



# Notice

5 February 2024

## Wesfarmers Kleenheat Gas Pty Ltd

### 2023 performance audit

The Economic Regulation Authority has published the [2023 performance audit report](#) for Wesfarmers Kleenheat Gas Pty Ltd's gas trading licence GTL10.

Kleenheat retails natural gas on ATCO Gas Australia's gas distribution systems to over 220,000 small use customers in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt supply areas, including the Perth metropolitan area.

As at 30 June 2023, Kleenheat also supplies liquefied petroleum gas to 863 customers via its distribution systems in residential developments in Albany and Margaret River.

#### The ERA's decision

The ERA considers that Kleenheat has achieved a satisfactory level of compliance with its licence.

The ERA has decided to maintain the audit period at 36 months. The next audit will cover the period 1 September 2023 to 31 August 2026 with the report due to be provided by 30 November 2026.

#### Audit findings

The audit of the 231 licence obligations applicable to Kleenheat found 24 non-compliances and no controls deficiencies.

Kleenheat self-identified and resolved all the non-compliances during the audit period.

The non-compliances included:

- Not issuing bills to customers within the required timeframes.
- Not including the minimum prescribed information on bills.
- Not seeking instructions for final credits on accounts.
- Not issuing reminder notices and disconnection warning notices to customers within the required timeframe.
- The incorrect handling of customers by a third-party collection agent engaged by Kleenheat, which may have had a material effect on some customers, including not assessing customers for financial hardship on time and offering instalment plans that were not reasonable.

One recommendation was made by the auditor and Kleenheat resolved the recommendation prior to the report being finalised, so a post-audit implementation plan was not required.

## **The ERA's assessment of the audit findings**

The non-compliances directly attributable to Kleenheat are relatively low, compared to the high volume of transactions Kleenheat undertakes each year. For example, Kleenheat issued 2.83 million bills during the audit period.

### ***Identifying and resolving non-compliances***

The auditor found that Kleenheat has strong internal compliance monitoring systems, which enabled it to self-identify all the non-compliances found during the audit period. Kleenheat implemented processes and procedures to address the causes of the non-compliances, including improving its billing system and training staff.

The auditor was satisfied that the actions taken by Kleenheat to resolve the non-compliances were also sufficient to address the causes of the non-compliances. The auditor did not report any further occurrences of non-compliances during the audit period.

The ERA notes that the auditor did not identify any controls deficiencies and Kleenheat maintained a stable control environment, including its staff demonstrating a strong compliance culture.

### ***Third party collection arrangement***

During the COVID-19 pandemic, Kleenheat placed a voluntary pause on disconnections, and this caused an increase in some customers' debt. Kleenheat found it difficult to contact some of these customers despite multiple attempts. Kleenheat had an established relationship with the third-party collection agent and considered this an avenue to re-engage those customers to settle their gas bills and identify and address hardship or payment difficulties rather than disconnect them.

Kleenheat did not refer customers to the agent who had already been assessed as experiencing financial hardship or customers using Centrepay.

During the three-month trial, Kleenheat discovered that the agent was not following all the processes required by Kleenheat's licence obligations. Kleenheat immediately ended the trial and returned to managing these processes in-house, using its own customer service and credit officers to identify and assist customers experiencing financial hardship. Kleenheat has no plans to change this approach.

The auditor did not identify any further non-compliances after Kleenheat reverted to managing these customers in-house.

### ***Billing***

Due to resourcing issues experienced by ATCO during the COVID-19 pandemic, Kleenheat received a large amount of estimated meter readings, subsequently followed by replacement actual meter readings. To avoid confusing customers, Kleenheat placed a hold on issuing estimated bills in anticipation of receiving the actual meter readings. This resulted in bills being issued after the required 105 days.

The ERA acknowledges that most of the instances of late billing were due to the challenges of operating during the pandemic and Kleenheat has revised its billing processes to ensure bills are not delayed where possible.

As Kleenheat has achieved a satisfactory level of compliance with its licence, the ERA has decided to maintain the audit period at 36 months.

## Further information

General enquiries

Alex Kroon

Ph: 08 6557 7989

[info@erawa.com.au](mailto:info@erawa.com.au)

Media enquiries

Ph: +61 428 859 826

[media@erawa.com.au](mailto:media@erawa.com.au)