

STATEMENT OF CORPORATE INTENT
2007/08



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1. CHAIRMAN'S INTRODUCTION

1.1 OVERVIEW

I am pleased to present the Statement of Corporate Intent (SCI) of the Electricity Retail Corporation, trading as Synergy, in accordance with the *Electricity Corporations Act 2005*.

The Statement of Corporate Intent outlines Synergy's goals and objectives for 2007/08, the initiatives the organisation will pursue over the next 12 months and the targets, which are fundamental to success.

The Statement of Corporate Intent details the way in which the legislative and statutory obligations on Synergy and the policy requirements of our shareholder, the Western Australian State Government, will be met.

Synergy was established on 1 April 2006, following the disaggregation of Western Power. Since disaggregation Synergy has been very successful providing a strong base on which the organisation can develop.

Synergy well understands the challenges facing the company as Western Australia's wholesale electricity market matures and there is increasing competition within both the gas and electricity markets.

In order to meet these challenges Synergy has identified and will pursue, three strategic themes to deliver the customer experience, to improve the wholesale position, and to optimise business efficiency.

These themes and their associated initiatives are fundamental to the long-term success of Synergy, and will also contribute to the emergence of a competitive wholesale energy market in Western Australia.

This Statement of Corporate Intent outlines the work that will be undertaken over the following 12 months to take Synergy on its journey to achieving our vision.

MR MICHAEL SMITH
CHAIRMAN

2. EXECUTIVE SUMMARY

This Statement of Corporate Intent (SCI) is prepared in accordance with the requirements of the *Electricity Corporations Act 2005 (WA)* and describes how Synergy will achieve its objectives in the 2007/08 financial year.

This SCI provides information about how Synergy will compete in the recently established Western Australian energy market. It outlines the specific objectives, targets and implementation strategies that have been agreed with the Western Australian State Government for the coming year.

Synergy will face many challenges as a result of the various changes to the environment in which it operates. These changes will have a significant impact, both on Synergy's business prospects and customer expectations.

In the Wholesale Market, prices are likely to rise due to:

- Limited immediate competition between suppliers;
- Increase in world oil and gas prices;
- Pressure on labour, materials and construction costs as a result of the commodities boom in Western Australia; and
- Additional costs associated with the imposition of environmental obligations such as Renewable Energy Targets (RET) or Emissions Trading schemes.

Synergy is determined to confront these challenges by embarking on a major power procurement process to secure competitive energy supplies to meet customers' needs, particularly in the long term. While this process will provide benefits for customers, it is not without risk to Synergy.

In the Retail Market, effective competition between retailers has been limited due to the existing regulated tariffs becoming the 'price floor' rather than the 'ceiling' as intended. This has made it difficult for retailers to offer market-based contracts, which are competitive with the regulated tariff.

Both the Government and the Office of Energy have indicated that the timing for the introduction of Full Retail Contestability (FRC) will be reviewed in 2007. In Synergy's view, the following conditions must exist before FRC can be implemented:

- Establishment of 'safety net' tariffs at levels that reflect the costs of supply and provide adequate margin headroom for retailers to offer market-based contracts; and
- Retailers to purchase energy from a competitive wholesale market.

To address the tariff issue, the Government has recently approved increases in electricity tariffs for large contestable business customers (R1, S1, T1) to more cost reflective levels from 1 July 2007.

Synergy continues to be confident in the role it will play in a more competitive and dynamic market and as a result will invest strongly in the business over the next few years. Such investment will not only enable Synergy to face the ensuing competition 'head on', but ensure a sustainable future in the longer term.

In summary, this investment will enable Synergy to achieve three fundamental strategic objectives:

1. Contribute to the creation of a competitive wholesale market;
2. Be ready for increasing competition; and
3. Maximise the longer term value of the business.

In order to realise our strategic objectives, Synergy has developed three key strategic themes (or programs of work):

Deliver the Customer Experience

To deliver the 'Synergy' experience to our customers through our customer focused products, people, processes, systems and communications. Building a long-term sustainable business that is commercially robust and capable of adapting to market changes, including full retail contestability.

Improve the Wholesale Position

Facilitate the entry of new generation capacity and energy to the market; and ensure that our existing contract position (vesting arrangements) with Verve Energy is optimised.

Optimise Business Efficiency

To ensure that Synergy's cost to serve is competitive with other energy retailers and that the business has the systems and processes that ensure market compliance.

These strategic themes will enable Synergy to realise its vision:

"By 2009 we will transform Synergy into a brilliantly successful retailer. The skills, experience and passion of our people will make Synergy the brand of choice in a highly competitive energy market. We will delight our customers by delivering a great experience. We will make a difference in our community by delivering on our environmental and social commitments."

3. INTRODUCTION AND GUIDING PRINCIPLES

3.1 INTRODUCTION

Synergy is Western Australia's biggest energy retailer with approximately 887,000 industrial, commercial and residential customers, generating total revenue in excess of \$1.5 billion annually. Synergy's current and future functions and responsibilities are defined in the business's governing legislation, the *Electricity Corporations Act 2005 (WA)* and in the industry's governing legislation, the *Electricity Industry Act 2004 (WA)* (and subordinate instruments). The Board of Directors is the governing body, reporting to the Minister for Energy, while the Managing Director is responsible for Synergy's day-to-day operations.

Synergy's accountability to Government is met through the Strategic Development Plan (SDP) and this document, the Statement of Corporate Intent (SCI). Both are agreed annually with the Minister. This document outlines Synergy's objectives, major activities and performance targets for the financial year beginning 1 July 2007. These targets are consistent with the Government's policy and budgetary requirements.

3.2 CORPORATE PURPOSE

Synergy is responsible for purchasing and retailing electricity to customers in the South West Interconnected System (SWIS).

The primary activities of Synergy include energy trading (purchasing), marketing, sales and customer service, billing and payment processing. Through its billing process, Synergy receives approximately \$1.5 billion in revenue. The business operates a dedicated Contact Centre and a limited outbound teleservices group. In addition, Synergy services major customers' needs through an account management system.

3.3 CORPORATE RESPONSIBILITIES

In undertaking its operations, Synergy seeks to achieve an acceptable balance between the specific requirements established within the governing legislation and the broader responsibilities adopted in being a good corporate citizen. In doing so, Synergy at all times acts in accordance with prudent commercial principles in its endeavour to maximise the long-term value of the business for its owner and the state of Western Australia.

These responsibilities include:

- **Efficiency and Demand Management Responsibilities**

The *Electricity Corporations Act (WA) 2005*, related legislation and regulations require Synergy to supply electricity in a way that promotes efficiency in electricity supply systems and the management of demand. This requirement reflects the fact that Synergy has a franchise market (those electricity customers consuming less than 5.7kW average demand) and may potentially influence the amount of power consumed and the peakiness of electricity demand through its marketing activities.

- **Government Policy**

As a State owned enterprise, Synergy is mindful and supportive of Government policies impacting the business. Consistent with legal and statutory obligations, Synergy acts in accordance with relevant policies.

Synergy also recognises that effective retail competition is a key element of the Government's electricity reform program and as the largest retailer, Synergy has a key role to play in the further implementation of the program. The availability of competitively priced wholesale electricity is essential for a competitive retail market. Therefore, while the creation of a competitive wholesale electricity market is also a Government policy objective, Synergy will need to actively develop wholesale competition if it is to succeed as a retailer. Accordingly, Synergy will continue to support the development of a competitive electricity industry in the State, consistent with the Government's reform program, and will:

- o Contribute to the development of the Wholesale Electricity Market (WEM);
- o Work with the Office of Energy (OoE), the Independent Market Operator (IMO) and the Economic Regulatory Authority (ERA) to facilitate the transition to the new market environment;
- o Comply with the requirements and facilitate the implementation of various industry codes and other instruments designed both to underpin the operation of the market and as market power mitigation measures; and
- o Operate in both a franchise electricity retail market (<5.7kW) and the contestable electricity and gas markets.

The WA Government has also announced its intention to consider the introduction of Full Retail Contestability (FRC) as part of its electricity reform program. Synergy would welcome the introduction of FRC, provided the necessary conditions are in place.

In the States where FRC has been introduced, competition has emerged when two fundamental conditions are met:

1. Regulators have set 'safety net' tariffs at levels that reflect the costs of supply and provide margin headroom for competitors to offer market-based contracts.
2. Retailers can purchase energy from a competitive wholesale market.

Under these conditions, new retail entrants will be encouraged to participate and will be able to acquire wholesale supplies to meet customer demand. Synergy believes these two fundamental conditions must apply before FRC is implemented in WA. If they are not, it is unlikely that potential new entrants will be in a position to secure wholesale supply at competitive prices or to make competitive retail offers below the existing tariffs. In this situation, effective competition will not be achieved.

Current business tariffs have not increased for 15 years and no longer provide Synergy with an acceptable retail margin, due to increases in wholesale and network costs. To address this issue, the Government has recently approved increases in electricity tariffs for large contestable business customers (R1, S1, T1) to more cost reflective levels from 1 July 2007.

The sustainability of the new tariffs is however, dependent on the availability of competitively priced generation in order to provide margin headroom for electricity retailers.

The implementation of FRC in WA should also allow Synergy and other participants sufficient time to develop the necessary systems and business practices. Synergy estimates it will take 24 months from initiation.

Synergy is aware of the implications of further reform, including increased pressure from new entrants, and has substantial wholesale trading risks to address. These will be offset by the expected performance improvements and diversification opportunities made possible through greater competition, for the overall benefit of Synergy, the shareholder and the WA public.

▪ **Trade Practices Act and State Fair Trading Act**

Synergy manages compliance with the Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (WA) by:

- Providing detailed policies and guidelines to staff to assist them in managing these obligations;
- Developing a compliance culture through the use of mandatory in-house training, supported by the 'Safetrac' package; and
- Provision of in-house regulatory and legal resources to provide guidance to all staff as to their specific obligations under the Acts.

▪ **Regulatory Compliance**

A Regulatory Compliance Implementation Plan (Compliance Plan), which outlines Synergy's regulatory accountabilities and responsibilities throughout the Business, has been approved and adopted by the Audit and Legal Compliance Committee. The effectiveness of the Compliance Plan will be measured against the number of recorded regulatory breaches and the outcome of internal and external audits.

▪ **Environmental Responsibilities**

Synergy is committed to delivering innovative energy solutions for sustainable growth and minimising the environmental impact of its customer's use of energy. The business recognises Government and community expectations for optimum environmental management in addition to the mandated requirements and will continue to develop products and initiatives to support these. The latter will include procurement arrangements which, subject to commercial viability, will see a greater proportion of wholesale energy acquired from environmentally friendly sources such as natural gas, wind, and solar.

Synergy has clear obligations under the State Government's Greenhouse Initiative and the Federal Government's Mandated Renewable Energy Target (MRET) scheme and is committed to meeting these.

In the future, it is likely a form of carbon constraints may be put in place on generating sources. For example, Synergy understands the EPA has in recent years proposed specific conditions on coal-fired plant, whereby the new coal plant must produce greenhouse gas emissions no greater than those produced from a combined cycle gas plant. Synergy will work with the Government and policy advisors to ensure they are aware of the commercial impacts of such policies and will comply with such requirements, if so required.

- **Social Responsibilities**

As a retailer of an essential service, Synergy touches the lives of thousands of people every day in communities throughout the South West Interconnected System (SWIS). Relationships with communities are fostered both through commercial relationships and through the key sponsorships and the partnerships the business participates in each year.

Synergy is strongly committed to providing its customers with the highest level of service. Synergy's Customer Charter details this commitment to residential and small use business customers.

Synergy's tariff structure provides for a number of non-commercial activities to meet certain equity and welfare objectives on behalf of the State Government. Managing these Community Service Obligations (CSOs) absorbs a substantial resource. The following CSOs are currently undertaken:

- o **Rebates**

Up to five different rebates are available to eligible customers (such as pensioners, veterans, seniors and persons with a Centrelink issued health card). Rebates can be claimed for the daily supply charge, account establishment fee and part of the meter-testing fee. Customers with dependent children listed on health care cards are able to claim a rebate for part of the energy charge on their bills. The estimated total cost of rebates in 2007/08 is approx. \$35M.

- o **Community Service Concession**

Eligible charitable and volunteer organisations can elect to take supply on the concessional C1 tariff instead of general supply tariffs, saving the typical customer up to \$276 per year. The total cost of the concession is estimated at \$0.3M for 2007/08.

- o **The Power Price Equity Scheme**

This scheme was approved by the Government in 2004 to ensure those concession cardholders, who are also permanent residents in caravan parks receive similar benefits to those in standard dwellings. The scheme is expected to cost approx \$0.3M in the 2007/08 financial year.

It is expected that Synergy will disburse CSOs of approximately \$36M per annum during 2007/08. The Government will reimburse this amount in full.

3.4 OUR STRATEGIC OBJECTIVES

Synergy's Board and Executive have identified the objectives that will collectively represent the strategic direction of the business and will enable delivery on current obligations.

While the Act dictates Synergy adopt clear commercial objectives, other imperatives, particularly the requirements of the Government with regard to the establishment of a competitive electricity industry, must also be taken into account. Accordingly, Synergy must actively support the development of competition in addition to seeking to maximise short to medium term profits. This is consistent with a long term view, as Synergy must transform into a fully-fledged competitor if it is to have a sustainable future.

Based on these requirements, Synergy has set three Strategic Objectives:

- Contribute to the creation of a competitive wholesale market;
- Be ready for increasing retail competition; and
- Maximise the long term value of the business.

Synergy recognises the different strategic objectives can potentially lead to conflict. For example, the costs associated with preparing the business for greater retail competition will have immediate commercial impacts, while the benefits will not be realised until a competitive market is in place (i.e. customer retention). In such situations, the Board will seek to balance the three requirements where possible, with a primary focus on acting commercially and maximising the value of the business, consulting with the Minister when appropriate.

At the same time these objectives will pave the way for the business to achieve its vision (Section 2). This vision will be achieved within the operational framework established by the shareholder and consistent with the agreed assumptions and financial projections for the 2007/08 State Budget Forecast.

The way in which Synergy will seek to realise this vision, achieve the key objectives discussed above and position itself in the market will be determined largely by the likely extent of competition it faces. Synergy will therefore seek to initially maintain and consolidate its current position in the market. While there may be some loss of market share to competitors, overall margins will be maintained from the existing customer base. As the market becomes more dynamic and competitive, Synergy will actively compete in the market and will be engaged in price discounting to retain or acquire customers, supported by wholesale energy contracts that will meet or beat the market.

3.5 OUR VALUES

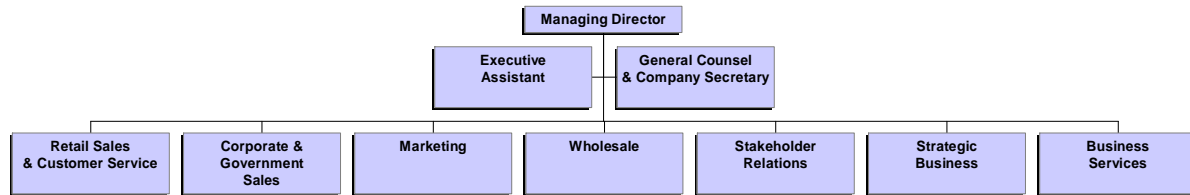
The organisational values, on which Synergy will base its reputation and with which it will successfully deliver on its vision are:

- **Enterprising**
Enables the business to seize opportunities, move ahead, take the initiative, innovate and focus on being the experts in energy. Synergy supports a culture focused on the growth of the business, its people, the community, the environment and the State.
- **Quality Relationships**
Ensures Synergy focuses on establishing good relationships with each person with an interest in its business: Synergy understands the importance of good relationships with customers, staff, stakeholders, the community and the environment.
- **Spirit**
Is an intrinsic quality to enable Synergy to approach work with enthusiasm and eagerness. It breeds a culture of initiative, interest and "giving things a go".
- **Integrity**
Is the foundation that grounds the business. Synergy will keep its promises and build trust with customers and stakeholders.

3.6 CORPORATE STRUCTURE

Synergy's organisation structure is shown below:

SYNERGY'S ORGANISATIONAL STRUCTURE



The key roles of each department are as follows:

- **Retail Sales and Customer Service**

Consolidation of Synergy's sales and service functions:

- **Contact Centre** - major service channel for franchise customers (< 5.7kW average demand).
- **New Connections Team** - required to ensure Synergy explains standard electricity supply terms and conditions to customers prior to energisation of premises (Customer Code requirement).
- **Customer Service Centre** - customer rebates and subsidies.
- **Business Management** - telephone account management services for contestable SME customers (5.7kW to 230kW average demand).
- **Account Management** - provide sales and account management to large contestable customers (>230kW average demand), excluding key accounts in the Corporate and Government portfolio.
- **Service Technologies (i.e. web/IVR)** - all customer segments.
- **Customer Advocacy** – providing advocacy services to customers to ensure services supplied by Western Power (Networks) and others meet the customers' individual requirements.

- **Corporate and Government Sales**

Sales team focused on retaining and winning major energy supply contracts. This team will manage electricity supply tenders and buyers groups (e.g. Government tender process). This team will also perform a strong customer advocacy role to ensure services supplied by Western Power (Networks) and others meet the requirements of Synergy's customers.

- **Marketing**

Product and service management and development, promotions and advertising, and product pricing.

- **Wholesale**

Wholesale trading, network and pipeline access, gas and electricity procurement.

- **Stakeholder Relations**
Manage relationships with key stakeholders (i.e. government, media, industry groups). This section also includes the Office of the Customer Advocate. The Manager, Customer Advocacy ensures services provided by Synergy meet customer requirements and liaises with the Energy Ombudsman to ensure customer complaints are dealt with in an effective manner.

- **Strategic Business**
Strategy, risk management, regulatory compliance, and business development.

- **Business Services**
Management of Information Technology, treasury functions and middle office for wholesale trading and sales, management of commercial contracts (suppliers), accounting and forecasting, organisational development and human resources management.

4. COMMUNICATING WITH OUR STAKEHOLDERS

4.1 CORPORATE COMMUNICATIONS

Synergy views stakeholder management as an opportunity to create value from the intangible assets of reputation, loyalty and brand to generate the unofficial 'licence to operate' required from customers and stakeholders.

Synergy's key stakeholder is its shareholder, the Minister for Energy, and therefore the Government of the day. A formal protocol has been developed with the Minister's office to ensure comprehensive levels of governance apply to communications with the Minister. The protocol is consistent with the *Public Sector Management Act (WA) 1994* and the *Electricity Corporations Act (WA) 2005*, and specifically reflects the particular relationship existing between a corporatised Government Trading Enterprise and the Government.

External communications are broadly covered in Synergy's Corporate Communications Policy. This policy includes issues such as Government and corporate relations; media management; stakeholder management and employee communications. In addition, a specific policy covers all Synergy's dealings with the media.

Reflecting the findings of the Cronin Review in 2004, Synergy has developed a Crisis Management Process, which includes specific arrangements for communications with all key stakeholders in the event of a crisis.

4.2 MINISTERIAL REPORTING

In line with the accountability provisions of the *Electricity Corporations Act (WA) 2005*, Synergy provides the Minister with a quarterly report, for each of the first three quarters, and an Annual Report for the whole financial year.

Each *Quarterly Report* will be submitted one month after the end of the quarter and will include:

- An overview of performance (including specific performance indicators);
- Highlights of important achievements; and
- Consolidated financial statements with relevant accompanying notes.

The *Annual Report* will follow the end of the financial year and will be provided to the Minister within the time specified by the Act. It will include:

- Consolidated statutory financial statements;
- Segmented business unit statements;
- Other statutory information required of any company under the Corporations Law;
- An overview of major achievements and an appraisal of future prospects;
- A comparison of performance with Statement of Corporate Intent targets (Section 6); and
- Other information required by the Act to be included, such as the particulars of any directions given by the Minister for Energy.

In addition to quarterly and annual reports, the Act requires the Minister be provided with:

- A five year Strategic Development Plan and this one-year Statement of Corporate Intent;
- A report on staff compliance with any Board issued codes of conduct; and
- Any information in Synergy's possession requested by the Minister.

4.3 PERFORMANCE INDICATORS AND TARGETS

Synergy's corporate Key Performance Indicators (**KPIs**) have been selected to reflect the high-level business drivers, with the aim of allowing the shareholder and management to effectively monitor progress at a corporate level. Accordingly, the corporate measures will not reflect the detailed management requirements for measuring performance at an operational level. Internal performance measures are holistically based, assessing quantitative; qualitative and benchmark requirements.

The KPIs used for monitoring Synergy's corporate performance are based on the:

- Costs and relevance of providing the information on an ongoing basis;
- Different information requirements of the organisation and the shareholder;
- Regulatory requirements; and
- Commercial sensitivity of the measures and the degree of exposure for those that could affect Synergy's competitive position.

In selecting these measures, discussions have been held with the Minister for Energy and representatives within the Office of Energy and their views have been taken into account.

4.4 ACCOUNTING AND DIVIDEND POLICIES

4.4.1 ACCOUNTING STANDARDS

Synergy's accounting policies are consistent with Corporations Law requirements as specified in Schedule 4 of the Act. Financial statements adopt the historic cost convention and reflect the accrual basis of accounting. Consistent with the State Budget, the projected financial outlook is in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

4.4.2 DIVIDEND POLICY

Dividends are calculated annually on the basis of 50% of retained earnings, declared in June of each year and paid in December of the same year.

5. MAJOR INITIATIVES

The key strategic themes and initiatives Synergy will pursue during the 2007/08 period include:

5.1 DELIVER THE CUSTOMER EXPERIENCE

To deliver the 'Synergy' experience through customer focused products, people, processes, systems and communications. Building a long term sustainable business, commercially robust and capable of adapting to market changes, including full retail contestability. Key objectives of this program include:

- Establishing a strong and credible brand;
- Being market compliant and business efficient in operations;
- Using customer focused services and competitively matched or differentiated products and services to strengthen customer satisfaction and loyalty; and
- Being capable of handling future market changes, such as full retail contestability in the gas and electricity markets.

5.2 IMPROVE THE WHOLESALE POSITION

Facilitate the entry of new generation capacity and energy to the market; and ensure Synergy's existing contract position (vesting arrangements) with Verve Energy is optimised.

The objectives of this program are to:

- Provide a specific focus on the cliff face – the gap in Synergy's vesting contract cover for the contestable market from November 2008.
- Operationalise the successful completion of the PP2 procurement process as a template for future power procurement processes.
- Develop and implement procurement strategies in the short, medium and long term with a focus on:
 - the Vesting Tendered Displacement Process; and
 - seeking to commercially meet renewable targets for the South West Interconnected System (SWIS).

5.3 OPTIMISE BUSINESS EFFICIENCY

To ensure Synergy's cost to serve is competitive with other energy retailers and the business has the systems and processes ensuring market compliance.

The objectives of this program include:

- Ensuring Synergy has the critical IT infrastructure to support retail excellence, delivering the required customer experience for service, sales and other business processes in the current market/regulatory environment.
- Establish, review and strive to meet benchmark 'cost to serve' on a continual basis.
- Have the IT capability to grow the business if opportunities emerge outside Synergy's traditional area of activity.

6. MEASURING PERFORMANCE

Synergy manages its corporate performance through a Balanced Scorecard and its day-to-day performance through the use of a wide range of operational key performance indicators.

6.1 BALANCED SCORECARD

The Balanced Scorecard presented below is an extract of the more comprehensive scorecard the business uses to manage its performance. Individual measures viewed as being commercially sensitive have been removed from this extract.

BALANCED SCORECARD

	FULL 2007/08 YEAR BUDGET
FINANCIAL	
Earnings before Interest & Tax (\$ million)	19.2
CUSTOMERS	
Growth in Customer Service Index (%)	3.0
Brand Awareness (%)	85.0
EMPLOYEE	
Organisational Health Indicator (%)	75.0

6.2 OPERATIONAL KEY PERFORMANCE INDICATORS

The Operational Key Performance Indicators presented below are an extract of the more comprehensive indicators the business uses to manage its day-to-day performance. Individual measures viewed as being commercially sensitive have been removed from this extract.

	2004/05	2005/06	2006/07 ¹	2007/08
Contact Centre Effectiveness				
Total Number of Calls Received	2,260,809	1,948,924	1,969,296	1,989,296
% of Calls not answered within 30 seconds from when a customer is connected to a complaint/inquiry line	17.2%	23.1%	24.3%	20.0%
Average waiting time before a call is answered	33.3	28.0	23.0	30.0
Number of overload events	0	0	0	0
% of calls abandoned	11.6%	5.8%	5.0%	5.0%
Business Development and Innovation				
Uptake of online billing	N/A	1.2%	1.4%	1.5%
Customer Service				
Number of customer complaints referred by the Energy Ombudsman	N/A	112	455	456 ²
Affordability and Access				
Number of customers on instalment plans	50,292	59,807	45,000 ³	55,000
Number of customers paying refundable advances ⁴	26	23	25	25

¹ 2006/07 figures include actual year-to-date figures, and forecasts for the remaining financial year.

² An increase in the volume of calls directed to the Ombudsman is expected during the 2006/07 and 2007/08 financial year due to the introduction of the new metering billing system Metron, queries related to daylight savings and the relocation of Synergy to Adelaide Terrace.

³ Figures based on July to September actuals extrapolated out. Instalment plan take-up has seasonal influences and hence does not include the most significant quarter for instalment plans which is January to March.

⁴ Refundable advances, or Security Deposits, have been phased out of use since 1993.

7. GLOSSARY

7.1 ACRONYM GLOSSARY

Acronym	Definition
CSO	Community Service Obligation
EBIT	Earnings Before Interest and Tax
ERA	Economic Regulatory Authority
FRC	Full Retail Contestability
AIFRS	Australian equivalent to International Financial Reporting Standards
IMO	Independent Market Operator
IPP	Independent Power Producer
IVR	Interactive Voice Response
KPI	Key Performance Indicators
MRET	Mandated Renewable Energy Target
OoE	Office of Energy
PP2	Power Procurement Stage 2 (the NewGen Plant)
SBF	State Budget Forecast
SDP	Strategic Development Plan
SME	Small to Medium Enterprises
SWIS	South West Interconnected System
WEM	Wholesale Electricity Market

7.2 BALANCED SCORECARD GLOSSARY

Financial	
EBIT (\$M)	Earnings before interest and tax.
Customers	
Growth in Customer Service Index	The percentage change in the level of customer service. Measured as a percentage change in the weighted average of Franchise Market Performance, Touch-Point Performance and Small I&C Contestable Market indices
Brand Awareness	The percentage prompted brand awareness amongst surveyed franchise and contestable customers. This is a weighted average including franchise (70%) and contestable customers (30%). Targets represent a maximum score to be reached by the end of the year.
Employee	
Organisational Health Indicator (%)	A consolidated measure, derived from 10 key questions. These questions remain unchanged to allow for benchmarking with other external businesses. The metric is derived from the percentage of favourable responses to the questions

7.3 OPERATIONAL KEY PERFORMANCE INDICATORS GLOSSARY

Contact Centre Effectiveness	
Total Number of Calls Received	The aggregate number of calls made to the Synergy Contact Centre during the financial year. Includes calls made by Synergy, Western Power and Horizon Power customers
% of Calls not answered within 30 seconds from when a customer is connected to a complaint/inquiry line	A measure of the Grade of Service experienced by customers who call the Synergy Contact Centre. Measures the proportion of calls not serviced within 30 seconds of connection
Average waiting time before a call is answered	The length of time an average caller to the Contact Centre must wait before being answered by an operator
Number of overload events	The number of overload events is measured as the number of times during which the Contact Centre could not make any calls
% calls abandoned	A measure of the number of callers who abandon their call before speaking to an operator. Please note that due to measurement difficulties, these figures include customers who receive an automated fault message - and are satisfied - but do not speak to an operator
Business Development and Innovation	
Uptake of online billing (% of total bills)	Online Billing includes any payment made electronically, including Quickpay Credit Card, CBA (Debit Card and Debit Card BPAYVIEW), Australia Post (Debit Card, EBPP Paper, EBPP Electronic) and Fast Pay Credit Cards
Customer Service	
Number of customer complaints referred by the Energy Ombudsman	The number of customers who choose to contact the Energy Ombudsman to resolve an issue involving Synergy
Affordability and Access	
Number of customers on instalment plans	Aggregate number of customers who access payments through instalment plans
Number of customer paying refundable advances	Refundable advances refer to the situation where the customer pays part of their expected account in advance. These are also known as security deposits (cash or bank guarantee)