

energy & water
OMBUDSMAN SA

ANNUAL REPORT 2014-15

ABOUT THE ENERGY AND WATER OMBUDSMAN SA

WHO WE ARE

Origins

Energy and water services are important to all stakeholders because they are essential services to the community; they are not considered optional. For that reason, independent ombudsman offices exist across Australia to deal with issues that arise between the industry and customers. The Energy and Water Ombudsman (SA) Limited (also known as the Energy and Water Ombudsman SA or the Scheme) is the approved independent scheme in South Australia.

Role

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

Principles

The principles that guide our activities are:

- dealing with complaints in a fair, just, informal and expeditious manner
- acting independently, while maintaining good working relationships with Members and other stakeholders
- being accessible to energy and water consumers in South Australia and ensuring there are no barriers to access, 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 Scheme originated from the privatisation of the South Australian electricity industry in 2000. A licence condition was imposed on all 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 Scheme has grown to include the gas industry in 2003 and the water and sewerage industry in 2012.

A significant change came on 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.

The industry

Our Members are the electricity and gas distribution, transmission and retail entities and water and sewerage service providers (a list of Members can be found under Our Organisation on page 37).

HOW WE WORK

What we do

We can handle matters that relate to a range of issues 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 don't 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 authorisation/licence
- The content of government policies, legislation, licences and codes
- Matters before a court, tribunal or arbitrator
- Customer contributions to the cost of capital works
- Disputes between Members

Our approach

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 disputes. We want to find pathways that not only deal with a single problem, but also minimise future complaints and help Members build more responsive and robust complaint handling systems. It's important to remember that the Scheme is not a court; it is a way of bringing parties together and solving problems through shared negotiation.

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 not 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.

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AT A GLANCE

The Energy and Water Ombudsman SA measures its success according to a number of key results over the year:

- the time it takes to resolve complaints
- stakeholder satisfaction/dissatisfaction with the Scheme
- the quality of our handling of matters and the information provided
- accessibility of the Scheme to all consumers and our ability to connect with all regions of South Australia

The Scheme has within its jurisdiction around:

- 834,200 electricity customers
- 413,100 gas customers
- 766,000 water customers

CASES
RECEIVED

12,355
TOTAL CASES RECEIVED
▼ **33%**
FROM THE PREVIOUS YEAR

TOP
THREE
COMPLAINT
ISSUES

5,267
BILLING
▼ **27%**
FROM THE PREVIOUS YEAR

2,276
CREDIT MANAGEMENT
▲ **25%**
FROM THE PREVIOUS YEAR

928
SALES & MARKETING
▼ **48%**
FROM THE PREVIOUS YEAR

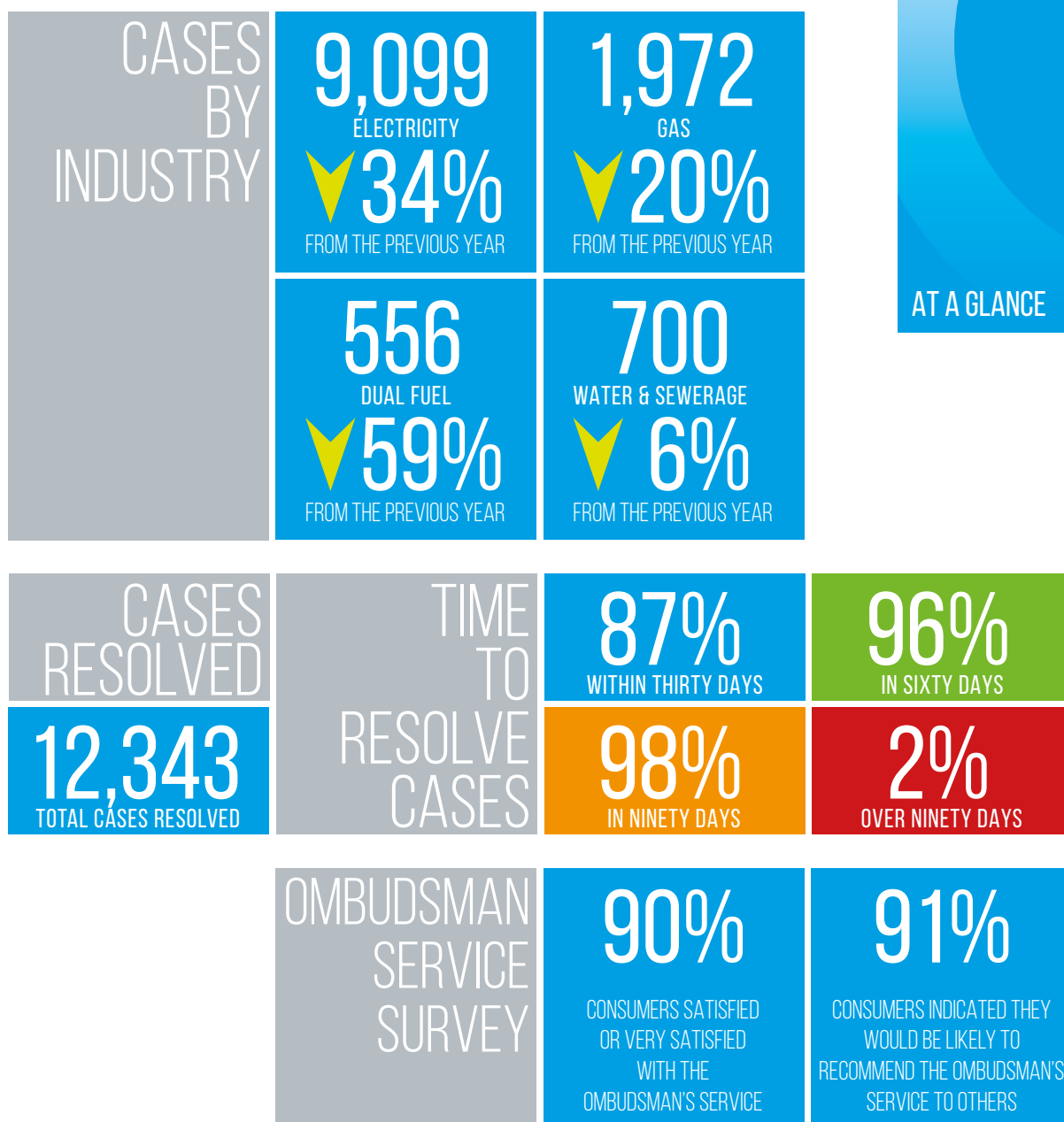
CASES
BY
REGION

25%
RURAL
▲ **1%**
FROM THE PREVIOUS YEAR

75%
METROPOLITAN
▼ **1%**
FROM THE PREVIOUS YEAR

ONLINE
CASES

18%
ONLINE
▲ **2%**
FROM THE PREVIOUS YEAR



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.

Explanation of Resolution

A case is classified as Explanation of Resolution where the customer is dissatisfied with the resolution provided by the Member although we consider the resolution to be fair and reasonable. In this instance, we provide an explanation and any relevant information to the

customer regarding the basis on which the resolution is considered to be fair and reasonable.

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.

GOVERNANCE STRUCTURE



Peter Bicknell • **CHAIRMAN**



Wendy Eyre • Director



Kaylene Matthias • Director



Patrick Makinson • Director



Damien Regan • Director



Kerry Rowlands • Director



Kim Thomas • Director



Margaret Cross • Director



Jessie Byrne • Director

NON-VOTING



Sandy Canale • **Chief Executive Officer**



Pia Bentick • Company Secretary

CHAIRMAN'S REPORT

Peter Bicknell

This is my first Chairman's report since I was appointed to the role in March 2015 following the retirement of Bill Cossey AM. Having previously served on the Board as a Consumer Director for five years until September 2014, I was delighted to return to the Scheme as the Chairman. Bill guided the Scheme wisely during his six years as Chairman, overseeing a period of significant growth, including the expansion to include the water industry, and a pleasing decline in the volume of complaints. The Board is deeply indebted to him for his role in ensuring that the Scheme is so well regarded by the public and the companies who are its Members. I also record my sincere personal appreciation to Bill for the generosity of his advice and counsel when handing over the reins to me.

Long standing consumer Director Rod Williams also retired in October after serving for seven years. On behalf of the Board I record my thanks to Rod for his diligent and enthusiastic service.

Margaret Cross and Jessie Byrne were appointed as Consumer Directors in October 2014 and have already made significant contributions to our Board deliberations. I look forward to continuing to work with all our Directors, particularly those nominated by industry, and thank them for their support as I settle into my new role.

Over the past few years the Scheme has invested in new technology to streamline complaint handling processes and improve reporting capacity. The Board is delighted that this investment is delivering efficiencies for the benefit of consumers and Members while at the same time improving our understanding of complaint drivers, trends and systemic issues.

The Board's Strategic Plan was recently updated. We are pleased that strategies aimed at better equipping consumers to have their queries and complaints with Member entities resolved without needing to involve the Ombudsman, are producing results.

Throughout the year the Ombudsman has continued to refine the website based on consumer feedback and questions most frequently sourced on line. Other tools and access points will be explored in the new financial year to further this strategy of helping consumers improve their understanding of the energy and water industries.

For the Board to gain some further insight from Members on their perception of the Scheme and their interactions with the Ombudsman, a representative group was invited to give feedback directly to the Board. I'm pleased to advise that the predominant view was one of satisfaction with the way the Scheme operates and acts in an independent manner. Some opportunities for improvement, which management has since implemented, were also identified.

The decline in complaints over the past two financial years is most encouraging and it's pleasing to note the greater attention by industry to resolving complaints directly with their customers. This not only improves the customer experience, it also helps build consumer confidence in the water and energy sectors. The Board is pleased to see a continuing reduction in the timeframe to resolve complaints. This will remain an area of focus.

A key aim of the Scheme is to be accessible to all energy and water consumers in South Australia. The Ombudsman and his staff continue to participate in forums that aim to improve knowledge of energy and water matters in the community and with consumer representatives. A focus on regional areas appears to be improving awareness in those communities, with

the percentage of complaints received from those areas improving in terms of overall representation. We plan to continue this work in the new financial year.

Throughout the year, the Board maintained a sound working relationship with the regulatory bodies – the Australian Energy Regulator and the Essential Services Commission of South Australia – meeting formally with senior staff at least once in the year and informally on numerous occasions. On behalf of the Board I thank both bodies for their continued guidance and support.

The Ombudsman is required to alert the relevant regulatory body to all apparent systemic issues encountered through dealing with individual complaints. Regulators 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.

The energy and water sectors continue to evolve and the Board remains vigilant in ensuring changes to these sectors do not result in diluted consumer protections, particularly access to the Scheme as a body of last resort.

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

Finally, I thank Ombudsman Sandy Canale and his staff for their work in the face of an ever-changing environment and their approach to reaching fair and reasonable outcomes for all parties. The Board has continually challenged the Ombudsman to implement procedural improvements to ensure a high level of efficiency to which he and his team have responded very well. 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.

Peter Bicknell
Chair

OMBUDSMAN'S REPORT



Sandy Canale

I am delighted to present the following report, which highlights the significant events, challenges and opportunities that defined the organisation's performance during the 2014-15 financial year.

Last year, the main message of the Annual Report was encouragement – a lot was happening and we were starting to see a decrease in the number of cases presenting to the Scheme. This year, the headline message is one of consolidation and stability. Complaint numbers are reducing, our investment in information systems is delivering better, more targeted business intelligence, and we appear to be in a period of industry stability in terms of complaints.

We also are seeing greater collaboration and interdependence between the various parties and agencies. At the local level we have seen increased community engagement in the form of more community forums and greater educational efforts from our office, community groups and our Members, who are increasingly recognising the benefits of educated, informed customers.

At the national level we have participated in a number of activities that are building a more integrated and more collaborative environment where our various bodies become more effective at strategic improvement across the broader national landscape of essential services.

As a member of the Australian and New Zealand Energy and Water Ombudsman Network (ANZEON) we are working at identifying opportunities to harmonise complaint handling processes across jurisdictions which should simplify case handling processes and improve resolution timeframes.

Stabilisation of billing systems following major conversion projects by several of the larger Members has seen a return to complaint levels more consistent with previous periods before these projects were undertaken. These projects have also provided significant learnings in terms of potential problems that could be avoided by others embarking on similar projects and thus mitigating some of the problems and inconvenience experienced by consumers.

Completion of these projects has also resulted in a change in the complaint category mix experienced over the past few years. For example, billing issues, which for us were of keen interest in the previous year, have stabilised and reduced for many Members as the information systems and reporting have improved.

In contrast, credit management, which has a clear State interest, as shown by the maps of regional and rural credit management cases later in the report, is also an issue at the national level, with different reviews underway aimed at identifying vulnerable customers at the earliest possible opportunities and providing support that minimises disconnections.

Credit management remains an issue of high importance to the Scheme, consumers and Members. We will continue to monitor this space and provide assistance with data and intelligence gathered as part of our work.

Even in a period of relative stability, issues continue to surface that require attention due to their potential systemic nature and the impact they might have on a broad group of consumers. We actively monitor complaint types and take an active role in ensuring that systemic problems are escalated to the appropriate parties for attention, thus minimising the impact on others.

In the past the Scheme has dealt with privacy issues where an energy or water related complaint has included an element of privacy interference, and we have applied for (but not

yet received) recognition as an External Dispute Resolution Scheme under the Privacy Act 1988 at the invitation of the Office of the Australian Information Commissioner. We are dealing with increasing numbers of complaints solely relating to privacy issues with energy and water providers. In addition, the Privacy Commissioner has referred a number of complainants to the Scheme. The Scheme will need to implement processes for handling privacy related complaints; to build an understanding and to keep up to date with privacy and credit collection/credit rating issues; to train staff and to report and to provide other information about privacy related complaints to the Privacy Commissioner.

It is with this strategic, rather than tactical, perspective on events that we are undertaking our five-yearly review of the Scheme, as required by our Constitution. We have begun work on this major project and will report on the outcomes in the next Annual Report. Throughout 2014-15 we have undertaken the foundation work of engaging with stakeholders, reviewing our own service and performance, and examining some of the larger drivers which affect our operation. While we have a long way to go, I am confident that our established principles of collegiate rather than adversarial engagement with all parties will be demonstrated to be effective and valuable in what is a very complex service arena.

Turning to our performance in 2014-15, the reduction in numbers of complaints has meant we have been able to put increased effort on working with Members to promote a strategic approach to quality assurance based on three characteristics that we believe are essential to customer service:

- high quality interactions between all parties
- business processes that demonstrate consistency, openness and fairness
- procedural compliance – effectively the licence to operate in an essential services sector.

We aim to work with our Members to help them understand how their own systems can be incrementally improved. We can now provide data and measures that they can apply to their own processes to achieve better results for customers. This builds their own analytical capabilities and allows them to swiftly target customer 'pain points' and remedy them.

Our community outreach programs have been delivering great results in terms of raising awareness among consumer bodies and consumers. Through forums, education sessions, print and our redesigned website we are in a much stronger position to provide targeted information to consumers about what the Ombudsman's office can do to assist them. This strategy for communication links strongly to our recognition of issues such as credit management. By focusing not just on those who need our services, but also on the existing organisations and agencies that people contact, we can provide information much more quickly and suggest solutions that take into account the financial, social and living pressures that create credit difficulties in the first place.

Having said this, it is also important that we carefully monitor credit management issues to get an early indication if numbers increase or the demographic descriptors shift to include more people struggling to keep up even when they are fully employed.

Inside the organisation itself, I am particularly happy with the performance and resilience of all our staff. We have a relatively small team managing a large task but it is through their willingness to learn, experiment and work openly with Members and consumers that we are able to deliver a high quality service. The focus of staff development activities has been on knowledge sharing and multi-skilling so that we get the best out of the workforce, and they themselves get a strong and deep set of skills. Effort has gone into coaching and mentoring, team learning and development of a monthly internal review process.

Ours is an organisation that works to develop strong relationships between external stakeholders,

so, to me, it is equally important that we have strong internal relationships based on mutual respect, high competence and strong empathy. I thank all the team for working hard in these areas during the past year.

The next part of this report looks at the main strategic issues we have experienced over the past year. In closing this section 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.

Finally, I would like to express my appreciation for the continued support and guidance that the Board has provided to me and to the Scheme. It has been a great experience to work with Chairman Bill Cossey AM, who retired from the Board in March 2015. I welcome our new Chairman, Peter Bicknell, and look forward to working with him to continually improve the operation of the Scheme and deliver high quality services to consumers in South Australia and Member companies.

Sandy Canale

Ombudsman

THE YEAR IN REVIEW: 2014-15

In 2014-2015 the total number of cases received was 12,355, representing a 33% reduction compared to the previous year. At the same time our membership increased from 34 to 37.

Billing

Similar to other Ombudsman offices, billing has traditionally been the top complaint issue. In 2014-15 we received 5,267 billing cases or 43% of total cases (7,190 cases in 2013-14).

As billing is a top issue, it is a key driver of major fluctuations in complaint volumes. In the past two years, we have seen a significant reduction in the total number of cases received. This reduction was mainly due to the completion of billing system conversions by major energy Members and their subsequent effectiveness in dealing with post conversion issues.

Credit Management and Financial Hardship

In contrast with the reduction in billing and total cases received, Credit Management cases have been trending upward. It was the third largest issue in 2013-14 (1,815 cases) and in 2014-15 overtook Sales and Marketing as the second largest issue (2,276 cases).

One of the sub-issues within credit management is financial hardship. While the hardship programs operated by many Members are sound, we noticed that the credit management processes amongst Members were tightened. We also believe the current economic environment has contributed to the increase in hardship case volumes. While in 2013-14 we resolved 264 hardship cases (including enquiries and RCS), this increased to 617 in 2014-15.

Sales and Marketing

The number of Sales and Marketing issues reduced significantly over the past two years. In 2014-15 we had 1,001 cases compared to 1,987 cases in the previous year, a reduction of 50%. The year before, 2013-14, we saw a 21% reduction compared to 2012-13.

We believe that the actions taken by the Australian Energy Regulator and the Australian Competition and Consumer Commission have significantly contributed to this trend.

Complaint Handling Process

One of our objectives is to continuously improve our business through streamlining our processes and providing better documentation to our staff and Members. The Case Management Procedures Manual is an example of our commitment to this objective. Our practice is to update the Manual once a year. Before doing this we communicate the proposed changes to Members and give them sufficient time to provide feedback. We issue the final version in June each year. Recently, we updated the Manual to clarify the process for handling cases for the same customer with multiple sites, multiple issues and different fuels. These changes will come into effect in July 2015.

Website Redevelopment

The redeveloped website was launched in September 2014. One of our objectives was to help web users find information more easily and thus reduce our General Enquiry contacts/cases. A recent review of our web data indicated that the General Enquiry volume fell by 7-8% in the three months after the site was launched – a better result than expected. It has since stabilised at around 17% of the total cases received. Data also showed that 77% of customers who viewed the 'Complaint Form' actually submitted a case, and an increase of 2% in total cases received was via the website.

Quality Assurance

A Quality Assurance Program launched in August 2014 was tested and refined during the year. We are now auditing 5% of cases resolved each month and will continue to improve the robustness of the program as we proceed.

Community Outreach

A key success factor for the Scheme is the ability to reach as many consumers as possible who may need assistance to resolve an energy or water dispute.

Our primary focus is to work with intermediaries (who themselves work with users of energy and water services) and assist them with information about the sectors and assistance we can provide if issues cannot be resolved directly with suppliers of services. We also use data collated from our interactions with consumers to help understand any gaps in our outreach program for future attention.

To broaden awareness of the Scheme in rural areas, over the past few years we have made regional education and information a focus of our program. It is pleasing to see that the percentage of complaints reaching our office from rural areas increased by 1% compared to the previous year. Another area of focus is working with groups involved with supporting culturally and linguistically diverse communities and we intend to continue to increase representation in this space.

We also worked extensively with the Utilities Literacy program during the year and participated wherever possible with representation at forums. We participated in 26 forums and presentations to community groups and stakeholders. Of particular impact were regional outreach presentations in the Mid-North, Riverland, Eyre Peninsula and South-East.

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

CASE MANAGEMENT

The Difference between Enquiries and Complaints

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

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

A **complaint** is an expression of dissatisfaction with a Member (an energy or water 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 will explain details shown on a bill to customers.

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

Snapshot: We handled 2,840 enquiry cases in 2014-15, representing 23% of the total cases received (54% less than the previous year), leaving the balance of 77% as complaint cases.

Complaint types

The Ombudsman's office uses seven types of complaint categories for reporting performance:

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

The section below describes each of these in detail.

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 doing this, we provide the customer with an overview of their rights and responsibilities.

Snapshot: We received 1,110 cases at the RCS level in 2014-15, representing 9% of the total (11% greater than the previous year).

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 has contacted the Member, 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, which are fast-tracked.

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 or the case is not resolved within an appropriate timeframe, the case may be upgraded to a Facilitation or an Investigation.

Snapshot: We received 6,070 RHL cases in 2014-15, representing 49% of the total (30% less than the previous year).

Explanation of Resolution

A case is classified as Explanation of Resolution where the customer is dissatisfied with the resolution provided by the Member, even though we consider it to be fair and reasonable. In this instance, we provide an explanation and any relevant information to the customer regarding the basis on which the resolution is considered to be fair and reasonable.

Snapshot: We received 232 Explanation of Resolution cases in 2014-15, representing 2% of the total (previously part of Enquiries).

Consultation

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

Snapshot: We received 773 Consultation cases in 2014-15, representing 6% of the total (7% higher than last year).

Facilitation

Prior to 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 1,026 Facilitation cases in 2014-15, representing 8% of the total (36% less than the previous year).

Investigation

When a case has been accepted for Investigation, the Member is asked to provide information to assist. This may include details such as the customer's billing history, previous contacts between the Member and the customer relevant to the complaint, the cause of any outage, or whether informed consent was given 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 304 Investigations in 2014-15, representing 3% of the total. (116% greater than previous year due to the increase in complexity of complaints).

Ombudsman Determination

At 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.

Snapshot: All matters handled by the Scheme were resolved at other levels during 2014-15, negating the need for any determinations.

The following sections record **performance in three broad areas:**

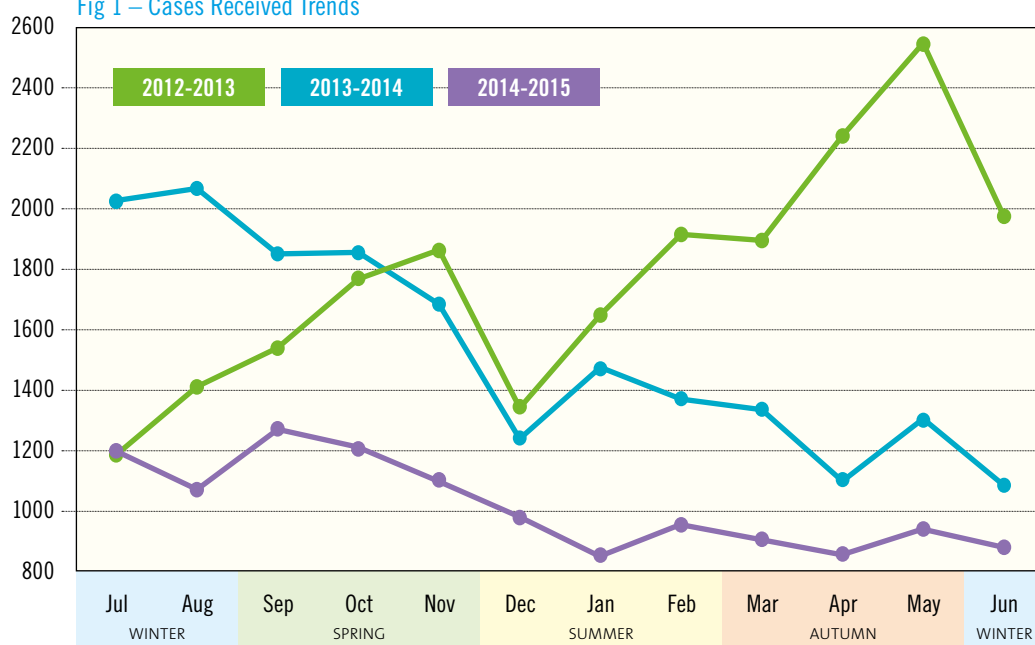
- Cases received – type, time and resolution pathway
- Cases resolved – type, time and performance indicators
- Contact information – demographic and Member information

Case Received – type, time and resolution pathway

Figure 1 shows the trend in cases received over the past three years. It shows a clear stabilisation of the monthly case volumes in the second six months of 2014-15.

During the year we received 12,355 cases, a significant 33% reduction compared to 2013-14 and 42% compared to 2012-13. This is great news as it confirms that the high case volumes experienced in recent years are truly behind us. It also indicates that our Members have been more effective in addressing and resolving their customer issues.

Fig 1 – Cases Received Trends



Cases Received Levels

The levels of cases received in 2014-15 are summarised and compared with the previous year in Figure 2.

As the total case volume in 2014-15 was significantly lower than that in 2013-14 (down 33%), large reductions in some case levels in the reporting year were expected. These included Enquiry (down 54%), Refer to High Level (down 30%) and Facilitation (down 36%). On the increase were Refer to Customer Service (up 11%), Consultation (up 7%) and Investigation (up 116%). In relation to the Enquiry volume, it is worth mentioning that there were other contributing factors to the reduction in 2014-15. In October 2014 we redeveloped our website to make it more user friendly, resulting in a 5% reduction in Enquiries. Following this, in January 2015, we categorised a number of Enquiry contacts to Explanation Resolution in order to streamline our processes, giving rise to a further 2% reduction. Hence, the total reduction due to these causes was 7%.

Fig 2 – Cases Received Levels

Case Level (Cases Received)	2013-2014	% of Total	2014-2015	% of Total	% Difference
Enquiries	6,181	34%	2,840	23%	-54%
RCS	1,001	5%	1,110	9%	11%
Refer to High Level	8,728	47%	6,070	49%	-30%
Consultation	721	4%	773	6%	7%
Explanation of Resolution	-	0%	232	2%	100%
Facilitation	1,597	9%	1,026	8%	-36%
Investigation	141	1%	304	3%	116%
TOTAL	18,369	100%	12,355	100%	-33%

Issues Received

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

Fig 3 – Issues Received

Issues Received	2013-2014	% of Total	2014-2015	% of Total	% Difference
Billing	7,190	39%	5,267	43%	-27%
Sales and Marketing	1,901	10%	982	8%	-48%
Credit Management	1,815	10%	2,276	18%	25%
Customer Service	920	5%	528	4%	-43%
General Enquiry	5,776	31%	2,528	20%	-56%
Land	100	1%	125	1%	25%
Provision	562	3%	546	4%	-3%
Supply Quality	105	1%	103	1%	-2%
TOTAL	18,369	100%	12,355	100%	-33%

Discounting General Enquiries (most of which were not complaints), the three top complaint issues were Billing (43%), Credit Management (18%) and Sales and Marketing (8%).

When comparing the number of these issues with the previous year, Billing and Sales and Marketing decreased by 27% and 48% respectively, while Credit Management increased by 25%. The reduction in Billing coupled with the increase in Credit Management has occurred in two consecutive years, 2014-15 and 2013-14. While the reduction in Billing confirms continuous improvements made by Members, the rise in Credit Management is being continuously monitored by our office to ensure that any trends are fed back to Members for prompt action. Where appropriate, we also provide Members with feedback.

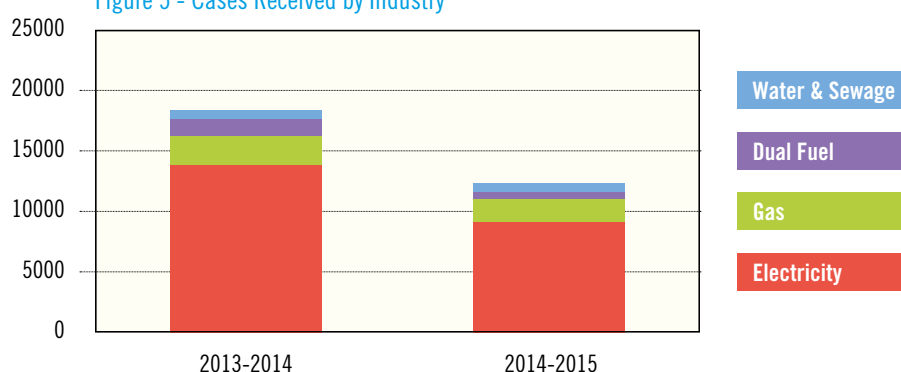
Cases Received by Industry

In 2014-15, Electricity issues comprised 74% of the cases handled, Gas 16%, Dual Fuel 5% and Sewerage and Water 6%. Dual Fuel is where a case 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)	2013-2014	% of Total	2014-2015	% of Total	% Difference
Electricity	13,821	75%	9,099	74%	-34%
Gas	2,452	13%	1,972	16%	-20%
Dual Fuel	1,354	7%	556	4%	-59%
Sewage & Water	742	4%	700	6%	-6%
Non Energy/Water	96	1%	28	0%	-71%
TOTAL	18,465	100%	12,355	100%	-33%

Figure 5 - Cases Received by Industry



Case Resolved – type, time and performance indicators

The total number of cases resolved in 2014-15 was 12,343, 34% less than the previous reporting period due to the significant reduction in the cases received.

Cases Resolved Levels

Figure 6 shows the levels of resolved cases.

Fig 6 – Cases Resolved Levels

Case Level (Resolved)	2013-2014	% of Total	2014-2015	% of Total	% Difference
Enquiries	6,185	33%	2,845	23%	-54%
RCS	1,001	5%	1,110	9%	11%
Refer to High Level	8,991	48%	6,017	49%	-33%
Consultation	722	4%	762	6%	6%
Explanation of Resolution	-	0%	232	2%	NA
Facilitation	1,814	9%	1,066	9%	-41%
Investigation	115	1%	311	2%	170%
TOTAL	18,828	100%	12,343	100%	-34%

Issues Resolved

The types of issues resolved in 2014-15 compared with 2013-14 are outlined in Figure 7.

Fig 7 – Issues Resolved

Issues Resolved	2013-2014	% of Total	2014-2015	% of Total	% Difference
Billing	7,542	40%	5,270	43%	-30%
Sales and Marketing	1,987	11%	1,001	8%	-50%
Credit Management	1,819	10%	2,249	18%	24%
Customer Service	921	5%	528	4%	-43%
General Enquiry (incl Other)	5,777	31%	2,527	21%	-56%
Land	103	1%	118	1%	15%
Provision	572	3%	549	4%	-4%
Supply Quality	107	1%	101	1%	-6%
TOTAL	18,828	100%	12,343	100%	-34%

Billing

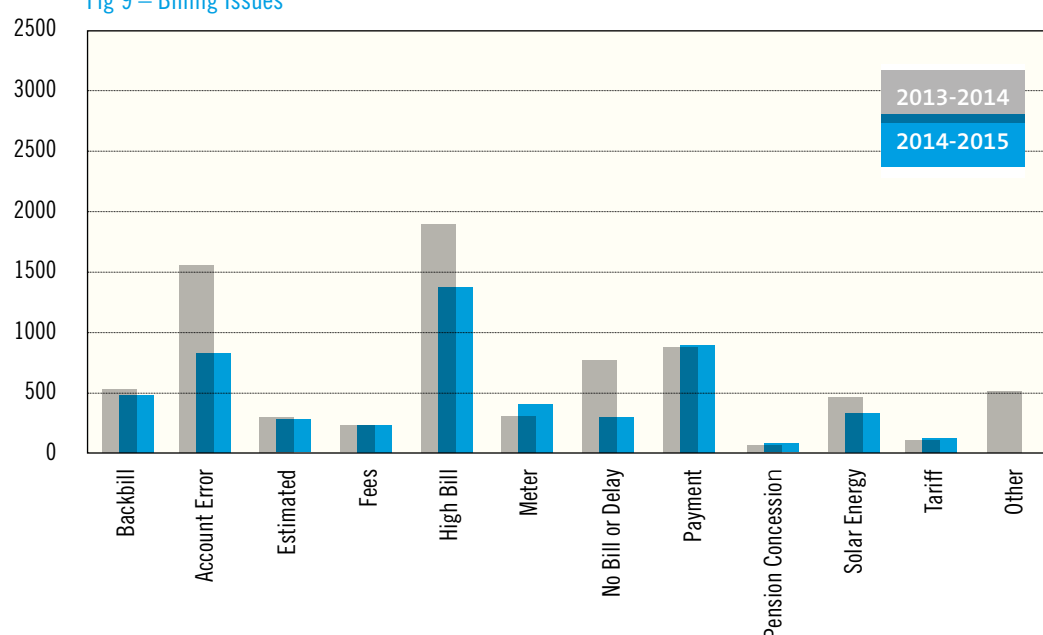
In common with similar ombudsman schemes, Billing issues continue to be the largest issue category. In 2014-15, we finalised 5,270 Billing cases (43% of total), a reduction of 30% compared to the previous year.

Figures 8 and 9 present the breakdown of Billing issues into various sub-issues and compare them with the previous year.

Fig 8 – Billing Issues

Billing	2013-14	2014-15	Difference	% Difference
Backbill	524	477	-47	-9%
Account Error	1,546	823	-723	-47%
Estimated	295	272	-23	-8%
Fees	222	226	4	2%
High Bill	1,891	1,368	-523	-28%
Meter	302	400	98	32%
No Bill or Delay	763	296	-467	-61%
Payment	874	887	13	1%
Pension Concession	59	74	15	25%
Solar Energy	454	329	-125	-28%
Tariff	103	118	15	15%
Other	509	0	-509	-100%
TOTAL	7,542	5,270	-2,272	-30%

Fig 9 – Billing Issues



Sales and Marketing

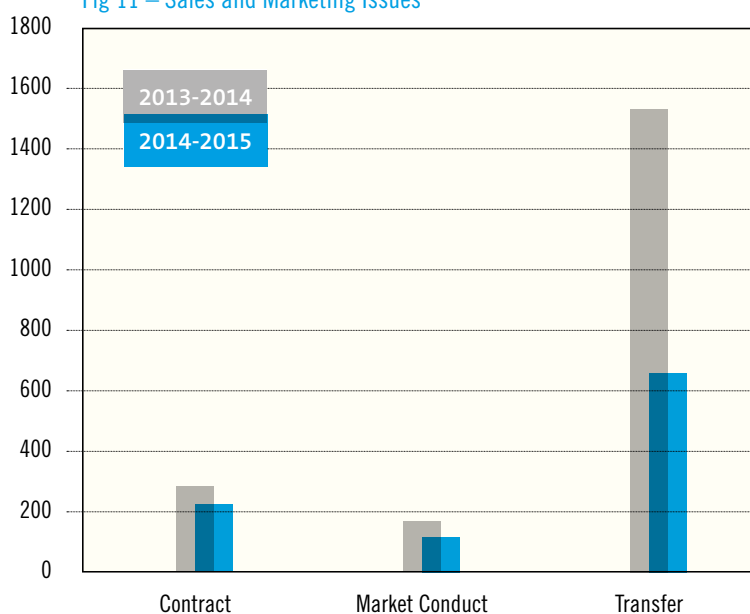
In 2014-15 we finalised 1,001 Sales and Marketing cases (8% of total), making it the third most significant complaint category. However, the number of cases fell for the second consecutive year, in this instance by 50% (986 cases). We believe the actions taken by the Australian Energy Regulator and the Australian Competition and Consumer Commission were a significant contributing factor to this trend.

Sub-issues recorded in this category are Contract, Market Conduct and Transfer as shown in Figures 10 and 11. Significant reductions were achieved in all sub-categories with the highest reduction occurring in the Transfer area.

Fig 10- Sales and Marketing Issues

Sales and Marketing	2013-14	2014-15	Difference	% Difference
Contract	287	224	-63	-22%
Market Conduct	168	117	-51	-30%
Transfer	1,532	660	-872	-57%
TOTAL	1,987	1,001	-986	-50%

Fig 11 – Sales and Marketing Issues



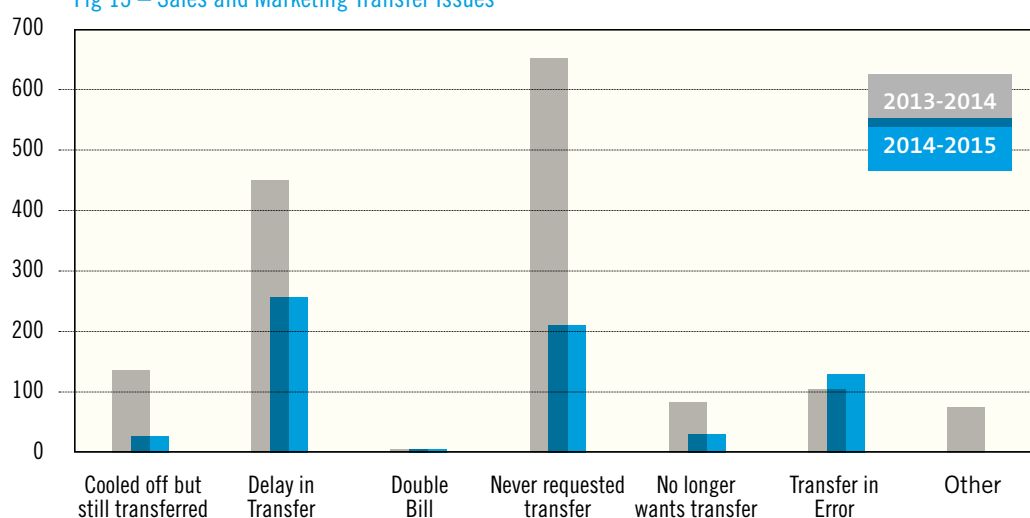
Sales and Marketing – Transfer

Complaints associated with the transfer of customers from one retailer to another are a subject of great interest because they are important indicators of how well the energy market is performing. Figures 12 and 13 provide the breakdown of sub-issues recorded under Transfer. Compared to the previous year, 'Never Requested a Transfer' and 'Cooled Off, But Still Transferred' recorded the highest reductions, of 68% and 80% respectively.

Fig 12 – Sales and Marketing Transfer Issues

Transfer	2013-14	2014-15	Difference	% Difference
Cooled Off But Still Transferred	137	28	-109	-80%
Delay in Transfer	450	257	-193	-43%
Double Bill	3	4	1	33%
Never Requested Transfer	652	211	-441	-68%
No Longer Wants Transfer	84	30	-54	-64%
Transfer in Error	105	130	25	24%
Other	76	-	-76	-100%
TOTAL	1,507	660	-847	-56%

Fig 13 – Sales and Marketing Transfer Issues



Credit Management

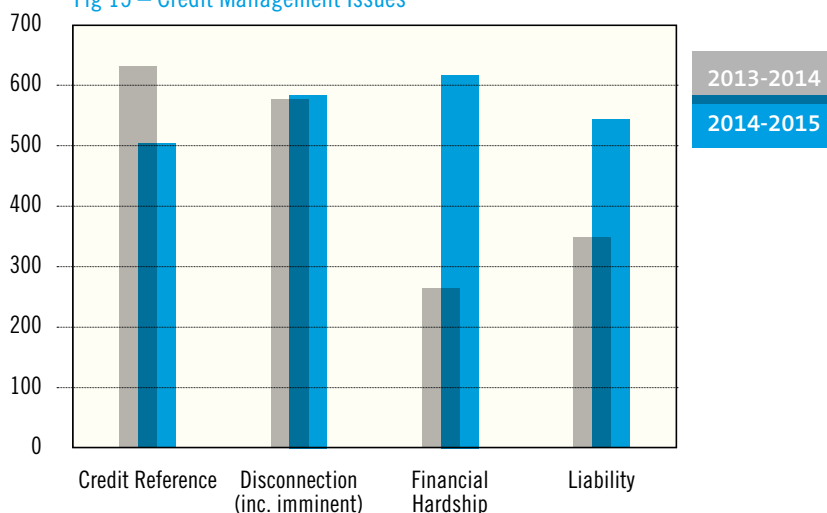
In 2014-15 we resolved 2,249 Credit Management cases (18% of total), making it the second most significant complaint category. Compared to the previous year, these cases increased by 430 (24%).

Sub-issues recorded in this category are Credit Default, Disconnection (including Imminent), Financial Hardship and Liability. Figures 14 and 15 show the comparison of 2014-15 data with the previous year. Financial Hardship recorded an increase of 134%, and Liability an increase of 56% compared to the previous year. (Note: Liability issue refers to a case where consumers dispute the liability for an account that is subject to credit actions).

Fig 14 – Credit Management Issues

Credit Management	2013-14	2014-15	Difference	% Difference
Credit Default	632	504	-128	-20%
Disconnection (inc. Imminent)	576	584	8	1%
Financial Hardship	264	617	353	134%
Liability	348	543	195	56%
TOTAL	1,820	2,248	428	24%

Fig 15 – Credit Management Issues



Credit Management – Disconnections (including Imminent)

The number of energy disconnection and imminent disconnection cases was 584, an increase of 1% compared to the previous year. It should be noted that while water supply is not disconnected for credit management matters, it may be restricted.

Figures 16 to 19 compare the number of disconnection/restriction cases resolved in 2013-14 and 2014-15. -15.

Fig 16 - Disconnection (inc. Imminent) Yearly Comparison

YEAR	Gas	Elect & Dual	Water	TOTAL
2013-14	147	422	7	576
2014-15	161	412	11	584
Difference	14	-10	4	8
% Difference	10%	-2%	100%	1%

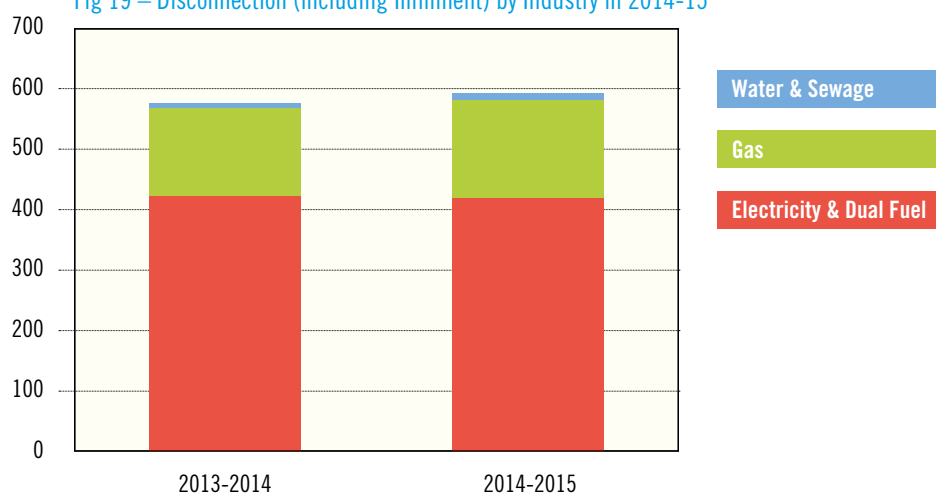
Fig 17 – Disconnection (Including Imminent) compared to Billing and Credit Management and Total Cases

YEAR	Disconnection (inc. Imminent)	Disconnections (inc. Imminent) as % of Billing and Credit Cases	Disconnections (inc. Imminent) as % of Total Cases
2013-14	576	6%	3%
2014-15	584	8%	5%

Fig 18 - Disconnection (including Imminent) by Industry in 2014-15

Industry	Actual	Imminent	Total
Electricity & Dual Fuel	220	192	412
Gas	116	45	161
Water (Restriction)	0	11	11
Total	336	248	584

Fig 19 – Disconnection (including Imminent) by Industry in 2014-15



Credit Management – Financial Hardship

As shown in Figure 14 343 more Financial Hardship cases were resolved in 2014-15, a 134% increase compared with the previous year.

In an effort to understand where the Financial Hardship complaints came from, we analysed cases above the RCS level and tracked them using postcode information. The results of the analysis are presented in Figure 20 for Rural areas and four Metropolitan areas – Central, East and Hills, North, South and West.

The results highlight that the percentage of hardship cases in the Metropolitan North was the highest, with 31% of total complaints (188 cases). This is higher than the area's share of the State population (25%).

Figure 20 also indicates that while the Rural areas and the Metropolitan South had nearly the same percentages of hardship cases (23% and 20% respectively) as their State populations (23% and 21%), the Metropolitan Central, East and Hills and Metropolitan West had lower percentages (13% and 13%) than their State populations (17% and 14%).

Our office has been closely monitoring hardship cases in all areas of our jurisdiction and working with Members to address hardship issues as promptly as we can.

Fig 20 – South Australian Analysis 2014-2015

This infographic shows the areas in the South Australian jurisdiction and their respective percentages of total population, the percentage of total cases received and the percentage of Financial Hardship cases received for the 2014-2015 Financial Year.

The complaint information relates to the areas covered under the jurisdiction of the Scheme.

CASE MANAGEMENT

Total State Population..... 1,685,714
Total Complaints..... 8,400
Financial Hardship Complaints..... 577

Note: Complaints definition - See Pages 13-14

Complaints recorded in this Figure = Total Cases Received less Enquiries and Refer back to Customer Service

% TOTAL COMPLAINTS RECEIVED

Rural areas: 19.8%

York Peninsula, Outback, Murray & Mallee, Mid-North, Lower-North, Limestone Coast, Clare Valley, Mt Lofty, Barossa, Eyre Peninsula, Fleurieu & Kangaroo Island

Total State Population..... 23.0% (381,083)
Total Complaints..... 19.8% (1665)
Financial Hardship Complaints..... 23.0% (133)

Adelaide Metropolitan Areas: 80.2%

North Regions:

Tea Tree Gully, Salisbury, Gawler, Playford, Pt Adelaide-East

Total State Population..... 25.0% (418,797)
Total Complaints..... 25.7% (2,157)
Financial Hardship Complaints..... 31.4% (181)

Central, East and Hills Regions:

Adelaide City, Adelaide Hills, Burnside, Campbelltown, Norwood, Prospect, Unley

Total State Population..... 17.0% (295,327)
Total Complaints..... 18.6% (1,564)
Financial Hardship Complaints..... 12.8% (74)

West Regions:

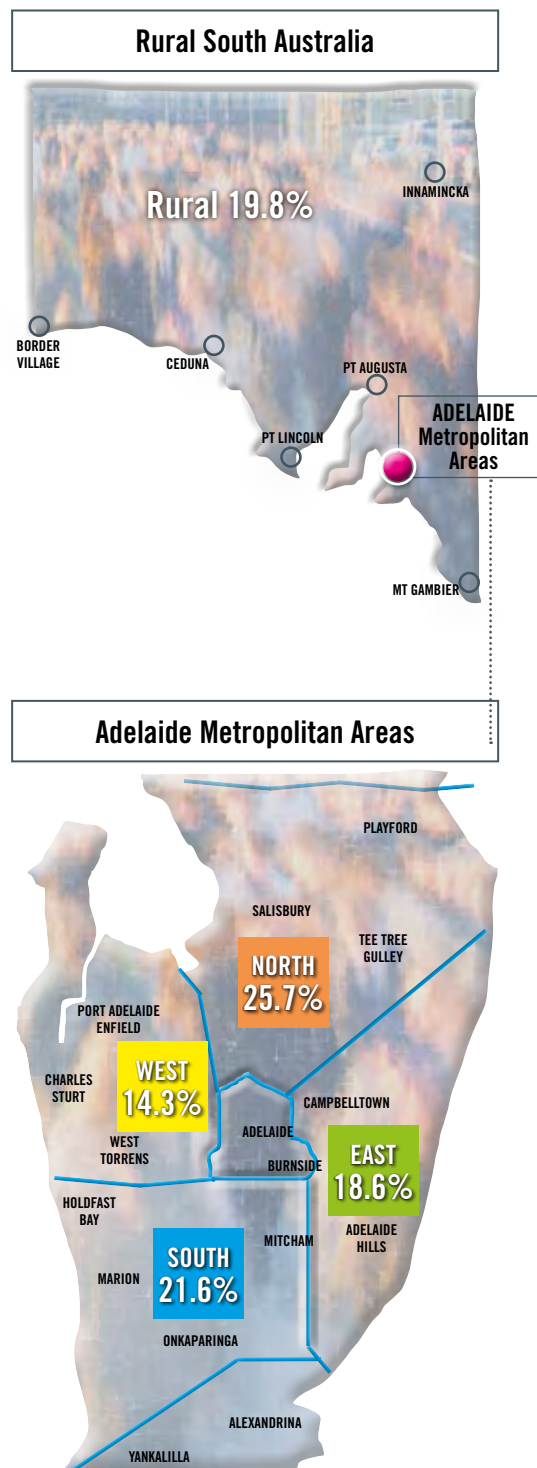
West Lakes, Woodville, West Torrens, Pt Adelaide

Total State Population..... 14.0% (231,583)
Total Complaints..... 14.3% (1,202)
Financial Hardship Complaints..... 12.5% (72)

South Regions:

Onkaparinga, Mitcham, Holdfast Bay, Marion

Total State Population..... 21.0% (358,924)
Total Complaints..... 21.6% (1,812)
Financial Hardship Complaints..... 20.3% (117)



Supply Quality

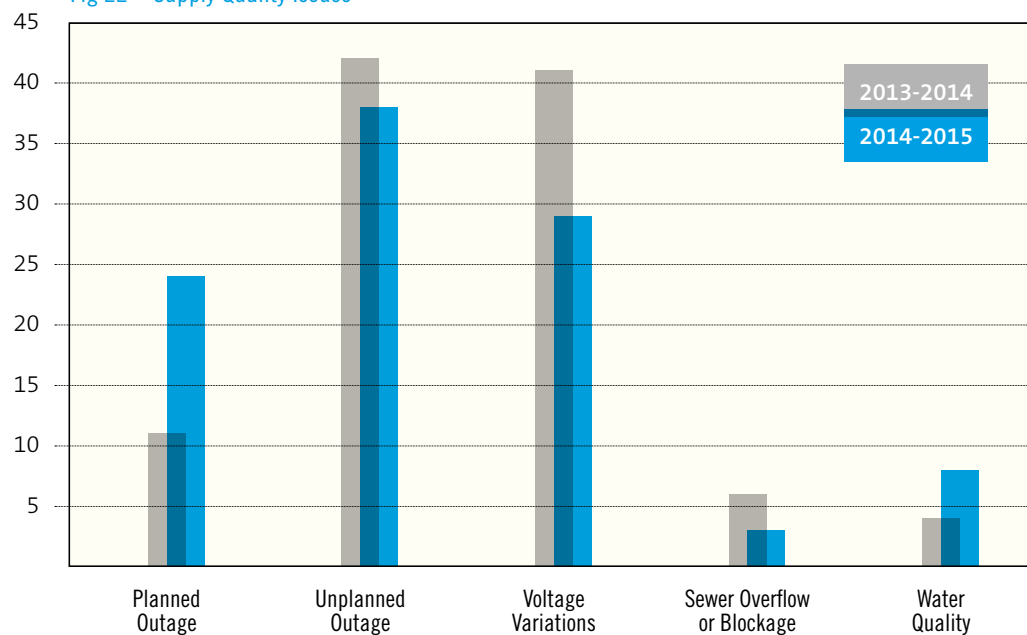
We resolved 102 Supply Quality cases during 2014-15, compared with 104 in the previous year (a 2% reduction). Sub-issues recorded under Supply Quality are Planned Outage, Unplanned Outage, Voltage Variations, Sewer Overflow or Blockage, and Water Quality.

Figures 21 and 22 present the comparison of the sub-issues in the reporting year and the previous year. Issues with significant reductions were Voltage Variations (29%), and Sewer Overflow or Blockage.

Fig 21 – Supply Quality Issues

SUB-ISSUE	2013-14	2014-15	Difference	% Difference
Planned Outage	11	24	13	118%
Unplanned Outage	42	38	-4	-10%
Voltage Variations	41	29	-12	-29%
Sewer Overflow or Blockage	6	3	-3	-50%
Water Quality	4	8	4	100%
TOTAL	104	102	-2	-2%

Fig 22 – Supply Quality Issues



Resolution of Cases within Specified Timeframe

The timeframes in which we resolved cases are presented in the table below. For some timeframes, there were slight reductions in the range of 1% to 2% in the percentage of cases resolved in 2014-15 compared to 2013-14.

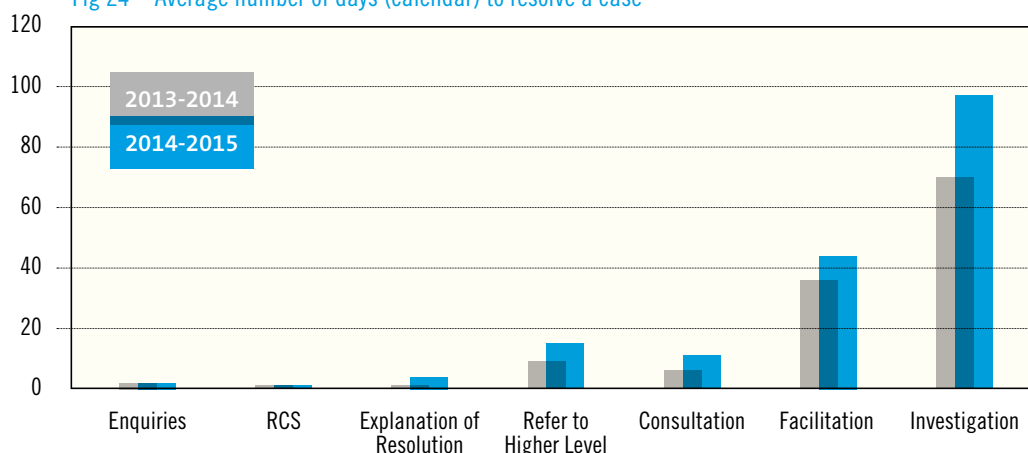
Fig 23 – Cases Resolved within Specified Timeframe

Cases Resolved	2013-14	2014-15	Difference
Within one day	35%	35%	0%
Within 30 days	89%	87%	-2%
Within 60 days	96%	96%	0%
Within 90 days	99%	98%	-1%
over 90 days	1%	2%	1%

Average Time (Calendar Days) to Resolve a Case

In 2014-15 the average number of days to resolve cases was slightly higher than the previous year for Refer to Higher Level, Consultation and Facilitation. For Investigation, the average resolution time difference was more significant (over 20 days) due to an increase in the number of complex cases. (Note: Explanation of Resolution was a part of Enquiries in the previous year).

Fig 24 – Average number of days (calendar) to resolve 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 2014-15 and the previous year. The results of both years met or were above our targets.

Fig 25 – Consumer Satisfaction Survey Results

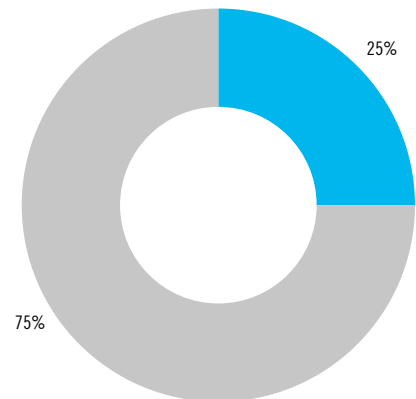
Survey results	2013-14	2014-15
Consumers satisfied or very satisfied with Ombudsman service	93%	90%
Consumers indicated they would be likely to recommend the Ombudsman's service to others	94%	91%

CONTACT STATISTICS

Where Cases came from in 2014-15

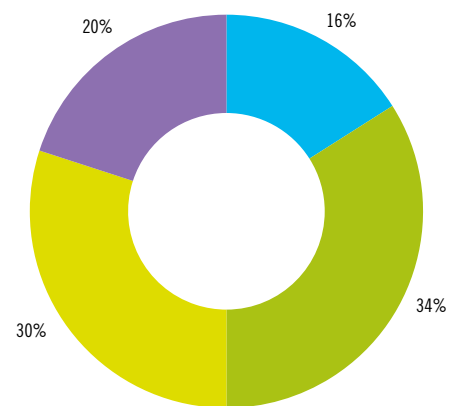
2014-2015 Regional Analysis

- Rural
- Metropolitan



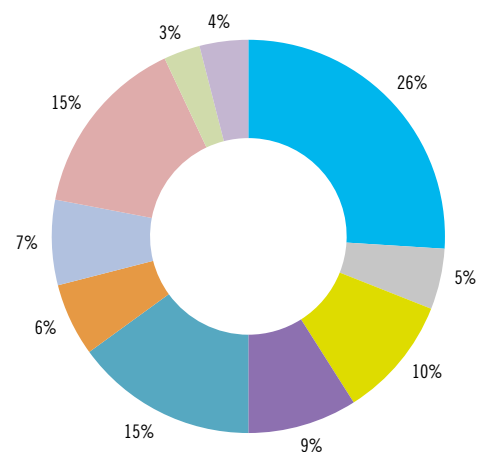
Metropolitan Areas

- Adelaide - Central & East
- Adelaide - North
- Adelaide - South
- Adelaide - West



Rural Areas

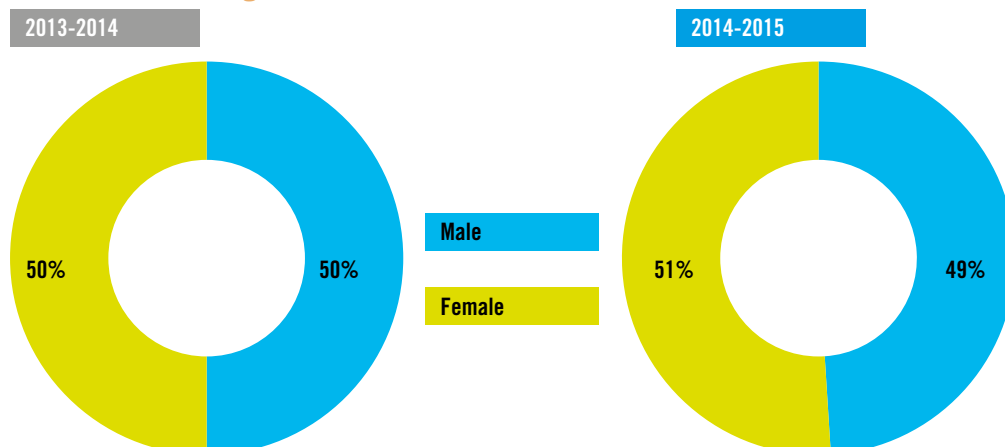
- Adelaide Hills
- Barossa
- Eyre Peninsula and South West
- Fleurieu - Kangaroo Island
- Limestone Coast
- Lower North
- Mid North
- Murray & Mallee
- Outback - North & East
- Yorke Peninsula



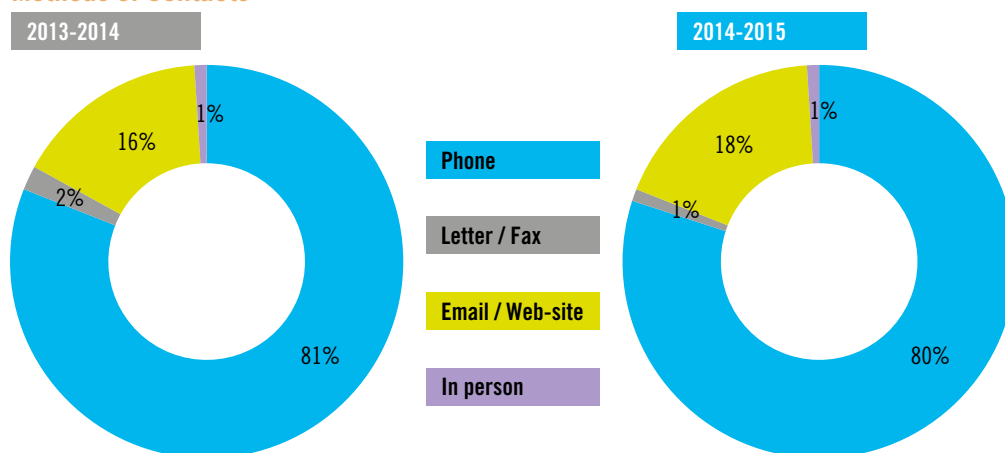
Demographic and member information

Around 834,200 electricity customers, 413,100 gas customers and 766,000 water customers potentially fall within the jurisdiction of the Scheme.

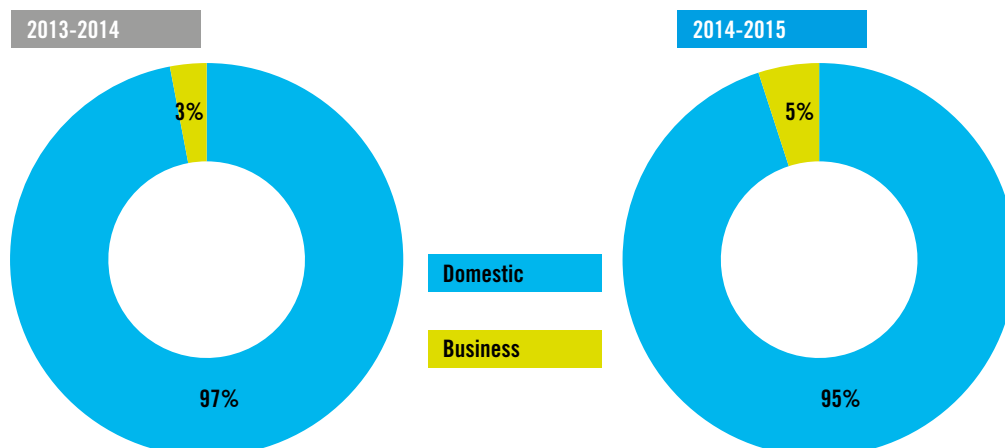
Gender of Contacting Persons



Methods of Contacts

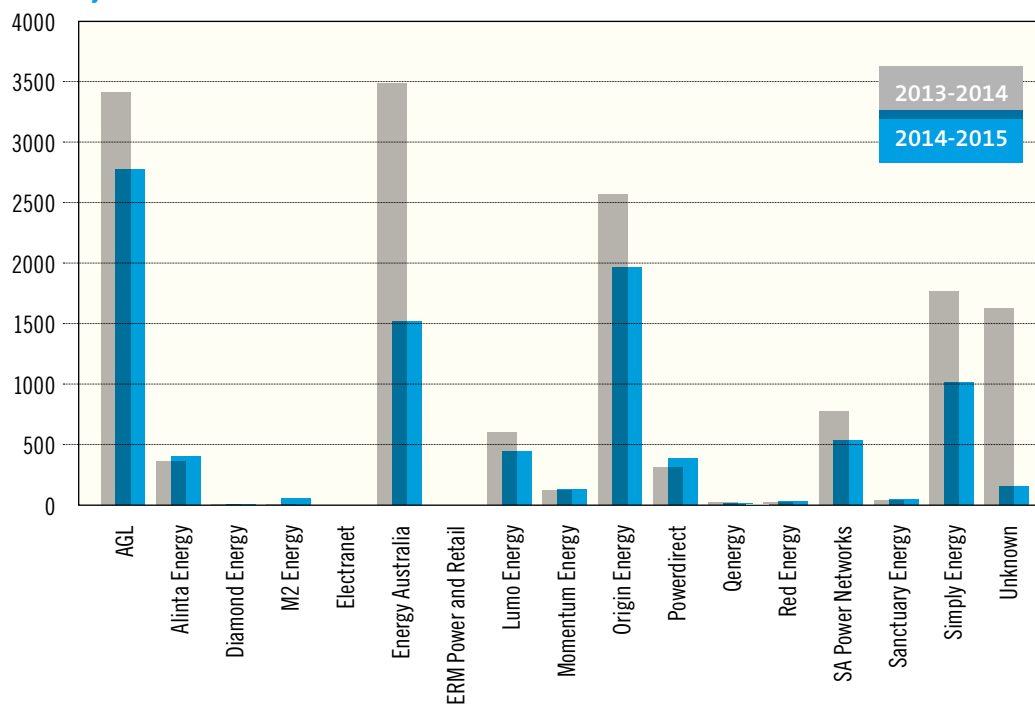


Source of Contacts

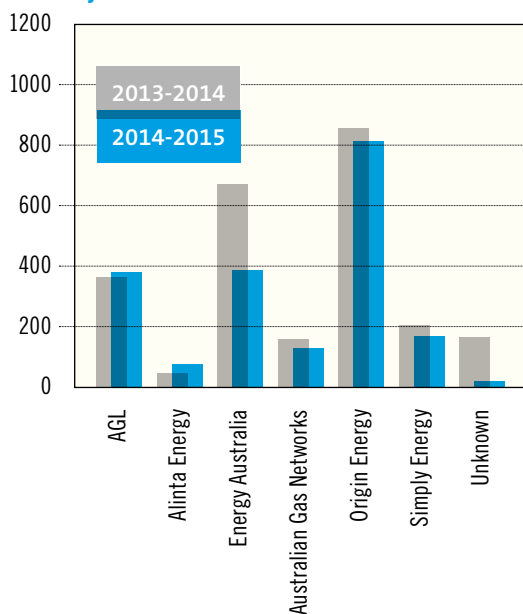


CONTACT STATISTICS

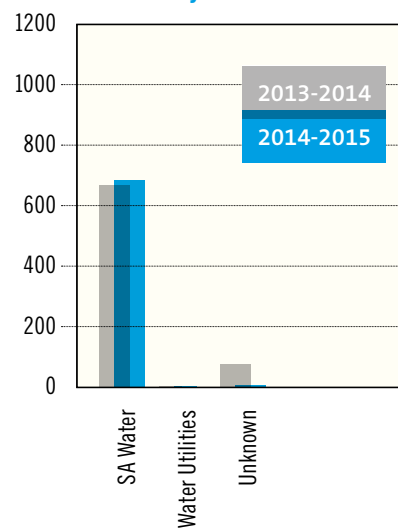
Electricity and dual fuel cases received by members



Gas cases received by members

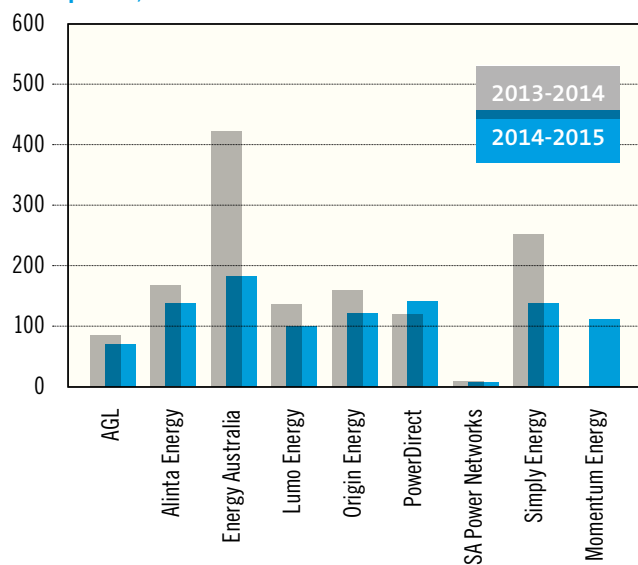


Sewage and water cases received by members

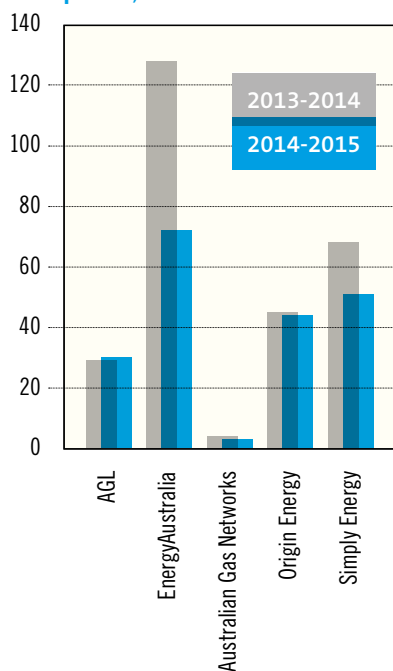


Note: Members with fewer than 100 cases have been omitted from the per 10,000 customer tables below.

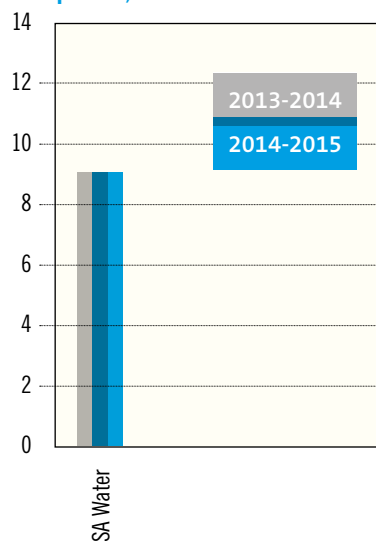
Electricity & dual fuel cases received per 10,000 customers



Gas cases received per 10,000 customers



Sewage and water cases received per 10,000 customers



Default listed / hardship customer

Scenario

Mrs V vacated her premises and requested a payment extension on the final electricity and gas account balances (\$1,110 and \$254) due to financial hardship. Although the supplier had no obligation to offer a payment plan on a final bill, it provided a payment extension. However, Mrs V believed the supplier did not take into account her financial hardship.

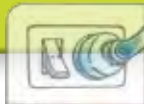
Complaint

Mrs V's supplier listed her as a credit default without sending prior notification or considering her financial circumstances. Mrs V wanted her default status removed.

Outcome

We established that Mrs V's supplier had provided her with a payment extension of 65 days and, as she had not made any payments or contacted the supplier during that period, had sent her the appropriate notices and correctly listed her as a credit default for her electricity and gas accounts.

Mrs V did have mail redirection in place, but it had ended prior to the supplier issuing the 'intent to list' notice. The supplier had met its regulatory obligations by notifying Mrs V of its intention to list her as a default prior to doing so after 60 days had elapsed from the original payment due date. Mrs V's credit default listings were not removed.



Overcharged on a catch up bill

Scenario

After receiving several estimated gas bills, Mr T's new bill after an actual meter read did not take into account that he had already paid a bill based on a higher estimated meter read.

Complaint

Mr T contacted the supplier, seeking to have the estimated read replaced and the overcharge corrected.

Outcome

Our investigation revealed that the supplier, following a number of consecutive estimated reads due to no access to the meter, had made several unsuccessful attempts to contact Mr T via bills, notices and letters requesting access. The gas supplier did rectify its double-billing of the one quarter by waiving the original bill of \$220 and provided Mr T with extended time to pay. We found no evidence that Mr T had been otherwise overcharged by his supplier. The supplier requested that Mr T supply a key to his gate to avoid future estimated bills.



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 or water 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 an energy or water supplier's employee or agent or contractor.

Our role

We have a responsibility to identify and record systemic issues and potential compliance issues and, as appropriate, notify the relevant company 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 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 provider. We do not possess any punitive powers.

Three key issues were identified in 2014-15 as systemic:

- incorrect meter identifier numbers printed on bill (energy).
- delay in paying solar credits to customer (energy).
- billing delay due to printing errors (energy).

Unexplained water use

Scenario

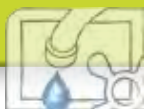
Ms T had lived at her address for many years and in April 2014 received a quarterly water bill which was about \$5,000 higher than she had expected. The meter was tested and found to be operating correctly. In consideration of the matter the supplier advised that she was eligible for a billing reduction of the disputed bill in line with its policy.

Complaint

Ms T wanted an explanation to specifically detail how she had used the water at her premises and a further billing reduction.

Outcome

Our investigation revealed that the water billed in the disputed quarter was actually used over a 6-month period and not a 3-month period as was initially thought. It appeared that the water use had been high enough for the reading to be rejected in line with a 'high/low' validation process and that a lower read in line with historical consumption had been used to bill, which was the approved process under the circumstances. The supplier had not been aware that this had occurred until it looked into it as a result of the complaint. Whilst the supplier believed that the measured volume of water could easily have flowed through the meter in the 6-month billing period, it decided to reduce the disputed bill as a gesture of goodwill as Ms T had been told the water was used in 3 months. We advised Ms T that neither the supplier nor this office could tell her how she had used the water, only that it was recorded as flowing through the meter which was functioning without fault. We also advised that the water meter's flow rate allowed for the measured volume of water to have passed through the meter.



Erroneous default listing / hardship customer

Scenario

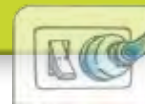
Mr B vacated his premises and received a final bill totalling \$230. He later called his supplier to request a copy of his final bill and a payment extension due to financial hardship.

Complaint

Mr B's supplier listed him as a credit default without sending prior notification or considering his financial circumstances. Mr B also believed that he was listed one day prior to the regulated number of 60 days had elapsed. He wanted his default listing removed.

Outcome

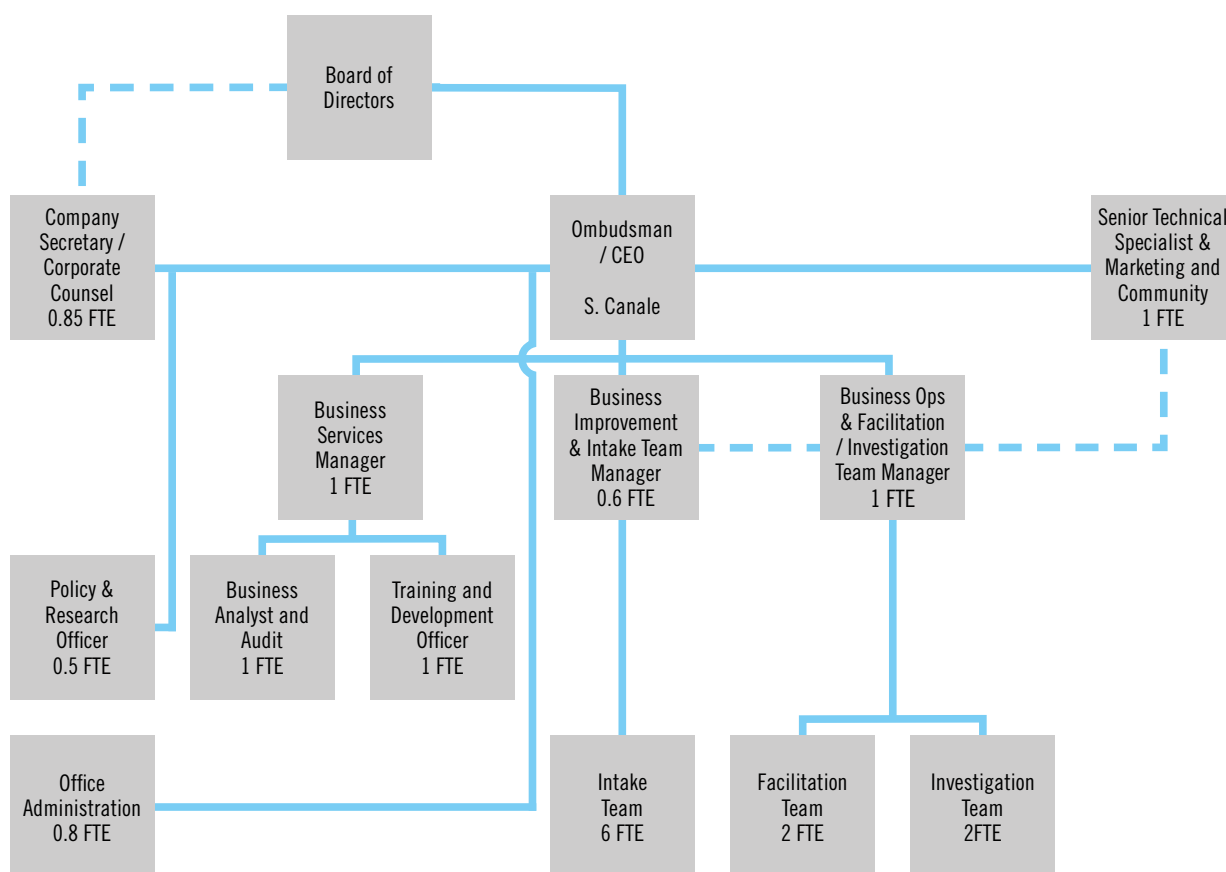
Our investigation revealed that Mr B's supplier had listed him as a credit default in error and removed his listing. The debt had been paid in full. The supplier gave Mr B a goodwill gesture of \$150 in recognition of its error.



OUR ORGANISATION

During the year new systems for quality management, training, career development and customer response were implemented as part of our ongoing review of our own business processes. The organisation now has 20 employees, who work within the structure described in the chart below.

Our Structure



This year we combined the Facilitation and Investigation teams. There were several reasons for this, including the potential for efficiencies by increasing the range of staff expertise and reviewing workflows to deliver speedier end-to-end service to customers and reduce handover times.

Our cultural change program has been proceeding well on its multi-year trajectory. Our people are confident, oriented towards results and better equipped to do their jobs and to do them well, while remaining diverse individuals working in a professional and ever-changing environment.

The focus has been on training, coaching and mentoring, with implementation of a strong internal review process and additional performance reporting that comes from our data systems and is used as a tool by individuals reviewing their own performance.

This year saw the implementation of a Career Development Roadmap to clarify key performance indicators and to help people understand opportunities for advancement and competency requirements. This has been an exciting project as it has forced us to think about how we value people and recognise good performance.

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 personal wellbeing 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. We also encourage staff to include more walking into their daily routine, and have provided FitBits to those willing to participate in fun challenges.

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 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

Peter Bicknell BA, M Soc Admin, JP

(appointed 23 March 2015)

Chair, Uniting Care Australia; Chair, Portway Housing Association Inc.; Chair, Adelaide Brighton Cement Community Liaison Group; Chair, Owens Illinois Community Consultation Group

Directors

Jessie Byrne, Consumer Director

(appointed 1 October 2014)

Margaret Cross, Consumer Director

(appointed 24 October 2014)

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)

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

Blue NRG Pty Ltd

Diamond Energy Pty Ltd

ElectraNet Pty Ltd

EnergyAustralia

ERM Power Retail Pty Ltd

Flinders Power Partnership

International Power (t/a Simply Energy)

Lumo Energy (SA) Pty Ltd

M2 Energy Pty Ltd (t/a Dodo Power & Gas and Commander Power & Gas)

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

QEnergy Limited

Savant Energy Power Networks Pty Ltd

Gas Members

AGL South Australia Pty Ltd

Alinta Energy Retail Sales Pty Ltd

Australian Gas Networks Ltd

EnergyAustralia

International Power (t/a Simply Energy)

Origin Energy Retail Ltd

Water Members

Alano Utilities Pty Ltd

Alexandrina Council

City of Charles Sturt

District Council of Mount Barker

FB Pipeline Pty Ltd

South Australian Water Corporation

The Barossa Council

Water Utilities Pty Ltd

OUR ORGANISATION

By law, entities that provide energy, water or sewerage services to residential and small business consumers in South Australia must be Energy and Water Ombudsman SA members.

Corporate Governance Statement

Approved by the Board of Directors on 25 February 2015

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 is 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
- 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 ('Consumer Directors')
- an independent Chair.

The current Directors of the Company are:

- Mr P Bicknell, Independent Chair
- Ms J Byrne, Consumer Director
- Ms M Cross, 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)

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 67% of the Board of Directors are female, more than half of the management team are female, and the rest of the staff are 10 male and 9 female members. The overall percentage is 52% female and 48% 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, re-appointed in 2012 and retired in March 2015. Mr Peter Bicknell, BA, M Soc Admin, JP, was appointed as the independent Chair with effect from 22 March 2015.

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 ESCOSA and appointed by the Directors hold office for a term of up to three years, and 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 for a term of five years.

Company Secretary

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

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

Ms Pia Bentick, FCIS, Barrister (np), was appointed the Company Secretary in March 2000, and is also the Corporate Counsel and a member of the senior management team.

Independent Professional Advice

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

Corporate Reporting

The Ombudsman, the Business Services Manager and the Company Secretary 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 Patrick Makinson, Chair, Industry Director
- Mr Peter Bicknell, Independent Chair
- Ms Margaret Cross, Consumer 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 Peter Bicknell, Independent Chair
- Ms Wendy Eyre, Consumer Director
- Ms Kay Matthias, Consumer Director
- Ms Kim Thomas, Industry Director

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 to ensure that business opportunities and risks are identified, 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:

1. the Annual Report, which is available to all Members and at the Company's website
2. the Financial Report, which is posted to all Members
3. stakeholder meetings with the Ombudsman and regular meetings with the staff at operational levels.

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

Affordability issues

Scenario

Mr S had a gas account debt of \$177 which he was unable to pay as he had just come out of hospital. His supplier was seeking payments of \$43 per fortnight to cover the debt and ongoing usage and advised that Mr S had five broken payment plans previously.

Complaint

Mr S advised that he could not afford to pay the debt or the \$43 per fortnight and was seeking a more affordable payment arrangement.

Outcome

In recognition of Mr S's circumstances, a payment plan of \$25 per fortnight was agreed for three months. Mr S was encouraged to try to reduce his gas usage to match what he could afford to pay. He also was provided with energy efficiency advice and referred to a financial counsellor. An explanation was also provided to Mr S about the need to adhere to the payment plan and to participate in the process by communicating with the supplier if he was unable to make payments. At the end of the three months Mr S was advised to contact the supplier again to discuss a payment plan and be assessed for its hardship program.



Demand charges

Scenario

XYZ Pty Ltd installed a solar system at its premises. The system required an alteration to its electricity meter to measure the export of electricity to the grid. As a result, the company was billed a new monthly 'demand' charge of approximately \$1,750.

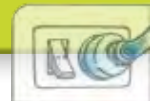
Complaint

XYZ Pty Ltd believed that prior to being billed the new monthly charge, it had not been notified by its electricity supplier and therefore could not reasonably assess its future costs. XYZ Pty Ltd was asking for the charges to be waived.

Outcome

Our investigation revealed that XYZ Pty Ltd's supplier notified it in a Welcome Letter that 'demand' charges are collected by the distributor and that they pass the costs onto customers for full payment. Additionally, the distributor had sent XYZ Pty Ltd a letter at the time it requested the connection of their solar system to the network stating that a meter alteration would attract a new 'demand' charge.

We were satisfied that the supplier and the distributor had fulfilled their regulatory obligations with regard to the provision of information. We were also satisfied that the capacity of the site had appropriately attracted the 'demand' charge tariff and that XYZ Pty Ltd had not been overcharged. XYZ Pty Ltd was required to pay the 'demand' charges. While setting prices and tariffs is outside our jurisdiction, we were satisfied that the rates charged were consistent with the distributor's published 'demand' tariff pricing.



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Revenue from ordinary activities	2,200,372	3,220,951
Expenses from ordinary activities	3,229,303	2,834,430
Income tax expense	-	-
Surplus/(deficit) for the year	(1,028,931)	386,521
Other comprehensive income	-	-
Total comprehensive income for the year	(1,028,931)	386,521

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

CURRENT ASSETS		
Cash and cash equivalents	968,129	1,009,613
Trade and other receivables	199,094	115,269
Other current assets	208,829	168,019
Other financial assets	1,404,764	1,972,198
Rent bond receivable	17,100	-
TOTAL CURRENT ASSETS	2,797,916	3,265,099
NON CURRENT ASSETS		
Property, plant and equipment	485,055	722,064
Rent bond receivable	-	17,100
TOTAL NON CURRENT ASSETS	485,055	739,164
TOTAL ASSETS	3,282,971	4,004,263

	2015 \$	2014 \$
CURRENT LIABILITIES		
Trade and other payables	425,636	129,165
Employee benefits	144,521	131,009
Other current liabilities	56,833	56,427
Office fitout incentive	15,000	25,000
TOTAL CURRENT LIABILITIES	641,990	341,601
NON CURRENT LIABILITIES		
Employee benefits	36,516	29,266
TOTAL NON CURRENT LIABILITIES	36,516	29,266
TOTAL LIABILITIES	678,506	370,867
NET ASSETS	2,604,465	3,633,396
EQUITY		
Accumulated surplus	2,604,465	3,633,396
TOTAL EQUITY	2,604,465	3,633,396

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members (inclusive of goods and services tax)	2,208,149	3,989,907
Payments to suppliers and employees (inclusive of goods and services tax)	(2,878,374)	(2,939,662)
Interest received	2,948	5,040
Net cash inflow/(outflow) from operating activities	(667,277)	1,055,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,340)	(138,846)
Proceeds from other financial assets	4,075,401	1,680,183
Payments for other financial assets	(3,507,969)	(2,713,026)
Interest received	78,701	32,843
Net cash outflow from investing activities	625,793	(1,138,846)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	(41,484)	(83,561)
Cash and cash equivalents at the beginning of year	1,009,613	1,093,174
CASH AND CASH EQUIVALENTS AT END OF YEAR	968,129	1,009,613

Faulty electricity meter for 10 years

Scenario

Mr and Mrs C had lived at their address for many years and for 10 years had experienced high electricity bills. Having changed suppliers in the hope that the bills would reduce, they continued to query their bills and in late 2013 the meter was finally tested for accuracy. The meter was found to be operating three times faster than it should have been. Based on usage recorded over several months on the new meter, the adjustments required were a refund of over 43,000 units from the current supplier and a refund of over 16,000 units from the former supplier.

Complaint

Mr and Mrs C had been waiting for both the current and former suppliers to complete the adjustments and refunds. The former supplier had not commenced the adjustments at the time they approached us. The current supplier had completed what it maintained were the correct adjustments resulting in a credit of \$2,000. However, Mr and Mrs C did not accept that the credit was correct nor that it represented 43,000 units. They were also dissatisfied that the previous supplier was taking so long to complete their adjustments.

Outcome

We reviewed the adjustments and calculations provided by the current and the previous suppliers and agreed that the method used to determine them (actual usage on new meter) was fair and reasonable. We confirmed that a credit of over \$11,000 was to be applied representing the overcharge of over 43,000 units for six years by the current supplier and a credit of over \$1,800 representing an overcharge of over 16,500 units for four years by the former supplier. Both suppliers apologised for the inconvenience caused, with the current supplier also applying a \$1,000 credit to the account as a gesture of goodwill. Both suppliers refunded the credits directly to Mr and Mrs C's bank account. Mr and Mrs C were satisfied with the outcome.



Incorrect network tariff

Scenario

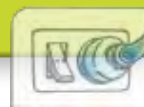
After receiving an electricity bill, a business customer, Mr X, noticed that the network tariff was higher than he had expected and that it did not appear to reflect his agreement with the electricity supplier. Mr X believed that the peak and off-peak component should apply to the rates charged and the network tariff.

Complaint

Mr X contacted his supplier, seeking to have the incorrect network tariff changed and the overcharges corrected.

Outcome

Our investigation revealed that the electricity supplier had billed Mr X based on the correct network tariff and agreed rates. As the site had always been on a business single rate network tariff, the tariff could only be changed at the request of a customer or the supplier. We found no evidence that a change had been requested by the customer or the electricity supplier. Mr X subsequently lodged a submission to his electricity supplier for a tariff change. The tariff change was processed in a timely manner.





**energy & water
OMBUDSMAN SA**

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