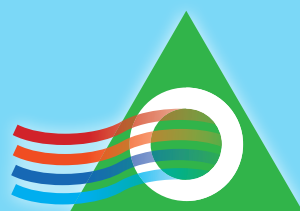




PERSPECTIVE



2014 ANNUAL REPORT



energy & water
OMBUDSMAN SA

ABOUT THE ENERGY AND WATER OMBUDSMAN'S OFFICE

WHO WE ARE

Background

Independent energy and water ombudsman offices across Australia deal with various issues between the industry 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.

We 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.

The Energy and Water Ombudsman's Office was established under an industry funded scheme that is further described below.

Role

The role of the Energy and Water Ombudsman SA is to investigate and facilitate the resolution of disputes between our Members and their customers.

Principles

The principles that guide the activities of the Ombudsman's Office 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, including 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 Scheme

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

The Scheme has grown to include the gas industry in 2003, and the water and sewerage industry in 2012.

A significant change came in from 1 February 2013 when the National Energy Customer Framework required energy entities to be Members of the Ombudsman Scheme as a direct obligation, rather than a licence condition.

Industry

Our Members are the electricity and gas distribution, transmission and retail entities and water and sewerage service providers (refer to full details of our Members under Our Organisation on page 35).

WHAT WE DO

Consumers can contact us about a range of matters including:

- connection, supply and sale of energy or water 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
- any other matters referred by a Member by agreement with the Ombudsman and the person/s affected.

Customer issues are normally resolved by referral to a higher level at the supplier entity or by negotiation. The remaining cases are resolved by the Scheme undertaking an independent investigation into the matter. Ultimately, the Ombudsman may resolve a complaint by making a determination that is binding on the Member, and may include:

- 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 pays 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 across all areas. We do not cover:

- 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 Members.

How we work

Our approach to dispute resolution is collegiate, not adversarial. That is, we put a lot of emphasis on working with our Members to help them solve problems. We want to find pathways that not only deal with a single problem, but also minimise future complaints and help Members build more responsive, 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.

As a result:

- 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 again if they are unable 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 consumers who have difficulties communicating with us.

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At a Glance provides an overview of performance and results with regard to the cases received in the Ombudsman's office, and how they were dealt with in 2013-14. Further detail is contained in the body of the Report.

CASES RECEIVED

18,369

TOTAL CASES RECEIVED

14%

FROM PREVIOUS YEAR

Enquiries	6,181	6% ▼
Refer To Customer Service	1,001	39% ▼
Higher Level Referral	8,728	10% ▼
Consultation	721	25% ▲
Facilitation	1,597	26% ▼
Investigation	141	79% ▼

TOP THREE COMPLAINT ISSUES

7,190

BILLING

18%

1,901

SALES & MARKETING

26%

1,815

CREDIT MANAGEMENT

51%

FROM PREVIOUS YEAR

CASES BY REGION

27%

RURAL

5%

73%

METRO

5%

FROM PREVIOUS YEAR

ONLINE CASES

16%

ONLINE

6%

CASES RESOLVED

18,828

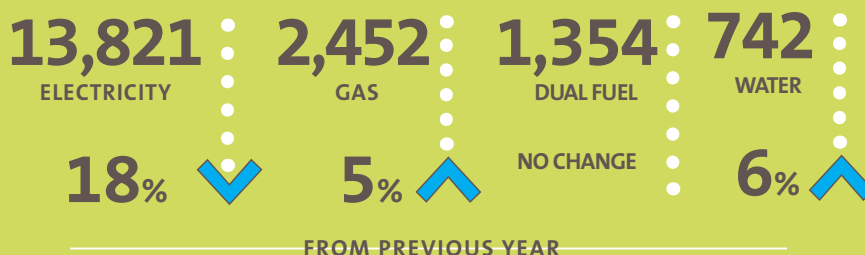
TOTAL CASES RESOLVED

10%

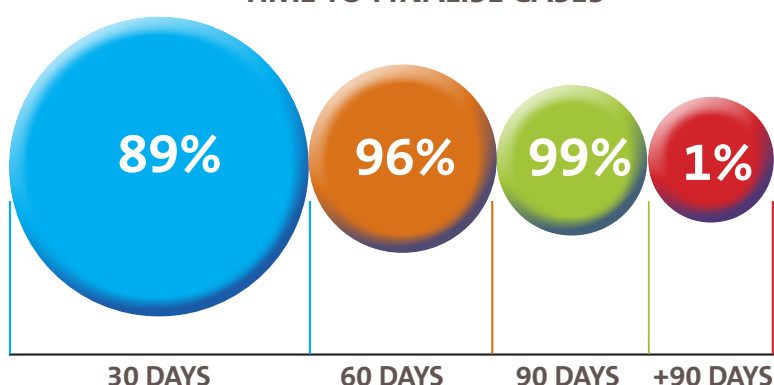
FROM PREVIOUS YEAR

Enquiries	6,185	6% ▼
Refer To Customer Service	1,001	39% ▼
Higher Level Referral	8,991	5% ▼
Consultation	722	28% ▲
Facilitation	1,814	9% ▼
Investigation	115	85% ▼

CASES BY INDUSTRY



TIME TO FINALISE CASES



OMBUDSMAN SERVICE SURVEY

93%
CONSUMERS SATISFIED-
VERY SATISFIED
WITH OMBUDSMAN'S SERVICE

94%
CONSUMERS LIKELY TO RECOMMEND
THE OMBUDSMAN'S SERVICE

Description of case levels

Enquiry

An enquiry is a request for assistance that can be dealt with quickly by providing advice or information.

Refer to Customer Service (RCS)

A Refer to Customer Service (RCS) case is a complaint (i.e. expression of dissatisfaction) about an energy or water supplier that has not been raised with the Member in the first instance.

We usually require the customer to go back to their supplier and see if their customer service areas can resolve the complaint.

Refer to Higher Level (RHL)

If a complaint has been raised with an energy or water supplier's customer services area, and a resolution has not been achieved, we will refer the matter to the supplier's higher-level contact staff on behalf of the customer.

Consultation

Consultation, usually a faster and more direct process, occurs where 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.

Determination

After the completion of an investigation, and in the absence of a conciliated settlement of a complaint, the Ombudsman can resolve a complaint by making a determination on the matter.



Peter Bicknell



Wendy Eyre



Patrick Makinson



Kaylene Matthias



Damien Regan



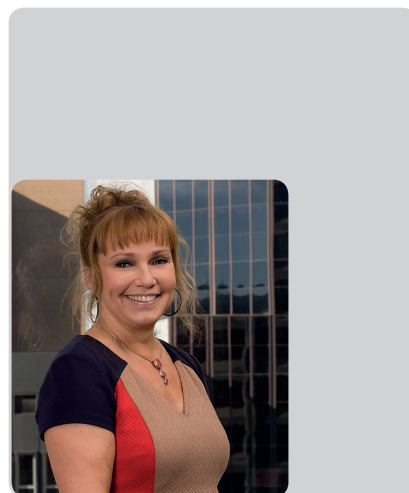
Kim Thomas



Rodney Williams



Kerry Rowlands



Pia Bentick, Company Secretary



Bill Cossey AM
Chairman

On behalf of the Board I am pleased to provide this introduction to the 2013-14 Annual Report of the Energy and Water Industry Ombudsman.

During the year the Board met eight times and discharged its governance obligations with enthusiasm and goodwill. In addition, the Board met with Members in June to approve the budget for 2014-15 and in November at the Annual General Meeting as prescribed by the Company's Constitution.

There was one change to Board membership during the year. Industry Director, Sue Filby, who has been appointed to the SA Water Board, retired as a Director of the Company because of the potential for conflicts of interest between the two Board roles. Sue was replaced by Patrick Makinson of SA Power Networks. Sue had been a Director for many years and her contribution had been of the highest order, both in Board meetings and as Chair of the Budget Committee. On behalf of the Board I thank Sue for her diligent, enthusiastic and highly professional contribution to the work of the Company and wish her every success in future.

I welcome Patrick and look forward to his involvement as a Director of the Company. In addition, as the terms of long standing Consumer Directors, Rod Williams and Peter Bicknell are coming to an end early in 2014-15, the Essential Services Commission of SA (ESCOSA) elected to call publicly for expressions of interest from people with the necessary skills and experience to occupy these positions. Neither Rod nor Peter elected to express interest in continuing, so there will be further changes in the 2014-15 financial year. As I will also be retiring early in 2015 I wish to acknowledge my appreciation of the outstanding contributions of both Rod and Peter. The Board's performance is in no small part due to their wisdom and strategic insights. As has been the case with Sue Filby, the Board has been magnificently served by both Rod and Peter and they will be very hard to replace.

During the year, the Board continued to devote considerable time at each Board meeting to discussing societal and industry trends which are likely to impact on

the short and long term workload of the Scheme. These discussions aim to alert management to possible trends so that there can be a level of preparedness for them and an avoidance of unhelpful knee-jerk reactions. The Board has been delighted with the acceptance by management of the value of these discussions.

Last year I reported on the development by the Board of a new Strategic Plan covering the period 2013-2015. This year saw significant effort being applied to implementation of the Plan. A major requirement of the Board – which is reflected in the new Strategic Plan – is the pursuit of strategies that will enable consumers to be equipped better to have their queries and complaints resolved with the Member concerned (and without needing to involve the Ombudsman). This approach has been pursued with enthusiasm by the Ombudsman with the development of an enhanced range of informative materials – including advanced website tools – to assist consumers. Work will continue on this project as new ways are discovered of disseminating useful information.

As mentioned in the last three years' reports, the Board is keen to improve the reporting available to it of enquiries and complaints with an emphasis on trend information and on the motivation of the users of the Ombudsman's Scheme. Last year the Ombudsman's Office implemented a new case management system with improved reporting capabilities and the Board has already begun using the information in those reports to assist it in its further analyses. The Board has also encouraged the Ombudsman to share relevant information with Members with the aim of increasing the capacity of Members to deal effectively with enquiries and resolve complaints before they reach the Ombudsman's Office.

The Ombudsman's Scheme stands as a last resort for customers dissatisfied with responses from Members to enquiries and complaints. By helping Members to understand 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 remained strong.

During the year, the Board continued to monitor enquiry and complaint levels, rates of resolution and feedback from users of the Scheme through 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. The Board is pleased that the survey results continue to show a high degree of satisfaction by both Members and consumers in the performance of the Scheme. Moreover, the Board has been heartened by the declining level of complaints since early in 2014.

As a result of requirements imposed by ESCOSA, there are now six water authorities which have become Members of the scheme. As reported in detail later in this report, enquiries and complaints in relation to water authorities are at a very low level compared with those relating to energy. This is consistent with experience in several other States where there has been a combined water and energy Ombudsman service in place for some time. The Board has been pleased with the early co-operation of water authorities and with the integration of water related matters into the operations of the Ombudsman's Office.

Throughout the year, the Board maintained a sound working relationship with ESCOSA and has 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 were disappointed to learn that Dr Kerin had decided to resign from ESCOSA early in 2014 and wish him well in his future endeavours.

We have now experienced the first full year of operation under the National Energy Customer Framework (NECF) which is a regime for the sale and supply of energy by retailers and distributors to retail customers in Australia. The NECF is administered by the Australian Energy Regulator (AER) and the Board is pleased with the developing relationship with the national regulator.

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. Fortunately, there have been very few apparent systemic issues raised in the last year but the Board continues to be pleased with the responsiveness of regulators in dealing with these matters when they arise.

As I will be retiring in March 2015 and therefore this will be my final annual report as Chairman, I place on record my sincere thanks to fellow Board members for their continued support and enthusiastic contribution to the work of the Board. 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. It has been an absolute pleasure to Chair this Board for the past five and a half years and I trust that my successor, whoever he or she may be, will experience as much pleasure and professional satisfaction as I have.

Finally, I thank the Ombudsman, Sandy Canale and the staff of the Ombudsman's Office for their outstanding work in the resolution of customer enquiries and complaints in the face of managing a difficult workload. The Board has continually challenged the Ombudsman to implement procedural improvements to ensure a high level of efficiency and the Ombudsman and his staff have responded brilliantly. The continued, highly positive results from the users of the Scheme – as seen in the regular surveys conducted – are a credit to the dedication and service orientation of the Ombudsman and all staff.

Bill Cossey AM, Chairman



Sandy Canale
Ombudsman

I am delighted to present the following report, which highlights the significant events that defined the organisation's performance, activities, outcomes and learnings during the 2013-14 financial year.

I would first like to update everyone on the membership of the Scheme and welcome new Members from the water industry. This sector has integrated well into the Scheme and is showing the capacity to deliver fair and timely responses for customers.

The headline message for us this year is one of encouragement. After the difficulties of the previous years where IT changes to some retailers' billing systems caused various problems impacting their customers, we now see improvements, particularly in terms of complaint levels and Member actions.

There has been a downward trend in complaint numbers, with all suppliers showing stable or improving indicators. While there are still issues to be addressed, we are seeing increasing industry willingness to work on the most difficult systemic issues. Also, we acknowledge that the goodwill from Members is providing clearer pathways for consultation and greater evidence of support in our efforts to conciliate better outcomes for customers.

Complaint handling times are improving, which is encouraging. On 1 July 2013, we deployed a new Complaint Management System (CMS) that has significantly improved the way we understand complaint trends and customer issues. We are also working with our Members to provide them with the relevant information to help improve their own complaint management processes.

A number of our Members have recently implemented new complaint management systems themselves, which again helps us to navigate the inherent complexity of the industry in a way that delivers more concise and transparent information to customers.

Our research shows that our customers are learning more about our role and our approach to solving problems. Heightened activity in our media and outreach activities has increased our visibility to customers, but the research shows that

even in the complex landscape of modern life, the old truisms still play out. Word of mouth is the greatest driver of public awareness about the Ombudsman's work. If we are there when they need us, people recognise the value of our help and talk to other people about us.

So, a lot of our public communication this past year has been about access: improving the range, quality and reach of published information; ramping up our successful community outreach program; ensuring consistency and accuracy in our interactions with people, whether web-based, on the phone or in more formal written material. Again, our research showed people want us to communicate in their language about what is relevant to them. We have followed this through in the new range of printed material, and in our efforts to work with migrant and disadvantaged communities.

I would also like to thank our staff for their response to the challenges of the past year, for their professionalism and positivity in working with our customers and for supporting the rapid change program we have instituted. In addition to the implementation of the new CMS, this year has seen the deployment of a new telephone system, a staff development program and a website strategy.

Our cultural change efforts are starting to show measurable results in the quality and consistency of interactions with the public.

It is important to me that our organisation is heavily oriented towards people and service: behaviour based on core values of professional, consistent, cohesive and proactive service.

Collaboration is another core value that guides us. That is, using the independent stature of the Ombudsman's office to find ways of working effectively with both customers and Members to minimise complaints and the time taken to resolve them.

The next part of this report looks at the main strategic issues we have experienced over the past year. In closing, I want to emphasise that our role is about bringing parties together and providing the environment in which complaints can be heard and solutions found. The strategy of ramping up engagement with both the community and our Members is having a positive impact on key reporting measures. The indices are encouraging, but some critically important issues still remain and they are high on next year's agenda.

I would like to express my appreciation for the continued support and guidance that the Board has provided to me and to the Scheme. As noted in the Chairman's report there have been some changes in the Board composition and more changes will occur in the coming months. The Board's support in positioning the Scheme to meet the challenges required – as the utilities space continues to evolve – has placed the Scheme in a strong position for the future. In particular, I express my thanks to the Chairman, Mr Bill Cossey AM, for the wise counsel he provides me.

Sandy Canale, Ombudsman

Industry participation

Over the past two years we have experienced significant jurisdictional changes. The water industry is a part of the Scheme and we now have 33 Members. It has been encouraging to see new Members' enthusiasm when working with us to establish complaint-handling processes. This has meant an increase in our industry engagement activities, with a need to bring new Members up to speed on our vision and approach to solving problems.

Sales and Marketing activity

It is pleasing to note a decline in the number of complaints alleging deceptive and misleading conduct by energy marketers. The action of the Australian Competition and Consumer Commission in this area, together with the industry self-regulation program promoted through the Energy Assured Initiative, appear to have assisted in the improvements. The Initiative established a Code of Practice and Agency Registry to increase service standards in the door to door sale of retail energy products, and those retailers who choose to be Members are demonstrating their commitment to improving the standards of face to face marketing.

Still of concern is the number of complaints from consumers unsure about their energy plan, price variations under their contracts, or the benefits available through discounts.

The number of 'transfers in error' (where a customer has been transferred to another supplier without their consent) cases remains high and the impact of this can cause significant inconvenience to the customers affected. Generally, such cases indicate administrative shortcomings. Greater care is needed by all parties to improve the process.

Community outreach

Research and feedback from customers show that while general community awareness of the role of the Scheme is increasing, there are still many who become aware of our work only when they are already in arrears with their energy or water bills. As a result, our Outreach Program focuses on building links with intermediaries – community-based organisations who work with those in society who are experiencing hardship. This allows us to reach more people and to target their needs more accurately.

During 2013, we participated in 14 forums and presentations to community groups. Of particular impact were regional outreach presentations in the Mid-north, Riverland and Eyre Peninsula. Our Charter emphasises the need to provide equal access to all sectors of the community. With this in mind we have broadened our regional work with location visits, radio presentations and customer information tailored to the needs of regional audiences.

Another very effective part of community outreach was our participation between February and June in Utilities Literacy Programs. These have given us an opportunity to be more proactive in educating the broader community.

Hardship

The number of cases involving actual and imminent disconnections is growing and it is a key strategy to work with suppliers and customers to minimise both the number and impact of these cases. In the current economic environment, managing hardship is a critical issue for all stakeholders. This is an emerging problem the Scheme and the Members will face, as we need to cater for expanded parameters when thinking about people in hardship, especially in respect of working poor in a semi-permanent state of hardship.

We note that retailers' hardship programs are continuing to develop and are becoming more effective, however, there are still many situations where people are experiencing very tough impacts as a result of disconnections.

Complaint handling

This year we have implemented a range of internal process improvements to facilitate customer enquiries and complaint handling. These include a new telephone system that makes for simpler, more flexible customer access and better reporting efficiency, so we can monitor our performance and put our resources where they best serve customers.

Also, as previously mentioned we have instituted a new Complaint Management System, which allows us to monitor case volumes and trending issues. This greater depth of information can now be shared with Members so that they can be aware of, and respond to, their customers' hot button issues.

We are currently in the final phases of reinvigorating our website, with a view to providing more trends and relevant information to customers in an easy-to-use format.

In addition, we have developed targeted training programs for staff, an organisation-wide quality system and more directed induction and career management processes in the past year.

Complaint reduction pilot project

One of our key objectives is to achieve an improvement in industry complaint resolution. This means assisting Members to resolve complaints without the intervention of the Ombudsman's office in the first place, and, if we do become involved, speed up response times.

This makes sense to both customers and Members as it avoids waste and reduces frustration while improving the customer experience when there is a problem.

In the past year we have been piloting a project that has enabled Members to take advantage of the enhanced complaints data described in the previous section.

Currently five Members are involved in the pilot. The aim is to use our own systems, data and feedback processes to provide reports to industry highlighting improvement potential for Member complaint handling processes. While Members ordinarily collect data and act on various complaint measures, the pilot has shown that additional strategic information can support and validate their own internal reporting as well as raise solution pathways that can reduce complaints and avoid escalations.

The project has assisted Members' understanding of what drives some particular complaint types and, as a result, can be used to influence and modify their business practices.

The pilot will be reviewed formally after it concludes in 2014-15, but initial feedback from Members shows the program is successful and would benefit all Members if rolled out industry-wide.

Next 12 months

Our focus for the next twelve months will be to continue to improve our information provision to consumers through improved communications channels; to integrate our telephone and information technology systems; to redesign our website and to provide enhanced training and development tools for our staff.

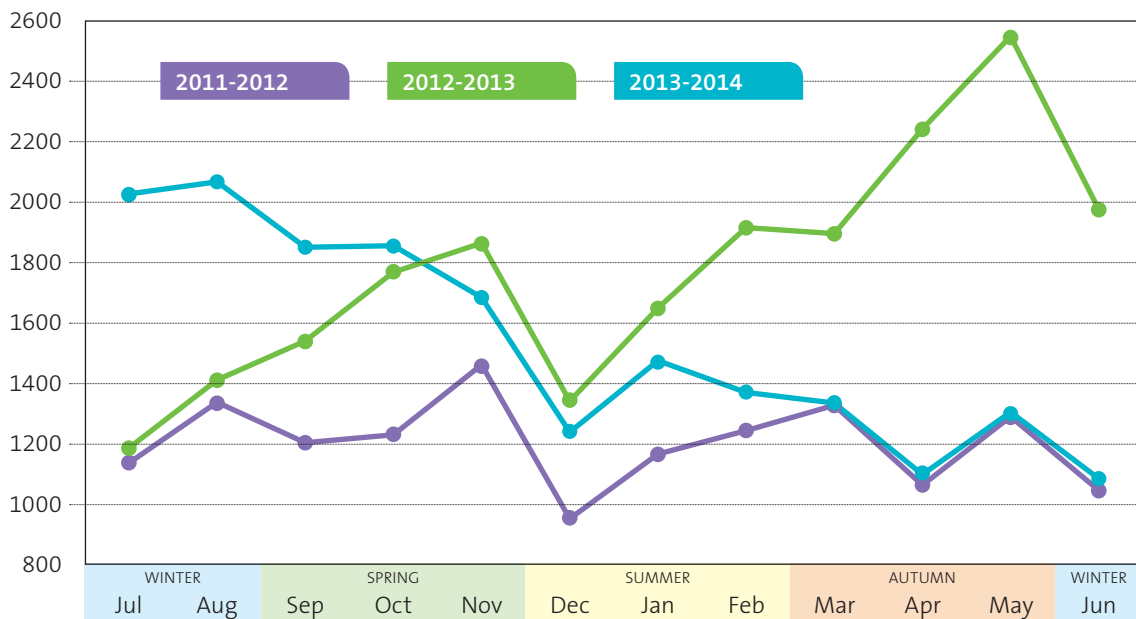
The total number of cases received in 2013-14 was 18,369, 14% less than the previous year.

Cases Received Trends

Figure 1 shows the number of cases received over the last three years. It highlights that the 2013-14 year began with a high level of cases per month (2,000 in July), in comparison to the previous two years, but trended down relatively quickly by December (1,200 cases) and stabilised at approximately 1,200 cases for the remainder of the year. The overall result of the downward trend was a total reduction of 14% of cases received in 2013-14 compared to 2012-13.

The reduction in the cases received in 2013-14 was primarily due to a large retailer, EnergyAustralia, managing to address most of its billing system issues by the middle of the year. EnergyAustralia experienced a significant increase in the number of customer complaints as a result of problems caused by its billing system change in the previous year.

Fig 1 - Cases Received Trends - Yearly Comparison



Cases Received Levels

We received 18,369 cases in 2013-14 compared to 21,319 in 2012-13 (down 14%). The levels of these cases are summarised in Figure 2. It is noted that except for Consultation (which showed an increase of 25% compared to the previous year), all other case levels recorded a reduction.

Facilitation and Investigation levels recorded 9% (1,597 cases) and 1% (141 cases) of the total respectively. The main reason for the large difference between the two levels was our introduction of the three sub-levels within the Facilitation category to encourage Members to resolve as many of their cases as possible at a lower level of our Complaint Management Process.

Fig 2 – Cases Received Levels

Case Level (Received)	2012-2013	% of Total	2013-2014	% of Total	% Difference
Enquiries (inc. OOJ)**	6,570	31%	6,181	34%	-6%
RCS	1,634	8%	1,001	5%	-39%
Higher Level Referral	9,721	45%	8,728	47%	-10%
Consultation	578	3%	721	4%	+25%
Facilitation	2,144	10%	1,597	9%	-26%
Investigation*	672	3%	141	1%	-79%
TOTAL	21,319	100%	18,369	100%	-14%

* The reduction in Investigation Case volume in 2013-14 was due to the introduction of the three sub-levels within Facilitation category.

** Out of jurisdiction (i.e. issues that fall outside the Ombudsman's area of responsibility).

Issues Received

Figure 3 provides details of the issues received and compares them with the previous year.

Fig 3 – Issues (Received)

Issues (Received)	2012-2013	% of Total	2013-2014	% of Total	% Difference
Billing	8,762	41%	7,190	39%	-18%
Sales and Marketing	2,560	12%	1,901	10%	-26%
Credit Management	1,200	6%	1,815	10%	+51%
Customer Service	1,067	5%	920	5%	-14%
General Enquiry (inc. Other)	6,854	32%	5,776	31%	-16%
Land	65	0%	100	1%	+54%
Provision	620	3%	562	3%	-9%
Supply Quality	191	1%	105	1%	-45%
TOTAL	21,319	100%	18,369	100%	-14%

Except for General Enquiry, most of which were not complaints, the three top complaint issues were Billing (39%), Sales and Marketing (10%) and Credit Management (10%).

When comparing the number of these issues with the previous year, Billing and Sales and Marketing decreased by 18% and 26% respectively, while Credit Management increased by 51%. The reduction in Billing coupled with the increase in Credit Management was not a surprising outcome.

This is because once retailers were able to fix their billing system issues and produce customer bills at regular intervals, they could commence their Credit Management follow-ups on overdue payments as per their business as usual practice.

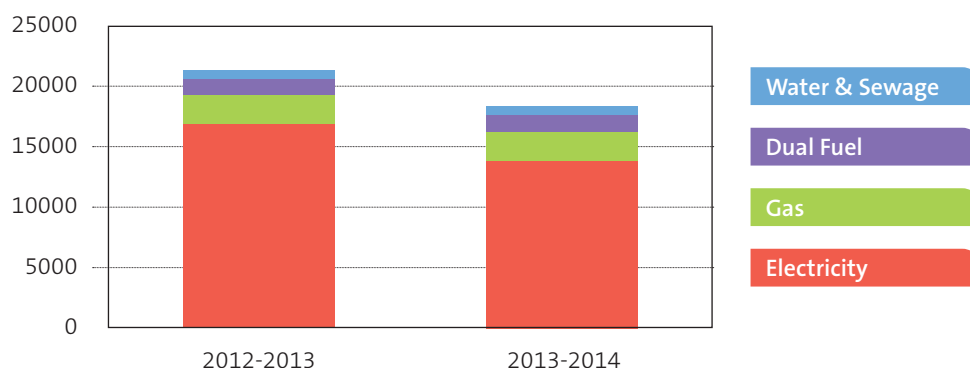
Cases Received by Industry

In 2013-14, Electricity issues comprised 75% of the cases handled, with the remainder being Gas 13%, Dual Fuel 7% and Sewerage and Water 4%. Dual Fuel is the name given to a case that relates to both electricity and gas. Figures 4 and 5 illustrate activities by industry for the reporting period and for the prior year.

Figure 4 – Cases Received by Industry

Industry (Received)	2012-2013	% of Total	2013-2014	% of Total	% Difference
Electricity	16,921	79%	13,821	76%	-18%
Gas	2,337	11%	2,452	13%	+5%
Dual Fuel	1,358	7%	1,354	7%	0%
Sewage & Water	703	3%	742	4%	+6%
TOTAL	21,319	100%	18,369	100%	-14%

Figure 5 - Cases Received by Industry



The Difference between Enquiries and Complaints

All contacts with us are registered as cases. Each case is recorded 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 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 or explain details shown on a bill to customers.

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

Snapshot: We handled 6,181 enquiries in 2013-14, representing 34% of the total number of cases received (6% less than the previous year), leaving the balance of 66% as complaints.

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 supplier directly.

Snapshot: We received 1,001 cases at the RCS level in 2013-14, representing 5% of the total (39% lower than the previous year).

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 complaint, 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.

Snapshot: We received 8,728 RHL cases in 2013-14, representing 47% of the total (10% less than the previous year).

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.

Snapshot: We received 721 Consultation cases in 2013-14, representing 4% of the total (25% higher than last year).

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.

Snapshot: We handled 1,597 Facilitation cases in 2013-14, representing 9% of the total (26% down from the previous year).

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, or 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 and water codes and regulations have been met.

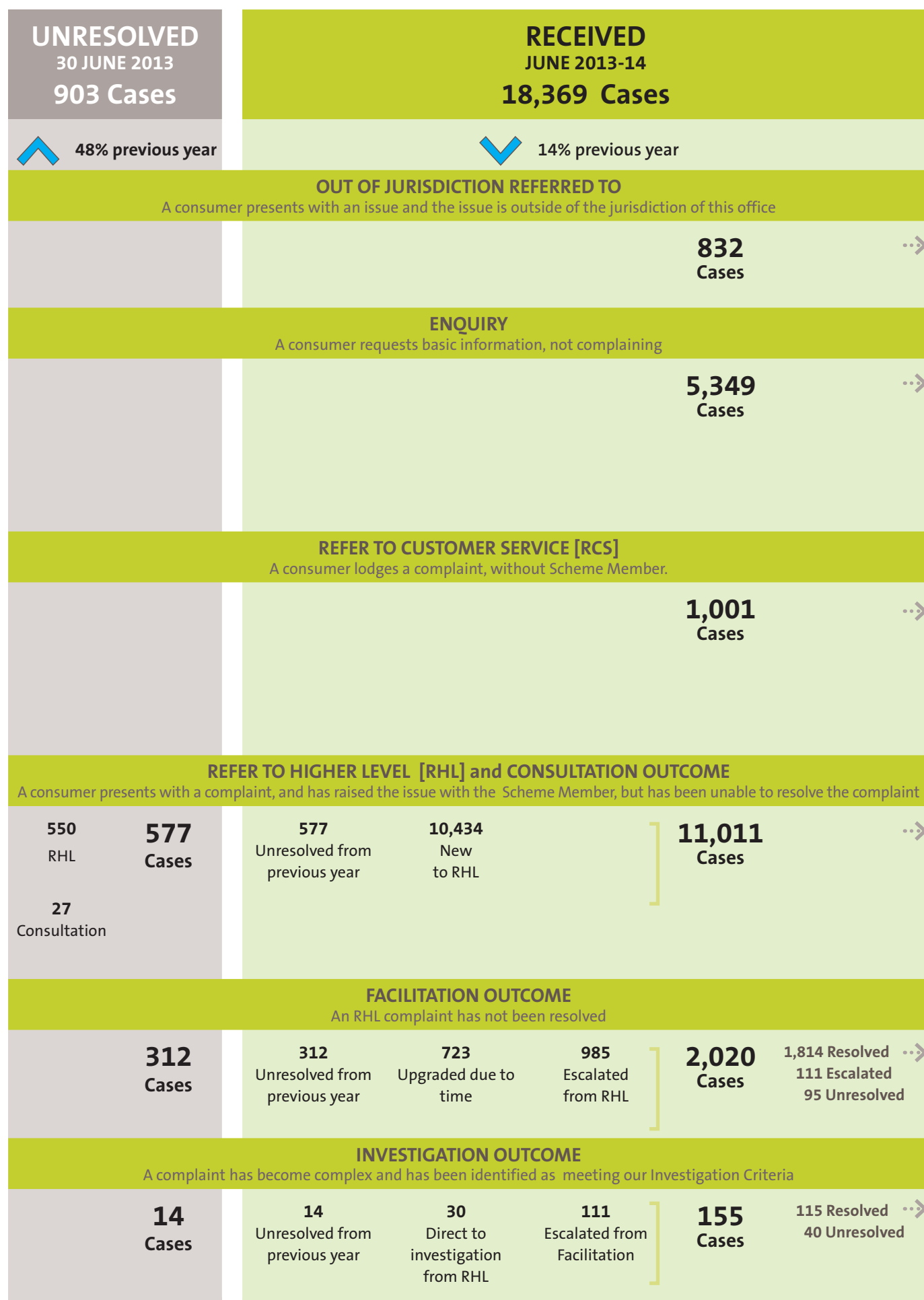
Our aim is to establish an objective and independent view of the issues and to negotiate fair and reasonable outcomes.

Snapshot: We handled 141 Investigations in 2013-14, representing 1% of the total. (79% lower than previous year due to a relatively high number of cases being able to be resolved at the Facilitation level).

Case handling Flowchart

To aid the understanding of how enquiry and complaint cases were handled in 2013-14, Figure 6 is a flowchart showing number of cases processed in each flow path. The flowchart should be read from left to right.

Fig 6 – Number of Cases Processed Flowchart



RESOLVED

JUNE 2013-14

18,824 Cases

10% previous year

UNRESOLVED

30 JUNE 2014

448 Cases

50% previous year

OUT OF JURISDICTION REFERRED TO OTHER AGENCIES**832
Cases**363
Consumer and
Business Services57
Other
Ombudsman234
Other
Organisations178
General
Information**ENQUIRY****5,349
Cases**443
General
Information +
referred to
Energy/Water
Companies
Contact Centres3,854
General
Information1,052
Explain previous
case resolution**REFER TO CUSTOMER SERVICE [RCS]****1,001
Cases**1,001
General
Information +
referred to
Energy/Water
Companies
Contact Centres**REFER TO HIGHER LEVEL [RHL] and CONSULTATION OUTCOME****9,713
Cases**9,713
Resolved by
Energy/Water
Companies
with Customer**313
Cases**287
RHL26
Consultation**FACILITATION OUTCOME****1,814
Cases**1,251
In Complainants
Favour243
Not in
Complainants
Favour320
Partly in
Complainants
Favour**95
Cases****INVESTIGATION OUTCOME****115
Cases**82
In Complainants
Favour15
Not in
Complainants
Favour18
Partly in
Complainants
Favour**40
Cases**

Cases Finalised Levels

Figure 7 shows levels of cases finalised.

Fig 7 – Cases Finalised Levels

Case Level (Finalised)	2012-2013	% of Total	2013-2014	% of Total	% Difference
Enquiries (inc. OOJ)*	6,564	31%	6,185	33%	-6%
RCS	1,635	8%	1,001	5%	-39%
Higher Level Referral	9,509	45%	8,991	48%	-5%
Consultation	563	3%	722	4%	+28%
Facilitation	1,998	9%	1,814	9%	-9%
Investigation	760	4%	115	1%	-85%
TOTAL	21,029	100%	18,828	100%	-10%

* The reduction in Investigation Case volume in 2013-14 was due to the introduction of the three sub-levels within Facilitation category.

Issues Finalised

The types of issues finalised in 2013-14 compared with 2012-13 are outlined in Figure 8.

Fig 8 – Issues Finalised

Issues Finalised	2012-2013	% of Total	2013-2014	% of Total	% Difference
Billing	8,560	41%	7,542	40%	-12%
Sales and Marketing	2,506	12%	1,987	11%	-21%
Credit Management	1,162	6%	1,819	10%	+57%
Customer Service	1,065	5%	921	5%	-14%
General Enquiry (inc. Other)	6,856	33%	5,777	31%	-16%
Land	66	0%	103	1%	+56%
Provision	619	3%	572	3%	-8%
Supply Quality	195	1%	107	1%	-45%
TOTAL	21,029	100%	18,828	100%	-10%

Billing

In common with similar Ombudsman schemes, Billing issues continue to be the largest issue category. In 2013-14, we finalised 7,542 (40% of Total) Billing cases, a reduction of 12% compared to the previous year.

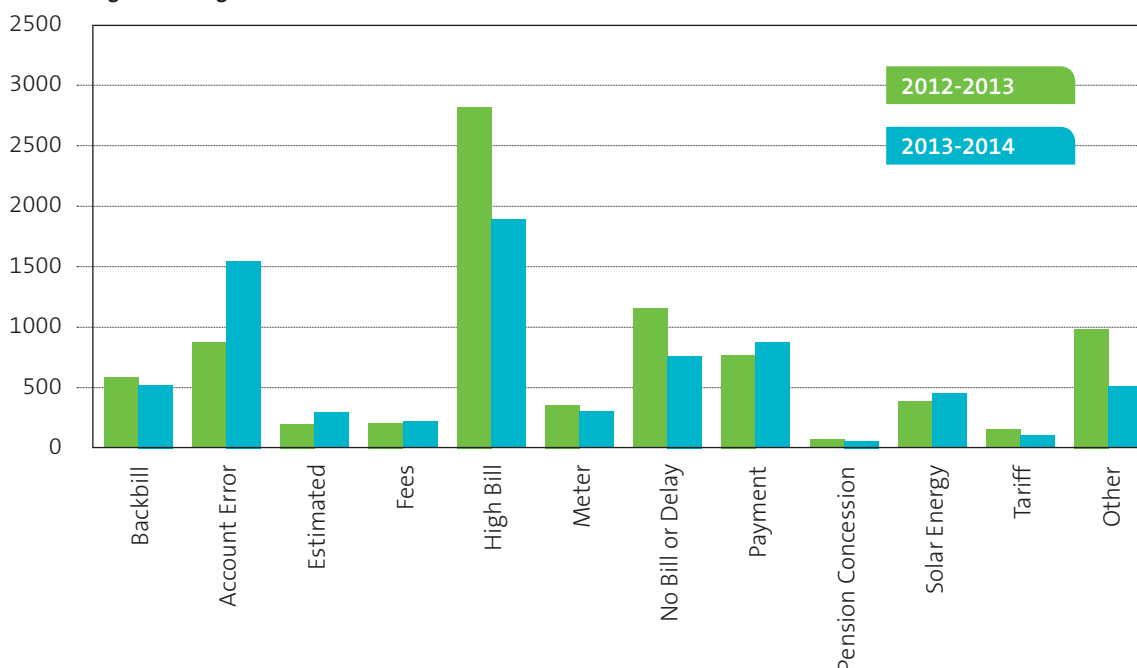
Figures 9 and 10 present the breakdown of Billing issues into various sub-issues and compare them with the previous year.

While High Bill has always been the top Billing sub-issue every year, it is worth noting that the second most significant sub-issue in 2013-14 was no longer No Bill or Delay in Billing, as in the previous year, but Account Error. This type of error is often associated with data entries rather than being related to the system itself. This, again, confirmed that the billing conversion system problems experienced by a major retailer had been properly addressed.

Fig 9 – Billing Issues (Resolved)

Billing Issues	2012-13	2013-14	Difference	% Difference
Backbill	583	524	-59	-10%
Account Error	874	1,546	672	+77%
Estimated	200	295	95	+48%
Fees	209	222	13	+6%
High Bill	2,819	1,891	-928	-33%
Meter	357	302	-55	-15%
No Bill or Delay	1,154	763	-391	-34%
Payment	769	874	105	+14%
Pension Concession	70	59	-11	-16%
Solar Energy	387	454	67	+17%
Tariff	154	103	-51	-33%
Other	984	509	-475	-48%
TOTAL	8,560	7,542	-1,018	-12%

Fig 10 – Billing Issues



Sales and Marketing

In 2013-14 we finalised 1,987 Sales and Marketing cases (11% of Total), which was the second most significant complaint category. Compared to the previous year, these cases reduced by 519 (21%).

Sub-issues recorded in this category are Contract, Market Conduct and Transfer as shown in Figures 11 and 12.

Except for the Transfer issue, which remained almost the same as the previous year, the numbers of cases associated with Contract and Market Conduct reduced significantly. The reduction in Market Conduct issues was mainly due to actions by the ACCC and Energy Assured on sales related matters.

HIGH BILL

Scenario:

Mrs R moved into a property and opened a gas account with a supplier in 2008. In February 2013, the gas meter at her property was replaced. Previously, Mrs R's gas use had been recorded as 2 - 4 units per day. However, the new meter recorded her gas usage as 18- 20 units per day.

Complaint:

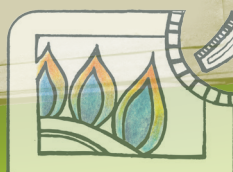
Mrs R had only two gas appliances connected, a gas cooker and a gas hot water service. Therefore, Mrs R thought the volume of gas recorded on the new meter was inaccurate and too high. Mrs R contacted her supplier and sought to have the gas meter tested for accuracy and her bills reviewed.

Outcome:

The gas meter at Mrs R's property was removed for testing on 11 March 2014 and found to be operating within allowable tolerances and without fault. We reviewed all the relevant bills issued by the supplier and confirmed that they contained the same volume of gas as recorded on the meter.

We concluded that Mrs R had been correctly billed for the total volume of gas delivered to her property as recorded on the meter. We did not find any evidence of overcharge by the supplier.

As a gesture of goodwill, the supplier did not charge the standard meter test fee of \$215.60.



REMOVAL OF SOLAR FiT (Feed-in Tariff) 6 YEARS AFTER APPROVAL

Scenario:

Mr R installed a solar system in late 2007 and then a solar meter in January 2008.

On 1 July 2008, the Government Solar Feed-in Scheme commenced and Mr R received (via his supplier's bills) the Feed-in Tariff (FiT) of 44 cents per kilowatt/hour (kWh) for exported electricity from the commencement of the scheme.

In late 2013 Mr R noticed that he had not received the Government FiT since July 2013.

Mr R contacted his supplier and was told that the distributor (who administers the scheme) had reassessed the site as ineligible to receive the 44 cent FiT and directed the supplier to remove it from Mr R's account effective 9 July 2013.

Complaint:

Mr R sought to have the 44 cent FiT reinstated from the date it was removed.

Outcome:

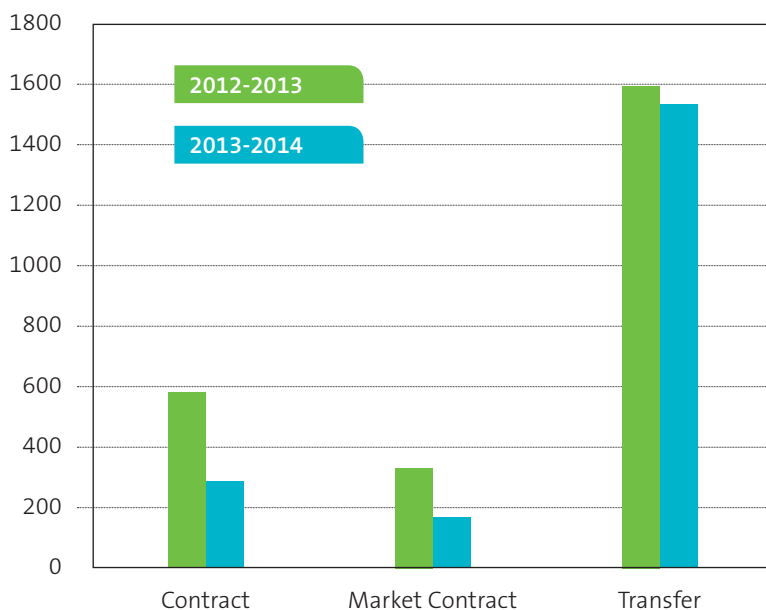
The distributor reviewed their position and reinstated the 44 cent FiT for Mr R's premises from the date it was removed (9 July 2013).



Fig 11 – Sales and Marketing Issues (Resolved)

Sales & Marketing Issues	2012-13	2013-14	Difference	% Difference
Contract	580	287	-293	-51%
Market Conduct	331	168	-163	-49%
Transfer	1,595	1,532	-63	-4%
TOTAL	2,506	1,987	-519	-21%

Fig 12 – Sales & Marketing Issues



Sales and Marketing – Transfer

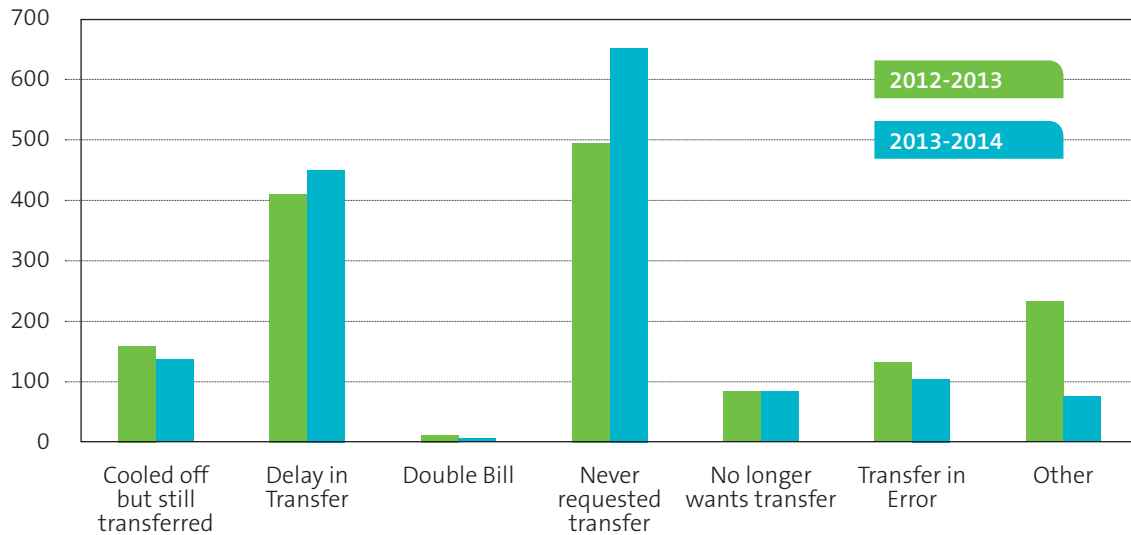
Complaints associated with the transfers of customers from one retailer to another have been a subject of interest in the energy retail market. This is because the volume and subjects of the complaints provide important measures indicating how well the market is performing. Figures 13 and 14 show the breakdown of sub-issues recorded under the Transfer category.

We noted that Never Requested a Transfer was the most significant issue in both 2013-14 and the previous year, and increased by 32% in 2013-14. Upon further analysis, we found that approximately 77% of these complaints were resolved at RHL or Consultation levels and 8% at Facilitation Level. We will monitor this complaint issue closely and hold discussions with relevant Members where necessary.

Fig 13 – Transfer Issues (Resolved)

Transfer Issues	2012-13	2013-14	Difference	% Difference
Cooled off but still transferred	159	137	-22	-14%
Delay in Transfer	411	450	39	+9%
Double Bill	12	3	-9	-75%
Never requested transfer	495	652	157	+32%
No longer wants transfer	84	84	0	0%
Transfer in Error	132	105	-27	-20%
Other	302	101	-157	-67%
TOTAL	1,595	1,532	-19	-1%

Fig 14 – Sales & Marketing – Transfer Issues



Credit Management

In 2013-14 we finalised 1,819 Credit Management cases (10% of Total), which was the third most significant complaint category. Compared to the previous year, these cases increased by 657 (57%). As previously explained under Billing, the upward trend in Credit Management was expected because No Bill or Delay in Billing was no longer a major complaint driver.

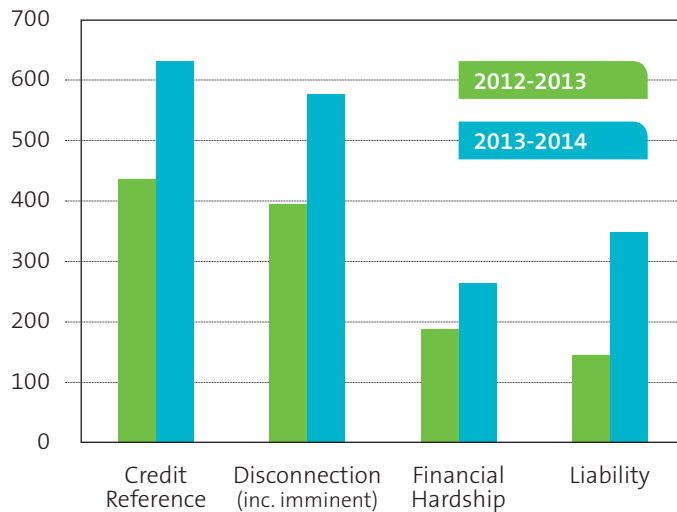
Sub-issues recorded in this category are Credit Reference, Disconnection (including Imminent), Financial Hardship and Liability. Figures 15 and 16 show the comparison of 2013-14 data with the previous year.

As seen in the figures, all sub-issues showed an increase in the range of 40 to 45% compared to the previous year, with the exception of Liability which had a significant increase of 142%. Liability refers to a case where consumers dispute the liability for an account that is subject to credit actions.

Fig 15 – Credit Management Issues

Credit Management Issues	2012-13	2013-14	Difference	% Difference
Credit Reference	435	631	196	45%
Disconnection (inc. imminent)	395	576	181	46%
Financial Hardship	188	264	76	40%
Liability	144	348	204	142%
TOTAL	1,162	1,819	657	57%

Fig 16 – Credit Management Issues (Resolved)



Credit Management – Disconnections (including Imminent)

The number of energy disconnection and imminent disconnection cases was 576, an increase of 46% compared to the previous year. It should be noted that while water supply is not disconnected for credit management matters, it may be restricted.

The main reason for the increase in Disconnection cases was associated with the resumption of the normal credit follow up actions by those retailers who had resolved their billing system conversion issues. In fact, the number of disconnections (including Imminent) (576) occurring in 2013-14 was lower than that recorded in 2011-12 (637).

Figures 17 to 20 compare the number of disconnection/restriction cases finalised in 2012-13 and 2013-14.

Fig 17 – Disconnection (Including Imminent) Yearly Comparison (Resolved)

YEAR	Gas	Elect & Dual	Water	TOTAL
2012-13	85	307	3	395
2013-14	147	422	7	576
Difference	62	115	4	181
% Difference	73%	37%	100%	46%

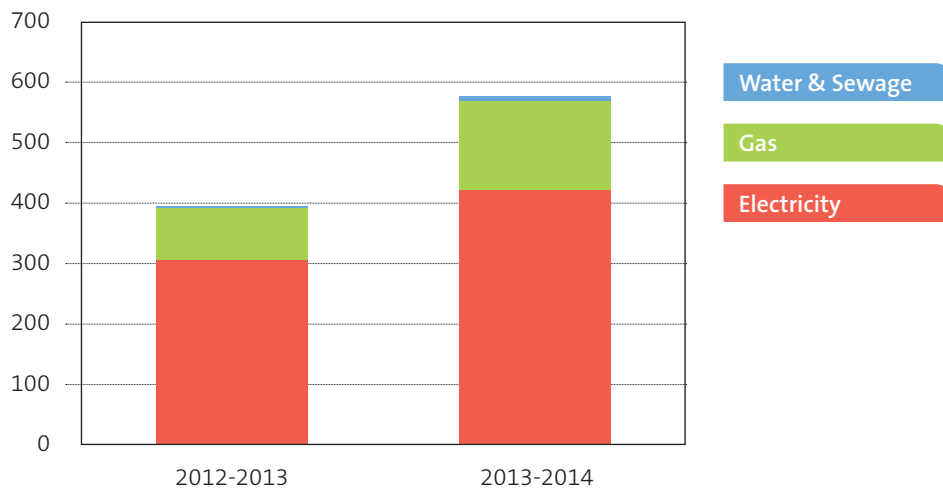
Fig 18 – Disconnection (Including Imminent) compared to Billing and Credit Management and Total Cases (Resolved)

Year	Disconnection (inc. Imminent)	Disconnections as % of Billing and Credit Cases	Disconnections as % of Total Cases
2011-12	637	8	4
2012-13	395	3	2
2013-14	576	6	3

Fig 19 – Disconnection by Industry (Resolved)

Industry	Actual	Imminent	Total
Elect & Dual Fuel	284	138	422
Gas	116	31	147
Water (Restriction)	0	7	7
TOTAL	400	176	576

Fig 20 – Disconnection (Inc. Imminent) by Industry



Supply Quality

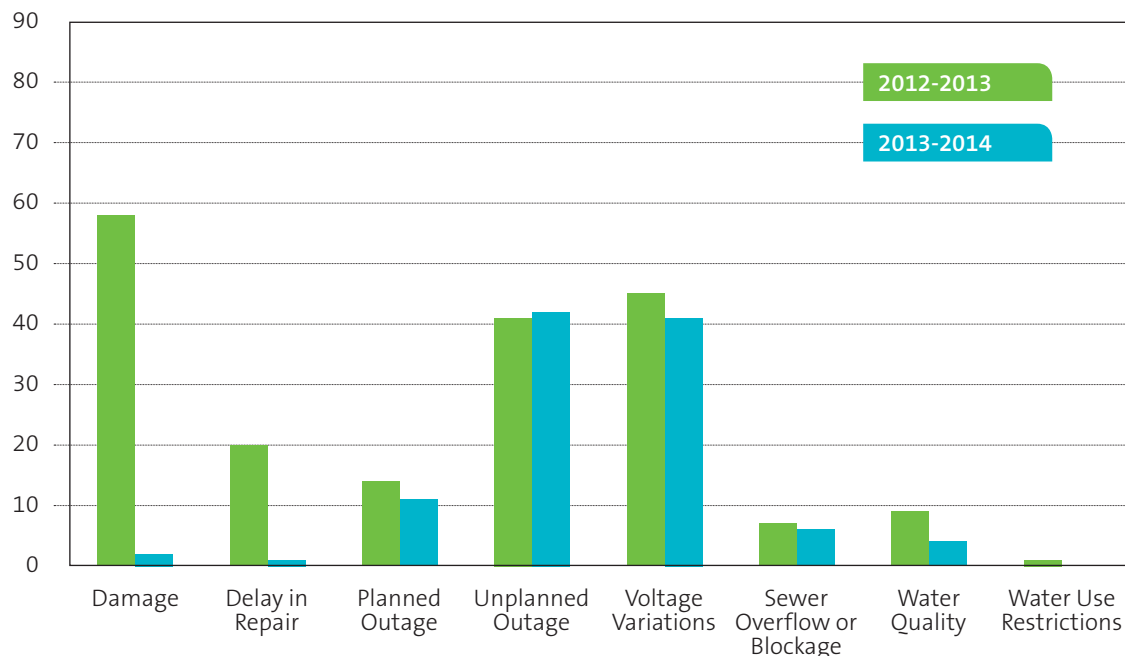
We finalised 107 Supply Quality cases during 2013-14 compared with 195 in the previous year, a reduction of 88 cases (45%). Sub-issues recorded under Supply Quality consist of Damage, Delay in Repair, Planned Outage, Unplanned Outage, Voltage Variations, Sewer Overflow or Blockage, Water Quality and Water Use Restrictions.

Figures 21 and 22 present the comparison of the sub-issues in 2013-14 and the previous year. Issues with significant reductions in the range of 56% to 100% were Damage, Delay in Repair, Water Quality and Water Use Restrictions.

Fig 21 – Supply Quality Issues (Resolved)

Supply Quality Issues	2012-13	2013-14	Difference	% Difference
Damage	58	2	-56	-97%
Delay in Repair	20	1	-19	-95%
Planned Outage	14	11	-3	-21%
Unplanned Outage	41	42	1	+2%
Voltage Variations	45	41	-4	-9%
Sewer Overflow or Blockage	7	6	-1	-14%
Water Quality	9	4	-5	-56%
Water Use Restrictions	1	0	-1	-100%
TOTAL	195	107	-88	-45%

Fig 22 – Supply Quality Issues



Finalisation of Cases within Specified Timeframe

The timeframes in which we finalised cases are presented in the table below. It is noted that the percentage of cases finalised within One Day, Thirty Days and Sixty Days in 2013-14 were 7%, 3% and 3% less than in 2012-13. This occurred because when we implemented our new Complaint Management System in July 2013, we added additional days to our resolution timeframes in the first few months of having the new system to ensure all parties had adequate time to become familiar with it.

Fig 23 – Cases Finalised within Specified Timeframe

Cases Finalised	2012-13	2013-14	Difference
Within one day	42%	35%	-7%
Within 30 days	92%	89%	-3%
Within 60 days	99%	96%	-3%
Within 90 days	99%	99%	0%
over 90 days	1%	1%	0%

Average Time (Days) to Finalise a Case

In 2013-14, the average number of days to finalise cases was significantly lower than the previous year for all complaint levels as shown in Figure 24. These results were achievable due to the improved reporting capability provided by our new Complaint Management System.

CONTRACT NOT HONOURED AND BILLED HIGHER RATES

Scenario:

Mrs F contacted her chosen supplier on 30 September 2013 to open an electricity account for a business she was taking over. Mrs F signed and dated the contract sent to her and faxed it back to the supplier prior to the offer expiry date of 14 November 2013. Sometime after 14 November 2013, the supplier informed Mrs F that they considered the fax illegible and that since the offer was not accepted before expiry, Mrs F would be billed based on much higher default rates.

Complaint:

Mrs F contacted the supplier and requested that they honour the contract she had signed, cancel the bills calculated on default rates and re-issue bills at the rates quoted in the original offer.

Outcome:

We viewed the initial acceptance document and found Mrs F's details and signature were legible. Therefore, Mrs F had accepted the supplier's offer in good faith.

The supplier subsequently reviewed its position and honoured the terms of the contract, apologising for the inconvenience and issuing amended bills at the lower rates as set out in the contract.



INCORRECT DISCONNECTION OF GAS

Scenario:

XYZ Pty Ltd is a chain offering many small serviced residences for accommodation. XYZ Pty Ltd had requested its gas supplier to bill all of its 25 individual gas accounts under one 'collective billing account'. The supplier agreed and the first collective gas bill was issued and paid promptly. In July 2013, four of the residences were disconnected by the gas supplier for non-payment of bills, costing XYZ Pty Ltd \$3,700 in lost revenue.

Complaint:

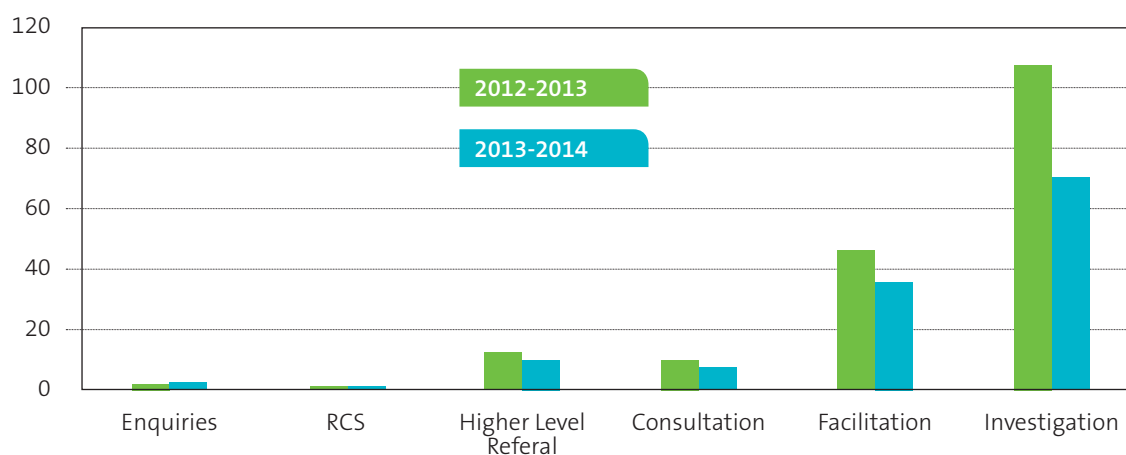
XYZ Pty Ltd was dissatisfied that its gas supplier had not made contact before the disconnection and sought compensation for \$3,700.

Outcome:

Our investigation revealed that the gas supplier had failed to include the four disconnected premises in its collective billing arrangement and that the bills had been sent directly to the premises unknown to XYZ Pty Ltd. To resolve the matter, the supplier waived the outstanding balances on the four accounts and provided \$3,700 in credits as compensation. They also included the four accounts within the collective billing arrangement for future bills.



Fig 24 – Average number of days to finalise a case



Consumer Satisfaction Survey Results

To measure and improve our performance in terms of the services we provide to our consumers, we conducted monthly consumer satisfaction surveys.

Figure 25 shows the results for 2013-14 and the previous year. It should be noted that in 2013-14, with the implementation of the new Complaint Management System, we were able to send out surveys by email in addition to posting them in the previous year. The combined methods enabled a much larger sample to be surveyed in 2013-14.

Fig 25 – Consumer Satisfaction Survey Results

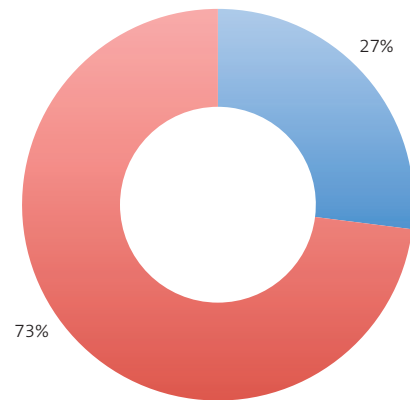
Survey Results	2012-13	2013-14
Consumers satisfied or very satisfied with Ombudsman service	93%	93%
Consumers indicated they would be likely to recommend the Ombudsman service to others	96%	94%

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

Where Cases came from in 2013-14

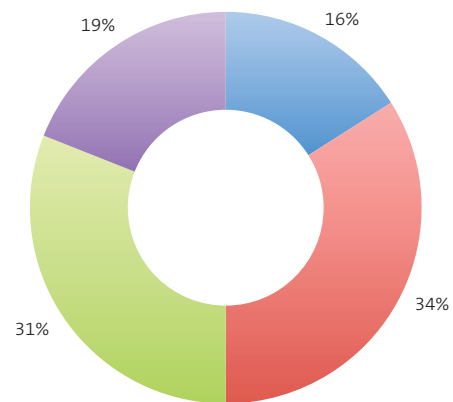
2013-2014 Regional Analysis

- Rural
- Metropolitan



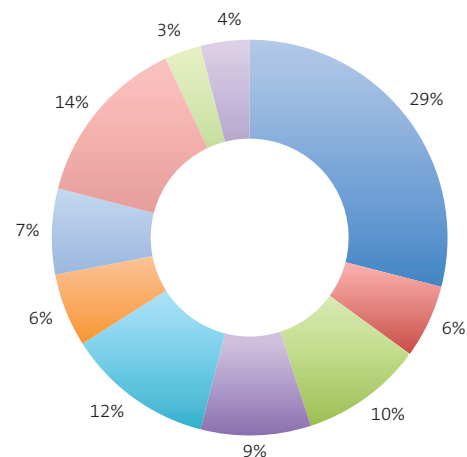
Metropolitan Areas

- Adelaide - Central
- Adelaide - North
- Adelaide - South
- Adelaide - West

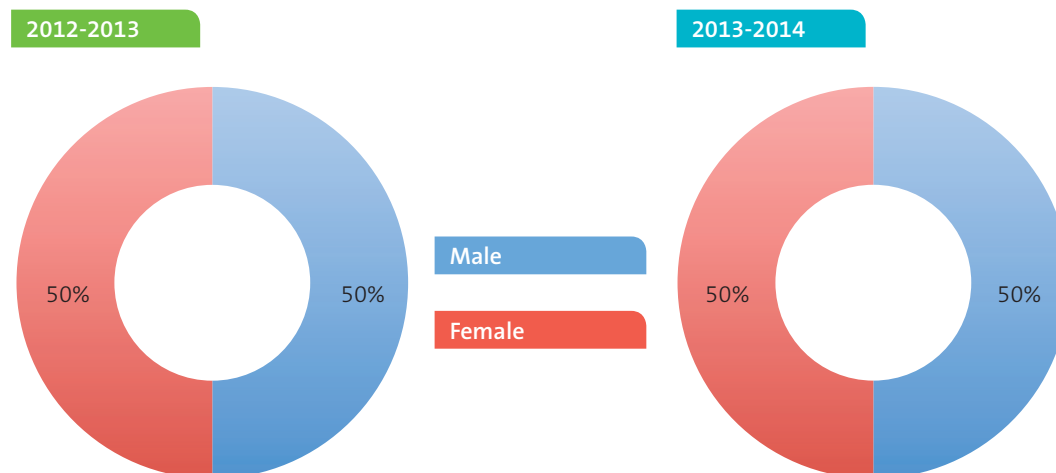


Rural Areas

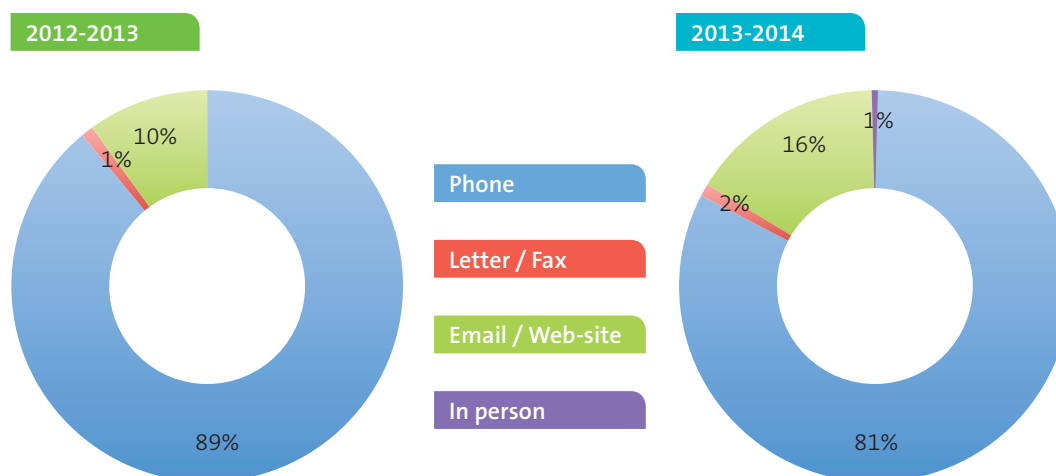
- Adelaide Hills
- Barossa
- Eyre Peninsula and Far West
- Fleurieu - Kangaroo Island
- Limestone Coast
- Lower North
- Mid North
- Murray & Mallee
- Outback - North & East
- Yorke Peninsula



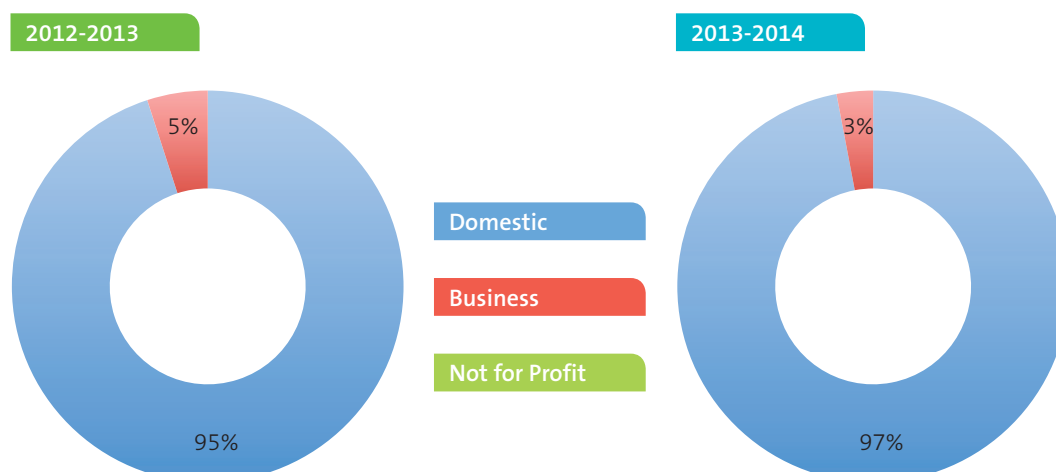
Gender of Contacting Persons



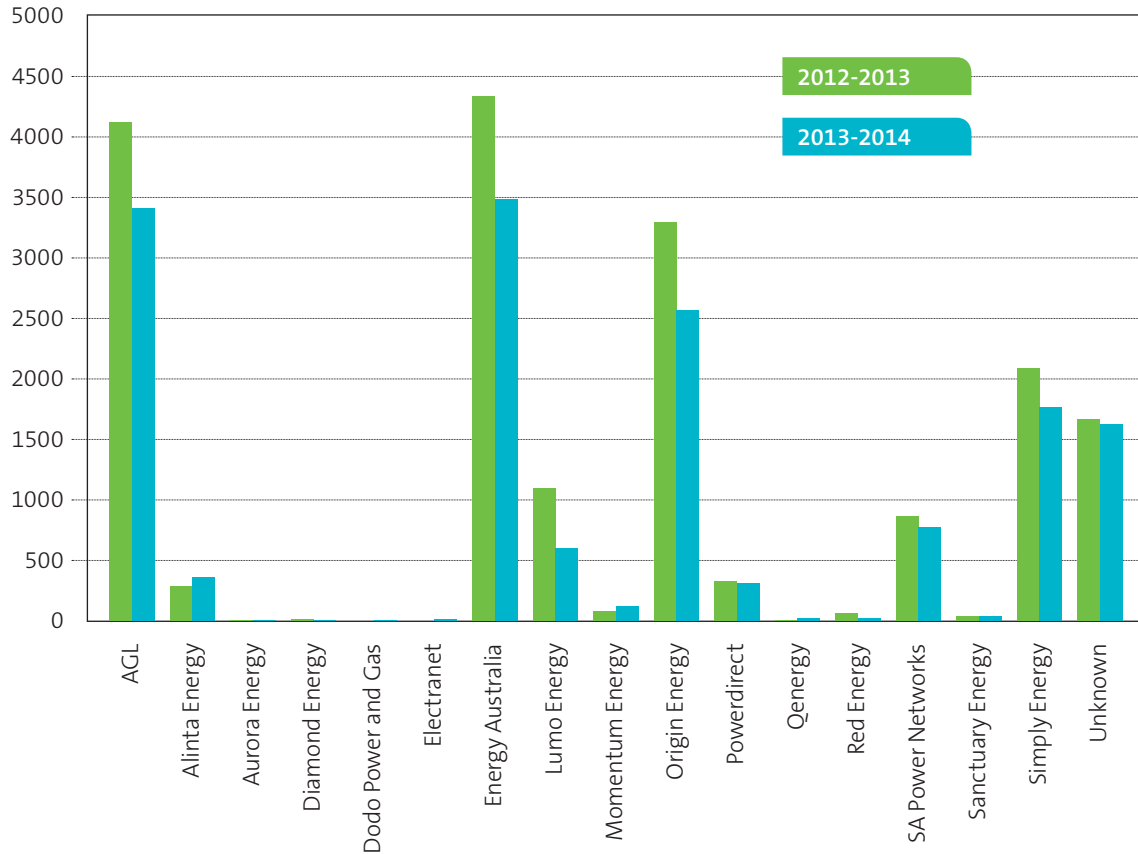
Methods of Contacts



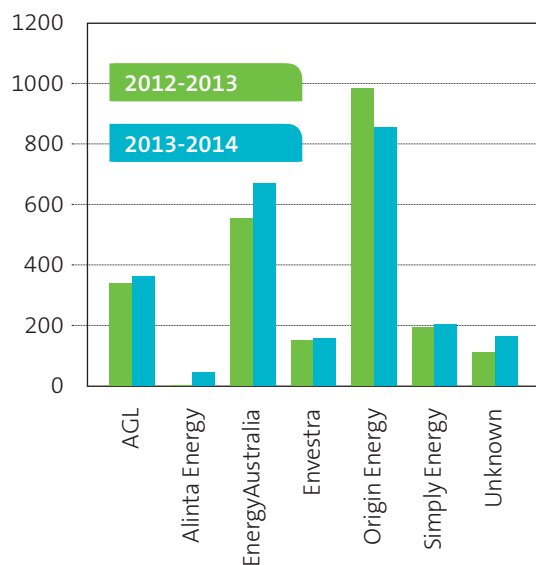
Source of Contacts



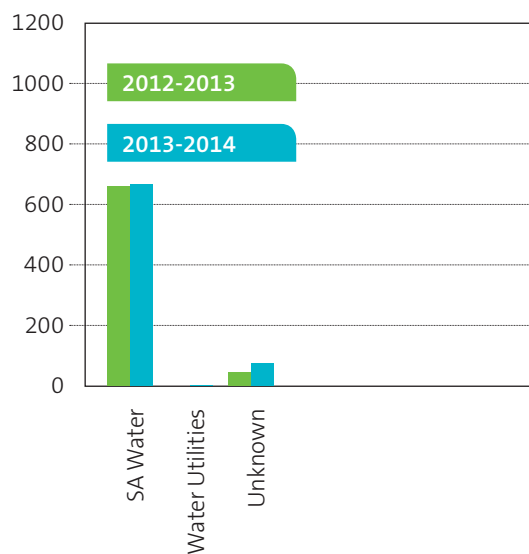
Electricity and dual fuel cases received by members



Gas cases received by members

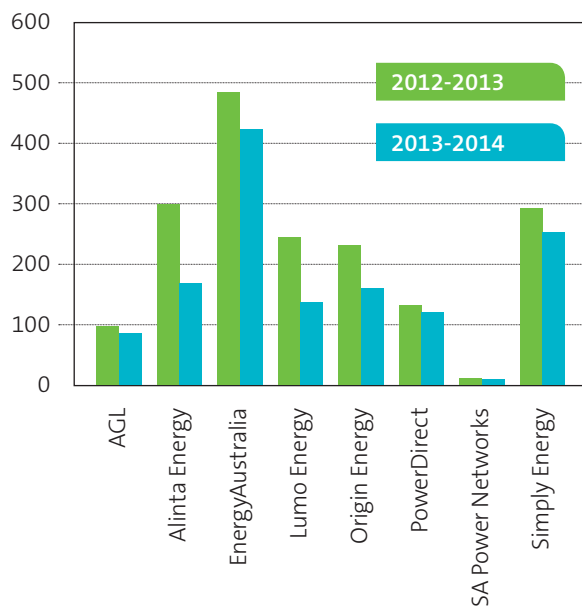


Sewage and water cases received by members

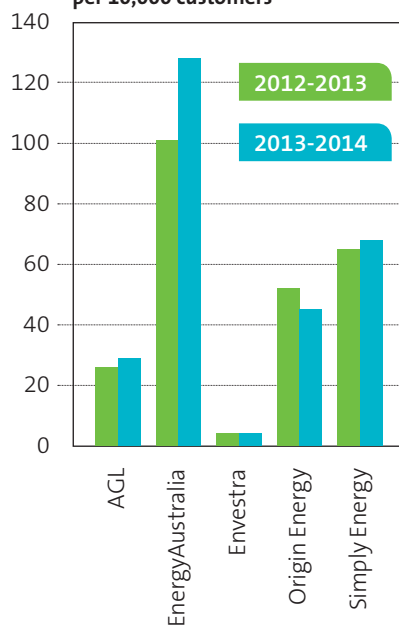


Note: Members with fewer than 100 cases have been omitted from the per 10,000 customer tables below.

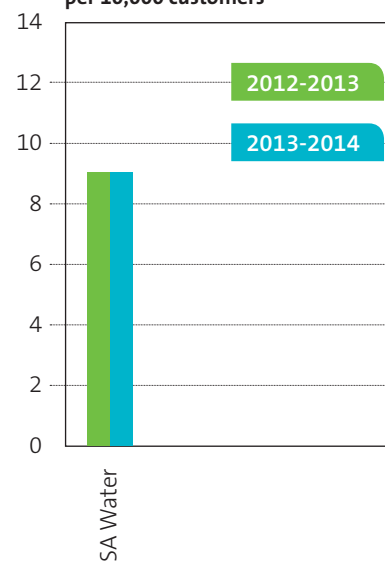
Electricity & dual fuel cases received per 10,000 customers



Gas cases received per 10,000 customers



Sewage and water cases received per 10,000 customers



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 energy or water suppliers' 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 the energy or water supplier's employee, 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 supplier relevant information to assist them to address the matter and minimise the impact on consumers. We continue to work with the supplier and the 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 supplier. We do not possess any punitive powers.

A summary of the key systemic issues that impacted individual Members during the financial year is provided below:

- solar credits not applied in accordance with the customer's contract (July 2013)
- solar credits not applied to bill (August 2013)
- failure to apply contracted discount rates (October 2013)
- incorrect meter identifier numbers printed on bills (November 2013)
- payment plan notifications sent to customer who did not ask for payment plan (February 2014)
- early discount payments not applied to accounts in credit (April 2014)
- delay in paying solar credits to customer (May 2014).

Continuous improvement

New systems for quality management, training, career development and customer response have been implemented as part of our ongoing review of business processes. The organisation now has 22 employees, who work within the structure described in the chart under “Our structure”.

We are pleased with the developing work on cultural change that has seen strong results in satisfaction and morale. Our people are confident, oriented towards results and better equipped to perform their jobs, while remaining diverse individuals working in a professional environment.

Another pleasing aspect is that with improved training, clearer career paths and better systems, our staff members are able to act more independently and creatively. They can swap roles, take on a greater variety of tasks and learn more about the business, which gives the organisation greater resource flexibility to cope with specific challenges as they arise without negatively affecting customer service or Member activities.

Work health and safety

We are strongly committed to the health and safety of our employees and strive 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 an important focus at Team, Management and Board meetings. The Company provides critical illness cover as an employee benefit for staff. Eligible employees receive Trauma Insurance as a non-deductible benefit.

Additionally, we conduct annual ergonomic assessments and voluntary health checks with free, annual flu shots provided. We encourage staff participation in various health and wellbeing activities, such as the Life. Be in it, ‘Corporate Cup’.

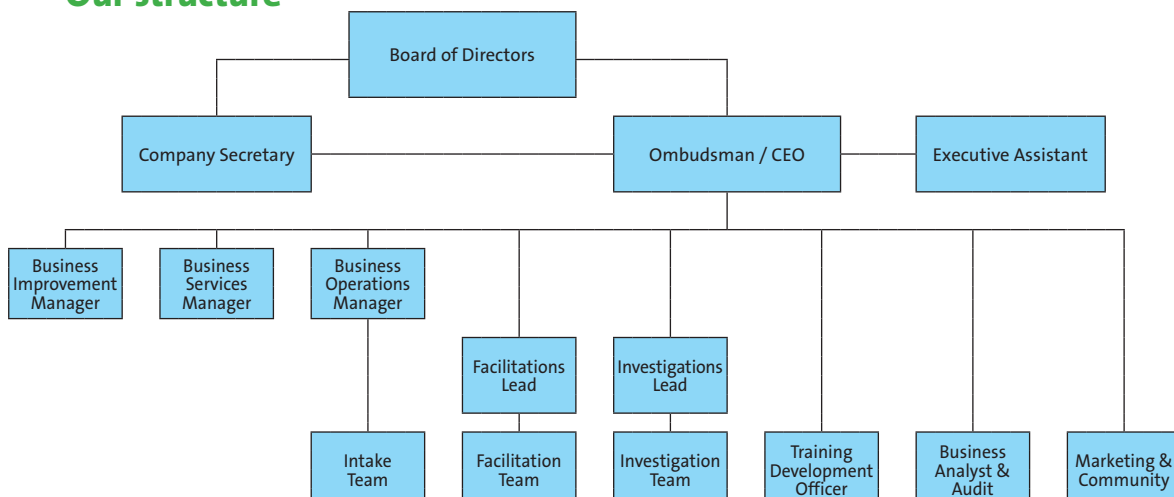
Recycling and responsible use of energy and water are also actively encouraged.

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

Gender diversity

We are committed to gender diversity, demonstrated by high female participation at all levels of the organisation, including at Board and management level.

Our structure



**HIGHER THAN EXPECTED
BILL****Scenario:**

Mr W thought his electricity bill for \$897 for the period March to June was too high.

Complaint:

The distributor tested Mr W's meter and the technician advised him that it was faulty and that his account required adjustment. When Mr W contacted his retailer to follow up on the adjustment, he was then told the meter was not faulty and there would be no billing adjustment.

Outcome:

Our investigation revealed that the usage for the disputed period was lower than in the same period for the previous two years. The disputed bill also included a meter test fee of \$121.04, which made the bill appear higher. The meter was removed and bench tested within a controlled environment and was found to be operating within the allowable tolerances and without the fault previously identified by the distributor. The meter test fee was reversed by the retailer. We were satisfied that no further billing adjustment was warranted.

**UNEXPLAINED HIGH
USAGE****Scenario:**

Mr G received a higher than expected electricity bill of \$6,000 for the period June to September. This bill showed his average usage as 175 units per day while it had previously been approximately 35 units. The next billing period reported his usage as 20 units per day.

Complaint:

Mr G contacted the supplier, seeking to have the uncharacteristically high usage amended in line with historical usage.

Outcome:

Our investigation revealed that after two onsite meter tests and the meter being removed and bench tested within a controlled environment, no fault was found. We were satisfied that no billing adjustment was required and that the electricity retailer had billed Mr G correctly based on meter data provided to them by the distributor.

There appeared to be no reasonable explanation for the significant increase in usage during the disputed period and the reported usage returned to normal in the next quarter. In this instance, the retailer and the customer shared the cost of the unexplained usage increase, totalling \$4,800. Mr G realised that his retailer had no obligation to do so and that it was a gesture of goodwill. The retailer also extended Mr G's payment date by three months.



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 Chair.

Chairman

William Cossey AM (*appointed 23 March 2009*) Director, People's Choice Credit Union (Chair until 31 May 2014); Chair, Board of Management, Don Dunstan Foundation; President, Tennis SA; Director, Adelaide Benevolent Society

Directors

Peter Bicknell, Consumer Director (*appointed 28 February 2009*)

Wendy Eyre, Consumer Director (*appointed 1 August 2012*)

Patrick Makinson, Electricity Industry Director (*appointed 28 August 2013*)

Kaylene Matthias, Consumer Director (*appointed 28 February 2009*)

Damien Regan, Gas Industry Director (*appointed 5 January 2013*)

Kerry Rowlands, Water Industry Director (*appointed 7 July 2013*)

Kim Thomas, Electricity Industry Director (*appointed 25 May 2011*)

Rodney Williams, Consumer Director (*appointed 24 October 2007*)

Pia Bentick, Company Secretary & Corporate Counsel (*appointed 27 March 2000*)

Our Members

Electricity Members

AGL Sales (Queensland Electricity) Pty Ltd
AGL Sales Pty Ltd
AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
Dodo Power & Gas
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

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

Corporate Governance Statement

Approved by the Board of Directors on 25 June 2014

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.

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 of 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 consists 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 (Consumer Directors); and
- an independent Chair.

The current Directors of the Company are:

- Mr W Cossey, Independent Chair
- Mr P Bicknell, Consumer Director
- Ms W Eyre, Consumer Director
- Mr P Makinson, Electricity Industry Director (SA Power Networks)

- Ms K Matthias, Consumer 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, Consumer 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 and appropriate checks are undertaken before appointing a person a director.

An induction program for new directors is in place, and appropriate professional development opportunities are provided to develop and maintain the skills and knowledge needed to perform their role as directors effectively where necessary.

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.

Written Agreements

The Company establishes 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, committees on which they may serve and their roles and responsibilities and expectations of them.

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. However, no Director appointed by ESCOSA, nor the independent Chair, can serve more than nine consecutive years as a Director.

Board Processes

The Board currently holds six formal 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. No Director is perceived to have any personal conflicts of interest by virtue of their employment by a Member of the Company.

It is accepted that the potential for conflict of interest is inherent in the structure of the Company, and 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 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 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.

Ms Pia Bentick, FCIS, Barrister (np), was appointed the Company Secretary in March 2000, and is also 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 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, or any reporting period if so required by the Board.

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 an internal assessment, the Chair will hold individual discussions with each Director to discuss their performance every other year.

The first external Board Review was conducted in 2011. Board Performance will be formally assessed biennially where deemed appropriate in the circumstances.

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 or Consumer Directors.

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, Consumer Director
- Mr Bill Cossey, Independent Chair
- Mr Patrick Makinson, Industry Director
- Ms Kerry Rowlands, Industry Director

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, Independent Chair
- Ms W Eyre, Consumer Director
- Ms K Matthias, Consumer Director
- Ms K Thomas, Electricity Industry Director (AGL)

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 a 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 from the Company Secretary 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; 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.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
Revenue from ordinary activities	3,220,951	3,925,096
Expenses from ordinary activities	2,834,430	2,633,210
Surplus for the year	386,521	1,291,886
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	386,521	1,291,886

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

CURRENT ASSETS		
Cash and cash equivalents	1,009,613	1,093,174
Trade and other receivables	115,269	369,735
Other current assets	168,019	379,002
Other financial assets	1,972,198	939,354
TOTAL CURRENT ASSETS	3,265,099	2,781,265
NON CURRENT ASSETS		
Property, plant and equipment	722,064	851,691
Rent bond receivable	17,100	17,100
TOTAL NON CURRENT ASSETS	739,164	868,791
TOTAL ASSETS	4,004,263	3,650,056

	2014 \$	2013 \$
CURRENT LIABILITIES		
Trade and other payables	129,165	157,993
Employee benefits	131,009	111,398
Other current liabilities	56,427	78,074
Office fitout incentive	25,000	45,000
TOTAL CURRENT LIABILITIES	341,601	392,465
NON CURRENT LIABILITIES		
Employee benefits	29,266	10,716
TOTAL NON CURRENT LIABILITIES	29,266	10,716
TOTAL LIABILITIES	370,867	403,181
NET ASSETS	3,633,396	3,246,875
EQUITY		
Accumulated surplus	3,633,396	3,246,875
TOTAL EQUITY	3,633,396	3,246,875

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members (inclusive of goods and services tax)	3,989,907	3,854,158
Payments to suppliers and employees (inclusive of goods and services tax)	(2,939,662)	(2,687,719)
Interest received	5,040	8,342
Net cash inflow from operating activities	1,055,285	1,174,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(138,846)	(662,187)
Proceeds from other financial assets	1,680,183	1,454,358
Payments for other financial assets	(2,713,026)	(1,881,176)
Interest received	32,843	29,965
Net cash outflow from investing activities	(1,138,846)	(1,059,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in cash and cash equivalents	(83,561)	115,741
Cash and cash equivalents at the beginning of year	1,093,174	977,433
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,009,613	1,093,174

INCORRECTLY BILLED

Scenario:

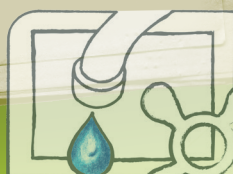
Mrs Y's company, ABC Pty Ltd, was charged by a water supplier for a "Trade Waste Discharge". The supplier also required ABC Pty Ltd to hold a valid permit. Mrs Y did not believe ABC Pty Ltd should have to pay the supplier as they did not use the water supplier's infrastructure, but used an alternate avenue for their waste discharge.

Complaint:

Mrs Y did not believe that it was fair and reasonable for the water supplier to expect ABC Pty Ltd to pay or hold a permit for a service that they do not use.

Outcome:

Our investigation revealed that the supplier's alarm in their network had alerted them to a salinity intrusion that was tracked back to ABC Pty Ltd. An Industrial Trade Waste Discharge permit had been subsequently issued to ABC Pty Ltd setting out how charges would be levied in the absence of meter data. The supplier also required ABC Pty Ltd to have an approved effluent flow meter and electronic monitoring and data collection installed and working by a specified date. We advised Mrs Y that the water supplier was entitled to issue ABC Pty Ltd with a Trade Waste Discharge permit and that they had acted with the appropriate authority with regard to billing.



AFFORDABILITY ISSUES

Scenario:

For the past three years, Ms B had been struggling to pay electricity bills.

Ms B was making sporadic payments only, which were significantly less than new charges accruing each quarter. Eventually, Ms B received a disconnection notice from her retailer for the outstanding debt.

Complaint:

Ms B approached the Ombudsman's office for help as she had been unable to negotiate an affordable payment plan with her retailer. We raised an immediate consultation with the retailer due to the risk of disconnection.

In this case, Ms B had for 12 months felt pressured to agree to payment arrangements that were not sustainable for her.

We recommended that Ms B contact a financial counsellor who could assess her financial position and work with the retailer to negotiate a sustainable payment arrangement. The retailer agreed to hold disconnection until this had occurred.

Outcome:

The financial counsellor and the retailer worked with Ms B to determine her ability to service the outstanding debt and ongoing consumption. The financial counsellor also determined that Ms B could be entitled to a benefit under the State Government's Emergency Electricity Payment Scheme. Her subsequent application was approved and paid against the debt.

The retailer also arranged a Home Energy Audit that identified a number of opportunities for Ms B to reduce her consumption.

The retailer agreed to place Ms B onto its hardship program and a plan that would ultimately service the outstanding debt and assist her to meet payments for ongoing consumption.

Ms B's payments were established via Centerpay to assist her with budgeting.



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