

Annual Report 2013



energy & water
OMBUDSMAN S A

Our Story for 2012-13 – to continue to be recognised as being effective, efficient and fair in our approach to resolving energy and water disputes that fall within our jurisdiction.

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Who we are and what we do

Our role

The Energy and Water Ombudsman (SA) Limited ("the Scheme") is an independent body established to investigate and resolve disputes between customers and energy and water suppliers in South Australia.

Mission statement

To facilitate the prompt resolution of complaints and disputes between consumers of energy and water services and members of the Scheme by providing a free, independent, accessible, fair and informal service to consumers.

Guiding principles

- We will deal with complaints in a fair, just, informal and expeditious manner.
- We will act independently, while maintaining good working relationships with members and other stakeholders.
- We will be accessible to energy and water consumers in SA and will ensure there are no barriers to access, including geographic location, language, physical or mental capability, or financial status.
- The service will be free to consumers.
- We will make effective use of technology to assist in quality complaint handling, referral and reporting.
- We will foster effective links with members, other complaint handling bodies, government agencies, and consumer and community organisations.

What we do

Customers can approach us about a range of matters including:

- Connection, supply and sale of energy or water by a member company
- 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 company
- The conduct of members' employees, servants, officers, contractors or agents
- Any other matters referred by a member by agreement with the Ombudsman and the person/s affected.

Customer issues are normally resolved by negotiation. However, the Ombudsman may resolve a complaint by making a determination

that is binding on the member, including by:

- Directing the member to provide energy or water services
- Directing the member to amend, or not impose, a charge for a service
- Directing the member to supply goods or services that are the subject of the complaint or undertake any corrective action, or other work, to resolve the complaint
- Directing a member to do, not to do, or cease doing an act
- Making a determination that the member pay compensation to the complainant.

The Ombudsman can make determinations up to a value of \$20,000 or up to \$50,000 with the consent of the member.

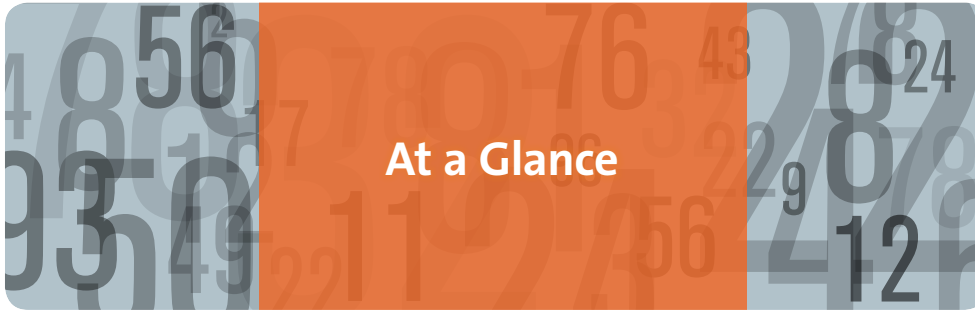
What we do not do

Our functions do not extend to areas such as:

- The setting of prices and tariffs
- Commercial activities outside the scope of the member's 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 member companies.

How we work

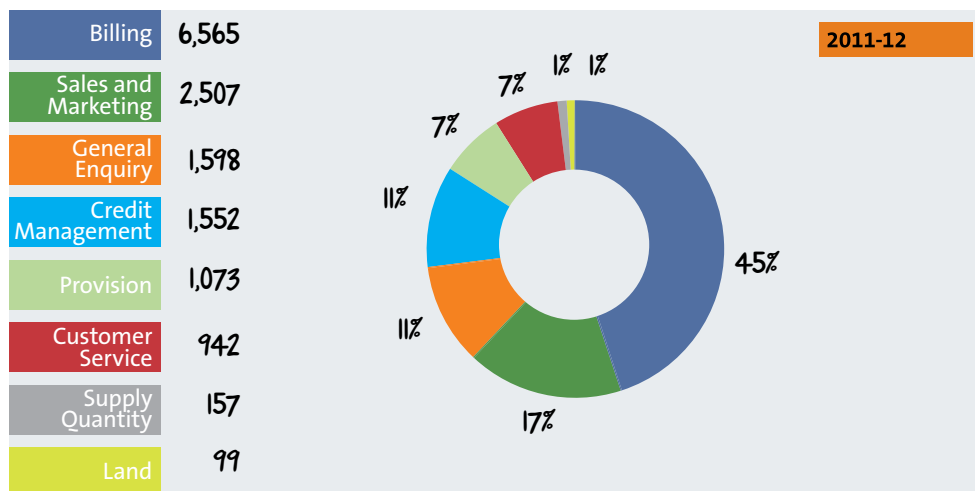
- We generally require that customers take up their complaint with the energy or water supplier in the first instance so complaints can be resolved as quickly and as close to the source as possible, unless it is difficult for the customer to do so because of factors such as age, language or disability.
- Where we refer a customer back to their energy or water supplier, we will ask them to contact us if they have not been able to resolve disputes directly and are not satisfied with the company's response.
- We will keep customers informed of the progress of our investigation.
- We will be as helpful as possible to people who contact the office, whether or not we are able to assist them directly. If we cannot help, we will try to find someone who can.
- We will provide interpreter, translator or other assistance to customers who have difficulties communicating with us.



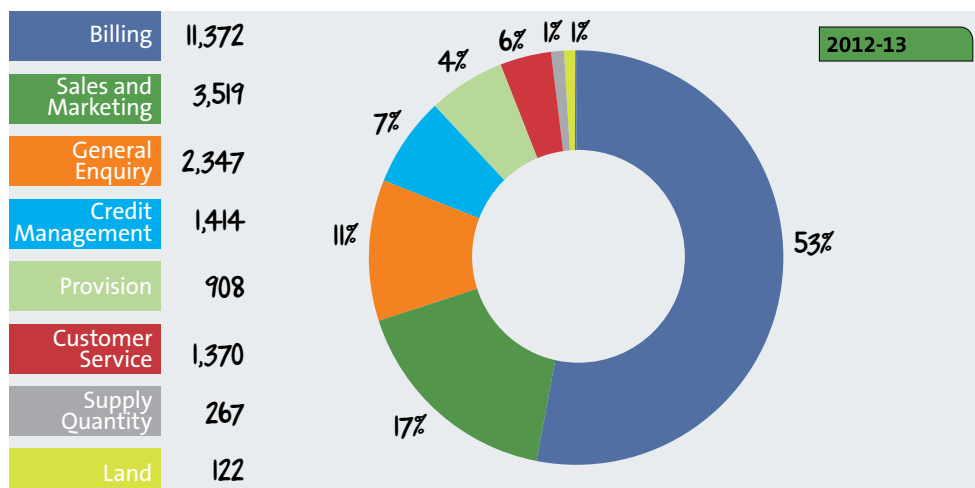
Cases Received

Energy and Water Ombudsman (SA) Limited received 21,319 cases in 2012-13 compared to 14,493 in 2011-12, an increase of 47 per cent. In this report a contact is classified as a case.

Case Issue Types (Received)



Case Issue Types (Received)

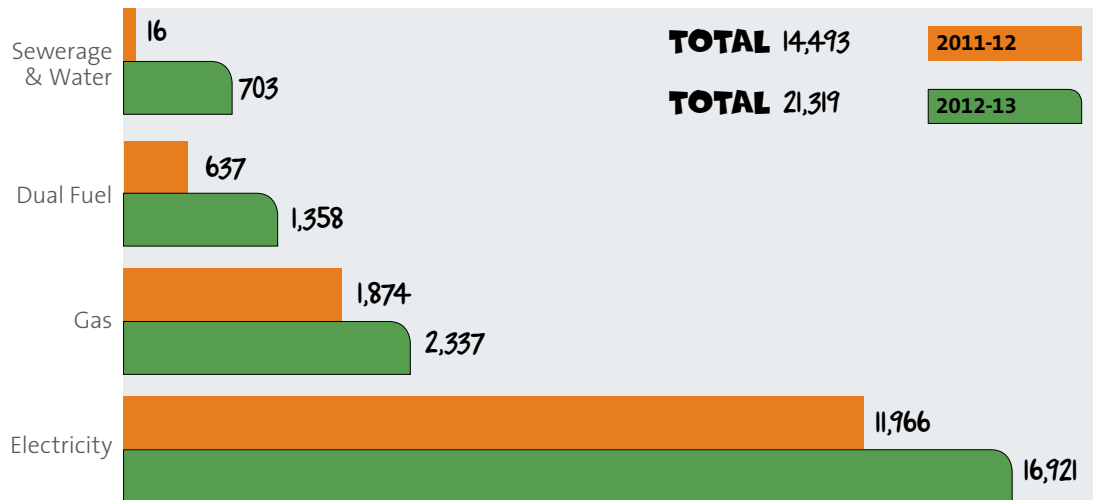


At a Glance

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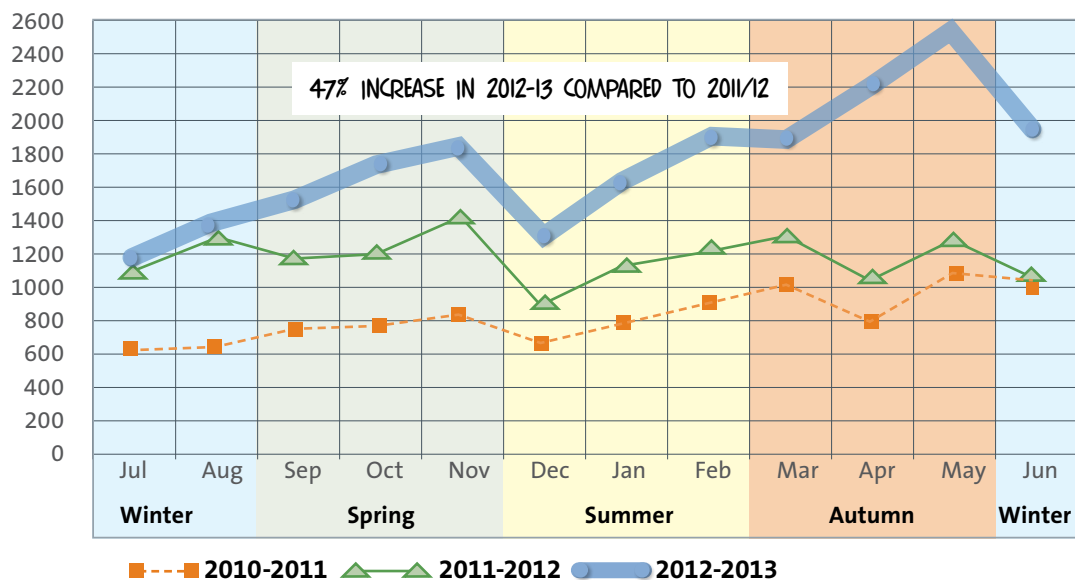
The Year in Review

Industry (Cases Received)



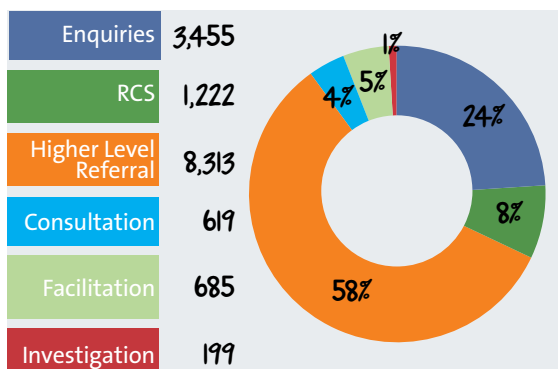
Dual fuel is where the case relates to both electricity and gas. SA Water joined the Scheme in mid 2011-12.

Year-to-Year Comparison of Cases Received

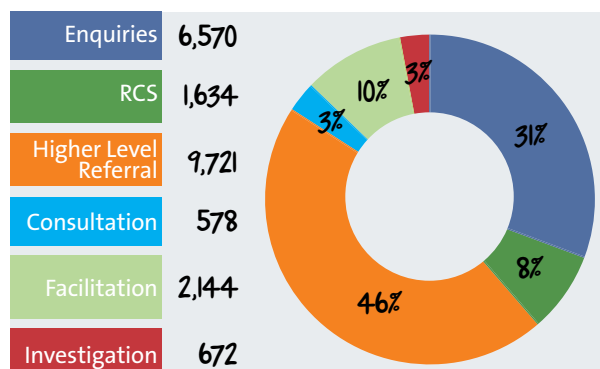


At a Glance

Level of Contact (Received) 2011-12



Level of Contact (Received) 2012-13



Description of Case Levels

Enquiry

An enquiry is a request for information or assistance that can be dealt with quickly. It is not an expression of dissatisfaction.

Refer to Customer Service (RCS)

A Refer to Customer Service (RCS) case is a complaint (expression of dissatisfaction) about an energy or water supplier that has not been raised with the company in the first instance. The complainant is referred back to the energy or water supplier's customer service area.

Refer to Higher Level (RHL)

If a complaint has been raised with an energy or water supplier's customer services area, we will refer the matter to the supplier's higher-level contact staff in an effort to resolve the matter.

Consultation

A consultation complaint occurs when a customer is without energy or water supply

or such a situation is imminent. Cases include disconnections or restrictions for non-payment of accounts.

Facilitation

In straightforward cases, prior to investigation we may facilitate a resolution between the complainant and the energy or water supplier.

Investigation

If a complaint has been referred to a higher-level contact with an energy or water supplier but remains unresolved, we will investigate and attempt to negotiate an outcome.

Scheme Coverage

Around 835,000 electricity customers, 425,000 gas customers and 733,000 water customers potentially fall within jurisdiction of the Scheme.



Bill Cossey AM - Chairman

Chairman's Report

On behalf of the Board I am pleased to provide this introduction to the 2012-13 Annual Report of the Energy and Water Ombudsman.

During the year the Board met 10 times and discharged its governance obligations with enthusiasm and goodwill. In addition, the Board met with members in May to approve the budget and in November at the Annual General Meeting as prescribed by the Company's Constitution.

There were several changes to the Board during the year, notably the appointment of two new members following the inclusion of the water industry as part of the scheme. They were Wendy Eyre as a community representative and Neil White as the nominee of SA Water. Late in the year, Kerry Rowlands replaced Neil, who had left SA Water. On the energy side, Damien Regan replaced Origin Energy colleague Nazzareno La Gamba as the gas industry nominee.

On behalf of the Board I thank both Nazzareno and Neil for their valuable contribution to the work of the Board and the Ombudsman's Office.

In November 2012, the Ombudsman, Sandy Canale, reached the end of his five-year term. After an intensive review of his performance, the Board had no hesitation in offering him a five-year extension, as provided for in his employment contract, and was delighted that he accepted.

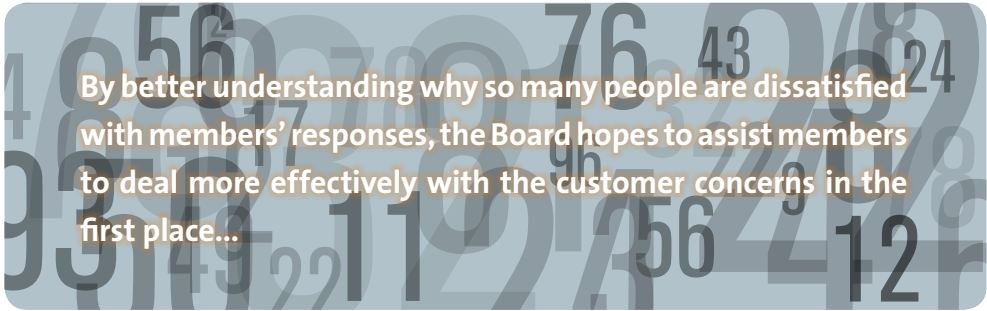
During the year the Board devoted a considerable amount of time at each meeting to discussing societal and industry trends that are likely to impact on the short- and long-term workload of the scheme. The aim is to alert management to likely trends so it can be prepared and avoid unhelpful knee-jerk reactions. The Board has been pleased with management's acceptance of the value of these discussions.

In November, the Board participated in an externally facilitated strategic planning session, leading to a new Strategic Plan for 2013-2015. A major consideration of the Board – which is reflected in the Plan – is the pursuit of strategies that will better equip consumers to resolve queries and complaints with the company concerned, without needing to involve the Ombudsman.

As mentioned in the last two annual reports, the Board has been keen to receive better information about enquiries and complaints, with an emphasis on trends and the motivation of the users of the scheme. As highlighted later in this report, the Ombudsman's Office has a new case management system with improved reporting capabilities and the Board is looking forward to using the information in those reports to assist it in its further analyses.

The Ombudsman's scheme stands as a last resort for customers dissatisfied with responses from scheme members to enquiries and complaints. By understanding better why so many people are dissatisfied with members' responses, the Board hopes to assist members to deal more effectively with the customer concerns in the first place, thereby reducing the pressure on – and cost of – the scheme. Because scheme members are required, based on their complaint levels, to meet the costs of the scheme, it is of little comfort to the Board to report that the finances of the scheme have never been stronger.

Even with the limitations of our old case management system to allow for comprehensive reporting during the year, the Board closely monitored enquiry and complaint levels, rates of resolution and feedback from users of the scheme obtained from regular surveys. This was mainly to ensure the continuation of the high level of customer service for which the Ombudsman's Office has become known, despite the rapidly and continually increasing workloads.

A decorative graphic featuring a light blue background with various numbers in different sizes and colors (white, orange, and grey) scattered across it. The numbers include 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, and 100.

By better understanding why so many people are dissatisfied with members' responses, the Board hopes to assist members to deal more effectively with the customer concerns in the first place...

Chairman's Report

During the year, momentum continued for the inclusion of the water industry (as is the case in several other states) in the South Australian scheme. As reported last year, SA Water voluntarily joined the scheme in advance of its legal obligation. Three other entities required by the Essential Services Commission of South Australia (ESCOSA) to join the scheme have until September 30 2013 to do so.

Meanwhile several other entities with water-supply roles have applied voluntarily and been accepted by the Board. The Board is heartened that smaller water industry organisations are choosing to join the scheme as a cost-effective way of meeting their obligations to ESCOSA to have in place adequate policies and procedures for dealing with customer complaints and dispute resolution.

Throughout the year, the Board maintained a sound working relationship with ESCOSA and continued the practice of meeting formally with Dr Paul Kerin, the Chief Executive, at one Board meeting per year. This is in addition to numerous informal contacts. On behalf of the Board I thank Dr Kerin for his continued guidance and support. We look forward to continuing to work with ESCOSA in its capacity as regulator of the water industry in the year ahead.

On 1 February 2013, South Australia adopted the National Energy Customer Framework (NECF), which is a national regime for the sale and supply of energy by retailers and distributors to retail customers. The NECF will be administered by the Australian Energy Regulator (AER) and the Board looks forward to continuing to develop its relationship with the national regulator as other jurisdictions adopt the new framework.

The Ombudsman is required to alert the relevant regulatory body to all apparent systemic issues encountered through dealing with individual complaints. Regulators then have the responsibility of confirming whether the matters raised are of a systemic nature and if so to require scheme members to take corrective action. The Board has been delighted with the responsiveness of regulators in dealing with these matters.

In conclusion, I place on record my sincere thanks to my fellow Board members for their continued support and enthusiastic contribution. I thank all scheme members for their willing support of the Board and for their cooperation with the Ombudsman and the staff of the office on a day-to-day basis.

Finally, I thank Sandy Canale and his staff for their outstanding work in the face of an ever increasing workload. The Board has continually challenged the Ombudsman to implement procedural improvements to ensure a high level of efficiency and he and his team have responded brilliantly. The continued highly-positive results from the users of the scheme, as seen in the regular surveys, are a credit to the dedication and service orientation of the Ombudsman and all staff.

Bill Cossey AM

Chairman



Sandy Canale - Ombudsman

Ombudsman's Report

I am delighted to present the following report, which highlights the significant events that defined the organisation's behaviour, activities, outcomes and learnings during the 2012-13 financial year.

1. Increased demand creates challenges

The year presented us with several challenges, notably the significant increase in the demand for our services. Total cases received increased by around 47 per cent from the previous financial year, mainly driven by billing system conversions by two major energy retailers that resulted in billing delays and erroneous accounts.

This figure eclipses the 42 per cent increase recorded last financial year.

This reflects the frustration of consumers who contact us because they feel their voice is not being heard. Consumers tell us they come to us because they feel that their complaints are not taken seriously, or they believe the energy or water supplier will delay responding and perhaps take no action to satisfactorily resolve their issue.

However, we see this situation as manageable if we work away at the point of interaction to get to the core of the issue, and shape an appropriate way forward to resolve the customer's complaint.

The greater demand on our services also created other challenges for a small organisation. In particular it put pressure on our internal systems and human resources, and required us to become a one-stop-shop for consumers. There's a thirst and a desire for information in a market where consumers are provided with lots of views and diverse opinions. Consumers ask questions such as: Is my bill correct? What do I need to do if I am having payment difficulties? Why am I not receiving the solar feed in tariff for my photovoltaics? Am I receiving the benefits of my contract?

To cope with these demands, we had to employ additional staff to deal with complaints. It is concerning that the trend is moving upwards, not downwards. We would like to see that improving in the year ahead.

Despite the general increase in complaints, there has been a decline in the number of systemic issues in the past 12 months, which is encouraging. We play an important role by providing messages so the regulators are aware of potential systemic issues that we have identified.

Finally, the solar space has been quite challenging for consumers and the wider industry, including us. There are a number of learnings to flow from that in the way the legislated feed in scheme itself operates and the way consumers can access the benefits of the scheme and its differing categories. But the administrative nature of the scheme has been complex and challenging because it involves multiple players, some of which are outside our jurisdiction.

Consumers look to us for guidance and advice to make the purchase/installation process easier and our ultimate frustration is contact from consumers who simply want panels on their roofs and are not aware of the multi-layer structure of this industry. This has at times resulted in us helping the customer with the issues that lie within our jurisdiction then having to refer them elsewhere for other aspects, which may have created a disjointed customer experience.



I believe it's incumbent on energy and water suppliers to consider the customer impact before they make system changes.

Ombudsman's Report

2. Lessons learned from system changes

Some industry issues related to billing from the previous financial year remained unresolved into 2012-13. One key reason behind the fairly sizeable upward movement in cases received over the previous financial year related to the installation of new billing systems at two of the major retailers. One company made the transition in the previous financial year, though some issues remained unresolved into 2012-13, while the impact of the second conversion continues to have significant impact on the scheme. Clearly this plays out in consumers not receiving a bill, or receiving a bill covering multiple periods, which can place pressure on household budgets.

These system transition issues ultimately can cause consumers major concerns.

From my perspective, this shows that there are still key learnings that we can convey to other companies when they embark on similar large-scale system changes. I believe it's incumbent on energy and water suppliers to consider the customer impact in detail before they make these system changes, and prepare them in such a way that they are able to respond in an efficient and effective manner to explain to a consumer what will happen next, what will happen if things go wrong, and how will mediation be conducted if required.

On the other hand, I need to acknowledge that some of our members have made significant improvements to their customer service delivery models and are actively taking positive steps to resolve complaints directly with their customers. I applaud their efforts, which demonstrate that industry is keen to find satisfactory solutions to problems when they arise. We need to instil that proactive and conscientious attitude in all energy and water suppliers so that it becomes the normal way or 'best practice' of conducting business.

3. Dealing with complaints

In the 2012-13 financial year, we found 93 per cent of our customers were either satisfied or very satisfied with our services and 96 per cent of respondents indicated that they would likely recommend our services to others.

These results, in the main, are consistent with the feedback we received in the previous financial year. So, it indicates that we are moving in the right direction as far as a customer satisfaction rating goes. While these results indicate consumers are generally satisfied with our service, we are conscious not to rest on our laurels and we continue to seek improvements in all areas of our business.

Last financial year we engaged LimeBridge Australia, a consulting firm specialising in customer service effectiveness, to assist us to conduct a thorough review of our key procedures and processes. I am pleased to say that the majority of the recommendations have now been implemented with positive outcomes for all our stakeholders. Implementation of the new processes has also helped deliver an improvement in case closure time, notwithstanding the significant increase in volumes. I would like to acknowledge the cooperation of our members in adopting the recommended changes and assisting us to close cases more promptly. Ultimately, this delivers a better customer experience.

Given that our key role is dispute resolution and facilitating a fair and reasonable solution to customer complaints, the Board has formed the view that we want to be an integral part of the entire solution providing process, which is assisting consumers from end-to-end.

ELECTRICITY:

METER CONFIGURATION ISSUE

Scenario

Ms H contacted her electricity supplier to discuss unexplained high bills she had received over a period of time. The supplier arranged with the distributor to test her meter. It was found to be faulty and was replaced. However, Ms H did not receive any amended bills from her supplier and subsequently received a collection notice demanding payment.

Complaint

Ms H contacted the supplier to request amended bills, but was dissatisfied with the outcome of her discussions with the supplier and contacted us to have the matter investigated.

Outcome

Our investigation discovered that due to an error by the distributor the replacement meter had been wired incorrectly and as a result the supplier had billed Ms H incorrectly.

The issue was rectified and billing data was amended resulting in the supplier applying adjustments of more than \$4,500 to the account and a further goodwill credit of \$500 in recognition of the inconvenience caused by the delay in resolving the matter. The distributor also issued a cheque to Ms H for \$500 in recognition of the issues caused by the incorrect wiring.

Payment Assistance

WATER: HIGH WATER BILL

Scenario

Mr R's water bill was much higher than he had expected, with an increase of some 380kL in water usage. Whilst Mr R does have a pool, it is not self-filling. For 6 weeks of the billing period the house had been empty, and during that time all internal water using appliances had been switched off, except for the automatic pop-up garden sprinklers. Thermal imaging of the property had also been undertaken just to rule out any underground leaks.

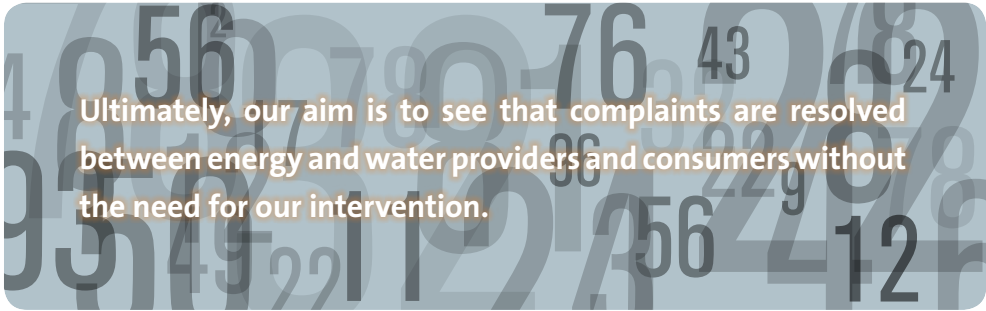
Complaint

Mr R believed his bill was too high, and sought to have part of it written off. As Mr R was unable to resolve his complaint with his supplier, he contacted us. We referred the complaint to a higher level, but the supplier closed the case as they did not agree Mr R had been overcharged. Mr R was not happy with the supplier's explanation and came back to us.

Outcome

The supplier carried out a meter test on-site, and an independent test off-site. Both tests found the meter running slightly erroneously, but within the allowable tolerances. As a goodwill gesture, the supplier waived the meter test fees. Whilst our investigation did not find the cause of the increased water usage, it did not reveal any evidence of the meter being faulty either, or any overcharging by the supplier.

In discussion with Mr R, the supplier agreed to provide him with assistance under their high water use policy. As a result, Mr R's bill was reduced from over \$1,800 to just over \$1,060. The supplier also allowed Mr R extra time to pay the bill. We advised Mr R to monitor his water consumption and to engage a licensed plumber to inspect all pipework and infrastructure to make sure they are all good condition.



Ultimately, our aim is to see that complaints are resolved between energy and water providers and consumers without the need for our intervention.

Ombudsman's Report

As a result, we are working to find answers to several questions as quickly as possible.

For example, how do we provide consumers with the right information and tools to approach any issue with a supplier with a view of getting a resolution at the first point of call? How do we work with industry, in a collaborative way, to look at improving customer service delivery so that hot spots, to some degree, are pre-emptively managed more efficiently than they are today? How do we as an organisation keep refreshing ourselves, and keep ourselves relevant – not only from a customer service delivery and cost perspective but also from a community expectation space so that we continue to be a source of quality and relevant information?

4. Suppliers must engage with customers

Ultimately, our aim is to see that complaints are resolved between energy and water providers and consumers without the need for our intervention. Ideally, we prefer to be a contact point and office of last resort.

Some suppliers have done quite a good job in reducing their complaint levels. It is also encouraging that the number of identified systemic issues (problems that have the potential to affect a number of consumers) fell in 2012-13. However, there is still a way to go with some of the other providers; getting them to engage with their customers as early as possible, and working with their customers diligently to quickly find a resolution which is suitable to both parties.

Consumer feedback suggests that resolution processes are not being utilised as well as they could be in some situations. For example, do they have the ability to move a customer complaint to a higher level in their organisation? If a customer is not satisfied with that first port of call, they are entitled to have their complaint escalated to a higher level, within an appropriate timeframe. Feedback we get shows that's not the case in some instances, and I feel this is an area which can be improved.

Feedback from consumers suggests that some suppliers are failing to adequately engage with them to understand their problem and to take remedial action in a reasonable time frame. This is supported by a 45 per cent increase in cases received relating to customer service issues.

There have been some significant positive changes, which are worthy of reporting. We have had SA Water as our sole water member for the past 12 months and it has been encouraging to see how it has dealt with our complaints over this period. We're about to welcome several other significant water industry participants (more than 5,000 customers) and we will also see some voluntary membership from smaller providers. In simplest terms, we want to help the industry improve its service delivery processes and solutions so that we have a better energy and water sector going forward.

The concept of a national energy customer framework has been in the development phase for a number of years and South Australia transitioned to the national framework on 1 February 2013. It means that the responsibility for retail gas and electricity has moved to the Australian Energy Regulator (AER), and, when all the states and territories are participants, there will be a set of largely consistent national rules.

The customer framework includes the National Energy Retail Law, National Energy Retail Rules and National Energy Retail Regulations. Together they set out key protections and obligations for energy customers and the suppliers they buy their energy from. This ensures all energy consumers, including those experiencing financial hardship, can access essential energy services on reasonable terms.

ELECTRICITY: INCORRECT APPLICATION OF SOLAR PHOTOVOLTAIC (PV) READINGS

Scenario

Mr F complained to his supplier that he had not received an electricity bill, and then received a text message advising him that \$1,526 was outstanding. This was higher than expected and Mr F was concerned that he had not received the bill. He had previously been billed regularly. Solar panels had been installed 12 months earlier.

Complaint

Mr F contacted the supplier but was unable to resolve the issue. Mr F then contacted us for help.

Outcome

Our investigation revealed that the distributor had identified an error and cancelled the bills but had not re-issued them before the text was sent. The problem was that the meter readings had been reversed, with the solar export billed as consumption and the consumption credited as solar export.

Testing revealed that the meter was operating within allowable tolerances. The issue was the incorrect application of the readings when billing the customer.

The supplier corrected and re-issued the bill and apologised to Mr F for the inconvenience caused. As a result, Mr F's account was in credit several hundred dollars.

Upon resolution of the case, Mr F called us to thank us for our assistance.

ELECTRICITY: NO ACCESS, CUSTOMER BACK-BILLED \$42,000

Scenario

Mr W's organisation received an electricity bill of almost \$42,000 dating back to January 2006, with the supplier advising that access had not been granted to the meter to allow actual readings to be taken. However, Mr W said this was incorrect as he had previously provided access instructions and these had not altered.

Complaint

Mr W did not believe the supplier had used their best endeavours to gain access to the electricity meter. He sought to have the bill reduced to a 12-month period, which he felt was consistent with the supplier's regulatory requirements.

Outcome

Our investigation confirmed that a meter reading had not been obtained between January 2006 and July 2012. The supplier advised that they had not received any access instructions from the customer. The distributor noted the instructions on their records only identified the location of the meter, not how to access it.

The distributor also stated that they had attended the site quarterly since 2005, but had been unable to take readings because of the location of the meter. On each occasion, a 'no access' card was left, asking for access to be granted. They took this action as fulfilment of the distributor's 'best endeavours' requirement.

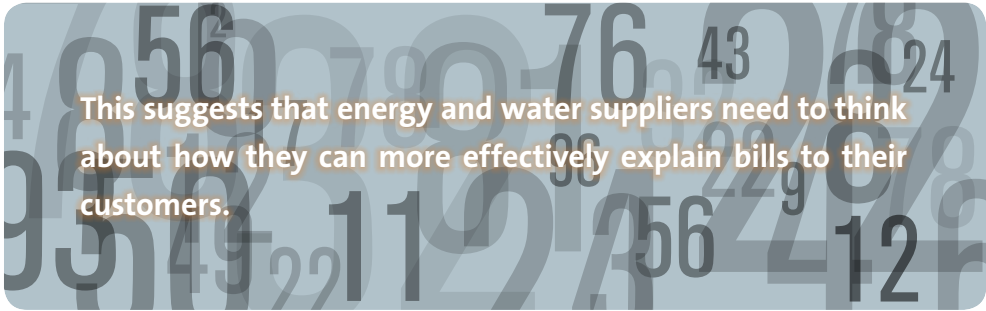
However, the retailer had not satisfied their 'best endeavours' requirements because they had not requested a special meter read or advised the customer of his obligations to provide access. As a result, the retailer reduced the bill to \$24,000 and a payment extension was applied to allow for payments in agreed instalments. We understand the distributor met with the Building Manager on site and arrangements are now in place for meter access.

South East Community Legal Service

PUTTING THE PIECES TOGETHER

Social Justice
Communities
Inclusion
Access

ADVICE COMMUNITY LEGAL EDUCATION CASEWORK LAW REFORM REFERRALS



This suggests that energy and water suppliers need to think about how they can more effectively explain bills to their customers.

Ombudsman's Report

There's been some broadening of consumer protections around billing, access to hardship programs and simplified contracting. Consumers in financial hardship must be offered flexible payment options; and the laws will provide clearer contracts and consistent consumer protections.

An important change has been the introduction of a service called 'Energy Made Easy', which enables consumers to get an indication of which product within the industry may be best for them, based on their specific circumstances. This will allow consumers to compare offers from energy retailers and is designed to help households and small businesses make informed choices about electricity and gas offers.

In the water industry we saw the enactment of the Water Industry Act and establishment of industry codes covering a broad range of issues, including customer service, bill payment and the standard and reliability of water supply.

5. Concerning rise in Billing complaints

The Billing category increased 73 per cent on the previous year (from 6,565 cases to 11,372), which is concerning.

This suggests that energy and water suppliers need to think about how they can more effectively explain bills to their customers.

The key message is: How do we identify ways of effectively working with consumers to respond to their billing enquiries and resolve these issues very early without allowing the problem to escalate, and ultimately needing my office to seek redress or to get a resolution?

I raised this matter in last year's report and it continues to concern us. There needs to be a strategy that covers the billing issue effectively. Simplified information on the bills together with better explanations of what's on the bill and the composition of the bill will be critical aspects if we're going to seriously reduce the number of billing complaints.

The other three complaint categories that experienced significant growth were Customer Service (up 45 per cent), General Enquiries (47 per cent) and Sales and Marketing (40 per cent). Information and data on these categories can be found in the Case Management section of this report.

While I'm on the topic of plain English explanations, there is still some confusion about how discounts are being offered in the market place. Quite often, discounts are not explained simply at the consumer level. Work must be done by suppliers on better explaining what benefit will be available for each individual customer who accepts a discount.

There is also confusion around contract explanations and whether prices are fixed or variable over the life of the contract; the whole notion of how that transition to your new bill will occur, and what it means for the customer for the period of their contract. These issues need our attention over the coming year.



ELECTRICITY:

HIGH BILL DUE TO TARIFF CHANGE

Scenario

After receiving his electricity bill for the period January to April 2013, Mr M realised that it contained incorrect meter readings for peak consumption and solar export.

Complaint

Mr M contacted the supplier, seeking to have the incorrect readings replaced and the overcharged and undercharged amounts corrected.

Outcome

Our investigation revealed that the supplier had used incorrect meter readings to produce the bill issued in April 2013. The supplier corrected the error and issued an amended account with a credit for the 295 units overcharged on peak consumption and the 295 undercharged solar export units. The supplier apologised for the inconvenience caused by the error and as a gesture of goodwill reversed the special meter read fee (\$27.50), applied a credit of \$330 and extended the due date for payment of the balance by three months.

ELECTRICITY:

FEED-IN TARIFF ELIGIBILITY

Scenario

When purchasing a solar photovoltaic (PV) system, Ms A entered into a three-year market contract that included a 60 cent per unit solar Feed-in Tariff rebate. Upon receiving her first electricity bill under the new arrangement, she noticed that it included a solar FiT of just 16 cents per unit.

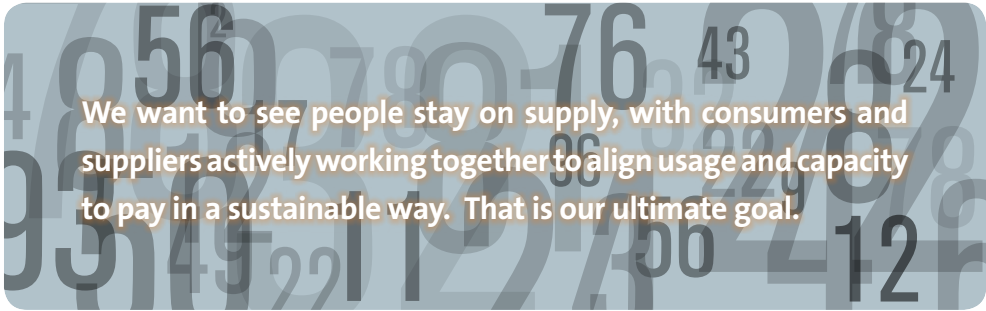
Complaint

Ms A contacted the supplier and was advised that she was no longer eligible for the 60 cent per unit rebate because the company which installed the solar system had gone out of business. She was further told that this provision was outlined in the terms and conditions of the market contract that she had entered into.

Outcome

Our investigation revealed that while this provision was included in the terms and conditions of the market contract, it had not been specifically referred to at the 'point of sale', which was considered to be the time of the voice recording of the agreement.

The supplier apologised and agreed that this condition was material and should have specifically been mentioned at the time of the sale. As a result, it agreed to continue payment of the 60 cent per unit FiT for the remainder of the contract term.



We want to see people stay on supply, with consumers and suppliers actively working together to align usage and capacity to pay in a sustainable way. That is our ultimate goal.

Ombudsman's Report

6. Credit management activities

Income and budgeting pressures continue on people in the community, but it is encouraging to see that the number of complaints related to imminent and actual disconnections and water restrictions has declined by 38 per cent. While a component of the decline can be attributed to a reduction in credit activity by those retailers with billing system conversions, I also believe retailers are taking more proactive action to place consumers on instalment plans, and to transfer eligible consumers onto hardship programs.

We want to see people stay on supply, with consumers and suppliers actively working together to align usage and capacity to pay in a sustainable way. That is our ultimate goal. It's encouraging that more consumers were able to access those services without our intervention, indicating that industry is acting positively in assisting consumers experiencing payment difficulties.

I'm delighted that the Emergency Electricity Payment Scheme (EEPS) for eligible consumers has been expanded to include consumers who face imminent disconnection. We understand that the scheme is now available to consumers suffering a financial crisis who can't pay and are at the risk of disconnection. They can access this scheme once every three years and a payment of up to \$400 may be provided to low-income households who meet the eligibility criteria.

The transition to a monthly billing arrangement would be an effective tool for some consumers who want to better manage their personal finances. How this will work in practice, with meters read on a quarterly basis, will need to be seriously considered and resolved. Nevertheless, a movement towards a monthly billing cycle that reflects actual consumption for the period without penalty would be welcome. We hope that suppliers will consider this issue, particularly as it addresses seasonal weather changes and the impact these have on costs.

7. Sales and marketing complaints

Disappointingly, complaints related to Sales and Marketing activity increased by 40 per cent. Fortunately, we saw a gradual decline at the back end of the financial year as door-to-door sales diminished in the energy sector and the ACCC got involved. A number of retailers have also moved away from this activity, leading to a reduction in the volume of complaints in this category.

We're still seeing too many cases involving transfer errors – that is, transfers generally caused by administrative error and without the explicit informed consent of the customer. This error causes significant frustration for consumers trying to unravel the mess once they move to a new retailer, which they had no knowledge about or desire to be with. This remains a significant issue.

We will continue to work with energy suppliers and relevant regulatory bodies to improve the sales practices of sales and marketing staff and to try and minimise the number of transfer related errors that are occurring.

8. Building strong community relationships

Over the year we engaged with more regional communities than ever before, to provide information about who we are, explain how people can access our services, discuss case studies and so on. Our successful face-to-face relationship with local community groups, consumer representatives, members of parliament and local media helps promote our services as widely as possible. We continue to nurture our relationships with our community connections so that we may reach as many consumers as possible.



ELECTRICITY: CONTRACT ISSUE

Scenario

Mr N purchased a long-standing restaurant and opened a new electricity account with a different supplier. He then received a bill for more than \$20,000 dating back to almost two years before he bought the business.

It appears his supplier believed Mr N was responsible for the debt on the basis that the business had been purchased on a 'walk in, walk out' basis.

Complaint

Mr N was dissatisfied with the information provided by the supplier and asked us to investigate.

Outcome

As a result of our investigation, the distributor visited the site and confirmed that the NMI, meter number and supply address had transferred from one supplier to another on 13 March 2013. It appears that an incorrect NMI was transferred and as a result the debt continued to accumulate with the new supplier.

We reviewed the 'Agreement for the Sale and Purchase of the Business' document provided by Mr N and formed the view that Mr N was not liable for the debt.

As a result the supplier waived over \$17,300 worth of debt and confirmed Mr N was only liable for energy consumed from the time he purchased the business. The supplier also offered Mr N an extension of time to pay.

ELECTRICITY: DEFAULT LISTING

Scenario

Mr K requested the finalisation of his business and residential electricity accounts and arranged a six-month mail redirection.

Mr K advised that despite providing access to the business's meter to obtain a final reading, an estimated bill had been received from his supplier. The bill had been paid in full and Mr K assumed that the account was finalised. A final bill had been received for the residential account also, and according to Mr K was paid in full.

Mr K was surprised when he subsequently discovered that a default credit listing had been applied by the supplier in relation to outstanding amounts on both the business and residential accounts. He was still receiving redirected mail from the previous address but had not received any correspondence from the supplier regarding the outstanding amounts or debts listed.

Complaint

Mr K complained that the default credit listings were inappropriate and should be lifted.

Outcome

The investigation did not find any evidence of Mr K having finalised either the residential or the business electricity accounts with the supplier and therefore the supplier was entitled to bill him until such time as the accounts were finalised.

We found that the supplier and distributor had made several attempts to disconnect the business property, but due to access issues had not been able to, until a real estate agent had provided access in December 2011.

Following unpaid bills at the residential property, the supplier requested disconnection of the premises in February 2011. At this time, a new occupier had moved in and a final bill was issued to Mr K. The supplier continued to send bills and reminder notices to Mr K at the address listed on the accounts (where the redirection was in place).

The supplier was able to demonstrate that a notice of credit default listing had been sent to Mr K and that the notice was in accordance with all the relevant credit reporting requirements.

The default credit listing was found to be appropriate and a debt of more than \$500 was still outstanding.



The review of our business and greater focus on resolving complaints in a more prompt manner resulted in an 11 per cent improvement in resolution times for complaints within 30 days.

Ombudsman's Report

I regularly participate in media interviews to increase awareness of the scheme and to inform the community on key energy and water issues.

The critical thing is connecting with the entire community to resolve complaints without intervention. We're building ways to give all communities the tools they need to resolve their issues more easily.

9. New customer interface implemented

We endeavour to build on relationships at all levels – it's what we thrive on! We use technology to achieve this aim.

From an operations perspective, we have embarked on a journey of reviewing all our internal processes to ensure we continue to build on our core values of providing a free, independent, accessible, fair and informal service to consumers.

The LimeBridge review gave us an opportunity to reflect on the way we work, while the other key driver was to replace our case management system. Subsequently, we have moved to a new IT customer interface system called Resolve, which provides an automated, seamless interaction with our member companies.

We're in a position to customise information for our individual members so that we can better help them understand their activity levels. We can look around the industry, identify who has the lowest volume of complaints per 10,000 consumers, and see what they're doing so that other members can identify improvements in their own operations if necessary.

The review also enabled us to engage the expertise of our staff and use their knowledge to develop more efficient and effective business processes.

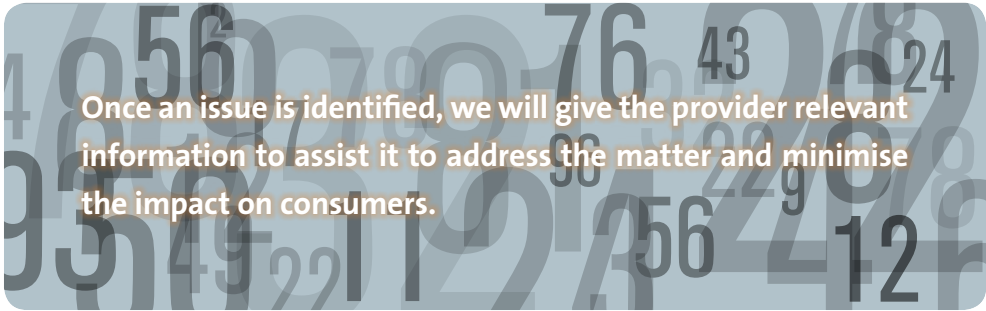
10. A year of achievement

I feel that we've achieved a fair amount over the past twelve months; we're certainly more at ease with the way we operate. We've placed complaint levels into manageable chunks that we can deal with efficiently and effectively, our community awareness continues to grow, and we are building our stakeholder relationship with regional communities and broadening the message that we're here to help.

The review of our business and greater focus on resolving complaints in a more prompt manner resulted in an 11 per cent improvement in resolution times for complaints within 30 days. This helps improve the customer experience for those consumers we assist and I thank our member companies for assisting us to achieve this improvement.

I'm very pleased to say that consumers are confident enough to approach us for information and guidance rather than just coming to us with complaints.

And my staff do a wonderful job in difficult circumstances. They deserve an enormous thank you because they deal with the public on a moment-by-moment basis. Consumers will often provide positive feedback to our staff for their dealing with matters which is encouraging. They have a willingness to learn from the information we gather, a keenness to address complaints promptly, and a desire to find ways to improve our services to consumers and members.



Once an issue is identified, we will give the provider relevant information to assist it to address the matter and minimise the impact on consumers.

Ombudsman's Report

I'm satisfied, that the building blocks are in place – that the way we've set ourselves up over the past three years are starting to come together. Over the next 12 months we plan to bed down the new IT system; actively look to replace our telephony infrastructure; improve the customer experience; and progressively move to full contact centre operations. By that I mean a complaint can come in via the web, email, fax, telephone, or in writing and we have the capability to deal with matters as they present during the day.

11. The Board

I acknowledge the support I have received from the Board during this challenging year and particularly value the support and counsel of the Chairman, Mr Bill Cossey AM.

Sandy Canale

Energy and Water Ombudsman

Systemic Issues

How we define a systemic issue

A systemic issue is one that has the potential to affect a number of consumers. The issue may arise from an energy supplier's policy 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 energy or water supplier's employee or agent or contractor.

Our role

We have a responsibility to identify systemic issues and potential compliance issues and, as appropriate, notify the relevant member and regulatory body or responsible authority. Once an issue is identified, we will give the provider relevant information to assist it to address the matter and minimise the impact on consumers. We continue to work with the provider and regulatory body to ensure that the matter is appropriately addressed. 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 seek redress with the provider. We do not possess any punitive powers.

A summary of the key identified systemic issues that impacted individual members during the financial year is provided below.

- Failure to apply a contracted early payment discount for solar customers (May 2012)
- Next scheduled read date on bill incorrect (August 2012)
- Failure to issue a bill in a timely manner (September 2012)
- Estimated meter read noted as actual on bill (September 2012)
- Agreed payment plans being cancelled by system error (November 2012)
- Solar credits not being applied to bill (January 2013)
- Concession removed in error on bills (February 2013)

Training and development was a key focus during the year, with technical and customer service training provided for all staff. Specific up skilling in the water industry was undertaken.

Our Organisation

Our people

A number of structural changes were made to the organisation to reflect the recommendations of the LimeBridge business review. These included the establishment of the dedicated Facilitation Team to deal with matters that could be mediated without the need for a formal investigation and the creation of Business Operations Manager and Business Performance Manager roles to support the changing business. A new position of Web and Systems Support was also created to meet the growing use of technology in our business.

Key Performance Indicators for the scheme and staff were reviewed and aligned with the new way of working. The office comprised 21 employees (20.2 full time equivalents) at 30 June 2013. The current corporate structure is provided below.

Training and development was a key focus during the year, with technical and customer service training provided for all staff. Specific up skilling in the water industry was undertaken.

Work health and safety

This organisation is strongly committed to the health and safety of its employees and strives to maintain a workplace free from injuries that encourages the well-being of employees and promotes the protection of the environment.

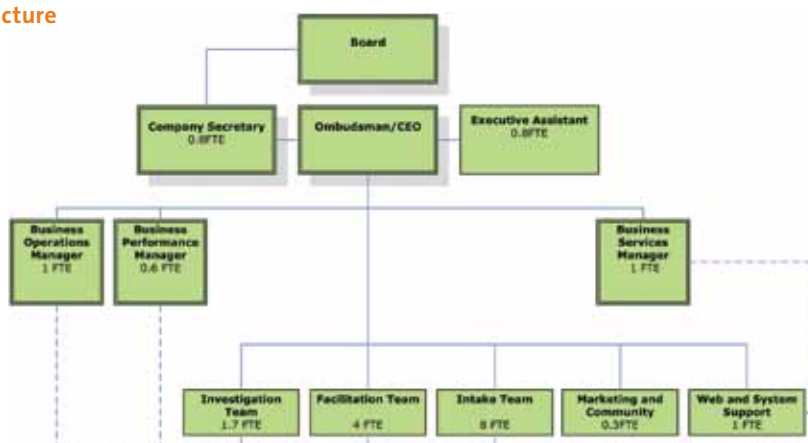
Work health and safety is a focus at each regular team meeting. Additionally, ergonomic assessments and voluntary health checks are conducted annually and the organisation encourages staff participation in various health and wellbeing activities, such as the Life. Be in it 'Corporate Cup'. Recycling and responsible use of energy and water are also encouraged.

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

Gender diversity

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

Our structure





Our Board

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 chairperson.

Chairman

William Cossey AM (*appointed 23 March 2009*)
Chair, People's Choice Credit Union; Chair, Board of Management, Don Dunstan Foundation; President, Tennis SA; Director, East Waste; Council Member, University of South Australia; Director, Adelaide Benevolent Society

Directors

Peter Bicknell (*appointed 28 February 2009*)
Chair, Uniting Care Australia; Chair, Uniting Care Wesley Port Adelaide Inc; Chair, Portway Housing Association Inc; Chair, Adelaide Brighton Cement Community Liaison Group; Chair, Owens Illinois Community Consultation Group; Chair, Penrice Osborne Community Consultation Group; Commissioner, National Mental Health Commission; Chair, Port Adelaide Renewal Steering Committee

Wendy Eyre (*appointed 1 August 2012*)
Formerly Legal Counsel, Energy Division, Department of Transport, Energy and Infrastructure, Senior Member, Administrative Appeals Tribunal, Chair, Residential Tenancies Tribunal

Susan Filby (*appointed 18 May 2006, resigned 31 July 2013*)
General Manager Customer Relations, SA Power Networks

Nazzareno La Gamba (*appointed 29 April 2009, resigned 4 January 2013*)
General Manager, Marketing & Customer Innovations, Origin Energy

Patrick Makinson (*appointed 28 August 2013*)
Company Secretary, SA Power Networks

Kaylene Matthias (*appointed 28 February 2009*)
General Manager, Rural Business Support; Chair, Regional Development Australia, Yorke and Mid North; Committee Member, Rural Media SA; Member, Regional Communities Consultative Council

Damien Regan (*appointed 5 January 2013*)
Group Manager Customer Services, Origin Energy

Kerry Rowlands (*appointed 7 July 2013*)
General Manager Customer & Community Relations, SA Water

Kim Thomas (*appointed 25 May 2011*)
National Operations Manager – Customer Services, AGL

Neil White (*appointed 1 August 2012, resigned 5 June 2013*)
Head of Customer Services, SA Water; Director, Autism SA

Rodney Williams (*appointed 24 October 2007*)
Former Director, Competition Policy, SA Department of Premier and Cabinet

Company Secretary

Pia Bentick, FCIS, Barrister (np)

Board Members from left to right:

Rodney Williams, Pia Bentick, Wendy Eyre, Peter Bicknell, Kim Thomas, Damien Regan, Kaylene Matthias, Susan Filby, Bill Cossey AM [Chairman]

The Board has primary responsibility for the formal administration of the Company, policy matters, oversight of the Scheme's operation and maintaining the independence of the Ombudsman.

Our Members

(as at 31 August 2013)

Electricity Members

AGL Sales (Queensland Electricity) Pty Ltd
AGL Sales Pty Ltd
AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
Aurora Energy Pty Ltd
Diamond Energy Pty Ltd
ElectraNet Pty Ltd
EnergyAustralia
ERM Power Retail Pty Ltd
Flinders Power Partnership
Lumo Energy (SA) Pty Ltd
Momentum Energy Pty Ltd
Murraylink Transmission Partnership
Origin Energy Electricity Ltd
Pacific Hydro Retail Pty Ltd
Powerdirect Pty Ltd

Red Energy Pty Ltd
SA Power Networks
Sanctuary Energy Pty Ltd
Simply Energy
QEnergy Limited

Gas Members

AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
EnergyAustralia
Envestra Limited
Origin Energy Retail Ltd
Simply Energy

Water Members

South Australian Water Corporation
City of Charles Sturt
Water Utilities Pty Ltd

Corporate Governance Statement

The Energy and Water Ombudsman (SA) Limited is a public company limited by guarantee, 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 has been 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 continues to review the framework and practices to ensure they meet the interests of the Members.

The Board has primary responsibility for the formal administration of the Company, policy matters, oversight of the Scheme's operation and maintaining the independence of the Ombudsman. The Ombudsman has responsibility for the day to day operation of the Scheme and the resolution of individual complaints. These roles are complementary and, generally, the Ombudsman will attend Board meetings as an observer and an advisor as appropriate.

Currently half of the Board of Directors are female (plus male Chair), more than half of the management team are female, and of the rest of the staff are 11 male and 12 female members. The overall percentage is 50% female and 50% male.

Corporate Governance Statement

A description of the Company's main corporate governance practices is 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;
- Terms and Reference of the Board Committees; and
- Board Policy statements.

Board Composition

The composition of the Board is determined by the Company's Constitution. The Board consist of nine Directors and comprises:

- 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 ("ESCOSA") to represent customers of electricity, gas and water services or public interest groups relevant to such services ("Independent Directors"); and
- an independent Chair.

The current Directors of the Company are:

- Mr W Cossey, Independent Chair
- Mr P Bicknell, Independent Director
- Ms W Eyre, Independent Director
- Mr P Makinson, Electricity Industry Director (SA Power Networks)
- Ms K Matthias, Independent Director
- Mr D Regan, Gas Industry Director (Origin)
- Ms K Rowlands, Water Industry Director (SA Water)
- Ms K Thomas, Electricity Industry Director (AGL)
- Mr R Williams, Independent Director

Board Skills

In appointing Directors, as far as the structure of the Scheme allows, the appropriate mix and balance of skills available is taken into account.

Gender Diversity

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

Currently half of the Board of Directors are female (plus male Chair), more than half of the management team are female, and of the rest of the staff are 11 male and 12 female members. The overall percentage is 50% female and 50% male.

Independent Chair

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

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

Mr Bill Cossey, AM was appointed the Chair in March 2009 and re-appointed in 2012.



Corporate Governance Statement

Term of Office

The Company's Constitution specifies that no Director who is elected is to hold office for a period in excess of three years, or until the third annual general meeting following the Director's election, whichever is the longer, without submitting himself or herself for re-election.

The Directors nominated by the ESCOSA and appointed by the Directors hold office for a term of three years, and they are eligible to be nominated and appointed again for a subsequent term or terms.

Board Processes

The Board currently holds 6 meetings per year, with additional meetings called as necessary to address any specific significant matters that arise.

Conflict of Interest

Directors must advise the Board, on an ongoing basis, of any personal interest that could potentially conflict with those of the Company.

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 board 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.

Mr Sandy Canale was appointed the Ombudsman in December 2007 and was re-appointed in December 2012.

Company Secretary

The Board appoints a Company Secretary for such term and upon such terms and conditions as the Board thinks fit.

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

Ms Pia Bentick, FCIS, Barrister (np), was appointed the Company Secretary in March 2000.

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 Governance Statement

Corporate Reporting

The Ombudsman, the Business Services Manager and the Company Secretary are required to make a financial reporting certification to the Board with regard to the integrity of the financial statements of the Company, risk management and internal compliance in respect of each financial year.

Board Performance Assessment

The Board has a policy relating to the importance of reviewing its own performance and that of its Committees on an ongoing basis. As a result, the Chair may hold individual discussions with each Director to discuss their performance.

The first Board Review was conducted in 2011. Board Performance will be reviewed biennially.

2. Board Committees

The Company's Constitution provides for the Board to appoint, from time to time, a committee known as the Budget Committee, comprising an equal number of Industry Directors and Independent Directors, not including the Chair of the Board.

In addition to the Budget Committee, the Board will establish such other Committees as it deems appropriate. Membership of Committees comprises of Directors and Officers of the Company and such other persons as the Board determines. 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. The role and responsibilities of these Committees are detailed in formal Charters. Other committees may be established from time to time for specific purposes.

Budget Committee

The Budget Committee formulates, for each Financial Year, a proposed Annual Funding Figure for the Company in a proposed Budget in consultation with the Ombudsman, and submits this to the Board at a time determined by the Board before the commencement of that Financial Year. The terms of reference of the Budget Committee are set out in the Budget Committee Charter adopted by the Board.

The Members of the Budget Committee are:

- Mr Peter Bicknell, Chair
- Mr Patrick Makinson

Mr Bill Cossey and Ms Kerry Rowlands attend Budget Committee meetings as observers.

Remuneration Committee

The Remuneration Committee reviews the Directors' fees and the Ombudsman's remuneration annually. The terms of reference of the Remuneration Committee are set out in the Remuneration Committee Charter adopted by the Board.

The members of the Remuneration Committee are:

- Mr Bill Cossey (Chair)
- Ms Kay Matthias
- Ms Wendy Eyre
- Ms Kim Thomas

A decorative graphic featuring a light blue background with various numbers in different sizes and colors (grey, orange, and white) scattered across it. The numbers include 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, and 100.

All employees are expected to perform their duties with professionalism, efficiency, fairness, impartiality, honesty and sensitivity.

Corporate Governance Statement

3. Conduct and Ethics

Code of Conduct

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

4. Risk Management

Risk Management Plan

A Risk Management Plan is in place to assist the Company 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 reports to the Board quarterly.

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. It is current practice that 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 and from 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 at the Company's website;
- The Financial Report which is posted to all members; and
- Stakeholder meetings with the Ombudsman.

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

Case Management

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Statistics

Case Management

2012-13 – Snapshot

We received 21,319 cases in 2012-13, an increase of 6,826 (47%) on the previous year. Billing issues showed the highest increase (73%), but there were reductions in Credit Management and Provision issues.

For the same period we closed (finalised) 21,029 cases, which compares with 14,382 cases closed in 2011-12.

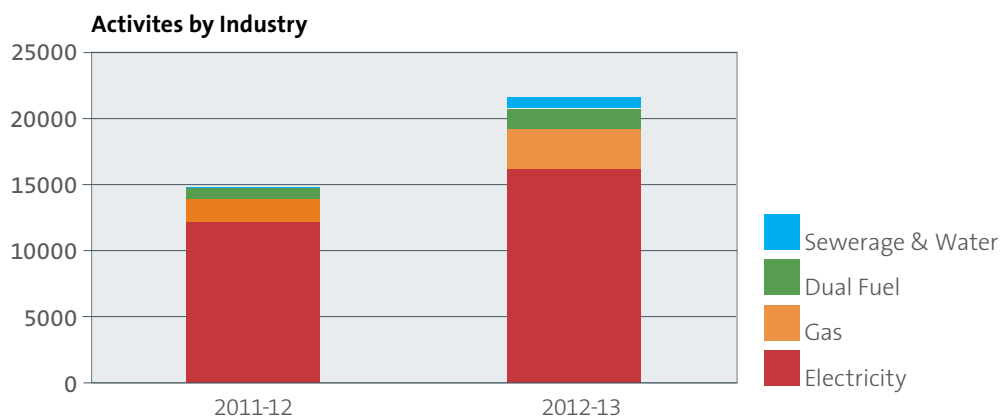
Issues Received

The table below provides details of the cases received and compares activities with the previous reporting period.

Issues (Cases Received)	2011-12	%Total	2012-13	%Total	Difference
Billing	6,565	45%	11,372	53%	73%
Sales and Marketing	2,507	17%	3,519	17%	40%
Credit Management	1,552	11%	1,414	7%	-9%
Customer Service	942	7%	1,370	6%	45%
General Enquiry	1,598	11%	2,347	11%	47%
Land	99	1%	122	1%	23%
Provision	1,073	7%	908	4%	-15%
Supply Quality	157	1%	267	1%	70%
TOTAL	14,493	100%	21,319	100%	47%

Industry

In 2012-13, electricity issues comprised 79% of the cases handled, gas 11%, dual fuel 7% and sewerage and water 3%. Dual fuel is where a case relates to both electricity and gas. The chart below illustrates activities by industry for the reporting period and the prior year.



NOTE: SA Water joined the Scheme in mid 2011-12.



The Difference Between Enquiries and Complaints

A case is a contact with us, and then registered and classified as either an 'Enquiry' or a 'Complaint'.

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

A complaint is an expression of dissatisfaction with a Member energy or water 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 an investigation officer will provide information on industry codes and regulations that may apply to a customer's issue. If the issue is outside the jurisdiction of the Scheme we endeavour to provide appropriate referral points.

2012-13 Snapshot: We handled 6,570 cases at the Enquiry level in 2012-13, representing 31% of the total number of cases received.

Complaint – Refer To Customer Service (RCS)

Under our Charter, an energy or water supplier must have the opportunity to consider a complaint before we do. If this has not occurred, 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 we do this, we provide the customer with an overview of their rights and responsibilities to help them reach a satisfactory outcome with their company directly.

2012-13 Snapshot: We handled 1,634 cases at the RCS level in 2012-13, representing 8% of the total.

Complaint - Refer To Higher Level (RHL)

If a customer has been unable to resolve an issue with an energy or water supplier, we accept the issue as a complaint. If the customer's contact has been at the member's call-centre level only, we will refer the complaint to the member's higher-level dispute resolution area under our Refer to Higher Level policy.

This policy 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 to this RHL policy include complaints about disconnections that are imminent or have already taken place.

Customers are advised 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 advises us that he or she is not satisfied with the outcome, the case is upgraded to a Facilitation or an Investigation.

2012-13 Snapshot: We handled 9,721 RHL cases in 2012-13, representing 46% of the total.

A graphic for 'Case Management' featuring a central orange rectangle with the text 'Case Management' in white. The background is a light blue-grey with various numbers in different sizes and colors (grey, orange, white) scattered across it.

Case Management

28

Statistics

Complaint Consultation

A consultation complaint occurs when a customer is without energy or water supply. Cases include customer disconnections or restrictions to water supply for non-payment of accounts.

2012-13 Snapshot: We handled 578 Consultation cases in 2012-13, representing 2.7% of the total.

Complaint - Facilitation

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

2012-13 Snapshot: We handled 1,998 Facilitation cases in 2012-13, representing 10% of the total. This percentage is significantly higher than previous year due to a number of RHL cases being escalated to Facilitation as a result of delays in obtaining resolutions from two large retailers.

Complaint - Investigation

When a case has been accepted for investigation, the member is asked to provide information to assist the investigation. This may include details such as the customer's billing history, previous contacts between the member and the customer relevant to the complaint, cause of any outage, and whether informed consent was given as part of a market contract. If the customer has supporting information, we ask that this also be provided.

Where appropriate, we may also obtain 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 codes and regulations have been met.

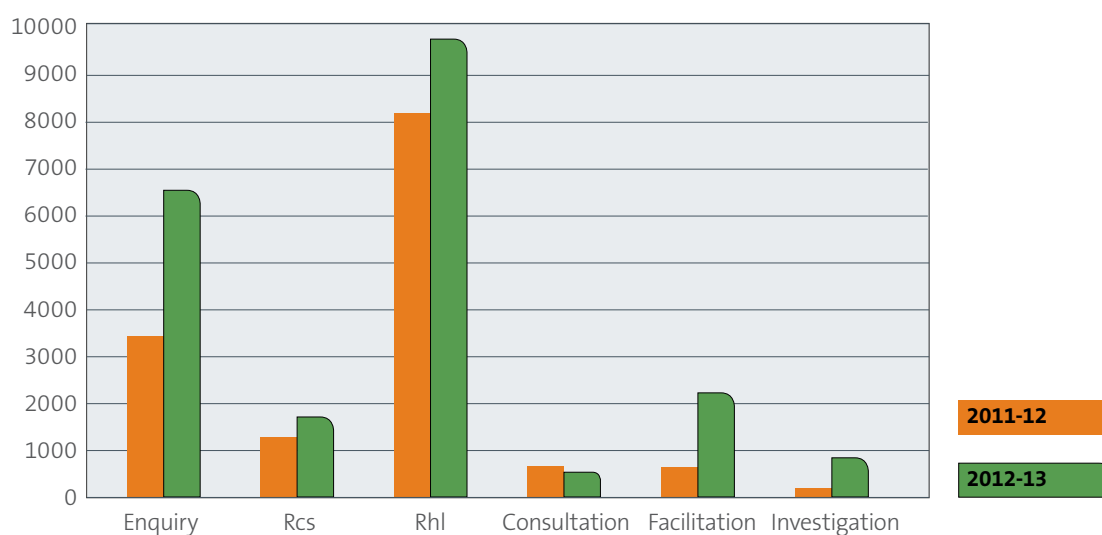
Our aim is to establish an objective and independent view of the issues and to negotiate fair and reasonable outcomes.

2012-13 Snapshot: We handled 672 Investigations in 2012-13, representing 3% of the total. Again this volume is higher than previous year due to issues associated with two large retailers changing their billing systems.

Case Finalisation

Case Finalisation Levels 2012-13

During 2012-13, cases were finalised at the following levels.



Issues

The types of issues finalised in 2012-13 compared with 2011-12 are outlined in the following table.

Issues (Cases finalised)	2011-12		2012-13		Difference	
	No.	%	No.	%	No.	%
Billing	6,455	45%	11,173	53%	4,718	73%
Sales and Marketing	2,537	17%	3,469	17%	932	37%
Credit Management	1,564	11%	1,376	7%	-188	-12%
Customer Service	941	7%	1,363	6%	422	45%
General Enquiry	1,540	11%	2,347	11%	807	52%
Land	99	1%	123	1%	24	24%
Provision	1,088	7%	907	4%	-181	-17%
Supply Quality	158	1%	271	1%	113	72%
TOTAL	14,382	100%	21,029	100%	6,647	46%

Case Finalisation

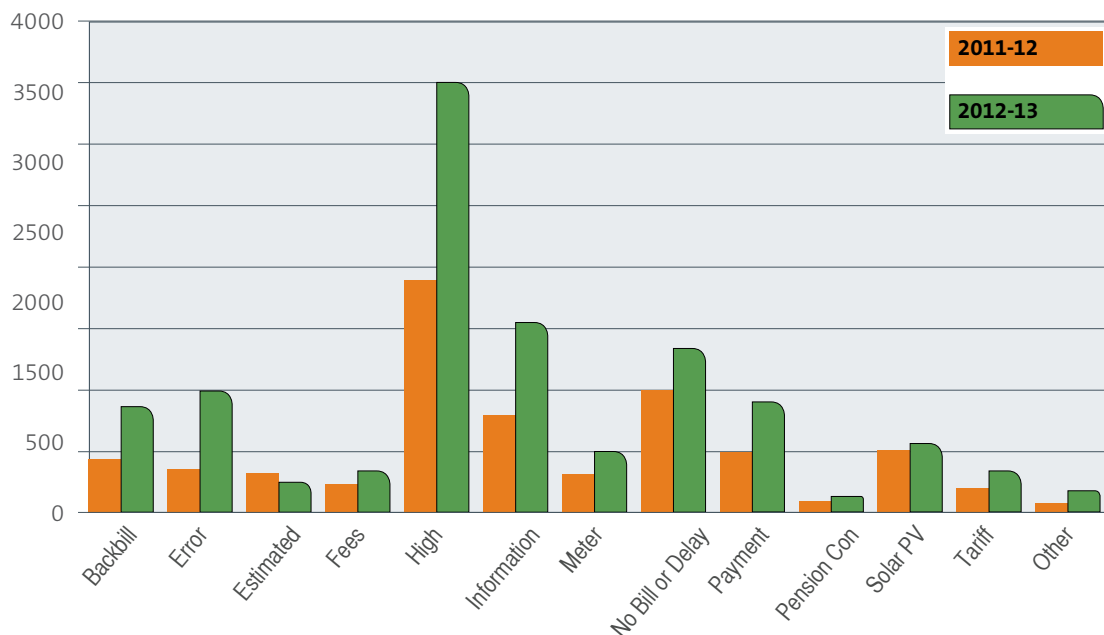
30

Statistics

Billing

In common with similar ombudsman schemes, Billing issues continue to be the largest issue category, with the 11,173 cases representing 53% of the total caseload. In the previous year the 6,455 billing cases represented 45% of the total number finalised. The increase in complaints associated with billing issues in 2012-13 was largely contributed by the billing system conversions of two large retailers.

High billing was the most significant sub-issue raised under this category with an increase of 86% compared to previous year. Other sub-issues with noticeable increase in complaint volumes included back bill, billing errors, billing information, no bill or delay, bill payment and tariff.



Credit Management - Disconnections

The number of energy disconnection and imminent disconnection cases was 395, a reduction of 242 (38%) compared with the previous year.

Reasons for the reduction could be attributed to better management by energy and water retailers in providing installment plans to consumers and additional assistance to those qualified for hardship programs.

While water supply is not disconnected for credit management matters, it may be restricted.

Case Finalisation

The chart and tables below detail the number of disconnection/restriction cases finalised in 2011-12 and 2012-13.

Disconnections

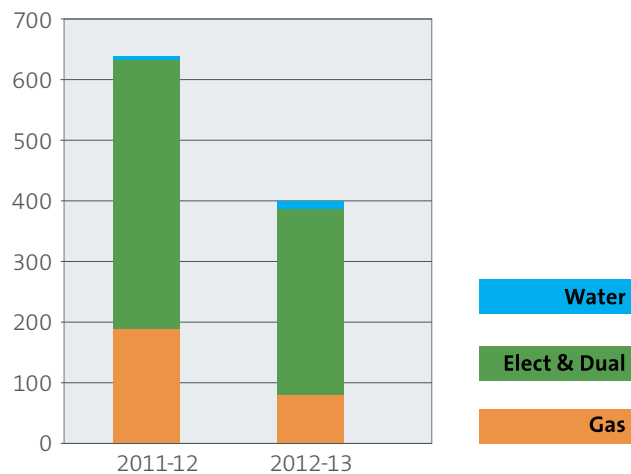
Year	Number	Disconnections as % of Billing and Credit Cases	Disconnections as % of Total Cases
2011-12	637	8%	4%
2012-13	395	3%	2%

Disconnection by Industry

Industry	Actual	Imminent	Total
Elect & Dual	180	127	307
Gas	57	28	85
Water (Restriction)	0	3	3
TOTAL	237	158	395

Yearly Comparison

YEAR	Gas	Elect & Dual	Water	TOTAL
2011-12	196	440	1	637
2012-13	85	307	3	395
Difference	-111	-133	2	242
% Difference	57%	30%	200%	-38%



Case Finalisation

32

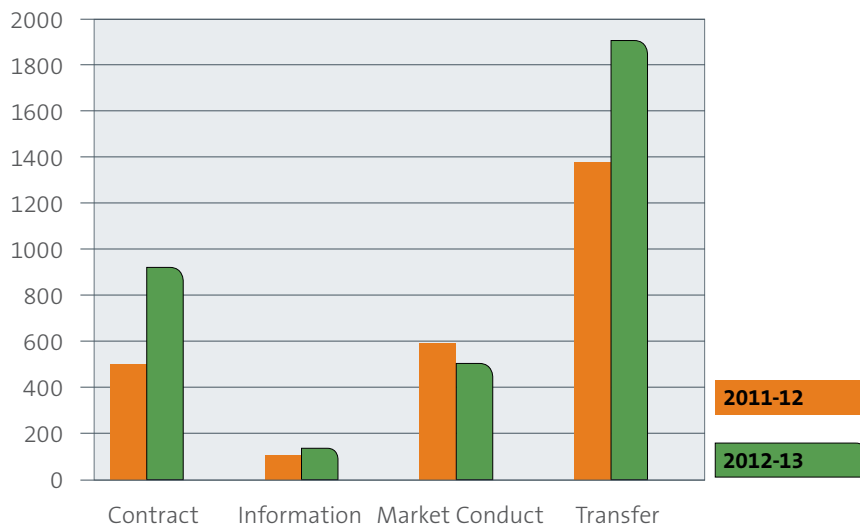
Statistics

Sales and Marketing

Finalised Sales and Marketing cases increased by 932 (37%) from 2011-12. Sub-issues recorded in this category are Contract, Information, Market Conduct and Transfer.

Except for the market conduct sub-issue, which saw a reduction of 73 cases (13%), the numbers of cases associated with contract, information and transfer increased significantly - in the range of 40% to 85% as shown in the table below.

Sale & Marketing	2011-12	2012-13	Difference	% Difference
Contract	496	916	420	85%
Information	103	151	48	47%
Market Conduct	576	503	-73	-13%
Transfer	1362	1899	537	40%
TOTAL	2537	3469	932	40%



Case Finalisation

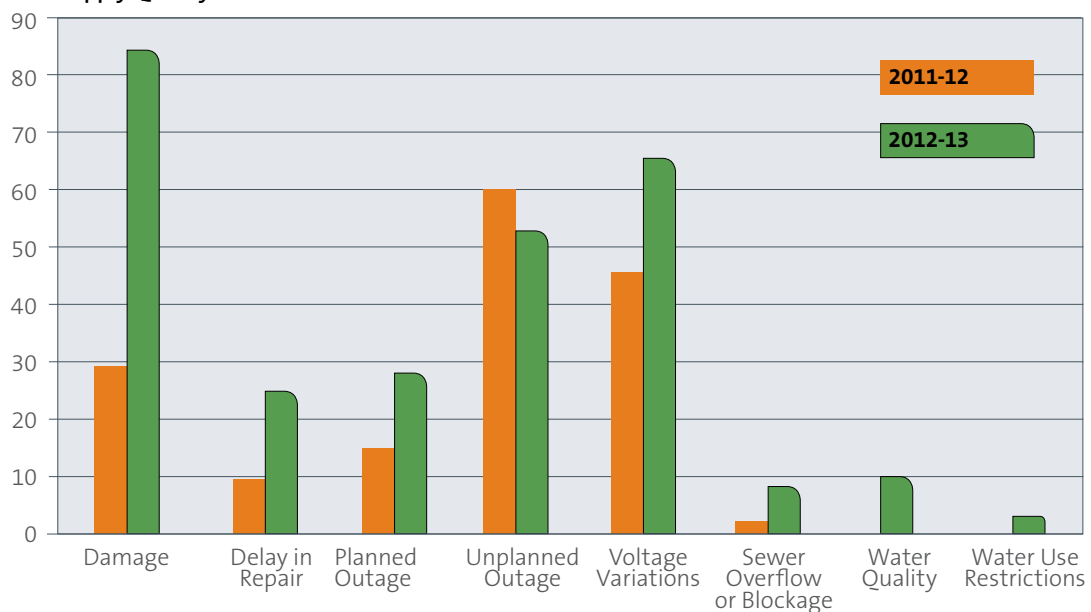
Supply Quality

We finalised 271 Supply Quality cases during 2012-13 compared with 158 in the previous year, an increase of 113 cases (72%). Sub-issues recorded under Supply Quality consist of Damage, Delay in Repair, Planned Outage, Unplanned Outage, Voltage Variations, Sewer Overflow or Blockage, Water Quality and Water Use Restrictions.

Although there was a 13% reduction in unplanned outage cases, the increase was significant in other sub-issues. It should be noted, however, that the number of sewerage and water related complaints in 2011-12 were much lower due to SA Water joining our Scheme in the middle of the year.

SUB-ISSUE	2011-12	2012-13	Difference	% Difference
Damage	29	84	55	190%
Delay in Repair	9	24	15	167%
Planned Outage	14	27	13	93%
Unplanned Outage	60	52	-8	-13%
Voltage Variations	45	65	20	44%
Sewer Overflow or Blockage	1	7	6	600.0%
Water Quality	0	10	10	Not applicable
Water Use Restrictions	0	2	2	Not applicable
TOTAL	158	271	113	72%

Supply Quality



Case Finalisation

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Statistics

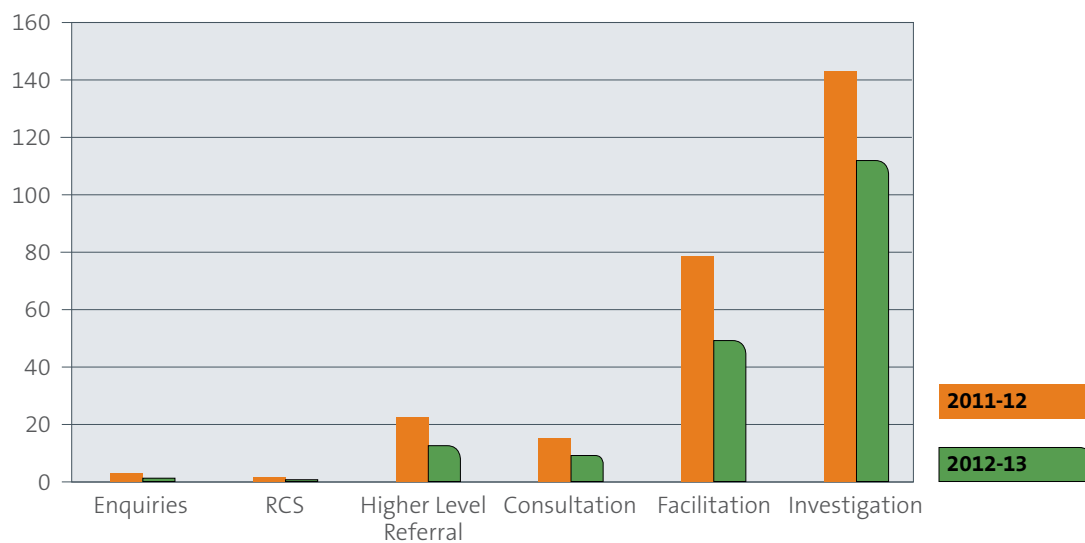
Finalisation of Cases Within Specified Timeframe

Compared to last year, the percentage of cases resolved “within one day” and “within 30 days” increased by 11% with a more moderate improvement for other timeframes. These results highlighted the significant process and efficiency improvements achieved by the Scheme during 2012-13.

Cases Finalised	2011-12	2012-13	Difference
Within one day	32%	43%	11%
Within 30 days	81%	92%	11%
Within 60 days	95%	99%	4%
Within 90 days	98%	99%	1%
Over 90 days	2%	1%	-1%

Average Time (Days) to Finalise a Case

It is pleasing to report that the average number of days to resolve cases at all case levels in 2012-13 was significantly lower than in the previous year. These results confirm achievement made by the Scheme following the implementation of process improvements recommended by LimeBridge.

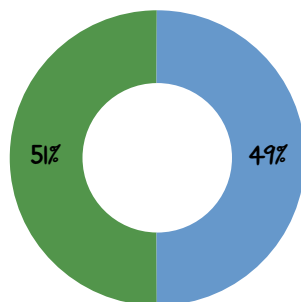




Contact Statistics 2012-13

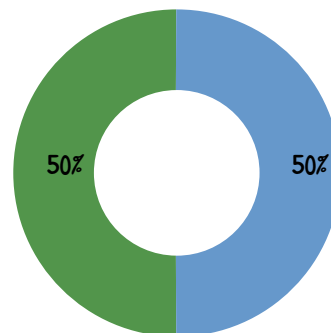
Around 835,000 electricity customers, 425,000 gas customers and 733,000 water customers potentially fall within jurisdiction of the Scheme.

Gender
2011-12

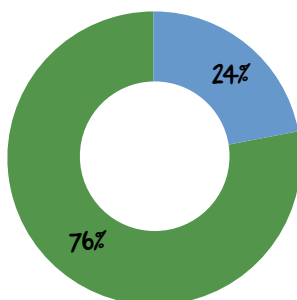


Female Male

2012-13

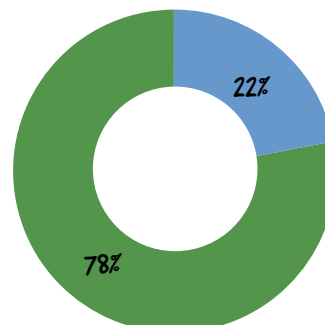


Where Cases come from
2011-12



Metro Rural

2012-13

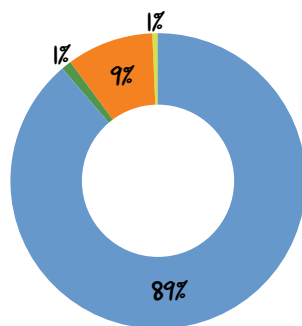


Contact Statistics

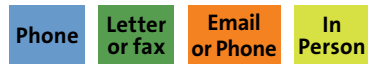
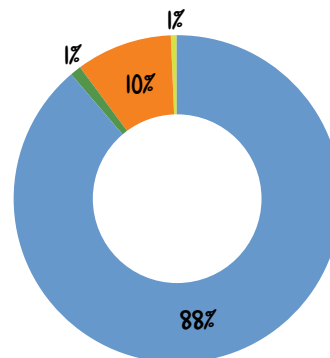
36

Statistics

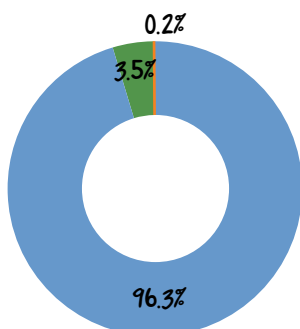
Method of Contact
2011-12



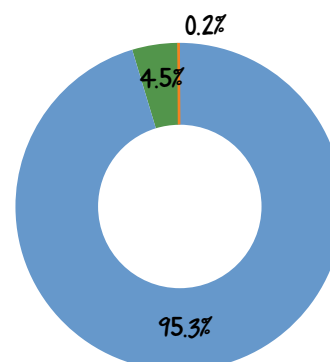
2012-13



Source of Contacts
2011-12

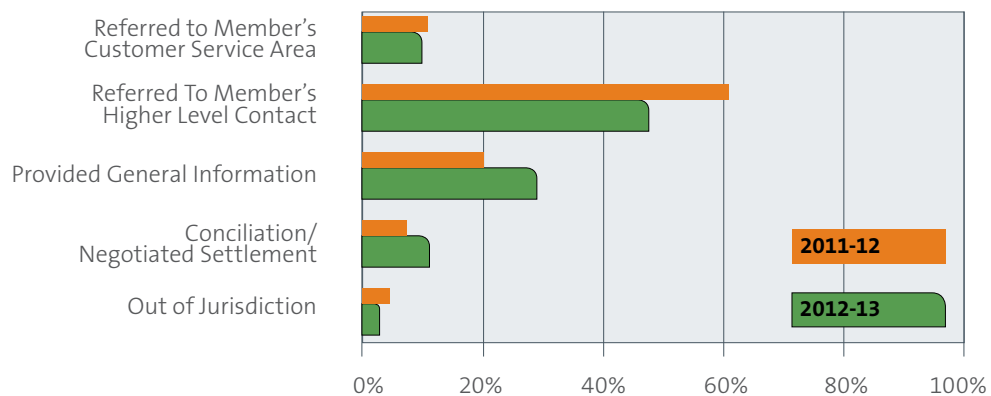


2012-13

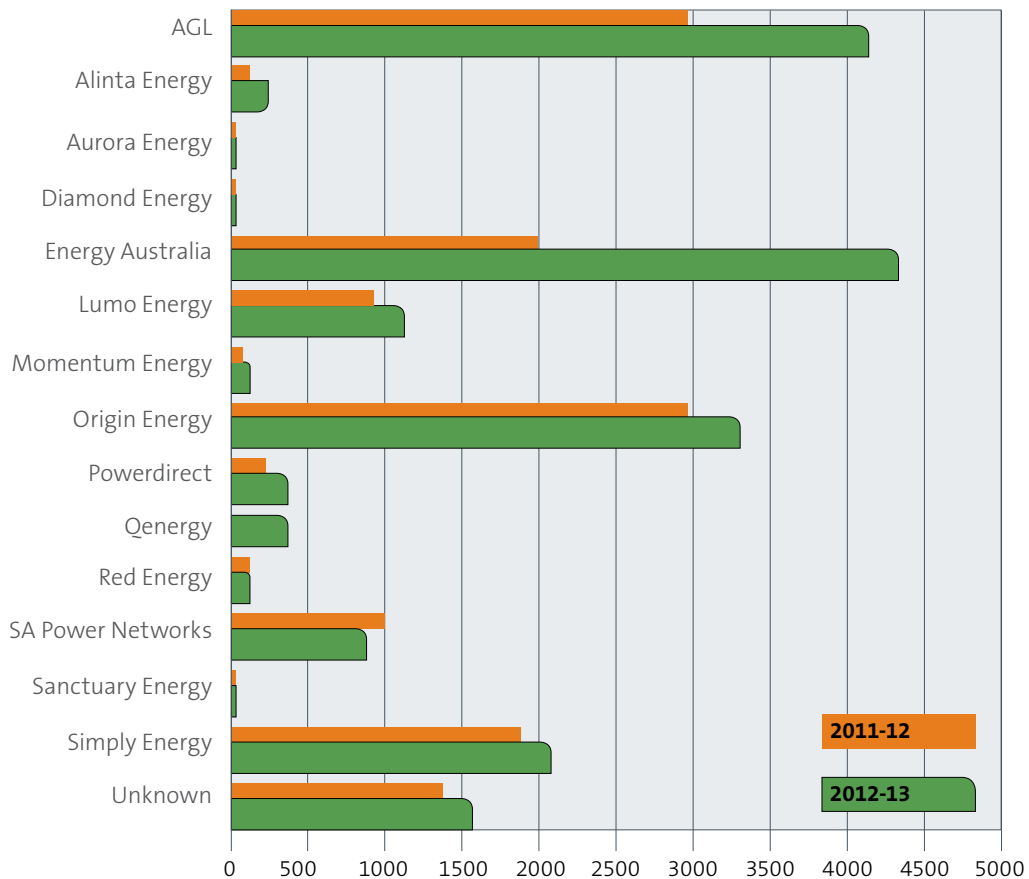


Contact Statistics

How the Scheme Dealt with Cases



Electricity (& Dual Fuel) Cases Received By Provider

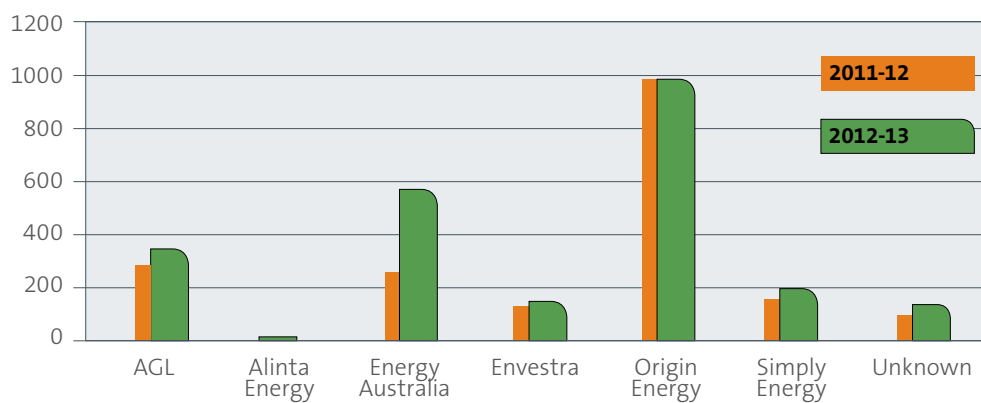


Contact Statistics

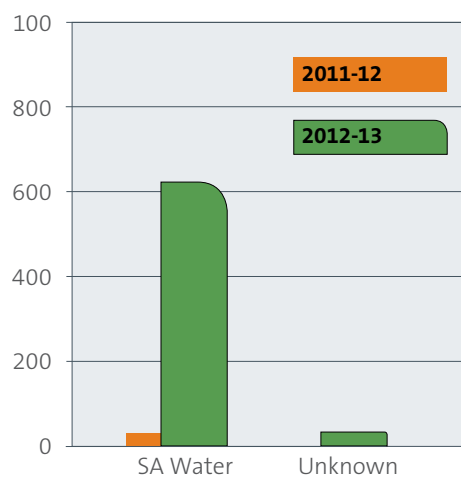
38

Statistics

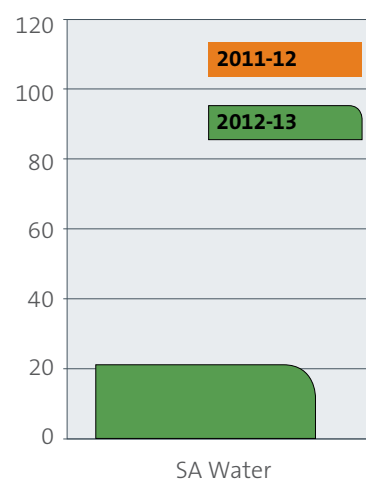
Gas Cases Received By Provider



Sewerage & Water Cases Received By Provider



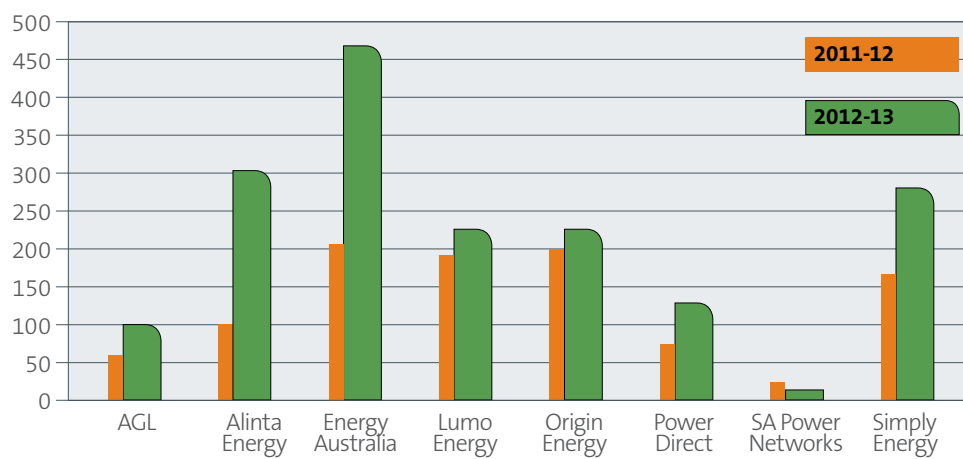
Sewerage & Water Received Per 10,000 Customers



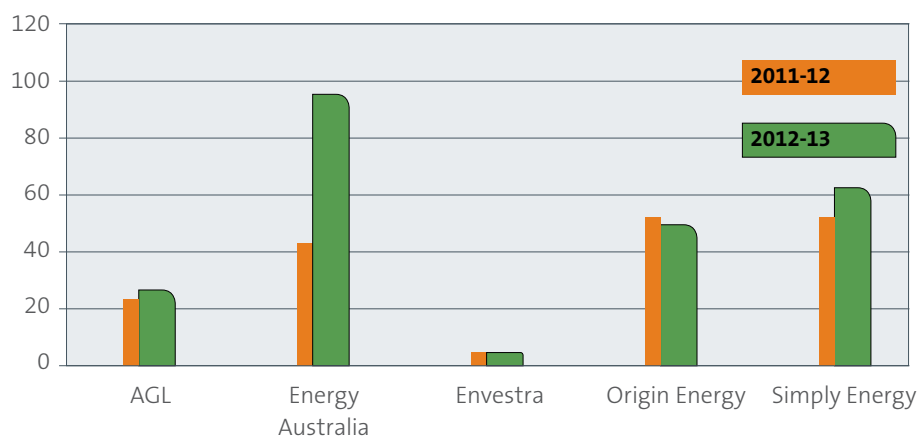
NOTE: SA Water joined the Scheme in mid 2011-12.

Contact Statistics

Electricity & Dual Fuel Cases Received Per 10,000 customers



Gas Cases Received Per 10,000 Customers



Members with fewer than 100 contacts (Aurora Energy, Diamond Energy, Electranet SA, ERM Power, Momentum Energy, QEnergy, Red Energy, Sanctuary Energy) have been omitted from the per 10,000 customer tables.

FINANCIAL STATEMENT

STATEMENT OF INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Revenue from ordinary activities	3,925,096	3,041,252
Expenses from ordinary activities	2,633,210	2,006,117
Profit for the year	1,291,886	1,035,135
Total comprehensive income	1,291,886	1,035,135

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

CURRENT ASSETS

Cash and cash equivalents	2,032,528	1,489,968
Trade and other receivables	369,735	576,298
Other	379,002	160,202

TOTAL CURRENT ASSETS	2,781,265	2,226,468
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NON CURRENT ASSETS

Property, plant and equipment	851,691	450,547
Rent Bond receivable	17,100	17,100

TOTAL NON CURRENT ASSETS	868,791	467,647
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TOTAL ASSETS	3,650,056	2,694,115
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CURRENT LIABILITIES

Trade and other payables	157,993	208,951
Provisions	122,114	70,998
Other	78,074	394,177
Office fitout incentive	45,000	65,000

TOTAL CURRENT LIABILITIES	403,181	739,126
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TOTAL LIABILITIES	403,181	739,126
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NET ASSETS	3,246,875	1,954,989
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EQUITY

Accumulated surplus	3,246,875	1,954,989
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TOTAL EQUITY	3,246,875	1,954,989
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Payments received from members (inclusive of GST)	3,854,158	3,036,480
Interest received	38,307	31,472
Payments to suppliers and employees (inclusive of GST)	(2,687,718)	(2,109,474)
Interest paid	-	-
Net cash flows from operating activities	1,204,747	958,478

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(662,187)	(63,388)
Net cash flows from investing activities	(662,187)	(63,388)
Net increase in cash held	542,560	895,090
Cash at beginning of year	1,489,968	594,878

CASH AT END OF YEAR	2,032,528	1,489,968
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Over the year we engaged with more regional communities than ever before, to provide information about who we are, to explain how people can access our services and to discuss case studies.



Mt Gambier Town Hall.

To facilitate the prompt resolution of complaints and disputes between consumers of energy and water services and members of the Scheme by providing a free, independent, accessible, fair and informal service to consumers.



**energy & water
OMBUDSMAN S A**