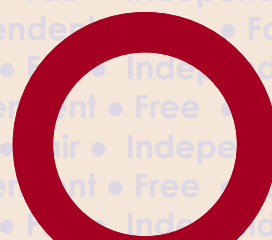




Energy Ombudsman Western Australia Annual Report 2011-12



About this Report

This report describes the functions and operations of the Energy Industry Ombudsman (Western Australia) Limited for the year ending 30 June 2012.

It is available in print and electronic viewing format to optimise accessibility and ease of navigation. It can also be made available in alternative formats to meet the needs of people with a disability. Requests should be directed to the Communications Manager at (08) 9220 7555 or mail@ombudsman.wa.gov.au.

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Chairman's Overview

I have pleasure to present this eighth Annual Report of Energy Industry Ombudsman (Western Australia) Limited.

The Board

The Board comprises five directors: an independent chairman, two customer representative directors, a gas industry representative director and an electricity industry representative director.

In July 2011, Karen Gadsby, one of the customer representative directors, resigned from the Board. In light of the provisions of the Constitution relating to the process for appointing customer representative directors, the Board decided to defer filling the vacancy until the 2012 Annual General Meeting, when the second customer representative director position is also to become vacant. In June 2012, Andrew Gaspar resigned as the electricity industry representative on the Board.



There were four Board meetings held during the year. In addition, the Board reviewed the complaints statistics and financial reports on a monthly basis.

The Company

A list of the Members of the Company is included in the Company Particulars. There was only one change during the year with Griffin Energy Sales Pty Ltd ceasing to be a Member. In addition, WA Gas Networks Pty Ltd had a change of name to ATCO Gas Australia Pty Ltd in January 2012.

Customer Complaints

The Board does not become involved in the day-to-day management of customer complaints – that is the role of the Ombudsman, with whom the Board has a service agreement. However, the Ombudsman provides a report to each meeting of the Board and gives details of the number of complaints received and resolved, in both the gas and electricity sectors, on a monthly basis.

In the twelve months ended 30 June 2012 there were 262 complaints received concerning gas-related matters and 3,340 complaints received concerning electricity-related matters. Last year the numbers were 253 and 3,790 respectively. It was pleasing to see that the number of gas-related complaints remained relatively constant again this year, and even more pleasing that there was a decrease in the number of electricity-related complaints.

Further details of complaints are contained in the Energy Ombudsman's Annual Report, which follows.

Chairman's Overview

Water Industry Complaints

I am a member of a Steering Committee and continue to represent the Company's interests concerning the expansion of the Ombudsman's jurisdiction to include the State's water services industry. It is anticipated that the water industry will join the scheme in 2013.

Appreciation

I would like to record my thanks to my fellow Directors for their commitment and contribution to the successful operation of the Board during the past year. I would also like to thank the Ombudsman and his staff for their efforts in this eighth year of operation of the Scheme. It is again pleasing to note how efficiently the Ombudsman and his staff are continuing to resolve the complaints received, along with ongoing good support from energy providers.

The Energy Ombudsman's Annual Report, the Company Particulars, the Independent Audit Opinion and the audited Financial Statements for the Company for 2011-2012 follow.



Paul Wilmot
CHAIRMAN

Energy Ombudsman's Report

It gives me great pleasure to present the 2011-12 Annual Report of the Western Australian Energy Ombudsman.

The Energy Ombudsman

The primary function of the Energy Ombudsman is to investigate and resolve complaints about energy services in Western Australia.

Complaint Resolution

This year we received 3,602 complaints, including 3,340 electricity complaints and 262 gas complaints. We also received 148 enquiries. Billing and credit continue to be the main issues raised in both electricity and gas complaints.

This year there was an 11% decrease in complaints compared to 2010-11 due to a decrease in electricity complaints. Gas complaint numbers have remained relatively similar to last year.

The Energy Ombudsman only fulfils its role when it resolves complaints in a timely way. This year, we closed 77% of complaints within 10 business days (76% of electricity complaints and 95% of gas complaints).

The timely resolution of complaints cannot be achieved without the cooperation of member companies. I record my appreciation of their active involvement in the resolution of complaints.

Liaison and Access

Effective liaison with stakeholders is essential to the Energy Ombudsman's achievement of quality, timely dispute resolution and ensuring our services are accessible to the electricity and gas consumers. This year we have continued to liaise with key stakeholders including electricity and gas providers, the Economic Regulation Authority and other regulators and other Ombudsmen. We have also undertaken a range of activities to ensure access to our services for residential and small use customers.

Staffing

This year saw changes to our staffing levels arising from the increase in complaints escalating to investigation, along with appropriate modifications to our structure and operations to ensure that the office continued to handle the number of investigations in a quality and timely manner with minimal increase in funding.



Energy Ombudsman's Report

I take this opportunity to express my sincere appreciation to the Board of the Energy Ombudsman for the work that they undertake and in particular the Chairman, Paul Wilmot. The Board ensures that the governance of the Energy Ombudsman is of the high standard the consumers are entitled to expect.

Finally, the work of the Energy Ombudsman is undertaken by a highly skilled and dedicated group of staff, including Deputy Energy Ombudsman, Mary White and Director Energy, Marcus Claridge. I take this opportunity to thank each staff member for their contribution to ensuring high quality, cost effective and timely access to justice for Western Australian electricity and gas consumers.

A handwritten signature in black ink, appearing to be 'C. Field', written in a cursive style.

Chris Field
ENERGY OMBUDSMAN

Highlights for 2011-12

Complaint Numbers

- In 2011-12, there were 3,602 complaints received comprising:
 - 3,340 electricity complaints; and
 - 262 gas complaints.
- There were 3,769 complaints closed comprising:
 - 3,507 electricity complaints; and
 - 262 gas complaints.

Timeliness

- 76% of electricity complaints, 95% of gas complaints and 77% of all complaints were closed within 10 business days of receiving the complaint.

Issues Raised

- Concerns about billing and credit are the main issues raised in complaints with these issues identified in 82% of complaints received (63% for billing and 19% for credit). Of these:
 - High bills and alleged errors are the most common reasons for billing complaints; and
 - Payment of arrears and debt collection are the most common reasons for credit complaints.

Liaison and Access

- Effective relationships with key stakeholders and access to our services have been maintained this year through:
 - Continuous liaison and communication with Energy Ombudsman Scheme member organisations, regulators and Ombudsman industry bodies; and
 - Ensuring ongoing access to Ombudsman services for residential and small use customers, and community groups who may represent them.

About Us

- **Our Role**
- **Structure and Governance**
- **What We Investigate**
- **Our Complaint Resolution Process**

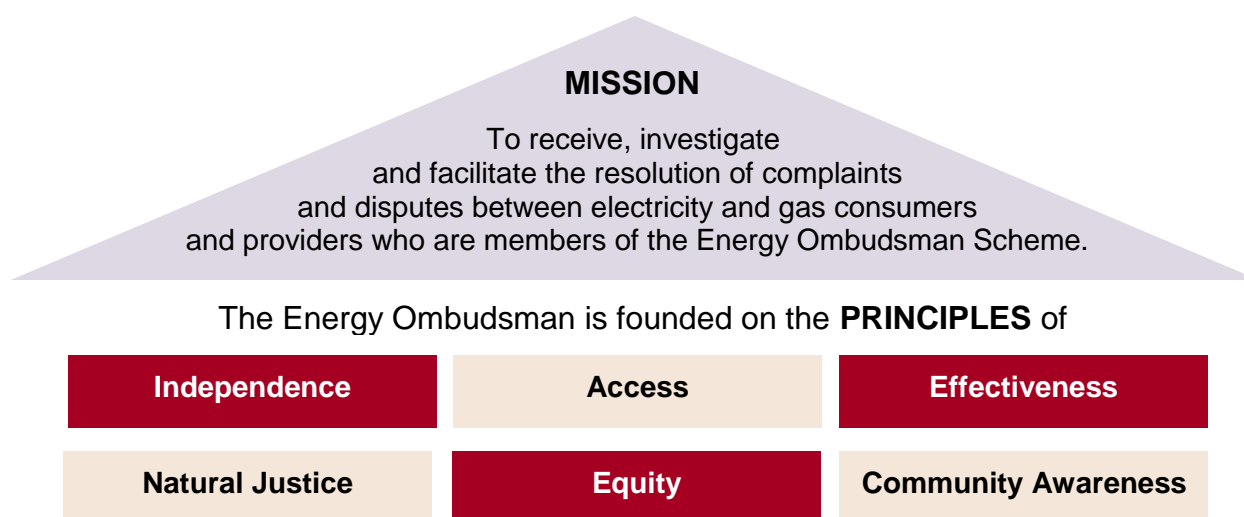
About Us

Our Role

The Energy Ombudsman

The Energy Ombudsman Western Australia has an independent role in overseeing the resolution of complaints between Western Australian residential and small business customers about their electricity or gas supplier. The Energy Ombudsman is not affiliated with any energy providers or consumer organisations and therefore acts impartially in the investigation and resolution of complaints.

Mission and Principles



The Role of the Energy Ombudsman

The role of the Energy Ombudsman is principally to do three things:

- Investigate and resolve complaints about a member of the Energy Ombudsman Scheme (**Member**);
- From complaints, to identify systemic and emerging issues, as well as monitor the outcomes of complaints and report these issues and outcomes to the Economic Regulation Authority (**ERA**) and in other relevant forums; and
- Undertake outreach, education, liaison and other activities to ensure awareness and accessibility to the Energy Ombudsman, particularly for under-represented Western Australians (in terms of complaints to the Energy Ombudsman compared to representation in the general population).

About Us

Structure and Governance

Background of the Energy Ombudsman

The Gas Industry Ombudsman Scheme was established on 31 May 2004 and the Electricity Ombudsman Scheme was established on 22 September 2005. At that time the two schemes were combined under the title of Energy Ombudsman. The schemes are collectively known as the Energy Ombudsman Scheme.

The *Parliamentary Commissioner Act 1971* was amended to enable the Western Australian Ombudsman to enter into an agreement with the governing body of the Schemes to serve as the Energy Ombudsman and allow the staff of the Western Australian Ombudsman's office to assist in that role.

The costs of the Energy Ombudsman are met by its members.

The Board

The Board of Energy Industry Ombudsman (Western Australia) Limited (**the Board**) is the governing body of the Energy Ombudsman. It comprises five directors: an independent chair, two customer representative directors, a gas industry representative director and an electricity industry representative director.

Details of the membership, responsibilities and operations of the Board are documented in the *Energy Industry Ombudsman Constitution November 2008* and the *Charter of the Gas Industry Ombudsman Scheme September 2005*.

The Board in 2011-12

Chairman:	Paul Wilmot
Directors	
• Customer Representative:	Alex Errington
• Customer Representative:	Karen Gadsby (Resigned 13/07/2011)
• Gas Industry Representative:	Ray Myles
• Electricity Industry Representative:	Andrew Gaspar (Resigned 27/06/2012)

Members of the Energy Ombudsman Scheme

The members of the Energy Ombudsman Scheme as at 30 June 2012 are listed below.

Gas Industry Members – 30 June 2012

Alinta Sales Pty Ltd
Electricity Retail Corporation (Synergy)
Esperance Power Station Pty Ltd
ATCO Gas Australia
(previously WA Gas Networks Pty Ltd)
WorleyParsons Asset Management Pty Ltd
Wesfarmers Kleenheat Gas Pty Ltd

Electricity Industry Members – 30 June 2012

Alinta Sales Pty Ltd
Electricity Networks Corporation
(Western Power)
Electricity Retail Corporation (Synergy)
Horizon Power
Perth Energy Pty Ltd
Rottneest Island Authority

About Us

The Energy Ombudsman

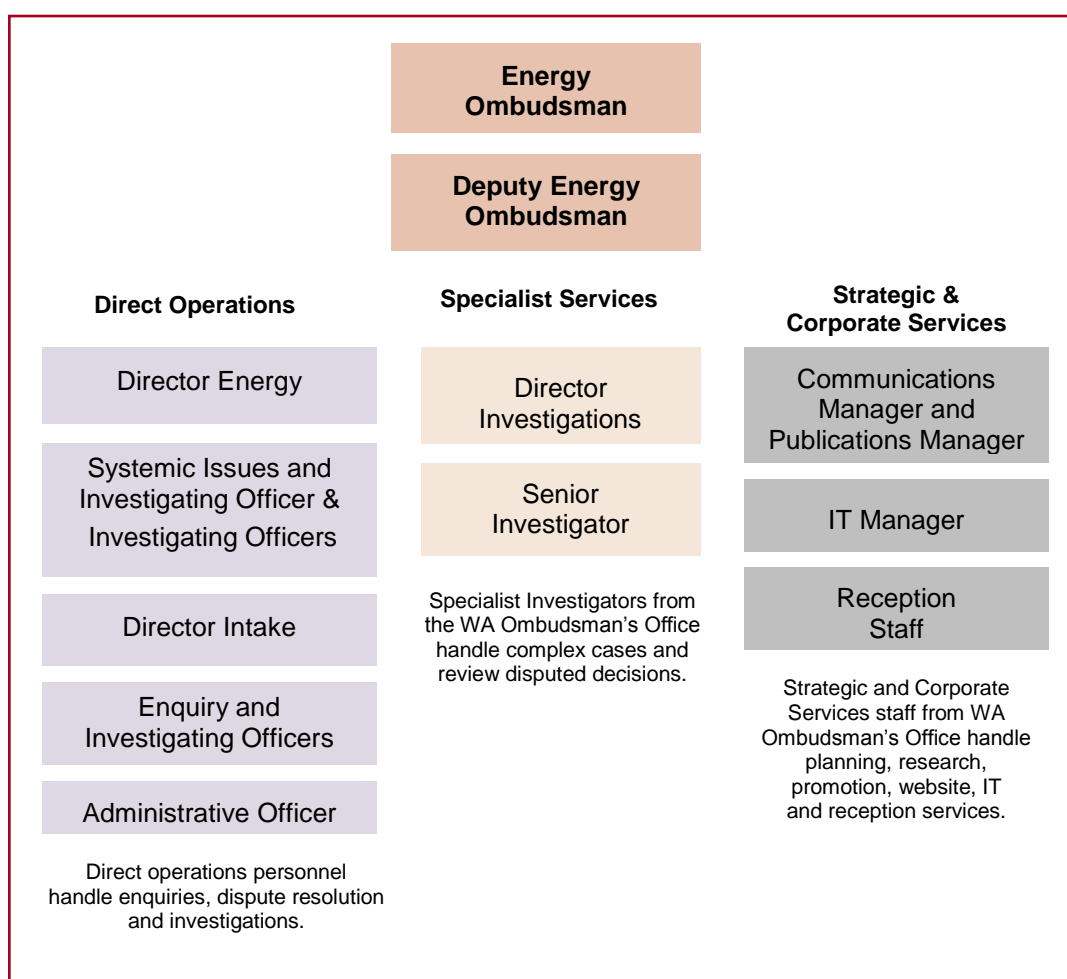
The Western Australian Ombudsman, Chris Field, performs the functions of the Energy Ombudsman under a service agreement with the Board.

The Energy Ombudsman has an Executive Management Group made up of the Energy Ombudsman, the Deputy Energy Ombudsman and the Director Energy. The Energy Ombudsman utilises the governance structures of the Western Australian Ombudsman, including an Audit and Risk Management Committee.

Operational Structure

The Energy Ombudsman's office is located within the office of the Western Australian Ombudsman. This provides the opportunity to achieve significant benefits through scale and scope economies that would not be available to a small stand-alone Energy Ombudsman scheme such as the Energy Ombudsman. It also creates the opportunity for improved quality service delivery through the highly developed, specialised expertise existing in the office of the Western Australian Ombudsman.

At 30 June 2012, the Energy Ombudsman was comprised of 15 full time equivalent employees reporting to the Western Australian Ombudsman in his role as Energy Ombudsman. The structure of the Energy Ombudsman's office is shown below.



About Us

Direct operational dispute resolution services are provided by a team of staff reporting to the Western Australian Ombudsman in his role as Energy Ombudsman. Specialist investigation services, as well as the review of disputed decisions, are provided for complex cases through senior investigating staff of the Western Australian Ombudsman's office. Other services, including communications and information technology, are provided through the Strategic and Corporate Services Division of the Western Australian Ombudsman.

Our Services

The Energy Ombudsman receives, investigates and resolves complaints and disputes from residential and small business customers about their electricity or gas provider. The following table describes matters that the Ombudsman can and cannot investigate.

Matters the Energy Ombudsman CAN Investigate	Matters the Energy Ombudsman CANNOT Investigate
<ul style="list-style-type: none">• Provision or supply of services as required by a licence or agreement under legislation;• Billing, the administration of credit and payment services and the recovery of debts;• Disconnection and restriction of supply, and refundable advances;• Payments for breaches of prescribed electricity standards;• Marketing of gas or electricity for sale;• A member's exercise of its powers in relation to land, neighbouring land or property; and• Complaints and disputes relating to a member or an agent referred by a member or agent.	<ul style="list-style-type: none">• The setting of prices or tariffs or determining price structures;• Commercial activities outside the company's licence to supply energy;• The content of Government policies;• Complaints under consideration by any court or tribunal, or previously considered by these bodies;• Events beyond the reasonable control of the energy company; and• Actions taken by an energy company in compliance with a direction or notice received by the company.

The Energy Ombudsman also liaises closely with scheme member companies in order to achieve effective dispute resolution, and with the community to provide effective access to our services.

Strategies to Achieve Our Objectives

During 2011-12, we focussed on achieving the following key priorities:

- Resolve disputes between members and their customers in the most timely, effective and cost efficient manner possible;
- Ensure appropriate consumer awareness of, and access to, the Energy Ombudsman;
- Continue to foster and develop stakeholder relations; and
- Continue to implement the recommendations of the 2008 Scheme Review.

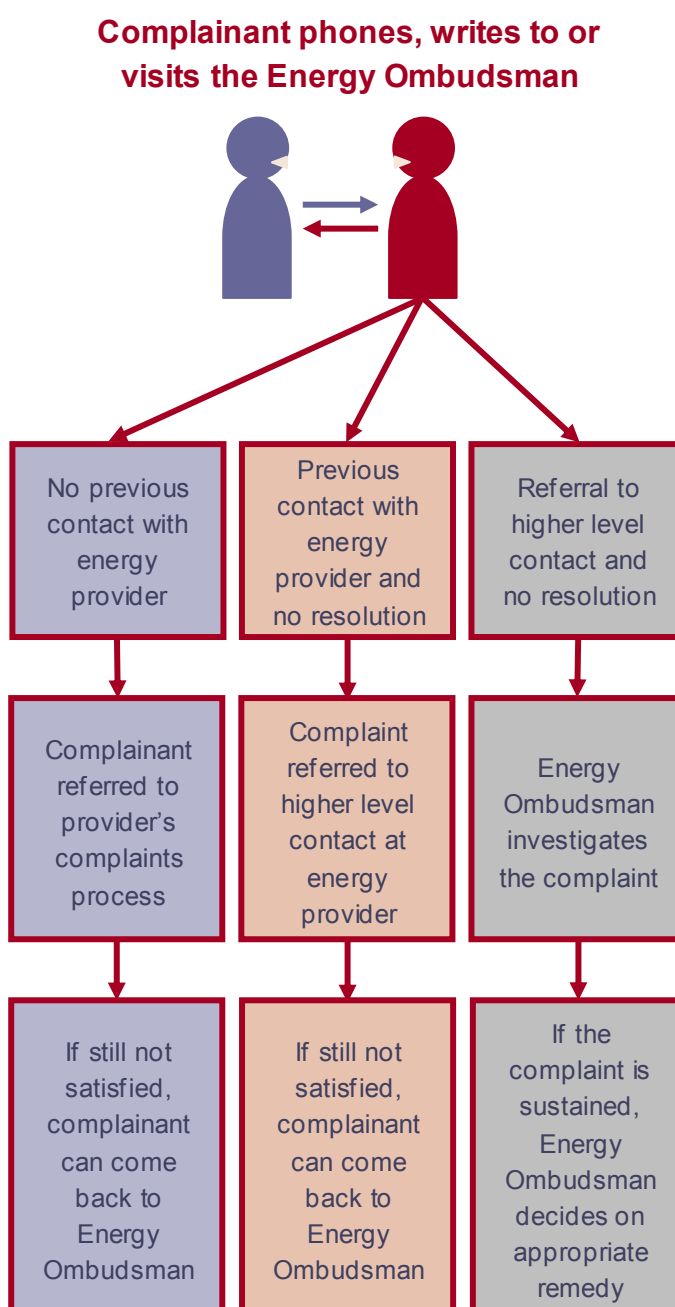
About Us

Our Complaint Resolution Process

Consistent with other industry ombudsman schemes, the Energy Ombudsman has a focus on the resolution of complaints by the energy provider and asks people making a complaint to try to resolve the matter with the electricity or gas company first.

The Energy Ombudsman investigates complaints that remain unresolved after referral to a higher level contact in the energy company. When investigating complaints the Energy Ombudsman considers the relevant law, good industry practice and what is fair and reasonable in the circumstances.

A summary of the process for handling complaints is shown below.



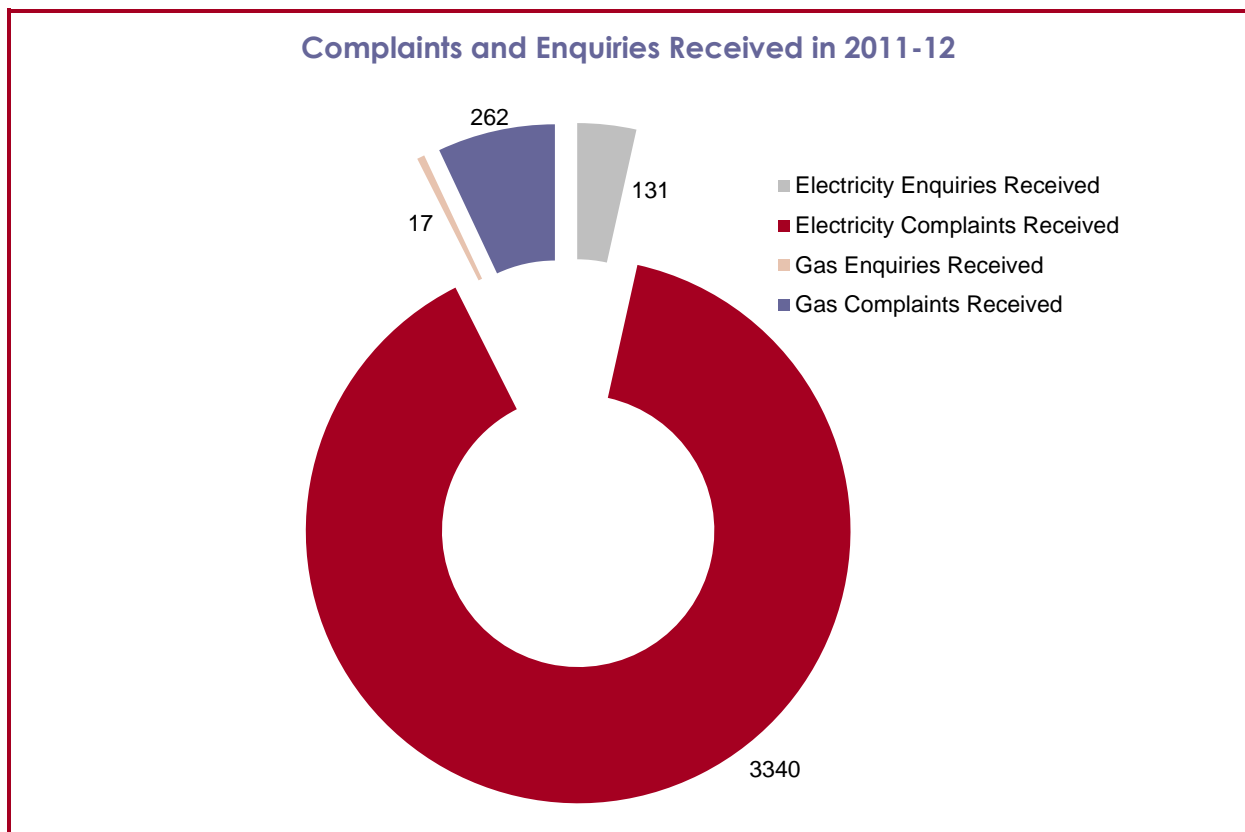
Our Work in 2011-12

- **Complaints and Enquiries Received**
- **Complaints Finalised**
- **Issues Raised in Complaints**
- **Disconnections**
- **Outcome of Investigations**

Our Work in 2011-12

Complaints and Enquiries Received

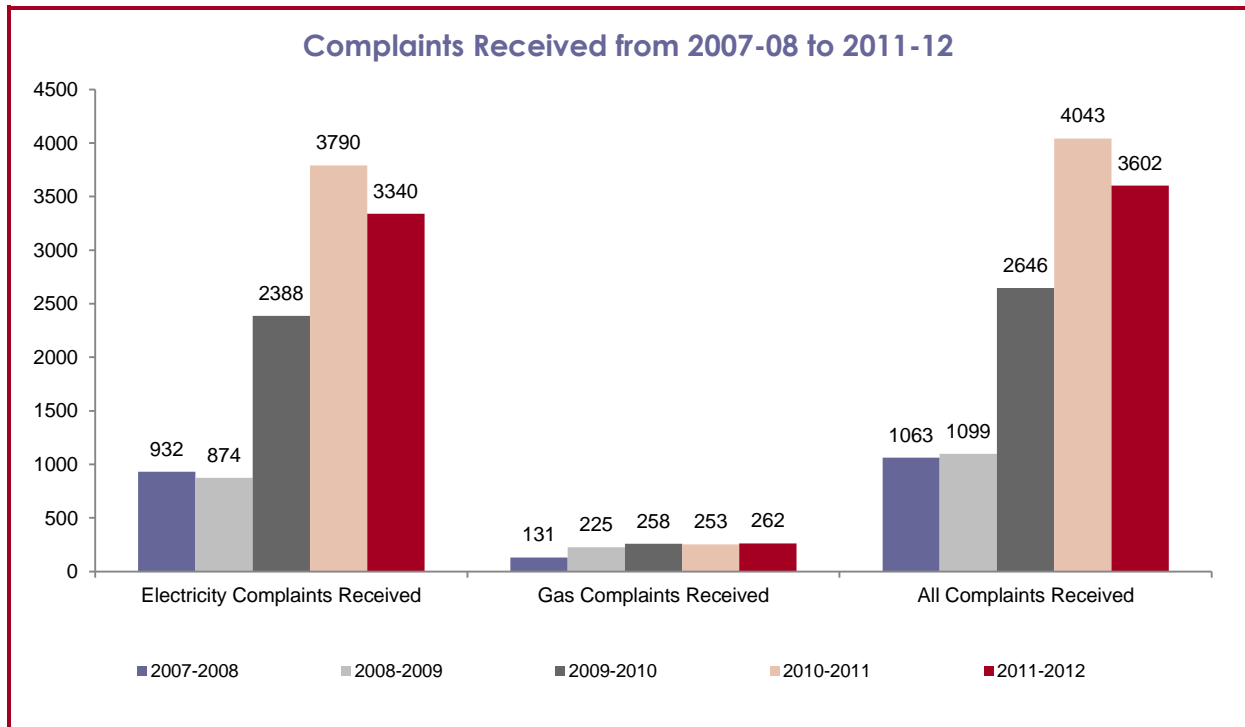
Over the twelve month period from 1 July 2011 to 30 June 2012, the Energy Ombudsman received 3,602 complaints and closed 3,769 complaints. In addition 148 enquiries were received. The following chart shows the breakdown of complaints and enquiries received for gas and electricity in 2011-12.



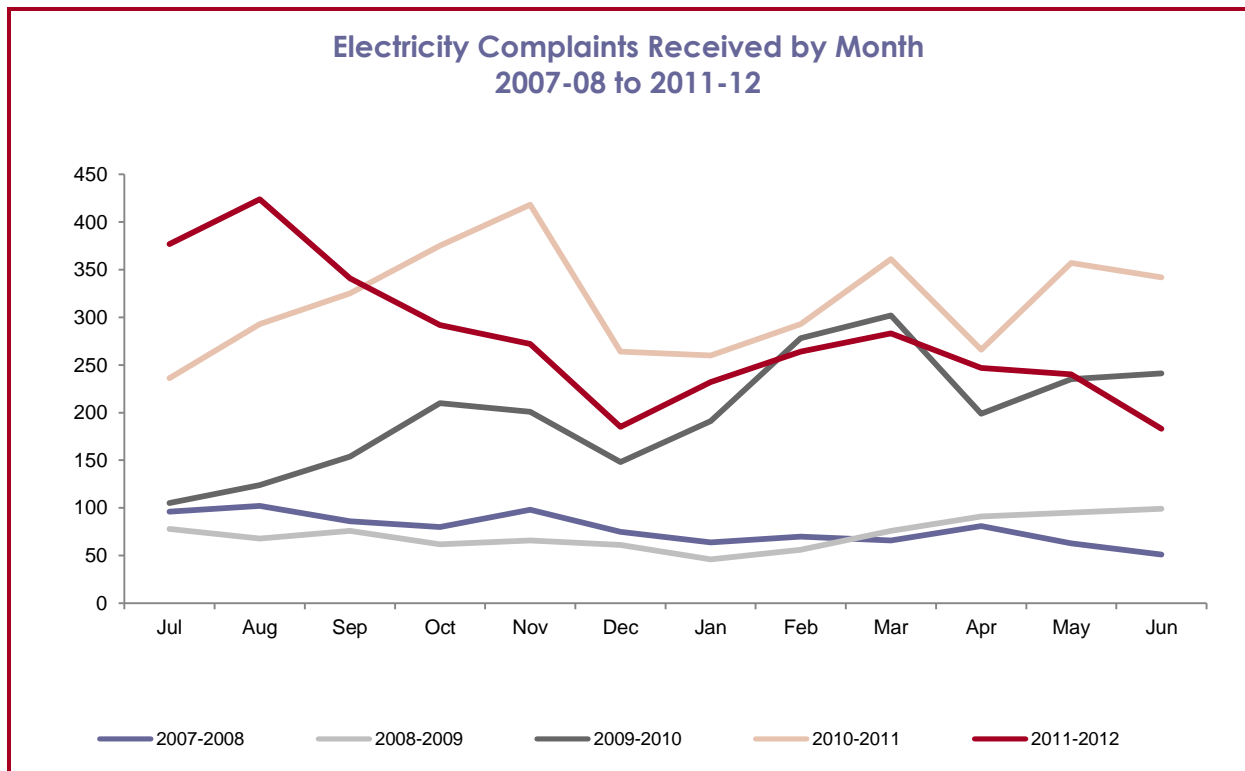
Trends in Complaint Numbers

There has been an 12% decrease in electricity complaint numbers this year as shown in the following chart. Gas numbers have remained relatively steady.

Our Work in 2011-12



Further details of the trends in electricity complaints over the last five years are shown in the following chart. After an initial increase in July and August 2011, electricity complaints decreased and, since December 2011, have remained relatively steady with some seasonal fluctuations.



Our Work in 2011-12

Complaints Finalised

Complaints are finalised through resolution by the energy or gas company where possible and, if the matter cannot be resolved at that level, the complaint is investigated. The complaint stages and action taken by the Energy Ombudsman at each stage are shown below.

Stage 1 Complaints The customer has not yet contacted the energy or gas provider. The customer is referred to the relevant company.

Stage 2 Complaints The customer has had at least one contact with their energy or gas provider (such as contact to the call centre) but the complaint has not been resolved. The Energy Ombudsman refers the complaint to a 'higher level' officer for resolution within 10 business days.

Investigated Complaints If a complaint remains unresolved after it has been referred to a 'higher level' officer at the relevant company, the matter is investigated by the Energy Ombudsman.

In 2011-12, there were 3,507 electricity complaints closed and 262 gas complaints closed.

Timeliness of Complaint Handling

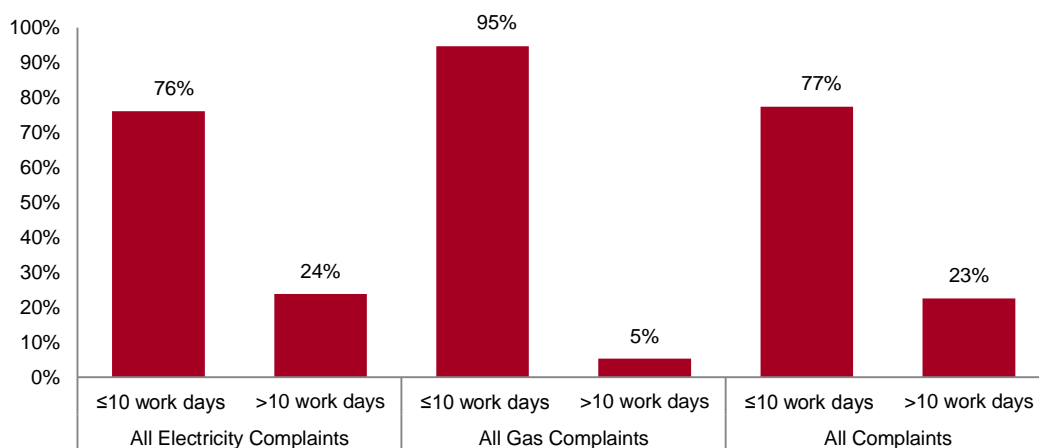
The Energy Ombudsman has maintained its high levels of timeliness in 2011-12 with 76% of electricity complaints, 95% of gas complaints and 77% of all complaints being finalised within 10 business days.

The following charts show the timeframes for resolving electricity and gas complaints in 2011-12.



Our Work in 2011-12

Percentage of Complaints Closed in 10 Work Days in 2011-12



Issues Raised in Complaints

Issues raised in electricity and gas complaints fall into the following categories:

Billing	Complaints about bills including alleged errors and disputes over meter readings and fees and charges.
Credit	Complaints about payment arrangements, debt collection issues and payment difficulties.
Customer Service	Complaints about alleged poor customer service.
Supply	Complaints about the quality and reliability of supply.
Provision	Complaints about connection issues.
Land	Complaints about the way a scheme member has exercised its powers in relation to land.
Service Standard Payments	Complaints about regulated payments for poor service.
Transfer	Complaints about transfers from one supplier to another.
Marketing	Complaints about the marketing activities of scheme members.
General	Complaints not covered by other categories.

Our Work in 2011-12

Most Common Issues Raised

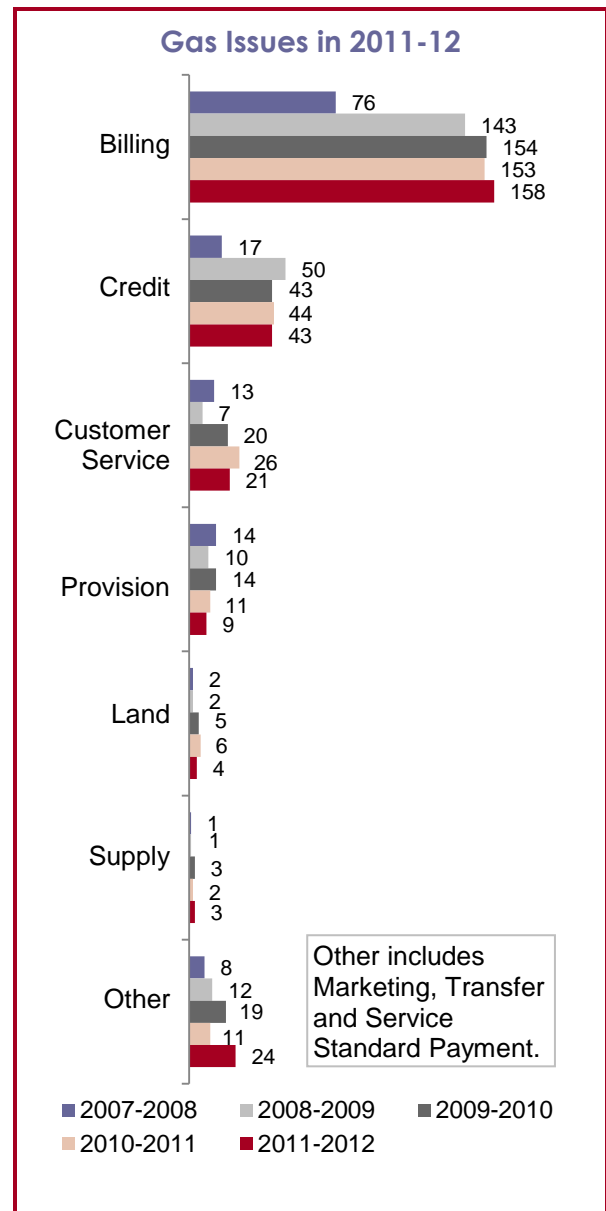
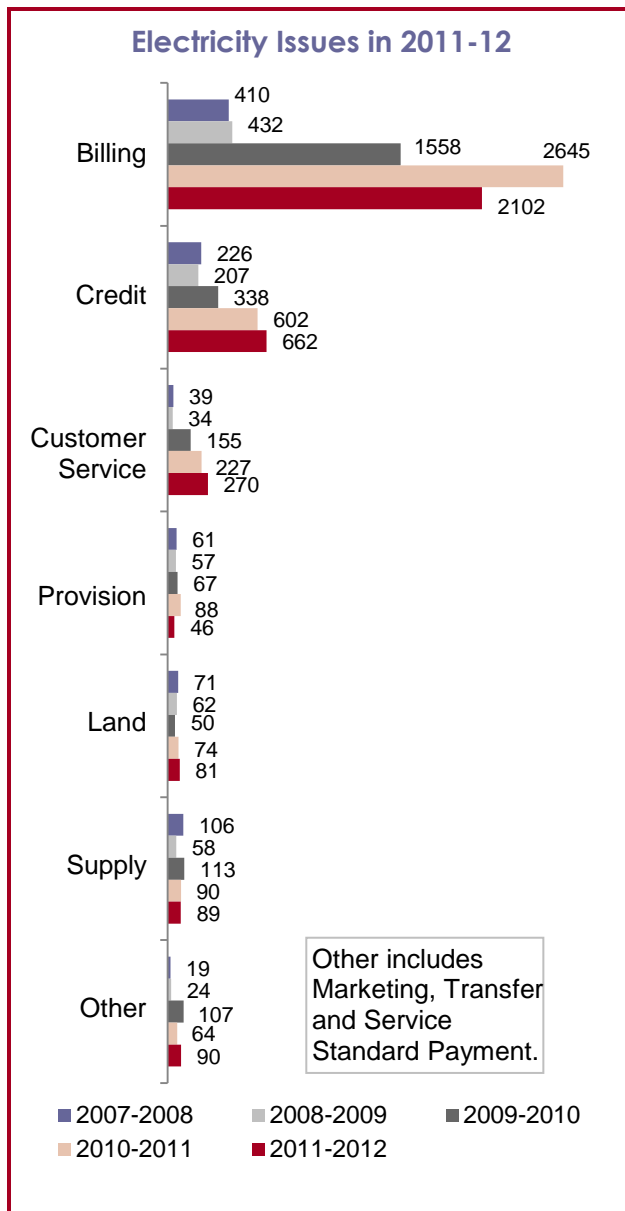
As for previous years, during 2011-12, billing and credit issues remain the most common issues raised for both electricity and gas complaints.

- Billing issues were raised in 63% of complaints received (63% of electricity complaints and 60% of gas complaints); and
- Credit issues were raised in 19% of complaints received (20% of electricity complaints and 16% of gas complaints).

The decrease in electricity complaints during the year has been primarily in the area of billing. For electricity complaints:

- There was a 21% decrease in billing issues in 2011-12 compared to 2010-11; and
- There was a 10% increase in credit issues in 2011-12 compared to 2010-11.

The following charts show the trends in issues raised in complaints over the last five years.



Our Work in 2011-12

The following case studies illustrate the issues raised in complaints and the resolutions that occurred.

Case Study

Ombudsman involvement leads to substantial reduction of a high bill

Customers are generally billed on their actual consumption based on a reading of their meter by the distributor. In some cases, such as customers in remote locations, the customer reads their own meter. Where the customer does not provide a self-read, the distributor provides an estimate of their consumption to the retailer for billing. A complaint may arise when the distributor does an actual read after a series of low estimates, resulting in a large catch-up bill.

A customer had been receiving and paying estimated bills for a number of years. When an actual read of the meter was obtained, it resulted in a high catch up bill of several thousand dollars. The customer sought to resolve the matter with the retailer in the first instance, who agreed to partially reduce the bill to reflect the lower tariffs applicable to previous consumption.

The customer did not accept this as a resolution of his complaint and referred the matter to the Energy Ombudsman. An investigation revealed that the distributor had failed to take annual actual reads, as they were required to do, and the retailer had continued to bill on the estimates provided by the distributor for an extended period of time, without seeking an actual read by the distributor. However, the customer had also contributed to the low estimated reads as they had not sent in their self-read cards to enable accurate billing.

To reflect the contribution by all parties, the matter was resolved with the outstanding amount over 12 months old being waived by the distributor and retailer and the customer paying for the consumption within the past 12 months.

Case Study

Ombudsman involvement leads to removal of debt from credit rating file

A customer complained to the Energy Ombudsman that her energy retailer had listed a 'bad debt' against her name and this was affecting her credit rating. She contacted the retailer and was told that although she had paid off the debt, the debt was correctly listed as she had failed to adhere to a previous repayment arrangement.

The Ombudsman's investigation found that the customer had partially defaulted on her payment plan, however, the retailer had not followed good practice in contacting the customer prior to listing the debt. The retailer agreed to remove the default listing from the customer's credit rating.

Our Work in 2011-12

Reasons for Billing and Credit Complaints

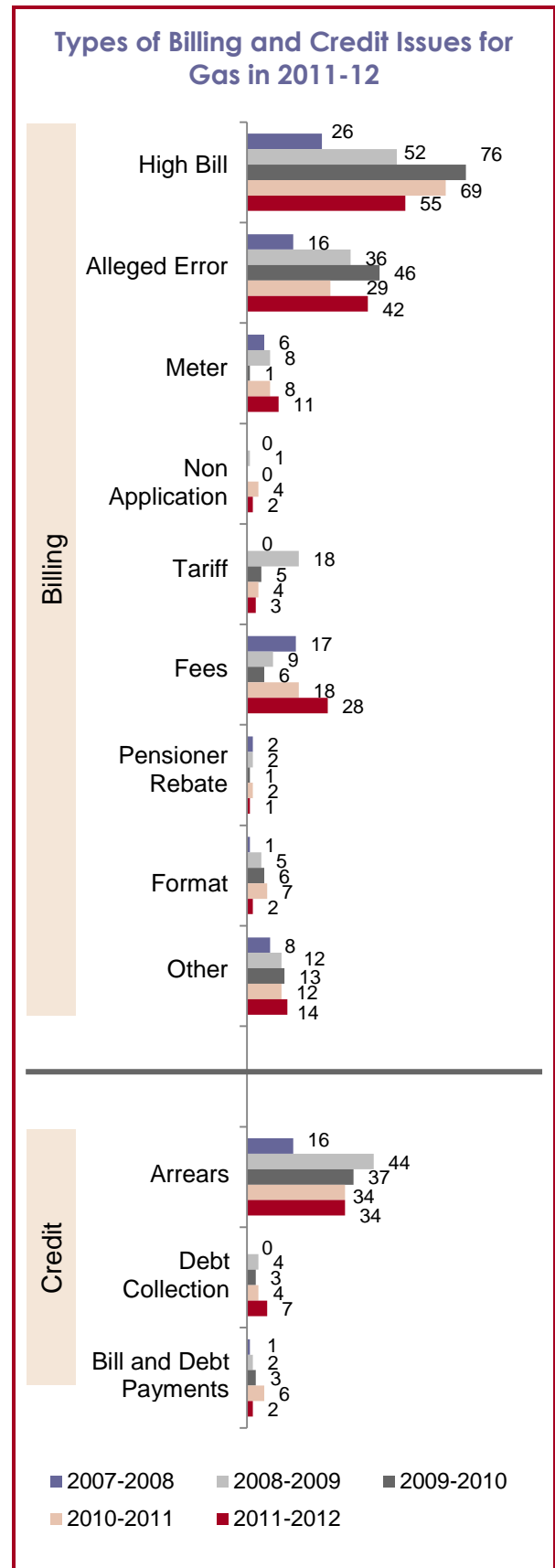
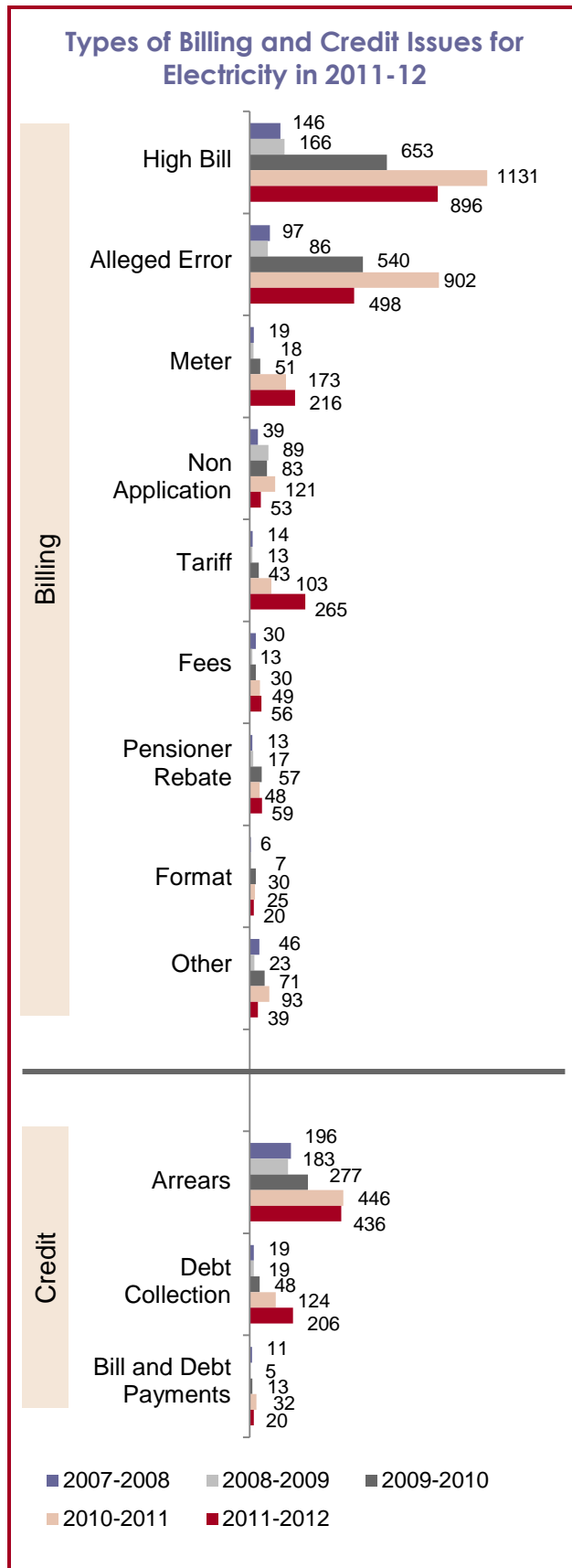
Complaints about billing and credit issues may be made for a range of reasons. The main types of billing and credit issues are:

Types of Billing Issues	
High Bill	Bill higher than expected
Alleged Error	Alleged billing errors
Meter	Metering issues
Non Application	Disconnections due to the customer not applying for an account
Tariff	Incorrect rates or lack of information about tariffs
Fees	Fees and charges
Pensioner Rebate	Rebate has not been applied or has been incorrectly applied
Format	Format or lack of adequate information on bill
Other	Includes backbills, GST, historical debt, payment periods and security deposit
Types of Credit Issues	
Arrears	Credit arrears
Debt Collection	Credit rating or debt collection issues
Bill and Debt Payments	Customer has received a high bill and has difficulty in payment, has difficulty paying debts or problems with payment arrangements

For both electricity and gas complaints, the main reasons for billing complaints are high bills and alleged errors and the main reason for credit complaints is payment of arrears and debt collection.

Our Work in 2011-12

The trends over the last five years in the different types of billing and credit issues are shown in the following charts.



Disconnections

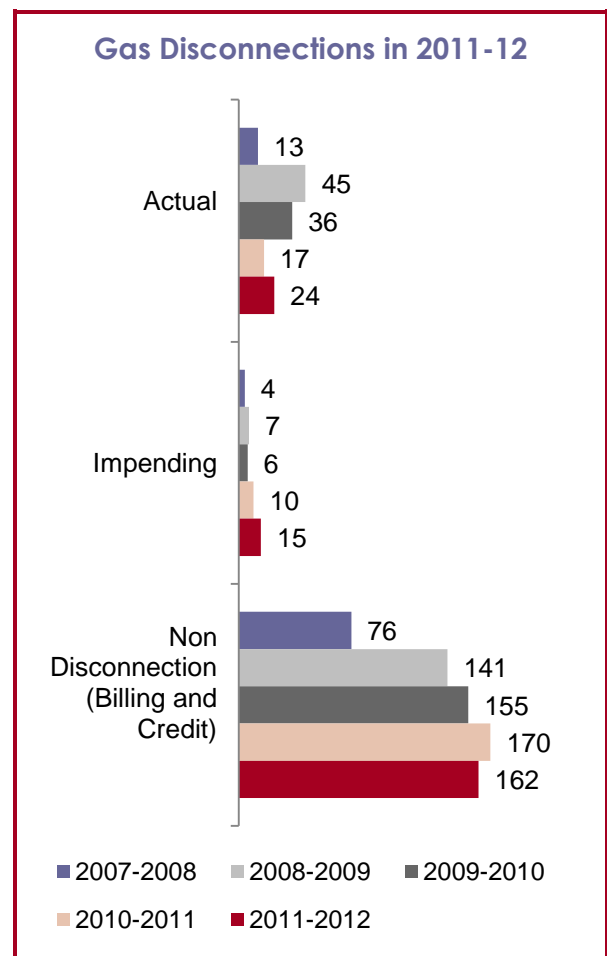
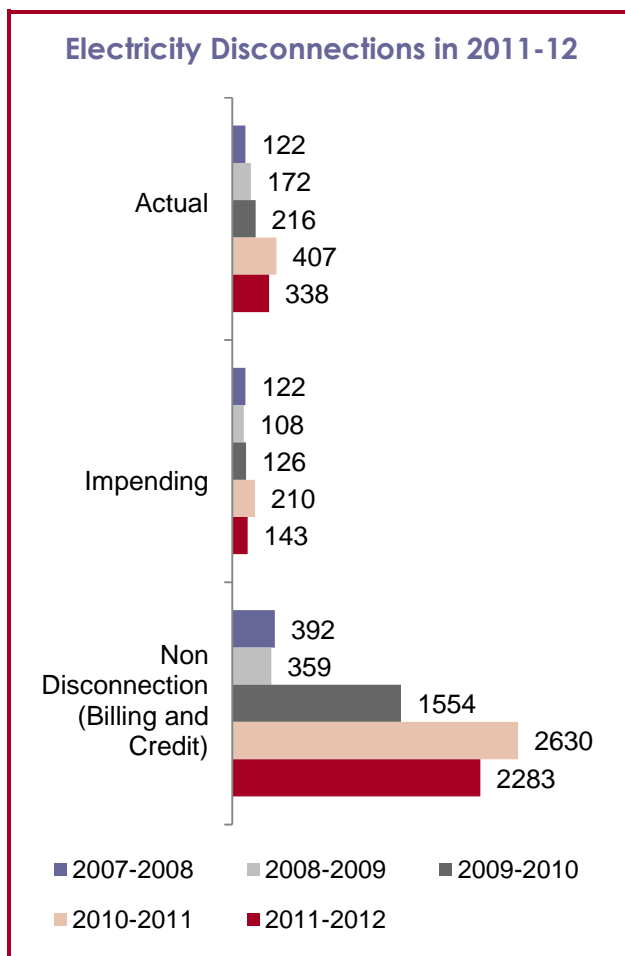
Retailers sometimes disconnect supply when a customer has failed to pay their bill or have not applied for an account when they take up a new residence. Before disconnecting, a reminder notice and then a disconnection warning is sent. Complaints about reminder notices and disconnection warnings are recorded by the Energy Ombudsman as impending disconnections. Complaints about a disconnection that has already occurred are recorded as actual disconnections.

During 2011-12, there were:

- 2,764 electricity complaints involving billing and credit issues and, of these, 338 involved actual disconnection and 143 involved an impending disconnection; and
- 201 gas complaints involving billing and credit issues and, of these, 24 involved actual disconnection and 15 involved an impending disconnection.

The following charts show trends in electricity billing and credit issues involving, and not involving, disconnections.

For electricity there has been a 17% decrease in complaints about actual disconnections and for gas there has been a small increase in 2011-12.

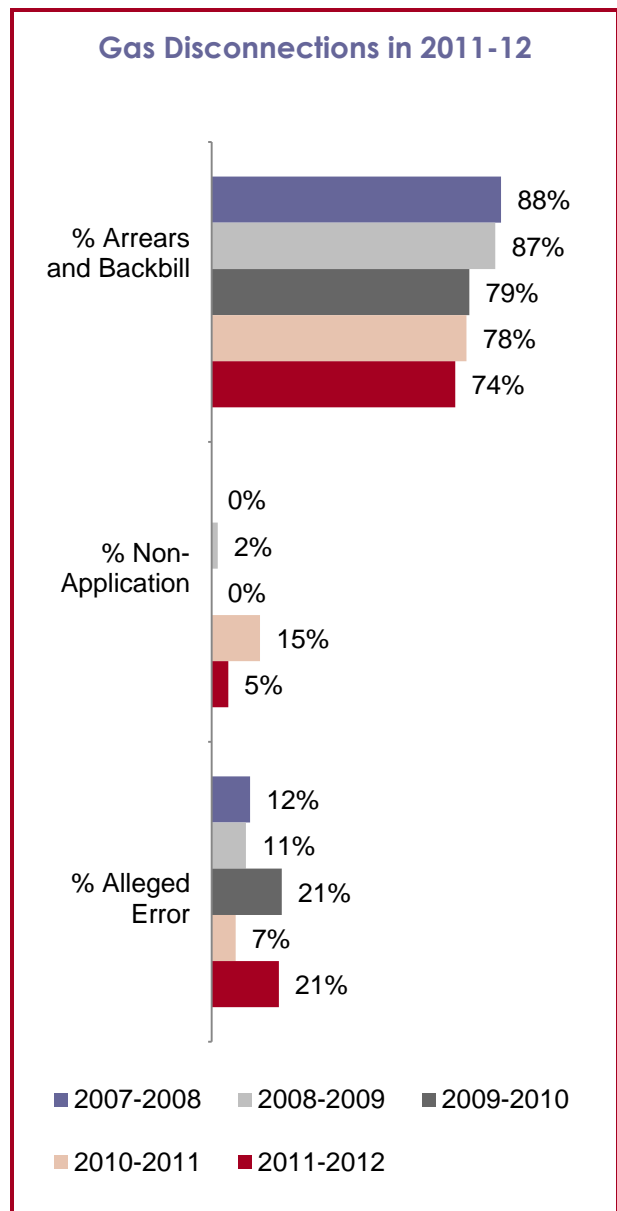
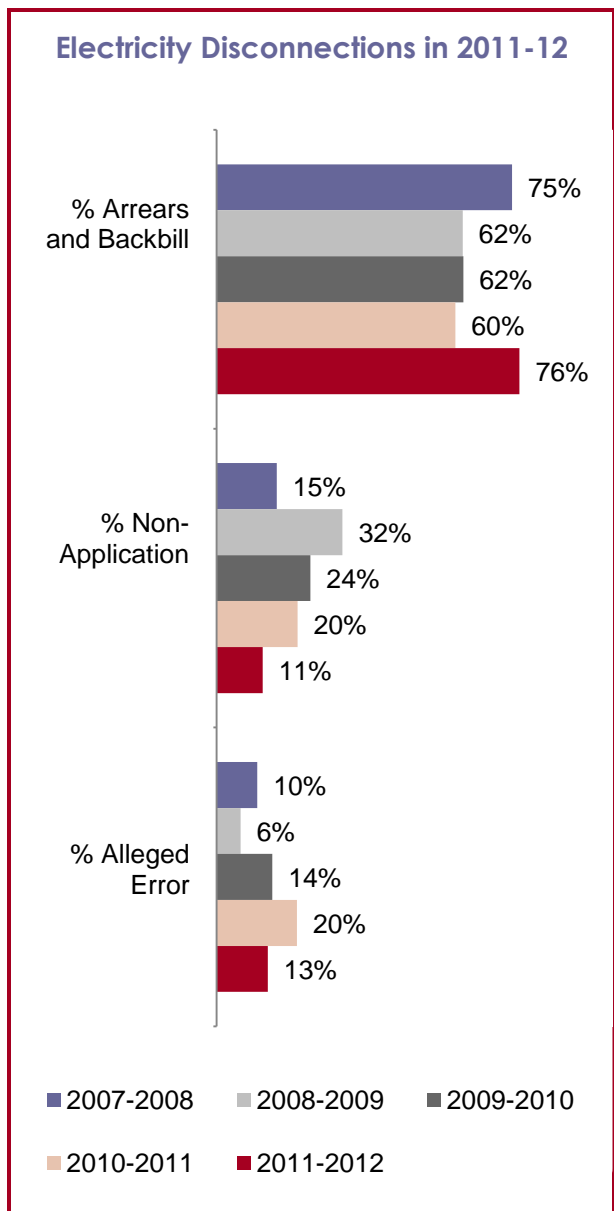


Our Work in 2011-12

Actual or impending disconnections can occur for the following reasons.

Reasons for Disconnection	
Arrears and Backbills	Customer has not paid their bill or a backbill for a previous period.
Alleged Error	Customer claims that they have been, or are about to be, disconnected due to an alleged error by the retailer.
Non Application	The customer has moved into or acquired a property and not applied to their retailer for an account to be established.

For both electricity and gas, most complaints received about disconnections relate to arrears in bill payments. The following charts show the trends in the reasons for disconnections over the last five years.



The following case study illustrates the issues raised in complaints about disconnections.

Case Study

Ombudsman involvement prevents potential disconnection

A customer complained to the Energy Ombudsman that she had been sent a high bill for a supply period of six months. She was already under a payment plan with her retailer because of a previous high bill and was suffering financial hardship. The retailer had requested that the customer increase her fortnightly payments to pay the arrears, otherwise she may be disconnected.

The Energy Ombudsman's investigation found that the bill had been issued after six months due to an internal billing error by the retailer. In resolution of the complaint the retailer negotiated a new payment plan with the customer, referred her to a financial counsellor and credited part of the bill and interest charges. This enabled the customer to stay connected.

Investigated Complaints

The Energy Ombudsman refers complaints to the electricity or gas provider to resolve the matter in the first instance and most complaints are resolved directly between the customer and the company. If the customer does not consider the matter is resolved they can bring their complaint back to the Energy Ombudsman for investigation.

Resolution Through Further Referral

In some complaints, where there is the potential for an early resolution, the Energy Ombudsman may ask the customer to give their provider a final opportunity to resolve the complaint. The customer and the company are advised that, if the matter is not resolved in a reasonable timeframe, the customer can bring it back to the Energy Ombudsman and it will be investigated.

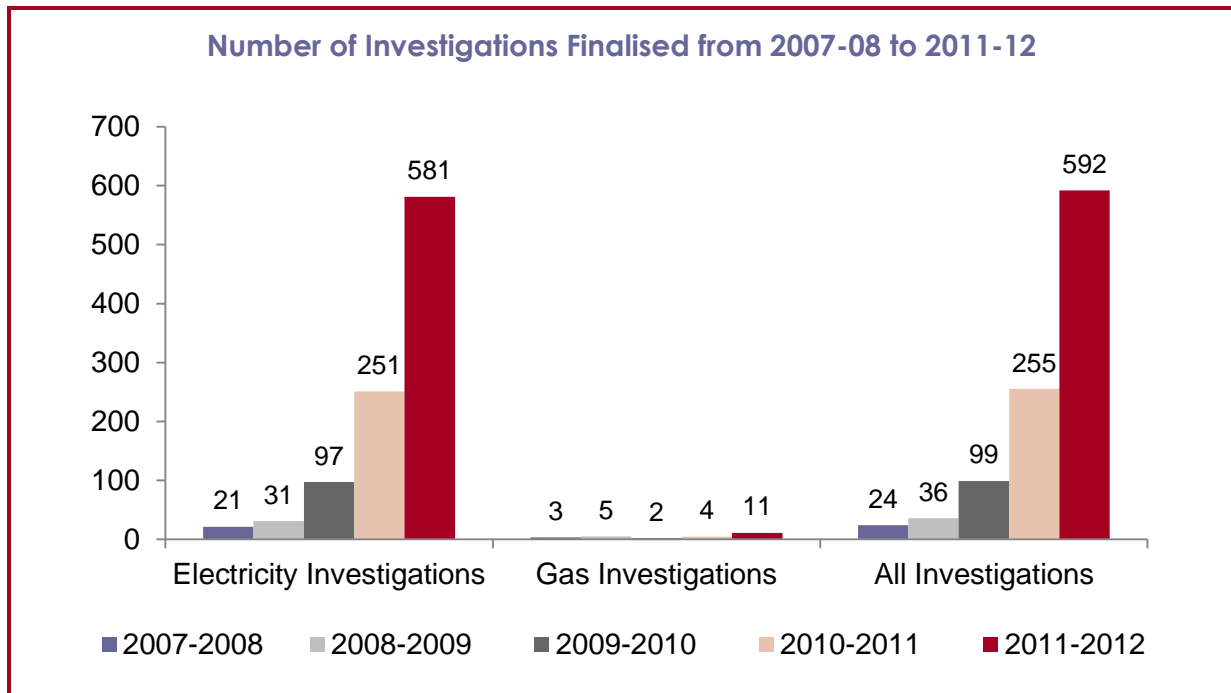
In 2011-12, there were 426 further referrals finalised for electricity complaints. Of these, 204 were later escalated to an investigation because the customer came back to the Energy Ombudsman when their complaint could not be resolved with the company.

Our Work in 2011-12

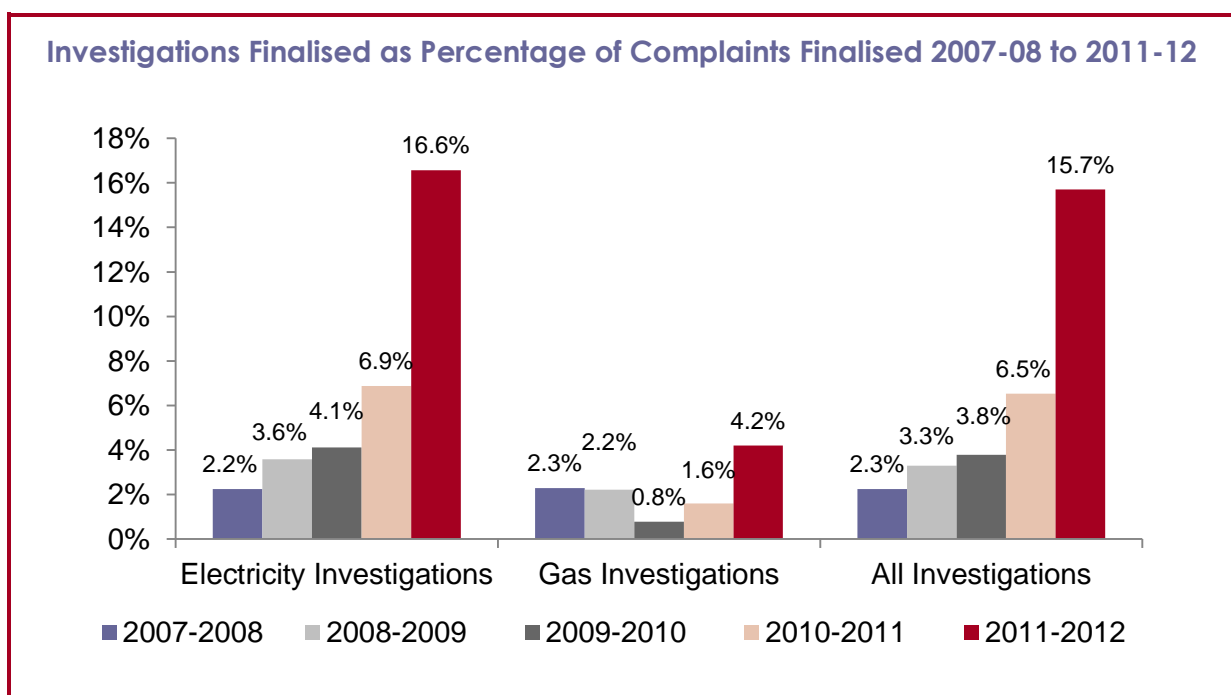
Investigations Finalised

There were 581 investigated electricity complaints and 11 investigated gas complaints finalised during 2011-12.

As shown in the following chart, the number of investigated electricity complaints has consistently increased over the last five years.



As shown in the following chart, as well as an increase in the number of electricity complaints investigated, there has been an increase in the proportion of complaints finalised after an investigation.



Our Work in 2011-12

Outcomes of Investigated Complaints

Complaints that proceed to investigation may be finalised for the following reasons:

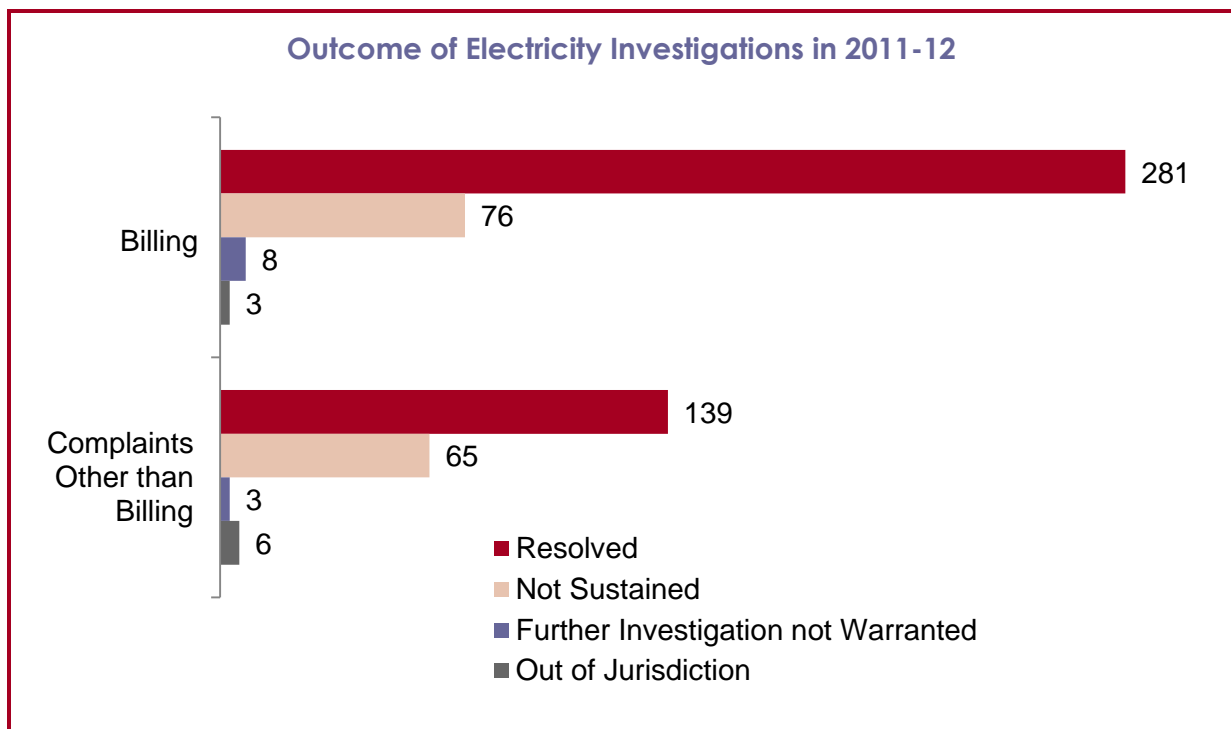
- The Energy Ombudsman facilitates a resolution;
- Investigation of the matter shows that it is out of jurisdiction;
- The investigation shows the complaint is not sustained;
- The investigation shows the matter is sustained and the Energy Ombudsman makes a binding determination including an appropriate remedy; and
- Further investigation is not warranted for a range of reasons such as a lack of independently verifiable evidence.

For most investigated complaints the investigation ceases because the Energy Ombudsman investigating officer is able to facilitate a resolution between the customer and their electricity or gas provider. This occurred in 430 (73%) of the 592 investigations finalised in 2011-12.

Smaller proportions of complaints were finalised because they were found, during the investigation, to be out of jurisdiction, not sustained or further investigation was not warranted. There were no determinations by the Energy Ombudsman in the 2011-12 reporting period.

Outcomes of Investigated Electricity Complaints

Most investigated electricity complaints related to billing and were resolved following the involvement of the Energy Ombudsman. The following chart shows the outcomes of the investigated electricity complaints finalised in 2011-12 broken down by the issue of the complaint.



Our Work in 2011-12

Outcomes of Investigated Gas Complaints

The outcomes of the eleven investigated gas complaints were:

- Ten complaints were resolved; and
- One complaint was not sustained.

Resolutions Offered for Investigated Complaints

Electricity and gas providers may offer a range of actions to resolve a complaint including reducing bills, correcting or removing credit listings, providing the complainant with more time to pay, or providing compensation, an explanation or an apology. Bills may be reduced for a variety of reasons including correction of errors (for example, payment of rebate entitlements). Compensation may be paid where a customer has suffered a loss or damage due to the actions of their electricity or gas provider.

The following case study provides an example of how an investigated complaint may be resolved.



Investigation confirms man not liable for debt

A customer had leased a house to a couple, who subsequently vacated the property without paying the electricity bill. As the owner of the property, the customer received a bill which included consumption incurred by the previous tenants. After being contacted by the customer, the retailer undertook to look at the customer's documentation to determine whether the tenants should be held accountable. The customer provided the requested documentation, but subsequently found he was unable to obtain a loan as the debt had been listed against his name. The customer paid the debt and complained to the Energy Ombudsman.

During the Energy Ombudsman's investigation, evidence was sought from both the customer and retailer. After an extensive search by the retailer, documentation, including the lease and telephone records substantiating the customer's claim was found. The retailer withdrew the credit listing and returned the monies previously paid by the customer.

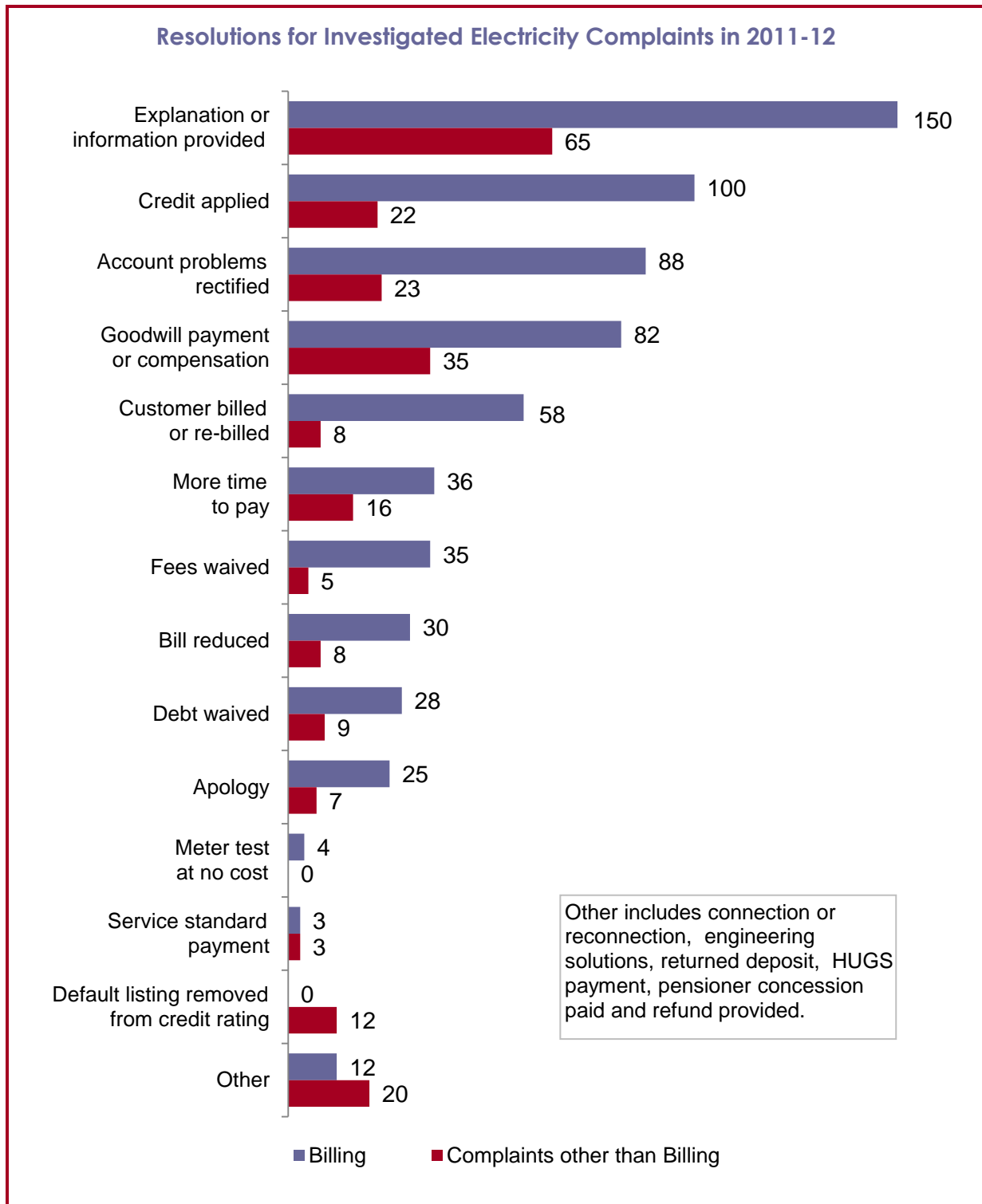
Resolutions Offered for Investigated Electricity Complaints

In 2011-12, 884 actions were offered by electricity providers to resolve the 420 investigated electricity complaints that were resolved during the year.

The number of actions undertaken is higher than the number of complaints resolved as there is often more than one action taken by the company to resolve the complaint. For example, the retailer may reduce the bill and offer an apology.

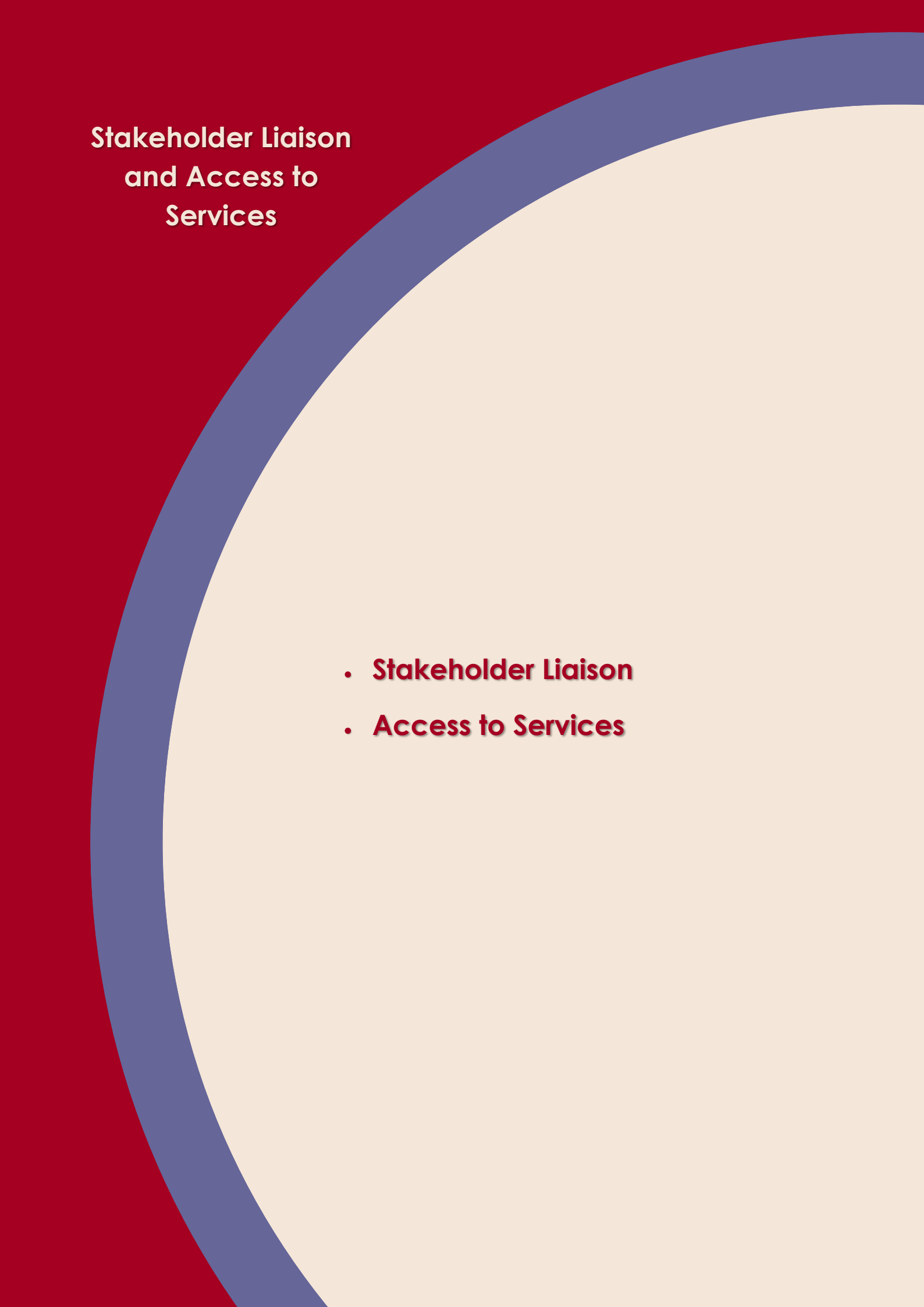
Our Work in 2011-12

The following chart provides the breakdown of the actions offered to resolve investigated complaints for billing complaints and complaints about other issues.



Resolutions Offered for Investigated Gas Complaints

There were 17 actions offered by gas providers to resolve the 10 investigated gas complaints that were resolved in 2011-12.



Stakeholder Liaison and Access to Services

- **Stakeholder Liaison**
- **Access to Services**

Stakeholder Liaison and Access to Services

Effective engagement with key stakeholder groups is essential to the Energy Ombudsman's achievement of effective dispute resolution, increased awareness of the services provided by the office and identification and addressing of systemic issues within the industry. The office does this through:

- Continuous liaison and communication with key stakeholders including member organisations (energy providers), regulators and Ombudsman industry bodies; and
- Ensuring ongoing access to its services for residential and small use customers, and community groups who may represent them.

In early 2010, the Energy Ombudsman presented to the Board a communications strategy developed to formalise the stakeholder liaison and access activities being undertaken by the office. The strategy commenced in 2010-11 and has continued throughout 2011-12. These activities were carried out to enhance the promotion of, and access to, the Energy Ombudsman by key stakeholders. Further details about these activities are detailed in this section.

Stakeholder Liaison

The office regularly liaises with a number of key stakeholders. This continuous communication and feedback process allows the office to better understand relevant industry issues and to encourage best practice and leadership in dispute resolution in the sector.

Utility Seminar

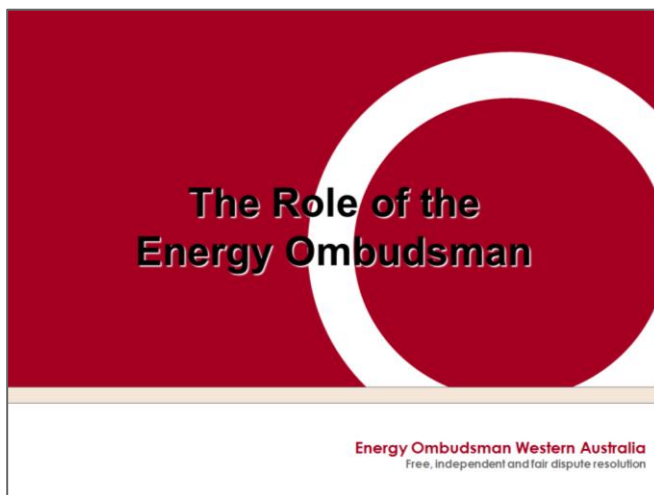
Every two years, the Energy Ombudsman partners the Economic Regulation Authority and the Department of Commerce to present a Utility Seminar for member organisations, water providers, regulatory bodies and community groups. The event provides a valuable opportunity for the Ombudsman and the regulatory bodies to share perspectives and open a dialogue around topical issues in the energy and water industries. The last Seminar was held in May 2011 titled *Root Cause Analysis: A Tool for Addressing Utility Consumer Issues*. Work on the next seminar scheduled for the first half of 2013 has commenced.

Stakeholder Liaison and Access to Services

Member Organisations

In order to achieve effective dispute resolution, the office liaises closely with the scheme member organisations. The office was involved in several meetings with members as outlined below:

- In February 2012, Energy Ombudsman staff briefed Community Relations Managers of Horizon Power on *The Role of the Energy Ombudsman*;
- Energy Ombudsman staff met with Western Power on two occasions to discuss metering issues, metering data analysis and vegetation management;
- In July and November 2011 and March 2012, the Energy Ombudsman met with the Chief Executive Officer of Synergy. Energy Ombudsman staff also had regular liaison with Synergy throughout the year to discuss issues such as Synergy's financial hardship program, the organisation's complaint handling process and trends in complaints relating to credit, metering and billing;
- In August 2011 and April 2012, the Energy Ombudsman met with the Managing Director of Western Power. Energy Ombudsman staff also met with Western Power to discuss resolution of complaints; and
- In March 2012, the Energy Ombudsman met with the Executive Director of Alinta.



The Economic Regulation Authority

During 2011-12 the office continued its regular interaction with the industry regulator, the Economic Regulation Authority (**ERA**). The office was involved with meetings and liaison with the ERA as outlined below:

- The Energy Ombudsman and senior Energy staff attended meetings with the ERA's Consumer Consultative Committee in September and December 2011 and March and June 2012. The Consumer Consultative Committee meets quarterly to provide comment to the ERA on issues affecting consumers that fall within the ERA's jurisdiction; and
- The Deputy Energy Ombudsman and Director Energy attended liaison meetings with senior staff of the ERA in August and November 2011 and February and May 2012.

Ombudsman Industry Bodies

Liaison and collaboration with Ombudsman industry bodies provides an opportunity for the office to benchmark its performance and stakeholder communication activities against other similar agencies, and to identify areas for improvement through the experience of others. A summary of the liaison with these industry bodies is outlined below:

- The Energy Ombudsman attended the Australia and New Zealand Energy and Water Ombudsman Network (**ANZEWON**) meeting in Melbourne in November 2011. ANZEWON provides a forum for utility industry Ombudsmen in Australia and New Zealand to ensure a consistent approach to complaint handling across the jurisdictions. Members are able to share information and jointly monitor and respond to emerging consumer issues;
- The Director, Energy participated in regular teleconferences with ANZEWON throughout 2011-12. The focus of these discussions was to share information and insights on systemic issues in complaints in the energy industry;
- The Energy Ombudsman attended the Australian and New Zealand Ombudsman Association (**ANZOA**) Members Meetings in Sydney in July 2011, via teleconference in February 2012 and in Melbourne in May 2012; Executive Members Meetings via teleconference in August 2011 and in Melbourne in November 2011; and ANZOA's conference in Melbourne in May 2012. ANZOA is a peak group for Parliamentary and industry-based Ombudsman in Australia and New Zealand. It acts as a network for consultation and discussion for Ombudsmen on matters of interest, concern or common experience; and
- The Energy Ombudsman attended a function, held by the Independent Market Operator, to celebrate the 5th Anniversary of the Western Australian Wholesale Electricity Market In October 2011.
- The Energy Ombudsman met with:
 - The Energy and Water Ombudsman Victoria and the Chief Executive Officer of the Australian Energy Regulator In January 2012; and
 - The Energy and Water Ombudsman Victoria and the Telecommunications Industry Ombudsman via teleconference in August 2011;

Access to Services

The office continued to utilise various communication methods to ensure access to its services for residential and small business customers.

‘Ask the Ombudsman’ on Nightline

The office continues to provide access to its services through the Energy Ombudsman’s regular appearances on Radio 6PR’s *Nightline* program. Listeners who have complaints about their energy provider or want to make other enquiries about the Energy Ombudsman jurisdiction can call in and speak with the Energy Ombudsman live on the air. The segment also allows the office to communicate key messages about the Energy Ombudsman jurisdictions and the outcomes that can be achieved for members of the public. The Energy Ombudsman appeared on the ‘Ask the Ombudsman’ segment in July and November 2011, and March and June 2012.

Energy Ombudsman Website

The [Energy Ombudsman website](http://www.ombudsman.wa.gov.au/energy) provides a wide range of information and resources for members of the public on the complaint handling process provided by the Office.

The website content and functionality are continually reviewed and improved to ensure there is maximum accessibility to all members of the diverse Western Australian community. The site provides information in a wide range of [community languages](#).

Links to Energy Ombudsman publications and useful links to external websites are used throughout. The site also features an online form for complainants to use to lodge a complaint.

The site can be accessed at www.ombudsman.wa.gov.au/energy.



Stakeholder Liaison and Access to Services

Publications

The Energy Ombudsman provides publications to assist complainants to understand the role of the Energy Ombudsman and the Energy Ombudsman's complaint process.

The Energy Ombudsman's complaint forms and information sheets are translated into 15 community languages to ensure accessibility for people from culturally and linguistically diverse backgrounds. The translated forms and information feature on the website and are available in hard copy on request.



Regional Visits

The Office continued the Regional Awareness and Accessibility Program (**the Program**), with preparation underway for our visit to the Pilbara towns of South Hedland, Karratha, Roebourne and Marble Bar in August 2012.

The Program is an important way for the Energy Ombudsman to raise awareness of, and access to, its services for regional and Indigenous Western Australians. Energy Ombudsman information sheets are distributed and Ombudsman staff deal with enquiries and complaints about the Energy jurisdiction during complaint clinics which form part of regional visits.

Speeches and Presentations

Throughout the year Energy Ombudsman staff delivered presentations on the role of the Energy Ombudsman and how the Ombudsman may be able to assist members of the local community. The Energy Ombudsman:

- Delivered a keynote speech at the Financial Counsellors' Association of Western Australia Annual Conference on the role of the Energy Ombudsman in September 2011;
- At ANZOA's biennial conference in Melbourne in May 2012:
 - Delivered a presentation in a plenary session titled *Growing Pains: examining large increases in complaints and substantial variation in demand for Ombudsman services - the what, why and how to manage*;
 - Chaired a session titled *The Ombudsman as initiator* looking at issues, triggers, tools and measures – how parliamentary Ombudsmen use own motion powers and industry-based Ombudsmen approach systemic issues; and
 - Participated in the closing plenary panel session *Ask the Ombudsman*.

Western Australian Ombudsman Newsletter

Two editions of the Western Australian Ombudsman Newsletter were issued in 2011-12. The newsletter is a key publication used by the office to communicate information to stakeholders about the office's performance, achievements, events and resources.

The December 2011 edition featured an article titled: '*Energy Ombudsman – Year in review 2010-11*'. Statistics concerning the number and type of complaints received for the past year were discussed, and timeliness in actioning these complaints was highlighted. The article went on to note how the Energy Ombudsman had liaised with key stakeholders, including:

- Energy Ombudsman Scheme members, the Economic Regulation Authority and other regulators and Ombudsman industry bodies; and
- Ensuring ongoing access to Ombudsman services for residential and small use customers, and community groups who may represent them.

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Company Particulars and Financial Statements

- **Company Particulars**
- **Independent Audit Opinion**
- **Profit and Loss Statement**
- **Balance Sheet**



Company Particulars and Financial Statements

Company Particulars and Financial Statements

Company Particulars as at 30 June 2012

Energy Industry Ombudsman (Western Australia) Limited - ACN 109 054 426	
Registered address	c/- Kennerlys Ground Floor, 24 Outram Street West Perth WA 6005
Postal address	c/- Kennerlys PO Box 1125 West Perth WA 6872
Members	<p>Gas Industry</p> <p>Alinta Sales Pty Ltd Electricity Retail Corporation (Synergy) Esperance Power Station Pty Ltd ATCO Gas Australia, previously WA Gas Networks Pty Ltd WorleyParsons Asset Management Pty Ltd Wesfarmers Kleenheat Gas Pty Ltd</p> <p>Electricity Industry</p> <p>Alinta Sales Pty Ltd Electricity Networks Corporation (Western Power) Electricity Retail Corporation (Synergy) Horizon Power Perth Energy Pty Ltd Rottnest Island Authority</p>
Board	<p>Chairman: Paul Wilmot</p> <p>Directors</p> <p>Customer Representative: Alex Errington Customer Representative: Karen Gadsby (Resigned 13/07/11) Gas Industry Representative: Ray Myles Electricity Industry Representative: Andrew Gaspar (Resigned 27/06/12)</p>
Company Secretary	Lejo Ouwendyk
Accountants	Kennerlys, Certified Practicing Accountants PO Box 1125 West Perth WA 6872
Auditor	Shakespeare Partners, Chartered Accountants PO Box 1257 West Perth WA 6872

Independent Audit Opinion

 SHAKESPEARE PARTNERS CHARTERED ACCOUNTANTS		TOTAL BUSINESS SOLUTIONS
47 Outram Street West Perth WA 6005 PO Box 1257 West Perth WA 6872 Tel : 9321 2111 Fax : 9321 2050 info@shakes.com.au www.shakes.com.au ABN: 99 858 551 508		
<p style="text-align: center;">AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO DIRECTORS OF ENERGY INDUSTRY OMBUDSMAN (WA) LTD</p> <p>I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:</p> <ul style="list-style-type: none">a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; andb. No contraventions of any applicable code of professional conduct in relation to the audit. <p>SHAKESPEARE PARTNERS Chartered Accountants</p> <p></p> <p>Leigh-Anne Meyerowitz Auditor Registration Number: 279757 31 August 2012</p> <hr/> <p style="text-align: center;"><small>Liability limited by a scheme approved under Professional Standards Legislation Alan Shakespeare CA • Stephen Thompson CA • Leigh-Anne Meyerowitz CA • Stuart MacKinnon CA</small></p>		

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENERGY INDUSTRY OMBUDSMAN (WA) LTD

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Energy Industry Ombudsman (WA) Ltd, which comprises the detailed balance sheet as at 30 June 2012, and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Energy Industry Ombudsman (WA) Ltd are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been provided to the directors as at the date of this auditor's report was made.



Auditor's Opinion

In our opinion the financial report of Energy Industry Ombudsman (WA) Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Energy Industry Ombudsman (WA) Ltd's financial position as at 30 June 2012 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

SHAKESPEARE PARTNERS
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Leigh-Anne Meyerowitz', with a long horizontal flourish extending to the right.

Leigh-Anne Meyerowitz
Auditor Number : 279757
31 August 2012

Company Particulars and Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2012

	2012 \$	2011 \$
Income		
Complaint/Dispute Revenue	2,582,782	1,678,418
Total income	2,582,782	1,678,418
Expenses		
Accountancy	22,200	21,420
Bank Charges	56	16
Dispute / Complaint Costs	2,305,449	1,551,967
Directors Fees	39,146	48,729
Filing Fees	42	41
Insurance	7,216	7,156
Professional Fees	7,977	6,575
Miscellaneous Expenses		13
Superannuation	3,523	4,819
Travel and Entertainment		37,682
Total expenses	2,385,610	1,678,418
Profit from Ordinary Activities before income tax	197,172	
Income Tax Expense	59,152	
Profit attributable to members	138,021	

Company Particulars and Financial Statements

Detailed Balance Sheet

As at 30 June 2012

	2012 \$	2011 \$
Current Assets		
Cash Assets (Cash at Bank)	196,480	49,164
Receivables (Trade debtors)		10,353
Current Tax Assets		
GST Receivable	926	20,061
Other (Prepayments)	1,801	1,814
Total Current Assets	199,207	81,392
Total Assets	199,207	81,392
Current Liabilities		
Payables (Trade creditors)	2,035	79,814
Current Tax Liabilities		
Tax Payable	59,152	
PAYG Withholding		1,578
Total Current Liabilities	61,187	81,392
Total Liabilities	61,187	81,392
Net Assets	138,021	
Equity		
Retained profits/(accumulated losses)	138,021	
Total Equity	138,021	

Company Particulars and Financial Statements

Statement of Changes in Equity

For the Year Ended 30 June 2012

	Retained surplus/ accumulated deficits	Total
Balance at 1 July 2010	-	-
Profit for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2011	-	-
Balance at 1 July 2011	-	-
Profit for the year	138,021	138,021
Total comprehensive income for the year	138,021	138,021
Balance at 30 June 2012	138,021	138,021

Cash Flow Statement

For the Year Ended 30 June 2012

	2012 \$	2011 \$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from members	2,612,270	1,670,100
Payments to suppliers and employees	(2,464,954)	(1,687,468)
Net cash provided by/(used in) operating activities	147,316	(17,368)
Cash flows from investing activities		
Net cash provided by/(used in) investing activities		
Cash flows from financing activities		
Net cash provided by/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	147,316	(17,368)
Cash and cash equivalents at the beginning of the period	49,164	66,532
Effect of exchange rate fluctuations on cash held		
Cash and cash equivalents at the end of the period	196,480	49,164

Energy Ombudsman Western Australia

Free, independent and fair dispute resolution

