



Energy & Water
Ombudsman NSW



celebrating five years of achievement

annual report 2002-2003

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ombudsman's message

A few years ago I suggested that the only certainty in the utility industries is change. EWON turned five during 2002-2003, and we are still being affected by significant changes in the electricity, gas, and water industries in New South Wales.

After five years, one thing that is certain is the importance of a specialised dispute resolution service for consumers of essential services. There can be grave consequences of being without electricity, gas or water or having difficulties with bills, and many consumers are not in a position to achieve a resolution without assistance.

The last five years have seen an extension of EWON's coverage to include water and gas, an expansion in jurisdiction, and new members of the scheme. These factors have resulted in significant increases in customer contacts, as well as in the complexity of many matters brought to EWON.

Over the next five years we will be focussing on ensuring that consumers, particularly disadvantaged consumers, are aware of EWON's services. We will continue to develop our investigation processes to help us deal more efficiently and effectively with increased customer contacts. We will continue to identify systemic issues and work with our members to try to reduce customer complaints.

EWON's achievements over the past five years have only been possible through a staff of great skills and a very high standard; a good working relationship with members of the scheme, community groups, regulators and other stakeholders; and the consumers who have raised important issues that will continue to be addressed.

Clare Pette





“our independence from industry and consumers is maintained through cooperation”

what we represent

our role

The Energy & Water Ombudsman NSW (EWON) is an independent body established to investigate complaints for customers of electricity and gas providers in New South Wales and member water providers.

Consumers can approach EWON about a range of matters, including:

- provision, or failure to provide energy or water services
- disconnection or restriction of supply
- billing disputes
- quality of supply
- provider actions that impact on land or other property
- transfers between energy providers
- electricity and gas marketing.

our vision

To provide high quality, independent dispute resolution for energy and water consumers in NSW, and to contribute to the raising of overall standards in the energy and water industries.

our values

- independence
- fairness
- accessibility
- integrity
- respect
- social purpose
- accountability

we are committed to

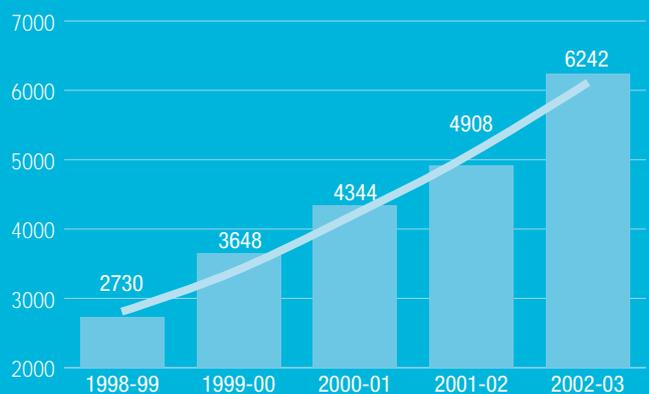
- dealing with customer issues in a way that is fair, just, reasonable and timely
- reducing barriers to accessing EWON due to language, geographic location, physical or mental capacity, or financial status
- guarding our independence strongly, while maintaining good working relations with members and other stakeholders
- keeping customers and members informed of the progress of our investigations
- making optimal use of technology and other resources to assist in quality complaint handling, referral and reporting
- fostering effective relations and referral links with relevant organisations, including members, other complaint handling bodies, government agencies, and consumer, small business and community organisations
- being financially accountable to members and operationally accountable to members, consumers and the wider community.

five years on...

highlights 2002-03

- Handling 6242 matters during the year, 27% more than 2001-02
- Expanding the scheme to include Hunter Water customer contacts
- Finalising 77% of customer matters within 14 days
- Surveying 300 customers to reveal an 81% satisfaction rate with the outcome of EWON's investigation into their matter
- Conducting a campaign to reach isolated communities in the Far West of the state
- Conducting an information and community awareness project in South West Sydney
- Building stronger ties with energy regulators by providing regular and detailed information on the progress of full retail competition, and its impact on consumers
- Convening a residential parks forum where a range of consumer, park operator, industry regulator, and energy provider groups were brought together for the first time to discuss issues relating to the provision of electricity to residential parks
- Improving information provision about energy competition through EWON's website, outreach activities and media strategy
- Implementing best practice in case handling in conjunction with the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON)
- Disseminating a new range of energy and water related fact sheets for tenants in partnership with the Department of Housing and the Tenants' Union of NSW
- Contributing to industry and regulatory initiatives designed to assist consumers who struggle to pay their utility bills
- Increasing media mentions about EWON's activities by 235%
- Producing a video about EWON, in conjunction with our customers, to use in our community outreach activities.

Matters finalised 1998-2003



how we started

On 9 June 1998 the first industry complaints scheme in New South Wales was officially launched by the then Minister for Energy, the Hon Bob Debus MP.

The Energy Industry Ombudsman NSW (EION) scheme was established by the six NSW electricity providers, and the transmission operator. The founding members of EION had decided that part of good customer service was the provision of a free dispute resolution service that was completely independent of the industry.

With extensive experience in the community sector, government and the media, Clare Petre was considered the person to lead the new organisation. In early 1998 she left her position as a Senior Assistant Commonwealth Ombudsman to become the first Energy Industry Ombudsman NSW.

With the entry of Sydney Water, the scheme was renamed the Energy & Water Ombudsman NSW (EWON). It continued to grow and now provides a one-stop-shop complaint resolution service for electricity and gas consumers throughout New South Wales and customers of water provider members of the scheme.

celebrating five years

On 30 June 2003 the Energy & Water Ombudsman NSW was joined by utility members of the scheme, community organisations, government representatives and regulators to celebrate five years of high quality independent dispute resolution for electricity, gas and water consumers in NSW.

Speaking at the event the Hon. Frank Sartor, Minister for Energy and Utilities said that for the past five years EWON has served as an outstanding advocate for customers who need assistance to resolve problems when issues arise with utilities.

Chris Dodds – President of the NSW Council of Social Service, and Craig Murray – Managing Director of Country Energy both congratulated the Ombudsman, Clare Petre and her staff on the success of the scheme to date.

In her address, the Ombudsman noted that EWON had assisted over 22,000 customers since 1998. She said the enlargement of the scheme to include all residential and small business electricity and gas consumers, and the major metropolitan water providers, had meant that customer complaints had more than doubled from 2730 during the first full year of operation, to almost 6242 in the year ending June 2002.

The five year celebration was significant in acknowledging EWON's ongoing commitment to developing positive relationships with industry, community, and utility provider members to help resolve customer issues and complaints.

Filming our five year anniversary video →



highlights 1998-2003

1998

May 1998

Team of three investigators starts to receive consumer enquiries

June 1998

Energy Industry Ombudsman NSW (EION) officially launched

1999

May 1999

Additional full-time and casual Investigation Officers recruited to deal with the growing number of matters

December 1999

Sydney Water joins the scheme, which becomes the Energy & Water Ombudsman NSW (EWON)

2000

March 2000

New multi-lingual website launched as part of a two-year campaign to reach Chinese, Arabic, Italian and Vietnamese-speaking communities

September 2000

800 000 AGL customers are able to take matters to EWON after the oldest publicly listed company in Australia joins the scheme

↑ Clare Petre with Geoff Lilliss (Chairperson, EWON Board), Craig Murray (Managing Director, Country Energy) and the Hon. Frank Sartor (Minister for Energy and Utilities)

2001

March 2001

10,000th consumer contacts EWON for assistance

April 2001

EWON hosts first joint industry-consumer seminar on payment options for customers

October 2001

First member forum held

2002

January 2002

Full Retail Competition commences and seven 'second-tier' energy retailers join the scheme

July 2002

Hunter Water joins the EWON scheme

October 2002

Community consultation and education conducted in the drought-affected Far West NSW

2003

February 2003

Project to reach consumers in South West Sydney commences

June 2003

EWON celebrates five year anniversary

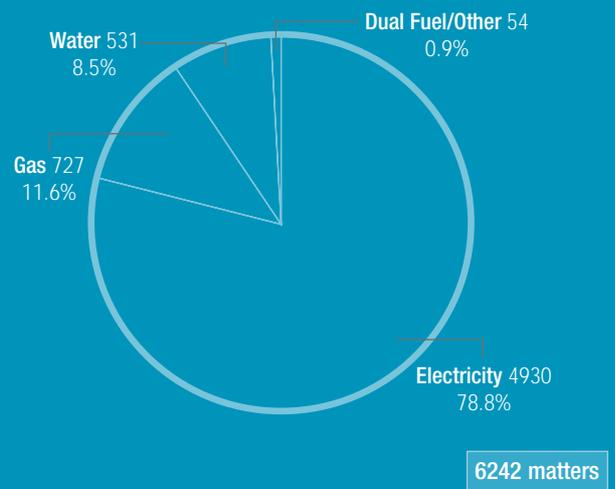


customer complaint statistics

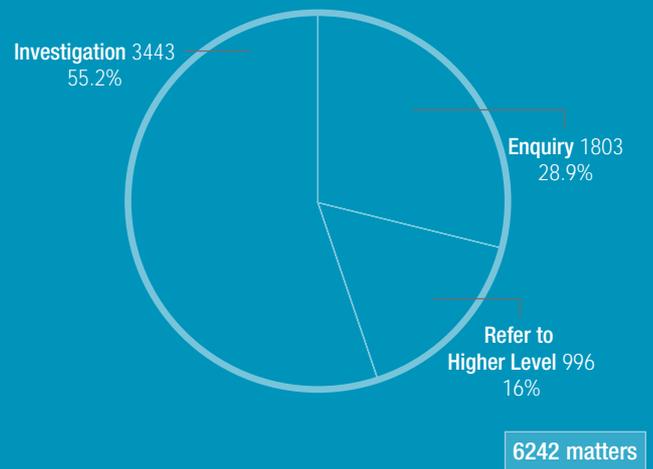
total customer contacts received by EWON in 2002-03

Open at the beginning of the period	294
Opened during the period	6304
Closed during the period	6242
Open at the end of the period	356

Subject of matters finalised



Categories of matters finalised



Categories used in this report

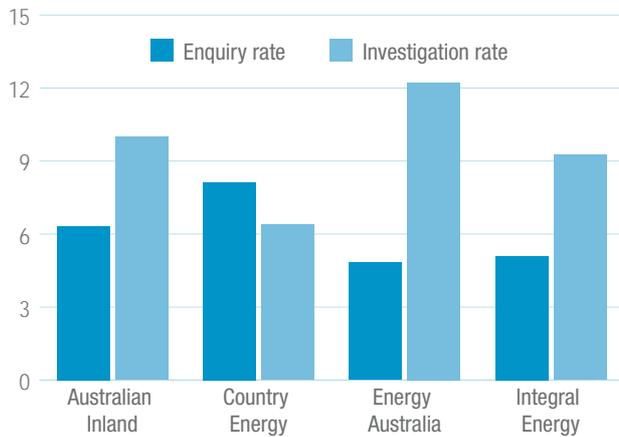
Enquiry – A request for information or assistance that can be settled relatively quickly.

Refer to Higher Level – A customer complaint that has been referred to a nominated member contact to resolve at a higher level.

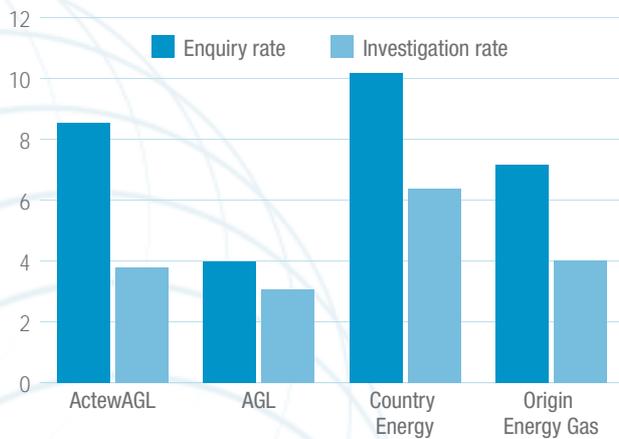
Investigation – Where a customer has tried to resolve their issue with the company but has not received a response, or is not satisfied with the outcome, EWON may conduct an investigation.

comparison

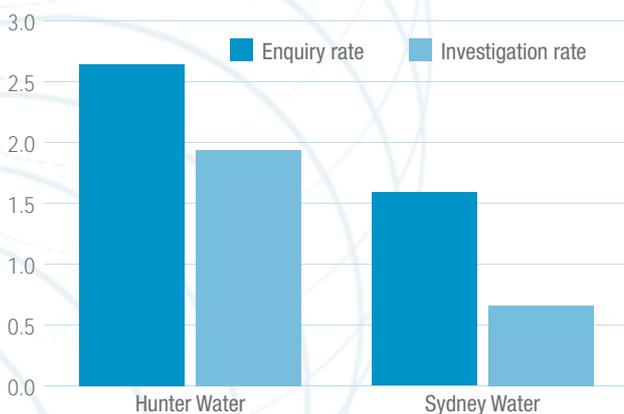
Electricity providers – EWON complaints per 10,000 customers



Gas providers – EWON complaints per 10,000 customers



Water providers – EWON complaints per 10,000 customers

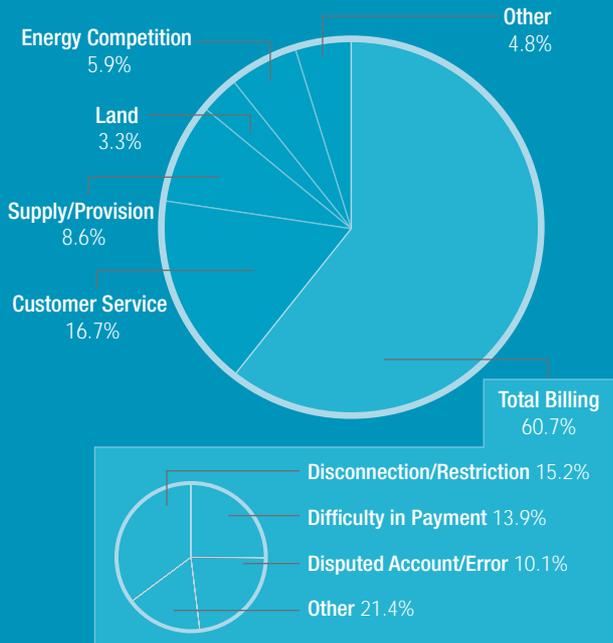


other providers

Level	Enquiry	Refer to Higher Level	Investigation
ENERGEX	4	0	2
EnergyOne	4	4	2
Origin Energy Electricity	6	0	2
Residential Park Operator	56	0	3
TransGrid	2	2	6
General Enquiry	292	0	1

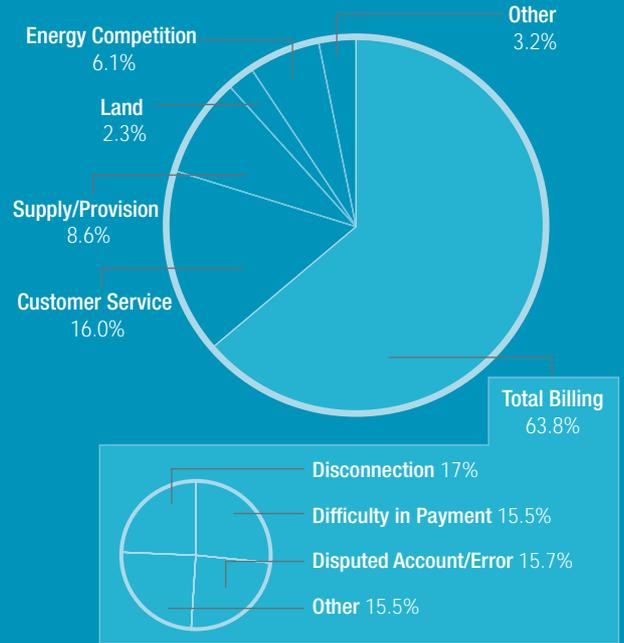
issues raised by customers contacting EWON

Issues Raised – all providers



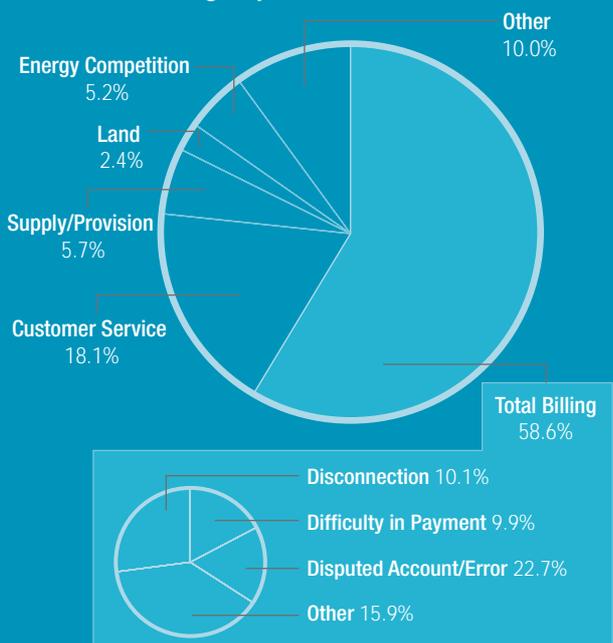
6242 matters

Issues Raised – electricity providers



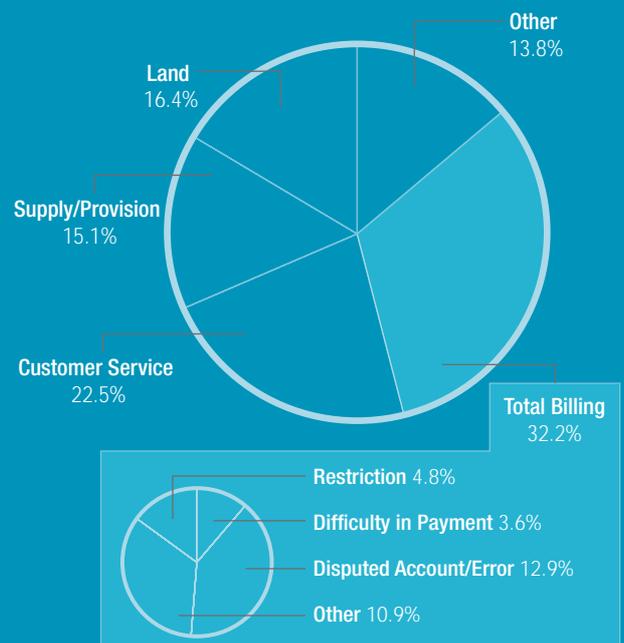
4930 matters

Issues Raised – gas providers



727 matters

Issues Raised – water providers

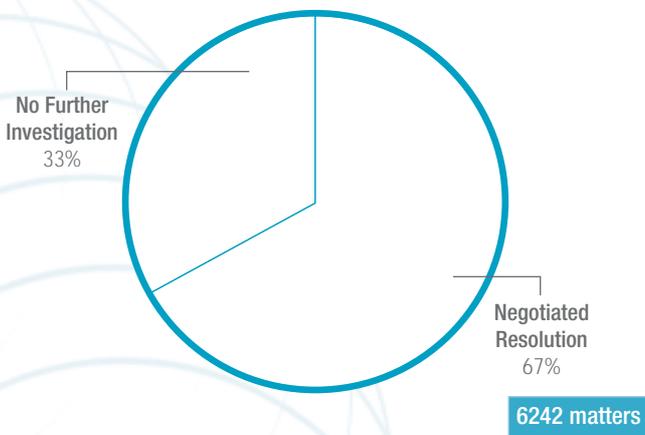


531 matters



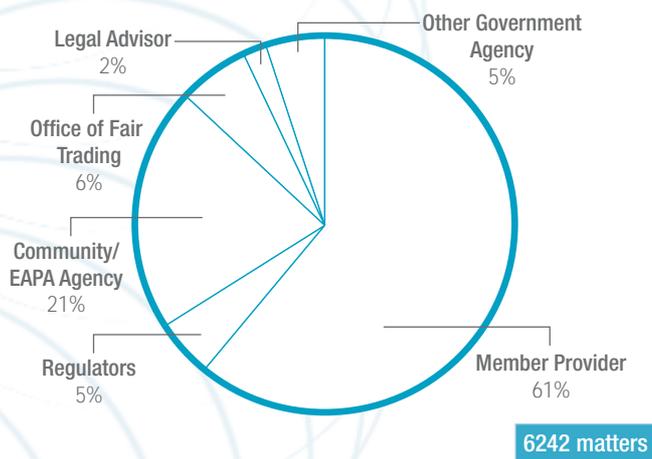
results

Results of finalised investigations



“EWON is committed to dealing with all complaints fairly”

EWON referrals to other agencies



messages



Professor Stuart Rees, Chairperson EWON Council

In its fifth year EWON's staff continue to honour principles of accountability to the interests of energy and water consumers in New South Wales by according dignity and respect to the most powerless of citizens, as well as to individuals and organisations with influence.

EWON's significant standards of service have been attained despite a 27% increase in customer contacts over 2001-02, and a widening of jurisdiction. I am personally grateful that the workplace culture, which is carefully nurtured by the Ombudsman and her staff, continues to facilitate both the work of the Council and the impressive quality of service to the public.



Geoff Lilliss, Chairperson EWON Board

In 2002-03 the Energy & Water Ombudsman NSW continued to strengthen and enhance its position representing the interests of utility customers, and maintained a strong positive reputation with key industry stakeholders.

I congratulate the efforts of the Ombudsman in effectively dealing with this first full year of retail competition, and the ongoing challenges of complaint growth and increasing complexity.

A number of new members joined EWON and we extend a warm welcome to them and look forward to their contribution and participation in the scheme.

I welcome Emeritus Professor Rees as Chairperson of the EWON Council, appointed during the year. The Ombudsman Board and Council successfully worked together in areas including strategy identification and resource planning to achieve key outcomes, and I look forward to maintaining a close and productive relationship into the future.

On behalf of the Board, I thank all members of EWON for their cooperation in the scheme. The foundations for ongoing success have been built over the past 5 years and I look forward to EWON continuing to provide independent and fair resolution of complaints for both consumers and members.



The Hon. Frank Sartor Minister for Energy and Utilities

This year has seen the Energy & Water Ombudsman NSW pass an important milestone, celebrating its 5th anniversary. This provides a suitable opportunity to reflect on the outstanding achievements of the Ombudsman's office and its plans for the future.

The role played by EWON as an impartial adjudicator is crucial in any market place. The Ombudsman's office stands at the centre of the NSW Government's commitment to strong consumer protection.

Since its inception in 1998 the Ombudsman's workload has been steadily increasing. In the past year alone the Ombudsman's office has finalised 6242 matters, an increase of more than 27% on the previous year.

I thank Clare Petre and her staff for their outstanding work throughout the year and their determination and vigilance on behalf of NSW consumers. I am looking forward to enhancing and building on the close working relationship I have with the EWON office over the next 12 months.

“
EWON's staff
continue to...
accord dignity and
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Professor Stuart Rees

”

our member providers

working with our members

The Energy & Water Ombudsman NSW works in cooperation with our electricity, gas and water provider members to help resolve customer complaints. As well as providing a dispute resolution service to consumers, EWON collects and interprets emerging trends through our complaint analysis and provides this information to our members to help improve customer service standards in the utility industry and to reduce customer complaints.

EWON also:

- participates in industry meetings and customer committees
- holds induction sessions on our processes for member staff
- conducts presentations about EWON at member offices and depots
- hosts issue-based forums to encourage best practice across the utility industries
- provides comprehensive written information and guides about our operational procedures
- encourages a cooperative approach to community development activities and awareness-raising projects.

EWON's provider members

- ActewAGL Retail
- AGL Electricity Limited
- AGL Retail Energy Limited
- AGL Victoria Pty Ltd
- Australian Inland
- Country Energy
- ENERGEX Retail Pty Ltd
- EnergyAustralia
- Ferrier Hodgson Electricity (t/a EnergyOne)
- Hunter Water Corporation
- Integral Energy Australia
- Origin Energy LPG Limited
- Origin Energy Electricity Limited
- Sydney Water Corporation
- TransGrid

CASE STUDY

determining the solution

Mr M was working on his personal computer one evening when a blackout affected his property. When the power was restored, his computer would no longer work. The next day he rang the electricity provider. The operator informed him that nearby high voltage wires had fallen on other lines causing blackouts and that he could have cause for a claim. A local repairer inspected the computer and advised Mr M that it had suffered a power surge. Due to the nature of the damage, the repairer recommended the computer be replaced.

Mr M submitted a claim to the energy provider for the cost of a replacement computer. A week later, Mr M was surprised to receive a letter from the provider denying the claim because they had no record of a variation in the electricity supply. Believing he had a strong claim, Mr M referred the matter to EWON for review.

As part of the investigation, EWON had an independent loss adjuster and an electrical engineer review the circumstances surrounding the claim. After EWON requested monitoring devices at the customer's house, it became apparent that Mr M was receiving consistently high voltages. EWON's experts also confirmed that it was possible the high voltage incident could have caused the computer to fail.

The provider advised EWON that they might reconsider the claim but in the end they stood by their original decision and refused to pay any compensation to Mr M. In light of the independent experts' opinion, the Ombudsman used her power of determination to resolve the matter and directed the provider to pay Mr M compensation for damage to his computer. Mr M was satisfied with the outcome and accepted \$2,500 to compensate for all damages.

↓ **Member Forum** – EWON holds 3rd Annual Member's Forum in October 2002.



↓ **Staff visits** – New EWON Investigation Officers on a visit to Hunter Water in May 2003.



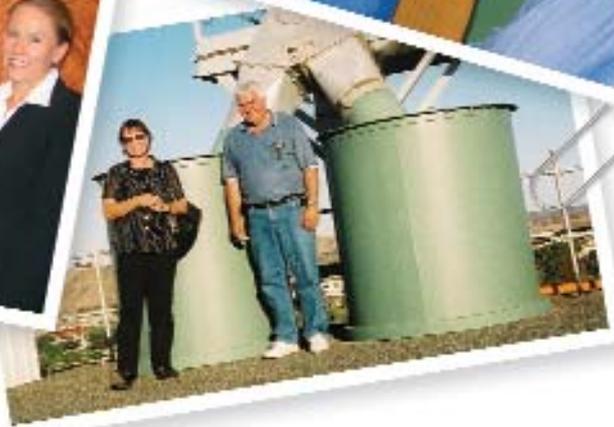
↓ **Training & development** – Integral Energy marketing staff demonstrate their procedures to EWON investigators.



↑ **Member induction** – Provider contact staff discuss EWON's investigation processes at an induction session in June 2003.



↑ **Ombudsman presentations** – Clare Petre with Integral Energy staff following an information session



↑ **New water member** – The Energy & Water Ombudsman visits Australian Inland water processing facilities. EWON will deal with complaints from Australian Inland water customers from July 2003.

CASE STUDY

developer charges

In 1998 Mr and Mrs P consented to their water provider's request for an adjoining property owner to lay a sewer pipe through their property, on the understanding that they could connect to it free of charge. When the sewer main was laid in 2001, a number of established trees were destroyed and three access holes were built on Mr and Mrs P's land. The customer then applied to have their plumber connect the house to the new main.

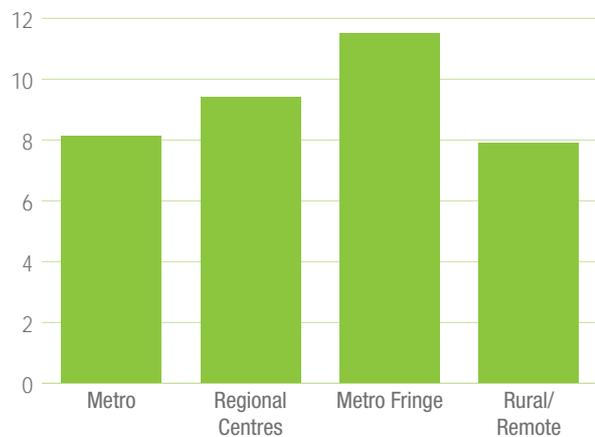
Six months later, Mr and Mrs P received a bill for \$2,600 from the water provider for 'developer' and 'third party' charges. The customers thought this contravened their 1998 agreement. Following numerous attempts to resolve the situation Mr P contacted EWON when the provider referred the matter for legal action.

EWON found that nearby developers had paid to have the sewer mains installed. These customers are entitled to be partially reimbursed if neighbours, such as Mr and Mrs P, subsequently connect to the mains. The water provider also charges a 'developer charge' to cover their costs in relation to sewage transport and treatment. However EWON's investigation found that the provider did not notify the P's of the charges until long after the connection was complete.

After six months of negotiation, the provider acknowledged that they should have notified Mr and Mrs P of the potential charges before authorising connection. They undertook to review their systems and agreed to forego the \$1,500 developer charge, as well as ensuring that Mr and Mrs P would not be responsible for the reimbursement of \$1,100 owed to the neighbours. \$570 was directly forwarded to Mr and Mrs P as compensation for the manholes built on their property.



Complaints per 10,000 people
2002-03



Complaints per 10,000 people
2002-03



financial hardship

Since our launch 5 years ago, EWON has been actively involved in efforts to identify ways to help customers experiencing difficulty paying their utility bills because of financial hardship. EWON believes that this can best be achieved through the involvement and cooperation of all stakeholders, including Government, community organisations, consumer groups and the utility providers themselves.

Over the past year, EWON has been pleased to encourage and contribute to industry and regulatory initiatives designed to assist consumers who struggle to pay their utility bills and who have faced utility disconnection or restriction.

a year of progress

Sept 2002	AGL trials their <i>Staying Connected</i> hardship policy in NSW
Oct 2002	EWON provides a submission to the Ministry of Energy and Utilities (MEU) regarding rules to enable a trial of pre-payment meters in NSW
Dec 2002	Country Energy launches their hardship policy <i>Country Support</i>
April 2003	the NSW Government extends eligibility criteria for the pensioner rebate on electricity and gas bills
May 2003	AGL extends their hardship policy to AGL customers throughout Australia
April 2003	EWON contributes to a review by the MEU of disconnections in NSW
July 2003	<i>Payment Assistance Scheme</i> (PAS) introduced for Hunter Water customers

pre-payment meter trial

EWON supports a proposal by Country Energy to trial pre-payment meters to volunteers within their customer base. The information collected from the trial will assist discussion on the possible introduction of pre-payment meters more widely in New South Wales.

disconnections

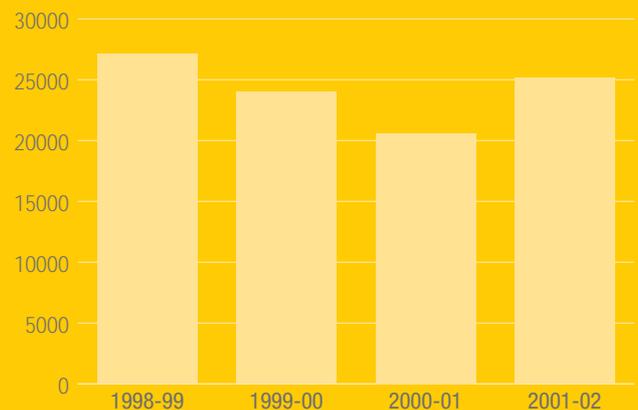
The rate of disconnection of electricity and gas in New South Wales is higher than in some other jurisdictions, for example, Victoria. EWON continues to express concern at the comparatively high rates of disconnection and has been involved in the following projects:

- upgrading our complaints management system so that we can track the duration of disconnection for customers who contact us. We will be able to analyse cases where customers have been disconnected for long periods to try to understand the barriers to reconnection faced by customers.
- contributing to a study titled 'Social Impacts of Energy Disconnections and Water Restrictions' by the Public Interest Advocacy Centre
- participation in the EAPA working group and the Concessions Steering Group of the Ministry of Energy and Utilities

EWON is working with the Council of Social Service NSW to identify energy efficiency schemes available in other jurisdictions

Electricity customers disconnected for non-payment

(source: IPART report to the Minister of Energy and Utilities)



EWON case statistics show that for 2002-03, 31% of cases involved disconnection – completed or impending.

CASE STUDIES

the dangers of disconnection

EWON was contacted by the caseworker for a client who had her electricity disconnected for over a month. One of Ms M's children had been tragically killed a year before, and Ms M was being treated for depression and substance abuse. When she spoke with EWON, Ms M said that she had been using candles since her disconnection, but that her child had knocked one over in the night and set fire to her home. Ms M owed \$780, and was unable to cope with her financial obligations due to a reduction in her Centrelink allowance. This was not her first disconnection.

By working with the caseworker, other community organisations and her electricity provider, EWON was able to assist Ms M in obtaining enough financial assistance to arrange reconnection.

hard times

Mrs R is an elderly paraplegic who relies on mains power to recharge her electric wheelchair. Mr and Mrs R's payments to their electricity provider had been gradually falling behind because they had not been receiving a pensioner rebate, and they had been charged higher commercial rates for more than a year. The provider recently transferred the couple back to the domestic tariff, but did not refund the commercial charges, nor did they reinstate the pensioner rebate.

With more than \$1000 outstanding, Mrs R sold some of their furniture to raise \$300. They were only able to pay \$60 using government-funded vouchers secured from a local community agency. Unable to raise any more funds, their electricity was disconnected while Mr R was waiting for open-heart surgery. Realising their dire situation, the Department of Community Services referred the couple to EWON for assistance.

EWON's investigation revealed that Mr and Mrs R had asked the provider to apply the pensioner rebate to their account two years ago. The provider confirmed that they had failed to apply the rebate, and had incorrectly charged the customers a higher commercial rate for electricity. Apologising for their mistakes, the provider agreed to reconnect the property without payment.

With the power restored, EWON reviewed the billing data to discover the extent of the errors made on Mr and Mrs R's account. In the end, the provider reduced the account by \$220, removed a \$90 commercial charge, and a \$60 disconnection fee. The provider also agreed to make a \$200 payment in compensation for food spoiled during the period of disconnection.

“ we regularly consult with community stakeholders to improve accessibility for consumers ”



improving access for tenants

This year EWON conducted a project to raise awareness of our service both within tenant organisations and directly with tenants. One of the primary aims of the project was for EWON to become a source of information to help tenants manage their relationship with their energy provider, and their energy account.

The project also aimed to:

- gain an understanding of the types of tenancy issues relevant to EWON
- promote awareness of EWON's services to tenants
- work with organisations to overcome barriers, issues or access to information about EWON.

partnership program

We worked in partnership with peak tenancy organisations, such as the NSW Department of Housing and the Tenants' Union of NSW to develop our communication strategy. In this way we were able to identify audience needs and use information channels available through the partner organisations. Together, we were then able to address the main utility-related issues raised by tenant consumers.

EWON consulted widely with a range of tenants' advocacy and assistance services, disability advocacy services, the Office of Fair Trading, the Council of Social Service NSW, the Public Interest Advocacy Centre, legal centres and a range of university housing assistance offices.

One of the major outcomes of the partnership program was the creation of a tenancy-specific fact sheet. This fact sheet has been distributed to tenants through these organisations.

department of housing

The NSW Department of Housing played a crucial role in the development of the fact sheet by providing broad information about their clients, including the main community languages spoken. The Department placed the fact sheet on their internal intranet system, and on their public website. The fact sheet will also be included in future tenant information kits.

An article describing EWON's service appeared in an edition of the magazine, *Your Home*, which is sent to all public housing tenants in NSW. Following the release of this newsletter, a number of customers in severe hardship contacted us for assistance. One pensioner read about EWON in *Your Home* five months after her gas was disconnected for non-payment of \$872. EWON negotiated a payment arrangement and organised the gas to be reconnected in one day. Another public housing tenant also read the article, and EWON arranged reconnection after she had been without gas for 6 years. This tenant had been coping during this time by using the kettle to boil water needed for washing and by cooking in an electric frypan.

tenants' union

The Tenants' Union of NSW is a specialist Community Legal Centre that aims to represent the interests of all tenants in NSW. At their quarterly meeting, which brings together 22 specialist and regional-based Tenants Advice and Advocacy Services (TAAS), EWON provided details on our role and ways to work together. We gathered feedback on the issues affecting tenants in NSW and identified that tenants experiencing problems with their electricity, gas, or water provider wanted more information about EWON's services.

The Tenants' Union assisted EWON in developing our tenants' fact sheet. We have also put together an information sheet to be included in a booklet designed primarily as a resource for tenancy workers in the TAAS network.

disability networks NSW

As part of the tenancy project, EWON worked in partnership with:

- the Disability Advocacy Services Hunter Valley (DASH). An article on EWON appeared in their e-mail news bulletin that goes out each month to 600 disability services and individuals in the Hunter
- Information on Disability – Equipment Access Services (IDEAS). IDEAS is the largest information service for people with disabilities in Australia. Details about EWON's service were placed on IDEAS' database and made available to the public via their website and newsletter.

CASE STUDY

six months of darkness

Ms Q is a sole parent and full-time carer of her intellectually disabled and hearing-impaired daughter. Because Ms Q did not keep up with her bills, both her electricity and gas had been disconnected for a combined debt of more than \$1000. After Ms Q had been without electricity for six months and gas for four months, a client officer from the NSW Department of Housing contacted EWON for assistance.

After reviewing the process leading up to electricity disconnection, we discovered that more than two months had passed between the customer being contacted by the provider and the actual disconnection. The electricity provider agreed that the regulation allowing for disconnection had not been adhered to and reconnected Ms Q immediately. On the same day, the gas provider agreed to reconnect the gas supply on the basis of extreme hardship.

Working closely with the Department of Housing, EWON arranged to have a financial counsellor visit Ms Q to help draw up a financial plan. In the end, both the gas and electricity providers agreed to Ms Q's proposal to pay \$100 per fortnight. Noting that this customer had not applied for a pensioner rebate, her electricity provider also arranged to backdate the rebate by almost four years and credited \$400 to her account. The customer was allocated a specific contact point in each company to discuss any problems with payment arrangements.



“
strong community
partnerships
enhance the
breadth of
our service
”

residential parks – a new jurisdiction for EWON

EWON is now exploring the relatively new jurisdictional area of 'exempt retailers' of electricity with a particular focus on the residential parks industry.

An exempt retailer is someone, other than a licenced supplier, who on-sells electricity to another individual or company (eg a residential park operator who supplies electricity to a park resident). Since July 2001 EWON has had jurisdiction to investigate complaints brought by small retail customers of approved exempt retailers, providing that a customer's electricity supply is individually metered.

EWON has had an increase in contacts from park residents from 14 in 2001-2002 to 63 in 2002-2003.

billing complaints

The majority of complaints from customers of exempt retailers have been about billing issues. Customers have complained about:

- being charged more than the maximum allowable amount
- being charged a flat rate utilities levy
- being charged premium or 'green' tariffs, which are more expensive than the regulated retail prices
- receiving bills that do not indicate the meter reading or the number of kWh used
- receiving high bills
- not receiving bills or receipts for payments
- being charged for debt transferred from a previous customer.

supply standards and supply charges

EWON has received a number of complaints about the relatively poor standard of electricity supply to many customers of exempt retailers, particularly those in residential parks.

other complaints

- Social programs – customers unable to access the NSW Government Energy Accounts Payment Assistance (EAPA) Scheme to help with the payment of bills
- Access to the market – customers reporting a lack of access to the contestable energy market.

work EWON has done

In addition to the investigation of individual complaints EWON has also been involved in other projects to help address issues of concern to residential park operators and their customers.

In 2002 we wrote to residential park operators and residential park liaison committees introducing EWON and offering information about our complaint processes and relevant legislation.

We have featured articles about matters affecting residential parks in a number of our EWON newsletters, which are now distributed to residential park liaison committees and residential park operators.

We have developed a fact sheet for residential park and boarding house residents that was distributed throughout the state by the Affiliated Residential Park Residents Association (ARPRRA).

EWON's role in residential park electricity complaints has also been featured in a number of park resident journals.

In February 2003 EWON convened a Residential Parks Forum bringing together for the first time a range of consumer, park operator, regulator and energy provider groups to discuss issues relating to the provision of electricity to residential parks.

EWON will try to assist industry improvement by passing on concerns raised by representatives at the EWON Residential Parks Forum and by advancing these issues in future policy work.

CASE STUDY

overloaded

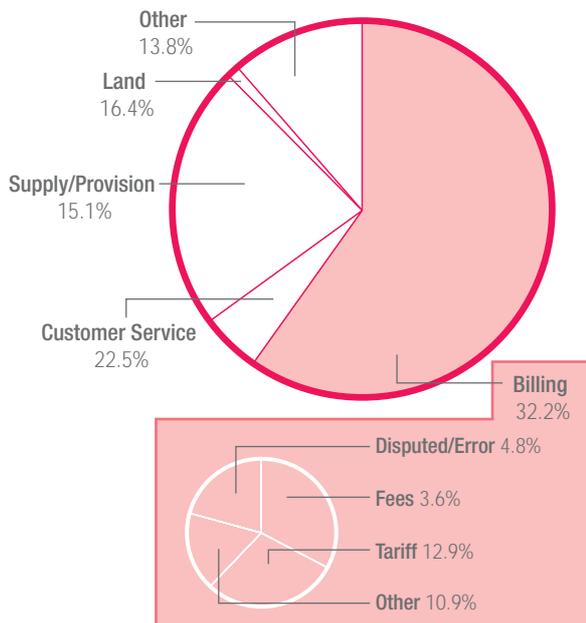
Mr P rang EWON and told us that he had a problem with the electricity supply in the residential park in which he lived. He said that the park was growing but that the electricity network had not been upgraded. He said that on very hot or very cold days when residents needed their heating or cooling appliances there were regular power failures due to inadequate supply. Mr P said that he and other residents had spoken with the park management on several occasions but nothing had been done.

During EWON's investigation Mr P and some of the other residents held a meeting with the park management. Management agreed to upgrade the supply so that all residents could enjoy a more reliable electricity supply.



“ building awareness helps consumers more effectively deal with their provider ”

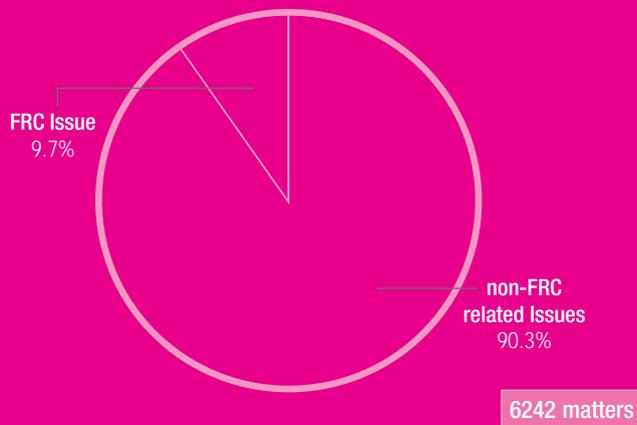
Issues Raised – residential parks & exempt retailers 2002-03



full retail competition

In January 2002, the provision of energy and gas was opened up for competition and NSW households and small business customers were able to enter the competitive market. During this first complete year of full retail competition (FRC), EWON dealt with 611 matters related to the competitive market, which accounts for almost 10% of all cases.

Matters by FRC issues 2002-03



Matters by contract type 2002-03



EWON has monitored emerging trends from these customer contacts, and has found three consistent areas of customer complaints.

marketing conduct

There was an increase in complaints from customers about the conduct and practices of marketers. The complaints received by EWON reflected growing community concern with how electricity and gas were being marketed.

As a result of increased media focus, the Ombudsman issued a press release urging consumers to take their time when considering a negotiated contract, and reminding them of the ten day cooling off period in which they could cancel their contract without penalty.

"Before signing an electricity or gas contract, it is advisable to have it checked by another person, like an independent advisor"
– Clare Petre, Ombudsman.

The Ombudsman's advice was published by the Sydney Morning Herald as part of an article on complaints emerging from the marketing of energy in NSW.

EWON has received complaints about the practices of energy marketers that resulted in customers:

- believing that the marketer was their existing supplier
- misunderstanding the nature of the document they were signing, with some customers not aware they were signing a binding, 3 year contract
- perceiving that the contract would provide benefits that were not really available
- having difficulty understanding the contract, due to language difficulties, disability or age.

CASE STUDIES

twice the energy

Mr M signed a 'dual fuel' contract after being visited by an energy marketer. Mr M agreed to sign when he was assured that he would continue to receive monthly bills, but with the added convenience of a single account for both gas and electricity.

Mr M was surprised to receive an electricity-only bill three months later so he rang the new provider for an explanation. They said they did not have monthly bills, but he could arrange to have money taken out of his account on a monthly basis. Unwilling to agree to direct debit, Mr M asked the provider to issue a joint gas and electricity bill on a quarterly basis. Five days later he received the combined quarterly bill as requested.

Three months later Mr M received another electricity-only bill. On calling the provider, he was told that they could not continue to combine the bills. Mr M was given the option to cancel his contract and pay a termination fee. Frustrated with the situation, Mr M contacted EWON to complain that the provider was in breach of their contract and they should not be entitled to charge a termination fee.

During EWON's investigation, the provider confirmed that the contract did contain information suggesting monthly billing would be maintained. The provider insisted that the marketer would not have guaranteed a combined bill. Nevertheless, in view of the misunderstanding between the parties, the provider agreed to waive the termination fees if the customer elected to withdraw from the contract.

fraudulent behaviour

Mrs F owns a one-hour photo lab. When she was approached by a door-to-door salesperson to sign a negotiated contract Mrs F declined their offer.

A few months later Mrs F received an electricity account from the same provider that had approached her. When Mrs F contacted the provider, she was told that the company had received a signed contract from her, and if she wanted to cancel it she would have to pay a termination fee. Mrs F asked for a copy of the signed contract.

Upon receiving a copy of the contract, Mrs F realised that her signature had been forged. She asked the provider to cancel the contract immediately, and without charge.

Unable to achieve a satisfactory response from the company Mrs F contacted EWON for assistance. At the time, EWON had two similar complaints involving possible fraudulent behaviour by a marketer. During our investigation, the provider confirmed that all three complaints had involved the same marketer. They believed he was signing contracts without the customers' knowledge and they had already referred the agent to the police.

The company cancelled all three contracts without charge and organised transfer back to their original providers. The company also wrote to the customers concerned to apologise and to offer an ex gratia payment of \$100.



↑ Owners of a small business discuss their energy marketing complaint for the EWON outreach video

full retail competition (continued)

termination fee

Complaints to EWON from customers regarding termination fees have also risen. Most negotiated contracts provide for a termination fee if the customer ends the contract before the completion of the contract period. The amount of the fee varies according to each retailer.

Common complaints regarding termination fees included customers who stated they:

- were unaware of the fee
- felt the amount of the fee was unreasonable
- were unable to contact their retailer to cancel the contract during the cooling off period and then faced a termination fee
- moved home or sold their business and were unable to take their contract with them to the new premises, forcing them to cancel their contract
- were charged a termination fee even though they had cancelled their contract due to unsatisfactory customer service or misleading information from a marketer.

transfer difficulties

EWON has investigated complaints surrounding inadvertent transfers, slamming (transferring a customer without their permission) and delays in the transfer process. In EWON's experience, although the reason for the transfer difficulty may vary, the practical problems experienced by customers are remarkably constant. In particular, customers have described their confusion about what has happened, and have not known how to have the problem resolved.

Some common problems experienced by customers regarding the transfer process include:

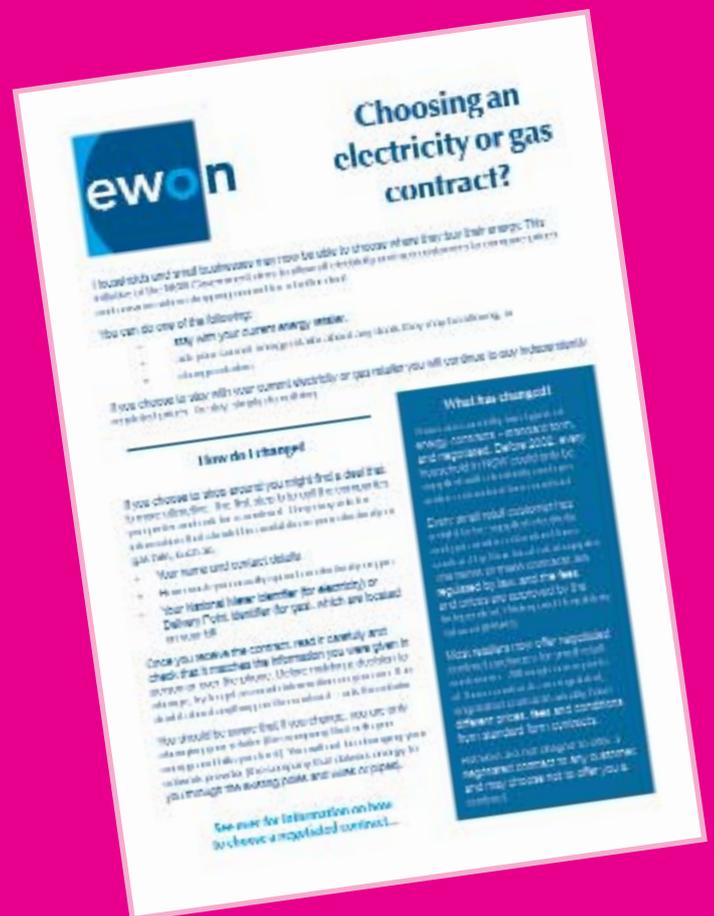
- double billing – transfer information is not recorded accurately and the customer receives bills from two retailers
- delays in billing – often followed by a big catch-up bill
- problems with payment plans – direct debit or smooth payment arrangements fail, or payments to the original provider continue after the transfer is completed
- unknown retailers – often due to the retailers having incomplete records about the transfer.

EWON's information campaign

EWON has responded to issues about the competitive market with three main strategies.

consumer education / awareness

We produced a fact sheet for customers with information on choosing an energy contract. This fact sheet is being distributed to customers through community agencies, and is also sent to customers asking for EWON advice. We have also continued to provide updated information to customers through our website and through the media.



discussions with member companies

EWON alerts retailers to issues raised by their customers. EWON and the energy industry continue to work cooperatively to address these issues through training, support and independent analysis.

provision of information to regulators

EWON provides regular reports to the Independent Pricing and Regulatory Tribunal and the Ministry of Energy and Utilities about competition-related complaints from customers.

CASE STUDY

Often if a customer experiences a problem with the contract process, this can lead to other issues if not resolved quickly by the retailer, as illustrated below.

sorry to see you go

When Ms C moved in to her new address six months ago, she asked her local electricity provider to connect her power. She paid the bills as they came in, and was surprised to receive a letter from her provider stating that they were sorry to hear that she had signed with another electricity retailer.

Ms C had not signed a new electricity contract, and rang this new retailer for more information. They said that the previous tenant had signed a contract for the supply of electricity, so Ms C was obliged to honour the terms of that contract. Although she offered to forward a copy of her lease to prove she was not the tenant who signed, the new retailer told her she had no choice but to honour the contract or pay a termination fee. Ms C did not think it was fair that she should have to pay a penalty for ending a contract that she was not party to and contacted EWON for assistance.

EWON discovered that the previous tenant had signed a contract shortly before moving out. It had taken six months for the transfer process to be completed and now the site 'belonged' to the new retailer. Nevertheless, the new retailer acknowledged that the advice given to the customer was incorrect and she could not be forced to comply with a contract she had not signed. The retailer agreed to immediately transfer Ms C back to her chosen provider without charging a termination fee.

“
we take a fresh
approach to each
new call

”



improving access to EWON

direct community access

EWON continued to raise community access to our service by participating in a wide range of community events, festivals and information sessions. EWON's focus this year has been on isolated communities, Aboriginal and Torres Strait Islander communities, tenant organisations, and the South West Sydney region.

In addition to our major projects, we conducted information exchange sessions with a wide range of community and government organisations, including financial counsellors, legal and community health centres, interagency networks, neighbourhood centres and peak agencies. EWON had information stalls at events, including:

- Merrylands Multicultural Festival
- Gay and Lesbian Mardi Gras Fair Day
- Liverpool Spring Fair
- Chinese Information Expo, Kogarah
- Camden Chinese Market Gardeners Field Day
- Camden Seniors Information Expo.

access review – customer satisfaction survey

In early 2003 EWON surveyed around 300 customers, testing customer satisfaction levels with our complaint handling processes.

The key findings were:

- satisfaction with the outcome was reported by 81% of customers (up from 69% in 2001)
- successful outcomes were reported by around half the customers surveyed (no change from 2001)
- compromise or agreement had been reached by a further 30% (up from 20% in 2001)
- unsuccessful outcomes were far less common (6%, down from 18% in 2001)
- lodging the complaint was reportedly easy for almost all customers (94%, no change).

As part of EWON's service development program, the customer satisfaction surveys will be conducted every two years.

the future – 2003/2004 aboriginal outreach project

EWON has begun consultation and planning for an Aboriginal Outreach Project. We will recruit an Aboriginal Project Officer to implement the project in conjunction with our Community Development Officer and our Public Relations and Policy Team.

The Aboriginal Outreach Project aims to:

- raise awareness of EWON's free and independent service
- improve access to EWON by building strong links with Aboriginal communities and organisations
- identify electricity, gas and water related issues affecting Aboriginal people
- address the identified issues of concern with communities, member providers and other stakeholders.

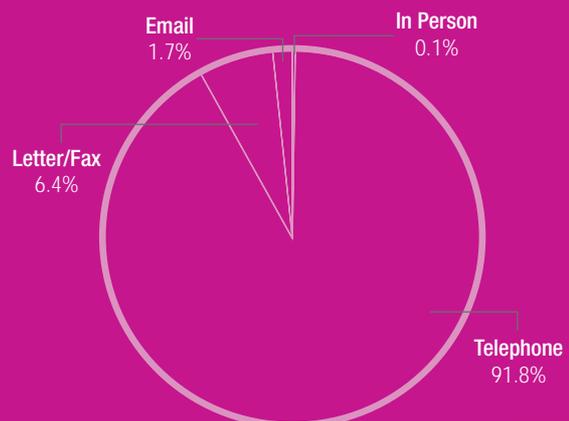
EWON will achieve these aims by:

- consulting with a range of stakeholders about the energy and water issues facing Aboriginal consumers in NSW and the best ways to resolve these issues
- developing some strategies to address the identified issues, in partnership with Aboriginal communities and EWON members where appropriate
- using evaluation strategies throughout the project to find out if we achieve the project aims.

Chart 1 – ease of access

More than 90% of customers choose to contact EWON by telephone.

Method of Contact





← 2003 Aboriginal Housing Office Conference in Coffs Harbour.



← ↑ Kogarah Chinese Information Expo – April 2003



Chart 2 – community contact

Contact from community groups and through EWON publications, media and promotional activities is increasing.

Outreach-related referrals – proportion of total referrals

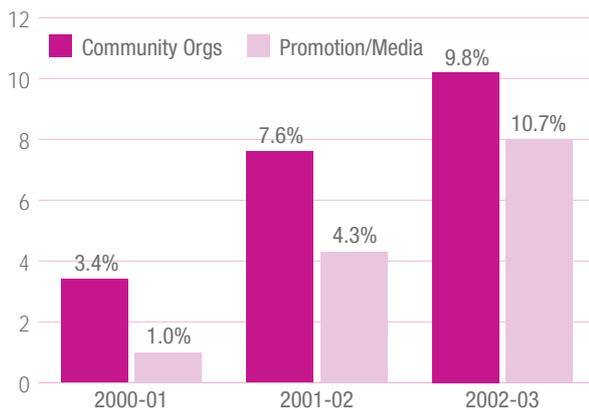
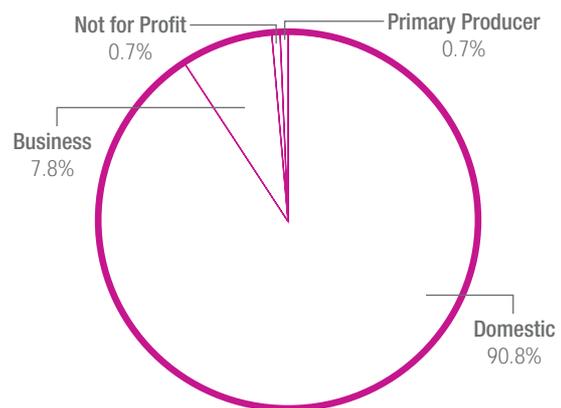


Chart 3 – customer status

Our focus on domestic and small business customers continues.

Matters closed by customer type



6242 matters

organisational structure

the EWON board of directors

The Board of Directors is responsible for corporate governance and funding for the scheme. The Board represents the electricity, gas and water provider members of EWON.

Geoff Lilliss, *Chairperson*

Terri Benson, Sandro Canale, Denise Dawson,
Linda Heane, Rod Howard, Kevin Murray

Helen Swan, *Company Secretary*

the staff investigations

Our Investigations team is made up of:

- specialist intake staff to deal with matters as quickly as possible
- ten Investigations Officers working full-time to investigate ongoing matters
- a manager and three senior officers to manage the team and deal with more complex cases
- project support to assist with training and provide other essential resources for the Investigations team.

public relations & policy

The Public Relations & Policy team promotes the scheme and raises awareness of EWON's functions within the community. We also identify systemic and other issues that affect consumers, and promote strategies within the industry to resolve these issues and reduce complaints.

corporate services

EWON's Corporate Services team provides essential administrative, IT and human resources support for the organisation.

the EWON council

The Council is chaired by an independent chairperson and comprises equal representation of industry and consumer interests. The Council is responsible for maintaining the Ombudsman's independence and acting as an intermediary between the Ombudsman and the Board.

Lionel Bowen, *Independent Chairperson (until end-2002)*

Professor Stuart Rees, *Independent Chairperson*

Trish Benson, Public Interest Advocacy Centre

Ron Craggs, Country Energy

John Degan, State Chamber of Commerce NSW

Chris Dodds, NSW Council of Social Service

Simon Draper, Integral Energy

Margaret Kilby, Ryde-Eastwood Financial Counselling Service

Robert Petersen, AGL

Colin Ridley, Sydney Water

the ombudsman

The Ombudsman is responsible for the management of EWON's day-to-day operation. In consultation with the Council, the Ombudsman develops procedures to pursue EWON's objectives in a just, fair, accessible and expeditious manner.



key learning and development initiatives

Alternative Dispute Resolution

In response to the increasing complexity of matters that are brought to EWON, and to ensure consistency in our investigations, we commissioned the development and delivery of *EWON Dispute Resolution* by Dr Gregory Tillett, a recognised expert in the field.

Dealing with Difficult Customers / Situations

EWON staff attended a number of training programs, including *Dealing with difficult customers and situations*, provided by Lifeline Western Sydney, to refresh and improve our skills in dealing sensitively and effectively with difficult situations that might arise with some customers. Training included risk management strategies for identifying and dealing with customers in crisis.

Professional Aboriginal Connections

For the past two years EWON has participated in a range of activities to establish links with Aboriginal communities, including *Professional Aboriginal Connections* provided by the Centre for Community Welfare Training.

Utilities Training

The complex and highly technical nature of the electricity, gas and water industries presents an additional challenge for our Investigations staff. EWON appreciates the time and effort of member and industry stakeholders in providing us with technical energy and water training designed to enhance the quality of our investigations.

“ we are committed to building upon staff skills and knowledge ”

financial statements

year ended 30 june 2003

STATEMENT OF FINANCIAL POSITION

	2003 \$	2002 \$
CURRENT ASSETS		
Cash	389,385	288,366
Receivables	887,689	9,956
Other	<u>31,355</u>	<u>45,981</u>
Total Current Assets	1,308,429	344,303
NON-CURRENT ASSETS		
Property, Plant & Equipment	<u>206,894</u>	<u>273,371</u>
TOTAL ASSETS	<u>1,515,323</u>	<u>617,674</u>
CURRENT LIABILITIES		
Payables	(340,703)	(184,519)
Income in Advance & Member Creditors	<u>(994,248)</u>	<u>(273,655)</u>
Total Current Liabilities	<u>(1,334,951)</u>	<u>(458,174)</u>
NET ASSETS	180,372	159,500
Representing:		
FUNDS & RESERVES		
Retained Earnings – Balance June 30, 2003	157,105	136,358
Provisions	<u>23,267</u>	<u>23,142</u>
TOTAL FUNDS & RESERVES	180,372	159,500

STATEMENT OF CASH FLOWS

	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Funding received (Members)	2,843,988	2,059,002
Interest received and Sundry income	15,609	17,134
Payments to Employees, Suppliers etc	(2,696,885)	<u>(2,157,546)</u>
Net Cash (Outflow)/Inflow from Operating Activities	162,712	<u>(81,410)</u>
CASH FLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES		
Receipts on Sale Plant and Equipment	–	–
Payments for Plant Equipment and Fitout	<u>(61,693)</u>	<u>(247,764)</u>
	61,693	<u>(247,764)</u>
NET (DECREASE)/INCREASE IN CASH HELD	101,019	(329,174)
CASH AT BEGINNING OF YEAR	<u>288,366</u>	617,540
CASH AT END OF YEAR	<u>389,385</u>	<u>288,366</u>



INCOME & EXPENDITURE STATEMENT

	2003 \$	2002 \$
INCOME		
Funding Received:		
Joining Fees & Establishment Fees	5,300	21,000
Operating Funding Provided by Members	3,122,228	2,019,229
Interest Received & Sundry Income	<u>15,609</u>	<u>17,134</u>
GROSS INCOME	<u>3,143,137</u>	<u>2,057,363</u>
Less EXPENDITURE		
Salaries & Oncosts	2,068,839	1,380,230
Operating Expenditure	825,699	721,226
Council & Board Costs	29,058	28,158
Project Costs	21,426	45,933
Fitout Costs (Minor Acquisitions & Fitout Amortisation)	50,843	25,325
Transfer – Funding in Advance/ (Brought to Account)	<u>126,400</u>	<u>(74,674)</u>
TOTAL EXPENDITURE	<u>3,122,265</u>	<u>2,126,198</u>
EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR 2003 (2002 Deficit)	<u>20,872</u>	<u>(68,835)</u>

These are draft accounts as at October 2003. A full set of financial accounts can be provided on application.



making a complaint to EWON

what can we do for customers?

EWON is committed to the provision of high quality, independent dispute resolution for energy and water consumers in NSW. EWON deals with complaints in a way that is just, fair and timely.

Generally we would expect customers to have tried to sort out the problem first with their provider. Following this we can:

- arrange for a senior person in the company to contact the customer directly about resolving their complaint
- seek information from the provider about the circumstances that led to the customer's complaint
- investigate complaints using all relevant information
- try to negotiate a settlement between the customer and their provider
- refer to appropriate organisations that may be able to help
- suggest other ways of resolving the dispute, if necessary.

In the end, the Ombudsman may make a decision to resolve the case.

customer rights

Customers have the right to:

- be kept informed of the progress of EWON's investigation into their complaint
- request that EWON keeps information about their case entirely confidential
- receive the outcome of the investigation of their complaint in writing
- ask for help if they don't understand information provided by EWON
- obtain interpreter or translator assistance if they have trouble understanding or communicating in English
- have their complaint reviewed by a more senior staff member if they are not satisfied with the result or conduct of the investigation.

customer feedback

"I really appreciate your time, effort and concern in helping me. Your customer service skills were outstanding"

"I would like to extend my heartfelt thanks to the EWON staff who provided an extremely professional and caring service to resolve a billing problem quickly and without fuss"

"I would like management to know that they have excellent staff who have a happy and understanding attitude to customers. Keep up the good work!"

"I have acquired an insight into the importance of your office in mediating between the relatively defenceless customers, and large companies"

how can you contact EWON?

You can contact us by phone, fax, mail, email or in person or visit our website www.ewon.com.au. Full contact details are provided on the back of this annual report.



Energy & Water Ombudsman NSW
Level 14 323 Castlereagh Street Sydney NSW
PO Box K1343 Haymarket NSW 1240
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Email info@ewon.com.au Web www.ewon.com.au
ABN 21 079 718 91