



Annual Report

2018 - 19



ENERGY & WATER  
OMBUDSMAN SA

## COVER PHOTOGRAPHS

Rundle Mall, City of Adelaide

Remarkable Rocks, Kangaroo Island

Icon of the Flinders Ranges, the Wilpena Pound

Overlooking vineyards in the Barossa Valley

Berri nestled along the Murray River

Images Shutterstock

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# Mission Statement

Our mission is to facilitate the prompt resolution of complaints and disputes between consumers of electricity, gas and water services and

Members of the Scheme by providing a free, independent, accessible, fair and informal service to consumers.

# About the Energy & Water Ombudsman SA

## Who we are

### The Scheme

Energy and water services are important to all stakeholders because they are essential community services; they are not considered optional. That is why independent ombudsman schemes exist across Australia to deal with issues that arise between service providers and customers.

The Energy and Water Ombudsman (SA) Limited 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 (our Members) by providing a free, independent, accessible, fair and informal service to consumers. We are also recognised as an external dispute resolution scheme (EDR) to handle privacy-related complaints under the Privacy Act 1988.

### 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
- working together with Members, other complaint-handling bodies, government agencies and consumer and community organisations.

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**Energy and water services are important to all stakeholders because they are essential community services; they are not considered optional.**

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## Origins

The Energy & Water Ombudsman SA originated from the privatisation of the South Australian electricity industry in 1999. It became a licence condition for all entities providing electricity services that they participate in an independent dispute resolution scheme to ensure fair practice and effective dispute resolution between the electricity providers and their customers. The Scheme was subsequently expanded to include consumers of gas and water services. We are also recognised as an external dispute resolution scheme to handle privacy related complaints under the Privacy Act 1988.

## The industry

Our Members are the licensed or authorised electricity and gas distribution, transmission and retail entities, and water and sewerage service providers. They now include embedded networks, exempt network service providers and exempted energy sellers. A list of current Members can be found under Our Organisation.

## How we work

In any consumer setting things can go wrong. That is why it is important that consumers have access to the Energy & Water Ombudsman SA.

## What we do

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

- connection, supply and sale of energy or water services by a Member
- disconnection or restriction of supply
- billing disputes
- administration of credit and payment services
- security deposits
- the impact on land or other property of actions by a Member
- the conduct of Members' employees, servants, officers, contractors or agents

- complaints about acts or practices of Members that may interfere with the privacy of an individual under the Privacy Act 1988
- any other matters referred by a Member by agreement with the Ombudsman and the persons affected.

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

## What we don't do

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

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

## Our approach

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

We are not an advocacy service for either party in a dispute, nor can we provide legal advice.

We are not a government department.

We put our emphasis on working with our Members and their customers to help them solve problems. We want to find solutions that not only deal with a single problem, but also minimise future complaints and help Members build more responsive and robust complaint-handling systems.

# At a glance:



10,719

CASES RECEIVED

4% ↑



10,964

CASES RESOLVED

11% ↑



< 30 DAYS

TIME TO RESOLVE

81%



CUSTOMER SATISFACTION

95%



CONTACT VIA ONLINE

22%

**81% = 8,698**

CASES BY ELECTRICITY



**14% = 1,487**

CASES BY GAS



**5% = 488**

CASES BY WATER



**90** SCHEME MEMBERS

NEW SCHEME MEMBERS

**92%** ↑

# Board of Directors



Peter Bicknell  
Chair



Geoff Barton  
Industry Director



Jessie Byrne  
Consumer Director



Margaret Cross  
Consumer Director



Kay Matthias  
Consumer Director



Patrick Makinson  
Industry Director



John Hill  
Consumer Director



Kerry Rowlands  
Industry Director



Anthony Sinclair  
Industry Director

# Chair's Report

**On behalf of the Board I am pleased to provide this introduction to the 2018-19 Annual Report of the Energy & Water Ombudsman SA.**

I start by welcoming the 43 new Members accepted as a result of changes introduced by the Australian Energy Regulator in March 2018. These changes require 'embedded networks' (e.g. caravan parks, apartments, retirement villages) to become Members so their residential customers have access to the free, independent dispute resolution service that we provide.

The Board is aware that the energy market is in the midst of significant transformation brought about by such factors as new technology, self-generation, changing consumer expectations and market choices. In addition, there are new regulations and changing relationships between consumers, generators and suppliers which may present significant challenges to ombudsman schemes such as ours. We are therefore co-operating with energy and water ombudsman schemes across Australia and New Zealand to undertake a significant review to identify what changes, if any, are required to ensure our schemes are 'fit for purpose' for the next five to 10 years. This will ensure all consumers have the appropriate protections and opportunities within the evolving energy landscape.

As highlighted in the Ombudsman's report that follows, the rule change by the Australian Energy Market Commission requiring consumers to have a choice in electricity metering providers was a contributor to the high number of complaints received during the year in review as some providers were unable to respond to the changes in a timely manner. Faced with rapid change, it is sometimes difficult to meet the challenges of transition while maintaining essential services. In this case, without functioning meters, affected consumers have been without electricity, causing great frustration to households and businesses.

The actions of a group of Members in response to the metering installation delays is to be commended, as they agreed to undertake a temporary and voluntary code of practice, which set time limits and targets on the provision of metering services and products. So, for me, the headline issue from the year concerns how regulators, Members and the Scheme can become more



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adept at managing change, that is, preparing for and adapting to technological and market changes, testing our understanding of the impacts, and learning from each other to rapidly adapt.

The Board believes the Ombudsman's office plays an important role in making emerging problems visible to the industry. While it does not have a role in directing how solutions should be articulated or solved, its position in the energy regulation and retailing chain means that we tend to become involved when something has already become a problem or is on the verge of doing so. Our exposure to frontline, real-time knowledge of the customer experience provides valid data that can be taken on board by service providers.

As part of its ongoing consideration of its governance, the Board reviewed and revised its risk management framework, resulting in the separation of strategic risks from operational risks and the establishment of a Finance, Audit & Risk Committee to oversee the Company's operational risks and the internal audit function. The Board retains responsibility for the strategic risks.

The Board remains keen to broaden its awareness of system-wide developments in various ways, including briefings by senior staff of the Office of the Technical Regulator, the Essential Services Commission (of South Australia) and the Australian Energy Regulator. As part of our ongoing conversations with Members, during the year SA Power Networks and AGL presented to the Board on matters affecting the industry and the Scheme.

The Ombudsman and I also continued our practice of meeting with senior staff of Member entities to give and receive feedback on the performance of the Scheme and to understand key issues from their perspective. We also continue to work with other members of the Australia & New Zealand Energy and Water Ombudsman Network to consider strategic issues and collaborative opportunities across the schemes.

In closing, I would like to thank my fellow Board members for their ongoing commitment to good governance, guidance and support for the Scheme. The composition of the Board was stable this year, with Kay Matthias re-joining as a Consumer Director after a short absence, replacing Wendy Eyre, whose term expired in July 2018. I thank Wendy for the significant contribution she made during her time on the Board.

I particularly thank the Members, who both drive and support the Scheme. I am aware that this year has required some quick responses to a range of changes and appreciate the fact that we continue to work collaboratively on behalf of Members and customers.

The Energy & Water Ombudsman SA, Sandy Canale, and his staff are once more to be acknowledged for their interpersonal skills, industry knowledge and commitment to independence when faced with challenges. The Board is pleased with the recognition of the Ombudsman's office – which achieved a 95% customer satisfaction rate in the annual survey – as an honest broker, facilitator and problem-solver.

**Peter Bicknell AM**  
**Chair**

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# Ombudsman's Report

**I would like to present the following report, which highlights the significant events, challenges and opportunities for the Scheme during the 2018-19 financial year.**



It was a very busy year, delivering us new regulations, Members and member categories, and increasing national collaboration in this fast-evolving industry.

We also saw new technology options and choices for consumers, underpinned by an increasing need to focus on fairness, transparency and clarity.

The story of the year was the impact of service and product change on people across the community. This was brought home to us in particular by the metering competition problems that continued to result in large numbers of complaints.

It is important that we, and all agencies, state and national, take a position that emphasises collaboration, connection and information sharing to help suppliers, providers, installers and consumers understand what the changes mean and how best to prepare for them.

## A period of growth

The year saw the operators of residential embedded networks apply to become Members in South Australia. This was in line with changes introduced by the Australian Energy Regulator (AER) in March 2018. In the past, providers of 'embedded networks' were exempt from becoming Members of the Scheme, which resulted in consumers not having access to effective energy dispute resolution processes.

As a result of these changes, the Scheme has 43 new Members operating some form of residential facility – mainly caravan and camping parks, aged-care and lifestyle facilities, and apartment blocks. While most are relatively small in terms of absolute numbers of residents, they will, over time, become a significant group of suppliers. So far, the new Members are proving to be interested and enthusiastic and we have received very few complaints in this area.

The Scheme began taking complaints under the new AER guidelines from 1 January 2019, so we are now starting to get initial consumer data on the effectiveness of the embedded networks changes.

## Meeting consumer needs

Overall complaint numbers appear to be normalising. Excluding complaints related to the ongoing metering choices issue, we received 9,304 complaints across the year, which compares with 9,267 in 2017-18.

Credit management is always an issue that we monitor closely. Our office received 1,433 cases where there were potential and actual disconnections, compared to 1,445 in 2017-18. While there are some spikes, we are working with Members to ensure the lowest possible number of disconnections.

In a varied marketplace with a large range of offers, cost remains the most pressing issue for many customers. However, ethics, privacy and transparency are also increasingly important; they are part of the social licence that suppliers require in the modern world.

Customers have consistently complained that they have found it difficult to compare competing offers in the market, as discounts have been based on different standing rates.

The Default Market Offer, also known as the Energy Reference Price, is a Commonwealth Government initiative which commenced on 1 July 2019 and is intended to provide customers with a reference point to compare discounts offered by retailers.

## Strength through collaboration

Working with the Australia and New Zealand Energy & Water Ombudsman's Network (ANZEWO) again was a very fruitful exercise. We were able to discuss and share information and to respond to regulatory submissions as a group on many issues. Several of our Members operate in multiple jurisdictions, so the ANZEWO forum allows us to test a variety of positions and understand opportunities and challenges in a national context to inform the state-based dispute resolution which is our core charter.

There is no doubt that while we are seeing fast-moving change in products and services, we are also experiencing a shift that is more like convergence when it comes to consumer protections. Increasingly, national positions are considered and set so that individual states can then focus on implementing what works for them.

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**The year saw the operators of residential embedded networks apply to become Members in South Australia.**

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## A refocused organisation

During 2018-19 we commissioned KPMG to undertake an independent review of our operational and dispute resolution processes. This delivered several recommendations that have been acted upon, including the creation of structures that better reflect the realities of how we work with Members on disputes.

Within the office, our roles and objectives have been re-aligned under the new structure, with three teams working cross-functionally rather than in a hierarchy of service. They are:

- Member liaison and escalation
- Learning and investigation
- Policy, communications and support.

The Board and I are pleased to report that in June we implemented a new organisational structure – bringing together what we do for Members and what we do for consumers into each of the three inter-connected areas.

Through both formal and informal processes, we learned quite a bit about ourselves during the year.

We know that we have a strong set of core processes that keep complaints trending down except for one-off spikes such as the metering changes; that we have good relationships with industry participants and that most of our Members work hard to give consumers a good experience.

We also learned that the role of facilitation, influencing and negotiating to solve problems is important. The mutual goodwill and trust built up over several years served us well, as it helped deal with some of the blockages.

The established principles of the Scheme continue to be very valuable in guiding our day-to-day operations. We reproduce them at the beginning of every annual report, but this year had cause to reflect on them constantly as all of us in the energy industry wrestled with the complexities of the metering changes.

The stated principles that seemed especially relevant to me were to:

- deal with complaints in a fair, just and expeditious manner
- act independently while maintaining good relationships with Members and other stakeholders
- work together with Members, other complaint-handling bodies, government agencies and consumer and community organisations
- ensure there are no barriers to access.

## Success through relationships

I thank our Members for their participation and the problem-solving mindset they generally brought to the table throughout the year.

Our stakeholder relationships have, in my view, started to move to another level of added value to the community as we find ourselves working across boundaries and notional barriers.

The media, and all those involved in making our service visible and accessible to the community, also must be acknowledged for their invaluable assistance.

I am proud of the way our people responded to the impact of industry-wide programs that have been delivered over 2018-19. Their spirit and resilience is continually appreciated, both professionally and personally.

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

**Sandy Canale**  
**Ombudsman**

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# 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 through an Ombudsman's decision.

We use the following categories within our complaint-handling process.

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



We closed 2,554 enquiries that did not constitute complaints in 2018-19, representing 23% of total cases resolved.

## Enquiries

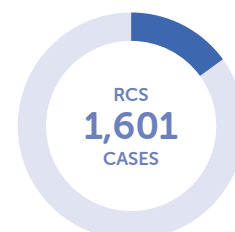
The provision of timely and accurate information is an important component of our role. Typically, one of our staff will provide information on industry codes and regulations that may apply to a customer's issue or will explain details shown on a bill to customers.

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

# Complaints

## Refer to Customer Service (RCS)

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



We closed 1,601 cases at the RCS level in 2018-19, representing 15% of the total.

## Refer to Higher Level (RHL)

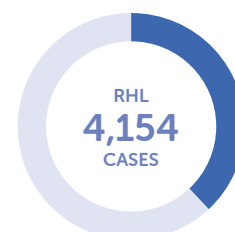
If a customer has been unable to resolve an issue with an energy or water service supplier, we accept the issue as a complaint.

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

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

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

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



We closed 4,154 RHL cases in 2018-19, representing 38% of the total.



We closed 84 Explanation of Resolution cases in 2018-19, representing 1% of the total.

## Explanation of Resolution

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



We closed 709 Consultation cases in 2018-19, representing 6% of the total.

## Consultation

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



We closed 1,548 Conciliation cases in 2018-19, representing 14% of the total.

## Conciliation

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

## Investigation

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

Where appropriate, we may also get independent technical or legal advice or seek the opinion of a regulatory body such as the Australian Energy Regulator, the Essential Services Commission (of South Australia) or the Office of the Technical Regulator.

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

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



We closed 314 Investigations in 2018-19, representing 3% of the total.

## Ombudsman Determination

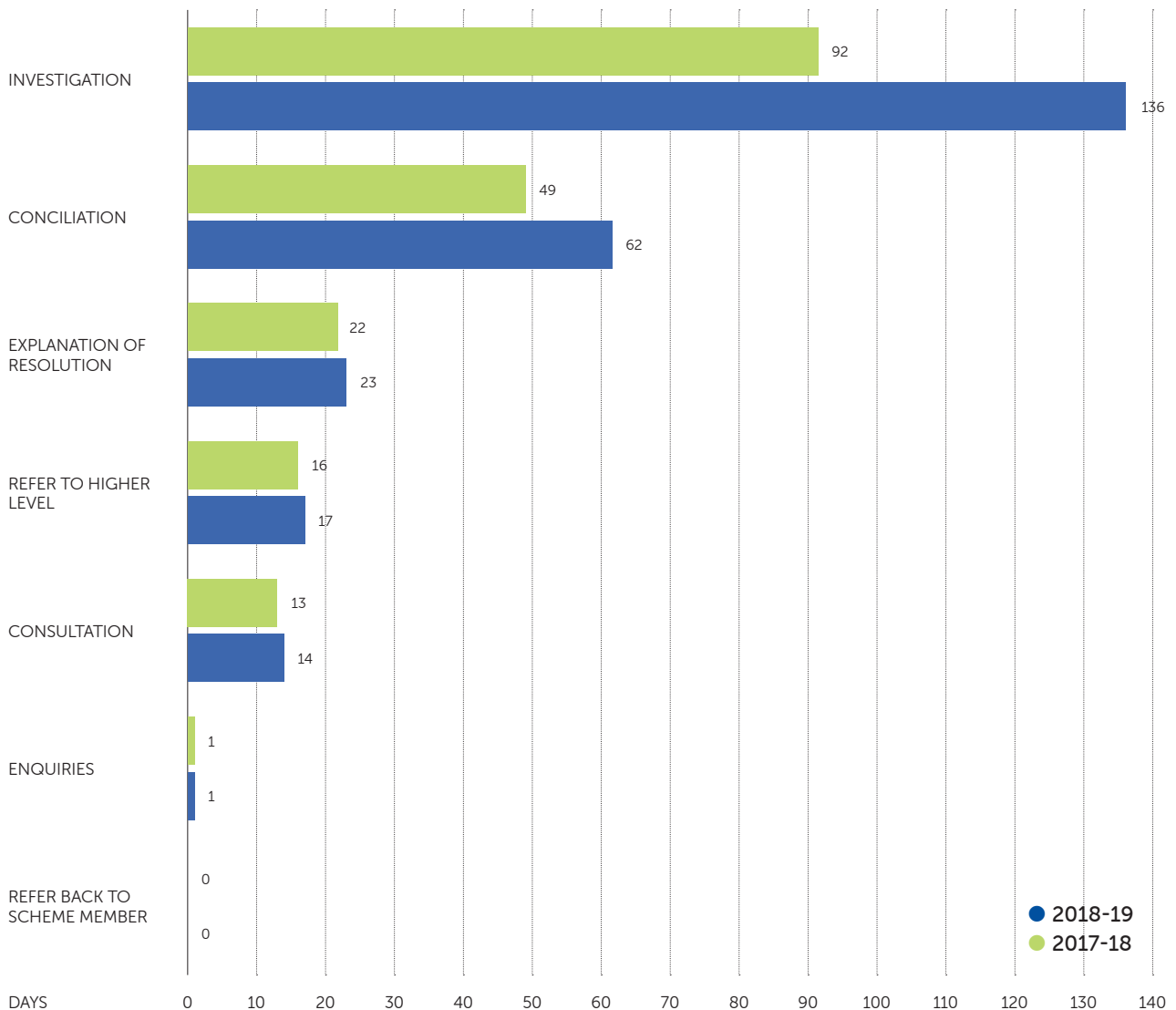
At the completion of an Investigation, and in the absence of a conciliated settlement of a complaint, the Ombudsman can make a Determination to resolve the complaint.



All matters closed by the Scheme were resolved at the lower levels during 2018-19, negating the need for any Determinations.

## Resolution of cases within timeframes

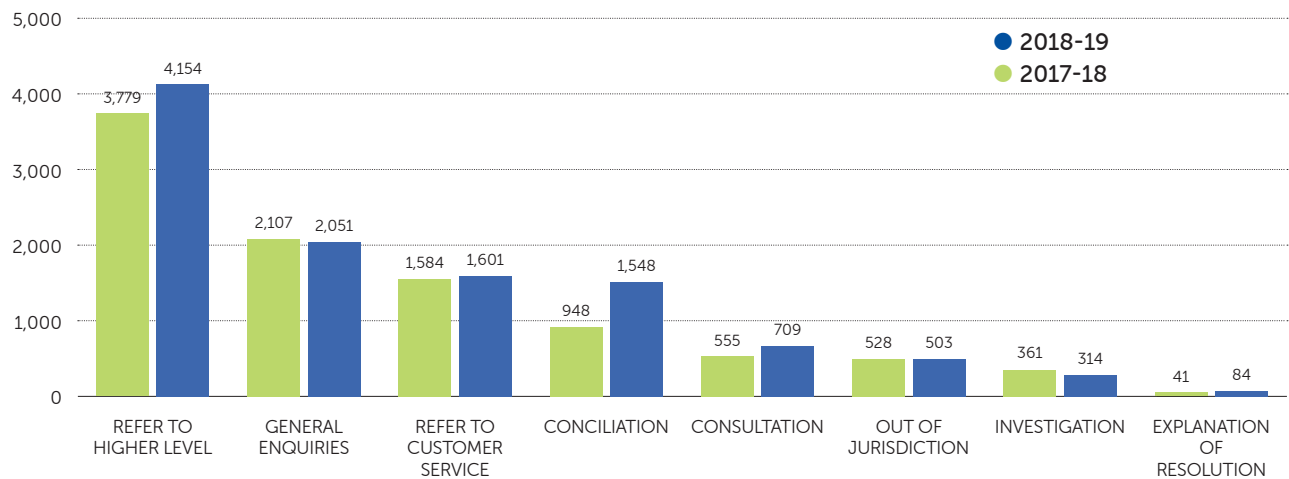
The tables below show our performance based on the amount of time taken to resolve complaints.



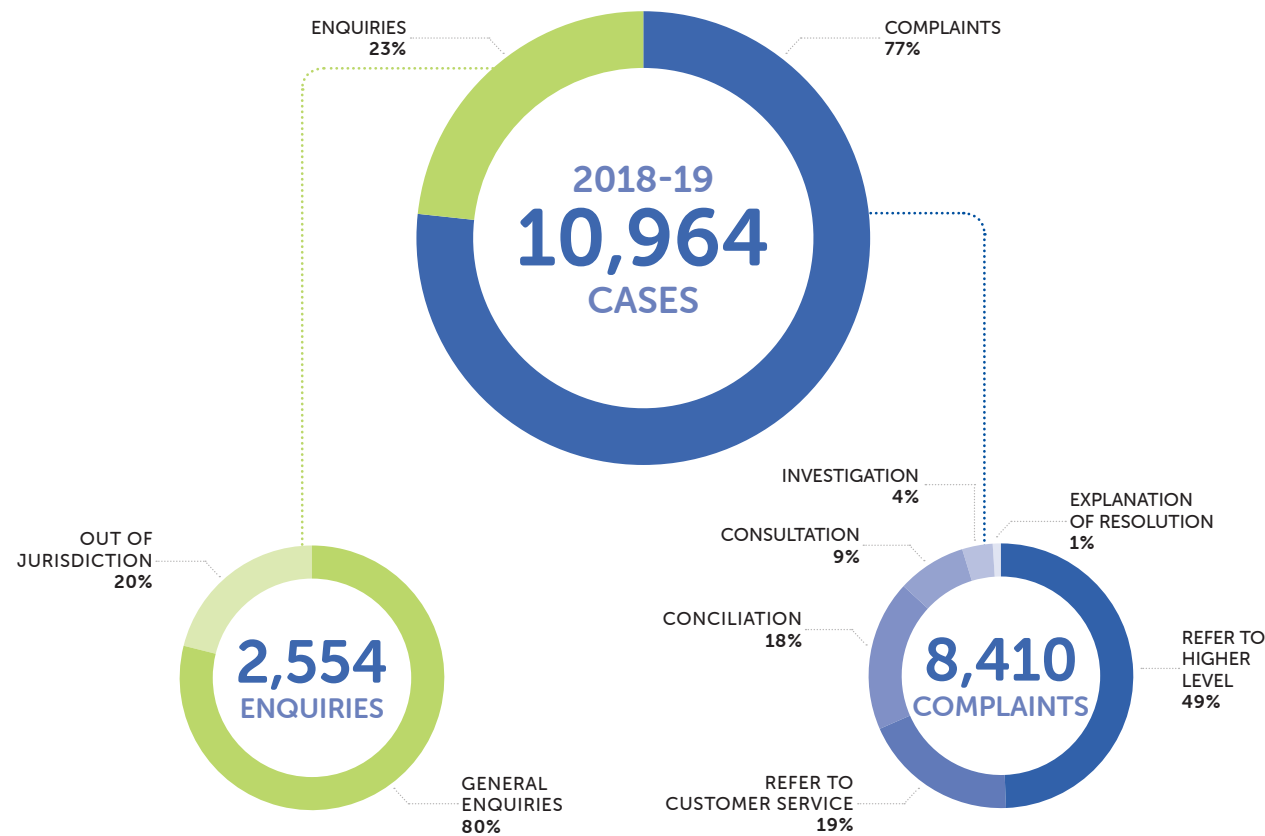
AVERAGE TIME (DAYS) TO RESOLVE CASES, 2017-18 AND 2018-19

# Cases resolved

The following charts show an analysis of cases resolved during 2018-19, compared with the previous year.



CASES RESOLVED, BY TYPE, 2018-19



CASES RESOLVED, BY LEVEL, 2018-19

## Cases received: yearly and monthly trends

From the Scheme's inception, the volume of cases increased progressively, peaking in 2012-13 at 21,130 cases. It then decreased steadily for four years – to 8,829 in 2016-17 – but the last two years have seen increases to 10,324 in 2017-18 and 10,719 in 2018-19.

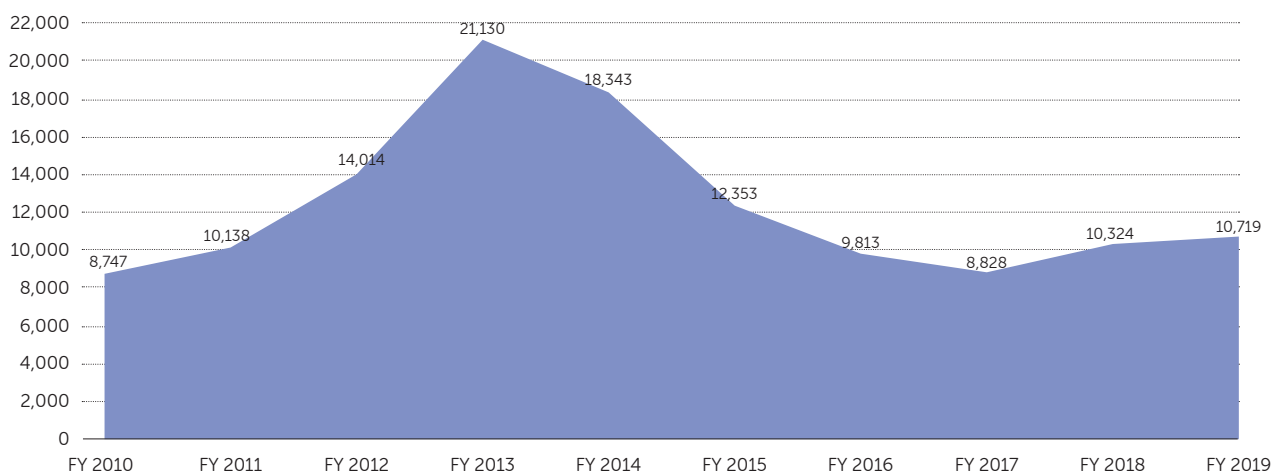
As described elsewhere in this report, the implementation of electricity metering competition – consumers being able to choose the supplier of their meter – has played a large part in these recent increases, which amounted to 10% in 2017-18 and 13% in 2018-19.

In total, 2,387 cases about metering competition have been received since 1 December 2017, when metering competition started.

We also receive a number of requests annually which are either outside our jurisdiction, or are not complaints against a Member. These General Enquiries include customers seeking general information, providing feedback without wishing to lodge a complaint, seeking general advice or clarification of their rights while deciding whether to lodge a complaint, making suggestions or enquiring about something that is out of our jurisdiction.

During this last reporting period we have reviewed the way we categorise and group complaints in order to simplify terms for consumers.

For example, metering competition makes more sense than metering contestability. Similarly, Solar PV Approval is more widely



NUMBER OF COMPLAINTS RECEIVED BY YEAR OVER THE PREVIOUS 10 YEARS

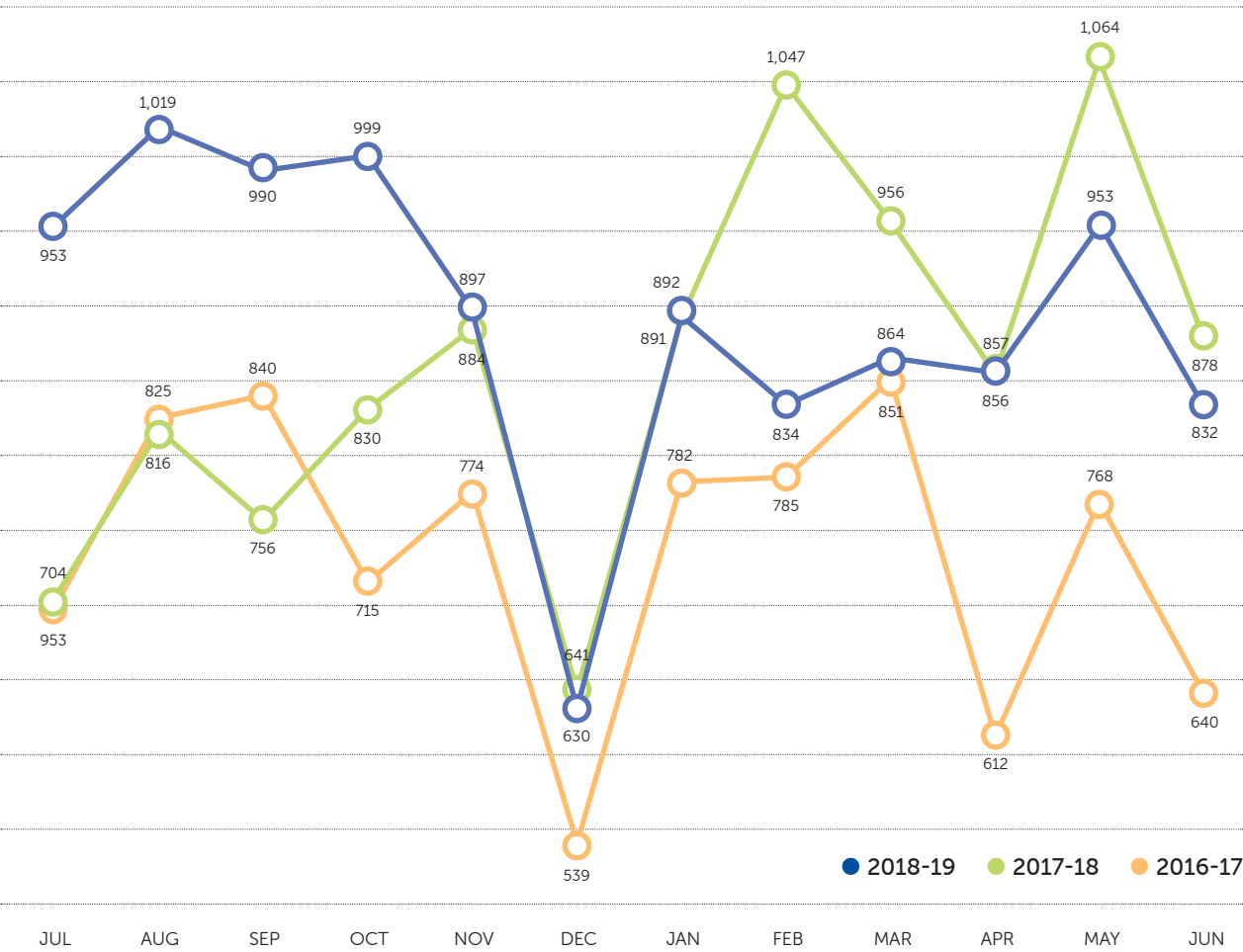
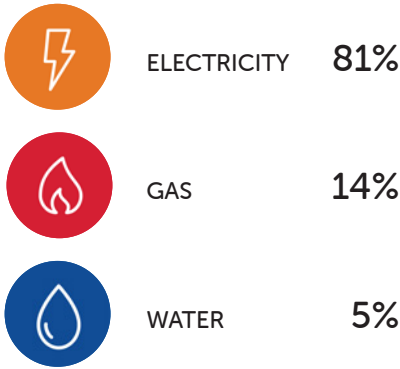
understood by people installing solar systems than SEG Approval, which we used previously.

We recognise that there is a lot of jargon in this industry. If we can help to demystify explanations, we are always happy to hear from customers.

When reporting on the realigned categories of complaints, we've regrouped the previous year's figures (2017-18) in the charts and tables, so readers can quickly compare previous and current figures.

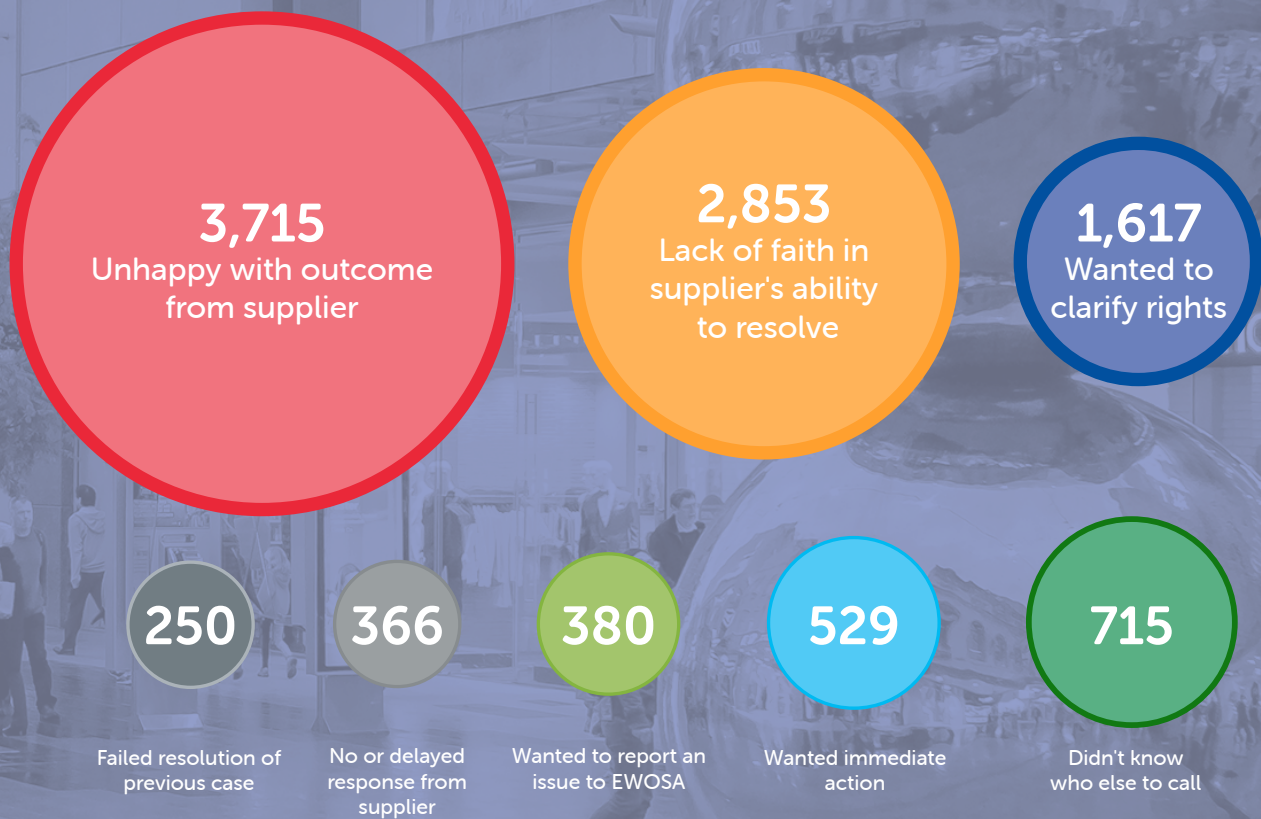
The chart below shows complaints received monthly for 2018-19 and the previous years.

CASES BY INDUSTRY SECTOR



NUMBER OF COMPLAINTS RECEIVED MONTHLY, 2016-17, 2017-18 AND 2018-19

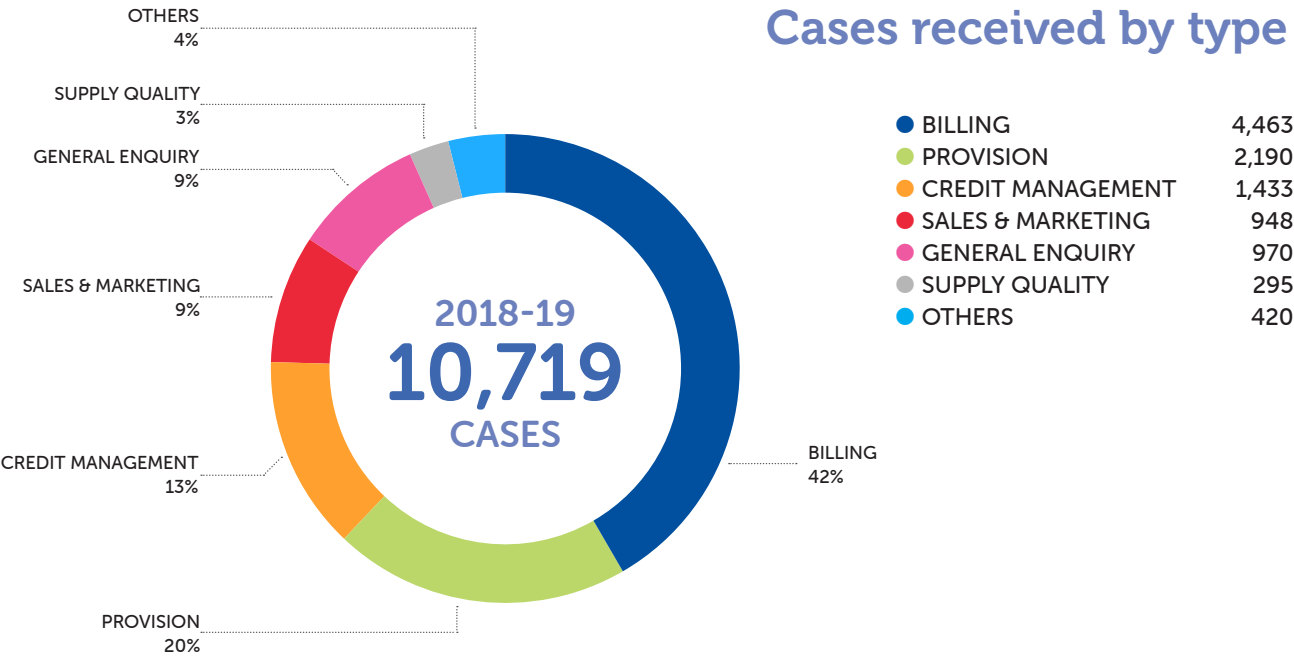
## Reasons for Contact



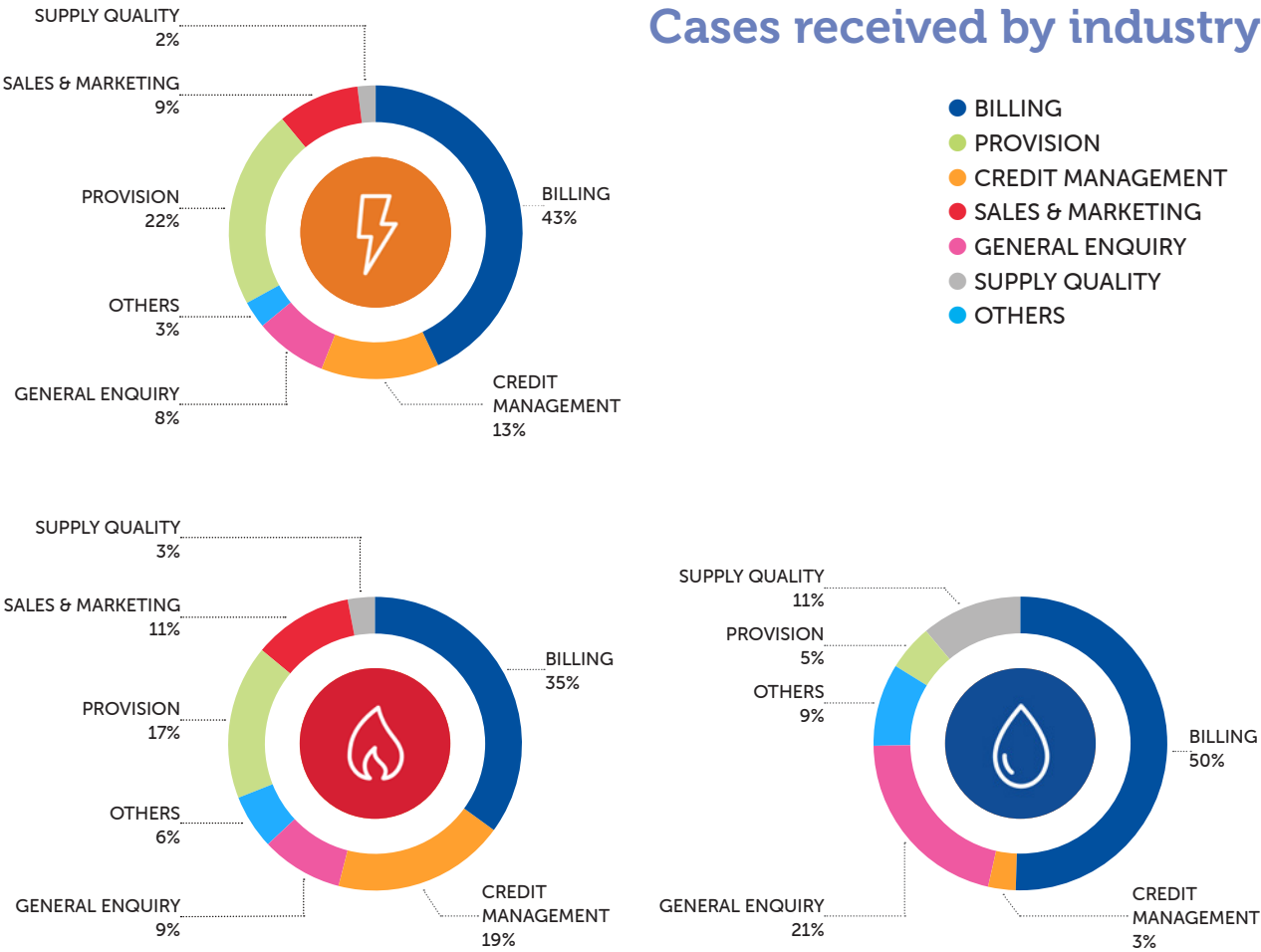
## Method of Contact



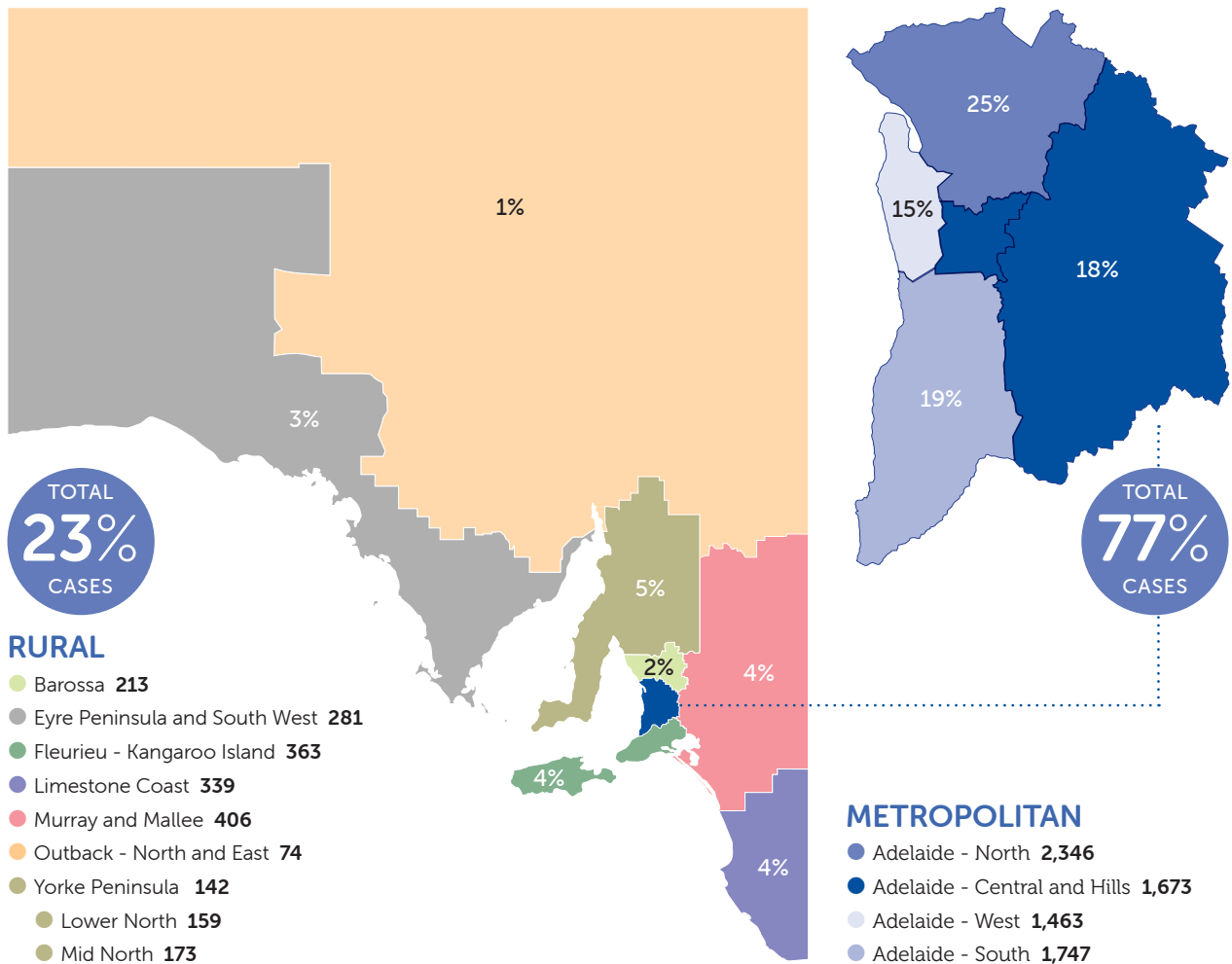
# Cases received by type



# Cases received by industry



## Where cases came from



COMPLAINTS BY RURAL AND METROPOLITAN AREAS, 2018-19



SOURCE OF CONTACT (BUSINESS OR RESIDENTIAL), 2018-19

	REGIONS	2017-18	% OF TOTAL	2018-19	% OF TOTAL
METRO	Adelaide - North	2,247	26%	2,346	25%
	Adelaide - Central and Hills	1,466	17%	1,673	18%
	Adelaide - West	1,421	17%	1,463	15%
	Adelaide - South	1,578	18%	1,747	19%
RURAL	Barossa	161	2%	213	2%
	Eyre Peninsula and South West	244	3%	281	3%
	Fleurieu - Kangaroo Island	304	4%	363	4%
	Limestone Coast	274	3%	339	4%
	Lower North	159	2%	159	2%
	Mid North	136	2%	173	2%
	Murray and Mallee	346	4%	406	4%
	Outback - North and East	69	1%	74	1%
	Yorke Peninsula	110	1%	142	1%
	GRAND TOTAL	8,515	100%	9,379	100%

CUSTOMERS BY RURAL AND METROPOLITAN AREAS, 2017-18 AND 2018-19

	YEAR	ADELAIDE - NORTH	ADELAIDE - CENTRAL & ADELAIDE HILLS	ADELAIDE - WEST	ADELAIDE - SOUTH	RURAL SOUTH AUSTRALIA
Billing	2017-18	44.9%	45.1%	41.2%	43.2%	45.8%
	2018-19	43.8%	42.0%	42.7%	44.4%	44.0%
Credit	2017-18	18.8%	12.0%	16.6%	16.1%	13.7%
	2018-19	17.8%	12.0%	13.4%	15.1%	13.2%
Provision	2017-18	17.4%	18.7%	18.8%	18.4%	21.4%
	2018-19	18.5%	22.6%	20.9%	17.7%	25.6%
Sales & Marketing	2017-18	10.1%	10.8%	12.7%	12.1%	8.9%
	2018-19	9.5%	9.1%	10.4%	11.2%	6.4%
General Enquiry	2017-18	4.4%	6.2%	4.4%	4.8%	4.5%
	2018-19	5.3%	5.7%	4.9%	5.6%	5.2%
Supply Quality	2017-18	1.4%	3.1%	2.3%	1.5%	2.0%
	2018-19	1.7%	2.8%	3.2%	2.3%	2.9%
Customer Service	2017-18	2.3%	2.6%	2.6%	3.0%	2.7%
	2018-19	1.8%	2.8%	2.5%	1.8%	1.7%
Land	2017-18	0.9%	1.5%	1.5%	0.9%	1.0%
	2018-19	1.6%	3.1%	2.1%	1.9%	1.0%

CUSTOMERS COMPLAINT TYPE BY RURAL AND METROPOLITAN AREAS, 2017-18 AND 2018-19

## Major complaint types

TOP 3 COMPLAINT ISSUES  
2018-19



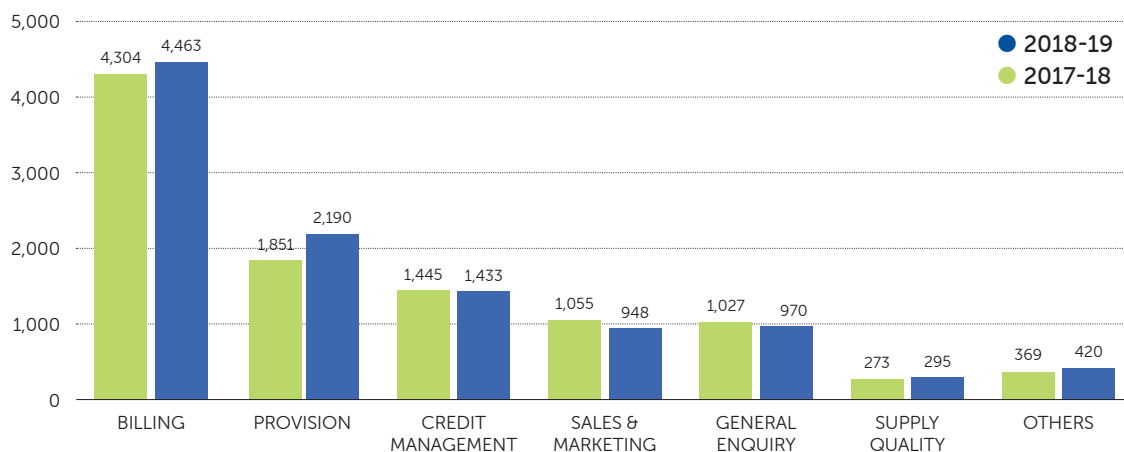
The Scheme received 10,719 cases during 2018-19.

We categorise complaints into the following issues:

Complaint type	Description
<b>Billing</b>	Complaints about tariff costs, conditions, timing, charges applied and other billing matters
<b>Provision</b>	Service provision, connection, disconnection, street lighting, meter reading and other meter complaints
<b>Credit Management</b>	Financial hardship, disconnection (imminent and actual), liability and problems with credit references
<b>Sales and Marketing</b>	Market and retailer conduct, contract issues and transfers of the customer's account
<b>Supply Quality</b>	Electricity or gas outages, variations in voltage or flow, and water quality

The three top complaint issues were Billing (4,463 cases), Provision (2,190 cases) and Credit Management (1,433 cases).

The chart below shows the number of complaints by issue, for 2018-19 and the previous year.

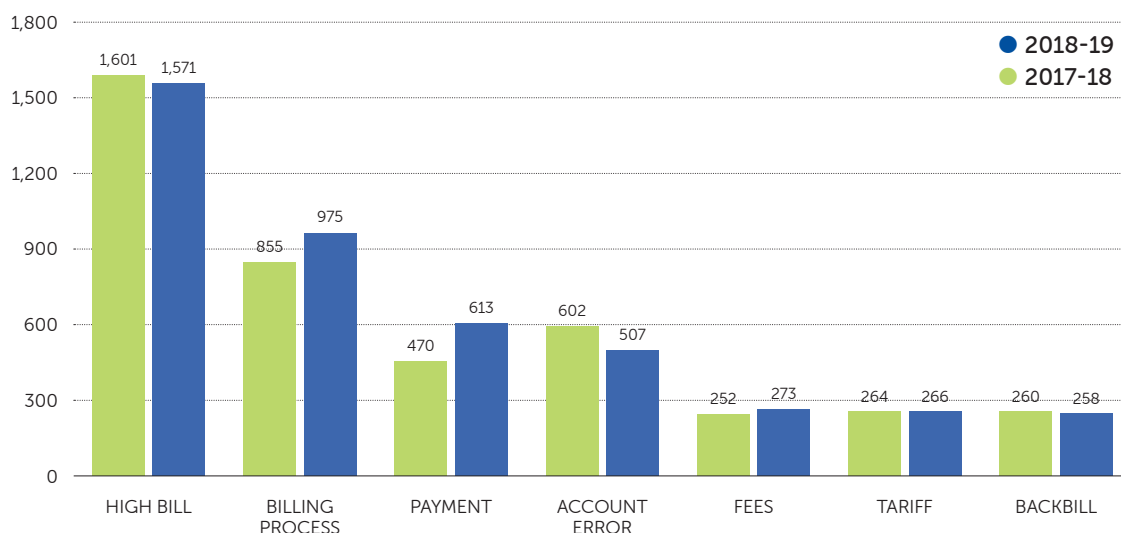


CASES RECEIVED BY ISSUE TYPE, 2017-18 AND 2018-19

## Billing

Similar to other ombudsman schemes, Billing issues continue to be the largest category. During the year, Payment, Billing Process and Fee sub-issues increased by 143 (30%), 120 (14%) and 21 (8%) respectively. Account Error, High Bill and Backbilling issues decreased by 95 (16%), 30 (2%) and 2 (1%) cases respectively. This is reflected in the chart below, which compares 2018-19 with the previous year.

TOP 3 BILLING ISSUES  
2018-19



BILLING COMPLAINTS BY TYPE, 2017-18 AND 2018-19

## Service Provision

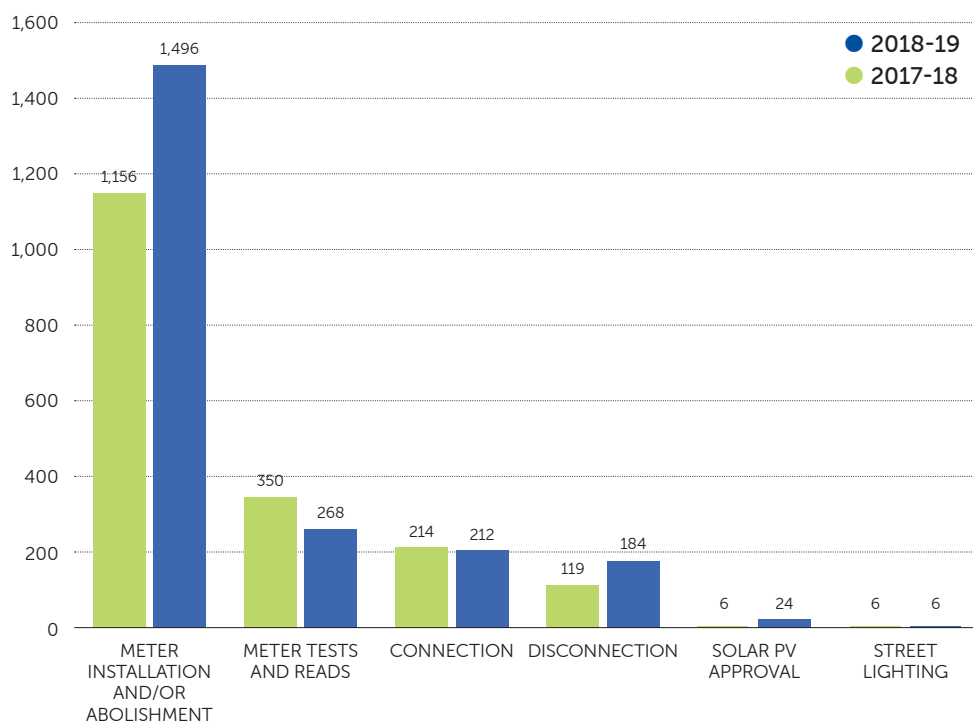
### TOP 3 SERVICE PROVISION ISSUES 2018-19



We received 2,190 Service Provision cases during 2018-19, an increase of 339 (18%) compared with 2017-18. This made Service Provision the second most significant complaint category. Most of this increase related to the metering competition changes. A full breakdown of metering competition complaints is shown on the following page.

Shown below are the sub-categories recorded within this category, together with the number of cases received this year and the previous year. There was a significant increase of 340 cases (29%) in the sub-category for Meter Installation and/or Removal. Disconnection complaints not related to financial hardship increased by 65 cases (55%).

Cases relating to Meter Tests and Reads fell by 23% – from 350 in 2017-18 to 268.

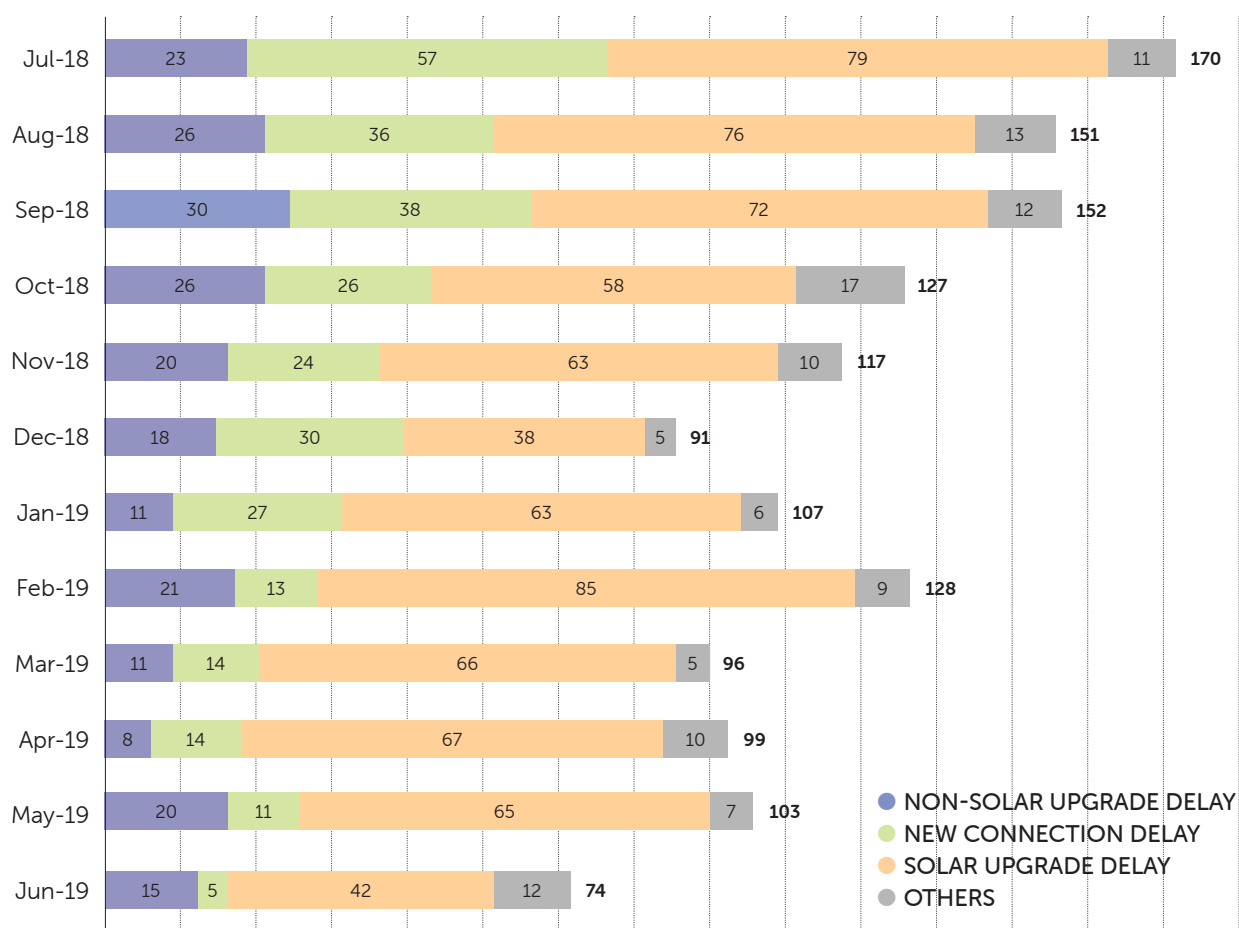


### SERVICE PROVISION COMPLAINTS BY TYPE, 2017-18 AND 2018-19

## Service Provision - Metering Competition

As described previously, there were many complaints relating to electricity metering competition, starting in November 2017, the month before the new regime commenced. However, there was a 56% fall between the start of the year (170 cases) and the end (74 cases).

The chart below shows the complaints received by sub-category.

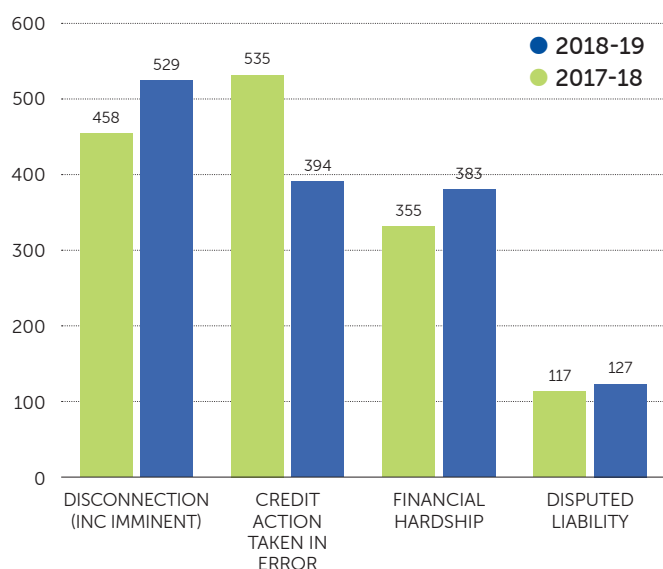


METERING COMPETITION COMPLAINTS BY SUB-CATEGORY, 2018-19

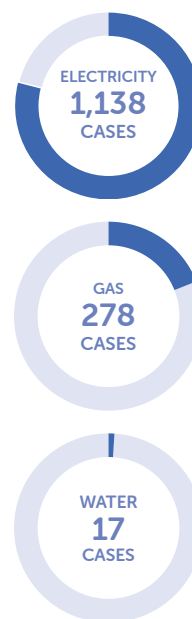
## Credit Management and Financial Hardship

We received 1,433 Credit Management cases, making it the third most significant complaint category. This number was consistent with the previous year.

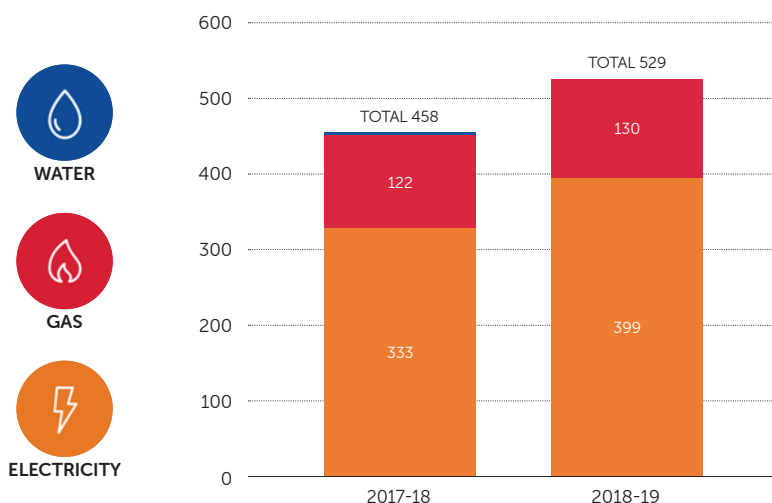
Shown below are the sub-categories recorded within this category. The Credit Action Taken in Error sub-category has seen significant declines since last year, falling by 141 cases (26%). Disconnection, Financial Hardship and Disputed Liability cases increased by 71 (16%), 48 (14%) and 10 (9%) respectively.



CREDIT COMPLAINTS BY INDUSTRY 2018-19



CREDIT MANAGEMENT COMPLAINTS BY TYPE, 2017-18 AND 2018-19



Disconnection complaints represent 37% of all Credit Management complaints.

DISCONNECTION COMPLAINTS BY INDUSTRY SECTOR, 2017-18 AND 2018-19

## Rural and Metropolitan Areas

The number of financial hardship cases increased by 48 (14%) compared to the previous year.

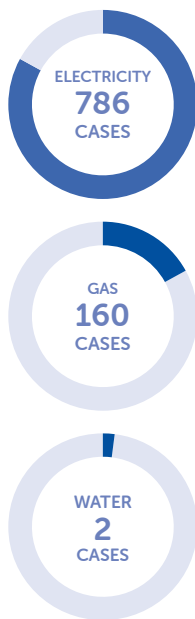
The table below provides a detailed breakdown of the financial hardship data for 2018-19 and the previous year.

REGION	2017-18			2018-19			CHANGE	
	NUMBER OF CASES	% OF TOTAL HARDSHIP CASES	CASES PER 10,000 PEOPLE	NUMBER OF CASES	% OF TOTAL HARDSHIP CASES	CASES PER 10,000 PEOPLE		
ADELAIDE - CENTRAL & ADELAIDE HILLS	44	13%	1.5	66	17%	2.2	22	50%
ADELAIDE - NORTH	99	30%	2.3	113	30%	2.6	14	14%
ADELAIDE - SOUTH	61	18%	1.7	81	21%	2.2	20	33%
ADELAIDE - WEST	53	16%	2.3	36	9%	1.5	-17	-32%
RURAL SOUTH AUSTRALIA	53	16%	1.4	76	20%	1.9	23	43%
NO ADDRESS	25	7%		11	3%		-14	-56%
TOTAL	335	100%		383	100%		48	14%

FINANCIAL HARDSHIP DATA BY RURAL AND METROPOLITAN AREAS, 2017-18 AND 2018-19

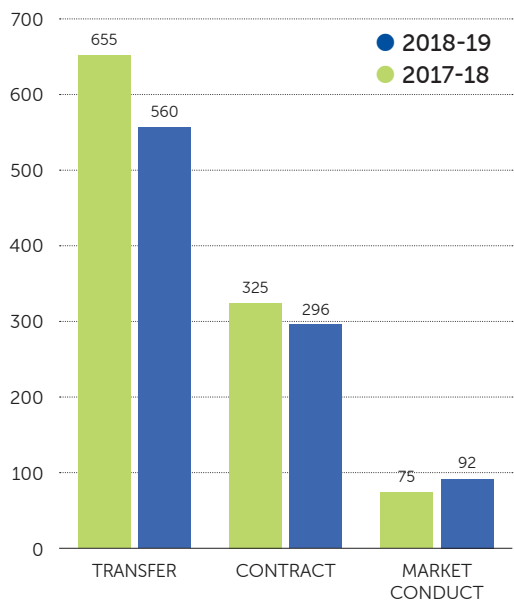
# Sales and Marketing

SALES AND MARKETING CASES  
BY INDUSTRY 2018-19



We received 948 Sales and Marketing cases – a 10% decrease compared with the previous year.

The larger sub-categories of Contract and Transfer saw decreases of 9% and 15% respectively, but the smaller Market Conduct sub-category increased 23%.



SALES AND MARKETING CASES, 2017-18 AND 2018-19

# Case Studies

SUBJECT:  
Default listing

UTILITY:  
Electricity

CUSTOMER TYPE:  
Residential

CASE TYPE:  
Conciliation

Ms X closed her electricity account and her supplier issued a final bill to the postal address she had nominated. However, she did not receive it and was unaware of an outstanding debt until contacted by a debt collection agency.

She set up a payment plan with the agency and made two payments, but \$200 remained unpaid. Her supplier sent the appropriate reminder letters and an 'intent to default' letter to the nominated postal address. When the debt remained unpaid, the supplier applied a credit default to Ms X's credit report.

Ms X disputed the credit default. It was found in facilitation that the supplier had applied the credit default correctly and that there was no requirement to remove it. Ms X was required to pay the outstanding balance of \$200. The supplier then updated the default to having been paid.

SUBJECT:  
Water Quality

UTILITY:  
Water

CUSTOMER TYPE:  
Residential

CASE TYPE:  
Conciliation

Mr Z was concerned about the quality of his water supply. His supplier had tested its quality on six separate occasions over the previous four years and each time the samples had met the Australian Drinking Water Guidelines (ADWG).

Mr X did not accept that the water met safe drinking standards and contacted us.

Although the supplier was under no obligation to complete further testing, it arranged for water sampling inside the property, so as to eliminate potential issues with internal piping. It also absorbed all associated costs, including attendance by plumbers to check fittings.

Samples taken from inside the property met the ADWG, and the supplier did not take further action.

Mr Z remains dissatisfied and continues to hold the view that the water quality is poor. However, all evidence and test results indicate this is not the case.

SUBJECT:  
Delayed solar meter installation

UTILITY:  
Electricity

CUSTOMER TYPE:  
Residential

CASE TYPE:  
Conciliation

Ms K had a solar system installed in her unit to allow her to offset some of her electricity use and to send excess power back to the grid. Her retailer was required to arrange the installation of a solar compatible meter.

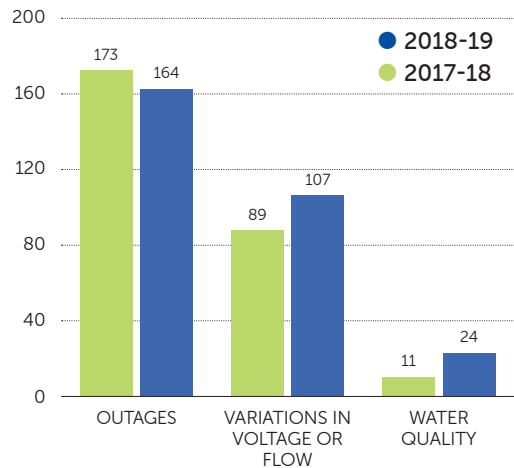
Ms K was concerned about the time it took to install the meter, which meant she could not benefit from her system immediately.

As Ms K lived in a unit complex, an interruption to her supply while installing the meter also affected other residents. Her supplier needed to liaise with the local distributor to provide a planned interruption notice to residents.

Once the meter was installed, Ms K received a \$420 credit plus \$100 as a customer service gesture from her retailer. The credit took into account the length of the delay, the size of the solar system and its potential generation and Ms K's electricity rates and feed-in tariff.

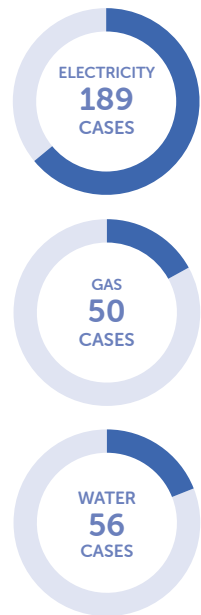
# Supply Quality

The number of Supply Quality cases increased by 22 (8%). The Variations in Voltage or Flow and Water Quality sub-categories increased by 18 (20%) and 13 (118%) respectively, but Outages fell by 9 (5%).



SUPPLY QUALITY COMPLAINTS, 2017-18 AND 2018-19

SUPPLY QUALITY CASES BY INDUSTRY 2018-19



# Case Studies

**SUBJECT:**  
Shortfall charge

**UTILITY:**  
Gas

**CUSTOMER TYPE:**  
Business

**CASE TYPE:**  
Investigation

Ms W operated a business and had signed a 12-month gas contract that stated a specified volume of gas was needed.

The contract required her to pay for a minimum quantity (80%) of the agreed volume regardless of how much gas was used.

Ms W sold the business six months into the contract, leaving a large portion of gas not used but needing to be paid for.

Ms W did not believe she should have to pay for the remaining portion of around \$250,000.

The gas supplier advised that the shortfall charge had been billed in accordance with Ms W's contract.

We reviewed the contract and were satisfied that this was the case. We also were satisfied that the shortfall charge was correct.

We did find that Ms W had asked for the account to be closed in January 2019, but the supplier had continued to charge distribution and transmission charges until May 2019. It agreed to waive around \$30,000 in charges incurred.

**SUBJECT:**  
Privacy breach

**UTILITY:**  
Gas

**CUSTOMER TYPE:**  
Individual

**CASE TYPE:**  
Conciliation

Ms B contacted her supplier because she hadn't received a gas bill.

An investigation revealed that the bill had been sent to her parents-in-law in error. This caused her significant distress as it meant they had her address. The family is estranged, and Ms B indicated genuine fears for the safety of her family.

Ms B believed the supplier had not acknowledged the seriousness of the privacy breach, taking several days to come back to her with a proposed resolution of putting a password on her account.

She advised this was inadequate and sought costs from the supplier to improve security at her property.

Ms B's supplier paid \$10,900 for the installation of security shutters and doors and \$4,000 in compensation.

**SUBJECT:**  
Hardship

**UTILITY:**  
Electricity

**CUSTOMER TYPE:**  
Residential

**CASE TYPE:**  
Conciliation

Mr R received bills that appeared higher than they had been over the past 4 years.

Being on a limited income, Mr R had been able to extend the time to pay each bill but not to pay them in full. The debt increased with each bill as he was using more electricity than he was paying for.

When Mr R contacted his supplier seeking an extension, it offered to discuss his accumulating debt but each time Mr R said he was too busy.

Mr R asked us to investigate his high bills and to identify the cause. He also wanted the supplier to accept his payment plan of \$100 a fortnight (against his usage of \$289).

Mr R's meter was tested at no cost and his electricity bills were based on actual meter reads.

We provided Mr R with a fact sheet on the causes of high bills and advice on how to check his appliances and wiring. The supplier also offered a free energy audit.

The supplier provided evidence that it had offered assistance to Mr R to reduce his usage and that he did not wish to discuss the option.

The supplier accepted Mr R's payment plan for three months but required Mr R to reduce his usage or increase his payments at the end of that period.

# Member Performance

## Member Complaints - 5 years

### AGL



### ORIGIN ENERGY



### ENERGYAUSTRALIA



### SIMPLY ENERGY



### ALINTA ENERGY



### SA WATER



### SA POWER NETWORKS



### LUMO ENERGY



### POWERDIRECT



### AUSTRALIAN GAS NETWORKS



### MOMENTUM ENERGY



### AMAYSIM



### M2 ENERGY



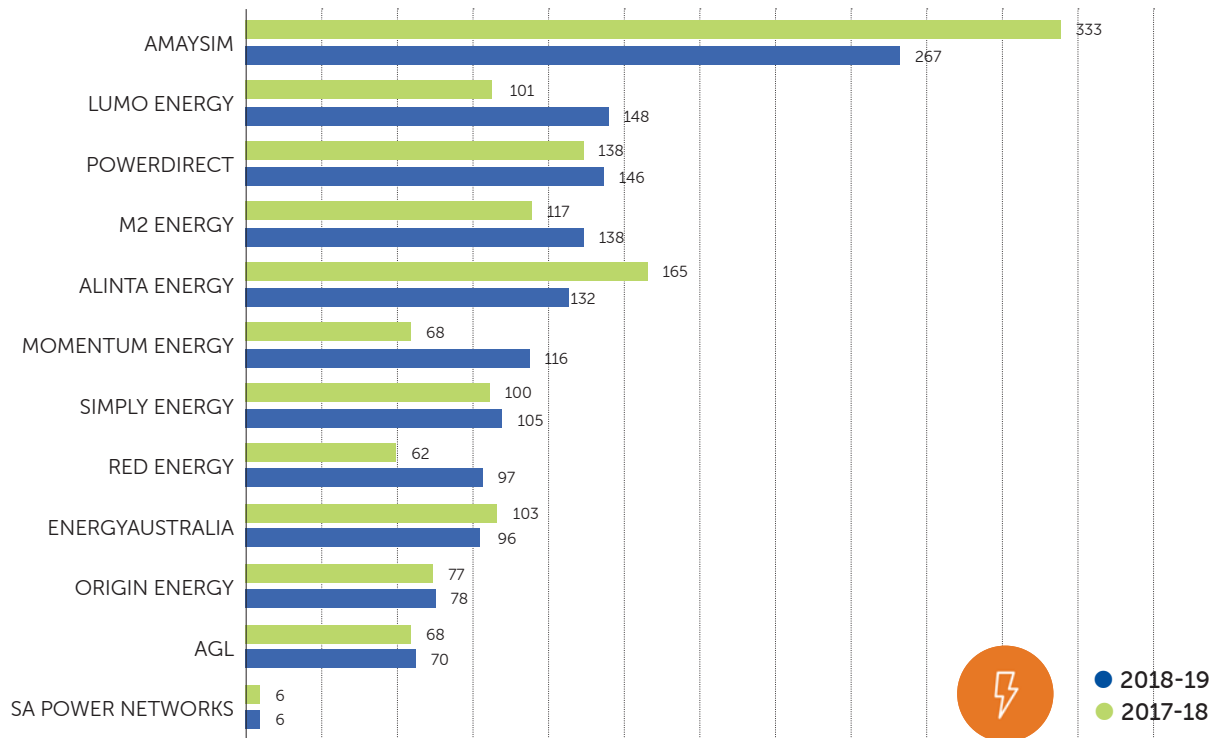
### OTHERS



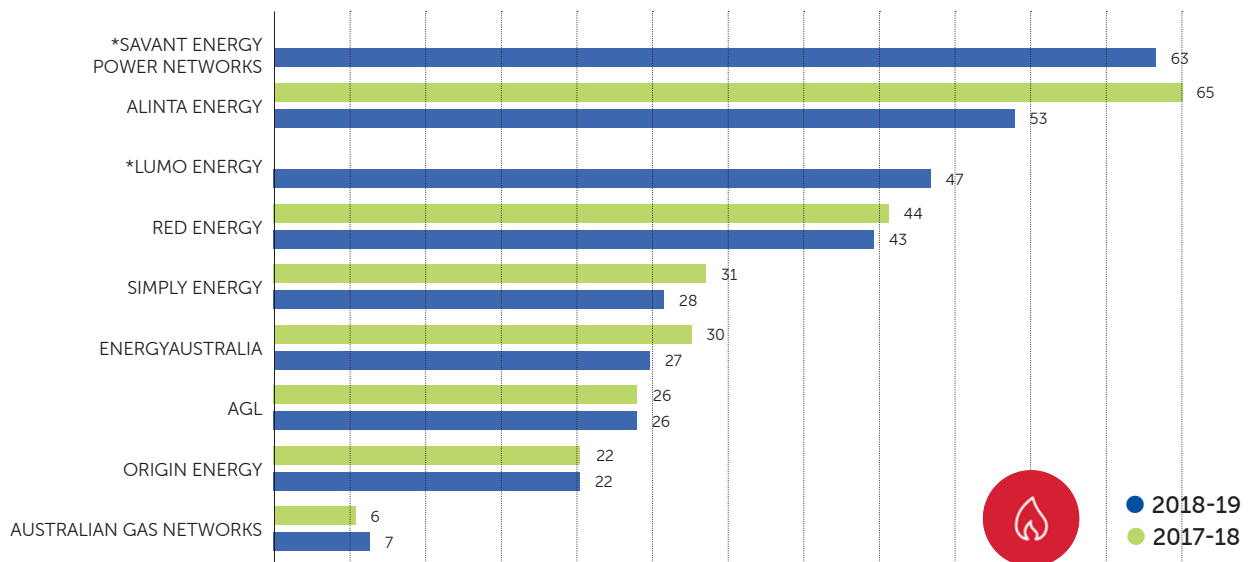
### RED ENERGY



## Cases received by Members and per 10,000 customers



**ELECTRICITY: CASES RECEIVED, PER 10,000 CUSTOMERS, 2018-19**



**GAS: CASES RECEIVED, PER 10,000 CUSTOMERS, 2018-19** \*Gas Member as of 2018-19



**WATER: CASES RECEIVED, PER 10,000 CUSTOMERS, 2018-19**

# Systemic issues

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**A systemic issue is one that has the potential to affect a number of customers.**

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## How we define a systemic issue

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

## Our role

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

Once we have identified potential systemic issues, we may, where appropriate, investigate the issues. Where the Ombudsman finds that an issue is systemic, it is referred to the relevant Member's senior management for remedial action. The Ombudsman will continue to monitor the issue until a resolution is achieved that he considers a reasonable outcome for the customers affected.

The Ombudsman may also refer to a Member's senior management any opportunities identified to improve the Member's policies or practices in the interests of reducing complaints. The Ombudsman may report systemic or other important issues to the relevant government Minister or to regulatory bodies.

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

We identified and resolved one systemic issue during the year: a retailer incorrectly charged small business customers and issued bills on either bi-monthly or quarterly cycles instead of monthly cycles because of an issue with its billing system.

# Embedded networks

Since 1 January 2019, we have been able to deal with complaints from residential embedded network customers. We instigated a project last year to prepare for changes to processes, fee structures, training and development, and new Member management. As at 30th June 2019, the Scheme had 36 embedded network Members. Membership continues to grow, and Members are inducted depending on their size and structure.

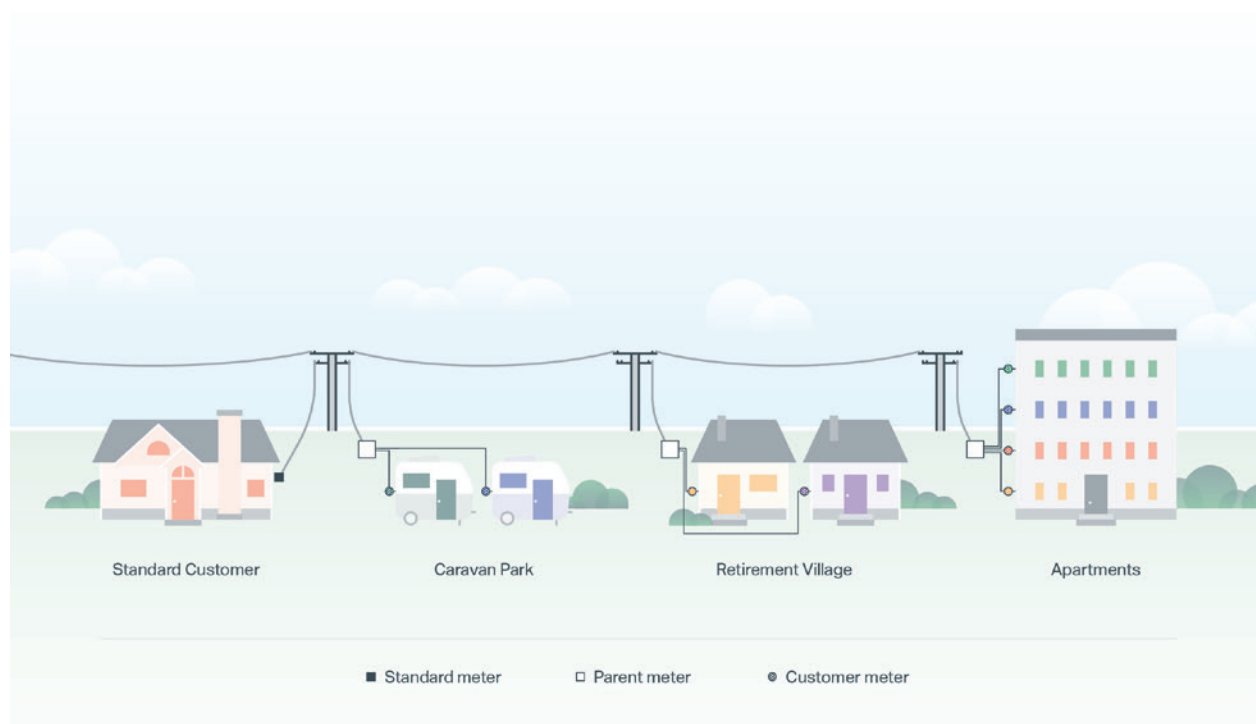
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**Since 1 January 2019, we have been able to deal with complaints from residential embedded network customers.**

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## What is an embedded network?

Most customers buy electricity from an authorised retailer, but some are supplied by embedded network operators, which are also known as 'exempt sellers' or 'on-sellers'. An embedded network is a private network that supplies residents or businesses within a specific area, such as an apartment building, a shopping centre, a caravan park or a retirement village.



# Our Organisation

## Key Developments

### Dispute resolution process

We completed an external review of our conciliation and investigation process to identify opportunities to improve efficiency and service delivery to Members and customers. Several initiatives were identified and will be implemented as soon as is practical.

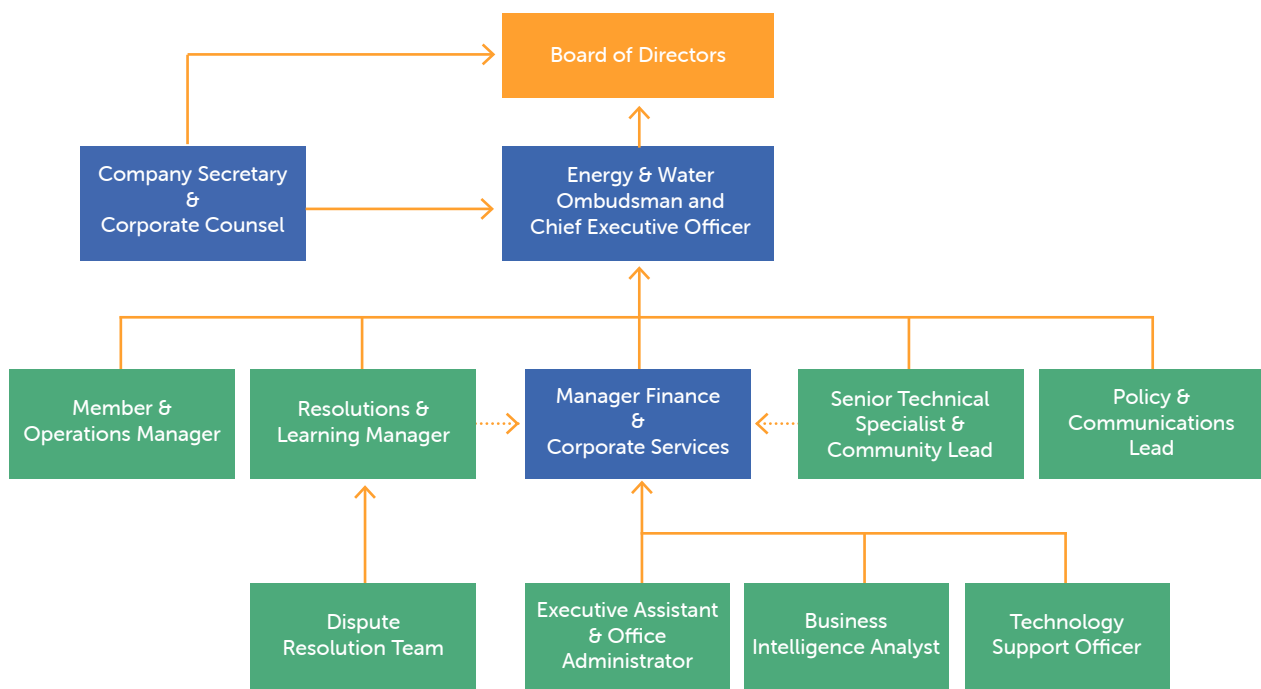
We have updated our process for identifying and

reporting actual or potential systemic issues.

Our new Policy and Communications Lead will undertake further work and refinement of this process in 2019-20.

We also recently introduced a new organisational structure that improves relationships with Members, places greater emphasis on quality, and provides better support and development opportunities for our staff.

### Our Structure



## People and culture

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

We completed several initiatives during the year to continuously develop our staff and enhance the benefits available to them.

- Management underwent professional development coaching and training.
- We implemented our new learning and development framework.
- We refreshed our performance management framework to complement the other changes made in learning and development.
- We started providing salary sacrifice benefits to staff through an external administrator (from October 2018).
- We launched a new employee benefits program that allows staff to access exclusive discounts on products and services offered by many retailers.
- We established a Group Salary Continuance Insurance for eligible staff members in lieu of trauma cover (from April 2019).

## Technology

Technology plays a crucial part in ensuring our services are delivered efficiently, effectively and with minimal disruption. There were a number of significant initiatives during the year.

- We launched our new website, which provides better access to a wide range of users, including those on mobile devices and the visually impaired, and features an enhanced online complaint form. The site's layout and materials have been updated to comply with industry best practice in web design.
- We launched our new Intranet and knowledge management system, providing a central platform that makes information accessible and easy to share within the organisation.
- We installed an integrated audio-visual system that allows for videoconferencing and enhanced delivery and presentation of AV materials, both within our boardroom and to external audiences.
- We upgraded our multi-function printers and scanners to the current models, improving processing speed and image resolution, and adding scanned document text recognition.
- We migrated our Microsoft Office suite to Office 365. The upgrade provides greater stability, security and flexibility in working with documents.
- We upgraded our case management system to the latest available version. The upgrade incorporates new security patches and product features, and the system is fully compatible with the latest version of associated software, such as Microsoft Office 365.
- We enhanced our email retention and archiving capabilities by expanding archive capacity and switching to a more user-friendly application.

## Community outreach

We continued to engage with stakeholders, including those in embedded networks with a focus on regional and consumer intermediaries.



IMAGE USED WITH PERMISSION COURTESY OF MICHELLE DIEU, MANAGER, NORTHERN AREA MIGRANT RESOURCE CENTRE

## Work Health and Safety

We are strongly committed to the health and safety of our staff, and strive to maintain a workplace free from injuries. We encourage personal wellbeing and promote 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 we encourage staff participation in various health and wellbeing activities.

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

An Employee Assistance Program provides staff and their immediate family members with support and free counselling for work and personal matters. Free flu vaccinations and health checks are arranged annually.

There were no injuries reported during the year.

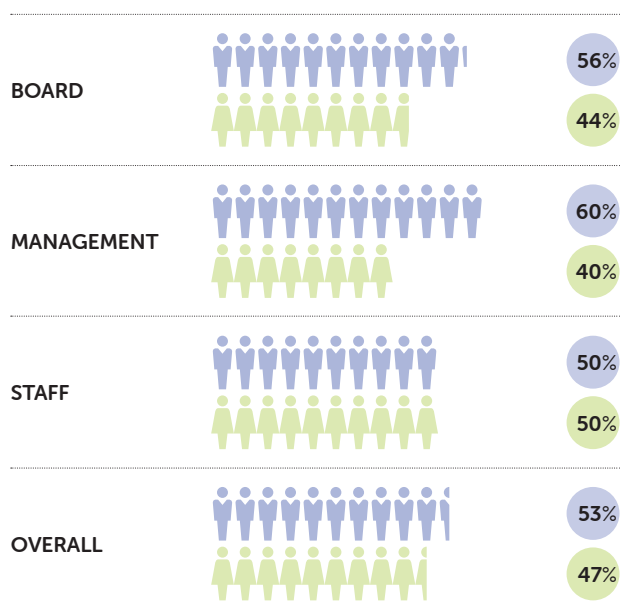
## Quality Assurance

We have implemented a new Quality Assurance Program, which includes critical work processes that ensure we deliver fair and reasonable outcomes in the most efficient way possible.

## Gender diversity

We have a strong commitment to gender diversity, as demonstrated by high female participation at all levels of the organisation.

As at 30 June 2019, we had close to a 50/50 division of male and female members on the Board of Directors, the management team and staff.



## Board of Directors

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

### Chair

Peter Bicknell AM, BA, M Soc Admin, JP – appointed 22 March 2015

### Directors

The Directors of the Company as at 30 June 2019 were:

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

### Secretary

Pia Bentick, Company Secretary & Corporate Counsel

## Leadership Team



**LEADERSHIP TEAM:** BRIAN HUMBLE MEMBER & OPERATIONS MANAGER, PIA BENTICK COMPANY SECRETARY & CORPORATE COUNSEL, SANDY CANALE OMBUDSMAN & CEO, RE OUANO MANAGER FINANCE & CORPORATE SERVICES, CINDY CHEWTER RESOLUTIONS & LEARNING MANAGER.

# Members

## Electricity Members



- AGL Sales (Queensland Electricity) Pty Ltd
- AGL Sales Pty Ltd
- AGL South Australia Pty Ltd
- Across Australia Parks and Resort Pty Ltd (t/a Victor Harbour Holiday and Cabin Park)
- Alinta Energy Retail Sales Pty Ltd
- Amaysim Energy Pty Ltd
- Ardrossan Progress Association Inc
- Ashbrook Apartments RV Pty Ltd
- Australian Tourist Park Management Pty Ltd (t/a Victor Harbour Beachfront Holiday Park)
- B A Calvert & G G Calvert (t/a Kingston-on-Murray Caravan Park)
- Befficient by GSI Pty Ltd
- Blue NRG Pty Ltd
- Boandik Lodge Inc
- Burton Lifestyle Villages Pty Ltd
- Caravan Park Op Co Pty Ltd (t/a Windsor Gardens Caravan Park)
- Coastal Parks Port Willunga Pty Ltd
- Community Corporation 26052 Inc
- Community Corporation 40515 Inc (Vue Apartments)
- Community Corporation 41210 Inc (Bohem Apartments)
- Community Corporation 41346 Inc (Prow Drive)
- District Council of Coober Pedy
- Delta Logo Pty Ltd ATF The Gray Howard Family Trust (t/a Goolwa Camping and Tourist Park)
- Diamond Energy Pty Ltd
- Discovery Holiday Parks Pty Ltd
- Edithburgh Progress Association Inc
- Edwards Hotels Pty Ltd
- ElectraNet Pty Ltd
- EnergyAustralia
- Energy Locals Pty Ltd
- Enwave Mascot Pty Ltd
- ERM Power Retail Pty Ltd
- GCP (SA) Pty Ltd ATF The Mullaby Family Trust (t/a Gawler Caravan Park)
- Glenbrook Apartments Pty Ltd
- Globird Energy Pty Ltd
- Highway 1 Caravan & Tourist Park
- James Brown Memorial Trust (t/a The Heights Retirement Village)
- Karen Browney (t/a Kadina Caravan Park)
- Leabrook Place Pty Ltd
- Levi Park Caravan Park
- Lumo Energy (SA) Pty Ltd
- McLaren Vale Pty Ltd
- Momentum Energy Pty Ltd
- Murraylink Transmission Partnership
- M2 Energy (t/a Dodo Power & Gas and Commando Power & Gas)
- Next Business Energy Pty Ltd
- Nuriootpa Centennial Park Authority (t/a BIG4 Barossa Tourist Park)
- Origin Energy Electricity Ltd

## Electricity Members *continued*



- Pandora Lifestyle Villages
- People Energy Pty Ltd
- Pine Country Caravan Park
- Port Clinton Progress Association Inc
- Powerdirect Pty Ltd
- Powershop Australia Pty Ltd
- Power Club Limited
- QEnergy Limited
- Red Energy Pty Ltd
- ReNu Energy Retail Pty Ltd
- Riverglen Services Pty Ltd
- SA Power Networks
- Sanctuary Energy Pty Ltd
- Savant Energy Power Networks Pty Ltd
- Sheryl Pietsch (t/a Stockport Caravan & Tourist Park)
- Simply Energy
- Sustainable Savings Pty Ltd
- Tango Energy Pty Ltd
- The Trustee for Hahndorf Caravan Park Trust
- The Trustee for the Sturt River Park Trust
- Vosey Holdings Pty Ltd (t/a Highview Holiday Village)
- WINconnect Pty Ltd
- Woodcroft Park Pty Ltd

## Gas Members



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

## Water Members



- Alano Utilities Pty Ltd
- Alexandrina Council
- City of Charles Sturt
- District Council of Coober Pedy
- District Council of Mount Barker
- FB Pipeline Pty Ltd
- Robusto Investments Pty Ltd (t/a Compass Springs)
- South Australian Water Corporation
- The Barossa Council
- Water Utilities Pty Ltd

# Corporate Governance Statement

The Corporate Governance Statement is reviewed annually. The current Statement was approved by the Board on 29 May 2019.

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

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

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

## The Board of Directors

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

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

## Board Composition

As required by the Company's Constitution, the Board consists of nine Directors being:

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

The current Directors of the Company are:

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

## Board Skills

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

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

## Gender Diversity

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

Currently 44% of the Board of Directors are female, 40% of the leadership team are female and the rest of the staff are eight male and eight female Members. The overall percentage is 47% female and 53% male.

## Independent Chair

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

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

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

## Written Agreements

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

## Term of Office

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

The Consumer Directors can hold office for a term of up to three years and they are eligible to be nominated and re-appointed for a further term or terms. However, neither the Consumer Directors nor the Independent Chair can serve more than nine continual years as a Director.

## Board Processes

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

## Conflict of interest

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

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

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

## Chair and Ombudsman

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

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

Sandy Canale was first appointed the Ombudsman in December 2007 and re-appointed in 2012 and in 2017 for further 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 Chair, on all matters to do with the proper functioning of the Board. All Directors have direct access to and may seek information from the Company Secretary to assist them in carrying out their duties as Directors.

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

## Independent Professional Advice

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

## Corporate Reporting

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

## Board Performance Assessment

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

## Board Committees

The Company's Constitution provides for the Board to appoint, from time to time, a Designated Committee, comprising an equal number of Industry Directors (being Directors nominated by the Members) and Consumer Directors and/or the Independent Chair (being Directors appointed from groups representing customers of electricity, gas and water services or representing public interest issues relevant to electricity, gas and water services or directors appointed otherwise than by Members). The Designated Committee will be responsible for formulating business plans and annual funding figures and making recommendations to the Board, and may be charged with other responsibilities delegated by the Board.

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

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

## Finance, Audit & Risk Committee

The Finance, Audit & Risk Committee is responsible for oversight of, and advice and recommendations to the Board of Directors on:

1. Financial Management – business plans, annual funding figure, budgets and target cash levels
2. Risk Management – operational risks
3. Internal Audit function.

The current Members of the Finance, Audit & Risk Committee are:

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

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

## Remuneration Committee

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

The current Members of the Remuneration Committee are:

- Geoff Barton, Chair
- Kay Matthias
- Anthony Sinclair
- Jessie Byrne.

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

## Conduct and Ethics

### Code of Conduct

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

## Risk management

### Risk Management Plan

The Company has a Risk Management Plan to assist in achieving its risk management objectives: which are 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 and the Finance, Audit & Risk Committee in ensuring compliance with internal controls and risk management plans by regularly reviewing the effectiveness of the compliance and control systems and by regularly reporting to the Board and the Committee.

## 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. 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. A copy of the Constitution is available to any Member who requests it from the Company Secretary and on the Company's website [www.ewosa.com.au](http://www.ewosa.com.au).

Other means of communication with Members include:

- the Annual Report, which is available to all Members and on the Company's website
- the Financial Report which is posted to all Members
- 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 June 2019

	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Revenue from ordinary activities	3,725,611	3,380,686
Expenses from ordinary activities:		
Accounting and audit fee	55,916	43,195
Depreciation	128,064	212,784
Employee benefit	2,218,328	2,003,809
Rental	141,624	138,928
Total other expenses	888,843	823,764
Income tax expense	-	-
<b>Surplus for the year</b>	<b>292,836</b>	<b>158,206</b>
<b>Total comprehensive income for the year</b>	<b>292,836</b>	<b>158,206</b>

# Financial Statements

## STATEMENT OF FINANCIAL POSITION AS AT 30 June 2019

	2019 \$	2018 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,376,296	1,938,183
Trade and other receivables	281,819	118,849
Other current assets	303,735	378,745
Other financial assets	2,117,311	1,384,782
<b>TOTAL CURRENT ASSETS</b>	<b>4,079,161</b>	<b>3,820,559</b>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	387,118	389,464
<b>TOTAL NON CURRENT ASSETS</b>	<b>387,118</b>	<b>389,464</b>
<b>TOTAL ASSETS</b>	<b>4,466,279</b>	<b>4,210,023</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	110,794	139,607
Employee benefits	222,133	201,721
Other current liabilities	37,919	53,014
Office fitout incentive	2,500	4,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>373,346</b>	<b>398,842</b>
<b>NON CURRENT LIABILITIES</b>		
Employee benefits	17,189	28,273
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>17,189</b>	<b>28,273</b>
<b>TOTAL LIABILITIES</b>	<b>390,535</b>	<b>427,115</b>
<b>NET ASSETS</b>	<b>4,075,744</b>	<b>3,782,908</b>
<b>EQUITY</b>		
Accumulated surplus	4,075,744	3,782,908
<b>TOTAL EQUITY</b>	<b>4,075,744</b>	<b>3,782,908</b>

# Financial Statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 June 2019

	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from members (inclusive of goods and services tax)	3,976,376	3,491,325
Payments to suppliers and employees (inclusive of goods and services tax)	(3,754,904)	(3,425,243)
Interest received	-	-
<b>Net cash inflow from operating activities</b>	<b>221,472</b>	<b>66,082</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	1,145
Purchase of property, plant and equipment	(126,698)	(186,555)
Proceeds from other financial assets	2,666,524	3,702,445
Payments for other financial assets	(3,399,054)	(3,190,015)
Interest received	75,869	60,485
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(783,359)</b>	<b>387,505</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
Net increase/(decrease) in cash and cash equivalents	(561,887)	453,587
Cash and cash equivalents at the beginning of year	1,938,183	1,484,596
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,376,296</b>	<b>1,938,183</b>

# Case Studies

**SUBJECT:**  
Payment Plan

**UTILITY:**  
Electricity

**CUSTOMER TYPE:**  
Residential

**CASE TYPE:**  
Conciliation

Mr C contacted his electricity retailer to change an existing payment arrangement. He said he would miss the upcoming payment but would make it up before the next bill. The retailer agreed it was acceptable.

However, following the discussion Mr C received a letter to tell him the payment plan had been cancelled and that full payment of the balance was required.

Mr C was dissatisfied that the arrangement was cancelled as he had arranged to prevent it. He could not pay the outstanding amount in full.

Mr C's retailer:

- acknowledged that changes should have been made to the arrangement when he contacted them
- reactivated the payment plan
- applied a \$50 credit as a gesture of goodwill.

**SUBJECT:**  
Credit Management

**UTILITY:**  
Gas

**CUSTOMER TYPE:**  
Residential

**CASE TYPE:**  
Conciliation

Ms M vacated her property and contacted her supplier to finalise her account. However, the account remained open, a large debt accumulated and when it was referred to a third-party credit agency, a credit default was applied to her credit file.

Ms M only became aware of the default while trying to obtain a line of credit.

Ms M was dissatisfied that she had been wrongly charged for usage and that the default listing had been applied.

The retailer backdated and closed the account, arranged the removal of the default listing and applied a \$50 customer service gesture. Ms M paid the balance owing prior to disconnection of her service.

**SUBJECT:**  
Disputed liability for debt

**UTILITY:**  
Electricity

**CUSTOMER TYPE:**  
Residential

**CASE TYPE:**  
Conciliation

Mr J was contacted about a debt, which he disputed, that had been sold to a third-party debt collector.

Mr J said he had provided evidence to his supplier that he had been living at a different address over the time the debt was accrued and that he had paid all that he owed up to time he moved out of the premises in question, yet the matter remained unresolved.

The supplier acknowledged the information had been supplied and that it was sufficient to support Mr J's claims.

The debt of around \$1,300 was recalled from the third-party debt collector and the balance waived in full.





## Annual Report 2018-19

Energy and Water Ombudsman (SA) Limited

ABN 11 089 791 604

GPO Box 2947 Adelaide SA 5001

Free Call: 1800 665 565

Free Fax: 1800 665 165

[www.ewosa.com.au](http://www.ewosa.com.au)



ENERGY & WATER  
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