codes and regulations that may apply to a customer's issue or will explain details shown on a bill to customers.

If the issue is outside the jurisdiction of the Scheme, we endeavour to provide appropriate referral points.

Snapshot: We handled 2,637 enquiry cases in 2017-18, representing 27% of the total cases received, leaving the balance of 73% as complaint cases.

Complaint types

We use the following complaint categories:

- Refer to Customer Service (RCS)
- Refer to Higher Level (RHL)
- Explanation of Resolution
- Consultation
- Conciliation
- Investigation
- Determination

The section below describes each of these in detail.

Refer to Customer Service (RCS)

Under our Charter, an energy or water service supplier must have the opportunity to consider a complaint before we do. If they have not, the contact with us is recorded as a Refer to Customer Service (RCS) complaint and the customer is asked to contact the supplier's customer service section and resolve the issue through the supplier's dispute resolution process. Before doing this, we provide the customer with an overview of their rights and responsibilities.

Snapshot: We handled 1,584 RCS cases in 2017-18, representing 16% of the total.

Refer to Higher Level (RHL)

If a customer has been unable to resolve an issue with an energy or water service supplier, we accept the issue as a complaint.

If the customer has contacted the Member, we will refer the complaint to the Member's higher-level dispute resolution area under our Refer to Higher Level (RHL) procedure. The procedure is similar to other industry ombudsman schemes and provides the Member with an opportunity to resolve the customer's complaint at a more senior level.

Exceptions include complaints about disconnections that are imminent or have already taken place, which are fast-tracked.

We tell customers that if they are not satisfied with the resolution or the time taken to resolve their complaints they should contact us again.

We do not close a RHL case until advised by the Member that the complaint has been resolved. In this way, we maintain a 'watching brief' over the resolution. If the customer tells us that he or she is not satisfied with the outcome or the case is not resolved within an appropriate timeframe, the case may be upgraded to a Conciliation or an Investigation.

Snapshot: We handled 3,779 RHL cases in 2017-18, representing 38% of the total.



Explanation of Resolution

A case is classified as Explanation of Resolution where the customer is not satisfied with the resolution provided by the Member, even though we consider it to be fair and reasonable. In this instance, we provide an explanation and any relevant information to the customer regarding the basis on which the resolution is considered to be fair and reasonable.

Snapshot: We handled 41 Explanation of Resolution cases in 2017-18, representing 0.4% of the total.

Consultation

A Consultation occurs when a customer is without energy or water supply. This includes customer disconnections or restrictions to water supply for non-payment of accounts.

Snapshot: We handled 555 Consultation cases in 2017-18, representing 6% of the total.

Conciliation

Prior to investigating a case, in straightforward matters we may facilitate a resolution between the complainant and the energy or water service supplier. The complainant is provided with written details of the outcome of a Conciliated case.

Snapshot: We handled 948 Conciliation cases in 2017-18, representing 10% of the total.

Investigation

When a case has been accepted for Investigation, the Member is asked to provide information on the case. This may include details about the customer's billing history, previous contacts between the Member and the customer relevant to the complaint, the cause of any outage, or whether informed consent was given to a market contract. If the customer has supporting information, we ask that they also provide that.

Where appropriate, we may also get independent technical or legal advice or seek the opinion of a regulatory body such as AER, ESCOSA or the Office of the Technical Regulator.

Investigations will normally also include reviews of whether the requirements and provisions of the relevant energy and water codes and regulations have been met.

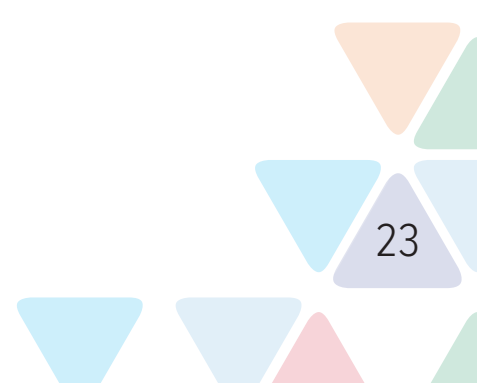
Our aim is to establish an objective and independent view of the issues and to negotiate a fair and reasonable outcome.

Snapshot: We handled 361 Investigations in 2017-18, representing 4% of the total.

Ombudsman Determination

At the completion of an Investigation, and in the absence of a conciliated settlement of a complaint, the Ombudsman can make a Determination to resolve the complaint.

Snapshot: All matters handled by the Scheme were resolved at the lower levels during 2017-18, negating the need for any Determinations.



The following sections report performance in three broad areas:

- Cases received
- Cases resolved
- Resolution of cases within timeframes

CASES RECEIVED

In 2017-18, we received a total of 10,325 enquiries and complaints.

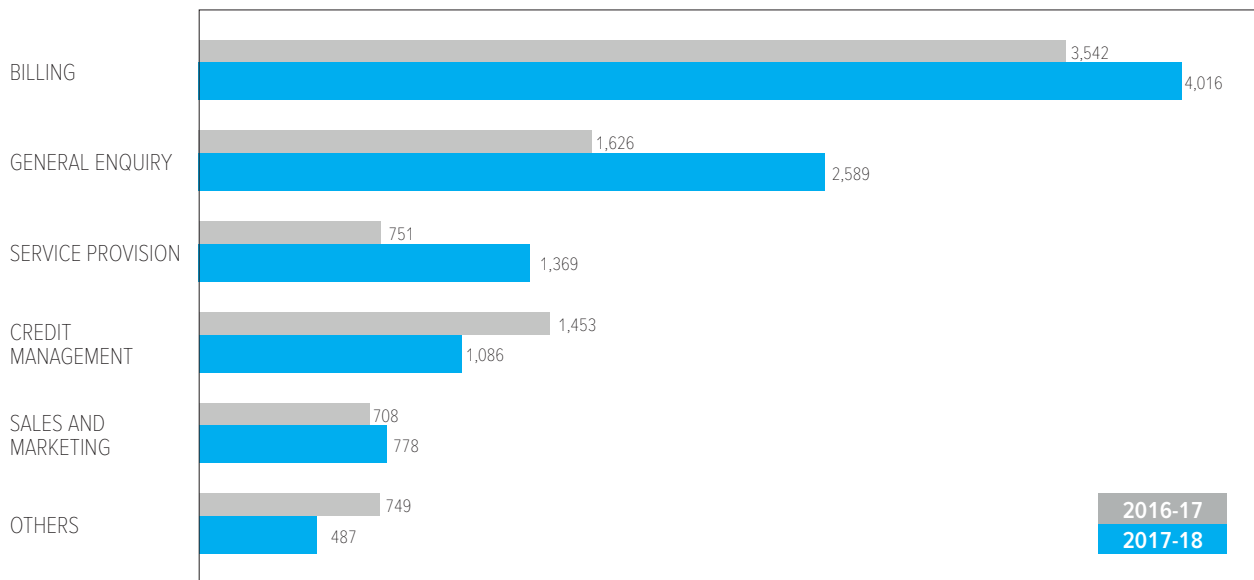


Fig 11. Total customer contacts, 2017-18

CASES RESOLVED

The following chart shows the number of cases resolved during 2017-18 compared with 2016-17. This is different from the number of contacts received from customers, as shown in the previous chart. Not all cases received in a given year are resolved before the end of that year.

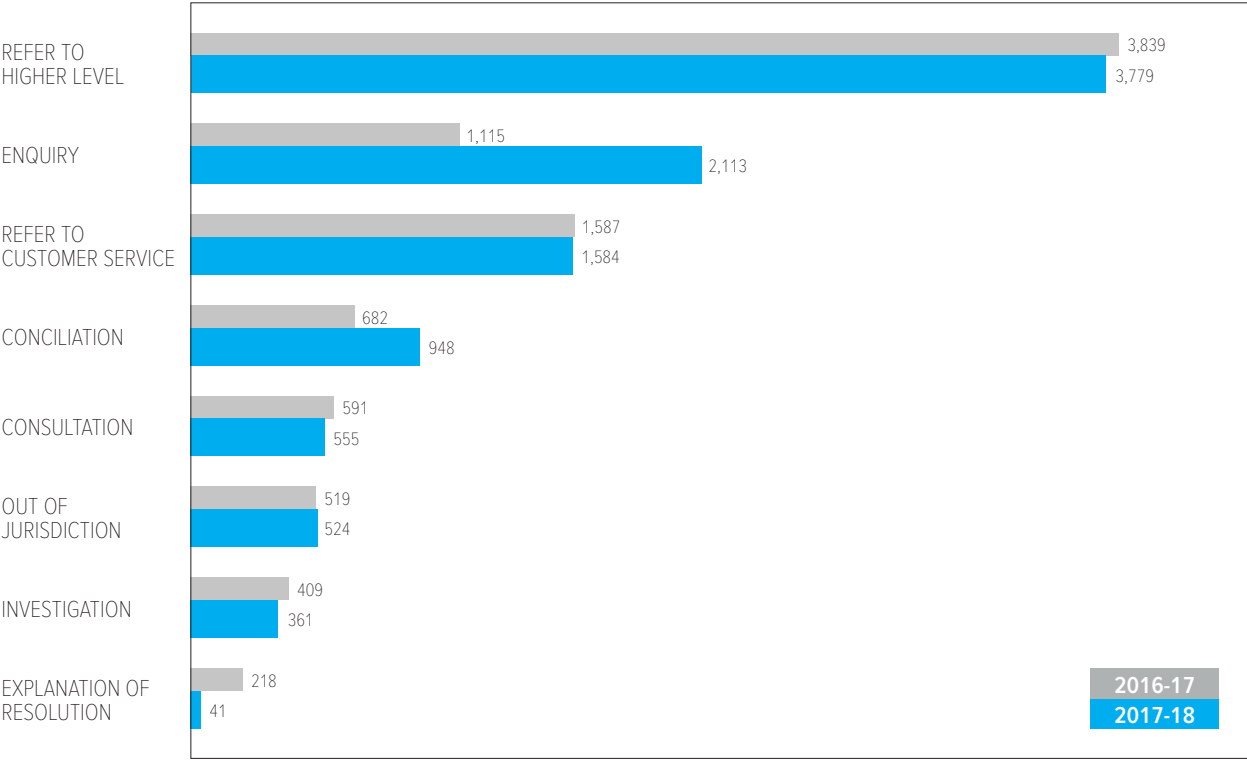


Fig 12. Cases resolved by level, 2016-17 and 2017-18

RESOLUTION OF CASES WITHIN TIMEFRAMES



WITHIN 30 DAYS
(TARGET \geq 85%)



WITHIN 60 DAYS
(TARGET \geq 92%)



WITHIN 90 DAYS
(TARGET \geq 97%)



MORE THAN 90 DAYS
(TARGET \leq 3%)

CASE LEVEL	AVERAGE TIME (CALENDAR DAYS)	
	2016-17	2017-18
INVESTIGATION	88.5	95.0
CONCILIATION	43.2	50.0
EXPLANATION OF RESOLUTION	4.1	20.1
REFER TO HIGHER LEVEL	16.2	15.6
CONSULTATION	11.7	12.5
ENQUIRIES	1.1	1.0
REFER BACK TO SCHEME MEMBER	0.2	0.4

Table 3. Complaint resolution timeframes: time taken by case level, 2016-17 and 2017-18

CASE STUDY

TITLE/SUBJECT: Supply charge liability

UTILITY: Water

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



In 2008, Mr B purchased a vacant property that did not have a mains water connection. The supplier did not extend the water main along the street until 2015.

There had been no use of water and no water connection, yet Mr B found the supplier had billed him water supply charges since 2008.

Mr B disputed the charges from 2008 to 2015 and requested they be waived.

The investigation showed the supplier was entitled to charge for the water supply according to the Waterworks Act 1932 and the Water Industry Act 2012, regardless of whether the supply was provided or not.

A factor in this decision was that there was a standard water connection to Mr B's property available before the water main extension in 2015.

There was no obligation to waive the disputed supply charges which were deemed payable, but the supplier did waive all late fees.

TITLE/SUBJECT: Disputed Liability for an electricity account

UTILITY: Electricity

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mr X set up an electricity account in his own name for a friend who was experiencing financial difficulty.

Mr X didn't live at the address and, as a result, did not realise he was responsible for the growing debt.

When notified, Mr X contacted EWOSA and a Refer to Higher Level complaint was raised but the case was escalated to Conciliation when Mr X didn't agree with the original outcome.

The voice recording of Mr X creating the account confirmed that he had knowingly created a market contract and had accepted responsibility for the account.

The case was resolved with the supplier applying a credit of \$220 for the equivalent pay-on-time discounts that were missed as a result of the confusion. Mr X was allowed to extend the payment of the remaining balance of \$1,400 over three months.

CASES RECEIVED BY REGION - RURAL AND METROPOLITAN

This section highlights where complaints come from. It shows the detail for metropolitan Adelaide and South Australia's rural regions.

As shown in the tables, geographical distribution has remained fairly static over the past two financial years.

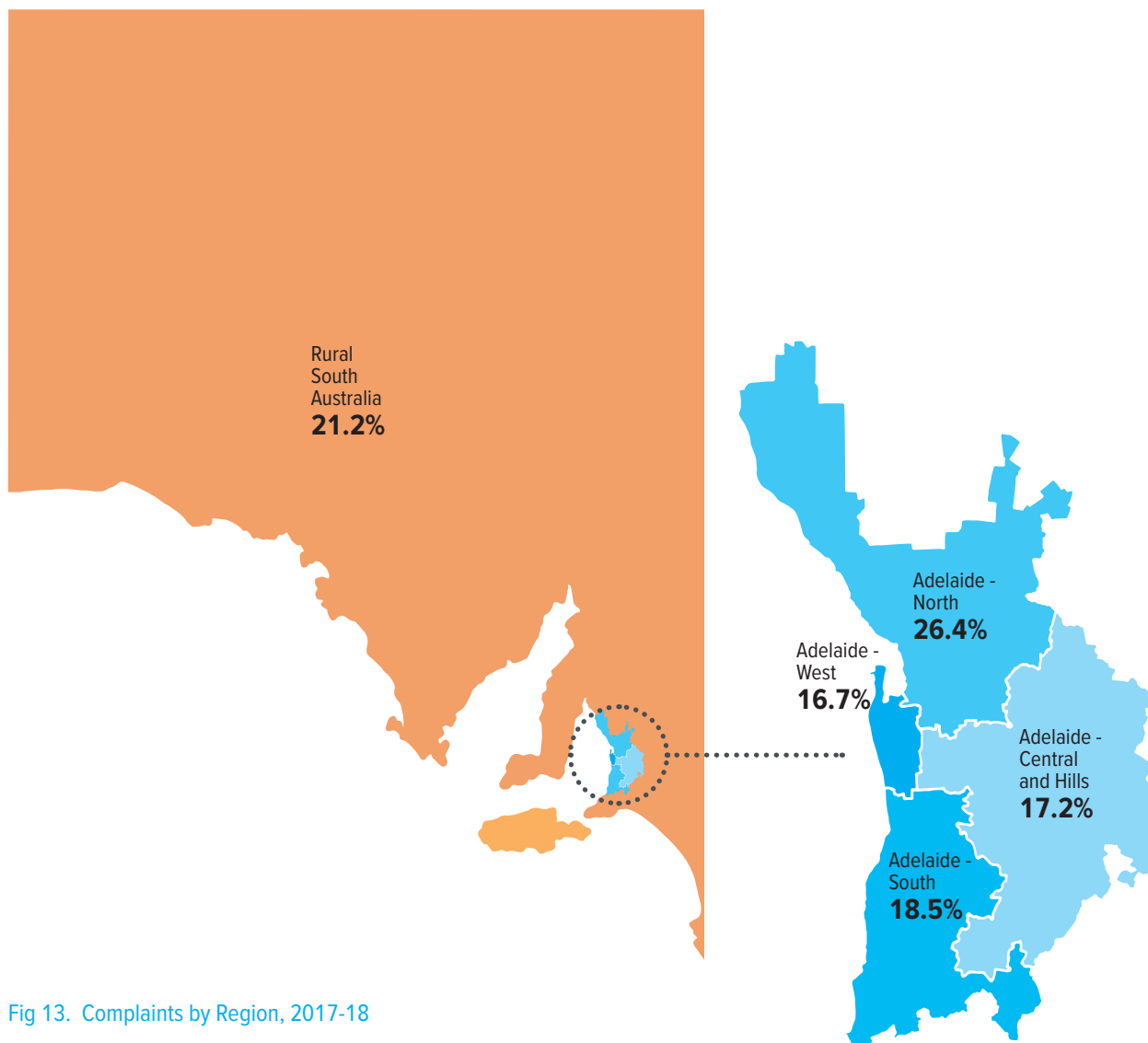


Fig 13. Complaints by Region, 2017-18

REGIONS

		% of total		Number of cases	
		2016-17	2017-18	2016-17	2017-18
METROPOLITAN	Adelaide - North	27.6%	26.4%	2,132	2,247
	Adelaide - South	19.2%	18.5%	1,485	1,577
	Adelaide - Central and Hills	17.1%	17.2%	1,325	1,466
	Adelaide - West	15.7%	16.7%	1,216	1,422
	Total Metro	79.7%	78.8%	6,158	6,712
RURAL	Rural	20.3%	21.2%	1,569	1,803

RURAL REGIONS

		% of total		Number of cases	
		2016-17	2017-18	2016-17	2017-18
Murray & Mallee		21.2%	19.2%	332	346
Fleurieu & Kangaroo Island		11.4%	16.9%	179	304
Limestone Coast		15.9%	15.2%	250	274
Eyre Peninsula & South West		14.1%	13.5%	222	244
Barossa		9.8%	8.9%	153	161
Lower North		8.2%	8.8%	129	159
Mid North		9.9%	7.5%	156	136
Yorke Peninsula		5.2%	6.1%	82	110
Outback - North & East		4.2%	3.8%	66	69
Total		100.0%	100.0%	1,569	1,803

Table 4. Comparison of complaints by region, 2016-17 and 2017-18

MEMBER CASE MANAGEMENT

This section covers three performance criteria:

- how long it takes to resolve higher-level complaints (not including those referred to a Member's customer service section (RCS) or dealt with via an Explanation of Resolution)
- the level at which higher-level complaints were resolved
- the number of cases received by Members.

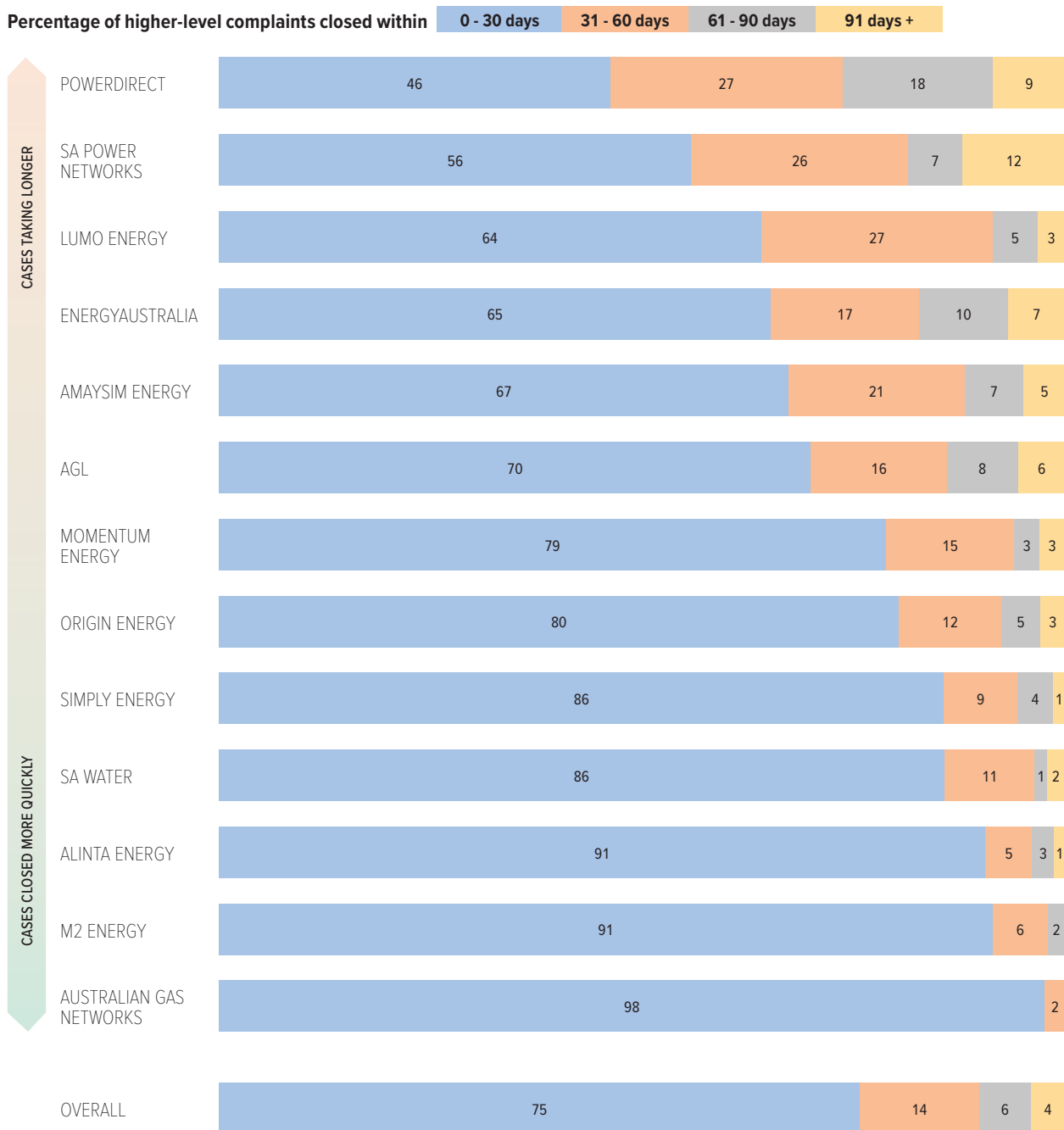


Fig 14. Time taken to resolve higher-level customer complaints, 2017-18

The chart below shows the percentage of higher-level complaints resolved through Conciliation and Investigation, by Scheme Member.

Overall, 23% of all higher-level complaints required either Conciliation (17%) or Investigation (6%).

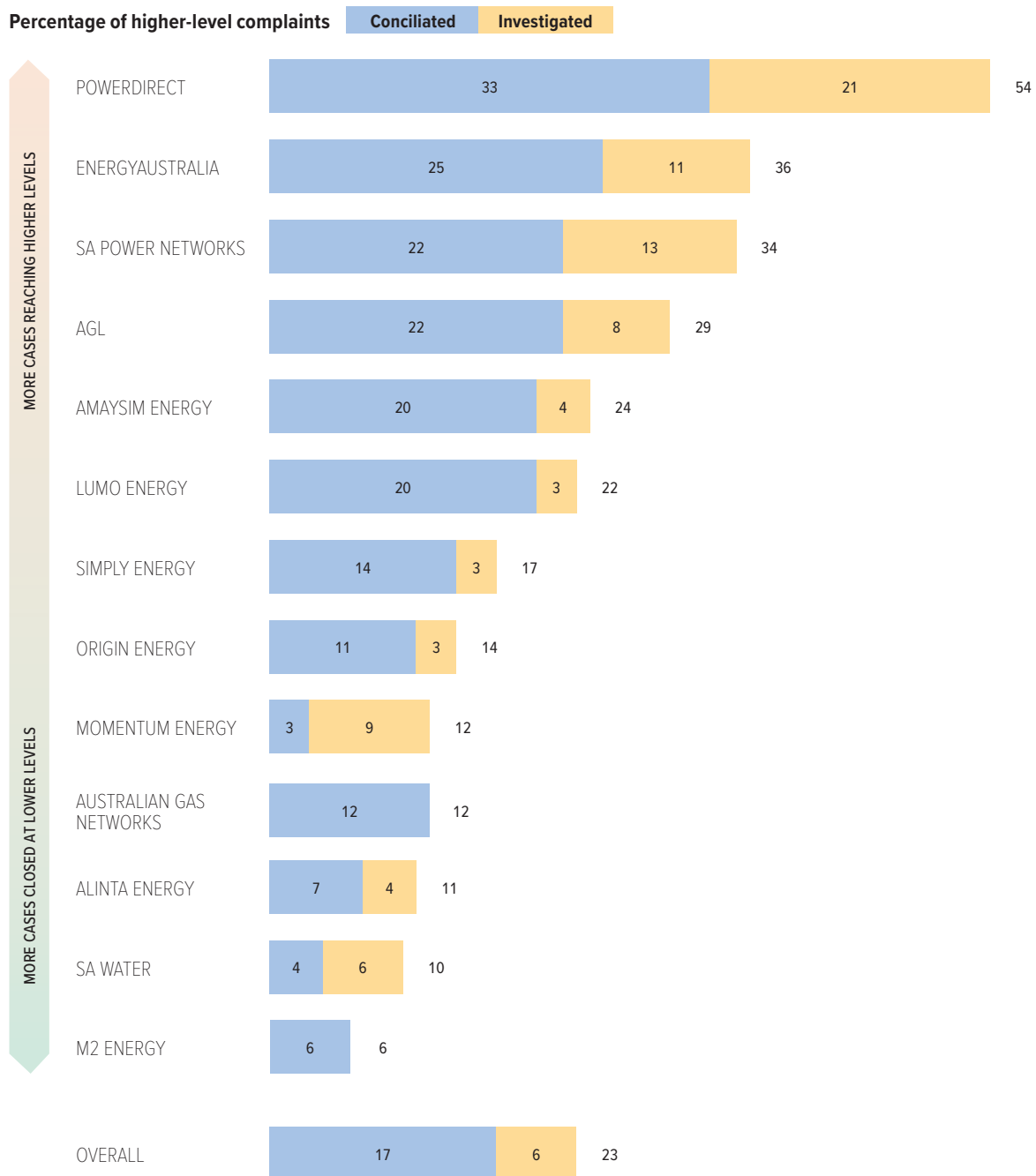


Fig 15. Percentage of complaints resolved through Conciliation and Investigation 2017-18, by Scheme Member.

Cases received by Scheme Member - Overall

The chart below shows the number of customer cases received by Scheme Member for financial years 2016-17 and 2017-18. It should be read in conjunction with the chart on the following page.

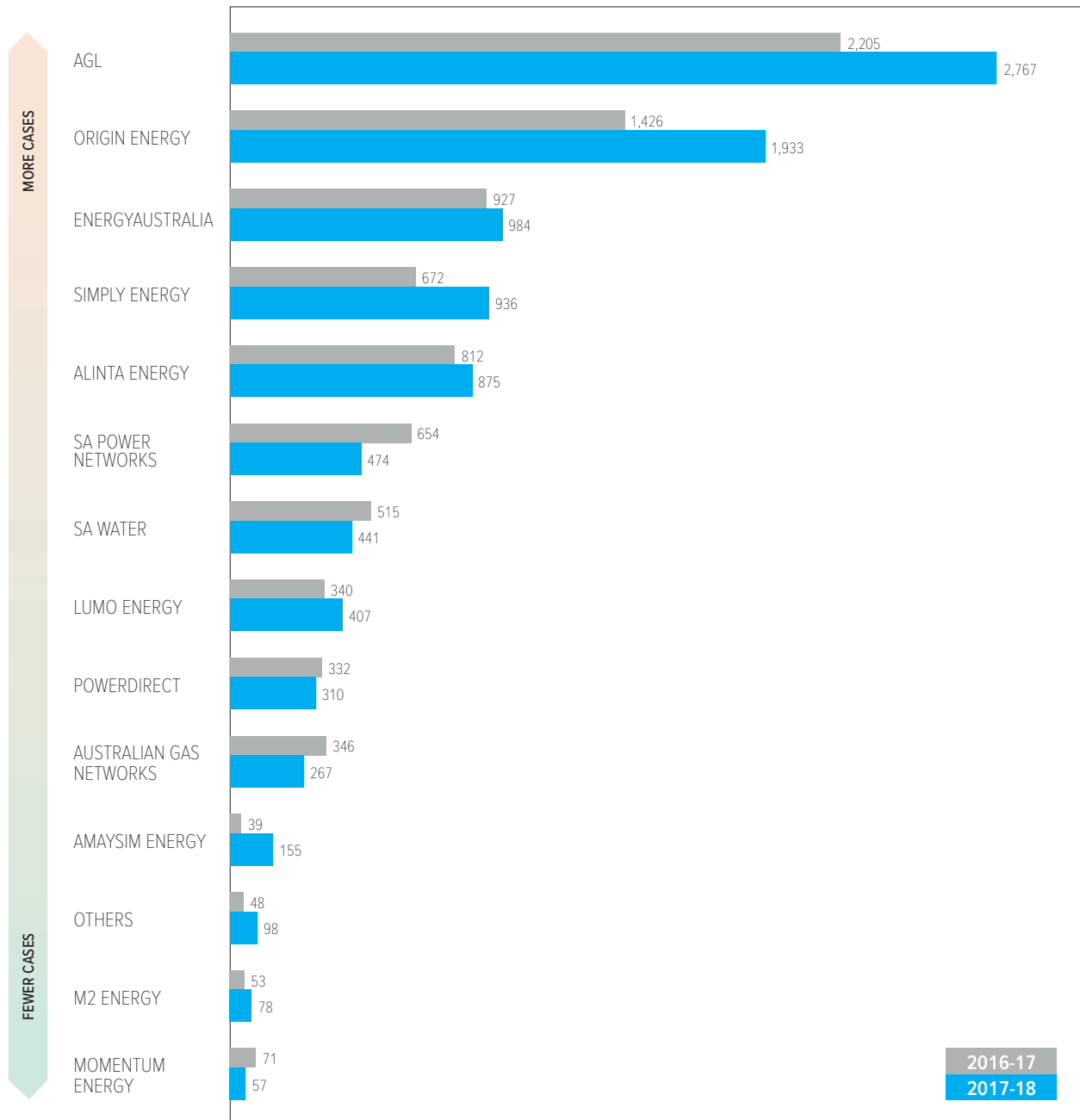


Fig 16. Total case numbers received by Scheme Member, 2016-17 and 2017-18

Cases per 10,000 customers received by Scheme Member - Overall

The chart below shows the number of cases per 10,000 customers for financial years 2016-17 and 2017-18.

The rate of cases per 10,000 customers is shown for financial years 2016-17 and 2017-18.

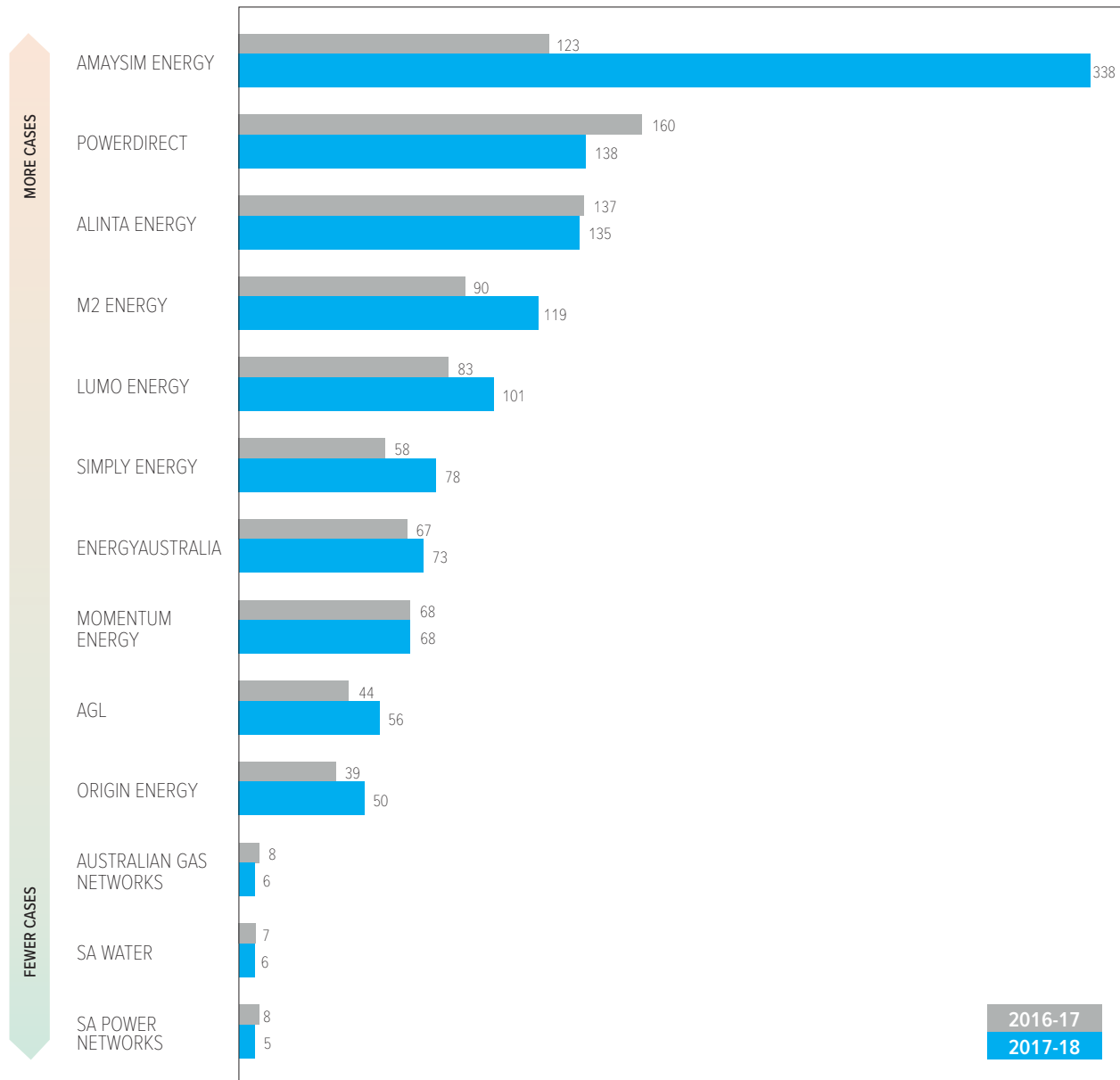


Fig 17. Number of cases per 10,000 customers by Scheme Member, 2016-17 and 2017-18

Cases received by Scheme Member - Electricity

The chart below shows the number of electricity customer cases received for financial years 2016-17 and 2017-18.

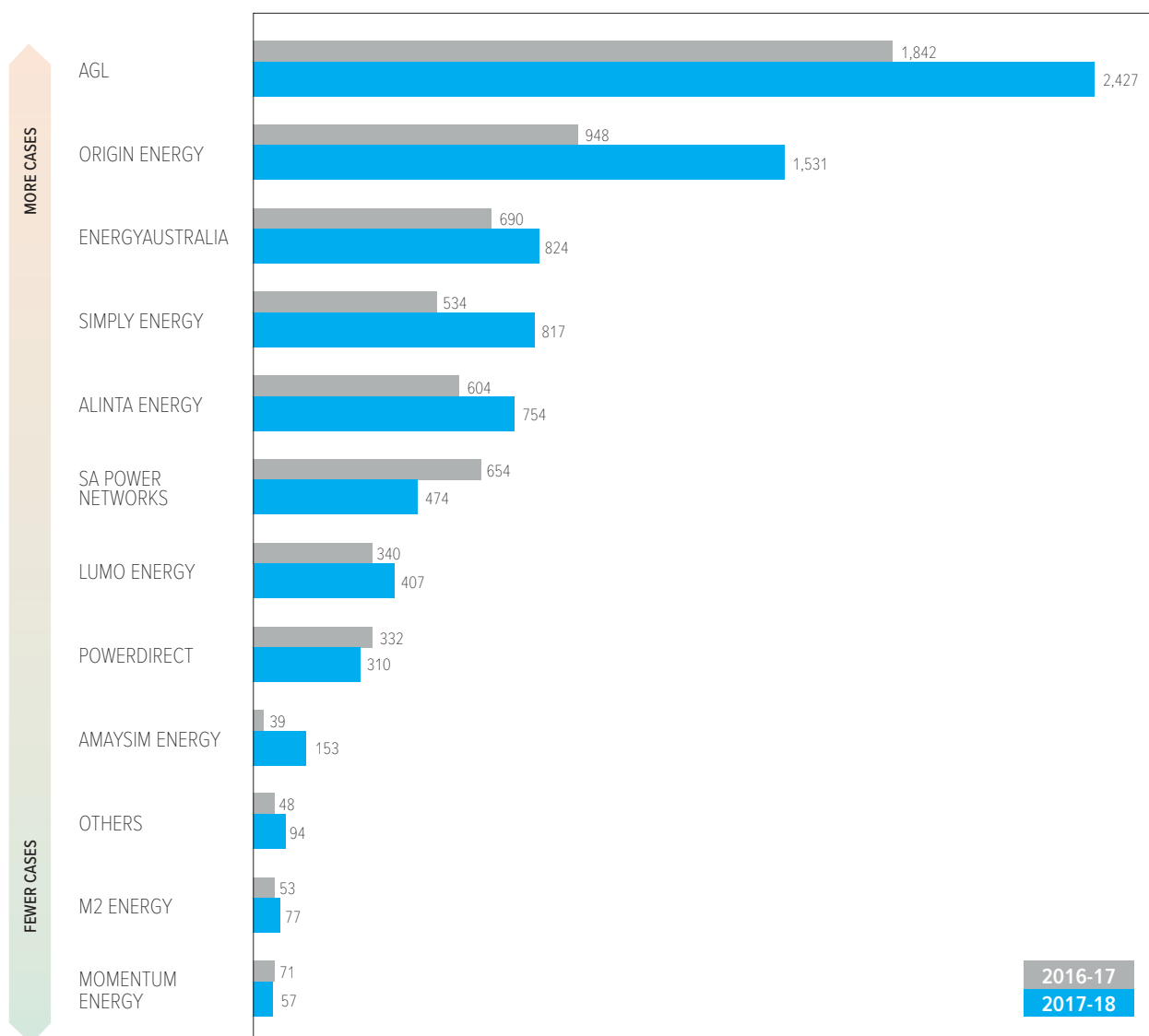


Fig 18. Electricity cases by Scheme Member, 2016-17 and 2017-18

Cases per 10,000 customers received by Scheme Member - Electricity

The chart below shows the number of electricity cases per 10,000 customers for financial years 2016-17 and 2017-18.

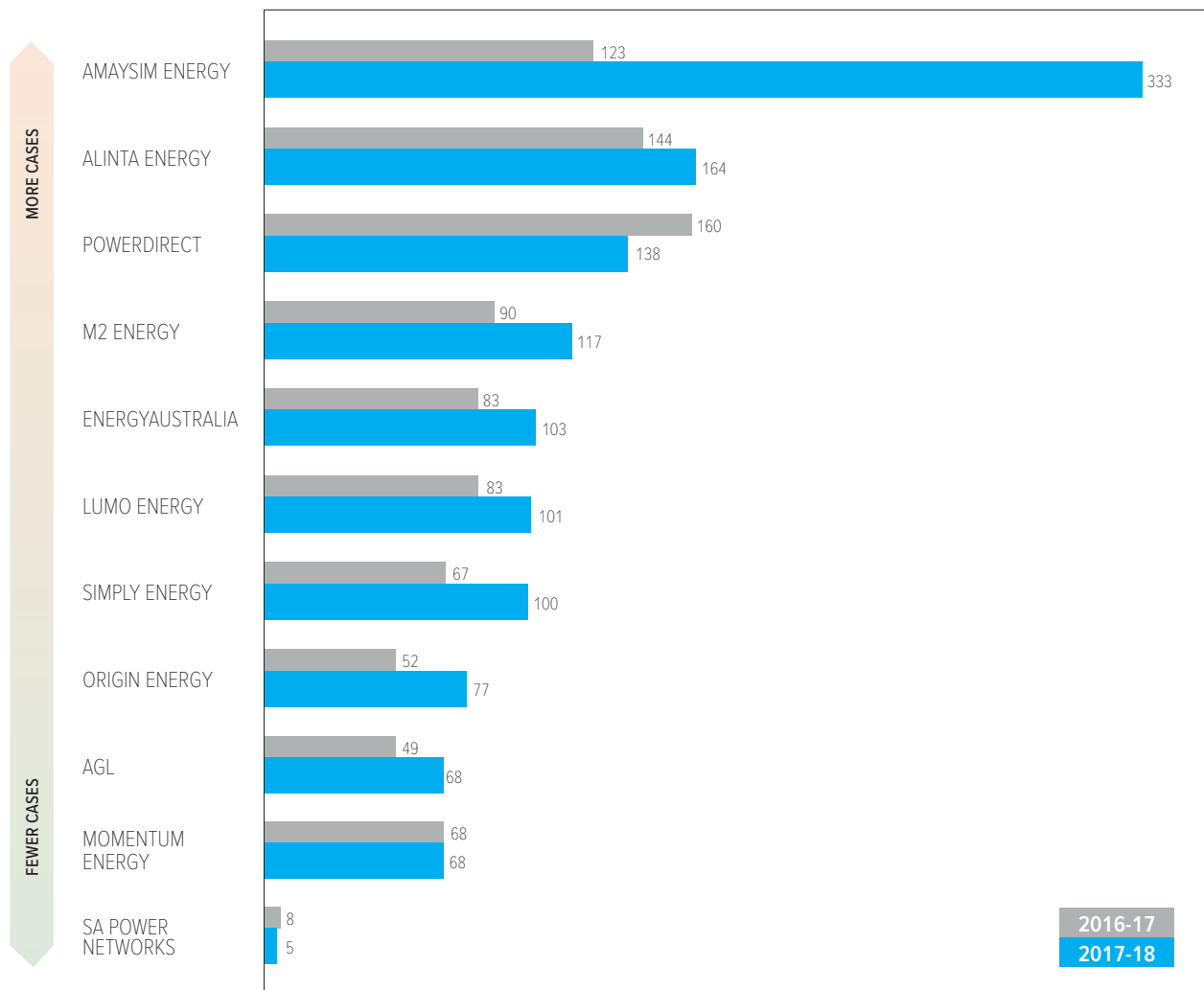


Fig 19. Number of electricity cases per 10,000 customers by Scheme Member, 2016-17 and 2017-18

Cases received by Scheme Member - Gas

The chart below shows the number of gas customer cases received for financial years 2016-17 and 2017-18.

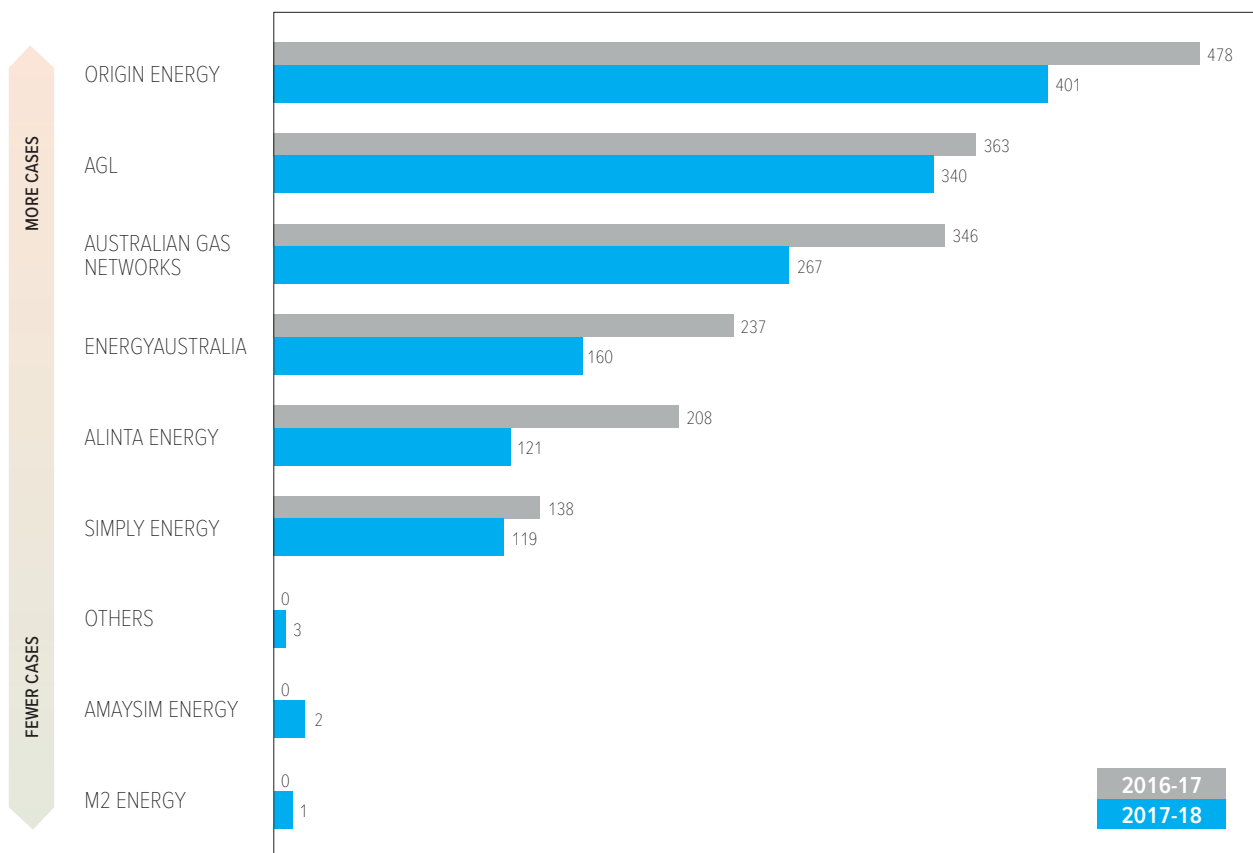


Fig 20. Gas cases by Scheme Member, 2016-17 and 2017-18

Cases received by Scheme Member - Water

The chart below shows the number number of water customer cases received for financial years 2016-17 and 2017-18.

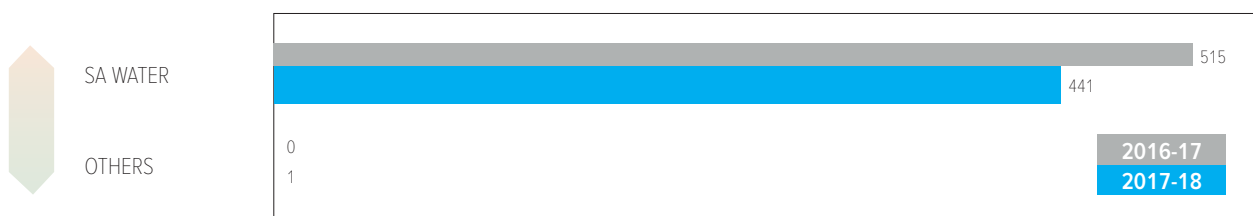


Fig 21. Water cases by Scheme Member, 2016-17 and 2017-18

Cases per 10,000 customers received by Scheme Member - Gas

The chart below shows the number of gas cases per 10,000 customers for financial years 2016-17 and 2017-18.

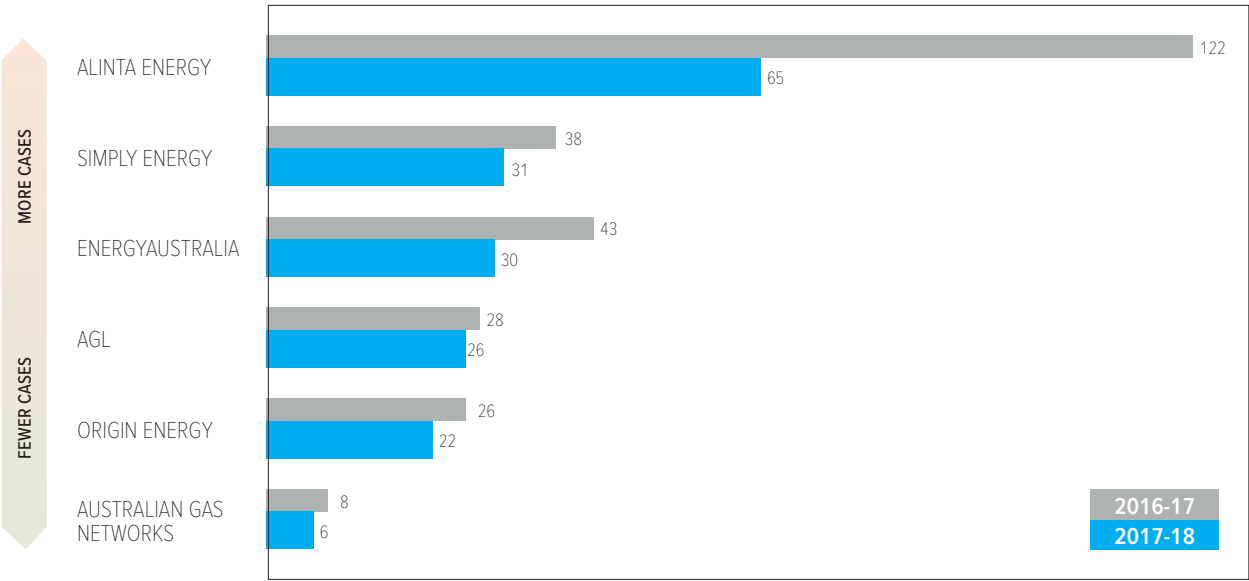


Fig 22. Number of gas cases per 10,000 customers by Scheme Member, 2016-17 and 2017-18

Cases per 10,000 customers received by Scheme Member - Water

The chart below shows the number of water cases per 10,000 customers for financial years 2016-17 and 2017-18.

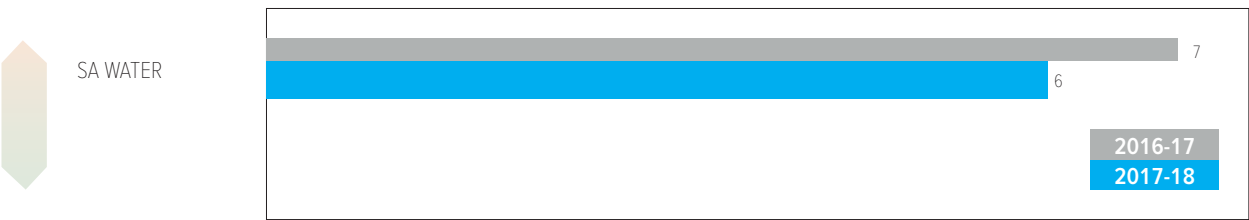


Fig 23. Number of water cases per 10,000 customers by Scheme Member, 2016-17 and 2017-18

CASE STUDY

TITLE/SUBJECT: Gas heating value error

UTILITY: Gas

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mr R queried his high gas bill which, as the property had been vacant for two of the three months of the billing period, was unexpected. He also used minimal gas for hot water only.

Mr R didn't see how he could have used the amount of gas that had been billed and asked for an independent billing review.

The review found that the supplier had billed the actual cubic metres of gas recorded on the meter while around half of the disputed bill consisted of supply charges at a fixed cost regardless of the amount of gas actually used.

It was also shown that there was a decrease in gas use that matched Mr R's advice that the property had been unoccupied for part of the billing period.

Additionally, the supplier had applied wrong heating values when converting the gas recorded on the meter to megajoules resulting in a small overcharge. The supplier applied a \$66.02 credit for the overcharge and a \$50 goodwill credit to Mr R's account.

TITLE/SUBJECT: Contract tariff rates

UTILITY: Electricity

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mrs Q purchased former business premises converted to a residence in 2000 to live in. She contacted the supplier to finalise her residential account at her previous home and to establish an account for her new home. She was told she would be charged residential rates, noting the building had previously been a business premises.

Over the years Mrs Q had queried her tariffs multiple times with the retailer as she believed she was being charged business tariffs. The supplier assured her each time that she was on residential tariffs.

Mrs Q's supplier had been billing her on a higher business tariff instead of the residential tariff that was applicable to her use. Mrs Q was seeking to be billed on the appropriate tariff and rates.

The supplier changed the tariff from business to residential and credited Mrs Q's account a total of \$4,884.26 for the tariff overcharge since 2000.

SYSTEMIC ISSUES

HOW WE DEFINE A SYSTEMIC ISSUE

A systemic issue is one that has the potential to affect a number of customers. The issue may arise from an energy or water supplier's policies or practices or their application and may be caused by a range of matters in isolation or together. These include, but are not limited to, a system change, a policy or procedure change, lack of regulatory compliance or the conduct of an energy or water supplier's employee, agent or contractor.

OUR ROLE

We have a responsibility to identify and record systemic issues and potential compliance issues and, as appropriate, notify the relevant provider and regulatory body or responsible authority.

Once an issue is identified, we will give the provider relevant information to help address the issue and to minimise the impact on customers. We continue to work with the provider and the regulatory body until the issue is resolved.

Where there has been a breach or violation of a legislative code or licence, it is the responsibility of the regulatory body or responsible authority to take any action against the provider. We do not possess any punitive powers.

SYSTEMIC ISSUES IDENTIFIED

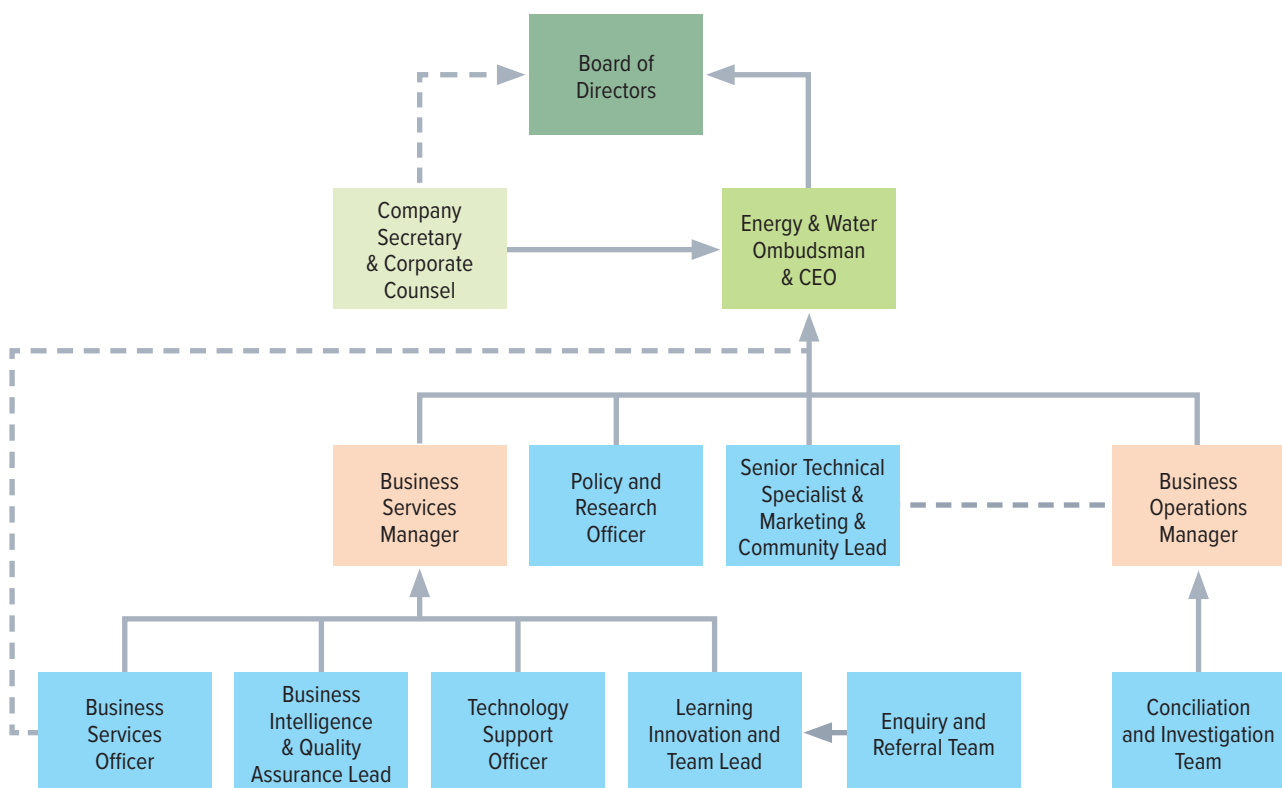
We identified and resolved the following systemic issues during the year:

- customer notification of Force Majeure event and the impact on Guaranteed Service Level payments
- delays in meter installation by retailers since the start of metering contestability.

OUR ORGANISATION

OUR STRUCTURE

We have 22 employees, whose roles in the organisation are shown in the chart below.



People and culture

We are determined to pay special attention to the wellbeing of our staff. Our work can be highly stressful at times, so it is important for our staff that we provide appropriate conditions, support and systems to enable them to excel at their tasks.

Company policies that support individual wellbeing include:

- Health and Safety Policy
- Personal and Physical Security Policy
- No Smoking, Drug and Alcohol Use Policy
- Anti-bullying Policy

During the year, we focused on continuous improvement in the wellness of staff, especially in terms of maintaining resilience during periods of increased stress.

We have developed our Human Resource policies to ensure that we can identify the right people, care for them and help them thrive professionally, personally and emotionally.

Gender diversity

We have a strong commitment to gender diversity, demonstrated by high female participation at all levels of the organisation, including among management and the Board of Directors.



At 30 June 2018, we had close to a 50/50 division of male and female members on the board. Our staff and our leadership team comprised 40% females and 60% males.

Learning and innovation

We refreshed our learning and development program with a stronger focus on on-the-job learning, skills development and competency assessments. We appointed a full-time Learning, Innovation and Team Lead who will lead the implementation of these changes and drive a culture of innovation throughout the business. In addition, we appointed a coordinator from our existing team whose function is to coach and mentor other dispute resolution officers in their day-to-day tasks.

The Learning, Innovation and Team Lead is also responsible for managing the Enquiry and Referral Team. This change in our structure will ensure that we continue to meet and improve on our service standards.

Work Health and Safety

The organisation is strongly committed to the health and safety of its employees, striving to maintain a workplace free from injuries, encouraging personal wellbeing and promoting the protection of the environment.

Work Health and Safety is a standing agenda item at each regular team meeting. Additionally, ergonomic assessments and voluntary health checks are conducted annually and the organisation encourages staff participation in various health and wellbeing activities.

Workplace safety inspections are conducted quarterly. The first aid kit, which includes a defibrillator, is restocked quarterly or as necessary and all electrical equipment is tested and tagged annually.

An Employee Assistance Program provides staff and their immediate family members with support and free counselling for work and personal matters. Trauma and Life Cover insurance is provided annually for all eligible employees. Free flu vaccinations and health checks are also arranged annually.

Tool Box Talks are arranged regularly for staff on topics that include resilience, wellbeing and mindfulness.

In addition, we conduct regular social events and provide kitchen and break-out areas, showers, and lunch time exercise and stretching options.

There were no injuries or lost time due to injuries during the financial year.

Quality assurance

This year, we reinvigorated our quality assurance program with the implementation of a new quality assurance framework. This places greater emphasis on ensuring we deliver fair and reasonable complaint outcomes in the most efficient way possible.

Technology

Our new business intelligence function is in full swing. Led by a full time Business Intelligence manager and with the aid of a modern data analytics system, we are now able to gain better and more timely insights into business performance and to make informed decisions on matters affecting business operations and strategy. We have also used this new capability to provide useful information to our Members and regulators in resolving key issues.

We recently launched our new website, which provides better access to a wide range of users, including those on mobile devices and the visually impaired, and features an enhanced online complaint form. The lay out and materials have been updated to comply with industry best practice on web design.

This year we also implemented a new Human Resources Information System, which brings together Human Resources and Payroll functions into a single electronic platform.

In addition, significant work has been completed to improve the business's resilience to technological disruptions, such as telephony and power outages. Further work is planned next year to ensure the continued effectiveness of these measures.

LEADERSHIP TEAM



Re Ouano Business Services Manager, **Brian Humble** Business Operations Manager, **Sandy Canale** Ombudsman & CEO and **Pia Bentick** Company Secretary & Corporate Counsel

BOARD OF DIRECTORS

The Board comprises four Industry Directors elected by Scheme Members, four Consumer Directors nominated by the Essential Services Commission of South Australia (ESCOSA) and an Independent Chair.

Chair

Peter Bicknell BA, M Soc Admin, JP (appointed 23 March 2015) Chair, Owens Illinois Community Consultation Group

Directors

The Directors of the Company as at 30 June 2018 were:

- Peter Bicknell, Independent Chair
- Geoff Barton, Gas Industry Director (Australian Gas Networks)
- Jessie Byrne, Consumer Director
- Margaret Cross, Consumer Director
- Wendy Eyre, Consumer Director
- John Hill, Consumer Director
- Patrick Makinson, Electricity Industry Director (SA Power Networks)
- Kerry Rowlands, Water Industry Director (SA Water)
- Anthony Sinclair, Electricity Industry Director (AGL).

Secretary

Pia Bentick, Company Secretary & Corporate Counsel

MEMBERS

Electricity Members

AGL Sales (Queensland Electricity) Pty Ltd
AGL Sales Pty Ltd
AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
Amaysim Energy Pty Ltd
Blue NRG Pty Ltd
Diamond Energy Pty Ltd
ElectraNet Pty Ltd
EnergyAustralia
Energy Locals Pty Ltd
Enwave Mascot Pty Ltd
ERM Power Retail Pty Ltd
Lumo Energy (SA) Pty Ltd
Momentum Energy Pty Ltd
Murraylink Transmission Partnership
M2 Energy (t/a Dodo Power & Gas and
Commando Power & Gas)
Next Business Energy Pty Ltd
Origin Energy Electricity Ltd
People Energy Pty Ltd
Powerdirect Pty Ltd
QEnergy Limited
Red Energy Pty Ltd
ReNu Energy Retail Pty Ltd
SA Power Networks
Sanctuary Energy Pty Ltd
Savant Energy Power Networks Pty Ltd
Simply Energy
Tango Energy Pty Ltd
WINconnect Pty Ltd

Gas Members

AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
Australian Gas Networks Limited
EnergyAustralia
Lumo Energy SA Pty Ltd
Origin Energy Retail Ltd
Red Energy Pty Ltd
Savant Energy Power Networks Pty Ltd
Simply Energy
WINconnect Pty Ltd

Water Members

Alano Utilities Pty Ltd
Alexandrina Council
City of Charles Sturt
District Council of Mount Barker
FB Pipeline Pty Ltd
South Australian Water Corporation
The Barossa Council
Water Utilities Pty Ltd

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is reviewed annually. The current Statement was approved by the Board on 28 February 2018.

The Energy and Water Ombudsman (SA) Limited is a public company limited by guarantee and incorporated under the Corporations Act 2001 (Cth). The Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance. The Company's corporate governance framework was developed in accordance with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council, as far as they apply to the Company. The Board continuously reviews the framework and practices to ensure they meet the interests of the Members.

The Board's main responsibilities are the formal administration of the Company, policy matters, oversight of the Scheme's operation and maintaining the independence of the Ombudsman. The Ombudsman is responsible for the day to day operation of the Scheme and the resolution of individual complaints. These roles are complementary and, generally, the Ombudsman attends Board meetings as an observer and an advisor as appropriate.

The Company's main corporate governance practices are set out below.

1. THE BOARD OF DIRECTORS

The Company is governed by a Board whose principal source and rules of governance include:

- the Constitution and Charter
- the Board Charter
- Charters of the Board Committees, and
- Board Policy statements.

Board Composition

As required by the Company's Constitution, the Board consist of nine directors being:

- two directors elected by Electricity Members, one director elected by Gas Members and one director elected by Water Members ("Industry Directors")
- four persons nominated by the Essential Services Commission (of South Australia) ("the Commission") to represent customers of electricity, gas and water services or public interest groups relevant to such services ("Consumer Directors"), and
- an independent Chair.

The current Directors of the Company are:

- Peter Bicknell, Independent Chair
- Geoff Barton, Gas Industry Director (Australian Gas Networks)
- Jessie Byrne, Consumer Director
- Margaret Cross, Consumer Director
- Wendy Eyre, Consumer Director
- John Hill, Consumer Director
- Patrick Makinson, Electricity Industry Director (SA Power Networks)
- Kerry Rowlands, Water Industry Director (SA Water)
- Anthony Sinclair, Electricity Industry Director (AGL)

Board Skills

As far as the structure of the Scheme allows, the appropriate mix and balance of skills available is considered and appropriate checks are undertaken before appointing a person a director.

New directors will be inducted to the Scheme and appropriate professional development opportunities are provided to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Gender Diversity

The Company is committed to gender diversity which is demonstrated by high female participation at all levels of the organisation.

Currently 44% of the Board of Directors are female, 25% of the leadership team are female, and the rest of the staff are ten male and seven female members. The overall percentage is 40% female and 60% male.

Independent Chair

The Directors appoint, with the Commission's approval, a person to be the independent Chair of the Board a three-year term. The Chair is eligible for reappointment for a subsequent term or terms of three years.

The Chair of any meeting has an ordinary vote, but does not have a casting vote on any matter.

Peter Bicknell, BA, M Soc Admin, JP, was appointed the independent Chair on 22 March 2015 and he was reappointed for another term of three years from 22 March 2018.

Written Agreements

The Company has written agreements with each director setting out the terms of their appointment. These include Deeds of Access and Indemnity, which contain the arrangements which the Company and the Director have made concerning indemnities, insurance, Company records and confidentiality and letters of appointment setting out details of directors' fees and the committees on which they may serve.

Term of Office

The Company's Constitution specifies that the industry directors may not hold office for more than three years without submitting himself or herself for re-election.

The consumer directors can hold office for a term of up to three years and they are eligible to be nominated and re-appointed for a further term or terms. However, the consumer directors or the independent Chair cannot serve more than nine continual years as a director.

Board Processes

The Board currently holds six formal meetings per year, with additional meetings called or resolutions in writing passed if necessary to address any important or urgent business.

Conflict of Interest

Directors must continuously advise the Board of any personal interest that could potentially conflict with those of the Company. No director is perceived to have any personal conflicts of interest because they are employed by a Member of the Company.

The potential for conflict of interest is inherent in the structure of the Company and it is accepted that there may be circumstances where a director needs to abstain from voting on matters they may feel conflicted with.

A director is not counted in the quorum of a Board meeting considering any contract or proposed contract in which he or she has an interest, and is not entitled to vote on the matter. The details are recorded in the minutes of the meeting.

Chair and Ombudsman

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating discussions and managing the Board's relationship with the Company's management team.

The Ombudsman is responsible for the day to day operation of the Scheme, implementing company strategies and policies and the resolution of individual complaints.

Sandy Canale was first appointed the Ombudsman in December 2007 and re-appointed in 2012 and in 2017 for further terms of five years.

Company Secretary

The Board appoints a Company Secretary for such term and upon such terms and conditions as the Board thinks fit. The appointment of the Company Secretary is formally resolved by the Board in accordance with section 204D of the Corporations Act.

The Company Secretary is accountable to, and reports directly to, the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have direct access to and may seek information from the Company Secretary, to assist them in carrying out their duties as Directors.

The Board appointed Pia Bentick, FCIS, FGIA, Barrister (np) as the Company Secretary in March 2000. She is also the Corporate Counsel and a member of the senior management team.

Independent Professional Advice

Directors may obtain independent professional advice at the Company's expense, on matters relevant to the Company's affairs to assist them in carrying out their duties as directors, subject to providing prior notice to the Chair. Copy of any advice received by a director may be made available to other members of the Board.

Corporate Reporting

The Ombudsman, the Business Services Manager and the Company Secretary make a financial reporting certification to the Board for each financial year to confirm the integrity of the Company's financial statements, risk management and internal compliance.

Board Performance Assessment

The Board reviews its own and its Committees' performance regularly. An external Board Performance Assessment will be conducted every five years, consistent with the Scheme Review, unless the Chair/Board otherwise determines. The last external Board Review was completed in 2016.

2. BOARD COMMITTEES

The Company's Constitution provides for the Board to appoint, from time to time, a Budget Committee, comprising an equal number of industry directors (being directors nominated by the Members) and consumer directors/the independent Chair (being directors appointed from groups representing customers of electricity, gas and water services or representing public interest issues relevant to electricity, gas and water services or directors appointed otherwise than by Members).

In addition to the Budget Committee, the Board can establish other Committees as appropriate. Members of Committees can be directors and officers of the Company and any other persons the Board may select. The Board may delegate any of its powers and/or functions (except powers conferred and duties imposed on the Directors by law which are incapable of delegation) to a Committee or an officer of the Company.

The Board has established Committees as set out below and has approved a formal Charter for each Committee detailing their roles and responsibilities. Other committees may be established from time to time for specific purposes.

Budget Committee

For each Financial Year, the Budget Committee formulates and submits to the Board a proposed Annual Funding Figure and proposed Budget in consultation with the Ombudsman before the commencement of the Financial Year.

The current Members of the Budget Committee are:

- Patrick Makinson, Chair
- Margaret Cross
- John Hill
- Kerry Rowlands

Peter Bicknell, the Independent Chair of the Board, attends as an observer.

Remuneration Committee

The Remuneration Committee reviews the Directors' fees and the Ombudsman's remuneration annually.

The current members of the Remuneration Committee are:

- Geoff Barton (Chair)
- Wendy Eyre (to be replaced by Kay Matthias effective from 1 August 2018)
- Anthony Sinclair
- Jessie Byrne

Peter Bicknell, the Independent Chair of the Board, attends as an observer.

3. CONDUCT AND ETHICS

Code of Conduct

The Board has adopted a code of conduct that details the conduct and behaviour it expects from its workers in the performance of their duties. All workers are expected to perform their duties with professionalism, efficiency, fairness, impartiality, honesty and sensitivity.

4. RISK MANAGEMENT

Risk Management Plan

The Company has a Risk Management Plan to assist in achieving its risk management objectives – to ensure protection against financial loss, to ensure legal and regulatory obligations are satisfied and that business opportunities and risks are identified and properly managed and appropriately monitored by the Board. However, the Board recognises that no cost-effective internal control framework will preclude all errors and irregularities.

The Senior Management Team assists the Board in ensuring compliance with internal controls and risk management plans by regularly reviewing the effectiveness of the compliance and control systems and by regularly reporting to the Board.

5. COMMUNICATION WITH MEMBERS AND THE HOLDING OF GENERAL MEETINGS

The Board encourages full participation of members at general meetings to ensure high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the members as single resolutions. Proxy forms are issued to all eligible members with the notice of general meetings.

Members are required to vote on the Annual Funding figure for the Company, the aggregate remuneration of Directors and changes to the Company's Constitution. Copies of the Constitution are available to any member who requests it from the Company Secretary and on the Company's website

www.ewosa.com.au

Other means of communication with members include:

- The Annual Report, which is available to all members and on the Company's website;
- The Financial Report which is posted to all members; and
- Stakeholder meetings with the Ombudsman and regular meetings with the operational staff at the operational levels.

Feedback from members is also regularly sought through various surveys and informal feedback opportunities.

CASE STUDY



TITLE/SUBJECT: Fee overcharge

UTILITY: Electricity

CUSTOMER TYPE: Business

CASE TYPE: Investigation



Ms Z was advised by her supplier that she was paying additional meter fees that were not necessary to her business. She contacted the supplier to arrange a change.

Naturally she assumed the changes she requested had been made, yet she found that the supplier had continued to charge the additional fees.

Ms Z was reimbursed the fees she had been charged and the supplier apologised for the administrative error.

TITLE/SUBJECT: Delayed solar meter installation

UTILITY: Electricity

CUSTOMER TYPE: Residential

CASE TYPE: Investigation



Mrs C installed a solar system in December 2017 and asked the supplier to provide a solar compatible meter. She was told this would be installed on 6 February 2018 but this did not happen.

On 27 March, the supplier contacted Mrs C to inform her the meter would be installed on 10 April 2018, but again this did not happen.

The meter was finally installed on 8 May. During the four-month delay Mrs C could not benefit from her solar system. The supplier apologised for the poor customer service, applied a \$1,050 credit and also provided a \$250 goodwill credit



FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Revenue from ordinary activities	3,380,686	3,347,134
Expenses from ordinary activities:		
Accounting and audit fee	43,195	44,360
Depreciation	212,784	161,227
Employee benefit	2,003,809	1,950,819
Rental	138,928	136,468
Total other expenses	823,764	787,941
Surplus for the year	158,206	266,319
Total comprehensive income for the year	158,206	266,319

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 \$	2017 \$
CURRENT ASSETS		
Cash and cash equivalents	1,938,183	1,484,596
Trade and other receivables	118,849	83,562
Other current assets	378,745	245,929
Other financial assets	1,384,782	1,897,212
TOTAL CURRENT ASSETS	3,820,559	3,711,299
NON CURRENT ASSETS		
Property, plant and equipment	389,464	417,345
TOTAL NON CURRENT ASSETS	389,464	417,345
TOTAL ASSETS	4,210,023	4,128,644
CURRENT LIABILITIES		
Trade and other payables	139,607	183,160
Employee benefits	201,721	192,765
Other current liabilities	53,014	86,638
Office fitout incentive	4,500	6,500
TOTAL CURRENT LIABILITIES	398,842	469,063
NON CURRENT LIABILITIES		
Employee benefits	28,273	34,879
TOTAL NON CURRENT LIABILITIES	28,273	34,879
TOTAL LIABILITIES	427,115	503,942
NET ASSETS	3,782,908	3,624,702
EQUITY		
Accumulated surplus	3,782,908	3,624,702
TOTAL EQUITY	3,782,908	3,624,702

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members (inclusive of goods and services tax)	3,491,325	3,608,797
Payments to suppliers and employees (inclusive of goods and services tax)	(3,425,243)	(3,101,664)
Interest received	-	-
Net cash inflow from operating activities	66,082	507,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	1,145	133
Purchase of property, plant and equipment	(186,555)	(247,475)
Proceeds from other financial assets	3,702,445	3,488,087
Payments for other financial assets	(3,190,015)	(3,539,439)
Interest received	60,485	74,648
Net cash outflow from investing activities	387,505	(224,046)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	453,587	283,087
Cash and cash equivalents at the beginning of year	1,484,596	1,201,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,938,183	1,484,596

CASE STUDY

TITLE/SUBJECT: Liability and back billing dispute

UTILITY: Electricity

CUSTOMER TYPE: Business

CASE TYPE: Investigation



Mr B held a business electricity account but his annual consumption had decreased over the past few years because of the economic downturn. Therefore, his usage was classed below the SA threshold of 160 mega-watts per annum. Although his supplier should have contacted him, Mr B received no bills or follow ups from his supplier for several years. As a result, Mr B wrongly assumed he was paying for the usage combined with another one of his premises.

Mr B was contacted by debt collectors on behalf of his supplier asking for immediate payment of charges from several years ago. The debt was so high that if he was to pay them he would have to cease trading.

As he was still on a large market contract he was required to make immediate payment in full. This was not feasible for Mr B, and he asked the supplier to provide him with a reasonable time to pay – at least similar to the amount of time it took for the matter to be brought to his attention.

We found that the supplier could not rely on the large market contract terms because Mr B's usage had dropped below the SA threshold during the last 12 months. They had to limit recovery of any debt to nine months in line with the National Energy Retail Rules.

As a result, the supplier greatly reduced the amount due with equal time to pay. It seemed the problem occurred due to the supplier's migration to a different billing system. Mr B was able to continue his trading whilst also learning to watch out for his bills each month.



ENERGY & WATER
OMBUDSMAN SA

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