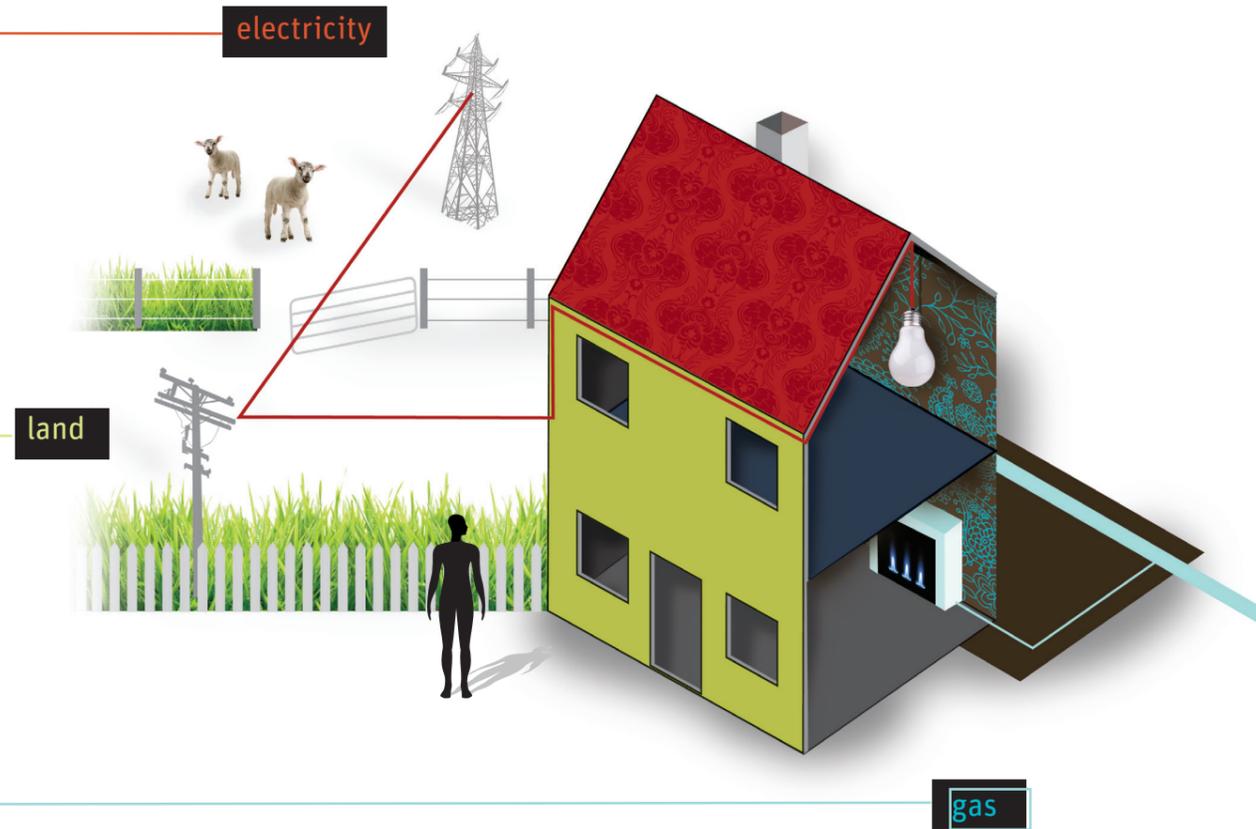


The electricity and gas complaints commissioner's role is to resolve disputes between consumers and their electricity or gas company.

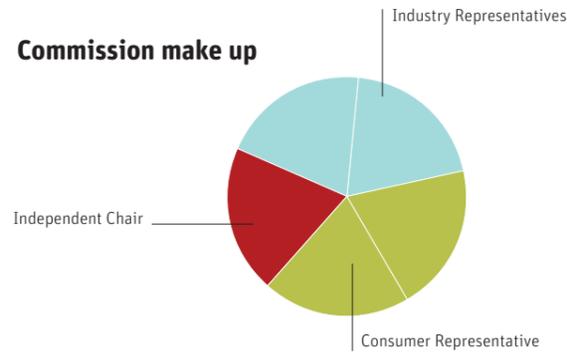
The service is independent, accessible, fair, effective and free to consumers.



Message from the Chair



Richard Janes Independent Chair



Early in the 2008-09 year, the Commission received a report from John Wood (a former Deputy Commonwealth Ombudsman in Australia) on the efficiency and effectiveness of the Commissioner's processes for handling complaints. The review concluded that "The EGCC is an impressive organisation with excellent leadership, good management and dedicated, engaged and enthusiastic staff".

Some changes to the constitution, however, were recommended to improve the performance of the Commissioner's office and of the Scheme as a whole. A Scheme Amendment Committee then approved changes to the Commissioner's Terms of Reference, and these came into effect on 8 December 2008.

The Commission referred recommendations on changes to funding to the EGC Board for consideration. The Board, after seeking independent advice, recommended changes to members and these came into effect on 1 January 2009.

A major milestone for the Commission this year was the submission in December 2008 of the application for the Scheme to be the approved consumer complaint resolution scheme for the electricity and gas industries. The Commission and the EGC Board jointly made the application.

In February 2009, the EGCC Scheme was selected as the preferred provider for a comparative assessment between approving the EGCC Scheme, the status quo or regulation.

Our submission for approval was complicated by key members deciding to not make the changes to the constitution needed to make our scheme fully compliant with the published requirements of the Electricity Commission and Gas Industry Co.

At the time this report goes to print, the Electricity Commission and Gas Industry Co are considering submissions and are yet to make a decision.

Electricity and Gas Complaints Commission

Therese O'Connell	Brenda Simmons	Jocelyn Turner	Grantley Judge
Consumer representative	Consumer representative	Vector	Meridian Energy

As part of preparing the scheme for approval, the Commission identified key performance indicators for the scheme and, irrespective of the approval process, the Commission has resolved to adopt most of these KPIs for the 2009-10 year. The Commission acknowledges the continued interest of members in two important KPIs – time to close cases and the average cost per case. The Commission is hopeful the funding changes in particular will reduce time cases are open and the average cost per case – as it believed (and John Wood agreed) the previous levy system had a negative impact on both of these. This was shown last year as performance on these two indicators dropped in 2008-09, but the Commissioner reports her office is already on track for significantly improved settlement times and average cost per case in the 2009-10 year.

The Commission recognises the adverse economic situation must have an impact on our planning. The Commission carefully reviewed the 2009-10 budget with a determination to cut costs where possible. One of these budget measures is a total salary freeze for the 2009-10 year.

It has been a busy year for both the Commission and the Commissioner. I would like to thank Commission members and the Commissioner for the commitment and professionalism they have demonstrated over the year. I would also like to thank members of the Scheme Amendment Committees which have been convened to make the changes to the constitution – both in response to the efficiency and effectiveness review and to amend the Scheme to meet the regulators' requirements.

Message from the Commissioner



Judi Jones Commissioner

The role of the Electricity and Gas Complaints Commissioner continues to be an interesting and challenging one. My primary duty is to facilitate the resolution of complaints about members of the scheme. I am also required to act independently to ensure the scheme is accessible to those who have complaints and to promote the scheme.

I recommended last year that the Commission independently review the efficiency and effectiveness of our complaint handling. As Richard Janes has noted in his comments, John Wood, a former Deputy Commonwealth Ombudsman from Australia conducted the review. While concluding we were generally doing “a first rate job”, John Wood recommended some changes to our practice and to the constitution.

As a result of the report’s recommendations, two changes were made to the Commissioner’s Terms of Reference, effective from 8 December 2008. These were to allow us to obtain a waiver of confidentiality from complainants over the telephone, and to reduce the waiting period following preliminary and final recommendations from 20 to 15 working days. Both of these changes reduce the time to resolve complaints.

Also following the report’s recommendations, members changed the structure of the levies. This change was effective from 1 January 2009 and I believe has the potential to reduce the overall cost per case and the time to resolve complaints.

In carrying out my duties as Commissioner, I owe thanks to several groups of people.

To members, who have continued to support the scheme and to work with my office to resolve complaints from their customers. To the organisations that support consumers, for providing a resource for us and for working with consumers to resolve complaints. To my staff, for continuing to work hard with professionalism and commitment to resolving complaints. To the Commission, for providing support, guidance and challenge in a positive and consistent manner. And to Richard Janes, for providing calm and wise advice and being readily available whenever needed.

Energy profile 08/09

	electricity	gas	dual	land	other	Total
Enquiries	631	48	20	9	269	977
Complaints	519	24	26	9	7	585
Investigations	65	0	1	0	0	66

Enquiries and Complaints



1807
06
07

1855
07
08

1562
08
09

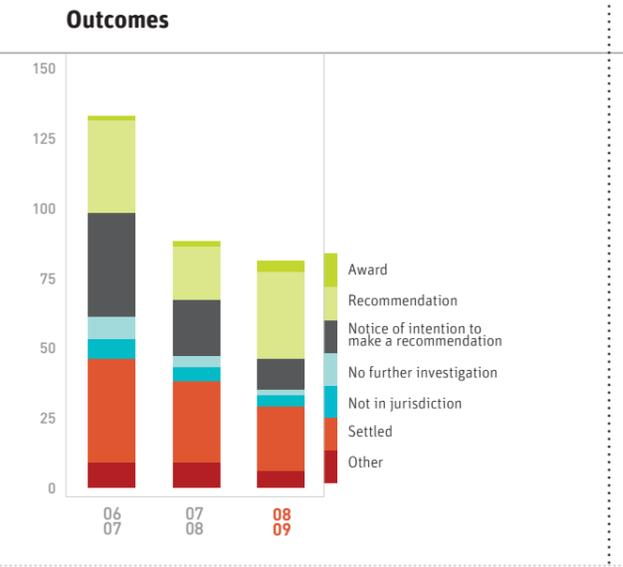
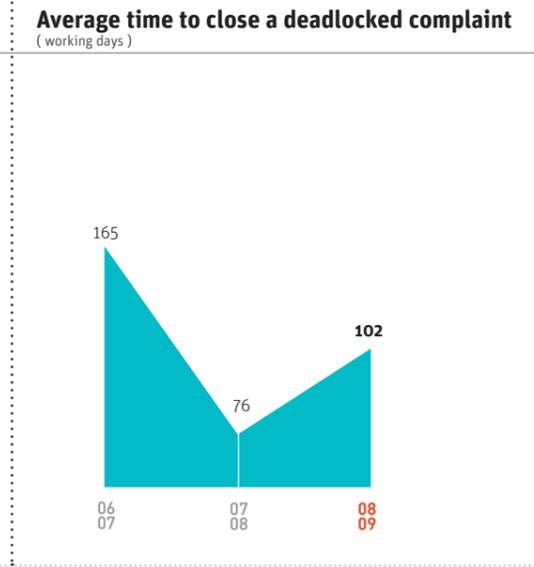
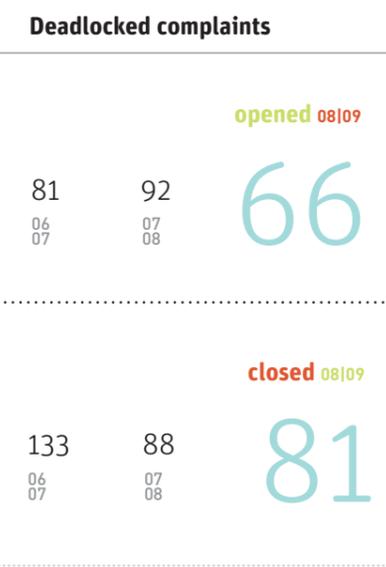
Enquiries and complaints

The number of people contacting the office has dropped (from 1855 total enquiries and complaints last year to 1562 this year). The proportion between complaints and enquiries has changed – we received about the same number of enquiries (977 this year compared to 1033 last year) but saw a fall in the number of complaints (585 this year and 822 last year).

Overall we have found the work in responding to complaints and enquiries has remained about the same, despite the decrease in numbers. We often need to get further information from an enquirer (especially when the enquiry comes via mail or email), or check with other organisations about the best place to refer the person’s issue.

An important aspect of the Electricity and Gas Complaints Commissioner Scheme is that complaints are first referred to the company itself for resolution. However, as noted in last year’s annual report, not every consumer knows this. The fall in numbers of people contacting us directly to make a complaint suggests that people are now more likely to contact the company first. This is a positive development. However, our mystery shopper survey of company call centres shows companies do not uniformly provide good quality information to people who are enquiring about a complaint (see further information under “Raising awareness of the scheme” below).

Complaint issues (%)	06 07	07 08	08 09
Billing	40.7	45.6	41.2
Customer Service	9.6	13.4	16.4
Debt	8.0	6.7	5.6
Disconnection	15.7	9.5	6.0
Land	1.3	1.8	1.1
Lines	3.0	3.6	2.4
Meter	7.9	8.1	10.8
Provision	1.8	2.3	2.2
Supply	8.2	9.1	6.8
Switch	1.8	1.9	2.7
Other	2.0	3.0	4.8



In terms of issues raised in complaints, the trend over the past year has remained relatively consistent with previous years – apart from the fall in complaints about debt and disconnections.

Retailers have avoided using disconnection as part of their credit process, following the death of a disconnected customer in 2007. We have recently begun receiving calls about imminent or recent disconnections where the debt has accumulated to over \$2,000. A debt of this size makes it difficult for Work & Income to provide support, and difficult for the customer and the company to get payments back on track.

The most common cause of a complaint to the office is a problem with a bill (41.2% this year, 40.6% in 2007-08 and 40.7% in 2006-07). The main issues customers report on billing complaints are unexplained high billing (24%), a backbill (16%), or an error on the bill (15%).

We have updated our High Billing Fact Sheet to include information about heat pumps and their effect on electricity bills. We have noticed use of heat pumps has replaced oil filled heaters as a frequent cause of an unexpected high bill. In updating our fact sheet, we used information from BRANZ (which included use of data from the Household Energy End-use Project).

Deadlocked complaints

The number of complaints reaching deadlock reduced over the year. In 2007-08, 92 people asked us to consider their complaint. In this year, the number was 66. However we closed 81 deadlocked complaint files during the year – almost the same number as in 2007-08 (88 files closed). When considering the output of the office, the number of files closed is as significant as the number of files opening.

The early focus in considering complaints is on exploring options for settlement. The processes used to do this include mediations, facilitated conference calls, shuttle negotiation, site visits, and expert reports. Sometimes, merely an exchange of information combined with a telephone discussion between the parties is sufficient to have the company and complainant find some common ground and be able to settle the complaint.

The issues in deadlocked complaints have continued to become more complex and when this factor is combined with the previous incentive from the levy system for members to seek a decision from the Commissioner rather than settle the complaint at an earlier stage, it has meant files took longer to close.

In 2007-08 we noted the fall to 76 working days as the average days a deadlocked complaint file is open. In this year, the average days open rose to 102. This is an important key performance indicator for the office, and we were not satisfied with this performance. The change to the levy system (effective 1 January 2009) and the reduction of times for responses to draft and final recommendations (effective 8 December 2008) will help reduce the time files are open. We have also been reviewing the way we approach deadlocked complaint files and finding ways to improve timeliness. This includes improving the interactions with both companies and complainants, as some of the delays in resolving files come from delays in responses from people outside the office.

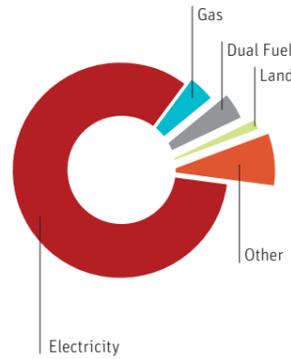
The good news is we have already noticed an improvement in the time to close deadlocked complaint files and we will continue to keep a focus on this indicator.

The average cost per case this year was \$1070, which is up from \$830 last year. This includes four extraordinary items – the review of the consumer codes of practice (started in 2007-08), working with the Board to amend the constitution and to prepare the application for approval, and responding to the Consumer Guarantees Act proceedings. If the direct costs of that work is excluded, the average cost per case was \$980. We will be working hard this year to reduce that figure.

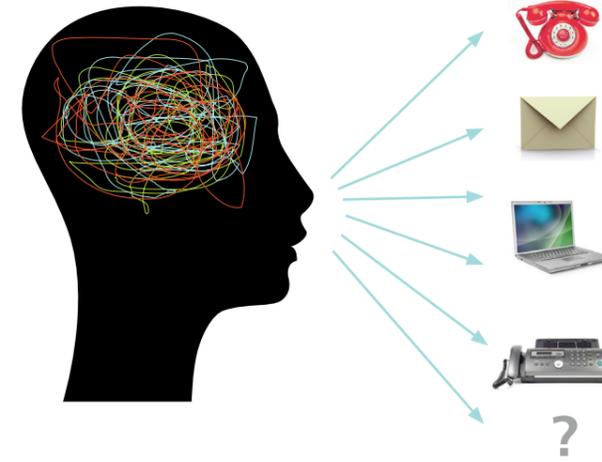
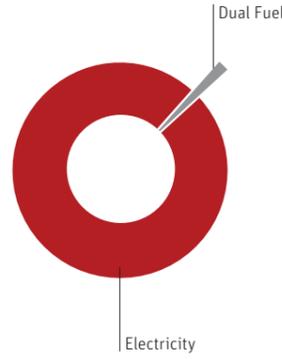
As noted above, we closed 81 deadlocked complaint files this year. Of those, 23 closed after the parties agreed to settle the complaint. A further 11 closed when the parties reached agreement after the Commissioner had given the parties notice of a proposed recommendation. The Commissioner made a final recommendation in 35 files, and in 4 of those files, the company did not accept the recommendation, meaning the Commissioner had to issue a binding award. Overall, the low settlement rate meant the Commissioner issued 85 decisions (preliminary, final or binding) over the year.

Deadlocked complaint issues (%)	08 09
Billing	34.7
Customer Service	16.3
Debt	0.0
Disconnections	7.1
Meter	13.3
Supply	15.3
All Other	13.3

Complaint profile



Deadlocked complaint profile



How people contacted us

	06 07	07 08	08 09
Phone	86.1%	81.1%	83.9%
Letter	3.7%	5.2%	4.1%
Email	8.8%	11.9%	7.4%
Web	NA	0.1%	1.6%
Fax	1.2%	1.2%	1.1%
Other	0.2%	0.5%	1.9%

While the Commissioner's terms of reference provide that she may recommend a fair and reasonable settlement of a complaint, her primary duty is to facilitate resolution of complaints. The Commissioner will only make a recommendation if the parties are not able to settle the complaint by agreement.

The issues raised in deadlocked complaints follow a similar pattern to those raised in complaints, with a problem with a bill being the most common issue reported. However the proportions are slightly different from complaints, with billing an issue in 34.7% of deadlocked complaints compared with 41.2% of complaints.

Supply issues make up the difference: 6.8% of complaints included a problem with supply, compared with 15.3% of deadlocked complaints. This difference explains the changing proportion between retail and lines companies for complaints and deadlocked complaints. Complaints about lines companies represented 19.1% of complaints, but 30.8% of deadlocked complaints. In 2007-08 the proportion was 22.3% of complaints and 38% of deadlocked complaints.

Complaints from gas customers continue to remain low. In this last year no gas complaints reached deadlock, and only one complaint involving a dual fuel account reached deadlock. Gas customers only represent around 12% of customers covered by this scheme, so it is not surprising that their representation in complaints and deadlocked files are low.

Complaints from owners and occupiers of land (as opposed to consumers of electricity or gas) were also low over the past year – we received nine enquiries and nine complaints but no complaints reached deadlock.

Systemic issues

A systemic issue is one that has the potential to affect more than one person. Recording systemic issues is a key practice in effective consumer complaint handling schemes, and the Commissioner's terms of reference require her to "identify the source of practice giving rise to similar complaints."

Our approach with systemic issues is to refer the issue to the company involved. In most cases, this resolves the issue for the particular customer. The Commissioner's terms of reference do not empower us to take the matter further than that.

Potential systemic issues identified over the last year included:

- A company providing comparative prices with inconsistent inclusion and exclusion of the GST component
- Notification of price increases with less than 30 days notice (required by the electricity and gas consumer codes of practice)
- Customers being transferred to a loyalty programme without first being provided the conditions of the programme
- Incorrect wiring of replacement meters (as part of a general replacement of old meters with 'smart meters')
- Customers not knowing (and not being able to find out) about the configuration of the relay – for example that the relay is programmed to provide an afternoon boost

Consumer Guarantees Act litigation

Retailer members of the scheme issued court proceedings to clarify the way the Consumer Guarantees Act applies to electricity as a "good". The High Court hearing took place over two days in late January and as this report is finalised, we are still waiting for the judgment.

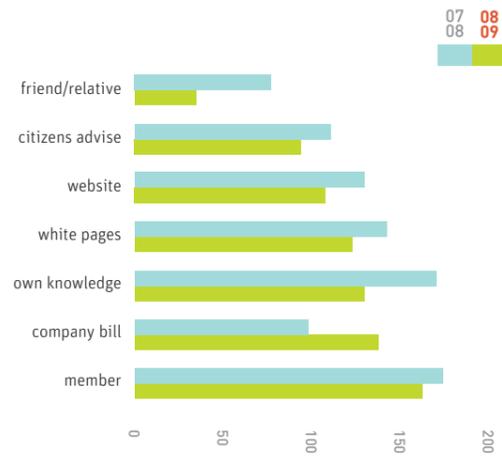
Once the judgment is released, we will be able to finalise the eight deadlocked complaint files which have been suspended while we await clarification from the court.

Complainants

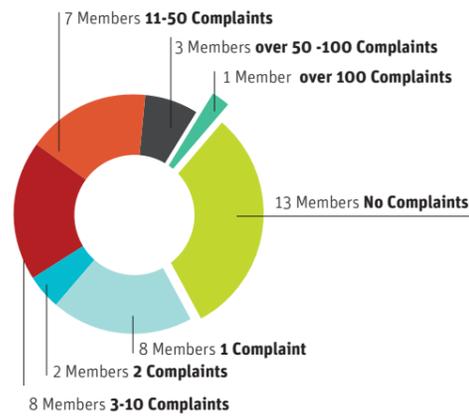
Most complaints continue to come from residential customers (83.4%). Other complainants were businesses (8%), not for profit agencies (2.6%) or other entities.

Most people continue to contact us by phone (83.9%). We noted in 2007-08 that an increasing percentage of people were using email or our web contact form to make the initial contact with our office – this trend has changed slightly with 9% of people making their initial contact electronically.

How complaints were referred- Top 7



Member profile



Cases by Retail and Lines Company

	Complaints %			Deadlocked Complaints %		
	06 07	07 08	08 09	06 07	07 08	08 09
Retail Members	80.5	77.7	80.9	66.7	62.0	69.7
Line Members	19.5	23.3	19.1	33.7	38.0	30.3

We ask people contacting our office how they found out about us. Complainants identified the company as the source of information in only 10.5% of cases. Other places people found out about the scheme included the white pages of the phone book, or their own knowledge.

Requests for internal review

Our internal policy says a party dissatisfied with the way their complaint was handled may ask us to review the file. This is not a merits review of the outcome of the complaint but a review of the process by which we handled their complaint. We received two requests for an internal review during the year. The finding of both reviews was the complaints process had been appropriate.

Members

We were pleased to welcome two new members this year – Wellington Electricity Lines (who purchased the Wellington electricity lines network from Vector) and Powershop (a subsidiary of Meridian Energy). A list of members is included at the end of this report.

Member representation in the work of the office varies, as would be expected from the varying size and activity of our members. We received no complaints about 13 of our members, but one member had over 100 complaints.

In the last year we held our two regular forums for company representatives. These forums continue to be well attended and valued by those attending. In recognition of the costs for members of travelling to Wellington for these forums, we have decided to only hold one forum this year.

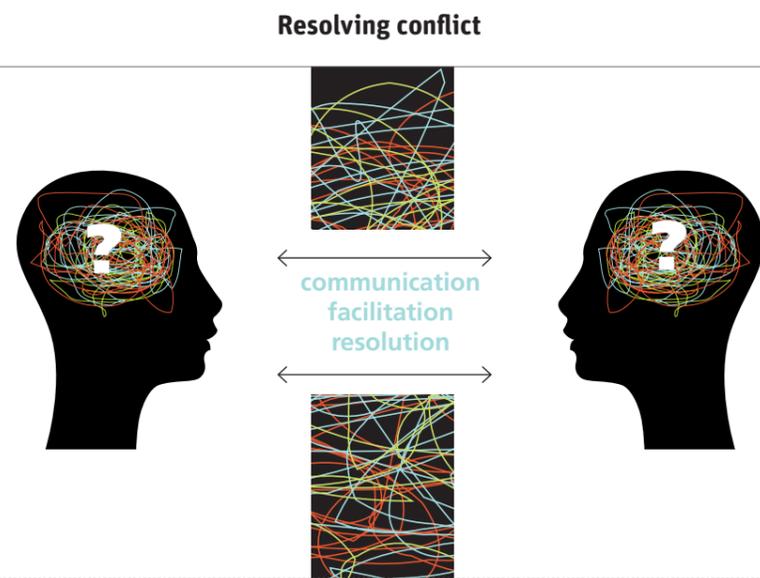
Raising awareness of the scheme

We have continued to take a low key approach to increasing awareness of the scheme with the general public, instead focusing our attention on social and consumer agencies where people are likely to go when they have an electricity or gas problem. We have provided materials on request to these agencies and responded to invitations to speak where appropriate. The Commissioner participated in three combined forums with the Banking Ombudsman and Insurance & Savings Ombudsman – in Gisborne, Napier & Hastings and Porirua. Taking part in combined forums is efficient and effective for the participating schemes, and for those attending who get the benefit of a three in one seminar.

Over the year we have kept in contact with Consumer NZ, NZ Federation of Family Budgeting Services, community law centres, Citizens Advice Bureaux, Federated Farmers, Business NZ, Greypower, the Major Electricity Users Group and the Domestic Electricity Users Group.

The Commissioner's terms of reference require her to 'promote the scheme' and member companies are required to have information about membership of the scheme on their websites and tell customers about their complaints process (including membership of the scheme). To check the extent to which members comply with these requirements, we review member websites annually, and survey member call centres by conducting a 'mystery shopper' exercise.

We generally find member websites provide information about complaint processes (including membership of the scheme), but the results are not so positive from the call centre survey. We found only 22% of those spoken to volunteered information about the scheme, and in 40.7% of cases, incorrect information was given. This included giving contact details for the Electricity Commission (rather than the scheme) or saying there was no independent complaints resolution process available.



Our staff

Staff numbers have remained stable over this last year. We regularly review workloads and staff numbers and believe that for now, staffing levels are right.

However there have been some changes. We farewellled Fiona Day (assistant to the Manager Conciliation) and welcomed Sarah Watts as her replacement. Andrew Pratley (conciliator) left, and Moira Ransom (Assistant Manager Conciliation) left on 12 months leave without pay in January 2009. Joel Pearce joined the conciliation team in January, and Jerome Chapman has taken on the Assistant Manager Conciliation role while Moira is away.

We continue to participate in the Best Work Places Survey as well as use a 360° appraisal. Results from the BWP survey were again very positive, and we hope to maintain these results in the coming year.

Other work and activities

We provided support to the Commission and Board in preparing the application for approval submitted to the Electricity Commission and Gas Industry Co. As part of that work, we also provided support to the Commission and Board in making changes to the constitution to meet the regulators' requirements.

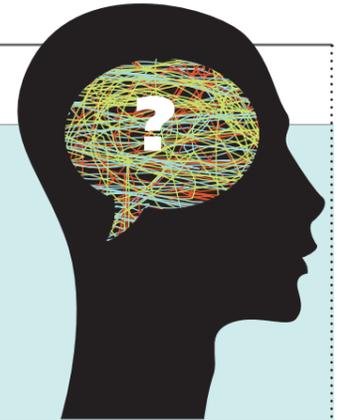
We have continued to participate in the Australia and New Zealand Energy & Water Ombudsman Network (ANZEON) and the Australia and New Zealand Ombudsman Association (ANZOA). ANZEON comprises the Ombudsmen from six schemes (NSW, Victoria, Queensland, Western Australia, Tasmania and New Zealand). ANZOA has eighteen members from industry ombudsmen schemes, State and Commonwealth Ombudsmen from Australia and the Chief Ombudsman from New Zealand.

Our memberships of ANZEON and ANZOA provide opportunities for sharing best practice, benchmarking and sharing resources.

Unplanned Outage:

they would not pay compensation as the outage was caused by bad weather.

01



The case

Mr Zibo was without power for six hours. When he complained to his retailer, his retailer told him it would not pay compensation as the outage was caused by bad weather. Mr Zibo said he had a medical condition and had asked his retailer to tell him of any power cuts.

Mr Zibo did not believe the weather had been bad at the time. Mr Zibo said he thought he was entitled to compensation under the Consumer Guarantees Act. Mr Zibo also said his retailer knew about his health problems and he was entitled to be told about an outage as soon as his retailer or the network company knew about it.

The outcome

Following an investigation, the Commissioner did not uphold the complaint.

The Commissioner said weather and log reports all confirmed there were significant storm conditions in the area during the period referred to.

Mr Zibo's contract with his retailer said his retailer was not liable for events beyond its control. As weather caused the outage, Mr Zibo's retailer did not have to compensate him.

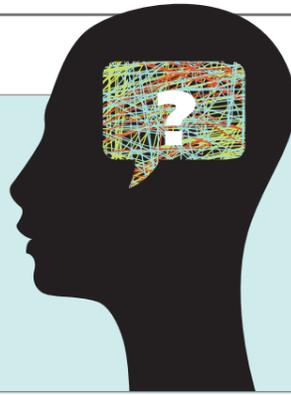
The Commissioner said Mr Zibo's ill health did not mean his retailer had to give him notice of unplanned outages caused by storms.

The Commissioner also found Mr Zibo's retailer had dealt appropriately with Mr Zibo's complaint.



Gas pressure:**the gas pressure was not sufficient to run the water heater**

02

**The case**

Mrs Abbott bought a new gas hot water system and a gasfitter installed it at her home. The gasfitter told her to contact her retailer, as she needed a gas pressure upgrade to make the hot water system work properly.

Mrs Abbott called her retailer and the customer service representative accepted her request for an upgrade, saying the job would take about 12-15 days.

Mrs Abbott contacted the retailer on numerous occasions after asking for the work to be done. It was not until after the 15 day period had expired that the retailer told her of a problem which eventually prevented an upgrade of the gas pressure.

Mrs Abbott was without hot water for almost a month. She claimed this created many problems without considering the unnecessary expense related to the purchase and fitting of a new cylinder. She was also extremely disappointed in the way in which the retailer had both dealt with her and managed the complaint.

In addition, Mrs Abbott was left with little choice other than to install an LPG system to run the new hot water cylinder. This involved, among other things, having two large gas cylinders outside her house.

The outcome

The Commissioner's office looked into Mrs Abbott's complaint.

The Commissioner noted it was the gasfitter's responsibility to ensure the gas pressure was suitable for the gas appliance he was installing, before he installed the appliance. However, the gasfitter had installed the

appliance and told Mrs Abbott to contact her gas retailer to sort out the problem with gas pressure.

Mrs Abbott's retailer initially told Mrs Abbott it would take 12-15 days to upgrade the gas pressure. Her retailer did not tell her it had to check with the gas network company to see if it was possible to upgrade the gas pressure (in some areas, this is not possible). Neither did Mrs Abbott's retailer make it clear to Mrs Abbott a quote had to be obtained and Mrs Abbott would have to agree to pay for at least part, if not all, of the work.

It was not until 17 days after Mrs Abbott's first request that her retailer told her there were 'technical problems' with the upgrade. This was because there was general low gas pressure in the area in which Mrs Abbott lived. After discovering this difficulty, Mrs Abbott's retailer worked hard to see what could be done to ensure Mrs Abbott's gas hot water system worked properly. Meanwhile, Mrs Abbott continued to live without hot water.

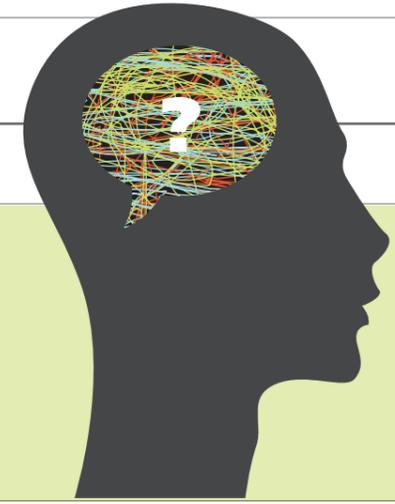
However, in the end Mrs Abbott's retailer could not fix the problem. Mrs Abbott had to install a new gas hot water system that would work on bottled gas.

In trying to fix the problem, the Commissioner noted Mrs Abbott's retailer had spent \$75 on a new regulator, and \$1,012.50 in having a technician visit the site. Mrs Abbott's retailer had also sent Mrs Abbott a gift basket costing \$50.

The Commissioner noted Mrs Abbott's retailer had failed to give her accurate information about the process, which was frustrating and difficult for Mrs Abbott. The Commissioner recommended Mrs Abbott's retailer pay her \$225 in settlement of her complaint.

Prepaid meter:**the prepay electricity meter had not recorded his electricity accurately**

03

**The case**

Mr Rossiter complained to the Commissioner's Office after his retailer advised him that his prepay electricity meter had not recorded his electricity accurately.

Mr Rossiter's retailer had visited his property to fix a problem with his prepay meter. Shortly afterwards, Mr Rossiter's retailer wrote to Mr Rossiter to say the meter had been faulty and Mr Rossiter had not paid for all the electricity he had used. Mr Rossiter's retailer said Mr Rossiter had to pay \$700 extra.

Mr Rossiter's retailer started applying half of Mr Rossiter's purchases of credits for future electricity use towards the back bill.

Mr Rossiter did not agree he had used as much unbilled electricity as his retailer claimed.

Mr Rossiter also complained that his retailer had not responded to his complaint and he had to contact his MP to get something done.

The outcome

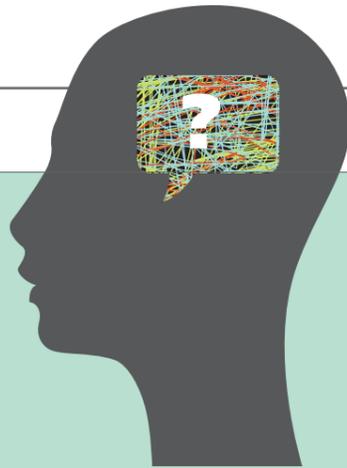
After the start of the investigation by the Commissioner's office, Mr Rossiter's retailer offered to reduce the amount Mr Rossiter would have to pay. Mr Rossiter did not accept this, as his retailer had not explained how the fault occurred nor how his retailer had calculated the amount owing. Mr Rossiter was also still unhappy about the customer service he had received.

Mr Rossiter counter-offered \$500, based on a lower amount of electricity estimated to have been used. Mr Rossiter said if his retailer accepted this, he would pay in one sum, rather than having the amount taken off purchases of credits for future electricity use. Mr Rossiter also wanted confirmation his making a complaint would not negatively impact on future dealings with his retailer.

Mr Rossiter's retailer accepted this proposal and the complaint was settled.



Low Voltage:

the property was below
the regulation voltage

04



The case

Mr Tanner complained to the Commissioner's Office after his retailer declined to accept any liability for the quality of the electricity it supplied to his property.

Mr Tanner said that for almost six months, electricity supplied to Mr Tanner's property was below the regulation voltage. The low voltage had damaged electrical appliances in his home. For example, he could rarely close his garage door, nor could he watch television with any certainty of reception. Mr Tanner also expressed concern about the possible long term damage to other appliances in his home.

The network company accepted the voltage at Mr Tanner's property was too low and told him 'appropriate action will be taken to rectify this situation'.

However, six months later Mr Tanner was still waiting for the network company to do the work.

Mr Tanner complained to his retailer, asking the retailer to:

- Credit his account with 25% of the electricity charges from the date the quality infringed the regulation to the date the problem was fixed
- Confirm the fault had been repaired
- Inspect his appliances and replace any that were found to have been affected by the low voltage

Mr Tanner's retailer said it did not accept liability under the Consumer Guarantees Act. Mr Tanner's retailer explained it had made reasonable efforts to work with the network company to resolve the supply problems.

The outcome

During the investigation by the Commissioner's Office, the lines company accepted that voltage was a matter related to its network.

The network company replaced the transformer. After further discussion between the Commissioner's office, Mr Tanner's retailer and the network company, the network company offered to:

- Replace the cable within two weeks
- Put a voltage logger at Mr Tanner's house for a week and give Mr Tanner the results
- Pay Mr Tanner \$500
- Have an electrical inspection agency check Mr Tanner's appliances
- Consider replacing any appliances found to have been damaged

Mr Tanner said he was not wanting all his appliances checked – the only ones he was concerned about were his fridge, freezer, garage door, entertainment system and television. Mr Tanner also wanted more certainty about whether damaged appliances would be replaced.

Mr Tanner and the network company agreed that it would replace or repair any of appliances that were found to have been fundamentally damaged by the low voltage.

Audit Report to the Members

ELECTRICITY & GAS COMPLAINTS COMMISSION

We have audited the attached financial report on pages 18 to 22. The financial report provides information about the past financial performance and financial position of the Electricity & Gas Complaints Commission as at 31 March 2009. This information is stated in accordance with the accounting policies as attached.

COMMISSIONS' RESPONSIBILITIES

The Commission is responsible for the preparation of the financial report which gives a true and fair view of the financial position of the Electricity & Gas Complaints Commission as at 31 March 2009, and of the results of operations for the year ended 31 March 2009.

AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Commission and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Commission in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Electricity & Gas Complaints Commission's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Our firm has no interests or relationship with the Electricity & Gas Complaints Commission

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Electricity & Gas Complaints Commission as far as appears from our examination of those records; and
- the attached financial report:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of the Electricity & Gas Complaints Commission as at 31 March 2009, and the results of their operations for the year ended on that date.

Our audit was completed on 18 May 2009 and our unqualified opinion is expressed as at that date.

Chartered Accountants

WELLINGTON

Statement of Financial Performance

	This Year	Budget	Last Year
For the year ended 31 March 2009	2008 09		2007 08
Levy Income			
Fixed Levies	920,385	920,385	844,687
Fixed Levies Refunded	(186)	-	-
Variable Levies	805,248	808,689	749,588
2009 Year End Adjustment	169,005	-	-
Variable Levies Refunded	(151,807)	-	(44,460)
Total Levy Income	1,742,645	1,729,074	1,549,815
Plus Other Income			
Expert Advice Cost Recovery	1,870	-	7,069
Interest Received	45,175	-	24,259
Other Income	6,227	-	12,248
Total Other Income	53,272	-	43,576
Total Income	1,795,917	1,729,074	1,593,391
Less Expenses			
ACC Levy	2,839	3,951	3,109
Accommodation & Travel	24,698	30,000	12,244
Auditor's Fees	8,813	7,000	6,645
Contingency	-	133,000	-
Commission Member Fees	72,001	52,000	48,169
Commission Expenses	6,821	5,000	50,092
Communications and Marketing	37,025	70,365	45,295
Computer Support	24,447	20,060	21,505
Constitutional Issues	95,310	55,000	22,361
Contractors & Temporaries	6,757	5,000	7,221
Depreciation	52,754	56,700	59,433
Provision for Doubtful Debtors	11,775	-	38,752
Entertainment Expenses	8,558	8,800	4,609
General Expenses	12,977	14,000	11,936
Insurance	9,578	9,500	9,222
Library Expenses	8,399	10,000	8,970
Payroll Expenses	1,330	1,306	1,339
Photocopier Lease Payments	4,600	6,504	3,954
Premises Expenses	170,348	156,200	139,844
Professional Development	19,417	38,600	27,875
Professional Advice	129,579	148,441	58,182
Experts - Non-Legal	2,500	-	6,995
Recruitment	5,635	5,000	165
Salaries & Wages	904,346	895,997	919,973
Stationery, Copying, and Postage	16,437	12,000	10,851
Telecommunications	33,248	25,000	28,165
Total Expenses	1,670,192	1,769,424	1,546,906
Net Surplus (Loss)	\$125,725	(\$40,350)	\$46,485

Statement of Movement in Equity

	This Year	Last Year
For the year ended 31 March 2009	2008 09	2007 08
Accumulated Surpluses		
Opening Accumulated Surpluses	276,591	230,106
Plus		
Net Surplus for the Year	125,725	46,485
	402,315	276,591
Accumulated Surpluses as at 31st March 2009	\$402,315	\$276,591

Statement of Financial Position

	Note	This Year 2008 09	Last Year 2007 08
Current Assets			
The National Bank of New Zealand - Cheque		46,719	61,067
The National Bank of New Zealand - Call		183,428	303,370
Prepayments		1,577	3,691
Levies Receivable		336,100	135,329
Provision for Doubtful Levies		(39,827)	(38,752)
Total Current Assets		527,997	464,705
Fixed Assets	2	86,011	131,227
Total Assets		614,008	595,932
Less Liabilities:			
Current Liabilities			
Accounts Payable		60,271	130,062
2007 Surplus Refundable		62,918	-
Provision for Annual Leave		39,392	38,846
Income Received in Advance		-	112,500
GST Payable		49,112	37,933
Total Current Liabilities		211,693	319,341
Net Book Value of Assets		402,315	\$276,591
Represented By:			
Accumulated Surpluses As At 31st March 2009		\$402,315	\$276,591

For and on Behalf of the Commission 18 May 2009



Richard Janes Chair



Judith Jones Commissioner

Notes to the Financial Statements



1. Statement of Accounting Policies

Reporting Entity

The Commission is an Unincorporated Association.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of results and the financial position and unless otherwise stated is historic cost.

Specific Accounting Policies

Differential Reporting

The Commission is a qualifying entity for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Commission has taken advantage of all differential reporting exemptions except for the fact that the Financial Statements have been prepared on a GST exclusive basis.

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is provided on a Diminishing Value or Straight Line Basis using the maximum rates allowed by the Inland Revenue Department. The principal rates in use are -

Leasehold Improvements	11.4% - 16.6% DV or SL
Office Furniture & Improvements	9% - 80.4% DV
Computer Equipment	26.4% - 60.0% DV or SL
Database	33.0% - 48.0% DV or SL

Receivables

Receivables are stated at expected realisable value.

Goods and Services Tax

The Financial Statements have been prepared on a Goods and Services Tax exclusive basis.

Changes in Accounting Policies

There have been no changes made to the accounting policies during the year ended 31 March 2009. All policies are applied on bases consistent with the standards of the New Zealand Institute of Chartered Accountants.



2. Fixed Asset Schedules

Depreciation

The following gives details of the cost or valuation of assets and depreciation written off to date:

This Year	Cost or Valuation	Depreciation For Year	Accumulated Depreciation	Book Value This Year
Office Furniture	68,538	5,205	42,731	25,807
Leasehold Improvements	93,961	15,095	55,060	38,901
Computer Equipment	148,737	15,774	136,567	12,170
New Database	51,951	16,680	49,818	2,133
Intranet	7,000	-	-	7,000
	370,187	52,754	284,176	86,011

Last Year

Office Furniture	68,538	6,566	37,526	31,012
Leasehold Improvements	92,861	15,009	39,965	52,896
Computer Equipment	142,298	20,950	120,793	21,505
New Database	51,951	16,908	33,138	18,813
Intranet	7,000	-	-	7,000
	362,648	59,433	231,422	131,226

3. Commitments

The Commission has the following operating lease commitments:

	2009	2008
Current	150,762	112,047
Non-Current	188,453	280,180
Total	\$339,215	\$392,227

The Commission

Independent Chair

Dr Richard Janes

Appointed December 2007, current term expires December 2011

• Dr Janes is a professional director who brings considerable experience to the role

Current directorships include:

- Deputy Chair AsureQuality Limited
- Director New Zealand Institute for Plant and Food Research Limited
- Director Gallagher Holdings Limited
- Director CentrePort Limited
- Director LEK Consulting Pty Limited
- Deputy Chair Testing Laboratory Registration Council

Industry representatives

Retailer representative

Grantley Judge

Appointed February 2008, current term expires February 2010

- Legal and Regulatory Manager, Retail Directorate, Meridian Energy
- Strong focus on customer centricity and policy and legislative process
- Has worked in the legal, risk and compliance sectors for 10 years in New Zealand and overseas
- Prior to joining Meridian Energy worked as the Legal Advisor to Lincoln University
- Holds a Bachelor of Commerce and a Bachelor of Law, University of Canterbury

Lines company representative

Jocelyn Turner

Appointed June 2007, current term expires June 2009

- Customer Services Manager for Vector Ltd, one of New Zealand's leading multi infrastructure companies with electricity networks servicing the Greater Auckland area and gas distribution and transmission networks throughout the North Island
- Responsible for Vector's interface with customers, managing relationships with electricity retailers and Manager of Vector's Major Incident Team
- Has worked for Vector in several customer service roles over the last 7 years
- Prior to working in the energy sector worked in client management and personnel recruitment management for more than 10 years
- Holds a New Zealand Certificate of Science

Consumer Representatives

Therese O'Connell

Appointed September 2007, current term expires September 2010.

- Customer Services, Govett-Brewster Art Gallery, New Plymouth.
- Support for elderly parents
- Previous roles include Co-ordinator of the Wellington ESOL Home Tutor Service; self employed as entertainer in comedy duo GLORY BOX; Secretary/Education Organiser with the Central Clerical Workers Union
- Has held a range of Board roles and key developer of networks, forums and collaborative partnerships in refugee and migrant agencies and associated organisations and in the regional and national trade union movement
- Focus on equity issues, social policy and services for low income and non-English speaking New Zealanders
- Post-Grad Certificate in Industrial Relations
- Bachelor of Visual Arts in Fine Arts
- Awarded NZ Suffrage Centennial Medal 1993
- Member of the NZ Order of Merit 2004

Brenda Simmons

Appointed March 2008, current term expires March 2011

- Managing Director and Project Coordinator for the O Le Lafitaga Trust (New Beginnings) Social Services
- Member of the O Le Lafitaga Trust Board
- Deputy Chair of Roskill Union & Community Health Board
- Representative on the Strengthening Families Central Auckland Local Management Group
- Previous roles included self-employed Owner and Manager for Messenger Services Limited
- Sales Consultant for Prudential Assurance Co. Ltd
- Term Deposits Controller for Simpson Grierson Butler White
- Debenture Registrar for Moller Johnson Finance Limited
- Focus on development and implementation of community programmes, projects and services relevant to emerging client needs
- Completing final papers for NZ Diploma in Business
- Studying towards Diploma in Social Practice and Not for Profit Management

List of Members**Lines**

Alpine Energy
 Aurora Energy
 Buller Electricity
 Centralines
 Counties Power
 Eastland Networks
 Electra
 Electricity Ashburton
 GasNet
 Horizon Energy
 (trading as Horizon Energy)
 MainPower
 Marlborough Lines
 Nelson Electricity
 Network Tasman
 Network Waitaki
 Northpower
 Orion NZ
 Powerco
 PowerNet (includes The Power Company/
 Electricity Invercargill/Otago Power)
 Scanpower
 SIESA (Stewart Island Electricity Authority)
 The Lines Company
 Top Energy
 Transpower NZ
 Unison Networks
 United Networks
 Vector
 Waipa Networks
 WEL Networks
 Wellington Electricity Lines
 (joined 14 October 2008)
 Westpower

Retailers

Contact Energy
 (trading as Contact and Empower)
 Energy Direct NZ
 Energy Online (SOE)
 Genesis Energy (SOE)
 Meridian Energy (SOE)
 Mighty River Power
 (Trading as Mercury Energy) (SOE)
 Powershop
 (Joined 4 December 2008)
 Pulse Utilities NZ (joined 1 April 2008)
 SIESA (Stewart Island Electricity Authority)
 Simply Energy

Staff

Electricity and Gas Complaints Commissioner

Judi Jones

Manager Conciliation

Nanette Moreau

Assistant Manager Conciliation

Moira Ransom On 12 months leave from February 2009

Assistant Manager Conciliation

Jerome Chapman From February 2009, for 12 months

Conciliators

Ali Cameron (0.8)

Bonnie Gadd

Brenda Lavin

Joel Pearce From January 2009

Andrew Pratley (0.6) Until November 2008

Aaron Reibel From February to March 2009

Hellene Wallwork (0.4)

Policy & Projects

Hellene Wallwork (0.4)

Administration

Kevin Buck

Wendy Burke (0.8)

Fiona Day Until May 2008

Sarah Watts From June 2008

Tamzin Hine (3 hours a week)



Electricity and Gas Complaints Commission

PO Box 6144, Wellington, Freephone 0800 22 33 40, Freefax 0800 22 33 47,

Email info@egcomplaints.co.nz, Website www.egcomplaints.co.nz