

Budget Guidelines 2019 - 2020

General

Section s74 of the *Energy and Water Ombudsman Act 2006* (the Act) stipulates that the Energy and Water Ombudsman, in consultation with the Advisory Council, must prepare a budget of estimated costs for the next financial year before 31 March each year.

Part 8, Division 2 of the Act provides for the Energy and Water Ombudsman's functions to be funded by an annual participation fee and quarterly user pays fees imposed on each scheme participant.

Annual participation fees

Energy entities

Annual participation fees for energy entities as outlined in s67 of the Act will be:

Entity type	Annual fee
Energy entity is the holder of a distribution authority under only one energy Act	\$ 5,000
Energy entity is the holder of a distribution authority under two energy Acts	\$ 10,000
Energy entity is the holder of a retail authority under only one energy Act	\$ 5,000
Energy entity is the holder of a retail authority under two energy Acts	\$ 10,000
Energy entity is the holder of a special approval and provides customer connections services	\$ 5,000
Energy entity is an exempt seller	Amount prescribed under regulation

Section 4 of the *Energy and Water Ombudsman Regulation 2007* outlines a variation to scheme participation fees for the following two entities:

- Western Downs Regional Council, \$250 each as the holder of a distribution authority under only one energy Act and as an exempt seller;
- Maranoa Regional Council, \$50 each as the holder of a distribution authority under only one energy Act and as an exempt seller.

Invoices for participation fees will be forwarded to registered energy scheme participants in early July 2019. As per s66(4) these fees are payable 14 days after the scheme participant receives the invoice. Penalties may be applied for late payments.

Water entities

Section 67A states the participation fee for a water entity at the start of a financial year is \$10,000.

Invoices for participation fees will be forwarded to registered water scheme participants in early July 2019.

As per s66(4) these fees are payable 14 days after the scheme participant receives the invoice. Penalties may be applied for late payments.

User pays fees

Under section 68 of the Act it is the responsibility of the Energy and Water Ombudsman to calculate the user pays fees for each scheme participant each quarter and to invoice those participants at least 14 days but no more than one month before the end of each quarter.

User-pays fees are invoiced prior to the commencement of each quarter and will be reconciled after the end of December and the end of June to reflect year to date actual contact numbers and actual expenditure. These reconciliations will include an adjustment to the cost per case type to ensure revenue will not exceed actual expenditure.

For the 2019-2020 financial year there will be 3 user pays fees – Business as Usual, Special Projects and Case Management System. It is anticipated that fees associated with Special Projects and the Case Management System will be fully spent and therefore there will be no reconciliation.

Level of contact

There are six levels of scheme participant contact:

- **Refer back to Supplier** – the matter needs to be referred back to the scheme participant for action.
- **Referral to Higher level** – the matter is referred to a higher level within the scheme participant's organisation before commencement of an investigation with EWOQ.
- **Investigation Level 1** – staff of the Energy and Water Ombudsman's office are required to contact the scheme participant to issue a Notice of Investigation to resolve the matter. A level 1 matter will not take more than 240 minutes (four hours) to complete.
- **Investigation Level 2** – an investigation level 1 will escalate to an investigation level 2 when staff of the Energy and Water Ombudsman's office have spent in excess of 240 minutes (four hours) but not more than 480 minutes (eight hours) on the matter, or the participant has not provided timely or adequate responses or breaches section 32 of the Act.
- **Investigation Level 3** – an investigation level 2 will escalate to an investigation level 3 when staff of the Energy and Water Ombudsman's office have spent in excess of 240 minutes (four hours) on the matter at level 2 or the participant has not provided adequate or timely responses or breaches section 32 of the Act.
- **Final order** – if a matter cannot be resolved the Energy and Water Ombudsman may consider the matter and either make a binding order against the scheme participant or dismiss it. A matter can be referred to this level from any other level in the investigation process (e.g. it does not need to escalate to investigation level 3 first).

Approach

In applying a participant usage approach, the following practices are followed:

- A participant's usage of the scheme will be measured by the number of closed cases by each case type for the period being calculated.
- Every case is logged, together with the time (in minutes) staff of the Energy and Water Ombudsman's office spent dealing with the case.
- A dispute will only be recorded against one level (Investigation Level 1, Investigation Level 2, or Investigation Level 3) at any one point in time.
- Case data in these calculations will relate to those cases that have been closed during the period the case data is being collected for.
- Average minutes per case type will be used to calculate cost per case type for all billed case types excluding investigations Level 3 and Final Orders.
- Investigation Level 3 cases will be charged at Investigation Level 2 price plus a cost per minute for actual minutes at Investigation Level 3.
- Final order cases will be charged at the Investigation level of the case when the investigation ceased plus a one off fixed fee of \$4,000.00. This one off fixed fee will be invoiced once the order has been accepted and becomes binding.
- Projected usage by participants for advance invoicing purposes will be based on actual number of cases closed in the preceding 12 months.
- EWOQ also records details for enquiry cases and referral cases. As these cases are not able to be allocated to a specific scheme participant, they are treated as general overhead expenses and are not included in the billing process.
- Costs to be recovered from Refer Back to supplier, Referral to Higher Level, Investigations and

- Final Orders will be those costs remaining after participant fees have been applied.
- Where possible, scheme participants will be advised of their projected advance fees prior to the commencement of each financial year.
- User pays advance fees will be reconciled to actual user pays fees twice each year.

Calculation of advances

The case related data used in the calculation of the advance user pays fees is sourced from all cases closed during the 12 month period from June of the previous year to May of the current year.

The finance related data used in the calculation of the advance user pays fees is based on forecast of costs that the Ombudsman reasonably considers will be the scheme participant's likely performance costs for the quarter. Scheme participant's annual user pays fees are prorated to each quarter to achieve the required revenue for each quarter.

Using the case related data and the finance data a cost per minute is calculated. For all case types except Investigation Level 3 and Final Orders, an average time invested by EWOQ staff is calculated for each case type. The cost per minute is then applied to the average time per case type to produce a cost per case type.

The cost per case type is then applied to the case related data for each scheme participant generating the annual user pays advance fees for each scheme participant.

Investigation Level 3 and Final Order cases will not be invoiced in the advance process; these cases will be included in the reconciliation processes.

Cost per case – advances (BAU)

Billable Case Types	Price per case for 2019 – 2020 advance invoicing only
Refer Back to Supplier	\$ 431.00
Referral to Higher Level	\$ 980.00
Investigation Level 1	\$ 2,047.00
Investigation Level 2	\$ 4,070.00

Reconciliation

All Investigation level 3 cases will be included in the reconciliation processes. The investigation case associated with the final order will be included and invoiced in the reconciliation process.

To ensure we continue to meet legislative requirements of not collecting surplus revenue, the cost per case will be recalculated in each of the reconciliation processes to reflect actual expenditure and actual activity for the period of the reconciliation. Reconciliations will be undertaken in January 2020 for the July 2019 to December 2019 period and in July 2020 for the full 2019-20 financial year.

Further reconciliations may be required during the year, however adjustments may not be required for all participants at that time (e.g. if a scheme participant ceases to trade, a reconciliation will be required, however adjustments will not be made for other participants until the next scheduled reconciliation process).

Under and overspending

The situation may arise during a financial year, where the Energy and Water Ombudsman identifies that the approved budget is insufficient to meet its operating costs. If this were the case, supplementary funding may be required from scheme participants.

Conversely at any time during the year the Energy and Water Ombudsman may determine that the full approved budget is not required and may elect to adjust the quarterly user pays advance invoicing accordingly. The reconciliation processes will also support EWOQ in meeting the legislated requirement of ensuring that scheme participants will only be charged the actual costs required to operate the Energy and Water Ombudsman scheme.

Special projects user pays fees 2019 - 2020

These fees are a one-off contribution in 2019 - 2020 towards the upgrade a number of systems to keep pace with changes across the sector including new technologies.

These costs will be allocated to sectors based on complaint numbers and then allocated to scheme participants within those sectors based on customer numbers.

Your contribution to these projects will be separately identified on your quarterly case fees. The first quarter will be separate due to the late budget approval.

Case Management System user pays fees 2019 - 2020

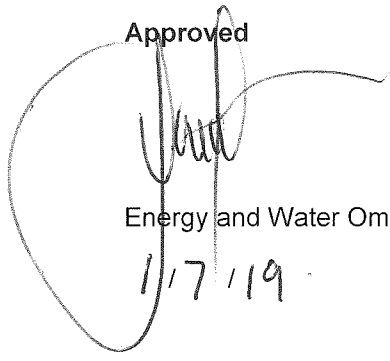
These fees are a one-off contribution in 2019 - 2020 towards the upgrade of EWOQ's case management system.

Scheme participant contribution towards these costs will be allocated to sectors based on complaint numbers and then within those sectors based on customer numbers.

These user pays fees will be invoiced separately from other 2019 - 2020 fees at the beginning of the year.

These fees will not be invoiced quarterly and will be fully spent and not form part of the reconciliation process.

Approved



Energy and Water Ombudsman

1/7/19