

Legislative Assembly of the Northern Territory

TABLED DOCUMENTS

Committee: Business GOC

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Signed: [Signature]



# ***GOC Scrutiny Committee Hearing***

**4<sup>th</sup> June 2015**

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# Introductions

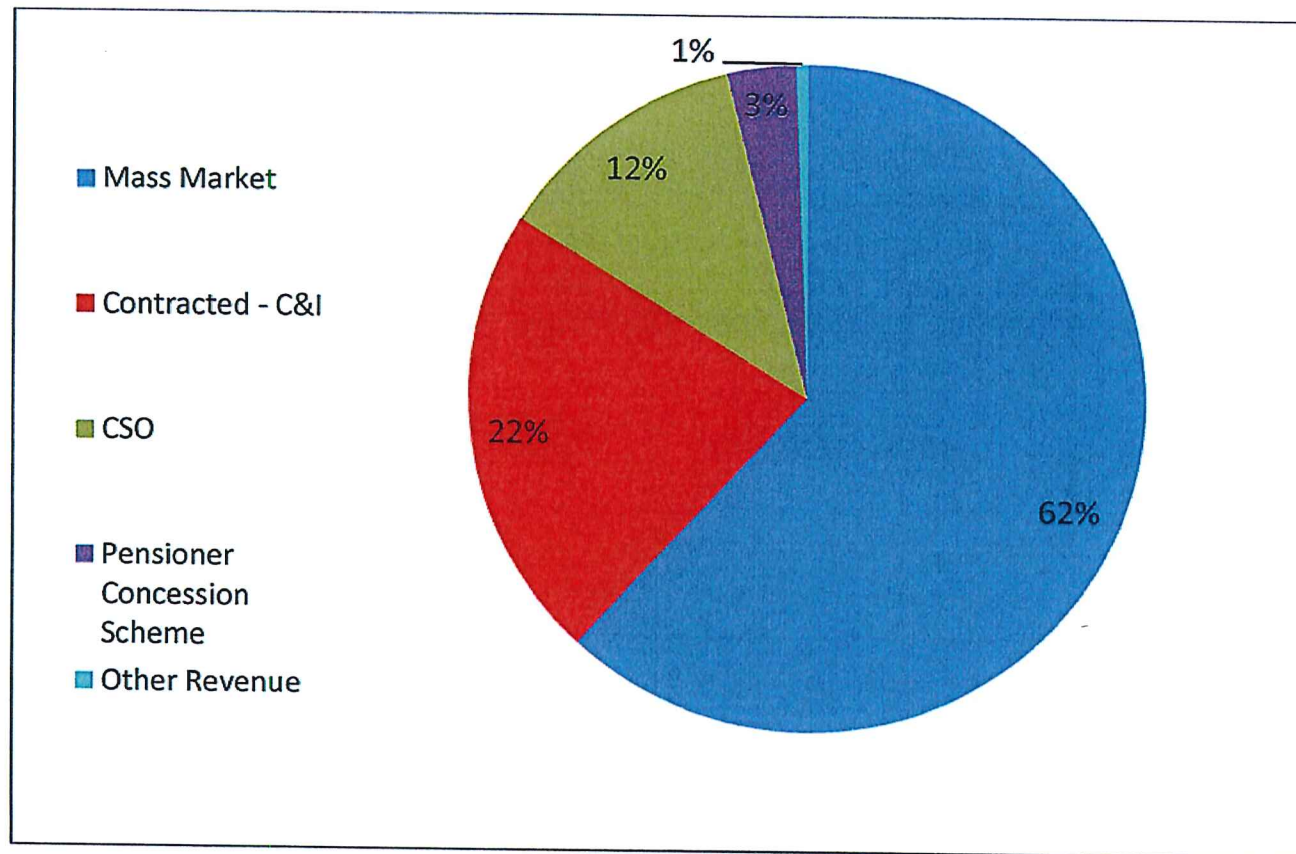
Noel Faulkner	Chairman
Stuart Pearce	Chief Executive Officer
Fernanda Camara	Chief Financial Officer
Danny Moore	Executive Manager Sales and Strategy

# Key Facts

• Total revenue <sup>1</sup>	\$503 million	
• Number of Accounts <sup>1</sup>	81,778	
• Bills issued <sup>2</sup>	406,834	
• Calls taken <sup>2</sup>	140,270	
• Grade of Service <sup>3</sup>	69%	
• Abandonment Rate <sup>3</sup>	2.6%	
• Average Bill Size <sup>4</sup>	\$2,011.34	Small Domestic
	\$5,829.11	Large Domestic
	\$4,419.77	Small Commercial
	\$17,641.83	Large Commercial

# Revenue

Revenue 2015-16





# Prices and Consumption

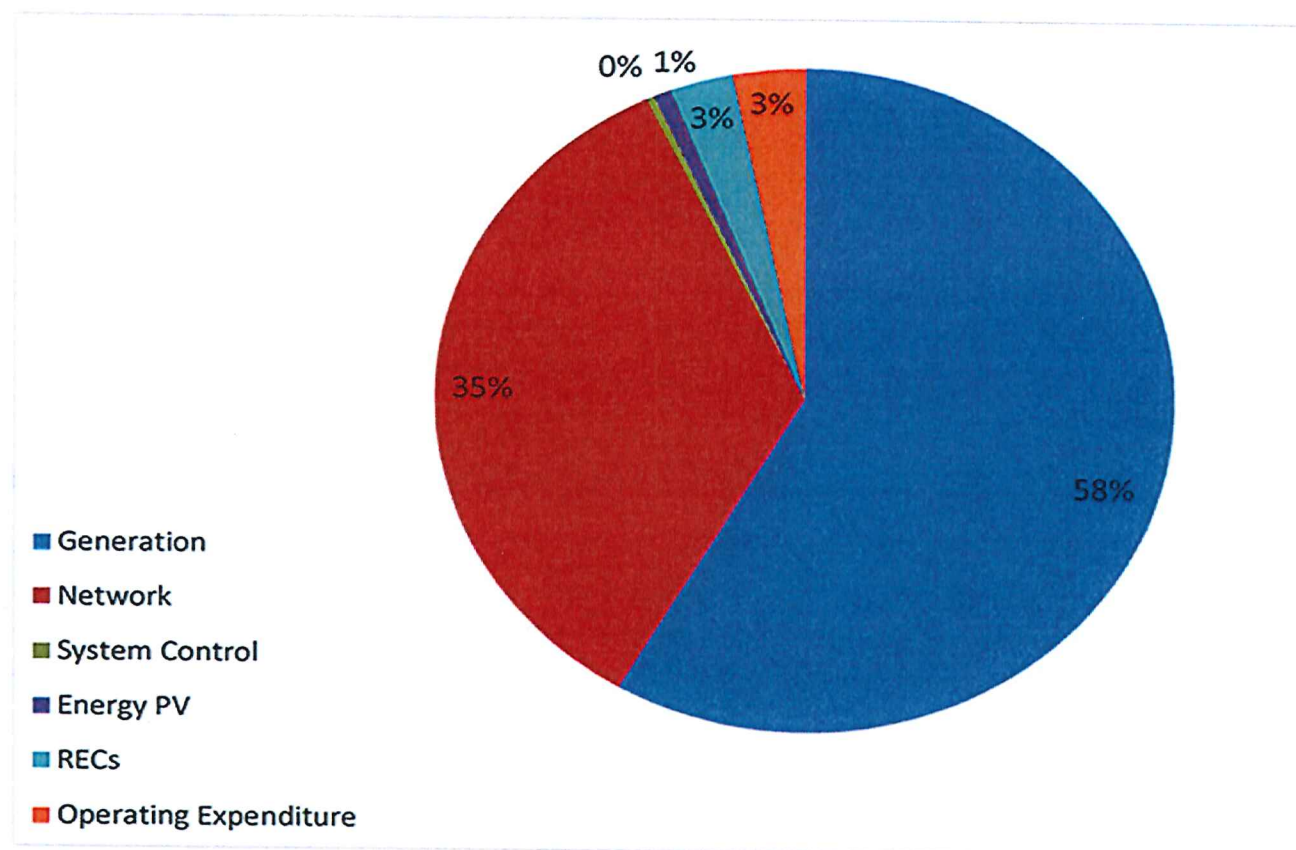
## AEMC's Electricity Price Trends Report 2014

State	Average standing offer price (c/kWh)	Average medium sized usage MWh
Australian Capital Territory	21.70	7.18
New South Wales	28.76	6.50
<b>Northern Territory</b>	25.90 (3 <sup>rd</sup> lowest)	9.13 (highest)
Queensland	28.71	4.53
South Australia	32.65	5.00
Tasmania	24.72	7.62
Victoria	28.82	4.64
Western Australia	26.04	5.74

# Costs

Costs 2015-16

Total Cost = \$489.1 million



## Performance Against 2014/15 SCI

	2014/15	YTD April
Gross Margin	3%	3.3%
Cost to Serve	\$170/191	\$181
Net Profit After Tax	0.1%	2%
Grade of Service	63%	69%
Abandonment Rate	<5%	2.6%



# Comparison with other Jurisdictions

Percentage of Revenue	Wholesale Energy	Network Costs	Retail Costs	Retail Margin
Northern Territory**	58	35	6	1
New South Wales*	37	51	6	5
Queensland*	42	49	4	5
South Australia*	44	43	8	5
Tasmania*	43	49	5	3
ACT*	45	43	7	5

\*AER, State of the Energy Market, Chapter 4, 2010

\*\* Based on Jacana Energy Statement of Corporate Intent (SCI) numbers

# Highlights

- ✓ Delivered the Government's January 2015 price increase for mass market customers on time
- ✓ Introduced a domestic Time of Use (TOU) tariff
- ✓ Significantly improved the time taken to respond to customers calls made to the call centre
- ✓ Retained a number of large Commercial and Industrial (C&I) accounts
- ✓ Introduced the Net Promoter Score (NPS) to drive further improvement in customer service
- ✓ Established and promoted the Jacana Energy brand
- ✓ Established commercial, contractual arrangements with major suppliers
- ✓ Brought key functions in-house to provide enhanced customer service
- ✓ Built a strong leadership team

# Purpose, Values and Objectives

## Statement of Purpose

Our purpose is to create value now and into the future by delivering seamless energy related solutions to meet the needs of our customers, stakeholders and shareholder

## Core Values

We operate with integrity

We drive innovation for our business

We embrace diversity

We deliver as a team

We are passionate about our employee's well-being

## Strategic Business Objectives

1. Achieve financial sustainability
2. Deliver superior customer experience
3. Develop a known and trusted brand
4. Build a team of high performing and engaged people
5. Become a trusted partner with our key stakeholders



# 1. Achieve Financial Sustainability

## **Key strategies to achieve this include:**

- Introducing a targeted approach to C&I account management and retention
- Exploring opportunities to drive lower wholesale energy costs
- Driving operational efficiency and cost management throughout the organisation
- Identifying opportunities to reduce the cost to serve and revenue leakage
- Actively managing debt early in the collection cycle
- Building capability in accounting and finance to deliver reliable financial reporting
- Determining the true economic cost of the CSO

## 2. Deliver a superior customer service

**Jacana Energy will deliver a superior customer experience by:**

- Using customers insights to drive business improvement
- Transitioning to a more effective and efficient service delivery model
- Reengineering and simplifying the customer experience
- Developing online capability to change the service delivery model
- Consistently delivering high quality customer service, with a differentiated servicing capability
- Introducing new, flexible pricing structures
- Helping customers solve their energy issues



### 3. Develop a known and trusted brand

**Jacana Energy will develop a known and trusted brand by:**

- Introducing best in-class customer feedback, monitoring and reporting
- Building a brand centred on the customer
- Using customer insight to develop a range of retail energy products and services to meet different customers' needs
- Overhauling our online capability and building relevant content for our customers
- Promoting our brand to our customers through targeted channels

## 4. High performing and engaged people

**Jacana Energy will deliver on this objective by:**

- Building an experienced and capable management team
- Developing and communicating our values and “way of doing things”
- Developing and implementing a performance management system which allows all employees to share in its success
- Lifting the level of business acumen
- Measuring employee engagement and building on insights delivered

## 5. Trusted partner with key stakeholders

**Jacana Energy will become a trusted partner with our key stakeholders by:**

- Becoming the consumer advocate and proactive champion for change
- Identifying and establishing regular communication with key stakeholders
- Helping our key stakeholders solve difficult industry problems and issues
- Building a shared understanding with our key stakeholders about retail energy matters
- Helping our customers solve issues with other industry participants



# Key challenges

**Jacana Energy faces a number of key challenges:**

- Improving the level and consistency of customer service in a cost effective and efficient manner
- Working with key stakeholders to understand the full economic cost of the CSO
- Facilitating wholesale competition while managing associated risks
- Continuing to find low cost ways to help Territorians manage their energy consumption