

Financial summary

The financial records of the Office of the Energy and Water Ombudsman have been properly maintained throughout the year ending 30 June 2019 in compliance with prescribed requirements. The risk management and control systems relating to financial management have been operating efficiently, effectively and economically throughout the financial year.

FUNDING OUR SCHEME

While the Office of the Energy and Water Ombudsman was established by Queensland legislation as a public service office, it is not funded from consolidated revenue. Instead, it is funded by participation fees and user pays fees levied on energy and water retailers and distributors who participate in the Ombudsman scheme. The majority of energy and water Ombudsman offices in Australia are funded similarly.

Our user pays model reflects the level of time and resources needed to resolve individual disputes. In addition, scheme participants are liable to increased fees should they fail to adequately respond to our investigations in a timely manner. This process is designed to encourage the early closure of complaint investigations. Under section 65(1) of the *Energy and Water Ombudsman Act 2006*, an annual participation fee is also imposed on each scheme participant.

Table 17: Annual participant fees for 2018-19

Entity type	Annual fee
Energy entity is a 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 a 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 connection services	\$5,000
Energy entity is an exempt seller	Amount prescribed under regulation
All water entities	\$10,000

* Under s.4 of the Energy and Water Ombudsman Regulation 2007, Western Downs Regional Council and Maranoa Regional Council receive a variation to their scheme participant fees.

User pays fees are invoiced prior to the start of each quarter (advance user pays fees) and are then reconciled at the end of December and end of June (actual user pays fees).

The advance user pays fees are based on each scheme participant's previous usage of the scheme in relation to case types of refer back to supplier, referral to higher level, investigations level 1 and investigations level 2.

Actual user pays fees are calculated using actual expenditure and usage of the scheme by each participant. Investigations level 3 and final orders are not included in the advance user pays fees and are captured in the calculation of actual user pays fees.

Under legislation, scheme participants have 14 days to pay invoices relating to EWOQ fees.

We use Resolve as our case management system to register each case and record all details, activities and documents relating to each case. Each case is uniquely identified within Resolve, and we record the amount of time (in minutes) spent dealing with each case.

Both the advance user pays fees and the actual user pays fees for each case type are calculated using number of cases closed and average time (in minutes) taken to close cases. We use a single fee per case for refer back to supplier, referral to higher level, investigation level 1 and investigation level 2 cases. Investigation level 3 cases are charged at the cost of an investigation level 2 plus cost per

minute for actual minutes at investigation level 3. Final orders are charged at the fee for the investigation level of the case when the investigation ceased, plus a fixed fee of \$4000 per final order.

Should we find the approved budget is insufficient to meet our operating costs, supplementary funding may be required from scheme participants.

At the end of each financial year, any surplus funds are returned to scheme participants. The reconciliations at the end of December and end of June each year ensure we meet our legislative requirement to only charge scheme participants the actual costs to operate the scheme for that period.

OUR FINANCIAL PERFORMANCE

Our budget for 2018-19 was developed from a zero base without any surplus funds from the previous financial year, and has considered known changes in expenditure from the previous year and likely future expenses.

Our Statement of Comprehensive Income shows our operating result (income minus expenses) for 2018-19 was \$7000, which is interest charged to scheme participants under the Act for late payment of scheme fees.

Our income

Income for 2018-19 was \$6.507 million (up from \$6.282 million in 2017-18) and included:

- **\$6.243 million user pays fees**
(see Table 18 for user pays fees by case type)
- **\$215,724 participation fees**
- **\$48,392 other revenue**

Table 18: User pays fee breakdown 2018-19.

	Revenue (\$)	% of revenue
Refer back	1,008,488	16.1%
Referral to higher level	1,602,441	25.7%
Investigation level 1	1,890,058	30.3%
Investigation level 2	1,384,663	22.2%
Investigation level 3	357,769	5.7%

Our expenditure

Expenses for 2018-19 amounted to \$6.5 million (up from \$6.278 million in 2017-18). Employee expenses accounted for 69.5 per cent of this, with supplies and services accounting for a further 30 per cent. Depreciation, audit fees, and costs associated with our Advisory Council made up the balance of our total expenditure.

OUR FINANCIAL POSITION

As shown in the Balance Sheet (page 72), the office ended the year with total equity of \$274,000.

Assets

Our assets amounted to \$3.208 million. See Table 19 for the breakdown by asset type.

Table 19: Assets as at 30 June 2019

	Value (\$)	% of total
Cash & cash equivalents	2,851,000	88.9%
Receivables	309,000	9.6%
Prepayments	46,000	1.4%
Plant & Equipment	2,000	0.1%

Liabilities

As at 30 June 2019, our liabilities were \$2.934 million.

Table 20: Liabilities as at 30 June 2019

	Value (\$)	% of total
Unearned revenue*	1,619,000	55.2%
Payables	854,000	29.1%
Accrued employee entitlements	461,000	15.7%

*Unearned revenue relates to advance user pays fees received from scheme participants for the first quarter of 2019-20.