

energy & water
OMBUDSMAN S A

ABOUT US

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's Office – 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, such as geographic location, language, physical or mental capability, or financial status
- Providing a free service to consumers
- Making effective use of technology to assist in quality complaint handling, referral and reporting
- Fostering effective links with Members, other complaint handling bodies, government agencies and consumer and community organisations.

The Scheme

The Energy and Water Ombudsman Scheme originated from the privatisation of the South Australian electricity industry in 1999. A licence condition was imposed on all entities providing electricity services to participate in an independent scheme to ensure fair practice and effective dispute resolution between the electricity providers and their customers.

The industry

Our Members are the electricity and gas distribution, transmission and retail entities and water and sewerage service providers (a list of current Members can be found under Our Organisation on page 38).

What we do

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

- Connection, supply and sale of energy or water services by a Member
- Disconnection or restriction of supply
- Billing disputes
- Administration of credit and payment services
- Security deposits
- The impact on land or other property of actions by a Member
- The conduct of Members' employees, servants, officers, contractors or agents
- Any other matters referred by a Member by agreement with the Ombudsman and the person/s affected

Our full range of services and complaint resolution processes are explained in the body of this Report, as well as how we have undertaken those tasks in the past financial year.

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 problems.

We want to find solutions that not only deal with a single problem, but also minimise future complaints and help Members build more responsive and robust complaint handling systems.

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

We are not an advocacy service for either customers or the energy and water service providers who are Members of the Scheme.

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

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AT A GLANCE: 2015 – 2016

The Ombudsman's Office 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 the handling of matters and the information provided
- Accessibility of the Scheme to all consumers and the ability to connect with all regions of South Australia

CASES
RECEIVED

9 813

TOTAL CASES RECEIVED



21%

FROM THE PREVIOUS YEAR

TOP
THREE
COMPLAINT
ISSUES

4 128

BILLING



22%

FROM THE PREVIOUS YEAR

2 026

CREDIT MANAGEMENT



11%

FROM THE PREVIOUS YEAR

740

SALES & MARKETING



25%

FROM THE PREVIOUS YEAR

CASES
BY
REGION

23%

RURAL



2%

FROM THE PREVIOUS YEAR

77%

METROPOLITAN



2%

FROM THE PREVIOUS YEAR

ONLINE
CASES

17%

ONLINE



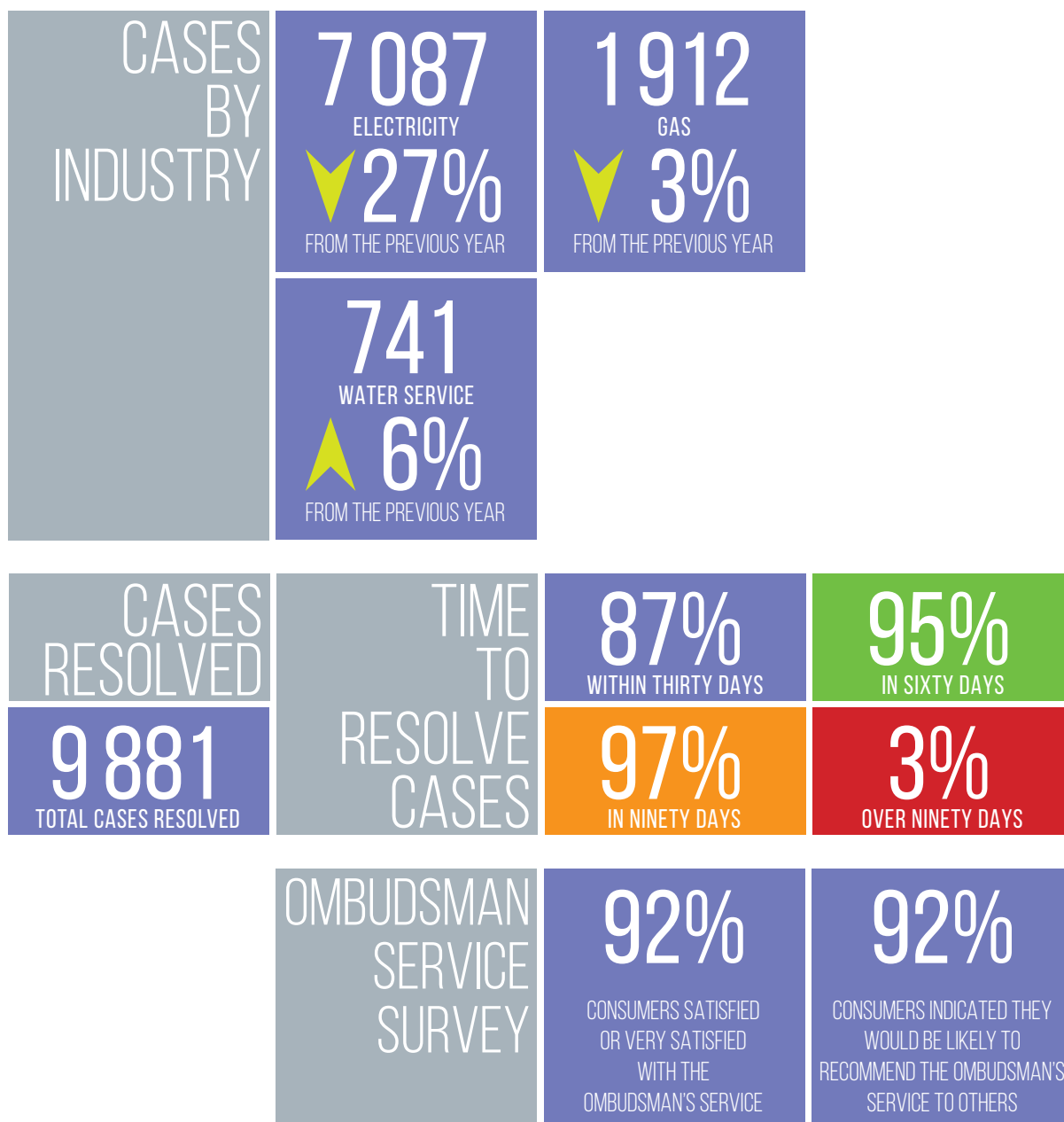
1%

FROM THE PREVIOUS YEAR

AT A GLANCE: 2015 – 2016

The Scheme has within its jurisdiction approximately:

- 846 250 electricity customers
- 454 200 gas customers
- 787 400 water service customers



BOARD MEMBERS



Peter Bicknell • **CHAIR**



Geoff Barton • Director



Jessie Byrne • Director



Margaret Cross • Director



Wendy Eyre • Director



Patrick Makinson • Director



Kay Matthias • Director



Kerry Rowlands • Director

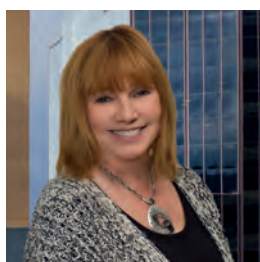


Kim Thomas • Director

NON-VOTING



Sandy Canale
Chief Executive Officer



Pia Bentick
Company Secretary

CHAIR'S REPORT

This Chair's report covers my first full year as Independent Chair of the Company. It has been both busy and fruitful as the body of this Report shows.

The Scheme and the Ombudsman's Office are continuing to be strongly regarded by both the Scheme's Members and the South Australian consumers who seek its advice and deliberation.

It is a source of satisfaction to the Board that the sometimes challenging task of balancing interests in this complex and increasingly vital aspect of essential public services is largely seen as fair and impartial by both sides of the equation. It means we are doing something right.

There was one change to the Board during the year. Damien Regan retired after serving diligently and effectively since 2013 as the representative of the gas industry. In his stead, I welcome Geoff Barton of Australian Gas Networks to the Board. Geoff brings a wealth of experience in the energy sector, along with a strong background in corporate governance to the Board.

2016 saw our five-yearly 'Report Card' delivered. This is the third time since its inception in 2000 that the Scheme has undertaken a large-scale customer, Member and stakeholder survey. The Board is delighted with the trends shown in the results. It is evident that stakeholders have a clear understanding of the Scheme's objectives and operation.

The Scheme's major achievements over the past five years were judged by stakeholders to include a capacity to routinely deal with high volumes of work, a high level of customer service and quicker turnaround times. The Ombudsman and his staff were seen as approachable and highly professional in their approach to resolving complaints by both Members and customers.

The investment in technology and information of the past two years has delivered positive results in terms of the capacity to better manage work flows and response times.

The overall message from our research is that Members are getting better at resolving initial complaints, that is, those where the issues are reasonably straightforward. The number of complaints has continued to decline, which indicates that internal complaint resolution processes have been refined by Members to the extent that many routine issues can be dealt with effectively and speedily without the direct intervention of the Ombudsman.

However, at the same time, the number of investigations and the resources required to deliver a satisfactory solution have both increased, which indicates that although the baseline capacity of Members to resolve what might be called 'standard' complaints is improving, when things become more complicated there is not yet the requisite capacity to deal with complex customer situations.

The Board has continued to devote considerable time at each meeting discussing societal and industry trends that are likely to impact on the short and long term business and operations of the Scheme. These discussions during the year contributed to a review of our Strategic Plan which, in turn, has been refined in the context of the changing landscape in the water and energy markets and the impact of new and emerging technologies on the Scheme and consumers.

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. On behalf of the Board, I thank both bodies for their guidance and support. Regulators are the means of dealing with systemic issues that emerge from the Ombudsman's work. Their active engagement is an essential part of the overall governance of the industry and we appreciate the strong working relationships that exist in this area.

As new technologies and business models evolve rapidly in all service industries, the Board remains keen to ensure that where change occurs it does not result in less robust consumer protection, particularly with regard to the impact of the Scheme.

In closing, I want to thank my 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, Ombudsman Sandy Canale and his staff are to be congratulated for their work both this year and since the Scheme's inception. The Board is pleased with the public and industry perception of the Ombudsman's Office as a forum that delivers fair and impartial outcomes for all parties.

The responses received from stakeholders in the 2015 Energy and Water Ombudsman SA Scheme Review are almost uniformly positive, with survey ratings of which any similar organisation would be proud. The Review paints a picture of an organisation dedicated in its service to the principles in its Charter.

The continued highly positive results from the users of the Scheme are a credit to the dedication and service orientation of the Ombudsman and all staff.

Peter Bicknell
Chair

OMBUDSMAN'S REPORT

I am delighted to present the following report, which highlights the significant events, challenges and opportunities that defined the organisation's performance during the 2015-16 financial year.

Last year, the headline message of the Annual Report was one of consolidation and stability. Complaint numbers were reducing, and we appeared to be in a period of industry stability with respect to the volume of complaints.

This trend continued throughout 2015-16. The industry has broadly given a firm commitment to resolve complaints wherever possible without reference to Energy and Water Ombudsman SA (EWOSA). It means that with few exceptions our Members are fixing problems when they occur and adapting systems to ensure that the same problems do not reoccur.

At a service delivery level, the reduction in case load has presented some challenges for us as we need to ensure consistency and timeliness throughout the peaks and troughs of the financial year.

Perhaps more seriously, we have experienced, along with a drop in the overall number of cases (9 813 down 21 % from the previous year), more of those cases which are characterised by complex, multi-factorial causes. There are two aspects to this that I should report upon.

Firstly, the nature of these more complex cases is often around hardship and financial indebtedness. This has brought home to us that we operate in an increasingly interdependent social and monetary environment where there are many converging pressures on those individuals and families who experience hardship. Hardship is not about just one company or one service; it can involve many strands of pressure and counter-pressure. We have responded to this by increasing our efforts in the community and participating in more public forums and multi-lingual sessions. Our regional outreach program has been especially successful, but it is fair to say that while we are having a demonstrable impact, our ability to unpack the root causes is limited. This is also the case in metropolitan areas where we are seeing individuals and families – even those with a regular household income – with reduced capacity to meet their consumption costs in both the short and longer term.

Secondly, the complexity and immediacy of these cases requires more resources to be dedicated to facilitation and investigation by our staff. This is partly about time, but more importantly it means our staff need to be highly trained in the complexities of the industry and the legal framework in which it operates. This affects not just the staff of the Ombudsman's Office, but also the staff of Member organisations. We have addressed this by improving our selection and recruitment processes, as well as developing a stronger career progression structure that helps us retain high-quality personnel.



Sandy Canale

We have also strengthened recording and decision support systems, especially in reference to closing cases. This has meant efficiencies throughout the progression of cases to conclusion.

I am particularly impressed by the skill, empathy and resilience of our people – whether working on the front line at the initial point of contact or in the investigations, support and administrative areas. There is no denying that parts of our work have the capacity to place stress on individuals and teams. This year we have done a great deal to reduce stress and improve workplace wellbeing.

Initiatives have ranged from informal monthly social gatherings to a formal quarterly and annual celebration of successes and achievements. Other programs include detailed induction programs; ergonomic assessments annually and for all staff; an employee assistance program that provides free counselling to staff and family; trauma and life cover insurance; free annual health checks and flu vaccinations.

All employees have individual development plans as a result of individual and team-based skill assessments. These are matched with training and coaching to help staff progress along their chosen career path. This year we appointed a full-time Training and Development Officer.

All our operational teams take part in regular debriefing and quality assurance reviews, working together to develop both service improvements and support needs. Knowledge-sharing is a key part of our resilience strategy.

2015 also saw an independent Review of the Scheme, something that is conducted every five years. The Review takes the form of an extensive round of interviews and surveys with internal and external stakeholders, including:

- Interviews with Members
- 500 households (75% in the Adelaide metropolitan area, 25% in rural South Australia)
- A follow up survey of 400 customers who have had recent dealings with the Scheme
- An online survey of our staff

The results showed that the work of the Ombudsman is reasonably well known across the broad community, with about a quarter of people knowing – unprompted – that the Ombudsman's Office is where to go if they are unable to resolve a dispute with their electricity, water or gas supplier. Total levels of awareness of the Scheme among the general public in South Australia stood at 55%, an impressive 10% increase from the 45% recorded at the previous review in 2011.

The satisfaction ratings from customers who had contacted us with regard to a problem were also pleasingly high and consistent, as shown in Figure 1.

Figure 1: Key customer satisfaction metrics 2011-2015

Metric/score (out of 10)	2015	2011
Satisfaction with the actual outcome	8.2	8.3
Satisfaction with dealings with EWOSA	8.6	8.7
Likelihood of recommendation	9.1	9.1
Effectiveness in complaint handling	8.4	8.3

The Review also included interviews with stakeholders, including Member entities, which highlighted both what we were doing well, and what they felt would be the key strategic challenges in the next five years.

Overwhelmingly, stakeholders were of the view that we are accessible to our customers and are achieving our objectives of fairness, impartiality and consumer protection.

The main challenges in the next five years as determined by our stakeholders are:

- Volatility in complaint volumes
- Rising utility costs
- The state of the South Australian economy
- An anticipated increase in customer hardship
- Responding to new technologies

It is interesting that stakeholders have highlighted issues very similar to those in our strategic and business plans. Of those listed above, the only one I have not mentioned so far is the application of new technologies. A raft of new technologies and capabilities will emerge in the next few years. These include advanced meters, improved battery construction and storage, electric vehicles and new data monitoring and transfer systems.

Many of the new technologies and capabilities can deliver great benefits for business and customers.

What we know about how technology and industry operate at present indicates that the arrival of changes to technology means the development of new business models that have the potential to disrupt current service arrangements and consumer protections. The lesson from Uber or Airbnb is that they emerge quickly and forcefully

and without much warning. Car hire and holiday rentals are comparatively simple transactional systems where change can be tested and integrated without disruption. However, the essential service provision that is power and water access is less amenable to rapid disruptive change.

New technology and industry models that affect the nature of the relationship between customer and provider will remain an area of scrutiny for our office. The Scheme's success depends on our capacity to operate as an effective broker in the utilities landscape. While our approach is directed to fair and reasonable outcomes, we have a role to play to ensure consumer rights are maintained in this dynamic world of new technologies.

Another issue raised in the 2015 Review – one where we could do better – is in relation to engagement with culturally and linguistically diverse (CALD) groups in the community. It is something that is always in our thinking; we have interpreting services for customers and some of our printed materials are available in multiple languages. However, there is no doubt that in the current economic climate, some of these diverse groups need support to navigate the potential complications of the marketplace. With that in mind, this year we introduced an increased focus on engaging specific culturally and linguistically diverse communities into our outreach program.

We are consciously engaging with other agencies across the broader national landscape of essential services. Many of the issues I have reported on mirror parallel experiences in other jurisdictions, so it is important to learn from our colleagues and to take part in a truly national conversation.

This is also of benefit to Members whose businesses operate across borders. The collegiate work with our colleagues in the Australian and New Zealand Energy and Water Ombudsman Network (ANZEWO) can provide solutions from one jurisdiction that can be applied in others, which itself simplifies case handling processes for Members while reducing their own costs and improving resolution timeframes.

We have also built up our capacity to participate in the policy and strategic conversation by engaging a Policy and Research Officer. This has given us a greater voice in the regulatory landscape, where we have made submissions to a variety of policy development processes at the state and national level, including proposed rule changes aimed at improving the customer transfer process and the development of a good practice framework for assessing customers' capacity to pay.

Many of the rapidly evolving areas of change and technology converge around issues of privacy and data safety. Since 27 November 2015 the Energy and Water Ombudsman SA Scheme has been recognised by the Office of the Australian Information Commissioner (OAIC) as an

External Dispute Resolution (EDR) scheme for the purpose of handling privacy and credit reporting complaints under the *Privacy Act 1988*.

We can now receive, investigate and facilitate decisions for the resolution of complaints, make recommendations and report on complaints about the acts or practices of our Members that may be an interference with the privacy of an individual, or complaints which relate to alleged breaches of the Australian Privacy Principles or credit reporting provisions.

We lodged our first systemic issues and annual reports to the OAIC during the year and reported a total of 38 privacy-related complaints received during the year. In addition, 31 privacy complaints were referred to and resolved by another regulatory entity. To ensure OAIC reporting compliance, staff have been trained and a quality assurance process has been put in place.

In closing, I want to emphasise that, while much of this report deals with formal measures of performance, the Scheme is, at root, dependent on relationships and reputation for its success. Utility customers, our Members, our staff and the community in general need to feel confident that we are fair, impartial and willing to listen. Our primary role is about negotiating solutions and facilitating results. We bring parties together and provide a framework in which complaints can be heard and solutions found.

The 2015 Scheme Review indicates that we have been able to establish a strong foundation as a trusted and effective partner in the regulatory landscape. There are still many things that we can improve, but at this point I congratulate all our staff, who have been working hard to build the confidence and good practice that underpins the community's trust.

Finally, I thank the Board and the Chair, Peter Bicknell, and look forward to their continued support and guidance over the coming year.

Sandy Canale
Ombudsman

REFLECTIONS: 2015-16

In 2015-16 the total number of cases received by the Ombudsman's Office was 9 813, representing a 21 % reduction compared to the previous year. The total number of complaints has been trending down since a high of 21 319 in the 2012-13 financial year. The total number seems to have stabilised at between 800 and 1 000 in the current environment.

At the same time our membership increased from 37 to 41 with the addition of four Members from the electricity sector.

Billing

Similar to other Ombudsman offices, billing has traditionally been the top complaint issue. In 2015-16 we received 4 128 billing cases or 42% of total cases (5 267 cases in 2014-15). The billing trend in 2015-16 showed that, except for the summer months where the percentage of the billing cases compared to the total cases was slightly higher, this parameter was steady around 41 % - an indication that the billing issues, which used to be problematic for some large retailers a few years ago, have been brought under control by those retailers.

Credit Management and financial hardship

Credit Management cases were the second largest issue in 2014-15 (2 276 cases) and in 2015-16 this is again firmly entrenched as second largest issue for customers with 2 026 cases received.

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 by some Members were again tightened in 2015-16. We also believe the current economic environment has contributed to the increase in hardship case volumes. In 2013-14 we resolved 264 hardship cases, 617 in 2014-15 and 560 in 2015-16.

Sales and Marketing

The number of Sales and Marketing complaints has reduced significantly over the past three years. The three year trend is reflected in Figure 2.

Figure 2: Sales and Marketing complaints 2013-16

Complaints	2013-14	2014-15	2015-16
Sales and Marketing: number of complaints	1 901	982	740

OMBUDSMAN'S REPORT

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 by 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 this Manual once a year. Before doing that, 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 came into effect in July 2015.

Website

Our website is an important communication channel for customers. Annual traffic for 2015-16 (all visits to the website) was 37 849 visits with an average stay of just under two minutes.

Data also showed that 89% of customers who viewed the Complaint Form actually submitted a case. The website now provides the platform for 13% of all cases.

Quality Assurance

A Quality Assurance (QA) Program was launched in 2014 and was refined during this year.

The QA program is focused on effective case management. It has three key objectives: ensuring the compliance of our processes and procedures; ensuring staff time spent managing cases is accurately recorded and identifying opportunities for continuous improvement.

Individuals and teams participate in QA discussions monthly and feedback is provided on how systems are functioning and what can be done to achieve improvement goals.

Community outreach

Community outreach activities help us reach as many consumers as possible who may need assistance to resolve an energy or water dispute.

The headline objective of the 2015-16 effort was to increase awareness of the Scheme and the services available from us in two key groups: regional consumers and culturally and linguistically diverse (CALD) groups.

During 2015-16 we participated in 44 forums where information was presented to community groups and stakeholders – up from 26 in 2014-15. Of particular note were regional presentations in the Mid North, Murray, and the upper and lower South East. In addition, we participated in many metropolitan forums and have increased direct engagement with CALD communities as a result of what we learned from the 2015 Scheme Review.

Our primary focus is to engage with intermediaries (those who work with users of energy and water services) and assist them with information about both the sectors and the role of the Ombudsman's Office. Working with intermediaries makes the best use of our limited resources as we can engage with those who directly interact with a broad range of people who may need our services.

Questions and feedback from consumers have led us to provide tailored information on emerging technologies and changes to energy and water markets.

We thank community groups, 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.

ABOUT THE 3rd SCHEME REVIEW

BACKGROUND

The Energy and Water Ombudsman (SA) Limited (hereafter EWOSA) is an independent body which investigates, negotiates and/or arbitrates unresolved complaints or disputes between electricity, gas and water consumers and its member service providers. The service is free to consumers and EWOSA can make determinations which are binding on its Members. EWOSA is a not-for-profit company that has been effectively in operation since 2000 for energy and gas and has had water added to its responsibilities in relation to complaint resolution.

As part of its constitutional requirements, a review of the Scheme must be conducted at least every five years. Having undertaken the last review in 2011, Harrison Research was commissioned to undertake this task again in 2015 and to compare the results with the 2011 Review and an earlier 2005 Review (conducted by another research agency).

Methodology

The Scheme Review has four research components, those being:

1. A General Public Awareness Survey
2. Consultation with Stakeholders
3. A Customer Survey
4. A Staff Survey

The methodology employed was consistent with the 2011 and 2005 Reviews, with some minor changes to the wording of the questionnaire and unprompted response options. The Scheme Review undertook the following:

- Executive Depth Interviews with Internal and External Stakeholders – a total of 46 completed interviews were achieved from a database of 58 stakeholders
- A Computer-aided Telephone Interviewing (CATI) Survey of 500 households, comprising 75% in the Adelaide metropolitan area and 25% in rural and regional South Australia
- A Customer Survey conducted via CATI, comprising 400 customers who have had recent dealings with EWOSA
- An Online Survey of EWOSA staff

THE 3rd REVIEW FINDINGS

The internal and external stakeholders interviewed demonstrated a clear understanding of EWOSA's objectives.

The General Public Awareness has increased from 45% to 55%, a significant increase since 2011.

Stakeholders are overwhelmingly of the view that EWOSA is accessible to its customer base and were fulsome in their praise of the Ombudsman and his staff.

EWOSA's major achievements over the past five years are considered to be:

- The capacity to deal with higher volumes of work
- Quicker turnaround times
- The implementation of the new telephone system and website
- Improved systemisation of work flows
- Maintaining a very high level of customer service
- Seamlessly incorporating water into the Scheme
- The ongoing approachability of the Ombudsman and the staff

The main challenges in the next five years are considered to be:

- The volatility in complaint volumes
- Rising utility costs
- The state of the South Australian economy
- An anticipated increase in customer hardship
- Responding to new technologies

In relation to an increase in customer hardship, most felt that the Ombudsman had responded well. However, the general view was that there are limitations as to what the Ombudsman can do.

Cost reflective pricing is regarded as a potential problem, particularly in relation to the elderly, those from non-English speaking backgrounds, those who are unwell and those on lower incomes.

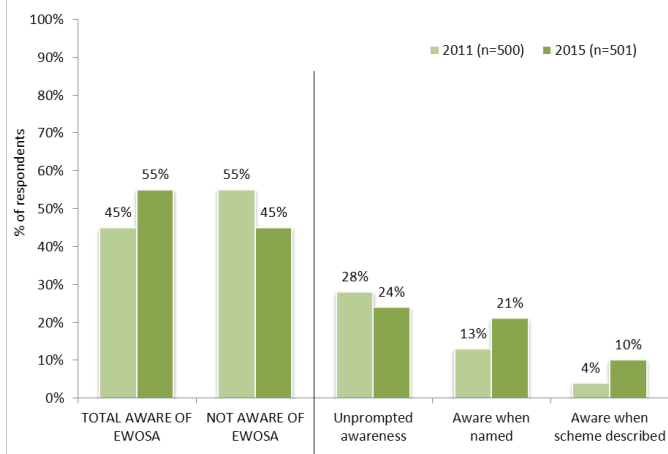
There was general consensus that new entrants and off network suppliers should be subjected to the same strict regulations required of other providers and that they must have the same accountability under the Scheme.

Most feel that EWOSA has been promoted well within the community and this work needs to continue, including in the media.

2015 – 2016 SCHEME REVIEW

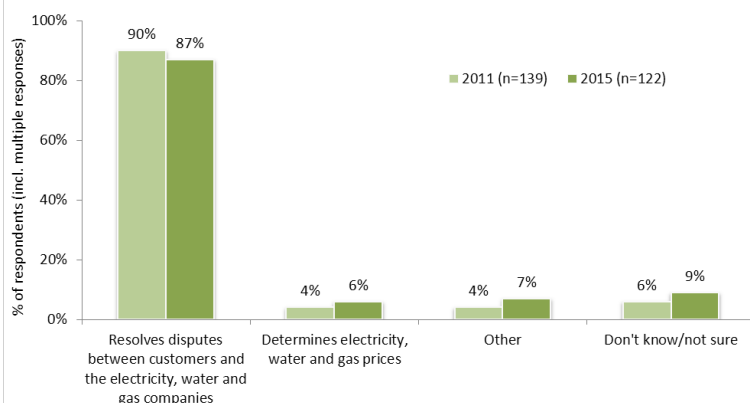
THE 3rd SCHEME REVIEW RESULTS

GENERAL PUBLIC SUMMARY OF AWARENESS
(BASE: Total Sample)



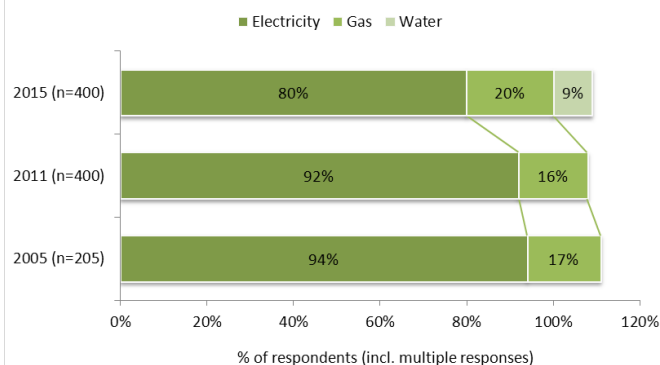
In 2015, 55% of the total sample indicated some form of awareness of EWOSA. This marks an impressive 10% increase in awareness compared to the 45% achieved in the 2011 review.

Q2. Can you tell me what the role of the Energy and Water Ombudsman is?
(Base: Unprompted awareness of EWOSA)



A very high 87% of those spontaneously aware of EWOSA correctly suggested that EWOSA investigates and resolves disputes between consumers and the electricity, water and gas providers (not significantly variant from 90% in 2011).

Q2. What service or services did your problem relate to?

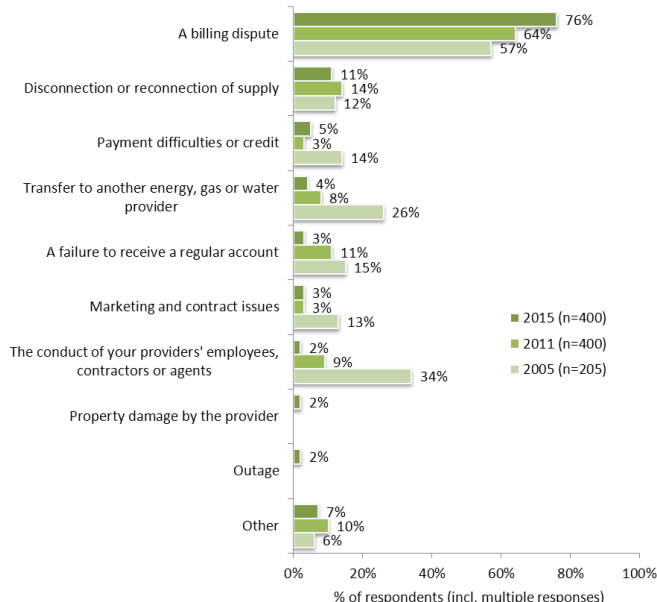


Billing related complaints for Electricity have reduced since the 2011 Review with Gas complaints increasing slightly.

2015 – 2016 SCHEME REVIEW

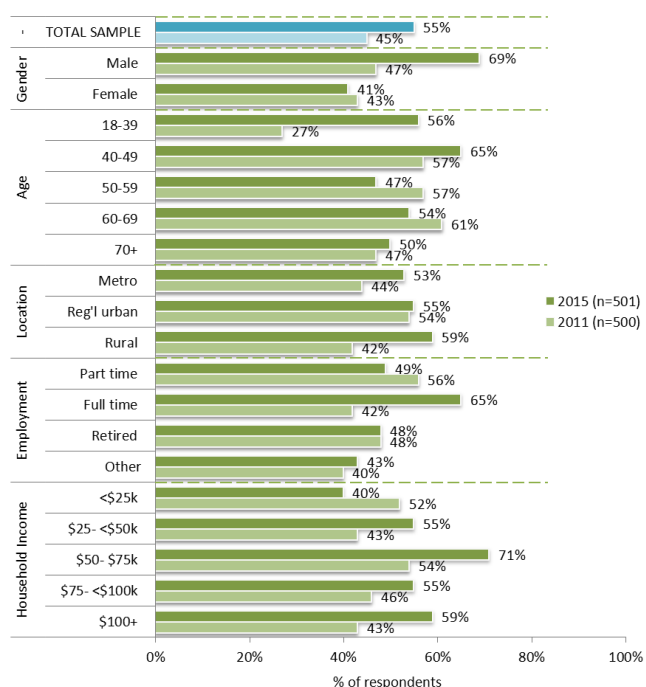
THE 3rd SCHEME REVIEW RESULTS

Q3. What was the nature of the problem that caused you to contact the Energy and Water Ombudsman?



Billing remains the main reason for consumers contacting EWOSA since the 2011 Review.

Awareness of EWOSA by Key Demographic Subgroups 2011 vs. 2015 (Base: Total Sample)



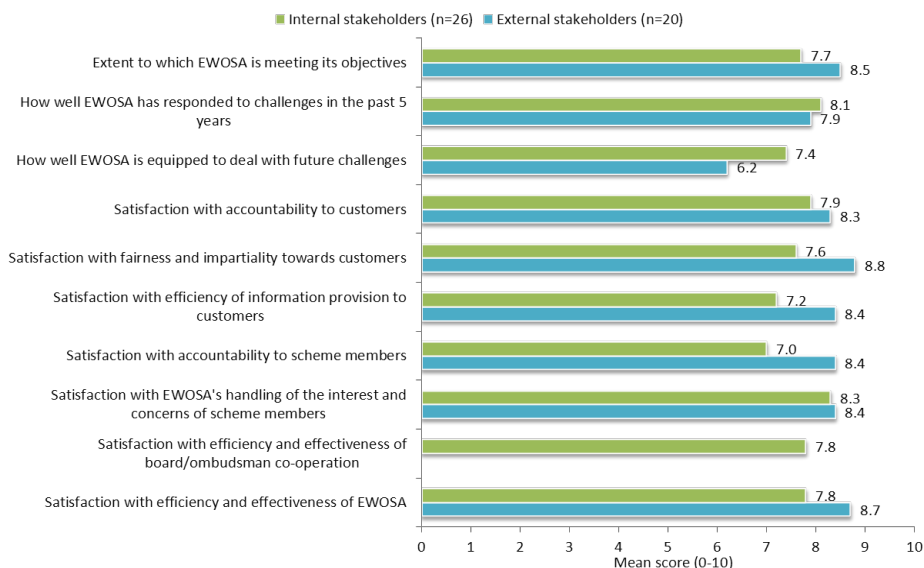
Demographic subgroups which displayed significantly higher awareness of EWOSA compared to the total sample in 2015 were as follows:

- Males (69%)
- Full time workers (65%)
- Those with a household income of 50-75k per annum (71%)

2015 – 2016 SCHEME REVIEW

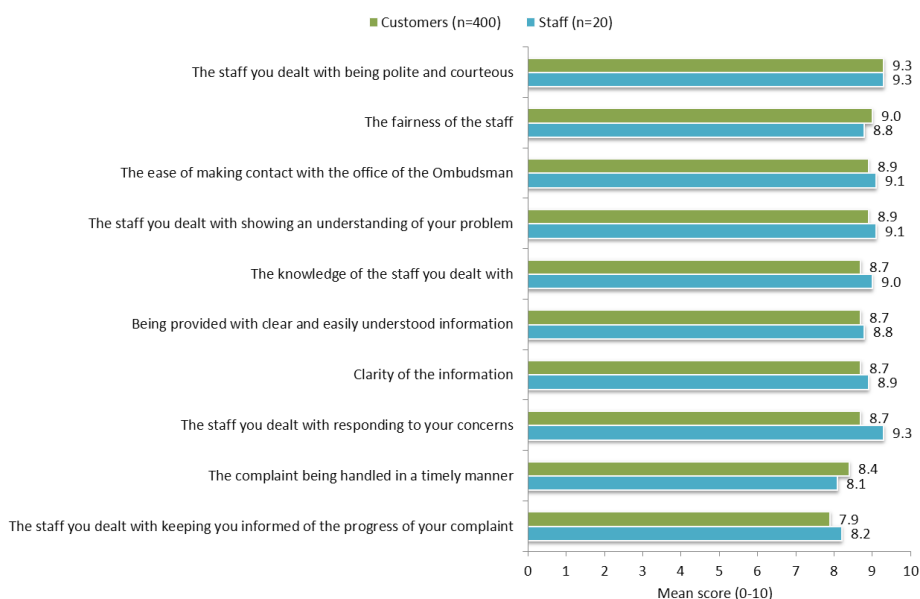
THE 3rd SCHEME REVIEW RESULTS

Summary of ratings questions 2015



The overwhelming majority of satisfaction ratings were very high, with the ratings of External Stakeholders generally above those of Internal Stakeholders.

SATISFACTION WITH ASPECTS OF THE INTERACTION - CUSTOMERS VS. STAFF PERCEPTION

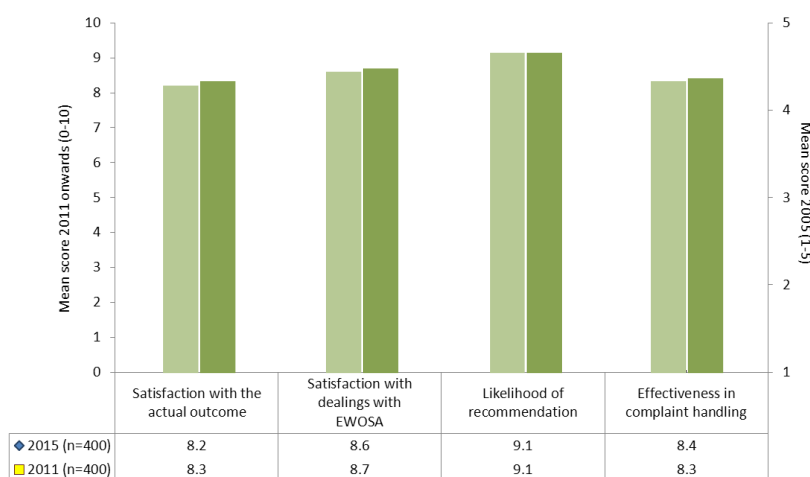


High and consistent satisfaction ratings have been maintained in the recent Review for both customers and staff.

2015 – 2016 SCHEME REVIEW

THE 3rd SCHEME REVIEW RESULTS

Key metrics mean scores 2005-2011



The results demonstrate a consistently high level of satisfaction.

Recommendations

The key recommendations from the review are to:

- Remain customer focused and work to your strengths to ensure the very high levels of customer satisfaction are maintained
- Ensure the organisation is in a position to respond to the anticipated volatility in complaint volumes
- Investigate ways in which EWOSA can work with retailers to deal with the expected increase in the number of instances of customer hardship
- Advocate that new entrant and off network suppliers are subjected to the same strict regulations required of other providers and they have the same level of accountability under the Scheme
- In relation to cost reflective pricing, it is advisable to clearly communicate the implications of this to the elderly, those from non-English speaking backgrounds, those who are in poor health and those on lower incomes so as they can make informed decisions
- Continue with EWOSA's level of communications with the media and groups who are less likely to know about EWOSA or who may find EWOSA more difficult to access

As in 2011, the data was then weighted by gender and age in order to ensure that the sample was representative of the current population distribution across South Australia.

These recommendations have been included in the EWOSA 2016-2017 Strategic and Business Plan for actioning.

CASE MANAGEMENT

THE DIFFERENCE BETWEEN ENQUIRIES AND COMPLAINTS

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

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

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

Enquiries

The provision of timely and accurate information is an important component of our role. Typically, one of our Investigation Officers 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 received 1 821 enquiry cases in 2015-16, representing 19% of the total cases received, leaving the balance of 81% as complaint cases.

Complaint types

The Ombudsman's Office uses the following seven complaint categories:

- 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 service 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 1 141 cases at the RCS level in 2015-16, representing 12% of the total.

Refer to Higher Level (RHL)

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

If the customer has contacted the Member, we will refer the complaint to the Member's higher-level dispute resolution area under our Refer to Higher Level (RHL) policy. The 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 the 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 4 812 RHL cases in 2015-16, representing 49% of the total.

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 337 Explanation of Resolution cases in 2015-16, representing 3% of the total.

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 673 Consultation cases in 2015-16, representing 7% of the total.

Facilitation

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

Snapshot: We received 730 Facilitation cases in 2015-16, representing 7% of the total.

CASE MANAGEMENT

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 received 299 Investigations in 2015-16, representing 3% of the total.

Ombudsman Determination

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

Snapshot: All matters handled by the Scheme were resolved at other levels during 2015-16, negating the need for any Determinations.

The following sections report 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 MANAGEMENT

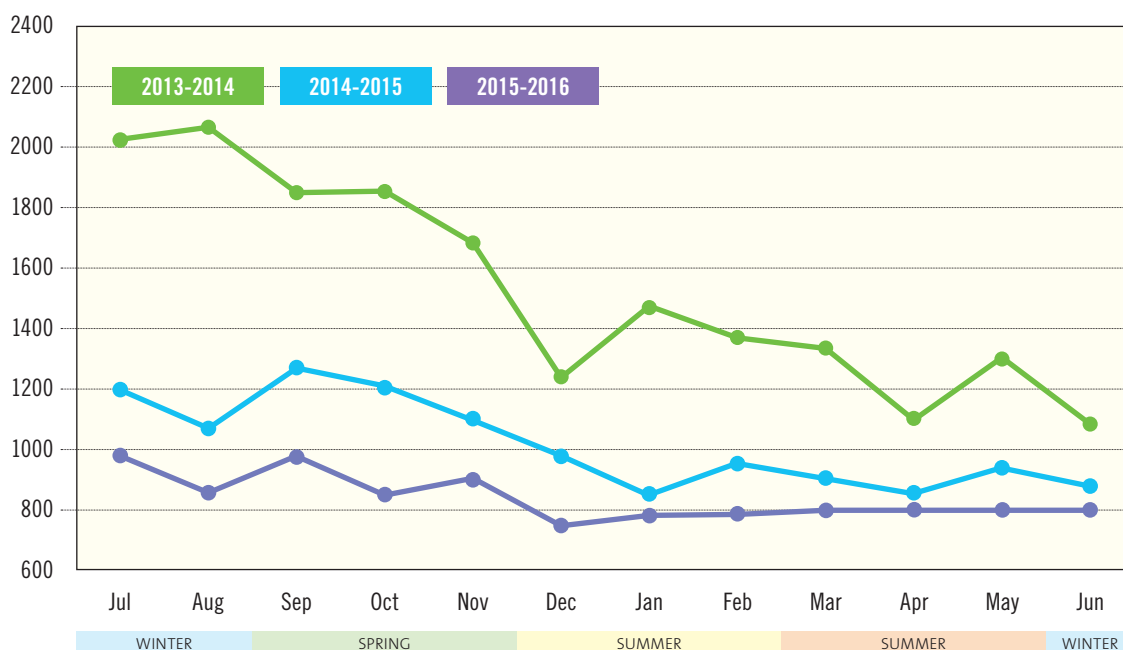
CASES RECEIVED

TYPE AND TIME

Figure 3 shows the trends in cases received over the past three years. It shows a clear stabilisation of the monthly case volumes in the last seven months of 2015-16.

During the year we received 9 813 cases, a 21 % reduction compared to 2014-15 and 33% compared to 2013-14. The continuous reduction in the number of cases received by our office in recent years is encouraging as it indicates that our Members have been more effective in addressing and resolving their customer issues directly with them.

Figure 3 – Cases Received Trends



Case received levels

The levels of cases received in 2015-16 are summarised and compared with the previous year in Figure 4.

As the total case volume in 2015-16 was significantly lower than that in 2014-15 (down 21%), large reductions in some case levels in the reporting year were expected. They included Enquiry (down 36%), Refer to High Level (down 21%), Consultation (down 13%) and Facilitation (down 29%). On the increase were Refer to Customer Service (up 3%) and Explanation of Resolution (up 45%).

Figure 4 – Cases received levels

Case level (cases received)	2014-2015	% of Total	2015-2016	% of Total	% Difference
Enquiries	2 840	23%	1 821	19%	-36%
RCS	1 110	9%	1 141	12%	3%
Refer to High Level	6 070	49%	4 812	49%	-21%
Consultation	773	6%	673	7%	-13%
Explanation of Resolution	232	2%	337	3%	45%
Facilitation	1 026	8%	730	8%	-29%
Investigation	304	3%	299	3%	-2%
TOTAL	12 355	100%	9 813	100%	-21%

CASE MANAGEMENT

Issues received

Figure 5 provides details of the issues received and a comparison with the previous year.

Figure 5 – Issues received

Issues received	2014-2015	% of Total	2015-2016	% of Total	% Difference
Billing	5 267	43%	4 128	42%	-22%
Sales and Marketing	982	8%	740	8%	-25%
Credit Management	2 276	18%	2 026	21%	-11%
Customer Service	528	4%	185	2%	-65%
General Enquiry	2 528	20%	1 828	19%	-28%
Land	125	1%	126	1%	1%
Provision	546	4%	645	7%	18%
Supply Quality	103	1%	135	1%	31%
TOTAL	12 355	100%	9 813	100%	-21%

Discounting General Enquiries, most of which were not complaints, the three top complaint issues in 2015-16 were Billing (42%), Credit Management (21%) and Sales and Marketing (8%).

When comparing the number of the issues with the previous year, Billing, Credit Management and Sales and Marketing decreased by 22%, 11% and 25% respectively. However, on the increase were Supply Quality (up 31%) and Provision (up 18%).

The Credit Management issues are further analysed in the Credit Management section of the report at its sub-issue levels, which includes Financial Hardship – a subject of significant concern among service providers, ombudsmen, regulators and government agencies given the current economic environment.

CASE MANAGEMENT

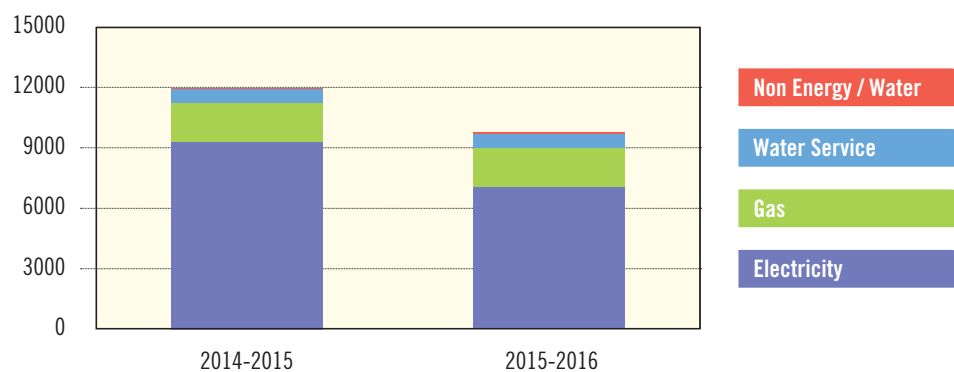
Cases received by Industry

In 2015-16, Electricity issues comprised 72% of the cases handled, Gas 19% and Water Service 8%. Figures 6 and 7 illustrate activities by industry for the reporting period and for the prior year.

Figure 6 – Cases received by Industry

Industry (Received)	2014-2015	% of Total	2015-2016	% of Total	% Difference
Electricity	9 655	78%	7 087	72%	-27%
Gas	1 972	16%	1 912	19%	-3%
Water Service	700	6%	741	8%	6%
Non Energy/Water	28	0%	73	1%	161%
TOTAL	12 355	100%	9 813	100%	-21%

Figure 7 – Cases received by Industry



CASE MANAGEMENT

Case Resolved – type, time and performance indicators

The total number of cases resolved in 2015-16 was 9 881. The number was 20% less than the previous reporting period due to the reduction in the cases received.

Cases Resolved Levels

Figure 8 shows the levels of resolved cases.

Figure 8 – Cases resolved levels

Case level (resolved)	2014-2015	% of Total	2015-2016	% of Total	% Difference
Enquiries	2 845	23%	1 822	18%	-36%
RCS	1 110	9%	1 141	12%	3%
Refer to High Level	6 017	49%	4 847	49%	-19%
Consultation	762	6%	668	7%	-12%
Explanation of Resolution	232	2%	341	4%	47%
Facilitation	1 066	9%	732	7%	-31%
Investigation	311	2%	330	3%	6%
TOTAL	12 343	100%	9 881	100%	-20%

Issues Resolved

The types of issues resolved in 2015-16 compared with 2014-15 are outlined in Figure 9.

Figure 9 – Issues resolved

Issues Resolved	2014-2015	% of Total	2015-2016	% of Total	% Difference
Billing	5 270	43%	4 163	42%	-21%
Sales and Marketing	1 001	8%	751	8%	-25%
Credit Management	2 249	18%	2 045	21%	-9%
Customer Service	528	4%	204	2%	-61%
General Enquiry	2 527	21%	1 830	19%	-28%
Land	118	1%	123	1%	4%
Provision	549	4%	636	6%	16%
Supply Quality	101	1%	129	1%	28%
TOTAL	12 343	100%	9 881	100%	-20%

CASE MANAGEMENT

Billing

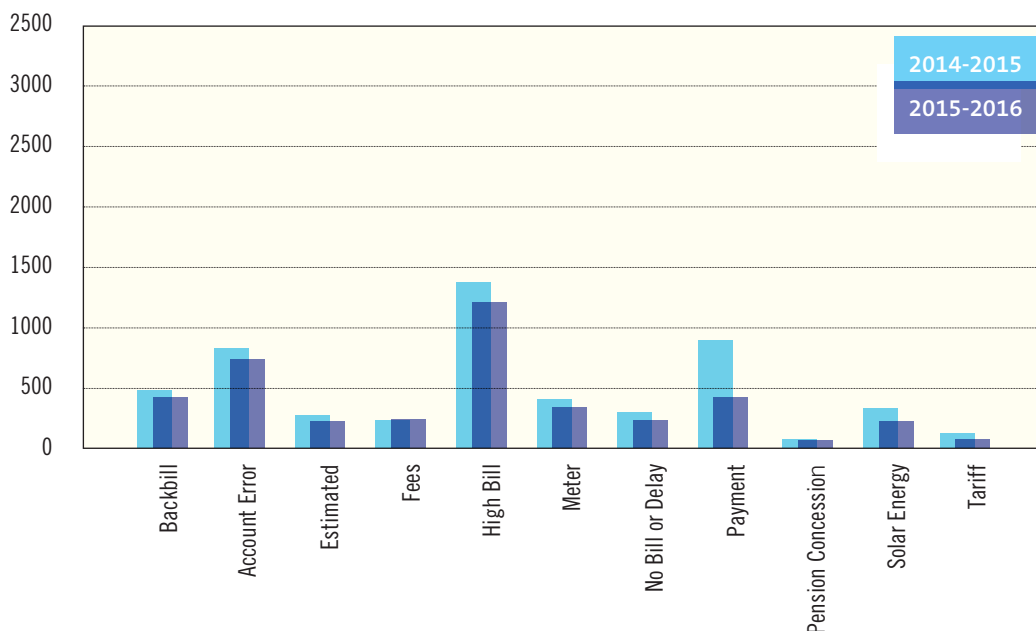
In common with similar ombudsman schemes, Billing issues continue to be the largest issue category. In 2015-16, we finalised 4 163 (42% of total) Billing cases, a reduction of 21% compared to the previous year.

Figures 10 and 11 present the breakdown of billing issues into various sub-issues and compare them with the previous year.

Figure 10 – Billing Issues

Billing	2014-15	2015-16	Difference	% Difference
Backbill	477	417	-60	-13%
Account Error	823	735	-88	-11%
Estimated	272	219	-53	-19%
Fees	226	242	16	7%
High Bill	1 368	1 201	-167	-12%
Meter	400	340	-60	-15%
No Bill or Delay	296	227	-69	-23%
Payment	887	420	-467	-53%
Pension Concession	74	66	-8	-11%
Solar Energy	329	224	-105	-32%
Tariff	118	72	-46	-39%
TOTAL	5 270	4 163	-1 107	-21%

Figure 11 – Billing Issues



CASE MANAGEMENT

Sales and Marketing

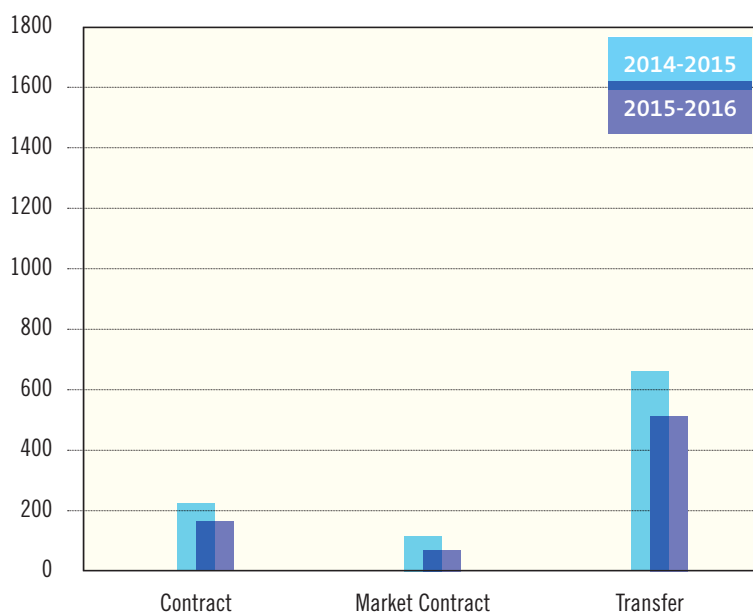
In 2015-16 we finalised 751 Sales and Marketing cases (8% of total), making it the third most significant complaint category. However, the number of cases fell for the third consecutive year, in this instance by 25% (250 cases). We believe the actions taken by the Australian Energy Regulator and the Australian Competition and Consumer Commission were a significant contributing factor to this downward trend.

Sub-issues recorded in this category are Contract, Market Conduct and Transfer as shown in Figures 12 and 13. Significant reductions were achieved in all sub-categories with the highest reduction occurring in the Transfer area.

Figure 12 – Sales and Marketing Issues

Sales and Marketing	2014-15	2015-16	Difference	% Difference
Contract	224	167	-57	-25%
Market Conduct	117	70	-47	-40%
Transfer	660	514	-146	-22%
TOTAL	1 001	751	-250	-25%

Figure 13 – Sales and Marketing Issues



CASE MANAGEMENT

Sales and Marketing – Transfer

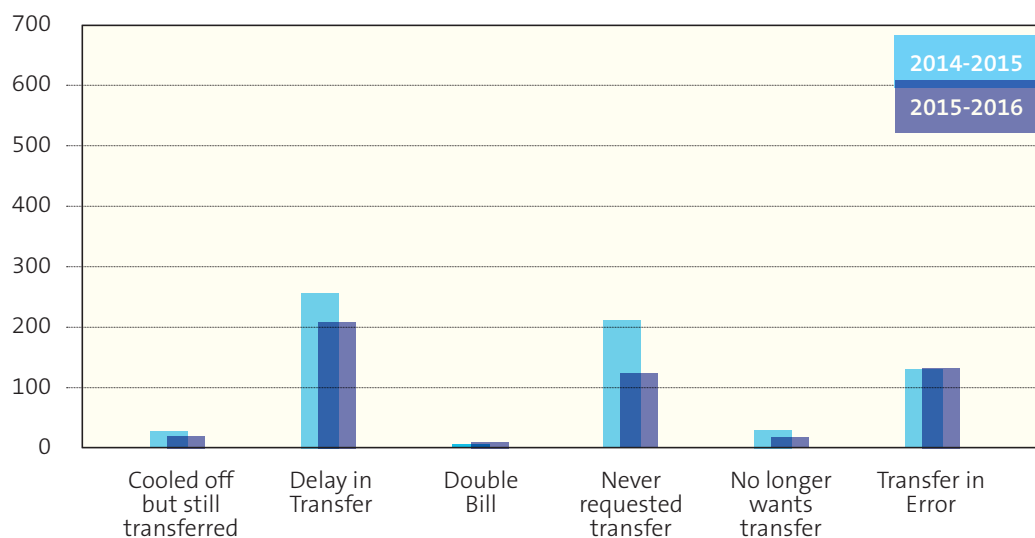
Complaints associated with the transfers of customers from one retailer to another are a subject of great interest because they are important indicators of how well the energy market is performing. Figures 14 and 15 provide the breakdown of sub-issues recorded under Transfer to assist the understanding of the make-up of complaints in this category.

Compared to the previous year, 'Never Requested a Transfer' and 'No longer Wants Transfer' and 'Transferred', recorded the highest reductions, of 41 % and 40 % respectively.

Figure 14 – Transfer Issues

Transfer	2014-15	2015-16	Difference	% Difference
Cooled off but still transferred	28	20	-8	-29%
Delay in transfer	257	209	-48	-19%
Double bill	4	10	6	150%
Never requested transfer	211	124	-87	-41%
No longer wants transfer	30	18	-12	-40%
Transfer in error	130	133	3	2%
TOTAL	660	514	-146	-22%

Figure 15 – Transfer issues



CASE MANAGEMENT

Credit Management

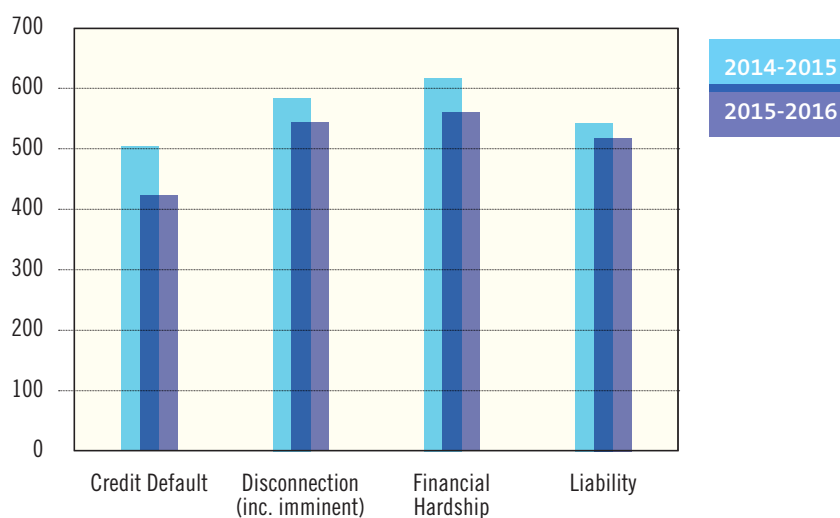
In 2015-16, we resolved 2 045 Credit Management cases (21 % of total), making it the second most significant complaint category. Compared to the previous year, these cases decreased by 203 (9%).

Sub-issues recorded in this category are Credit Default, Disconnection (including Imminent), Financial Hardship and Liability. Figures 16 and 17 show the comparison of 2015-16 data with the previous year. Financial Hardship recorded a decrease of 9%, and Liability a decrease of 5% compared to the previous year. (Note: Liability issue refers to a case where customers dispute the liability for an account that is subject to credit actions).

Figure 16 – Credit Management issues

Credit Management	2014-15	2015-16	Difference	% Difference
Credit Default	504	423	-81	-16%
Disconnection (inc. imminent)	584	544	-40	-7%
Financial Hardship	617	560	-57	-9%
Liability	543	518	-25	-5%
TOTAL	2 248	2 045	-203	-9%

Figure 17 – Credit Management issues



CASE MANAGEMENT

Credit Management – Disconnections (including imminent)

The number of energy disconnection and imminent disconnection cases was 544, a reduction of 7% 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 18-20 compare the number of disconnection/restriction cases resolved in 2014-15 and 2015-16.

Figure 18 – Disconnection (inc. imminent) yearly comparison

YEAR	Gas	Electricity	Water Services	TOTAL
2014-15	161	412	11	584
2015-16	185	356	3	544
Difference	24	-56	-8	-40
% Difference	15%	-14%	73%	-7%

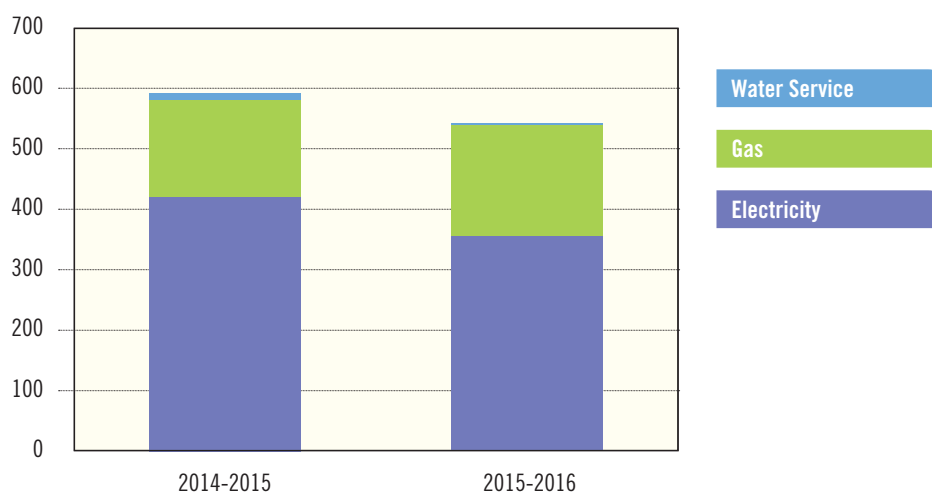
Figure 19 – Disconnection (Inc. imminent) compared to Billing and Credit Management and Total Cases

YEAR	Disconnection (inc. imminent)	Disconnections (inc. imminent) as % of Billing and Credit Cases	Disconnections (inc. imminent) as % of Total Cases
2014-15	584	8%	5%
2015-16	544	9%	6%

Figure 20 – Disconnection (inc. imminent) by Industry in 2015-16

Industry	Actual	Imminent	Total
Electricity	197	159	356
Gas	164	21	185
Water Service (restriction)	0	3	3
Total	361	183	544

Figure 21 – Disconnection (inc. imminent) by Industry in 2015-16



CASE MANAGEMENT

Credit Management – Financial Hardship

As shown in Figure 16 (on page 24) the number of Financial Hardship cases resolved in 2015-16 reduced by 57 compared with the previous year. However, when the percentages of these cases were examined, they remained approximately the same 27% of the total Credit Management cases in 2015-16 and 2014-15.

To understand where the Financial Hardship cases came from in 2015-16, we analysed the received cases using postcode information as a reference. The results are presented in Figure 22 for the Rural Areas and four Metropolitan Areas: North; Central, East and Hills (part of); West; and South.

The results highlight that the percentage of Financial Hardship in the Metropolitan North was the highest, with 38% (206 cases) of the total Financial Hardship (546 cases) or 4.9 per 10 000 population unit. Using the 10 000 population unit as a yardstick, the Metropolitan South recorded 3.1 Financial Hardship cases while there were only small variations shown in the Metropolitan Central, East and Hills (part-of) (2.5), Metropolitan West (2.6) and the Rural Areas (2.4).

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

Figure 22 – Financial Hardship – Rural and Metropolitan Areas

	Population	Financial Hardship in 2015-16	% of Total Hardship	Financial Hardship per 10 000 people
RURAL AREAS				
Adelaide Hills (part-of), York Peninsula, Outback, Murray & Mallee, Mid-North, Lower-North, Limestone Coast, Clare Valley, Mt Lofty, Barossa, Eyre Peninsula, Fleurieu & Kangaroo Island	381 881	93	17%	2.4
Adelaide Metropolitan Areas				
North: Tea Tree Gully, Salisbury, Gawler, Playford, Pt Adelaide - East	423 588	206	38%	4.9
Central, East and Hills (part of): Adelaide City, Burnside, Campbelltown, Norwood, Prospect, Unley and part of Adelaide Hills	298 444	74	14%	2.5
West: West Lakes, Woodville, West Torrens, Pt Adelaide	233 569	61	11%	2.6
South: Onkaparinga, Mitcham, Holdfast Bay, Marion	361 178	112	20%	3.1
TOTAL	1 698 660	546	100%	3.2

CASE MANAGEMENT

Supply Quality

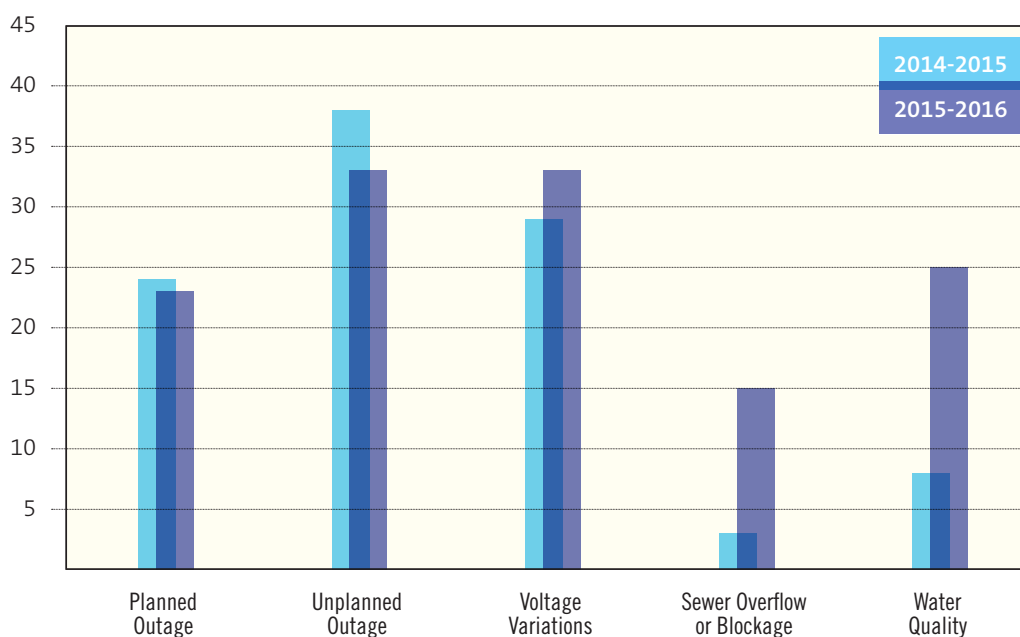
We resolved 129 Supply Quality cases during 2015-16, compared with 102 in the previous year (a 26% increase). Sub-issues recorded under Supply Quality are Planned Outage, Unplanned Outage, Voltage Variations, Sewer Overflow or Blockage, and Water Quality.

Figures 23 and 24 present the comparison of the sub-issues in the reporting year and the previous year. Issues with significant increases were Sewer Overflow or Blockage (400% increase) and Water Quality (213% increase).

Figure 23 – Supply Quality Issues

SUB-ISSUE	2014-15	2015-16	Difference	% Difference
Planned Outage	24	23	-1	-4%
Unplanned Outage	38	33	-5	-13%
Voltage Variations	29	33	4	14%
Sewer Overflow or Blockage	3	15	12	400%
Water Quality	8	25	17	213%
TOTAL	102	129	27	26%

Figure 24 – Supply Quality issues



CASE MANAGEMENT

Resolution of cases within specified timeframe

The timeframes within which we resolved cases are presented in the table below. The timeframes of cases resolved in 2015-16 were within our targets and were about the same as in 2014-15.

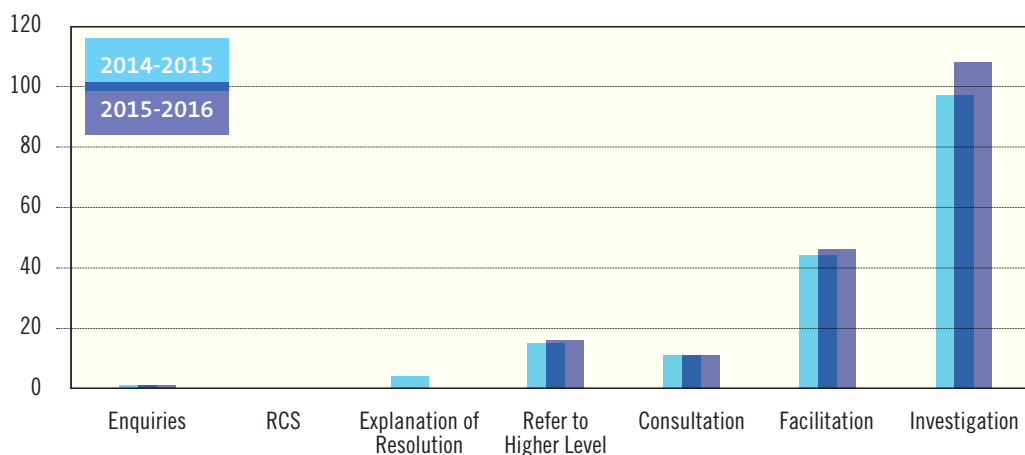
Figure 25 – Cases resolved within specified timeframe

Cases resolved	2014-15	2015-16	Difference
Within one day	35%	34%	-1%
Within 30 days	87%	87%	0%
Within 60 days	96%	95%	-1%
Within 90 days	98%	97%	-1%
over 90 days	2%	3%	1%

Average time (calendar days) to resolve a case

In 2015-16 the average number of days to resolve cases was slightly higher than the previous year for Explanation of Resolution, Refer to Higher Level and Facilitation. For Investigation, the average resolution time difference was more significant due to an increase in the number of complex cases.

Figure 26 – Average number of days (calendar) to resolve a case



CASE STUDIES

COMPENSATION CLAIM FOLLOWING AN OUTAGE

Scenario

Mr G advised that he experienced a momentary electricity outage, which he claimed caused a power surge and damaged his air conditioning unit as well as some smaller household electrical appliances. Mr G had repairs completed and the report from the repair works indicated a power surge had been the cause of the damage.

Complaint

Mr G sought to recover the cost of the repairs from the distributor and supplied a copy of the report to support his position.

Outcome

There was no evidence that the distributor had been negligent or had acted in bad faith in any way that would have contributed to the outage. The claim was denied. It was noted that there had been some extreme weather on that day, which may have been the cause of the outage.

BACK BILLING

Scenario

Ms B was undercharged as a result of peak usage being inadvertently credited as solar export Feed-in Tariff (FiT) and solar export being charged as peak usage. The retailer issued amended bills to correct the error and to recover the undercharged usage. Ms B was not sure whether the amended bills were correct.

Complaint

The retailer issued amended bills to the customer in November 2015 seeking to recover previous undercharged amounts that had resulted from the errors in crediting peak usage as solar export Feed-in Tariff (FiT) and in charging solar export as peak usage. While the retailer advised that it had corrected the bills, Ms B was unable to verify the accuracy of the billing or to ensure the retailer had calculated the bills in line with its obligations.

Outcome

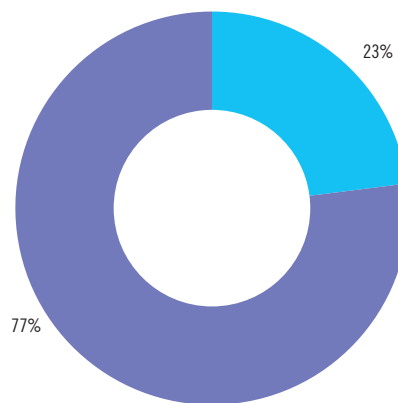
Our investigation revealed that the peak usage and solar export charges and credits had been swapped in bills prepared and issued by the retailer for the period 8 March 2013 to 21 October 2014, resulting in undercharging for the period. Under the National Energy Retail Rules, the retailer was obliged to limit its recovery of the undercharged amounts to nine months from when it notified the customer of the error. The amended bills and subsequent credit applied were not in accordance with the relevant rules as the back bills attempted to recover undercharged amounts beyond nine months from the date the retailer notified Ms B. The retailer apologised for its error and further amended their bills providing a credit of \$2 928.80, which waived any undercharging prior to nine months of the notification of the error. We reviewed the retailer's calculations and were satisfied that it had corrected its error and credited any undercharged amounts it had attempted to recover beyond nine months. The retailer also applied a credit of \$200 to Ms B's account as a gesture of goodwill.

CONTACT STATISTICS

WHERE CASES CAME FROM IN 2015-16

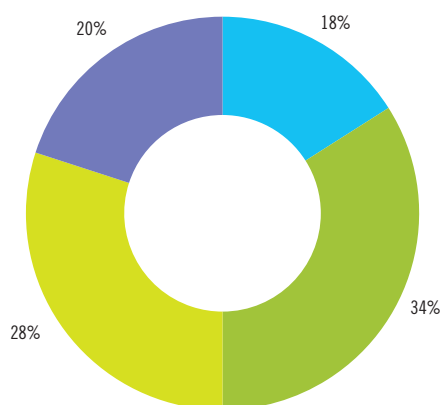
2015-2016 Regional Analysis

- Rural
- Metropolitan



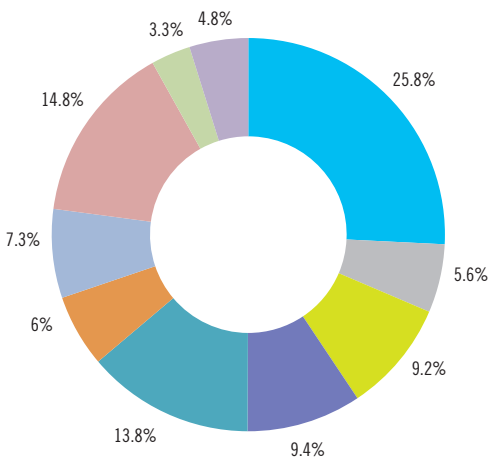
Metropolitan Areas

- 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

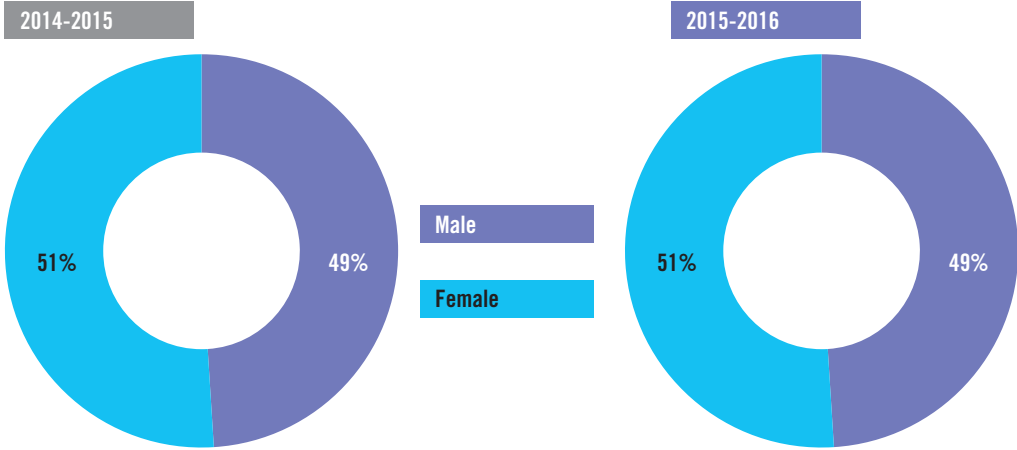


CONTACT STATISTICS

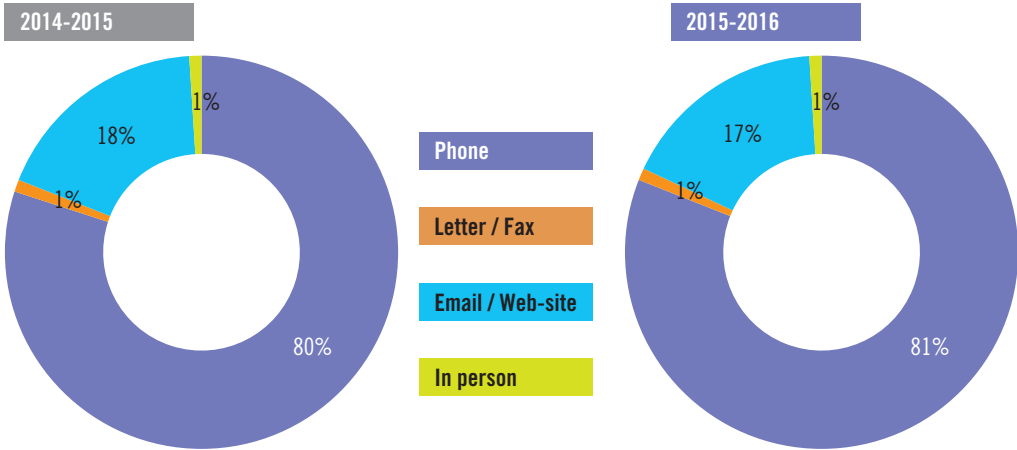
DEMOGRAPHIC AND MEMBER INFORMATION

Approximately 846 250 electricity customers, 454 200 gas customers and 787 400 water service customers potentially fall within the jurisdiction of the Scheme.

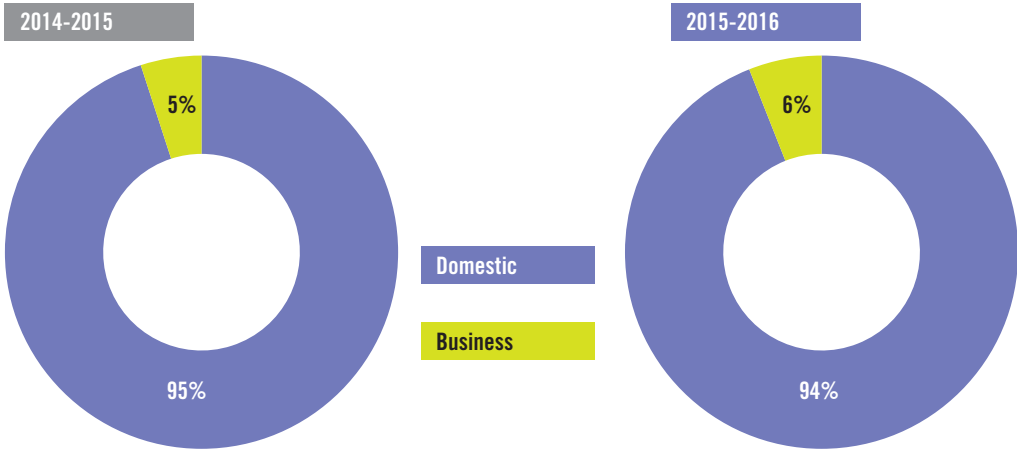
Gender of Contacting Persons



Methods of Contacts

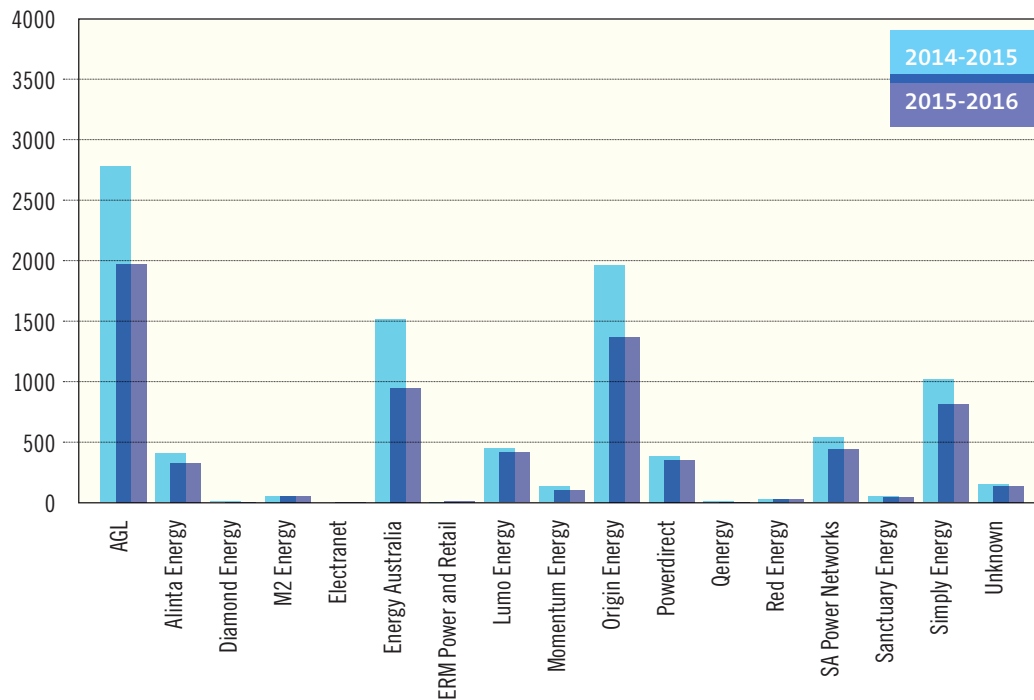


Source of Contacts

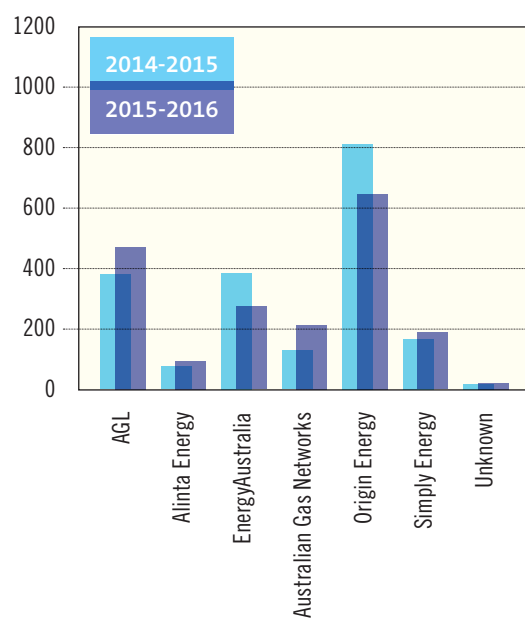


CONTACT STATISTICS

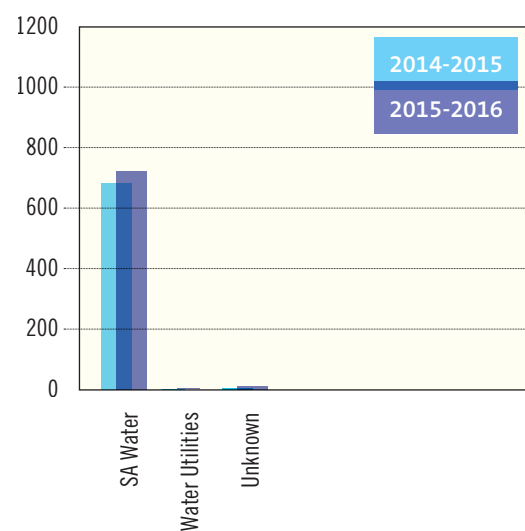
Electricity cases
received by Members



Gas cases
received by Members



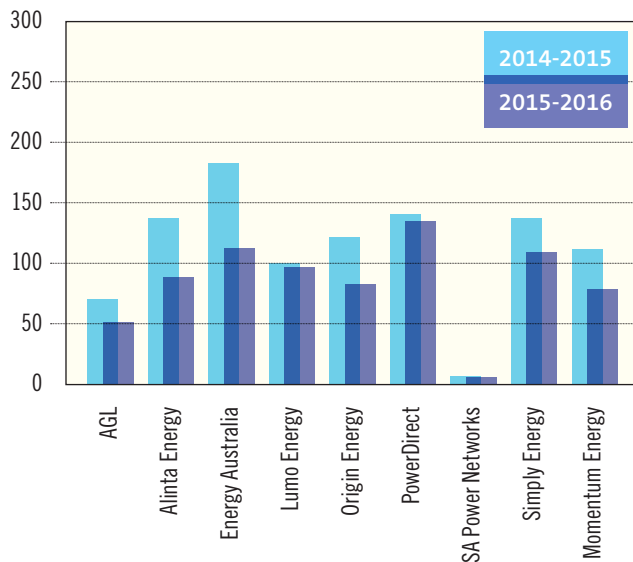
Water Service cases
received by Members



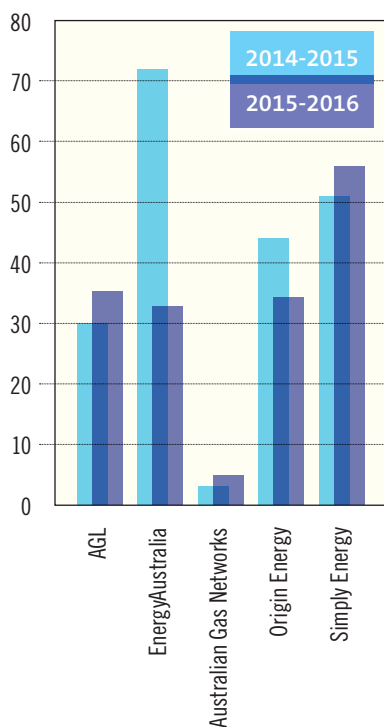
CONTACT STATISTICS

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

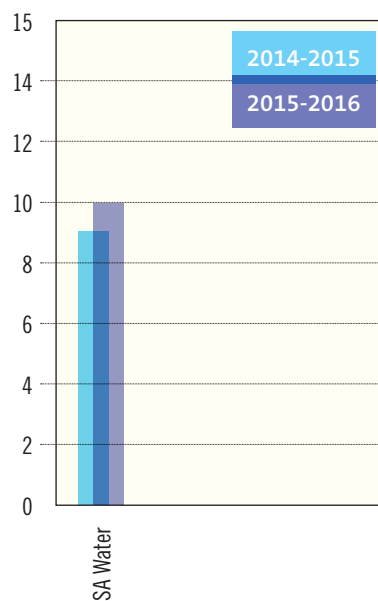
Electricity cases received per 10 000 customers



Gas cases received per 10 000 customers



Water Service cases received per 10 000 customers



CASE STUDIES

BACK BILLING/HIGH BILL

Scenario

Gas bills for a group of residential apartments had been addressed to 'Dear Customer' for some years without anyone having taken responsibility for the gas usage. When a new Body Corporate Manager took over management of the apartments in late 2015, it realised that gas bills had not been paid for over a year. A new account was established and a bill was later received for charges dating back to August 2014 for over \$13 000.

Complaint

The Body Corporate Manager disputed the period of charges and advised that it had not received any bills previously.

Outcome

It was determined that the 'Dear Customer' bills had been sent to a service address that was not the correct street or postal address for the Body Corporate management.
An amount of \$8 054.64 was credited to the account so that the recovery was limited to the nine month period as prescribed by the National Energy Retail Rules and equal time to pay the outstanding balance was also provided.

TRANSFER ISSUE

Scenario

Mr H signed a market contract with a retailer effective from 8 May 2013 for gas supply at his property. The retailer established an account for Mr H but linked it to a different property.

Complaint

Mr H received a number of estimated bills, was concerned about the accuracy of the billing and sought verification.

Outcome

When the retailer realised the error, it cancelled the bills issued for the wrong address and closed the account.
The retailer established a new account for Mr H with the correct address, effective from the date of the contract. Any payments Mr H had made on the previous account were transferred to the new account.
The Scheme verified the accuracy of the billing. The customer was satisfied with the outcome.

SYSTEMIC ISSUES

How we define a systemic issue

A systemic issue is one that has the potential to affect a number of customers. The issue may arise from an energy or water supplier's 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 provider 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 customers. 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.

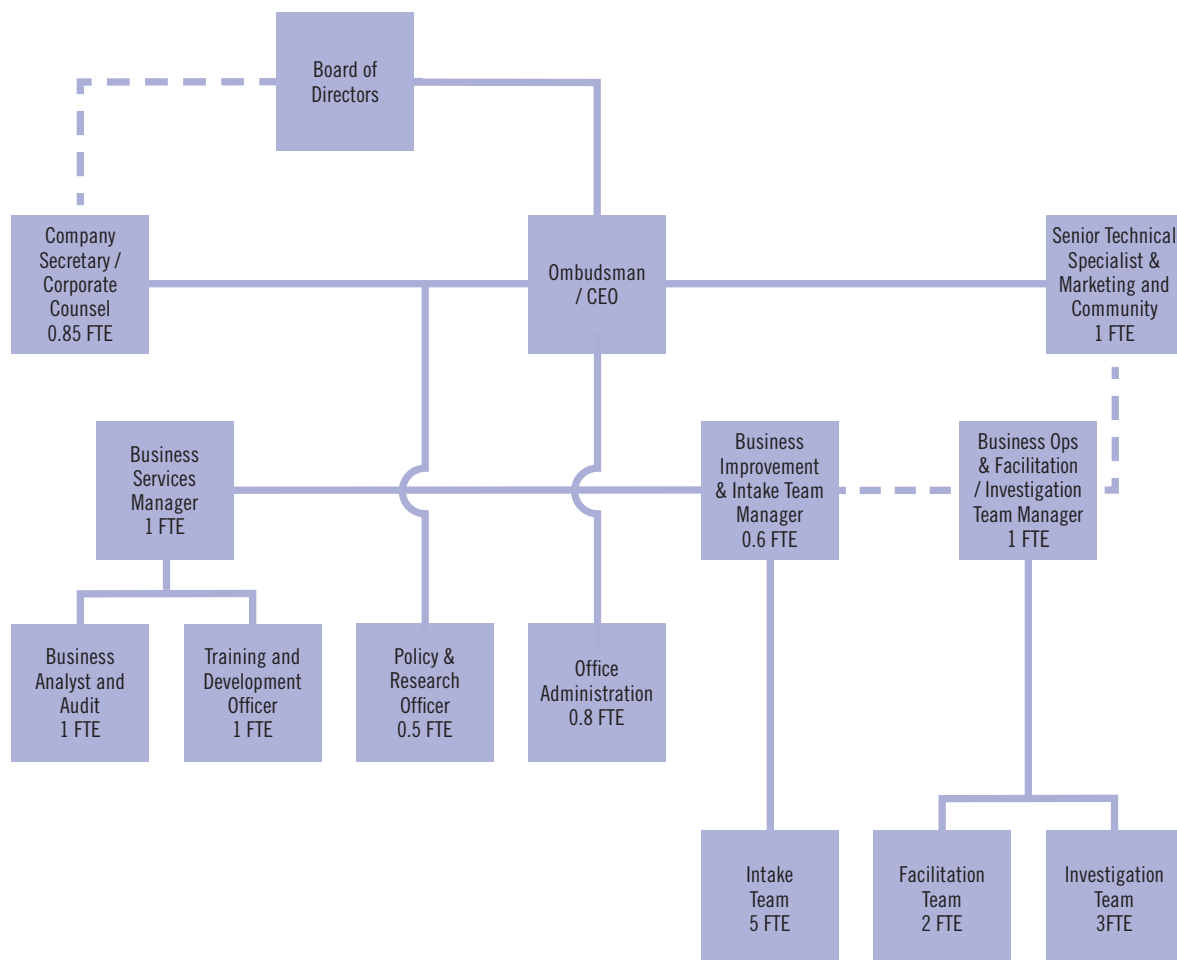
A number of issues were identified as potentially being systemic during the financial year, but in working through those issues with the Members and the regulators none were confirmed to be systemic.

During the year we were required to report to the OAIC on any privacy related systemic issues for the first time. Whilst one potential systemic issue was identified during the year, it was not confirmed and therefore we lodged a 'nil' report to the OAIC.

OUR ORGANISATION

OUR STRUCTURE

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.



People and culture

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

Company policies that support individual wellbeing include:

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

During the year we concentrated on improving staff engagement and induction processes and building attractive and satisfying career paths for all people.

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

The process has involved skills development, competency assessments and the creation of personal development plans for all staff, linking in to our training program which has been boosted by the appointment of a full-time Training and Development Officer.

OUR ORGANISATION

Work Health and Safety

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

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

Workplace safety inspections are conducted quarterly. The First Aid kit is restocked quarterly or as necessary and all electrical equipment is tested and tagged annually.

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

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

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

We also encourage staff to include more walking in 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 have a strong commitment to gender diversity, demonstrated by high female participation at all levels of the organisation, including among management and the Board of Directors.

At 30 June 2016 we had a close to a 50/50 division of male/female members on the Board, on the management team and among the staff (48% female, 52% male).

OUR ORGANISATION

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.

Chair

Peter Bicknell BA, M Soc Admin, JP (appointed 23 March 2015) Chair, Uniting Care Australia; Chair, Portway Housing Association Inc.; Chair, Owens Illinois Community Consultation Group

Directors

- Mr P Bicknell, Independent Chair
- Mr G Barton, Gas Industry Director (Australian Gas Networks)
- 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
- Ms K Rowlands, Water Industry Director (SA Water)
- Ms K Thomas, Electricity Industry Director (AGL)

Secretary

Pia Bentick, Company Secretary & Corporate Counsel

OUR OMBUDSMAN AND CHIEF EXECUTIVE OFFICER

Sandy Canale (appointed 1 December 2007)

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
Click Energy Pty Ltd
Diamond Energy Pty Ltd
Dodo Power & Gas
ElectraNet Pty Ltd
EnergyAustralia
ERM Power Retail Pty Ltd
GoEnergy Pty Ltd (in Administration)
Lumo Energy (SA) Pty Ltd
Momentum Energy Pty Ltd
Murraylink Transmission Partnership
Next Business Energy Pty Ltd
Origin Energy Electricity Ltd
Pacific Hydro Retail Pty Ltd
People Energy Pty Ltd
Powerdirect Pty Ltd
QEnergy Limited
Red Energy Pty Ltd
SA Power Networks
Sanctuary Energy Pty Ltd
Savant Energy Power Networks Pty Ltd
Simply Energy
Urth Energy Pty Ltd

Gas Members

AGL South Australia Pty Ltd
Alinta Energy Retail Sales Pty Ltd
Australian Gas Networks
EnergyAustralia
Origin Energy Retail Ltd
Simply Energy

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

OUR ORGANISATION

CORPORATE GOVERNANCE STATEMENT

Current as at 24 February 2016

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.

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 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")
- An independent Chair

The current Directors of the Company are:

- Mr P Bicknell, Independent Chair
- Mr G Barton, Gas Industry Director (Australian Gas Networks)
- 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
- 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, including among management and the Board of Directors.

Currently two-thirds of the Board and more than half of the management team are female. The overall percentage across the company 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 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, was 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.

OUR ORGANISATION

Term of Office

The Company's Constitution specifies that no Director who is elected is to hold office for 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 reelection.

The Directors nominated by the 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 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 specific significant matters.

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 reappointed 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 204 D 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 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.

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.

OUR ORGANISATION

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 (Chair)
- Ms Wendy Eyre
- Ms Kay Matthias
- Ms Kim Thomas

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.

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.

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 Members on request from the Company Secretary or from the Company's website www.ewosa.com.au.

Other means of communication with members include:

- the Annual Report, which is available to all members and at the Company's website
- the Financial Report, which is posted to all members, and
- Stakeholder meetings with the Ombudsman 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.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
Revenue from ordinary activities	3 319 839	2 200 372
Expenses from ordinary activities	2 565 921	3 229 303
Income tax expense	-	-
Surplus/ (deficit) for the year	753 918	(1 028 931)
Other comprehensive income	-	-
Total comprehensive income for the year	753 918	(1 028 931)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016 \$	2015 \$
CURRENT ASSETS		
Cash and cash equivalents	1 201 509	968 129
Trade and other receivables	176 829	199 094
Other current assets	182 919	208 829
Other financial assets	1 845 859	1 404 764
Rent bond receivable	-	17 100
TOTAL CURRENT ASSETS	3 407 116	2 797 916
NON CURRENT ASSETS		
Property, plant and equipment	335 633	485 055
TOTAL NON CURRENT ASSETS	335 633	485 055
TOTAL ASSETS	3 742 749	3 282 971

FINANCIAL STATEMENTS

	2016 \$	2015 \$
CURRENT LIABILITIES		
Trade and other payables	120 646	425 636
Employee benefits	173 887	144 521
Other current liabilities	48 867	56 833
Office fit out incentive	8 500	15 000
TOTAL CURRENT LIABILITIES	351 900	641 990
NON CURRENT LIABILITIES		
Employee benefits	32 466	36 516
TOTAL NON CURRENT LIABILITIES	32 466	36 516
TOTAL LIABILITIES	384 366	678 506
NET ASSETS	3 358 383	2 604 465
EQUITY		
Accumulated surplus	3 358 383	2 604 465
TOTAL EQUITY	3 358 383	2 604 465

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members (inclusive of goods and services tax)	3 629 415	2 208 149
Payments to suppliers and employees (inclusive of goods and services tax)	(3 004 764)	(2 878 374)
Interest received	13 440	2 948
Net cash inflow/ (outflow) from operating activities	638 091	(667 277)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27 845)	(20 340)
Proceeds from other financial assets	2 707 065	4 075 401
Payments for other financial assets	(3 148 161)	(3 507 969)
Interest received	64 230	78 701
Net cash outflow from investing activities	(404 711)	625 793
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in cash and cash equivalents	233 380	(41 484)
Cash and cash equivalents at the beginning of year	968 129	1 009 613
CASH AND CASH EQUIVALENTS AT END OF YEAR	1 201 509	968 129

CASE STUDIES

HIGH BACK BILL/BUSINESS CONTRACT NOT EXTENDED

Scenario

Ms O's business had been supplied for many years under long term negotiated 'large market' contracts. The contracts provided reliability that allowed the business to forecast its costs and secure savings due to reduced unit price. The supplier had offered the contracts on the condition that the business uses over 160 Megawatt hours ('MWh') per annum. The supplier wrote to Ms O advising that their contract was due to expire on 31 December and that, as the usage had fallen below the required threshold, they would no longer be offered a 'large market' contract and that they would be billed on the supplier's 'small market' rates.

Complaint

Ms O was dissatisfied that her supplier would not continue to offer the discounted 'large market' rates because her business usage was not above the required threshold. She sought a further 'large market' offer from her supplier.

Outcome

Our investigation revealed that in accordance with the negotiated 'large market' contracts, the supplier was able to cancel the contract if the usage fell below the consumption threshold. Further, the supplier had no obligation to offer any further contracts of this type. Usage records showed the business had consumed well below the threshold for many years and that the supplier could have cancelled the contract prior to the expiry. In our view, as the supplier had allowed the contract term to mature without cancelling, Ms O's business had enjoyed the benefit of reduced unit prices for longer than the supplier had been obliged to provide them.

A payment plan was offered to Ms O for the arrears caused by moving to higher usage costs. In addition, while there was no billing error, the supplier applied a \$500 credit as a gesture of goodwill.

HIGH BACK BILL

Scenario

Mr A provided his supplier with both the meter access instructions (gate access code) and the postal address for bills when he opened his account. After receiving sporadic bills, Mr A's supplier phoned him and notified him of an outstanding accrued balance of over \$50 000. The supplier advised that the bills had been estimated and following a recent actual read it was revealed they had been underestimated. They advised that the bills were correct and payable but that due to the passage of time the meter reads could not be validated but were in their view accurate.

Complaint

Mr A explained the premises were a storage warehouse with minimal load and could not have used over \$50 000 in electricity. He also queried why actual reads had not been obtained when the business had provided the access code and why all the bills had not been received. Mr A sought to have the alleged undercharge reduced.

Outcome

We considered whether the business's consumption was above or below the threshold of a 'small customer' (160 MWh per annum) to determine if the undercharge provisions of the National Energy Retail Rules applied. Excluding the disputed estimated usage, we found that the actual usage was below the threshold. As the supplier had been provided with the access code, it had not met its obligations to use 'best endeavours' to obtain an actual read at least once every 12 months. The supplier offered to limit its recovery of the undercharge to nine months. As a result, over \$60 000 of 'undercharged' amounts were waived placing Mr A's account in credit due to previous payments.

This outcome was satisfactory to the business and negated the need to verify the actual reads, as the 'undercharged amounts' were effectively all waived.

ANNUAL REPORT 2016

3RD PERFORMANCE REVIEW



energy & water
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