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THE CONSULTANCY BUREAU

**INDEPENDENT REVIEW**

**OF**

**THE OFFICE OF THE ENERGY AND WATER  
OMBUDSMAN QUEENSLAND**

**The Consultancy Bureau Pty Ltd**  
**November 2013**

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MANAGEMENT CONSULTANCY SERVICES

## Table of Contents

Executive Summary .....	i
1. Background .....	1
2. The Review Terms of Reference .....	3
3. Methodology .....	4
4. Overview of the Office of the Energy and Water Ombudsman Queensland .....	6
5. Strategic Aspects of EWOQ .....	8
5.1 Key Features of Legislation .....	8
5.2 The National Benchmarks .....	8
5.3 Strategic and Business Plans .....	10
5.4 The Communication Plan .....	12
5.5 Scope of Office Jurisdiction .....	13
5.5.1 The Definition of Small Energy Users .....	13
5.5.2 The Issue of Electricity On-Sellers .....	15
5.5.3 Emerging Issues Not in Jurisdiction .....	16
5.5.4 Other Issues .....	17
5.5.5 Resolving Disputes .....	18
5.5.6 Conclusion .....	19
6. Structure .....	20
6.1 Structural Integrity .....	22
6.2 Classification Structure .....	23
6.3 Staff Numbers and Workload .....	24
7. Governance Arrangements .....	28
7.1 Governance of the Energy and Water Industry in Queensland .....	28
7.2 Governance Arrangements for the Office of the Energy and Water Ombudsman .....	29
7.3 Consultation with Key Stakeholders .....	30
7.3.1 Community and Consumer Groups Comments .....	30
7.3.2 Regulatory Stakeholders' Comments .....	31
7.3.3 Viewpoints Expressed by Current and Former Members of the Advisory Council .....	32



7.3.4	Minister and Departmental Viewpoints .....	33
7.4	The Advisory Council .....	34
7.5	The Adequacy of the Advisory Council's Advice to the Energy and Water Ombudsman .....	37
7.6	Governance within the Office .....	38
7.7	Annual Reporting .....	40
7.8	Acting Independently, Impartially and in the Public Interest.....	41
8.	Evaluation of Performance against Industry-Based Benchmarks for Customer Dispute Resolution Schemes .....	43
8.1	Benchmark 1 – Accessibility .....	46
8.1.1	Scheme Participants' Feedback.....	46
8.1.2	Staff Feedback .....	47
8.1.3	Customer Feedback.....	48
8.1.4	Summary of Benchmark Performance .....	49
8.1.5	Suggested Areas for Improvement.....	50
8.2	Benchmark 2 – Independence.....	52
8.2.1	Scheme Participants' Feedback.....	52
8.2.2	Staff Feedback .....	52
8.2.3	Customer Feedback.....	53
8.2.4	Summary of Benchmark Performance .....	53
8.2.5	Suggested Areas for Improvement.....	54
8.3	Benchmark 3 – Fairness.....	55
8.3.1	Scheme Participants' Feedback.....	55
8.3.2	Staff Feedback .....	56
8.3.3	Customer Feedback.....	57
8.3.4	Summary of Benchmark Performance .....	57
8.3.5	Suggested Areas for Improvement.....	58
8.4	Benchmark 4 – Accountability.....	59
8.4.1	Scheme Participants' Feedback.....	59
8.4.2	Staff Feedback .....	60
8.4.3	Customer Feedback.....	60



8.4.4	Summary of Benchmark Performance .....	60
8.4.5	Suggested Areas for Improvement.....	61
8.5	Benchmark 5 – Efficiency .....	62
8.5.1	Scheme Participants’ Feedback.....	62
8.5.2	Staff Feedback .....	63
8.5.3	Customer Feedback.....	65
8.5.4	Summary of Benchmark Performance .....	67
8.5.5	Suggested Areas for Improvement.....	68
8.6	Benchmark 6 – Effectiveness .....	69
8.6.1	Scheme Participants’ Feedback.....	69
8.6.2	Staff Feedback .....	69
8.6.3	Customer Feedback.....	70
8.6.4	Summary of Benchmark Performance .....	71
8.6.5	Suggested Areas for Improvement.....	71
9.	Operational Issues .....	73
9.1	Telephone Intake Function .....	74
9.2	Funding and Budgeting Arrangements .....	77
9.3	Recruitment – Filling Vacancies.....	80
9.4	Resolve.....	83
9.5	Regional Consistency .....	84
9.6	Performance Management .....	86
9.7	EWOQ Internal Staff Communication .....	88
9.8	Application and Utilisation of QA Process and Reports. ....	89
9.9	Organisational Procedures .....	91
9.10	Staff Training and Development .....	92
9.11	Complainant Response Times .....	93
9.12	Scheme Participant Management.....	93
9.13	Scheme Participant Online Portal.....	94
10.	Review Conclusions .....	95



## **Executive Summary**

### **Review Context**

This independent external review of the Office of the Energy and Water Ombudsman Queensland (EWOQ) was commissioned by the Advisory Council to the EWOQ in keeping with National Benchmarks for Industry-Based Customer Dispute Resolution Schemes. Terms of Reference for the review are to assess the performance of the Office in respect to the National Benchmarks of:-

- Accessibility
- Independence
- Fairness
- Accountability
- Efficiency
- Effectiveness.

The review is also to examine strategic, structural, governance and operational aspects of EWOQ and its relationships with stakeholders. The full Terms of Reference forms Attachment 1 to the report.

The review approach involved an extensive review of previous review reports and current reports produced by the Ombudsman, interviews with scheme participants and key stakeholders, consideration of recent customer and staff satisfaction surveys, and the results of a series of workshops conducted for staff in Cairns, Rockhampton and in Brisbane.

Detailed interviews and assessments were conducted within the Office including operations, policy, research, communication and corporate functions. A draft report was circulated for comment to the Ombudsman and the Advisory Council so that feedback could be considered and where appropriate incorporated in the final report.



## Ombudsman Functions

The main function of the Office of Energy and Water Ombudsman Queensland is to receive complaints and disputes referred by small energy and water customers in Queensland, to assess whether these referrals are within the jurisdiction of the Office, and then to investigate and resolve complaints and disputes in a fair, impartial and independent manner. All licensed energy suppliers who supply small customers (including electricity and gas suppliers) and the five major water distributors in South-East Queensland are participants in the scheme. Some 20,000 incoming telephone calls and 3,500 plus electronic lodgements are received by Office personnel annually, which result in some 14,000 cases. These include enquiries, referrals to other agencies (as they are out of EWOQ's jurisdiction), referrals back to suppliers for consideration, investigation by EWOQ, or referrals to a higher level within the supplier organisation.

The review found that the Office receives and closes some 14,000 cases annually and achieves a closure rate in excess of 90% of cases in less than 28 days, considered to be highly satisfactory performance overall. The Office has a full-time staffing equivalent of 41 officers funded by the levying of quarterly fees to industry participants of the scheme according to their use of the complaints resolution and referral processes of the Office. The three regional offices in the State are integrated so that investigative work can be undertaken electronically at any Office location.

## Strategic Assessment

The review concluded that the Office has established appropriate strategic objectives and is performing in accordance with the strategic direction established in that:-

- The key requirements of legislation and the National Benchmarks are incorporated into the strategic direction, priorities and operational philosophies and practices within the Office.
- The strategic and business plans reflect core legislative obligations and standards within the National Benchmarks.
- The Office is performing consistently against these plans.
- The Office has a comprehensive communication plan and has made significant



progress in informing sectors of the Queensland community about the Office and the services available to consumers.

- Systemic issues are assessed and advice provided to scheme participants, the Minister and other regulators as necessary.

A number of stakeholders consulted during the review raised concerns about the current limitations in the scope of the jurisdiction of the Office of Energy and Water Ombudsman Queensland including:-

- The definition of “small energy users” was inadequate to cater for small businesses that have business and technical processes that consume larger quantities of power. (greater than the threshold of 100 kilolitres per year defining small users)
- Consumers in schemes that are provided energy and bulk hot water through on-sellers or wholesalers were unable to access services of the Energy and Water Ombudsman Queensland at the present time, an issue requiring resolution.
- The Energy and Water Ombudsman Queensland did not have the authority to initiate enquiries or investigations into practices in the industry considered to be causing problems, but where specific complaints had not yet been received, eg when trends adverse to consumers in other States became apparent.
- That issues in connection with emerging new supply arrangements or technologies including solar energy were not adequately covered by the scheme.

The review considered that these were all quite challenging matters to resolve because:-

- Other regulatory authorities were involved.
- Changes to codes of practice for the energy and water industry might be involved.
- Primary legislation relating to energy and water supply and the Office of Fair Trading might require amendment.

The Ombudsman, often with the benefit of the Advisory Council’s considerations, currently refers matters such as this to the Minister for Energy and Water Supply with suggestions for change. This is considered an appropriate course of action for an independent Ombudsman’s function. A number of these issues are under active consideration.



The review concluded that a summary of strategic or policy/scope of jurisdiction issues referred to the Minister's office with comment on outcomes could be included in the EWOQ annual report in the interests of transparency and accountability.

### **Office Structure**

- The Office structure was assessed as being appropriate in that over 70% of the 41 FTEs are directly devoted to complaint resolution/operational issues, with some 17% appropriately allocated to corporate functions and 13% allocated to essential education and research roles in support of complaint resolution.
- Numbers of personnel were appropriate to handle current workloads, and productivity within the Office was judged to be very satisfactory. Productivity rates for Investigation and Conciliation Officers had risen modestly in recent years in line with the increasing case loads. The telephone enquiry and referral area of the Office also deals with workload efficiently, with minimum waiting referral and complaint initiation times.
- There was considered to be opportunity within the Office to band classification levels between an experienced AO4 Senior Enquiry and Referral Officer position and AO5 Investigation and Conciliation Officers to help ensure that there was always a full complement of both classes of officer available to deal with workload by providing for more experienced EROs to spend part of their time performing ICO roles.

### **Governance**

Governance arrangements were considered having regard to functions, responsibilities and accountabilities within the Office and the role of the Advisory Council which is established to ensure the independence of the Office and that its investigations are fair and unbiased in the public interest. Relationships between the Office and regulators including the Department, the Minister and the Queensland Competition Authority were considered to be sound and professional. Comments from scheme participants and from other regulatory and consumer stakeholder groups were considered as well in forming conclusions.





The review concluded that governance arrangements for the Office were effective and that it was operating in an independent, fair and unbiased manner in the public interest as required by legislation. Summary comments by consumer and regulatory stakeholders were:-

- EWOQ is an efficient and effective Office and a key stakeholder in the energy and water sector in Queensland.
- The Office is highly professional and handles its complaint resolution workload in an efficient, impartial manner.
- The Office meets the National Benchmark standards of accountability and efficiency.
- The Office in Queensland does lack the extent of independence achieved in other States where counterpart Offices are established as companies limited by guarantee with independent boards.

Whilst governance arrangements in Queensland differ from other States, no evidence could be found where the Advisory Council arrangements were deficient in helping to ensure the necessary independence of the Ombudsman in performing functions prescribed in legislation.

There is no provision in current legislation for the Ombudsman to recommend policy changes to the Minister. However, systemic issues that emerge from investigations are reported immediately to suppliers, where there is evidence of high levels of responsiveness to addressing problems. The requirement to expedite the consideration and determination of operational issues referred from EWOQ to the Minister for Energy and Water Supply was identified. These included seeking approval for the annual budget and appointing members to the Advisory Council. The publication of policy issues and systemic matters referred and decisions made was considered desirable.

The review concluded that internal management arrangements within the Office were sound and enabled good governance practice and that public reporting of the Office was consistent with National Benchmarks.



## **Performance Against National Benchmarks**

The review considered the performance of the Office including feedback from customers, scheme participants, external stakeholders, management and staff and findings from review assessment of operations. The review conclusions against criteria are outlined below. Scores reported reflect the average assessment from many stakeholders and the staff.

### *Accessibility*

The accessibility benchmark received an overall rating of 7 to 8 out of a possible score of 10. The Office has done much in recent years to inform the community of its services. It has established a variety of channels for reporting complaints that were easily accessible and useable, and has a regional presence to facilitate access. Customers ranked accessibility very highly – 75%-85% and considered that the Office was highly effective in dealing with customers seeking access to lodge their complaints. The Office achieved this benchmark to a high level. Suggestions for improvement included communication strategies targeting information to indigenous communities, drawing more heavily on support of existing community groups, and arranging consistent staff and scheme participant relationships within the Office to jointly promote the scheme. Office training might better prepare more experienced Office personnel for external communication roles.

### *Independence*

The review confirmed that the Office is acting in a totally independent manner in carrying out its core functions. All stakeholders confirmed this, as did staff and customers. Ratings were between 7 and 8 out of a possible 10. 80% of customers were satisfied that the Office was independent and lacked bias in its work, even although only 52% of customers achieved outcomes that they considered to be in their favour. The review suggested that EWOQ might include mention of its role in the Office recorded telephone message, in initial correspondence and in reviewing complaints of consumers to reinforce its independence and freedom from bias in investigations undertaken.



### *Fairness*

Staff and scheme participants rated this between 7.5 and 8.5 out of 10. Customers rated this area between 8 and 9. The review concluded that this benchmark is achieved to a very high degree. The review suggested that enhancements could be made to training materials and policies to emphasise fair practice in investigative work of the Office.

### *Accountability*

This was rated 7 out of a possible 10. The review concluded that the Office met this standard quite adequately in that its internal and external reports and management accountability relationships were sound and comprehensive. Scheme participants sought ongoing access to summary case information in relation to their cases compared with other scheme participants. They cited examples in other States where they had access through their portal monthly to statistics on issues such as cases per 10,000 customers of various categories, time taken to resolve categories of complaints, and costs for different categories. The review considered that some of this information could be made accessible.

### *Efficiency*

Customers rated efficiency quite highly varying between 70% and 90%. Stakeholders and staff on average rated this area as a 7 out of a possible score of 10. Statistical analysis of case closure rates per officer confirmed to the external review that the Office was performing in a productive and efficient manner, usually exceeding service standards that had been established. The Office is dealing with all complaints expeditiously and case resolution rates are equivalent to lodgement rates annually. The review concluded that the Office achieved this benchmark standard to a high level. Suggested improvements included:-

- More user-friendly and integrated documentation for investigative staff.
- Enhanced flexibility in recruitment and enhanced planning of resource allocation practices within the Office.
- Enhanced systemic improvement processes to the Resolve case management system.
- Enhancing internal communications and performance management.



### *Effectiveness*

Rated between 7 and 8 out of 10 by the staff and stakeholders and between 80% and 90% by customers. Some 72% of customers were satisfied or very satisfied with the final outcome of the complaint resolution process, even although only 52% saw the outcome to be in their favour. The review concluded that the Office is meeting its effectiveness standards to a high degree. Areas for improvement included:-

- For the Office to seek more effective ways to influence changes to Government policy of benefit to consumers in respect to its sphere of influence.
- For the Advisory Council to take more of a structured approach to consider strategic issues impacting on the Office at regular intervals.
- To ensure greater consistency of investigative practice between regions.
- To anticipate and plan for strategic changes which may occur within the industry including the greater influence of regulation nationally and possible local competition changes.

### **Operations**

Finally, the review dealt with a range of operational issues and made suggestions as follows:-

- To marginally increase the number of Enquiry and Referral Officers to enable the more experienced to undertake part Investigation and Conciliation Officer roles, and thereby achieve the currently approved Office establishment dealing with case workload for most of the time.
- To seek greater flexibility in funding and budgeting arrangements including carryovers and billing adjustments from quarter to quarter and at the end of a financial year, and a greater emphasis on achieving timely approval of the annual budget in keeping with provisions in the Act.
- To consider a range of more flexible recruitment options to ensure the full establishment is available to be applied to case management.
- To improve the regularity of system enhancements to Resolve.
- To enhance consistency between the regions.



- To enhance performance management review and development activities within the Office.
- To enhance communications by introducing more effective team briefing processes and regular performance discussions between Team Leaders and staff.
- To better utilise the outcomes of the quality audit process and of Resolve statistics and information systems.
- To more clearly link Office procedures to stages of the investigation process.
- To enhance internal Office training and development and coaching processes, especially for less experienced officers.
- To establish scheme participant relationship management and explore options to provide scheme participants with access to more information about their complaints relative to the complaints of other scheme participants.

## Overall Conclusion

The review considered that the Office was already performing in a highly effective way overall. Suggestions for enhancement are therefore likely to achieve modest rather than fundamental improvement to Office performance. A summary of the recommendations to enhance operations is provided below.

The review team would like to thank all who constructively participated in the review and advanced a range of very worthwhile suggestions.

## Summary of Recommendations

### Recommendation 1:

That the Ombudsman publish in the Annual Report information about consumer-related scope of practice policy issues brought to the attention of regulators and the outcome achieved for consumers.

### Recommendation 2:

That a review of the work value and classifications of positions of Enquiry and Referral Officer and Investigation and Conciliation Officer be undertaken with a view to band salary levels to encourage ERO's to transition to ICO's.



### **Recommendation 3:**

That the productivity per ERO and ICO be monitored regularly within the Office taking into account issues such as case complexity, supplier/customer characteristics, and quality of work performed as a basis for staff performance review, training, support/mentoring and progression.

### **Recommendation 4:**

That funding and budgeting processes be reviewed to create greater flexibility for end of year carry-overs, with progressive adjustments six monthly based on more consistent time recording practices.

### **Recommendation 5:**

That EWOQ consider the opportunities to create a more flexible workforce and staff the Office to its full establishment level by:-

- Increasing the number and expanding the role description of EROs with a view to progressively extending their capability to step into Investigation and Conciliation Officer vacancies;
- Flexibly locating investigation staff vacancies;
- Considering flexible work options;
- Creating a standing applicant pool;
- Accessing a pool of casuals to cover for leave and the time to recruit to vacancies.

### **Recommendation 6:**

- That the process and procedure established for the continuous improvement of the Resolve system be fully and rigorously applied with feedback being provided to staff on the suggestions to be implemented, reasons for suggestions rejected and advice on outcomes of changes when they have been implemented;
- That monitoring of the accuracy of the recording of times by Investigation and Conciliation Officers against cases be implemented;
- That a quality assurance review be implemented for the policies and practices (and the actual application) of the recording of times.



### Recommendation 7:

- That a renewed emphasis be placed on training of Investigation and Conciliation Officers focussing on policy and procedure and the classification of cases;
- That Team Leaders and Regional Managers regularly conduct quality audits and hold periodic case review forums of the work of Investigation and Conciliation Officers to ensure consistency of approach between the three regions.
- That regular and detailed reviews of performance related data in the Resolve system be considered within each region and at Regional Manager meetings.
- That opportunities be explored for staff to be rotated between different regional offices (if necessary for only a short period of placement) to increase awareness and to promote consistency of approach in managing cases and investigations.
- That Regional Managers and Team Leaders through performance audits and the EWOQ Staff Performance Management System regularly discuss performance with individuals including review of sample cases, so as to raise standards and hold staff accountable for their performance;
- That achieving regional consistency be a standard objective set for all Regional Managers and Team Leaders to be assessed regularly by the Regional Managers Group with accountability for results achieved through the performance management process.

### Recommendation 8:

- That EWOQ review and enhance its existing Personal Development and Achievement Plan.
- That training of supervisors, Team Leaders and regional managers (performance management assessors) and staff be undertaken.
- That assessors be held accountable for the effective application of the performance management process.
- That QA of the application of the performance management system be undertaken on a regular basis by Regional Managers and the General Manager Operations and Managers of Corporate and Policy areas.



### Recommendation 9:

- That regular team meetings be held consistently (weekly or fortnightly depending on the need) and evaluated by participants in brief discussion at the end of meetings.
- That a standardised format for team meetings be developed as a guide for team consistency which includes: status of issues raised at the last meeting; new issues, communication and information (new policies, procedures environmental impacts on the teams work); update of work and workload within the team (including interesting and contentious issues); team brief; actions out of the meeting.
- That a team brief process be implemented where briefs are developed from issues of interest and outcomes from key EWOQ meetings (Advisory Council, Executive Management Group, Regional Managers Meeting, Scheme Participant Forums etc) and delivered at team meetings.
- That on a regular basis, presentation and discussion is undertaken between a team and a representative from another team (issues such as role, work schedule, interface issues etc).
- That changes to policies and procedures be circulated to all groups for discussion in team meetings.

### Recommendation 10:

- That a system of monitoring and reporting on the successful implementation of Quality Assurance Assessment Reports (where approved) be implemented.
- That officers undertaking quality assurance assessments be reassigned (for at least a short period of time) to investigation roles to maintain the currency of their knowledge and experience.
- That EWOQ leadership team take an active role in reviewing the sources and content of available Office information and data to identify those issues specifically requiring investigation and analysis for the benefit of enhancing organisational performance.





**Recommendation 11:**

- That the outcomes of the current policy linking to review stage exercise being undertaken by the Staff Development Officer on completion be reviewed, and if approved implemented and used as a basis for the induction and training of new Investigation and Conciliation Officers.
- That a schedule be developed for the review and updating of policies and procedures.

**Recommendation 12:**

- That key focus for the provision of training and development be on conciliation and mediation processes and skills.
- That continued presentation by scheme participants on their internal systems policies and procedures should be encouraged.
- That coaching and mentoring by senior and experienced staff be incorporated as an effective learning and development tool.
- That a buddy system be employed for new recruits or where there is a transfer of an officer to a significantly different line of business.

**Recommendation 13:**

That EWOQ review the current response times for complainants to determine whether they should be reduced.

**Recommendation 14:**

That Scheme Participant Relationship Managers be established and allocated.

**Recommendation 15:**

That EWOQ investigate the portal services provided in other jurisdictions for scheme participants and assess the capability and advisability of its provision through the website.



## 1. Background

The Office of the Energy and Water Ombudsman Queensland (EWOQ) was established in July 2007 pursuant to the *Energy and Water Ombudsman Act 2006*. The main purpose of the Act is to give small energy and water consumers a timely, effective, independent and just way of referring disputes to energy and water entities, and having the disputes investigated and resolved. Energy and Water entities are distributors and retailers of electricity, gas or water, whose activities are within the jurisdiction of the Energy and Water Ombudsman.

The Ombudsman's primary functions pursuant to the legislation are:-

- a) To receive and investigate, and facilitate the resolution of, disputes referred under the Act to the Ombudsman;
- b) to resolve the disputes if they cannot be resolved by agreement, negotiation or mediation;
- c) to promote the operation of the Act to eligible customers and relevant occupiers of land;
- d) to identify systemic issues arising out of complaints anyone makes to the Ombudsman;
- e) the other functions conferred on the Ombudsman under any Act.

An Advisory Council to the EWOQ is established pursuant to the Act to provide expert advice to the Energy and Water Ombudsman and the Minister responsible for Energy and Water on the effective and efficient conduct and operation of the EWOQ scheme. The Advisory Council is appointed by the Minister responsible for Energy and Water and consists of an independent Chair and at least three members representing consumers and three representing industry. There are currently five members from each sector.

EWOQ is expected in its operations to meet or exceed the principles of an effective customer dispute resolution scheme which are contained in the Benchmarks for Industry-Based Customer Dispute Resolution Schemes 1997.



Benchmark 6.11 provides that the operation of the scheme should be reviewed regularly by an independent party commissioned by the overseeing entity, in this case the Advisory Council.

This current review has been commissioned by the Advisory Council on the recommendation of the Ombudsman consistent with the National Benchmark.



## 2. *The Review Terms of Reference*

The review is to assess the extent to which EWOQ is achieving the main purpose of the Act by reference to the National Benchmarks of:-

- i. Accessibility
- ii. Independence
- iii. Fairness
- iv. Accountability
- v. Efficiency
- vi. Effectiveness

In this context the review is to examine all strategic, operational, structural and governance aspects of EWOQ and its relationships with stakeholders including:-

- Scheme Participants
- EWOQ Customers
- Advisory Council
- EWOQ Staff
- The Minister for Energy and Water Supply
- The Queensland Competition Authority
- The Department of Energy and Water Supply
- The Office of Fair Trading
- The Australian Competition and Consumer Commission
- The Queensland Council of Social Service
- The Queensland Consumers Association

The full Terms of Reference form **Attachment 1** to this report.

A draft report was provided to the Advisory Council and the Energy and Water Ombudsman for comment. The final review and recommendations satisfy the Terms of Reference and incorporate comments on the draft report judged to be relevant and appropriate within the context of the Terms of Reference.



### 3. Methodology

Two consultants were assigned to the review which was conducted in a number of stages as follows:-

- Conducting scoping interviews with the Ombudsman and the Advisory Council Chair to finalise the project plan and overall approach.
- Gathering relevant documentation including previous annual reports, the 2010 independent review report, Benchmarks for Industry-Based Customer Dispute Resolution Schemes and a range of other internal documents including customer and staff satisfaction surveys undertaken in July/August 2013. The consultants reviewed all of this documentation. The list of documents considered is summarised in **Attachment 2**.
- Conducting interviews with key office managers to gain an appreciation of their roles and viewpoints in respect to the review Terms of Reference.
- Based on this contextual material a series of staff workshops were conducted in Cairns, Rockhampton and the Brisbane office to canvass the following range of issues:-
  - Findings from the recent customer and staff satisfaction surveys.
  - Staff assessments of Office performance against the benchmark standards, the identification of strengths of the Office and areas requiring improvement.
  - Aggregating ratings against benchmark standards, the identification of potential areas for improvement and suggested action to deal with these issues and enhance overall Office performance.
- Interviews were then arranged with Energy and Water providers to ascertain their views about the performance of the Ombudsman's Office in regard to the National Benchmarks and any other comments they wished to offer in respect to Office strengths and areas requiring improvement.
- Other key stakeholders associated with the scheme mentioned above were then interviewed to ascertain their viewpoints and gather suggestions in respect to the performance of the Office.
- Detailed interviews and discussions were then conducted with a range of Office staff including detailed assessment of the telephone intake area of the Office, the



investigation functions of the Office, research and communication functions and corporate functions. Ongoing discussions occurred during the review with key senior managers and the Ombudsman and additional members of the Advisory Council.

- Conclusions from all interviews, workshops, desk research and operational assessments were drawn together to address the National Benchmark criteria and other requirements of the Terms of Reference.
- A progress report was prepared and discussed with the Ombudsman and Advisory Council during the review.

The consultants prepared a draft report, and following feedback from the Advisory Council and the Ombudsman, prepared the final report.



## **4. Overview of the Office of the Energy and Water Ombudsman Queensland**

The main function of the Office of Energy and Water Ombudsman Queensland is to receive complaints and disputes referred by small energy and water customers in Queensland, to determine whether these referrals are within the jurisdiction of the Office, and to then investigate and resolve complaints and disputes in a fair, impartial and independent manner.

All licensed energy suppliers in Queensland, including electricity and gas suppliers, are participants to the Ombudsman's scheme as are the five major water distributors in South-East Queensland. In all, there are some 29 scheme participants (distributors and retailers) which are the parties to disputes or complaints received from consumers that are to be resolved by the Office. Some 20,000 incoming telephone calls were answered by Office personnel in the 2012/13 year, and over 3,500 lodgements were received by email or through the website. Some 14,000 of these contacts were categorised as issues requiring action including enquiries and matters for investigation, advice and/or referral. Other matters were referred to authorities best able to deal with them such as the Office of Fair Trading. During the 12 month period the Office closed 12,107 electricity cases, 1,132 gas cases and 614 water cases.

The majority of complaints referred to the Office involve issues in respect to billing and credit issues, transfer, connection and disconnection issues and customer service. The Office endeavours to resolve cases through negotiation and conciliation and in the 2012/13 financial year received a total of 14,266 cases and closed 14,096. The Office achieved closure rate of some 91% of cases in less than 28 days, considered to be highly satisfactory.

The Office comprises three Divisions that report to the Ombudsman and has a total establishment of 41 FTE officers. Core dispute resolution functions are handled by the Operations Division, which comprises South Queensland operations and operations in regional Office locations at Rockhampton and Cairns. The South Queensland Regional Manager has responsibility for the enquiry and referral services of the Office, and two



teams of Investigation and Conciliation Officers. Regional Managers in Rockhampton and Cairns each have teams of Investigation and Conciliation Officers. Regional Managers report through a General Manager Operations to the Ombudsman.

All investigative units within the organisation are interconnected via phone and computer networks so that case investigations can be undertaken by personnel in any regional office. Incoming telephone calls, once screened to establish whether they are in jurisdiction and logged into the system, are actively transferred from Enquiry and Referral Officers to Investigation and Conciliation Officers. For this purpose Investigation and Conciliation Officers work in split team arrangements across the State in morning and afternoon shifts to ensure the remaining Investigation and Conciliation Officers can devote uninterrupted time daily to dealing with the investigation and resolution of complaints.

A small Policy and Research Division was established as a result of the review in 2010. It provides capacity to assess and deal with systemic issues and to manage marketing and Office communication with potential customers and constituents to ensure that as many Queenslanders as possible are aware of the functions and services performed by the Office. This Division also exercises an operational quality assurance and internal audit function to ensure that there is consistency and effectiveness across the Office in complaint investigation and resolution processes. These are all core functions pursuant to the legislation.

The third Division comprises Corporate Services, which includes systems analysis and IT capability to support the principal investigation and case management systems within the Office (Resolve) and personnel to manage the organisation's quite complex funding, budgeting and accounting arrangements which are based on detailed time-based costing records applied to scheme participants through quarterly billing and six monthly reconciliation processes. This Division also provides training support for operational personnel especially in respect to the development of systems, policies and protocols to ensure consistency of investigative practice and shorten the timeframe for staff to become competent in the roles within the Office.

The Corporate Administration Agency provides the traditional suite of back office supporting functions including finance and HR for the Office.





## **5. Strategic Aspects of EWOQ**

The *Energy and Water Ombudsman Act 2006* (The Act), National Benchmarks for Industry-Based Customer Dispute Resolution Schemes 1997, Strategic and Operational Plans, the Charter of Service and the Office Communications Plan were reviewed to gain an appreciation of the strategic direction and intent of the Office and the extent to which the organisation is satisfying these strategic obligations.

### **5.1 Key Features of Legislation**

Section 11 of the Act emphasises that the Ombudsman's functions are:-

- To receive, investigate and facilitate the resolution of disputes that are in scope pursuant to the Act – primarily complaints from small and residential customers.
- To attempt to seek agreement through negotiation and mediation in the first instance before exercising authority to resolve complaints.
- To promote the operation of the Energy and Water Ombudsman's function and the operation of the Act to all eligible customers and relevant occupiers of land.
- To identify systemic issues arising out of complaints made to the Ombudsman.

The Act also provides (Section 14) that “the Energy and Water Ombudsman must, in performing the Ombudsman's functions, act independently, impartially and in the public interest”. Section 17 makes it clear that the Ombudsman “may do anything necessary or convenient” in connection with performing the Ombudsman's functions and Section 16, which states that the Ombudsman is not subject to direction by anyone about the way in which functions are performed or disputes referred or decided.

### **5.2 The National Benchmarks**

In 1997, the Federal Minister for Customs and Consumer Affairs, through an extensive process of consultation with dispute schemes, consumer groups, Government and regulatory authorities and extensive public consultation, developed a set of National Benchmarks for industry-based consumer dispute resolution schemes.



The benchmarks are voluntary and are designed to assist dispute resolution schemes fulfil the need for cost-free, accessible and effective resolution of disputes relying on alternative dispute resolution mechanisms and thereby providing an alternative to the court system.

The Water and Energy Ombudsman Queensland has embraced the National Benchmarks as reflecting best practice in alternative dispute resolution and has designed processes within the Office and the overall strategic approach of the Office to reflect the key benchmark principles in the Code, which are:-

- accessibility
- independence
- fairness
- accountability
- efficiency
- effectiveness.

These benchmarks are used as one basis for this current review of the Ombudsman's Office, especially in respect to gathering the perspectives of customers, industry-based suppliers and members of the staff about the performance of functions and outcomes of investigations.

The Office has also produced a Charter of Service, explaining the role and goals of the Office and showing how the Office intends to deal with customers and their concerns and complaints in accordance with these benchmarks. The Charter of Service clarifies how the Office deals with complaints, what consumers might expect from the Office, helpful access and complaint lodgement information, and how consumers and scheme participants can assist the Office in promptly resolving complaints and disputes.

The review has confirmed that in managing the complaint resolution workload and process, the Office strives to achieve the benchmark indicators of performance through its systems, practices, staff approach and code of conduct. Subsequent chapters will reflect on the assessed ratings from scheme participants, customers and staff about the performance of the Office against all of the above benchmarks.



### 5.3 Strategic and Business Plans

The Strategic Plan for the Office 2013/2017 builds upon the above core requirements of the legislation in the following ways:-

- The vision and mission of the organisation emphasises the independence of the Office and the Public Interest served by providing the people of Queensland with free, timely, effective, independent and just ways of resolving disputes with energy and water suppliers. The vision also reflects the importance of the Ombudsman contributing to an efficient and fair Energy and Water Sector in Queensland.
- Four strategic objectives are defined which are:-
  - To contribute to improve service delivery in the Energy and Water Sector through receiving, investigating and resolving complaints.
  - To foster a culture of continually striving for success within the Office.
  - Adhering to the principles of independence and accountability.
  - To provide all Queenslanders with equal access to the service.
- These strategic objectives reflect the core functions outlined in legislation and a range of strategies and performance indicators comprehensively address the strategic objectives established.
- The plan also indicates how the strategic intentions of the Office are consistent with Government policy. It identifies two strategic risks which will be mitigated if:-
  - the confidence of all stakeholders in the integrity and performance of the Energy and Water Ombudsman's functions is properly safeguarded;
  - the Office deals with, and hopefully minimises, any sudden increases in the number of complaints to the Office;
  - the Office is led and managed in a way that attracts and maintains qualified, competent staff.

The Business Plan 2012/13 contains details showing how strategic objectives and priorities are to be achieved and the performance indicators that will be used to monitor levels of success. The following observations are made:-

- Progressive quality assurance audits and initiatives to enhance internal Office policy and procedure frameworks help to ensure the Office maintains a high standard in its complaint receipt, investigation and resolution activities.



- A customer survey has recently been conducted which confirms overall satisfaction with the performance of the Office (details are provided in Chapter 8).
- Regular reports are provided about systemic issues discussed with suppliers within the energy and water industry in Queensland which are referred to the Advisory Council, the Minister and to the Queensland Competition Authority and the Department of Energy and Water as the regulators of the energy and water industry in Queensland.
- Suggestions are made to enhance core practices and seek legislative support for these changes where necessary.

A number of policy questions regarding the scope of the Energy and Water Ombudsman in respect to certain classes of energy and water consumers were identified during the review. Discussions have occurred between the Ombudsman, the Minister and the Department in respect to some of these issues. The Department is assessing the implications of possible changes.

The Ombudsman's Office has also been active in producing a range of publications and website releases to inform all stakeholders and the community about the Office and its functions.

The Energy and Water Ombudsman's Office is unique in respect to the content of its investigations which are conducted within the parameters of quite detailed and complex energy and water contractual arrangements between suppliers and customers. It is important in this environment that the Office maintains a culture of continuous improvement in striving for success. The review noted an increased recent emphasis on staff training and professional activities within the Office as well as system enhancement initiatives, all designed to improve work performance.

It is apparent in discussions with Office personnel and as will be later shown from consultation with industry, that Office personnel are considered to be acting objectively, fairly and independently in considering complaints and disputes, appreciating the of opposing points of view of the parties but being careful not to identify with, nor to advocate for, any specific viewpoints that might be advanced by energy or water suppliers or consumers.



## 5.4 The Communication Plan

Another important strategic initiative of the Office has been the development of a comprehensive communication plan. The Office has well-developed online search, promotional and complaint lodgement systems. There is also an active program of promoting the scheme to segments of the community that may not be experienced in transacting business dealings with Government online. During the last 12 months the Ombudsman and senior officers have made presentations, issued press releases and consulted extensively especially in regional locations, to draw attention to the Office, its functions and the potential benefits for consumers. The Communication Plan's strategy is targeting older generations, Aboriginal and Torres Strait Islander consumers, consumers from non-English speaking backgrounds and consumers attending numerous community support and volunteer days organised for segments of the community by charitable and social support organisations.

The Ombudsman's Office also endeavours to regularly contact the offices of State and Federal Members of Parliament. Mail-outs of information to electoral offices is scheduled at six monthly intervals. A quarterly newsletter is sent to several hundred individuals and organisations. EWOQ is looking at whether maximum media (radio, newspaper and ethnic radio) coverage can be achieved by promoting the scheme immediately following billing cycles in particular regions. A number of public forums are also conducted and the Office attends "bring your bills" days throughout the State.

The Energy and Water Ombudsman Queensland attends events organised by a broad range of community organisations in the northern, central and southern regions within Queensland including Church and community based groups and specific groups for example established to support communities from non English speaking backgrounds and Aboriginal and Torres Strait Islander communities.

The use of radio within regional locations visited by Office personnel is an effective means to back up targeted press releases announcing visits by staff of the Office to attend various community organised events. The review concluded that whilst communication can



always be enhanced, the Office has a comprehensive plan in place and, within the limits of its resource capability, is meeting its communication objectives as outlined in the Plan.

The Office already has strong linkages with community groups and groups representing the interests of customers through membership of its Advisory Council. Some stakeholders contacted suggested that the Office might be able to build stronger linkages with community organisations throughout the State in furthering educational and information services especially to Aboriginal and Torres Strait Island communities in remote locations. The review considers that the Office already maintains strong network linkages with a number of community organisations. Additional community groups serving the needs of more remote centres in the State could be approached and, where practical, included in the communications strategy.

## 5.5 Scope of Office Jurisdiction

The *Energy and Water Ombudsman Act 2006* makes it clear that the purpose of the Office is to provide small customers with timely, effective, independent and just ways of dealing with disputes with their energy and water retailers or distributors. The Act defines “energy entities” as distributors and retailers of energy who perform energy entity functions which include issues such as billing, connection or disconnection services, the maintenance of reliability and quality of service, and the removal of vegetation.

In discussing a range of Ombudsman scope of investigation issues with stakeholders, the following matters were raised which could justifiably warrant attention for reasons outlined below:-

### 5.5.1 The Definition of Small Energy Users

There are anomalies created by the current definition which appears in Regulations to the *Electricity Act 1994*. Small customers are defined as electricity consumers using less than 100 megawatt hours per annum, and gas consumers using less than one terajoule per annum. Small water customers are residential customers or non-residential customers who use no more than 100 kilolitres of drinking water and/or reticulated recycled water per annum.



Some anomalies have arisen in respect to the definition of a “small electricity consumer” in that certain small businesses use significant quantities of electricity that takes them above the threshold, but from a public interest perspective are small businesses and equivalent in size and scale to many other small businesses that do enjoy access to the Office of the Ombudsman as they use below the threshold quantity of power. There is also a problem which occurs from year to year with small business energy consumers that are on the margin of the threshold. One year they may qualify for support of the Office of the Ombudsman and another year they might be just outside the threshold. This issue was raised in the 2010 external review and has been previously raised with the Minister and with the Queensland Competition Authority as the regulators. This matter is under active consideration.

Alternatively, there are some individual small users which are entities of larger organisations which possibly should not have access to the Ombudsman’s Office as the organisations are of a size and scale to take matters up directly with their energy supplier.

Definitional issues of “small customer” are problematic. It is understandable that the current criteria in respect to energy use is relied upon as this is a fact clearly evident and visible on energy bills. However, there are other small businesses acceptable definitions, eg Taxation Act, ABS definition and qualification thresholds for Federal grants etc. The definition could be enhanced, for example, to include businesses that are classified by Federal Government as being small based on number of employees or turnover.

Assessing and verifying this could be difficult.

The other option, if Government considers the threshold should be changed in the interest of fairness and equity for small business, would be simply to raise the energy threshold by an amount judged by the experience of the Office to reflect comparable scale of small business enterprises. This would remove the anomaly caused by the quantity of energy use due largely to the practice and technology of the small business. A suggestion was made to raise the threshold by 50% in the first instance to assess impact. This would be one useful approach.





The review in 2010 also emphasised that the upper thresholds for levels of recompense prescribed in law need not change even if the small user threshold for access to the scheme was raised.

Small business proprietors do require access to the Ombudsman's Office. They often have limited administrative support capability, and do not have the capacity to take issues of dispute or complaint and follow these through with significantly larger energy suppliers. There is also a public interest issue as the national guidelines suggest that industry-based dispute resolution schemes should be free to customers. This is another principle that might be considered when assessing the merit of a change in the definition of a small consumer. The review suggests raising the limit by 50% to judge impact, with subsequent adjustment if necessary.

### **5.5.2 The Issue of Electricity On-Sellers**

In high rise buildings (bulk power and bulk hot water schemes) and in other on-selling schemes such as caravan parks etc, disputes can arise between bulk energy and/or water resellers and individual members of a scheme, eg a high rise building where the body corporate purchases energy in bulk and on-sells to individual members of the body corporate, or a caravan park where the caravan park proprietor purchases in bulk and provides electricity to individual site occupiers.

This is also a situation where a majority of consumers of energy in a scheme would be small consumers. For commercial, technical and practical reasons, energy entities sell power to wholesalers or bulk on-sellers. In some cases the only metered supply is to the on-seller. These arrangements effectively deny many, and perhaps thousands of small consumers from access to the Ombudsman's scheme because they have no direct relationship with a recognised scheme supplier. In some cases it is groups of small consumers that seek cheaper power, and through a body corporate for example, organise to purchase power in bulk.





The intention of the Act is clearly that small users should have access to dispute resolution processes. If an energy entity enters into a contractual relationship with an on-seller, this should not automatically remove access entitlement for those obliged to purchase from the bulk on-seller.

In respect to this issue, the complications include a lack of formal contractual supply arrangements between on-sellers and consumers and the problem of recovering fees by EWOQ for the cost of undertaking complaint resolution processes for consumers of bulk on-sellers in the State. Many on-sellers are small entities and the establishment of separate billing arrangements with the inherent problems of identification, maintaining records and bad debts would be problematic. Alternatives, however, should be explored and arrangements applying in other States may provide some possible solutions. The Office of Fair Trading can deal with some bulk electricity/hot water scheme matters.

One option suggested was to amend the code to ensure that energy entities (suppliers), when entering into wholesale arrangements, make a reasonable capped allowance in their wholesale charges to cover the cost of complaints to the wholesaler/on-seller when these arise and are referred to the Ombudsman's Office. There may well be other options which should be explored. This anomaly, however, appears on face value to be a breach of a small consumer's entitlement envisaged in the intent of EWOQ legislated functions. It is especially harsh for those consumers who are living in accommodation where they have little or no personal choice about the method in which energy is supplied to them, eg caravan park residents.

### **5.5.3 Emerging Issues Not in Jurisdiction**

It is usual for conventional Ombudsman functions to have authority for "own motion" investigations. In the case of the Energy and Water Ombudsman, energy entities supply electricity nationally and there are occasions where trends are picked up in other States prior to trends being apparent and reported in Queensland. At the present time the Act specifies that the Ombudsman may investigate matters only on receipt of a specific complaint. Providing the Ombudsman with investigate power when it is considered that



there is a high probability of systemic problems emerging within a scheme in respect to non-compliance with code related terms and conditions would be useful on occasions.

The Ombudsman might undertake such investigation after referral of the issue to the Advisory Council and receipt of advice from that Council which includes scheme participant representatives.

#### **5.5.4 Other Issues**

Other issues raised during the review included the possible inclusion of a broader mandate in respect to solar energy and the fact that water complaints are only in scope for South-East Queensland due to the structure of water retailing entities.

The review received divergent viewpoints in respect to these issues. In respect to water, there is a view that suggests that water throughout all but South-East Queensland is a clear local government function where local government is the retailer. The State Government may have little incentive to extend the reach of EWOQ into local government entities. In fact, water was incorporated in the Energy and Water Ombudsman scheme in South-East Queensland only because at that stage water entities other than local councils had been established as water retailers in the South-East.

If water continues to be part of the scheme for the South-East, then it could be argued that on equity grounds all other water users in the State should have similar access to the Ombudsman's Office rather than relying on other jurisdictions such as the State Ombudsman or Consumer Affairs. Alternatively, water could be removed from the scheme entirely, however this would place Queensland at odds with some other States where water is part of their EWO arrangements.

In respect to solar energy, disputes can arise between a solar energy owner who is performing the role of a small supplier in selling power back to the electricity grid and the energy distributor. Disputes about conditions and pricing of residential supply to an energy entity may not all come within the conception of the current legislation and code which is to



protect small energy consumers. The Office of Fair Trading has a role in respect to the latter issues. The review noted that there was support from stakeholders to include more solar power issues in the scope of EWOQ.

### **5.5.5 Resolving Disputes**

The Act empowers the Energy and Water Ombudsman to endeavour to resolve disputes through agreement, negotiation or mediation, and in the case where this cannot be achieved to issue the final order to resolve the matter which must be supported by a decision notice.

As a matter of strategy, the Ombudsman has always sought to achieve resolution of disputes via agreement, negotiation or mediation and regarding the final order and decision power as one held in reserve as an incentive for suppliers to act reasonably and appropriately in resolving disputes and complaints.

Views were expressed during the review by certain stakeholders that the Ombudsman might set an example by drawing on the power of decision on infrequent occasions where this could be justified and where its use might be considered as an example to all energy and water suppliers involved in the scheme to ensure best efforts are made in resolving disputes through negotiation and mediation processes.

The Ombudsman has formed a different view which the review respects, and is advised that for the infrequent cases where a decision might be necessary, discussion between the Ombudsman and the supplier indicating that this course of action could be taken invariably leads to an agreed settlement. The review raises this issue as there were stakeholder comments dealing with it. The review noted different uses of this power evident in other State jurisdictions which have similar Energy and Water Ombudsman functions.



### 5.5.6 Conclusion

The Energy and Water Ombudsman Queensland is operating consistently with all strategic obligations and plans and is referring strategic policy issues considered to require attention to the appropriate regulators.

#### Recommendation 1:

**That the Ombudsman publish in the Annual Report information about consumer-related scope of practice policy issues brought to the attention of regulators and the outcome achieved for consumers.**



## 6. Structure

The Office of Energy and Water Ombudsman Queensland comprises the position of Ombudsman and direct reports from a General Manager Operations, a Manager Policy and Research and a Manager Corporate Services. The General Manager Operations is responsible for two regional offices (Cairns and Rockhampton) and two teams within Brisbane covering the South-East Region of Queensland. One of these teams includes the telephone intake centre for the Office comprising four Enquiry and Referral Officers who can refer calls to other agencies and/or log details of in scope cases and assign calls to the next available Investigation and Conciliation Officer anywhere in the State for progression of case management and investigation and resolution activity. The organisation structure diagram for the Office appears in Figure 1 below. The 41 positions are allocated as follows:-

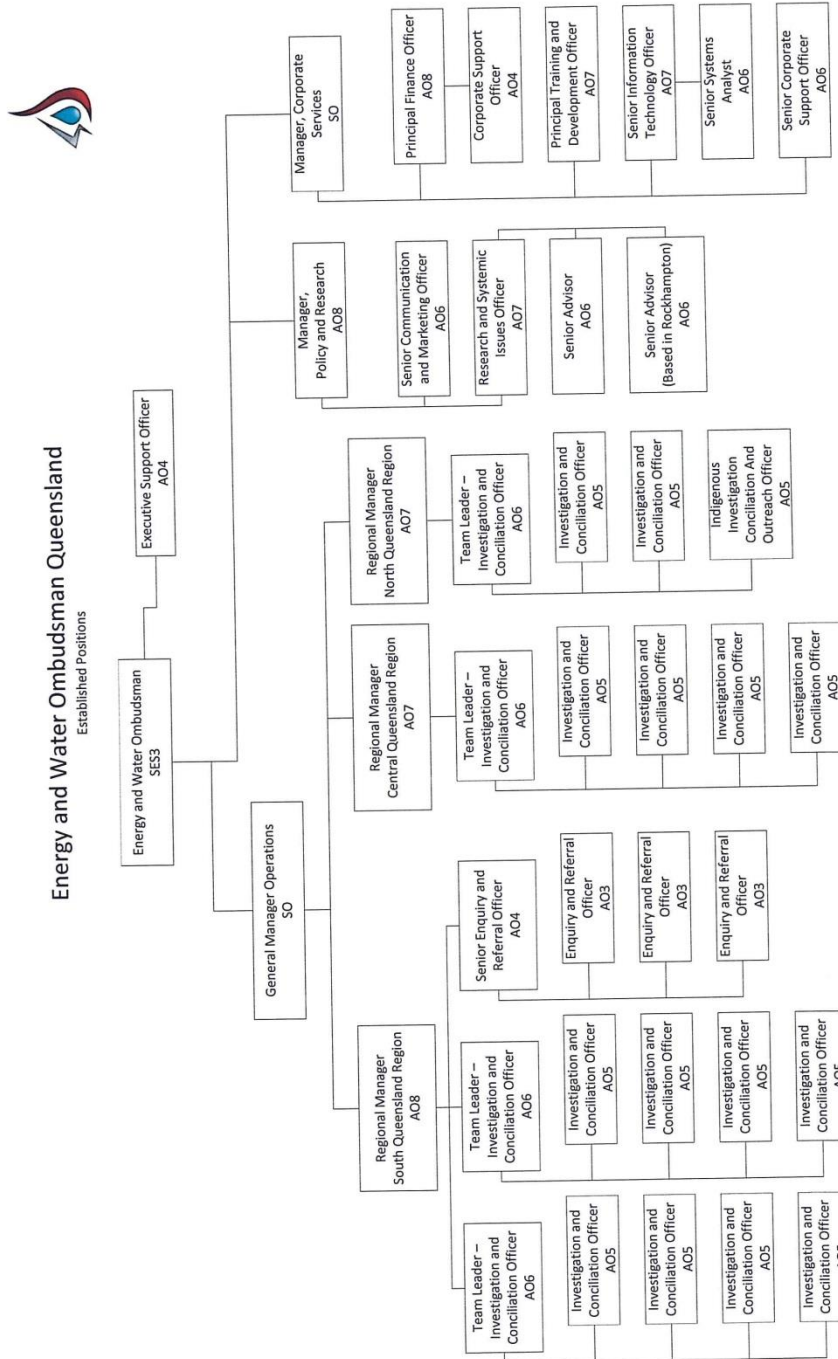
- Operations – 27
- Policy and Research – 5
- Corporate Services – 7
- Ombudsman and Executive Support Officer - 2

The Office has endeavoured to maintain the highest possible percentage of personnel directly involved in front line complaint investigation related functions. In addition to the 27 FTEs in operations, the policy and research function delivers core services in respect to community education, information and engagement and undertakes quality assurance and system enhancement activities to support operations. An officer is also assigned to deal with systemic issues as they arise and provide the Ombudsman with opportunities to contact suppliers directly to inform them of concerns and seek redress or alternatively if systemic issues are not within scope, to refer matters to the Department and to the Minister.

Corporate Services activities essential to the Office include finance, HR, corporate and administrative support and a recently appointed training and development position to enhance Office policy and practice guidelines and support the training and development initiatives for operational personnel. This Division also contains resources to support the Office, information technology and major case management system Resolve.



Figure 1



Current at 20 Nov 2013



Energy and Water Ombudsman Queensland  
Established Positions



## 6.1 Structural Integrity

The structure of the Office is logical and efficient, appropriately balances the different categories of available resources relevant to core functions, and ensures adequate internal support for the Office's core functions.

The Office ensures appropriate regional coverage through the maintenance of two offices outside of Brisbane, one in Cairns (5 x FTEs) handling the northern part of the State, and one in Rockhampton (6 x FTEs) covering central Queensland. The South Queensland office, based in Brisbane, is responsible for the balance of the State. Although the Office can investigate complaints from all over Queensland at any one of its locations, it is considered important for the purposes of regional visibility and engagement to maintain offices in the two northern centres. Complaints arising in regions are handled by investigators in that region. The three investigation teams and one investigation/enquiry and referral officer team are supervised by Team Leaders and have a Regional Manager for each of the three regions. It is appropriate that Regional Manager South Queensland has responsibility for the two investigative teams including the Enquiry and Referral Officer function. The three Regional Managers report to the General Manager Operations.

Other core functions of the Office include its marketing, education and information services to the community to ensure they are aware of Office services and can access these services. The Policy and Research Division of the Office (5 x FTEs) has a Senior Communications and Marketing Officer position for this purpose. The Office also has a core responsibility for raising and resolving systemic issues arising from complaints with scheme participants and a position is specifically assigned for this function.

Other positions within this small unit focus on research and continuous improvement to the way in which the Office performs its functions including continuous audit and review of a sample of investigations undertaken. When taken together, Operations and Policy and Research Divisions comprise some 80% of the resources of the Office not including the Ombudsman's position, which is considered appropriate for a small organisation.



The corporate services functions of the Office comprise seven full-time equivalent personnel, or some 17% of the establishment of the Office, considered to reflect acceptable benchmark standards, especially when considering the complexities of the funding, budgeting and financial management arrangements for the Office and its dependence on IT systems for performance of core functions.

The structure facilitates the efficient flow of information within and between Divisions and from Divisions to the Ombudsman. Office coordination arrangements are provided through regular senior executive meetings and regular senior officers meetings from each of the Divisions. Team leaders and their Investigation and Conciliation Officers also meet regularly in team locations. Teleconferences between teams are arranged as necessary.

## 6.2 Classification Structure

Classification levels within the Office reflect that expected within an independent Ombudsman function where the position of Ombudsman, because of its independence, high level of accountability and standing, is created at a senior SES equivalent level under the EWOQ legislation, not the Public Service Act. Classification levels for other positions within the Office have been assigned to reflect assessed work value.

The Office core function of investigation and conciliation requires a deal of expertise to understand the quite complex array of energy and water supplier arrangements covered by various codes in Queensland. Within each code retailers and distributors have differing arrangements and practices which also add to the complexity. A key feature of the Office is the requirement for privacy and confidentiality of individual complainants and the capacity of all personnel, particularly those handling phone calls, to deal with a broad range of customer groupings including those from non-English speaking backgrounds and customers who express various degrees of emotion associated with the nature of their concerns.





Position descriptions and the classification of positions across the organisation including work value assessments undertaken by the Corporate Administration Agency were reviewed. The majority of evaluations reviewed were undertaken prior to water entities in South-East Queensland coming under the jurisdiction of EWOQ.

- The current direct reports to the Ombudsman are at SO (2 positions) and AO8. Some rationalisation may be justified as the three positions form the Executive Management Group with the Ombudsman.
- The Regional Managers roles appear appropriately positioned.
- Team Leader Investigation and Conciliation roles seem appropriately positioned at level AO6.
- Enquiry and Referral Officers are currently positioned at AO3. Re-evaluation of these roles could be warranted to provide a banded structure of AO3 and AO4 (for highly experienced, competent and high performing individuals) and considering the opportunities to progressively assume ICO roles.
- Investigation and Conciliation Officers are appropriately positioned at AO5, however it may be appropriate to consider including these also as banded roles at AO4 (still learning and inexperienced) and AO5 (experienced and competent).

### **Recommendation 2:**

**That a review of the work value and classifications of the positions of Enquiry and Referral Officer, and Investigation and Conciliation Officer be undertaken.**

## **6.3 Staff Numbers and Workload**

Table 1 below reveals that the number of investigation staff and Enquiry and Referral Officer personnel have increased modestly over the last three years in line with increases in Office case closures.



**Table 1**

**Analysis of Investigative Trends and Case Closures per ICO**

*Note: Only the 25% time of Team Leaders assigned to their own caseloads is reflected in number of ICOs since 2010/11.*

Financial Year	2009-10	2010-11	2011-12	2012-13	% change 4 yrs
Cases Received	12,415	12,672	13,496	14,266	Office achieves 95%+ closures each year ↑ 12%
Cases Closed	12,590	12,702	13,522	14,096	
Nos. of Effective ICOs	16	18	Equivalent 16	Equivalent 16	Allows for Team Leaders 25% case load. 19 including TL's.
Referrals	1,202	1,408	1,175	2,348	↑ 95%
Per ICO	170	78	73	146	
Refer backs	2,735	3,302	3,636	4,011	↑ 47%
Per ICO	170	183	227	250	
Refer Higher Level (RHL)	4,638	4,819	5,298	4,616	0%
Per ICO	289	267	331	288	
Level 1 Investigations	2,021	1,648	1,253	1,352	↓ 33%
Level 2 Investigations	533	409	505	390	
Level 3 Investigations	<u>0</u>	<u>32</u>	<u>413</u>	<u>136</u>	↑ >100%
Total Investigations Closed	<u>2,554</u>	<u>2,089</u>	<u>2,171</u>	<u>1,878</u>	
Total Closures Per ICO	160	116	135	117	↓ 26%
Total Case Closures					
Per ICO	787	705	845	881	↑ 12%

The current staff establishment of the Office is 41, compared with 35 in 2009/10. Numbers of personnel are considered appropriate because:-

- Water entities were added since 2009/10 and gas cases have doubled resulting in a 10% increase in Office workload.
- Cases closed of all categories per investigating officer have increased by 12% over the last four years. This has been achieved through higher numbers of referrals, refer backs and RHLs despite the increasing complexity of certain energy and water cases reflected in longer time taken to complete these investigations.
- Information and educational functions and quality assurance functions have



enhanced the performance of the Office in recent times.

- Team leaders have had their investigation caseloads reduced by some 75% so that they can spend more active mentoring, coaching, supervision and team coordination time. In effect this has resulted in a 3 FTE reduction in investigative strength but a broader and deeper level of experience for ICOs.
- An improved standard and consistency of complaint investigation across the Office has been achieved. There is some way to go. All Investigation and Conciliation Officers are now expected to handle all categories and complexities of complaints compared with an earlier practice of handing over more complex cases to Team Leaders. There has been some loss in productivity as investigators have invested training and mentoring time to become proficient in resolving all types of cases. (There are still aspects of the Team Leadership role that need to be further enhanced including Performance Management.)
- The standard of investigation, supported by increasingly useful policies, guidelines and templates, is confirmed by most stakeholders to have improved significantly over the last 18 months.

The Office maintains a great deal of statistical information in respect to workload and work throughput and this information should be used periodically to ensure that the performance levels of the Office in aggregate and per staff member involved in intake and/or investigation are maintaining or enhancing current productivity levels.

In the enquiry and referral area of the Office, an increasing number of calls are taken annually and abandoned calls have also increased. The increased activity particularly reflects the Office community education program and new and different options in energy supply arrangements. Solar electricity issues, bulk energy arrangements and bulk integrated energy hot water arrangements have all added to Office referral workloads. Many of these issues are outside of the jurisdiction of the Ombudsman's Office and need to be referred to other agencies such as the Office of Fair Trading or the Department of Energy and Water Supply. Positions within the telephone enquiry and referral section of the Office have increased by one to meet this workload over the last three years. EROs



have been recently delegated authority to undertake referrals on initial telephone contact with customers.

The review concluded that staffing resource levels within the structure were appropriate given the increasing workload year on year and the improved consistency and quality being achieved in the manner in which complaints are investigated and resolved. Regional Managers and Team Leaders need to continue to actively manage caseloads and mentor the performance of individual personnel and teams.

**Recommendation 3:**

**That the productivity per ERO and ICO be monitored regularly within the Office taking into account issues such as case complexity, supplier/customer characteristics, and quality of work performed as a basis for staff performance review, training, support/mentoring and progression.**



## **7. Governance Arrangements**

Governance arrangements relating to the Energy and Water Ombudsman Queensland are best understood in the context of governance arrangements applying to the energy and water industries in Queensland. This context is briefly mentioned before analysing the details of governance arrangements relating to EWOQ specifically as a basis for suggesting possible enhancements.

### **7.1 Governance of the Energy and Water Industry in Queensland**

The Minister for Energy and Water Supply is ultimately responsible for legislation and regulation in respect to the energy and certain sectors of the water supply industries in Queensland.

The Minister relies upon the Queensland Competition Authority (QCA) as the independent regulator to oversee the operation of these designated industries and develop industry specific codes governing amongst other things the manner in which licensed energy and water entities will enter into contractual arrangements with energy and water customers.

The Energy and Water Ombudsman relies upon the details of energy and water legislation, regulation and codes as a basis for accepting or rejecting referrals of complaints or disputes from consumers and investigating and resolving matters referred. The Energy and Water Ombudsman Queensland may only accept and investigate matters that are in the scope of the Energy and Water Ombudsman's mandate as defined in the *Energy and Water Ombudsman Act 2006* which is referenced to the *Electricity Act 1994* and Regulations, the *Queensland Competition Authority Act 1997* and energy and water industry codes.

The essential feature of these industry governance arrangements is that the Energy and Water Ombudsman may only investigate matters that are considered "in scope" as defined in the laws or codes overseen by other regulatory authorities. The Ombudsman does have an avenue pursuant to section 78 of the Act to make observations or to propose amendments to the details of codes or scope of jurisdiction of the Office. The



Ombudsman may seek viewpoints of the Advisory Council in forming an opinion as to the merit of suggesting code change to the Minister for Energy and Water Supply who might then seek input from other regulators such as the Queensland Competition Authority.

## **7.2 Governance Arrangements for the Office of the Energy and Water Ombudsman**

The EWOQ is established to undertake dispute resolution functions pursuant to Section 11 of the Act as described earlier. The scope of investigations are restricted according to Section 12 which excludes areas that relate primarily to key tasks of the QCA in issues such as the fixing of tariffs and the methodologies involved. Section 12b specified that the Energy and Water Ombudsman cannot accept referrals about, or investigate, the content of Government policies or of legislation, an energy Act authority, an industry code or the customer water and waste water code. The Ombudsman therefore has a clearly defined scope of investigation. However, within this scope, the Ombudsman has authority to control all aspects of an investigation.

The Act (Section 14), obliges that the Ombudsman must, in performing the Ombudsman's functions, act independently, impartially and in the public interest. The Ombudsman may do anything necessary or convenient to be done in connection with the Ombudsman's functions and is not subject to the direction of anyone about the way in which the Ombudsman performs the functions, arrives at decisions or referrals and sets priorities for investigations and the resolution of dispute referrals.

The Energy and Water Ombudsman is appointed by the Governor-in-Council on the recommendation of the Minister pursuant to the Energy and Water Ombudsman Act not the Public Service Act. Staff of the Office, however, are appointed pursuant to the *Public Service Act 2008*. However staff of the office are directly accountable to the Ombudsman for all functions performed within the Office but would be expected to comply administratively with the *Public Service Act 2008* and the applicable codes relating to conduct, ethical and integrity requirements, workplace health and safety and risk management.



It is therefore in the areas of independence, impartiality, “in the public interest” and the authority to proceed without being subject to direction to investigate and resolve complaints that are in scope, that are the main issues of governance that the review sought to assess.

### **7.3 Consultation with Key Stakeholders**

Representatives of consumer organisations and or regulatory organisations involved with energy and water regulation at a State and national level were contacted to seek viewpoints about overall governance arrangements established for the Office of Energy and Water Ombudsman Queensland. Critical issues impacting on the performance of this Office were raised including its independence, impartiality and performance of its functions in the public interest. The most relevant comments are highlighted below. The list of external stakeholders contributing to this review appears at the start of Chapter 8.

#### **7.3.1 Community and Consumer Groups Comments**

- Have very positive and effective working relationships with the Energy and Water Ombudsman Queensland and the Office of the Ombudsman.
- Complaints are handled in a professional and highly satisfactory manner.
- The Office has not been established with the same safeguards for its independence as has occurred in New South Wales and Victoria for example, where there is a corporate structure with an independent board of directors in place to govern the work of the Ombudsman.
- In Queensland the Energy and Water Ombudsman is responsible to the Minister. In practice this may involve departmental officers dealing with issues for the Minister. For example, budgets agreed between industry and consumer representatives on the Advisory Council and recommended by the Ombudsman can be delayed.
- The Ombudsman’s Office is becoming better known in the community. The Office is receiving better media coverage and has an active program of mail-outs and presence at public forums.
- The Office has been less successful in publishing systemic problems and policy



issues which need to be addressed within the industry.

- The Office can draw attention to systemic issues but the Act is silent on any policy influencing role for the Office. However, one of the most important outcomes from an Ombudsman function is to address perceived policy or code deficiencies considering the interests of consumers and industry requirements, and hence reduce the need for recurring consumer complaints.
- It would be beneficial to have greater access to comparative data between the States such as numbers of complaints per 10,000 customers, costs of the types of complaints etc.
- The Advisory Council has a tendency to be too operational and members now are invited to raise more strategic issues with the scheme that are reflected in the nature and quantity of complaints.
- Presentations to the Advisory Council looking at trends in the nature of complaints, especially referrals to other entities, can highlight strategic issues such as the need for a change in scope for the Ombudsman's Office.
- It would be beneficial if the Office of Energy and Water Ombudsman could have a more proactive role in respect to dealing with issues with scheme participants.
- The significant positive impact on the Office of the current Ombudsman was noted.

### 7.3.2 Regulatory Stakeholders' Comments

- The Energy and Water Ombudsman Queensland is regarded as a key stakeholder in the energy and water sector in Queensland – the Office is highly professional and efficient in what it achieves.
- EWOQ is excellent to work with and makes a very positive contribution at both State and national regulatory levels.
- Produces reports of a high quality and shares information with regulators – debates issues constructively.
- Meets the national standard benchmark accountability requirements through its public reporting and excellent website.
- The creation of the portal to support customers in seeking the appropriate referral for various complaint bodies was valuable.





- The Office comprises highly experienced personnel with no evidence of bias in work undertaken.
- EWOQ works in a quite difficult and complex industry where understanding of pricing processes and arrangements governing the industry and how it operates is essential background knowledge for investigators.
- There are differences between the Energy and Water Ombudsmen in the different States when it comes to dealing with complaints. For example, Queensland's Office is efficient, but its reports are not as easily accessed or analysed as reports are for EWON and EWOV.
- There are differences of viewpoint in respect to the requirements for changes to the scope of the Office, between the Energy and Water Ombudsman and some regulators. One regulator suggested more informal discussion before formal requests were made for scope and code changes.

### **7.3.3 Viewpoints Expressed by Current and Former Members of the Advisory Council**

- The current external review should strive to recommend enhancements to the way in which the Energy and Water Ombudsman function operates in Queensland.
- The Advisory Council is a useful and valued forum in balancing perspectives, needs and issues between in-scheme participants and consumer representatives.
- The Advisory Council can advise the Ombudsman and through this process can influence issues to ensure the Ombudsman's independence, which is part of the role of the Advisory Council specified in legislation.
- The Energy and Water Ombudsman function in Queensland should be established as a corporate entity with an independent governing board as is the case in other States to ensure independence.
- There are clearly differences of viewpoint between an Advisory Council and a Department and Minister, especially in respect to recurring basic issues such as approved budgets, funding and the timing of budget approvals. The slippage of budget approval timeframes can lead to difficulties for the Office. The budgeting process is inflexible at the present time.



- There should be active consideration about whether Queensland should sign up to the national regulatory scheme and EWOQ should have a significant voice in this discussion.
- There were sometimes very lengthy delays in achieving appointments to the Advisory Council and there seems little justification for delay.
- Significant value had been achieved in recent times with an enhanced communication and information strategy being implemented by EWOQ to ensure a broader spectrum of the community is aware of the Office and its functions.
- The Advisory Council is established to achieve a balance between the viewpoints of industry and consumer/community representatives. It is disappointing therefore if either party seeks to influence policy with the Minister directly without openly discussing matters within the Advisory Council forum.
- There are a range of issues regarding the scope of the jurisdiction of the Energy and Water Ombudsman in Queensland and there needs to be a mechanism to ensure that these issues are addressed expeditiously.

#### **7.3.4 Minister and Departmental Viewpoints**

- An important guiding principle in determining the scope and jurisdiction of the Ombudsman's functions is the protection of consumer interests.
- Community education and information sharing about the Office is a very significant function that may need to be enhanced, especially for the aged, remote communities and groups with special needs in society.
- There needs to be meaningful assessment of the pros and cons of any proposed changes in the scope of complaint jurisdiction for the Office, which invariably requires changes to the industry code or to regulation.
- The Ombudsman is appropriately briefing the Minister on performance of the Office and emerging challenges and the relationship with the Ombudsman's Office is sound and professional.



## 7.4 The Advisory Council

An Advisory Council for the Energy and Water Ombudsman is established to exercise specified governance functions:-

- Monitor the Energy and Water Ombudsman's independence.
- Advise the Energy and Water Ombudsman on policy, procedural and operational issues relating to the *Energy and Water Ombudsman Act 2006*.
- Advise the Minister responsible for energy and water on the functioning of the Energy and Water Ombudsman's functions.
- To advise at the end of each financial year the Minister on the independence and functions of the Office of the Energy and Water Ombudsman during the preceding financial year.

The model adopted in Queensland was to establish an Advisory Council rather than establish the Office of Energy and Water Ombudsman as a company limited by guarantee with a Board of Directors as is the case in New South Wales and Victoria. Arguments have been presented suggesting that the Ombudsman's independence and role generally could be compromised if an independent governing board did not have final authority for decisions and actions of the Ombudsman, as the Advisory Council is appointed by and is ultimately accountable to the Minister for Energy and Water Supply. The Act makes it clear however that the Ombudsman is appointed by the Governor in Council (see Section 1 and Section 16) and is not subject to direction in respect to discharging the Ombudsman's functions.

The review considered this issue further and looked for examples where the independence of the Ombudsman's Office may have been unduly influenced or that the operation of functions might have been compromised. The review found that:-

- There was no evidence from any source or from assessments of work performed by the Office that the manner in which the Office discharged its functions had been compromised by any unwarranted influence – the Ombudsman had absolute independence in this respect.



- The role of the Advisory Council in providing advice to the Ombudsman and to the Minister had been fulfilled as envisaged in the legislation. One significant value of the Advisory Council is that it has an independent Chair and comprises equal numbers of representatives from energy and water entities (both distributors and retailers) and consumer representatives. The Advisory Council with its diverse but balanced membership is therefore able to provide an important source of advice to the Ombudsman in respect to issues that arise in fulfilling the Ombudsman's functions, and can provide advice to the Ombudsman and Minister in respect to funding and budgeting decisions for the Energy and Water Ombudsman's functions and make suggestions regarding policy and procedural issues arising from the Act.

There is evidence that the Advisory Council is fulfilling key functions specified in legislation, including monitoring the Energy and Water Ombudsman's independence, advising the Ombudsman on policy issues and the operation of the Act and advising the Minister regarding Office funding and the performance of its key functions.

However, there were other areas where reservations were expressed by some stakeholders about governance arrangements:-

- Where the Ombudsman and/or Ombudsman and the Advisory Council recommend issues to the Minister, there can be significant time intervals between recommendations made and decisions taken. This can be particularly concerning if the decision is in respect to an annual budget for the Office where strict timeframes are specified in the legislation to ensure that the Office receives necessary funding from industry to continue to perform its functions on a quarter to quarter basis. The extended time to make appointments to the Advisory Council was also raised.
- Where suggestions are made in respect to changes to the code or changes to legislative requirements or policy, for example to expand the scope of the Ombudsman's functions to cover new and emerging trends within the Electricity or Water Industry Sectors there can be a lack of clarity and delay in respect to decisions and actions required within the Department of Energy and Water Supply and within the Queensland Competition Authority.



In respect to budget management, suggestions are made in that part of the report dealing with financial and budgeting issues to ensure greater flexibility in timeframes.

In respect to Ombudsman suggestions discussed with Queensland Competition Authority personnel at regular quarterly meetings and/or referred in writing from the Ombudsman or Ombudsman and Advisory Council to the Minister and then to the Queensland Competition Authority the following observations can be made:-

- Some referred matters seem to be clear examples where the entitlement of small consumers to the Ombudsman's dispute resolution services are being denied, eg on-sellers of power and small customers with large power requirements.
- For other issues consumers may have access to complaint for example to the Office of Fair Trading in Queensland eg solar power issues and bulk hot water.

It is accepted that a deal of research may be required within the Department or within QCA before amending energy and water codes of practice because of the interdependencies of many issues within the codes. However, regulatory arrangements including that of the Ombudsman function within the energy and water industry sectors do need to be responsive and efficient to change in industry practice and circumstance and in certain referred cases need to be adequately and promptly addressed in the interest of consumers.

A principle outlined in Section 28(f) of the *Energy and Water Ombudsman Act 2006* focusses on internal investigative procedures within the Office and suggests that the Office should perform its functions in keeping with practices adopted by similar bodies in other States that are recognised as being good practice. This principle if it applied as well to cover legislative and code development practices would take into account that in other jurisdictions issues such as bulk energy and bulk hot water on-sellers and solar power arrangements have been brought within the jurisdiction of relevant State Energy and Water Ombudsman schemes of arrangement.



The governance principle involved is that responsive and responsible decisions are taken to ensure that consumer interests are safe guarded when industry practices change.

## **7.5 The Adequacy of the Advisory Council's Advice to the Energy and Water Ombudsman**

The Advisory Council has meetings every two months where it considers reports and information including that requested from the Ombudsman which cover issues such as:-

- Details of stakeholder engagement, communication and information sharing initiatives undertaken by the Office during the preceding two months.
- Ongoing performance figures regarding cases received and average days that cases are open, so as to monitor the efficiency of the Office.
- A report on systemic issues relating to those referred matters investigated where similar problems were observed in a recurring number of complaints.

A systemic issues monitoring committee has been established within the Office that meets weekly to identify and discuss potential emerging systemic issues. The Ombudsman brings systemic issues promptly to the attention of scheme participants who in turn often rectify problems promptly. The Ombudsman also refers a summary of systemic issues and aspects concerning each issue to Advisory Council meetings for their information, discussion and where necessary consideration of policy recommendations to the Minister and/or advice through the Minister to the Queensland Competition Authority. Critical systemic issues in recent times have been:-

- Billing delays and errors.
- Marketing and conduct issues.
- Contracting issues.

The Ombudsman identifies certain systemic issues arising from complaints as warranting further investigations and may establish these as a project, for example, dealing with customers experiencing payment difficulties.



The Ombudsman also refers the usual range of governance issues to the Advisory Council including:-

- Suggested changes to the strategic and business plans of the Office.
- Changes proposed to complaint inquiry and investigative processes.
- Other change to systems and practices being contemplated within the Office.
- Issues regarding organisation, structure, functions and performance including delegations, performance planning and management, structure and position classification issues etc.

Advisory Council members contacted were supportive of the Ombudsman's efforts to report and advise on issues of greatest relevance from a governance point of view. They considered that the Ombudsman always fully considered and where feasible and consistent with legislation, operated in keeping with balanced advice received from industry and consumer interests represented on the Advisory Council.

A number of Advisory Council members observed that meetings were quite operationally focussed, with limited focus on strategic issues. The review suggests that certain strategic issues could be discussed in a segment of each meeting. Council members are currently invited to list items to be included in meeting agenda papers.

## 7.6 Governance within the Office

Clear lines of authority and accountability exist within the Office of the Energy and Water Ombudsman Queensland as revealed in the section on Structure (Chapter 6).

- Senior personnel are appropriately involved in providing feedback to the Ombudsman in respect to routine performance issues, productivity and risk.
- Senior personnel contribute to all strategic business and operational planning initiatives within the Office.
- The series of management and topic specific meetings and discussions organised on a recurring basis appear adequate to deal with emerging Office challenges. The following are noted:-



- The Executive Management Group (EMG) comprising the Ombudsman and three direct reports meets monthly and in practice may meet briefly at weekly intervals. It has a strategic focus.
- The Senior Management Group is chaired by the General Manager Operations and has membership including the Energy and Water Ombudsman, Manager Corporate Services, Manager Policy and Research and the three Regional Managers. It meets quarterly and has an operational performance focus.
- A Regional Managers Group meets fortnightly to address operational and systems issues between Regions. It is chaired by the General Manager Operations and has a focus on regional performance, interface issues and consistency of practice.
- The Office has an Audit and Risk Management Committee ensuring a targeted annual external audit work plan for the Office and appropriate follow up action being taken on internal audit reports. In the future, the Committee plans to also approve the annual internal audit program, review the scope and quality of work performed by the internal audits of file samples monthly and monitor changes to the risk profile of EWOQ. Its membership includes an independent external member, Queensland Audit Office representative (observer) and a Corporate Administrative Agency audit representative (observer) together with some internal managers. It is chaired by the regional manager South Queensland.
- Investigation officers have a telephone conference monthly with a focus on investigation issues and consistency of approach.
- A Systemic Issues Management Committee meets fortnightly to identify matters worthy of inclusion in monthly reports to the Ombudsman and Advisory Council. The Ombudsman can advise relevant suppliers about the need to address systemic issues and prepares monthly reports for the regulators.
- Given the importance of information technology and electronic systems to the Office an Information Steering Committee is established to provide





strategic direction and management by endorsing forward plans and policies, monitoring performance of business systems against strategic and business plans, overseeing significant ICT projects and ensuring compliance with whole of Government IT policies and standards. It is chaired by the Energy and Water Ombudsman and comprises the senior management group with the exception of regional managers south and north but includes the Senior Information Technology Officer as an observer. Its meetings are timed to support major IT projects.

- A Resolve group which meets regularly to consider suggestions for enhancements to the Resolve system.
- Delegations from the Ombudsman to staff within the Office are properly formalised and monitored periodically to ascertain that they are working to the extent expected.

In respect to oversight of personnel performance in the Office there is a well formalised performance planning and management policy which a number of staff reported could be better managed in practice. Comment is made on this governance issue in the section devoted to this in the operational performance review chapter.

## 7.7 Annual Reporting

The Act requires the Ombudsman to prepare and give to the Minister a written report about the operations of the Office during each financial year. The report must include:-

- Dispute referrals made and investigated.
- Dispute referrals that were not investigated but referred to other authorities.
- Decisions made regarding investigations including final orders.
- Matters referred to regulators such as the Queensland Competition Authority.
- Financial statements for the Office during the year and details of any other functions performed.

The Ombudsman may also provide reports to any scheme participants, regulators, the Minister, the Advisory Council and any public forum. In all of its reporting the Ombudsman must respect the protection to be afforded to personal or confidential information obtained during the exercise of functions of the Office.



A review of recent annual reports confirms that the Ombudsman is complying fully with the governance requirement of the Act and other relevant Queensland Public sector reporting requirements. The 2012-2013 Annual Report also meets the relevant criteria for accountability outlined in the National Benchmark.

## **7.8 Acting Independently, Impartially and in the Public Interest**

The review sought comment from all stakeholders about the performance of the Ombudsman and the Office of the Ombudsman in respect to these three very important principles.

All stakeholders contacted confirmed that in their dealings with the Office they considered that these principles have been exercised to a high level and confirmed that the perception of some years earlier that certain officers were acting as advocates for complainants was no longer prevalent, and in the rare event that it was evident, a comment to a Team Leader would ensure concerns were considered and if necessary addressed.

This review, in discussions with staff and in assessment of investigations confirmed that the policies and practices outlined within the Office, including induction, training and supervisory requirements emphasise these important principles.

The Queensland Competition Authority suggested that the Office discuss issues where it considers there may be systemic failure or requirement for a change in scope of the role of the Office in the first instance, before committing matters to writing. This point of view is acknowledged within the Office. However, in respect to the Ombudsman's independence and governance arrangements, the Office considers that it would generally discuss such matters with the Advisory Council and in turn the Minister to gauge the extent of support or otherwise for proposals or suggestions prior to discussions with the QCA. Matters referred would therefore be documented some time before a referral was made to the QCA.

There is opportunity for issues to be discussed with the QCA at quarterly meetings between the regulator and various energy and water stakeholders and the Office avails itself of this opportunity.



It would be expected that there may be differences of viewpoint in respect to the interests of an Ombudsman concerned primarily with protecting the public interest with a focus on small energy and water customers and a Queensland Competition Authority with primary interest in regulating essential service monopoly like entities, regulating price, seeking competitive neutrality in the market place and establishing industry codes reflecting these principles.

A Minister in this situation has an important role in balancing competing interests and ensuring that ultimately the long term public interest is served by decisions made whether based on competition policy principles or on the Ombudsman's obligations to always act independently, impartially and in the public interest in resolving cases for small customers.

Current restrictions on functions of the Ombudsman's Office in accepting complaint referrals pursuant to the Act were noted. The capacity of the Ombudsman with the advice of the Advisory Council to refer issues considered to require a change of scope to the Ombudsman's mandate to the Minister for Energy and Water Supply to seek changes to better serve consumers and the broader public interest are also noted.

As recommended earlier in the Strategic Issues section of this report (Chapter 5), in the interests of independence and transparency it would be useful for the Ombudsman to publish annually a list of matters referred to regulators, action taken by regulators and outcomes.



## 8. Evaluation of Performance against Industry-Based Benchmarks for Customer Dispute Resolution Schemes

In this section, the evaluation of the performance of EWOQ is undertaken against each of the six Industry-Standard Benchmarks for Customer Dispute Resolution Schemes. Inputs to the evaluation include feedback from:-

- Customers
- Scheme Participants
- External Stakeholders
- Management and Staff
- Members of the Advisory Council
- Findings from review assessments of operations.

Set out below is a listing of individuals, groups and organisations consulted in the process:-

Groups/Organisation	
<p><b>Scheme Participants</b></p> <p>AGL Australia Power and Gas Energex Energy Australia Ergon Energy Origin Energy QEnergy Sanctuary Energy Gold Coast City Council Logan City Council Queensland Urban Utilities Unity Water</p> <p><b>Contacted but unable to arrange discussion</b></p> <p>APA Group Lumo Energy Redland City Council</p>	<p><b>External Stakeholders</b></p> <p>Australian Energy Regulator (AER) Australian Competition and Consumer Commission (ACCC) Queensland Consumers Association (QCA) Queensland Competition Authority (QCA) Office of Fair Trading Queensland Council of Social Services (QCOSS) The Minister and the Department for Energy and Water Supply Current and former members of the Advisory Council</p>



Groups/Organisation	
<p><b>Management and Staff</b></p> <p>Energy and Water Ombudsman General Manager Operations Manager Corporate Services Manager Policy and Research Regional Managers Team Leaders Unit Leaders</p>	<p><b>Staff</b></p> <p>All staff were provided with an opportunity to contribute, provide input and feedback at six workshops conducted in Brisbane, Rockhampton and Cairns. (Workshop design forms <b>Attachment 3</b>).</p>

A primary purpose of this review is to provide an evaluation of EWOQ performance against the six industry-standard benchmarks as set out below:-

- accessibility
- independence
- fairness
- accountability
- efficiency
- effectiveness

Whilst this evaluation is a key outcome of the Review, the reviewers were also requested to place a significant emphasis on the identification of potential areas for improvement in the performance of EWOQ. The following evaluations against each of the six benchmarks are presented in the following format:-

- Benchmark principle and purpose.
- Summary of scheme participants' feedback on the strengths and weaknesses of EWOQ and rating on a 10 point scale of performance (0 - very poor performance to 10 - outstanding performance).
- Summary of staff feedback on the strengths and weaknesses of EWOQ and rating on a 10 point scale of performance (0 - very poor performance to 10 - outstanding performance).



- Summary of customer feedback (relevant Customer Survey results) – relevant extracts of the customer survey results are included in this chapter and the full summary forms **Attachment 4**.
- Statistical data (from Annual Reports and EWOQ data).
- Summary of Benchmark Standard Performance, Rating of Performance and Suggested Areas for Improvement.
- Concluding review comments.

The assessment of ratings out of a possible score of 10 reflected each individual's own assessment. Individual ratings from different stakeholder groups were averaged to arrive at a final score. One interesting observation is that scores by the staff of the Office were generally lower than those of industry stakeholders. This is consistent with many internal surveys where members of the staff can be quite critical in their assessments based on their extensive knowledge of Office operations in which they are directly involved.

Score ratings of 7/8 out of 10 are considered highly satisfactory as the top score of 10 was described as outstanding performance.

Overall the review found that the Office is performing at a high to very high level against the national benchmark standards.



## 8.1 Benchmark 1 – Accessibility

### **Benchmark Principle**

*The scheme makes itself readily available to customers by promoting knowledge of its existence, being easy to use and having no cost barriers.*

### **Purpose**

*To promote customer access to the scheme on an equitable basis.*

### 8.1.1 Scheme Participants' Feedback

#### **Rating 8.2 / 10**

Scheme participants rated EWOQ awareness and promotion of the scheme very positively. Some of the comments included:

- Really good, lots of literature, brochures a comprehensive.
- Website/telephone access is as good as any.
- EWOQ educate customers on how to use and access the system and process.

Access to the scheme by complainants was regarded highly including comments such as:

- Never had any customers complain they haven't been able to contact EWOQ.
- EWOQ is very accessible to our customers and we can get through to the right person with no problems.
- There is clear information on the website and options on how to contact EWOQ.

EWOQ provides a no cost service to complainants with the following as an example of scheme participants' feedback:

- EWOQ is a proactive free service to complainants.

Accessibility from scheme participants' perspective was also viewed very positively with comments such as:

- EWOQ is very accessible to complainants and scheme participants.
- If we need we can ring to discuss issues with EWOQ.



- There is highly effective two-way conversation and communication between scheme participants and EWOQ.
- Quarterly forums/updates are very good for accessibility.
- We can openly and honestly discuss issues and cases as they arise with EWOQ.
- Easy to communicate with and access to the hierarchy.
- I have no hesitation to pick up the phone if I have any questions or issues and can usually contact the senior managers EWOQ.

### 8.1.2 Staff Feedback

#### **Rating 7.0 / 10**

Staff rated EWOQ awareness and promotion of the scheme very positively. Some of the comments included:-

- Complaint Portal is very accessible and usable.
- Promotion of EWOQ was very good.
- Promotion is supported by having three offices across the State.

Access to the scheme by complainants was regarded highly including comments such as:-

- System has multiple contact methods with complaints being able to be lodged by phone, web, email or mail.
- Timely access to investigation staff through the 1800 number, email etc.
- Access to interpreters' services was very highly valued.
- No fee to the customer to participate.

Areas for improvement were considered to be:-

- The need for an updated Internet with scheme participants having online access.
- The need for additional marketing and awareness.
- More information be made available to the public on who we are, what we do and what we don't do.





### 8.1.3 Customer Feedback

The EWOQ Customer Satisfaction 2013 Survey Report was delivered in June 2013. The results in relation to accessibility are positive and are generally on a par with the results from the 2011 Survey. The relevant feedback provided in relation to this benchmark by customers is set out below:-

Question	Response
Q1. How did you first learn of the existence of the Energy and Water Ombudsman?	Customers are finding out about EWOQ's through the wide variety of methods including Internet, recommendations from another person, from the energy and water supplier, radio /TV /newspaper etc.
Q3. How easy was it to find contact details for the Energy and Water Ombudsman?	79% rated very easy and an additional 9% rated easy.
Q6 and Q7. How did you initially make your complaint to the Energy and Water Ombudsman?  Over the course of your complaint did you have contact with the Energy and Water Ombudsman by...?	A variety of contact methods were available and utilised.
Q 10. How easy was it to make your complaint to the Energy and Water Ombudsman?	84% rated very easy and an additional 9% rated easy.
Q 16. Satisfaction with the ease of contacting staff during the dispute.	74% were very satisfied and an additional 9% were satisfied.

### Statistical Data

EWOQ had approximately 38,000 visits in 2012/13 to its website up 8% on last year. EWOQ attended to 20,000 incoming telephone calls and over 3,500 electronically lodged documents resulting in 14,000 cases actioned.



#### 8.1.4 Summary of Benchmark Performance

The fact that EWOQ has regional offices in Brisbane, Rockhampton and Cairns does provide increased capacity for regional promotion of the scheme. This opportunity is taken up by participation in a range of regional functions and activities. EWOQ's Communications Plan outlines a range of promotional, educational and awareness goals and activities.

In relation to ease of access, feedback from all sources was that EWOQ was particularly easy to access with an excellent website, helpful documentation and brochures, a quite efficient telephone system and responsive assistance by staff. The consultants assessed telephone answering practices and the website and walked through a range of the processes and documentation contained therein. The results of assessment were very positive. Telephone answering performance was highly satisfactory. Customers' requests were managed in a skilled confident manner. The website provides an excellent avenue for potential complainants to access the services of EWOQ. The Energy and Water Ombudsman has also conducted regular media interviews and provided media releases. They send information packs to local members of Federal and State Parliament every six months.

From a customer's perspective, the processes and requirements of the scheme are relatively simple and not onerous. The requests for information are relatively easy to satisfy and the processes and procedures are not complex, making access and participation a positive experience for customers. Well trained staff provide customers with guidance and assistance in meeting their commitments and the requirements of the scheme.

There is also a variety of access means for customers including telephone, post, email, fax, online and face-to-face contact. The Office is therefore readily accessible to customers.

Having well experienced and trained staff (particularly investigation staff) is a fundamental requirement to ensure appropriate and effective accessibility to the scheme. Turnover



amongst enquiry and investigation staff can be higher than desirable and this can provide some difficulties and challenges in ensuring capable and competent staff are available. (The Office experienced quite significant staff turnover in 2012/13 comprising three permanent officers and eight temporary officers.)

Specifically, training and development needs of this group include an effective induction process for new officers, education and information on scheme participants' policies, policies and procedures and skills in conciliation and mediation. A structured mentoring and coaching process for new officers would also be of great benefit. EWOQ has recently appointed a Staff Training and Development Officer and these training priorities should be a focus for this role.

The scheme also provides ease of access through its interpreter services to assist customers from non-English backgrounds to participate in the scheme.

## **Conclusion**

**EWOQ has achieved this benchmark to a high level.**

### **8.1.5 Suggested Areas for Improvement**

- Development and implementation of strategies targeting education and accessibility for indigenous groups, communities and individuals.
- Implementation of scheme participant relationship managers where a specific Investigation and Conciliation Officer within EWOQ might be responsible for managing the relationship with a selected group of scheme participants and this is being extended to all scheme participants.
- Scheme participants have asked for development and implementation of a scheme participant online portal to allow access to their individual statistics and cases as exists in other States. Further work is required with fees and charges before considering implementation of this option.



- EWOQ could do more to provide more resources to promote and educate the public that they exist and what they do. That could include increased visibility and access to customers in remote areas.
- Promote more partnerships with consumer groups to support more vulnerable client groups.
- Induction, education of scheme participants policies, processes and procedures and conciliation and mediation skills should form the focus of the training and development needs for Investigation and Conciliation Officers. In addition a coaching and mentoring (buddy system) should be implemented for new Investigation and Conciliation Officers.



## 8.2 Benchmark 2 – Independence

### **Benchmark Principle**

*The decision-making process and administration of the scheme are independent from scheme members.*

### **Purpose**

*To ensure that the processes and decisions of the scheme are objective and unbiased and are seen to be objective and unbiased.*

### 8.2.1 Scheme Participants' Feedback

#### **Rating 7.8 / 10**

Scheme participants regarded EWOQ as operating with independence. Following is a number of the comments made in support of that assessment:-

- We see EWOQ as being truly independent as intended in the legislation.
- EWOQ makes its own decisions and is not in the pockets of anybody.
- EWOQ acts independently and is not unduly influenced by stakeholders.
- The Ombudsman deals with statutory bodies and stakeholders at arm's length – he is very good.
- EWOQ has become much more independent.
- EWOQ is not totally independent – it has to answer to the Minister – however I have not seen this influence outcomes – but there can be pressure to prioritise a particular issue based on political influence.

### 8.2.2 Staff Feedback

#### **Rating 7.2 / 10**

Staff regarded EWOQ as operating with independence. Following is a number of the comments made in support of that assessment:

- The wording of our notices conveys that we are independent. This is most important as it is seen by both customers and suppliers.
- The Ombudsman has decision-making delegation.
- We have no inappropriate relationships with scheme participants.



- We actually take care and pride in the integrity of our work and always displaying high levels of respect for the customer.
- The Energy and Water Ombudsman operate independently as do the staff of the Office.
- We need to clearly and specifically clarify the role of EWOQ to manage customer expectations.

### 8.2.3 Customer Feedback

Question	Response
Q 18. How satisfied were you with EWOQ's independence/lack of bias?	79% were satisfied or very satisfied.
Q4. Was the Energy and Water Ombudsman's role as an independent dispute resolution service explained to you adequately at the beginning of the process by the consultant?	86% responded yes.
Q 11. What percentage of customers believe the result was in their favour?	52% believe the result was in their favour. 17% identified the result was a compromise agreement between themselves and the energy or water supplier. 17% believe the result was not in their favour.

### Statistical Data

No statistical data is available.

### 8.2.4 Summary of Benchmark Performance

There is an Advisory Council set up formally to monitor the independence of the scheme's operations. This Council consists of an independent Chair and at least six other members appointed by the Minister. The "other members" currently consists of six members drawn from scheme participants to represent the interests of all scheme participants; and six members drawn from consumer groups who represent the interests of all categories of consumers.



Members are appointed on the Chair's recommendation to the Minister after consultation with scheme participants, consumer groups and community welfare organisations.

The Energy and Water Ombudsman is not selected by scheme members and does not have any conflict of interests in relation to his role. The scheme staff are not selected directly by scheme members and are not answerable to scheme members for the operation of the scheme.

Some comments and issues were raised about the perception of independence of EWOQ given its business structure as a statutory authority as opposed to the company structures established in EWON.

## Conclusion

**The review could find no evidence or instances to suggest that the EWOQ is anything but totally independent in carrying out its core functions. Some stakeholders raised the in-principle governance issues surrounding an Advisory Council as distinct from an authorised governance board of directors as in New South Wales and Victoria. This issue was not considered to be impeding the independence of the Office, which in all practical aspects was at least equivalent in independence to interstate counterparts.**

### 8.2.5 Suggested Areas for Improvement

- The business structure can raise a perception of a lack of independence. In Queensland, EWOQ is a statutory body rather than a company limited by guarantee with a Board of Directors as in other States. The review found no compelling evidence to warrant change as independence of the Office was confirmed to be evident.
- EWOQ could advise its customers at the outset of a case of its independent, fair and unbiased role as opposed to being a consumer advocate. It could be useful to reframe the recorded message on the 1800 number to emphasise this fact. (The message should not be lengthened, but a sentence in substitution could be considered.)



## 8.3 Benchmark 3 – Fairness

### **Benchmark Principle**

*The scheme produces decisions which are fair and seen to be fair by observing the principles of procedural fairness, by making decisions on the information before it and by having specific criteria upon which its decisions are based.*

### **Purpose**

*To ensure that the decisions of the scheme are fair and are seen to be fair.*

### 8.3.1 Scheme Participants' Feedback

#### **Rating 8.8 / 10**

Scheme participants regarded EWOQ as operating with fairness. Following is a number of the comments made in support of that assessment:-

- EWOQ is seen to be fair and just. It is less likely to make a decision to close a complaint rather than achieving a fair and just outcome.
- EWOQ is fairer with process than other schemes. They have discussions with all parties and do not side with the consumer – do not automatically go to “the customer said this”.
- Very positive – sometimes having EWOQ in the middle can provide a different perspective to both parties.
- We appreciate that the majority of staff/case managers are open and fair.
- In other schemes we sometimes feel we are being coerced – this is not the case with EWOQ.
- EWOQ is much more evidence and fact-based than the other schemes.
- Can occasionally get an individual Investigation and Conciliation Officer who takes a more interventionist approach but this is very rare. Some are more demanding/and faster to escalate the investigation.
- Most people in EWOQ take a fair and reasonable unbiased approach but occasionally one will take an advocacy approach. Have raised it with the General Manager and it hasn't happened since.





- Of all schemes we work with, EWOQ is prepared to sort out the wheat from the chaff.
- EWOQ works hard for a solution for both parties.
- EWOQ will identify vexatious and frivolous complaints and will not investigate them - this is a real positive.
- Outcomes can be variable based on the skill of the Investigation and Conciliation Officer and the regional office they are working from.
- There is an inconsistency between regional offices – we can get different responses and interactions. Cairns and Rockhampton can tend to lean on the side of customers but we are able to rebut anything we are concerned about.

### 8.3.2 Staff Feedback

#### **Rating 7.5 / 10**

Staff regarded EWOQ as operating with fairness. Following is a number of the comments made in support of that assessment:-

- EWOQ operates without bias.
- We have a positive working relationship with scheme respondents and provide good service to customers.
- Both parties are able to provide their side of the story and receive a fair hearing.
- EWOQ operates in a transparent way.
- EWOQ operates impartially without bias to either party.
- Some “Notices of Investigations” are framed with wording appearing to be biased.
- There can be at times a lack of consistency in compensation for customers (\$50 goodwill from one provider in one case versus \$500 for the same or similar issue from a different provider).



### 8.3.3 Customer Feedback

Question	Response
Q5. Did the Energy and Water Ombudsman give you a clear indication of the process you needed to go through in order to make a complaint and resolve your issue?	93% responded yes.
Q 22. Now taking everything into consideration, how satisfied were you overall with the service you were provided during your contact with EWOQ?	82% were satisfied or very satisfied.
Q 11. Which of the following statements best describes the final outcome of your complaint – the outcome was?	52% identified the outcome was in their favour.
Q 16. How satisfied were you with the staff to handle your complaint – effort made to understand your complaint?	85% were satisfied or very satisfied.
Q 18. How satisfied were you with EWOQ's independence/lack of bias?	79% were satisfied or very satisfied.
Q 18. How satisfied or dissatisfied were you with the opportunity to put your dispute to EWOQ?	85% were satisfied or very satisfied.
Q 18. How satisfied or dissatisfied were you with the assistance given to present your side of the case?	72% were satisfied or very satisfied.

#### Statistical Data

No statistical data available.

### 8.3.4 Summary of Benchmark Performance

EWOQ's performance in relation to the Fairness Benchmark is considered to be very positive. Both parties are provided with an opportunity to put their case and given clear reasons for the determination made. Issues that are outside of the jurisdiction of EWOQ



are explained to customers. The processes employed by EWOQ are designed and applied to ensure fair and just treatment of both parties. In the vast majority of cases, cases are determined on a fair and just basis. Internal audits conducted by Team Leaders provide an avenue to ensure systems and processes are being followed.

Where scheme participants had concerns about potential bias or an advocacy leaning towards a customer by the Investigation and Conciliation Officer, they had easy access to management in EWOQ to have the issue reviewed and if justified, addressed. The results of the Customer Satisfaction Survey provided evidence that customers, even though they might not have received the result that they had sought, were satisfied with the performance of EWOQ in relation to fairness and their opportunity to present their case.

## Conclusion

**The review considers that this benchmark is being achieved to a very high level.**

### 8.3.5 Suggested Areas for Improvement

- The wording of “Notices of Investigation” have occasionally reflected inappropriate wording giving an inference of bias. This issue has been identified and addressed.
- Scheme participants who have regular interactions with EWOQ and are well versed in the case management process can have a distinct advantage over customers using the system for the first time. Assistance provided therefore by EWOQ to customers ensures equivalent opportunity to put their case to good effect irrespective of prior Office interaction.
- In relation to Investigation and Conciliation Officers occasionally taking an advocacy role, EWOQ procedures and policies are adequate to provide appropriate guidance. However, the extensive procedures available are not necessarily user-friendly – particularly for a new inexperienced Investigation and Conciliation Officer. A document linking individual policies and procedures and showing where they fit in the investigations process would be of great benefit.



## 8.4 Benchmark 4 – Accountability

### **Benchmark Principle**

*The scheme publicly accounts for its operations by publishing its determinations and information about complaints and highlighting any systemic industry problems.*

### **Purpose**

*To ensure public confidence in the scheme and allow assessment and improvement of its performance and that of scheme members.*

### 8.4.1 Scheme Participants' Feedback

#### **Rating 7.1 /10**

Scheme participants regarded EWOQ to be operating with accountability. Following are typical comments made in support of that assessment:

- Annual Reports seem to be very good.
- EWOQ identification of systemic issues has been appropriate.
- At the quarterly forums and meetings, information provided on data and systemic issues is very useful.
- Haven't seen the annual report so I can't make a judgement but in the resolution of cases information is provided on the decision and closure is achieved through acceptance of the offer.
- Accountability is very good – closures include explanation of findings, alerts if investigations are going to the next level, bills always list customers for reconciliation.
- Notice of closure advice has improved – we get a summary of what's been sent to the customer. This is useful because of comeback from the customer to us.
- We don't get timely progressive updating of cases open, closed and resolved.
- It would be useful to get comparative data against other scheme participants, for example percentage of complaints against us compared to others, volume of complaints, average turnaround time.



## 8.4.2 Staff Feedback

### **Rating 7.2 / 10**

Staff participants regarded EWOQ as operating with accountability. Following are typical comments made in support of that assessment:

- Annual report covers most reporting requirements.
- Systemic issues and monthly reports published on webpage.
- EWOQ has an unqualified Audit Report.
- Lots of reports on scheme and staff performance available out of Resolve and elsewhere but unsure of the quality of analysis to identify and implement areas for improvement.
- Crucial strategic quality assurance data is not fully utilised.

## 8.4.3 Customer Feedback

Benchmark was not assessed in the Customer Satisfaction Survey. However, some feedback to the review team suggested that the Office may not always provide regular investigation progress reports or timely closure reports to customers.

### **Statistical Data**

No statistical data available.

## 8.4.4 Summary of Benchmark Performance

The EWOQ Annual Report (2012 – 2013) was reviewed against the nine identified content areas in the Accountability Benchmark Standard. The annual report conforms to the content areas and therefore in this respect EWOQ meets this Standard. The Advisory Council established to ensure the independence of the Ombudsman has equal representation of industry and consumer representatives.

## **Conclusion**

**Considered to meet this standard adequately.**



#### 8.4.5 Suggested Areas for Improvement

- Scheme participants who operate in other jurisdictions (for example New South Wales, South Australia and Victoria) can access through their portal monthly, statistics on cases open closed and resolved. They therefore are able to monitor what their position is, how they are going and what the cost might be. Queensland does not provide this level of detail in such a timely manner.
- Comparison with other jurisdictions and within the Queensland jurisdiction is not available in relation to, for example, number of complaints per 10,000 customers and costs per complaint. This information would be useful in identifying potentially systemic issues with scheme participants and also the overall performance of EWOQ.
- Audits of cases should include a focus on progress reports and final closure advice to customers.



## 8.5 Benchmark 5 – Efficiency

### **Benchmark Principle**

*The scheme operates efficiently by keeping track of complaints, ensuring complaints are dealt with by the appropriate process or forum and regularly reviewing its performance.*

### **Purpose**

*To give customers and scheme members confidence in the scheme and to ensure the scheme provides value for its funding.*

### 8.5.1 Scheme Participants' Feedback

#### **Rating 7.0 / 10**

Scheme participants regarded EWOQ as operating efficiently. Following are typical comments made in support of that assessment:

- Efficiency has improved remarkably over the last one and a half years.
- EWOQ is now a much better organisation and its processes are better to deal with than previously.
- We get prompt notifications and responses from EWOQ and when we send responses through they are closed off quickly.
- EWOQ provides a quick turnaround on investigations.
- EWOQ is open to feedback on performance and efficiency and better ways of doing things.
- EWOQ is as efficient as it possibly can be (more efficient than us).
- Staff are experienced, trained and understand the role and apply rigour in the decision process.
- EWOQ have a good customer management system.
- Experience of functions in other States suggests that EWOQ resolution times for cases is judged to be satisfactory.
- Queensland's process works really well. We have an opportunity to close our cases through RHL before it goes to a "Notice of Investigation" and this is a real benefit.



- When we have issues regarding investigations we have been able to get them resolved.
- Some complex issues do drag on and that is understandable.
- Resolve data is everywhere and can be utilised to hold the organisation and staff accountable – but not sure that it is.
- We can wait a long time for a response to information we have provided and we don't know what's happening. Customers seem to have more time to respond but we have to respond quickly.
- Sometimes we feel we have to provide information on things they should already know for example vegetation management. Training of staff is needed and more information should be provided to staff confirming what suppliers have already provided to EWOQ.

### 8.5.2 Staff Feedback

#### **Rating 6.2 / 10**

There were two components to this composite score. Operations personnel confirmed that the rating might be a 7 or 8 for most aspects, but scored somewhat lower on certain office systems and procedures mandated because the Office was part of the Public Service. Corporate personnel confirmed the need to enhance internal systems and as well highlighted public service constraints.

Despite this, staff regarded EWOQ as operating reasonably efficiently but with some areas in need of improvement. Following are typical comments made in support of that assessment:-

- EWOQ has good tracking system in Resolve and efficient timeframes to respond to customer's initial complaint and follow through to resolution.
- We have supportive supervisors if you have an issue with the customer or a scheme participant where you need assistance.
- EWOQ staff are willing to change if processes don't work.
- Systemic issues process works very well.





- Continual improvement processes are in place with a dedicated quality assurance team.
- We are very good at resolving issues in a timely manner.
- The Resolve system would be highly effective if used to its full capacity and changes were made to iron out its glitches.
- The Office may not be as effective as it could be in seeking feedback from all the parties about performance on a regular basis or a formal basis.
- Documented procedures need to be flexible to find the right balance to allow Investigation and Conciliation Officers to exercise judgement.
- We have to contend with Government red tape even though we are a statutory authority.
- There are inconsistent practices across the organisation.
- Investment in staff – could strengthen reward and recognition, recognition of experience and knowledge.
- There are some issues on the recording of data in the Resolve system, and whilst this system provides a lot of information, I'm not sure whether it is actually analysed and put to good use to improve performance.
- Internal communications and information flow within the Office can be quite limited. Team meetings do not work well, if they are held at all.
- Staff turnover and recruitment processes leave positions vacant for a considerable period of time and increases individual workload.
- There is a lack of delegations for Investigation and Conciliation Officers in the handling of cases and their outcomes.
- Timeframes for customer responses are excessive.



### 8.5.3 Customer Feedback

Question	Response
Q 22. Now taking everything into consideration how satisfied were you overall with the service you were provided with during your contact with EWOQ?	82% were satisfied or very satisfied.
Q 8. How much contact have you had with the Energy and Water Ombudsman regarding your complaint?	58% responded only one or two contacts before the case was resolved
Q 10. How easy was it to make your complaint to the Energy and Water Ombudsman?	93% responded very easy or easy.
Q 9. Was your case handled by the same person all the time, same person most of the time, a number of different people?	82% responded the case was handled by the same person all the time or the same person most of the time.
Q 21. What was the timeframe to deal with your complaint?	70% responded as expected or shorter than expected.
Q 18. Please rate how satisfied or dissatisfied you were with the time taken to resolve the complaint.	74% were satisfied or very satisfied.
Q 16. How satisfied were you with the ease of contacting staff during the dispute?	83% responded very satisfied or satisfied.
Q 18. Please rate how satisfied or dissatisfied you were with the information provided on the process that would be followed.	80% were satisfied or very satisfied.



## Statistical Data

### Cases and Staff Numbers

Financial Year	2009 – 10	2010 – 11	2011 – 12	2012 – 13	Percentage Increase 2009-10 to 2012-13
<b>Cases Closed</b>	12,590	12,702	13,522	14,096	<b>12%</b>
<b>Referrals</b>	1202	1408	1175	2348	<b>95%</b>
<b>Refer Backs</b>	2735	3302	3636	4011	<b>47%</b>
<b>RHL</b>	4638	4819	5298	4616	<b>0%</b>
<b>Investigations</b>	2021	2089	2171	1758	<b>-13%</b>
<b>Investigation Staff Numbers</b>	16	18	19 (includes 4 FTE Team Leaders. In practice, only available for 25% of time on investigations ie 3 FTEs less.)	19	<b>18%</b>
<b>ERO Numbers</b>	3	4	4	4	<b>33%</b>

### Time Taken to Resolve Complaints

	2009 – 10	2010 – 11	2011 – 12	2012 – 13
<b>Less than 28 days</b>	90%	92%	90%	91%
<b>Less than 60 days</b>	95%	97%	96%	97%
<b>Less than 90 days</b>	97%	99%	98%	99%
<b>Over 90 days</b>	3%	1%	2%	1%

### Cases Referred to Other Organisations

2009 – 10	2010 – 11	2011 – 12	2012 – 13
1202	1408	1175	2348



### EWOQ Service Standards

Service Standard	Standard Target	2010 – 11	2011 – 12	2012 – 13
Percentage of customers who rate the performance of the Energy and Water Ombudsman as satisfactory or better.	80%	Not Available	88%	82%
Percentage of complaints received which are completed by the Energy and Water Ombudsman Queensland (annually).	95%	98%	99%	99%
Energy and water consumer complaints resolved within agreed standards.	90%	99%	98%	99%

#### 8.5.4 Summary of Benchmark Performance

Scheme participants rated EWOQ performance higher than did the staff. The consultants spent considerable time assessing the intranet and reviewing procedures documentation.

Overall, the assessment revealed that EWOQ meets the benchmark standard to a high level. The scheme has a process for dealing with vexatious and frivolous complaints, sets reasonable time limits for each of its processes and the requirements that are to be met, has an effective system to track, monitor and record complaints and sets objective targets against which its performance can be assessed.

EWOQ deals specifically with complaints within its terms of reference and has appropriate mechanisms and procedures for referring relevant complaints to other bodies. The utilisation of Refer Backs and RHLs provides significant efficiencies in the management of caseloads. The capability to allocate case investigations to any of the regional offices provides flexibility in case management arrangements. Endeavour is made to retain one investigator on each case.



## Conclusion

**Meets standard to a high level.**

### 8.5.5 Suggested Areas for Improvement

- Procedure documentation needs to be made more user-friendly particularly for investigation staff.
- Recruitment processes and options should be explored to reduce the time lag for the filling of positions.
- Resource allocation decisions require stronger emphasis on forward planning.
- A more thorough, disciplined and rigorous process needs to be established for the review, improvement and implementation of Resolve.
- Internal communications processes need to be enhanced including regular meetings and staff feedback from meetings.
- Job redesign, specifically for EROs, requires investigation.
- Performance management documentation and processes need to be reviewed with a focus on improving their application in practice, providing staff with appropriate recognition and feedback on performance, and addressing performance issues.



## 8.6 Benchmark 6 – Effectiveness

### **Benchmark Principle**

*The scheme is effective by having appropriate and comprehensive terms of reference and periodic independent reviews of its performance.*

### **Purpose**

*To promote customer confidence in the scheme and ensure that the scheme fulfils its role.*

### 8.6.1 Scheme Participants' Feedback

#### **Rating 7.9 / 10**

Scheme participants regarded EWOQ as operating effectively. Following are typical comments made relevant to that assessment:-

- EWOQ is very effective in meeting its terms of reference.
- An excellent regulatory body well positioned to deal with and resolve complaints.
- Provides us with an opportunity to check and review our own procedures to make sure that they are working well.
- EWOQ delivers on the outcomes that they have been established to deliver.
- Yes, EWOQ do deliver – they can help to identify genuine cases where scheme participants have seriously disadvantaged the customer.
- The organisation's performance is very good.
- Gives customers and retailers a place to go to resolve issues.
- The threshold for small business to be covered by the scheme is very restrictive and needs to be reviewed.
- EWOQ works well for both parties.

### 8.6.2 Staff Feedback

#### **Rating 7.2 / 10**

Staff regarded EWOQ as operating effectively. Following are typical comments made relevant to that assessment:-



- Systemic register and forums in place.
- We make a difference.
- Good customer survey results.
- We resolve issues successfully.
- We have this independent review which actually drills down to low levels.
- We are achieving positive outcomes.
- We are a small organisation with limited hierarchy.
- The decision-making powers of the Ombudsman are appropriate.
- The Ombudsman needs to consider making more orders.
- More training/processes/policies around the culture and procedures of classifying cases to promote consistency amongst the regions.
- Better relations with Government and scheme participants could lead to improved influence over policies, for example water issues.
- We sit on a wealth of data/information which can be turned into white/discussion papers to influence scheme systems and the State Government.
- Length of time to appoint Advisory Council members is too long.

### 8.6.3 Customer Feedback

Question	Response
Q 22. Now taking everything into consideration how satisfied were you overall with the service you were provided with during your contact with EWOQ?	82% were satisfied or very satisfied.
Q 26. If a friend had a complaint about their electricity, gas or water company that they couldn't resolve, would you recommend that they get in contact with EWOQ?	92% responded yes.
Q 10. How easy was it to make your complaint to the Energy and Water Ombudsman?	93% rated very easy or easy.
Q4. Was the Energy and Water Ombudsman's role as an independent dispute resolution service explained to you adequately at the beginning of the process by the consultant?	86% responded yes.



Question	Response
Q 11. Which of the following statements best describes the final outcome of your complaint to the Energy and Water Ombudsman?	52% saw the outcome in their favour.
Q 12. How satisfied were you with the final outcome of your complaint?	72% were satisfied or very satisfied.
Q 25. What would improve the operation of the Energy and Water Ombudsman's service?	11% said the Energy and Water Ombudsman needs more power.

### Statistical Data

See Benchmark 5 – Efficiency.

#### 8.6.4 Summary of Benchmark Performance

Overall, the consultants' assessment is that EWOQ meets the benchmark standard to a high degree. The jurisdiction of the scheme is clearly articulated and differentiated from other bodies. The scheme has a process for the identification of systemic issues and EWOQ is effective in raising them with scheme participants in an appropriate manner. Consistent with the Benchmark Standard, the performance of the scheme is independently reviewed at least every three years. The use of the power of the Energy and Water Ombudsman was regarded as appropriate and additional powers (from the scheme participants' perspective) were not seen to be necessary.

### Conclusion

**Meets this standard to a high level.**

#### 8.6.5 Suggested Areas for Improvement

- The Office of Energy and Water Ombudsman should seek to extend its influence on Government policy in areas within (and related to) its areas of responsibility.
- It would be appropriate for the Advisory Council to take a more structured approach in the identification, discussion and addressing of strategic issues.





- Small business, where they are at and around the threshold of usage that might bring them within the jurisdiction of EWOQ. The arrangements are that in one year the small business may be within jurisdiction because of usage levels in the next year they may not. The threshold might need to be reconsidered.
- Consistency in approach across the regions is an issue and needs to be addressed.
- Long-term preparation and planning to respond to future competition changes in the industry (for example Ergon) needs to have a much higher and greater emphasis.

In summary, the Office is performing overall against the national benchmarks for industry-based resolution schemes in a highly satisfactory manner. Customers and scheme participants rated the performance of EWOQ higher than did the staff. However, staff ratings were still quite high on average with some lower scores reflecting some frustrations with office systems and quite rigid public service systems and procedures. The next chapter highlights and addresses these issues.



## **9. Operational Issues**

In this section a range of operational issues have been identified as opportunities for improvement, with recommendations. These issues must be viewed in the context of the overall very positive assessment of the performance of EWOQ against all benchmarks. Feedback from external stakeholders, scheme participants, Advisory Council members, the Advisory Council Chairperson, senior EWOQ staff, and the staff during the consultation workshops is extremely positive and rate the performance of EWOQ very highly. Review assessments confirm high and sustained levels of Office productivity and quality dispute resolution outcomes.

Since the last review in 2010, significant improvement in organisational performance has been achieved. This has been driven more recently (based on the feedback from all participants) by the leadership, drive and focus of the current Ombudsman. Performance in ensuring the integrity of EWOQ, organisational planning, systems and processes, procedures, staff management and performance enhancement and the delivery of enhanced services to scheme participants and to complainants have been just some of the areas of significant improvements in organisational performance.

The identified issues below provide a further opportunity to achieve continuous improvement in EWOQ's performance. The Energy and Water Ombudsman, senior management, supervisory staff and the staff generally in the organisation are committed and professional in their approach and their application in the responsible and efficient delivery of their and EWOQ's legislative accountabilities. As a workforce, they are ready and committed to embrace change. The strengths of this organisation very much outweigh what are relatively minor deficiencies.

Set out below are the identified issues and potential focus areas for improvement.



## 9.1 Telephone Intake Function

The review was asked to assess telephone intake arrangements for the Office for the unit comprising one Senior Enquiry and Referral Officer (SERO) and three Enquiry and Referral Officers (EROs). The telephone intake centre for the Office is located in Brisbane, and is accessed by a 1300 number.

Some 27,000 calls were presented to EWOQ lines in the period September 2012 to September 2013 of which some 20,000 were actually handled by Enquiry and Referral Officers including 800 by Investigation and Conciliation Officers when calls flowed over from EROs.

The Office provides some 90 seconds of recorded information at the commencement of each telephone enquiry which automatically deals with a range of issues including:-

- An appreciation that the dialler has the wrong number occurs within the first three seconds.
- The need to refer the matter directly to an energy or water provider in the first instance before contacting the Ombudsman – clarified within the next 10 seconds.
- Within the next 17 seconds a referral to the website to log a complaint or an advice to wait if all lines are currently engaged. There is a ratio of two calls that are abandoned within the first 10 seconds to one call abandoned in the next 17 seconds.
- The remaining recorded message time (some 60 seconds) is devoted primarily to privacy and referral issues.

In looking at the overall statistics for the Office, of the 20,000 intake calls and some 3,500 electronic lodgements that are actually handled by Enquiry and Referral Officers, some 14,000 result in cases that were in scope for the Ombudsman's investigations in the 2012/13 year. Presumably some of the abandoned calls would have been reported to the Ombudsman via these mechanisms ie during the last 12 months at least 2,000 calls would have been abandoned after the first 10 seconds and at least some of these would account for the 3,500 cases lodged by website or email.



In analysing the performance of the intake area of the Office the following data is revealed:-

- Average time for a call to be answered is between 6 and 8 seconds following the recorded message.
- Average time for a call to be handled by an Enquiry and Referral Officer is 3 minutes 20 seconds.
- EROs deal as well with the email and website complaint lodgements.

These average telephone response times are considered to be very satisfactory, however, the length and detail contained in the last 60 seconds of the recorded message (privacy, referrals etc) is questioned.

When analysing queuing information for calls directed to the Office the maximum queuing time from September 2012 to September 2013 indicates an average queuing time of between 10 and 14 seconds following the front end recorded message of 90 seconds with maximums between 5 minutes 27 seconds and 11 minutes 52 seconds. As Investigation and Conciliation Officers take a percentage of overflow calls directly, they progress the investigation on the initial call, hence the longer maximum times. When analysing average and maximum times for abandoned calls the average was 36 seconds and the maximum 1 minute 40 seconds. This indicates that callers make a decision promptly about whether to lodge their complaint via another means or telephone at another time.

These call answering statistics are superior to a number of other call centres within the public sector where review personnel have undertaken prior assessments. Given call volumes the number of staff available for telephone answering is assessed to be adequate and appropriate. However, the biggest concern for telephone intake units such as this, is the repetitive nature of calls, the lack of new learning in the job after several months and the impact of emotionally charged callers sometimes including elements of verbal abuse.

A brief assessment of call taking activity within the Office confirmed that call takers have developed high levels of skill and confidence in dealing with callers especially those



demonstrating heightened emotion. Whilst it takes some weeks to develop proficiency in call taking (especially understanding calls that are within jurisdiction and calls that should be referred to other entities), it is a reality that Enquiry and Referral Officers after some nine to 12 months or so in the position are likely to be looking for greater challenges to maintain satisfaction in their day to day work. They may also appreciate some periods away from the telephone each week.

Each officer will have a different capacity and different timeframe for seeking to perform additional work with greater variety in the Office however the following suggestions are made:-

- To increase personnel numbers in the intake area with a view to have experienced EROs undertaking basic ICO roles for part of their time to ensure that ICO positions and ERO positions are always fully staffed. Also, to consider job sharing and part time appointments to this position that could grow into full time appointments.
- Arrange a spread of appointments so that EROs who express interest after, say, an initial six months, could begin to spend split shifts (suggest half daily) on call taking and basic investigation tasks under the mentorship of Team Leaders.
- This would complement suggestions made elsewhere in respect to the investigation staff numbers, where at any time there are on average four vacancies in ICOs thus depleting the investigation capability of the Office.

With a more flexible arrangement such as this, it should be possible to ensure that investigating positions are staffed to full establishment levels at all times. There would be adequate personnel within the Office currently familiar with call taking systems and requirements to address call intake loads especially at high volume times, for example, where recent changes have been made to contractual arrangements between energy and water suppliers and their customers. The arrangement would not compromise the current budget, as all positions are provided for during a full 12 month period and at least four are vacant for a variety of reasons at any time.



## 9.2 Funding and Budgeting Arrangements

The Energy and Water Ombudsman function is funded by levies charged to energy and water entities. There are two parts, a participation fee for being a scheme participant during all or part of a financial year, and a user pays fee, based on an apportionment of total fees to cover the cost of the performance of the Energy and Water Ombudsman's functions relating to a particular energy or water entities level of complaint activity with its customers.

The Act (Part 8 Division 2) is specific about the calculation, application and timing of the levying of fees and this process is interwoven with the budgeting processes within the Office (Part 8 Division 3).

The Office calculates fees due based on anticipated or forecast activity of the Office in respect to the various scheme members in the next quarter based on the current and previous quarters trends. Invoices are sent quarterly in advance, and levies are reconciled with actual expenditure at six monthly intervals.

The current arrangements can be inflexible in that:-

- Should a funding shortfall occur in any particular year it can only be modified by supplementary funding requiring regulatory approval.
- There is no provision for carry forward of unders or overs from one year to the next with quarterly adjustments.
- Flexibility is necessary in adjustment of quarterly invoicing to reflect estimates that may for various reasons be less than fully accurate eg change to policy or practice within industry sectors resulting in a higher than usual number of enquiries, complaints and disputes for that particular industry sector.
- At present, the cost per complaint reduces as complaint numbers rise which is in some respects a perverse incentive.

A detailed funding model review was undertaken within the Office in 2009 and some highlights of that review are as follows.



Comparisons were made with all other States having Energy and Water Ombudsman functions at that time. Limitations with Queensland's approach involving the calculation of user pays fees for energy and water entities on a quarterly basis were found to be:-

- It is problematic to gain a full appreciation of the time taken on each particular category of complaint, how complaints are handled and accurate recording of time taken for level one, two and three investigations.
- The price per case is driven down with volume which rewards suppliers experiencing increasing complaint levels, and penalising those with reducing levels.
- It was difficult to demonstrate a direct relationship between the cost to Energy and Water Ombudsman Queensland of performing the activities and the price that scheme members are charged because of the requirement to absorb a deal of overhead of the Office including referrals to other bodies, corporate and research areas into the actual user pays charging arrangements.
- There is a deal of inflexibility in the current arrangements in that billing in advance quarterly must estimate levels of activity and can't easily predict the number of cases that might need to be reworked or for example where escalation to level two or three is higher than expected.
- The report observed desirable features of other State jurisdictions and concluded in favour of trying to work out an average cost for different categories of cases. It pointed out that Queensland had only a participation fee rather than a joining fee and an annual fixed fee as was the case in New South Wales and Victoria.

This review considered problems being encountered because of the inflexibility of current funding models and budgeting arrangements. The annual budgeting process prescribed in legislation mandates that the budget shall be produced by the end of March each year in consultation with the Advisory Council and that the Minister must approve or refuse to approve a budget by each 30<sup>th</sup> April. The EWOQ must provide invoices to scheme participants no more than one month before the end of each quarter and scheme participants then have 14 days to pay after receiving the invoice. These timeframes are proving difficult to achieve in practice.



The arrangements are also inflexible, because variations between anticipated quarterly expenditure attributed to each scheme member and actual expenditure calculated at the conclusion of each year needs to be actually refunded rather than accommodated in a roll-over billing adjustment during the first quarter of each year.

Another disadvantage of current arrangements is that there is no flexibility in respect to timing and/or variations under or over actual in anticipating the invoiced rates quarterly in advance.

While some issues are specified in legislation, others might be varied by the Ombudsman pursuant to section 75 budget guidelines.

An improved fee arrangement would try and incorporate the following principles:-

- To capture more accurately the time spent on all categories of complaints across some 14,000 episodes annually. There is reported to be significant variation in time keeping currently.
- This data could be used to calculate an average cost for different kinds of referrals and complaint categories. Overheads would be included.
- The Office would, as presently occurs, keep track of all categories of complaint, referral and investigation linked to each participating entity so that quarterly projections can be made.
- That adjustments need to be made on a quarterly basis to account for unders and overs in forecasting relative to actual expenditure, and carry-overs allowed at year's end to be adjusted after the first quarter.
- The Office, subject to concurrence of the Advisory Council, should seek to establish a modest Office reserve held in a trust account to accommodate timing problems at the start of each financial year especially should there be a recurrence of the late approval of budget as seems to occur in most years due to delays within the Department.

The Energy and Water Ombudsman's function is relied upon by a large number of consumers and the credibility of the Office should not be put at risk by inflexible and unrealistic timing parameters put around user pays funding and budgeting arrangements.





It was also reported that the Office, no doubt motivated by a desire not to underestimate annual funding and budgeting requirements, has had to return up to 10% of its budget annually to industry suppliers when budget estimates have exceeded actuals for a number of reasons. One logical reason is the carrying of higher than expected vacancy rates throughout any 12 month period. A subsequent section of this report deals with suggestions to minimise this problem and ensure the full funded establishment is available at all times to deal with case load.

Finally, in any reworked funding and budgeting arrangement, incentives should be provided for scheme participants to enhance their responsiveness and due diligence in respect to dealing with investigations and helping the Office to promptly resolve complaints. This principle, however, could be effected in practice only if the Office had at least a percentage of its positions as temporary and part time so that there was some flexibility in adjusting cost structures if industry became significantly more efficient in the resolution process and complaint numbers or level 2 and 3 categories diminished.

#### **Recommendation 4:**

**That funding and budgeting processes be reviewed to create greater flexibility for end of year carry-overs, with progressive adjustments six monthly based on more consistent time recording practices.**

### **9.3 Recruitment – Filling Vacancies**

The nature of the core business of EWOQ (investigation staff dealing with disgruntled, upset, frustrated and often angry consumers) places a significant level of stress on those in the front line. Turnover of enquiry and investigation staff is, to be expected, reasonably high. The Office had a 10% attrition rate in 2012/13. Because EWOQ, as a statutory authority and under its Act, is bound to apply Queensland Public Sector recruitment and selection policies and procedures, the filling vacancies takes a considerable time span (potentially up to four to five months). This issue is further exacerbated by staff who access extended leave (either with or without pay).



EWOQ has utilised to date traditional job design, recruitment, selection and appointment processes to maintain its establishment levels. These have not been as effective as required for maintaining staff capacity. It would now be appropriate for EWOQ to consider alternative strategies – specifically in relation to Investigation and Conciliation Officers and Enquiry and Referral Officers.

The following options are worthy of consideration:

- *Job Redesign:* As discussed above, one potentially suitable source for Investigation and Conciliation Officer roles are the EROs. These roles currently do not have an opportunity to pick up skills, knowledge and capability by moving progressively into investigations roles supported by necessary supervision and training. They do, however, have exposure and experience of working in EWOQ, dealing with customers, and some knowledge of the dispute resolution process. A potentially easily accessed pool for selection to fill vacant Investigation and Conciliation Officer roles is available with EROs. For this to be effective, it would be useful for existing selected EROs to have access to a structured training and development plan to include investigation procedures and the opportunity to gain experience in undertaking investigations and to be coached and mentored (under supervision).  
EROs are comparatively easier roles to temporarily/casually fill or recruit and an additional 4 FTE positions could be recruited without any significant impact on the annual budget.  
Under this arrangement four of the eight EROs could be rotated into ICO roles under close supervision for certain half-day periods in each week.
- *Location of Investigation Staff Vacancies:* Vacancies occurring in one office may be filled at any location depending on organisation need as case load may be handled from any location. The Office considers it important to maintain regional presence beyond South Queensland especially if suitable personnel are available to fill a vacancy in Central or Northern Region.



- *Consideration of Flexible Work Options:* Alternative approaches to the filling vacancies in the framing of establishment may provide additional flexibility and reduce turnover. Consideration of permanent part-time and job share in lieu of the traditional full-time Investigation and Conciliation Officer's role could be appropriate. Again, these options potentially broaden the applicant pool and can lead to a reduction in turnover with appropriate targeting and profiling of applicants.
- *Creation of a Standing Applicant Pool:* The advertising of ICO or ERO positions on a State-wide basis at a regular interval (for example six months or annually) can provide a pool of applicants in merit order that can be accessed to fill vacancies without going through the significantly time-consuming Public Sector recruitment and selection processes after a vacancy occurs. This option is currently available as set out under the Recruitment and Selection Directive of the Public Service Commissioner, however a new directive is pending which may impact on this capability.
- *Access to Casual Staff:* Creation of a pool of casuals to fill vacancies on a temporary basis during the time taken for recruitment and selection process and eventual take-up of duty is being undertaken would be of benefit. This pool could be created by accessing potentially a Service Agency or by a cyclic advertising of casual roles.

### **Recommendation 5:**

**That EWOQ consider the opportunities to create a more flexible workforce and staff the Office to its full establishment level by:-**

- **Increasing the number and expanding the role description of EROs with a view to progressively extending their capability to step into Investigation and Conciliation Officer vacancies;**
- **Flexibly locating investigation staff vacancies;**
- **Considering flexible work options;**
- **Creating a standing applicant pool;**
- **Accessing a pool of casuals to cover for leave and the time to recruit to vacancies.**



## 9.4 Resolve

A number of issues were raised by staff (in particular the investigations staff) about certain inflexibilities in using the Resolve system. These issues included:

- Difficulties in an officer's ability to amend a mistake;
- Difficulties in editing, staff don't have the delegation to make changes;
- No undo button;
- Utilising templates from Resolve to create letters;
- Full capacity of Resolve not being utilised;
- Capacity to have one case open and then open another at the same time in parallel;
- Recording of times is inconsistent and haphazard;
- Lack of feedback to users of the system on the results of recommendations for improvements which have frequently been made.

There is a formal process in place for the continuous improvement of the Resolve system. Suggestions for amendments and improvements are made through documentation by staff. These recommendations are tabulated and presented (in theory on a monthly basis) to a review group comprising the senior management of EWOQ.

This process for continuous improvement has not up until recent times been followed through effectively. Suggestions and recommendations are being provided by the staff, however the review group is reported to not be meeting regularly, and detailed feedback on outcomes is not being provided back to staff. A comprehensive review was undertaken some time ago and staff were consulted widely at that point in time. Feedback from staff at the workshops was that whilst they were asked to provide input, there was very little consultation with end-users in determining what changes were to happen. As Resolve is a key driver of Office productivity, it must be maintained and enhanced continuously.

Recording of times by individual Investigation and Conciliation Officers is inconsistent. Whilst this issue has been raised on a number of occasions within EWOQ, there still



appears to be a lack of accountability on individual officers to adhere to the requirements to accurately record their times against individual cases. This results in potentially inaccurate billing of scheme participants and staff utilisation and performance not being able to be accurately monitored, determined and acted upon. Team Leaders have a supervisory role to play to ensure all ICOs record times consistently.

Resolve is the backbone of the tracking and recording of dispute resolution process. It has a significant impact on the efficiencies that Investigation and Conciliation Officers can achieve and drives decision-making processes in relation to staffing and billing of scheme participants. The process and procedure that has been established to gather suggestions and recommendations for improvement, their review and determination (and feedback to staff on the outcomes) is appropriate and is not in need of amendment. It does, however, need to be applied in a disciplined manner. Significant system enhancement work is necessary in consultation with experienced ICOs.

#### **Recommendation 6:**

- **That the process and procedure established for the continuous improvement of the Resolve system be fully and rigorously applied with feedback being provided to staff on the suggestions to be implemented, reasons for suggestions rejected and advice on outcomes of changes when they have been implemented;**
- **That monitoring of the accuracy of the recording of times by Investigation and Conciliation Officers against cases be implemented;**
- **That a quality assurance review be implemented for the policies and practices (and the actual application) of the recording of times.**

## **9.5 Regional Consistency**

Comments were made by both staff and scheme participants on the consistency of approach in each of the three regional offices. Differences included the overall approach and demeanour of the interactions (casual versus formality), the level of detail contained in requests for information, the classification of the case as an RHL or an investigation, and



the Investigation and Conciliation Officer's approach in gaining resolution to the issue. Cases handled and managed within each of the regional offices are not specifically from complainants from within that region. This can lead to inconsistency with how a case is managed based on practice and custom within the particular regional office to which a case has been assigned.

This inconsistency also applies in interpretation of policies and procedures and therefore in their application. This may be due partly to staff access to training in policies and procedures and the level of supervision and review by Team Leaders and Regional Managers of the management of cases by Investigation and Conciliation Officers. With the recent increased delegations to Investigation and Conciliation Officers, regular quality assurance of individual officer's cases will need to be undertaken. In addition, information and data on the performance of individual Investigation and Conciliation Officers in relation to percentage of allocated cases that are classified as RHLs as opposed to NOIs is readily available from the Resolve system.

#### **Recommendation 7:**

- **That a renewed emphasis be placed on training of Investigation and Conciliation Officers focussing on policy and procedure and the classification of cases;**
- **That Team Leaders and Regional Managers regularly conduct quality audits and hold periodic case review forums of the work of Investigation and Conciliation Officers to ensure consistency of approach between the three regions.**
- **That regular and detailed reviews of performance related data in the Resolve system be considered within each region and at Regional Manager meetings.**
- **That opportunities be explored for staff to be rotated between different regional offices (if necessary for only a short period of placement) to increase awareness and to promote consistency of approach in managing cases and investigations.**



- **That Regional Managers and Team Leaders through performance audits and the EWOQ Staff Performance Management System regularly discuss performance with individuals including review of sample cases, so as to raise standards and hold staff accountable for their performance;**
- **That achieving regional consistency be a standard objective set for all Regional Managers and Team Leaders to be assessed regularly by the Regional Managers Group with accountability for results achieved through the performance management process.**

## 9.6 Performance Management

EWOQ has in place and applies a Personal Development and Achievement Plan (a staff performance management system) for all staff. The review assessed the documentation and provides the following observations:

- The Plan provides for the setting of agreed performance objectives, measures of success and the outcomes of mid cycle and final reviews.
- The Plan also provides opportunity to discuss capability and behaviours (for example Shapes Strategic Thinking, Achieves Results, Cultivates Productive Working Relationships etc) where actions resulting discussion can be identified and performance against those actions can be reviewed at the mid cycle and final reviews.
- Development needs, and development activities to assist and improve performance are also identified and their provision reviewed at the mid cycle and final reviews.
- Confirmation of the attendance at mandatory training (Code of Conduct and Ethical Decision-Making) is also undertaken.
- The goal setting and review process requires preplanning and pre-preparation by the employee and the supervisor individually.
- A standardised evaluation framework is not defined within the documentation (for example – not yet competent/still learning; competent; above competent performance; outstanding performance).



- The learning and development component of the plan defines development needs and professional development and learning activities but not how the successful achievement of development goals will be assessed.

In the consultation workshops, staff raised issues in relation to the feedback they receive about their performance. The comments in relation to the performance management system were that whilst it was undertaken, because of the lack of rigour and application, full benefit from an effective performance management system was not being attained.

In obtaining a high level of workforce engagement in any organisation and alignment of the workforce to the vision, values, performance imperatives (and change agenda) for the organisation, four questions are fundamental for each individual and for workforce expectations collectively:-

- Where are we going as an organisation? (the vision and future strategic direction)
- How are we going to get there? (the operational performance plan)
- How am I expected to contribute? (what performance contribution you expect from me)
- What's in it for me? (the reward strategy)

EWOQ's PDAP process is a mechanism that could be utilised to specify "how individuals are to contribute" and to hold individuals accountable for delivery. In an organisation with a well-established performance culture, a formal documented system like PDAP is not required – performance goal setting, monitoring, assessment and remedial interventions are built into the fabric of how the organisation operates. EWOQ is not at that stage at this time in its evolution and an effectively designed and applied performance management system is required to focus and drive individual performance leading to collective performance.

#### **Recommendation 8:**

- **That EWOQ review and enhance its existing Personal Development and Achievement Plan.**





- **That training of supervisors, Team Leaders and regional managers (performance management assessors) and staff be undertaken.**
- **That assessors be held accountable for the effective application of the performance management process.**
- **That QA of the application of the performance management system be undertaken on a regular basis by Regional Managers and the General Manager Operations and Managers of Corporate and Policy areas.**

## **9.7 EWOQ Internal Staff Communication**

EWOQ is an organisation of only 41 people. It would be expected that internal communication would not be an issue in this size organisation. However, with three distinct and quite different Divisions and three regional locations there are some challenges. Staff identified that communication can be a problem, and identified outcomes such as miscommunication, a lack of information about changes in policies and procedures that might impact on their work, as well as lack of awareness of what other workgroups are doing.

In addition, staff generally said that staff meetings were not regularly conducted and this also led to a lack of information about issues that impact on EWOQ generally but also on their work. This is not considered a major problem in the organisation but it is one that is quite easily addressed.

### **Recommendation 9:**

- **That regular team meetings be held consistently (weekly or fortnightly depending on the need) and evaluated by participants in brief discussion at the end of meetings.**
- **That a standardised format for team meetings be developed as a guide for team consistency which includes: status of issues raised at the last meeting; new issues, communication and information (new policies, procedures environmental impacts on the teams work); update of work and workload**



**within the team (including interesting and contentious issues); team brief; actions out of the meeting.**

- **That a team brief process be implemented where briefs are developed from issues of interest and outcomes from key EWOQ meetings (Advisory Council, Executive Leadership Team, Regional Managers Meeting, Scheme Participant Forums etc) and delivered at team meetings.**
- **That on a regular basis, presentation and discussion is undertaken between a team and a representative from another team (issues such as role, work schedule, interface issues etc).**
- **That changes to policies and procedures be circulated to all groups for discussion in team meetings.**

## **9.8 Application and Utilisation of QA Process and Reports.**

EWOQ has a dedicated quality assurance assessment process in place with regular assessments of completed cases scheduled during the year. Failure to act on the outcomes of those assessments can lead to:-

- Diminished quality of work performed.
- Failure in continuous improvement in systems, processes and performance.
- Inconsistent policies and practices across the agency (for example inaccurate data entry) are not addressed adequately.
- Neglect of opportunities to address staff performance issues and provide constructive feedback.
- Inability to recognise and value good work practices.

These adverse impacts on EWOQ limit the achievement of organisational goals to be the “best”.

The QA process is fundamental in promoting and ensuring consistency in the management of cases and more specifically managing across the regional offices. Each QA Assessment Report goes to the leadership team and is either endorsed or not endorsed and then approved or not approved by the Energy and Water Ombudsman. The



consultants reviewed a small number of the Quality Assurance Reports that had been endorsed and approved. Staff had raised the issue that whilst implementation of the recommendations have been approved, it was not always the case that they were being implemented.

It is also important that the officers undertaking the Quality Assurance Reviews are kept up-to-date with the current policies and procedures, operating systems and the approaches taken in delivering resolutions to investigations. To assess this, it would be of benefit for officers who are undertaking these assessments to occasionally rotate into Investigation and Conciliation Officer roles for a period of time to maintain the currency of their experience and knowledge.

EWOQ, in addition to the valued feedback and recommendations from the Quality Assurance Assessment process, has access to a wealth of rich information and data relating to organisational, scheme, and staff performance. Senior management must rigorously identify, analyse and form recommendations on available information sources to ensure improvements in organisation and individual officer performance can be optimised.

#### **Recommendation 10:**

- **That a system of monitoring and reporting on the successful implementation of Quality Assurance Assessment Reports (where approved) be implemented.**
- **That officers undertaking quality assurance assessments be reassigned (for at least a short period of time) to investigation roles to maintain the currency of their knowledge and experience.**
- **That EWOQ leadership team take an active role in reviewing the sources and content of available Office information and data to identify those issues specifically requiring investigation and analysis for the benefit of enhancing organisational performance.**



## 9.9 Organisational Procedures

The consultants spent a considerable amount of time on the EWOQ intranet identifying and reviewing a wide range of the documented procedures. In discussion with internal senior managers and during the consultation workshops with staff, views were expressed that there had been a significant improvement in the documentation of procedures since the new Ombudsman took up duty. Assessment of a sample of procedures confirmed that they are comprehensive both in scope and in detail.

Policies and procedures relevant to ERO and ICO roles are comprehensive in scope and in detail. However, they are extensive in number and not necessarily user-friendly – particularly for a new inexperienced ICO. Documented linkages showing individual policies and procedures and where they fit in the investigation process could be of great benefit. It is understood that the Staff Development Officer is currently undertaking an exercise to provide these linking documents.

### Recommendation 11:

- **That the outcomes of the current policy linking to review stage exercise being undertaken by the Staff Development Officer on completion be reviewed, and if approved implemented and used as a basis for the induction and training of new Investigation and Conciliation Officers.**
- **That a schedule be developed for the review and updating of policies and procedures.**



## 9.10 Staff Training and Development

EWOQ's Staff Development Officer has only recently been appointed and taken up duty. One of the challenges of providing training and development opportunities in the organisation is the relatively small number of staff. This can render the design and delivery of internal programs relatively inefficient and uneconomical. Utilisation of externally provided programs would be appropriate and address those issues as long as the content is relevant to the unique learning needs of EWOQ.

Another critical focus of learning needs for Investigation and Conciliation Officers are the internal systems, policies and procedures of scheme participants. Over the last 18 months, scheme participants have provided briefings and information sessions for EWOQ staff which have been most helpful.

Given the turnover and the impact of vacant ICO roles, the training and development of EROs is another key priority. EROs require a significant induction process to ensure they quickly gain proficiency in undertaking their role. The opportunity to develop their capability to move into investigations roles and fill vacancies requires support. It would be useful for existing selected EROs to have access to a structured training and development plan on investigation procedures and an opportunity to gain experience in undertaking investigations and to be coached and mentored.

In addition, in a small organisation such as EWOQ, training programs should not be the only mechanism and medium to deliver learning to staff. Coaching and mentoring (where learning from experience and the support of experienced staff) should be a key strategy in EWOQ's learning and development strategy. To support the induction process, and where staff are transferred into areas of the organisation that are new to them, the utilisation of a "buddy" system would be appropriate.

### Recommendation 12:

- **That key focus for the provision of training and development be on conciliation and mediation processes and skills.**



- **That continued presentation by scheme participants on their internal systems policies and procedures should be encouraged.**
- **That coaching and mentoring by senior and experienced staff be incorporated as an effective learning and development tool.**
- **That a buddy system be employed for new recruits or where there is a transfer of an officer to a significantly different line of business.**

### **9.11 Complainant Response Times**

Complainants are provided with different and advantageous response times capability than scheme participants and this can result in lengthy delays in the resolution of cases. The emails process provides for up to 20 business days (includes letter or through third email) and the telephone process can take 15 business days (two calls followed by letters). There does not appear to be any logical reason why complainants should have a response latitude in excess of that of scheme participants.

#### **Recommendation 13:**

**That EWOQ review the current response times for complainants to determine whether they should be reduced.**

### **9.12 Scheme Participant Management**

Currently, there is no relationship management structure in place to manage the interface between EWOQ and individual scheme participants. This means that there exists no one person within EWOQ:-

- As a point of contact for scheme participants to access EWOQ.
- Responsible for keeping abreast of current issues within the scheme participants organisation.
- Responsible and accountable for understanding the systems policies and procedures of the scheme participant.
- To act as the resident expert and point of reference in relation to that scheme participant.
- Responsible for establishing a positive working relationship with that scheme participant.



Implementation of scheme participant relationship managers would result in a specific experienced Investigation and Conciliation Officer having responsibility for managing the interface and the relationship for a selected group of scheme participants. All scheme participants, segmented into sub-groups therefore would have access to that one person. The benefits of establishing such a structure and process would be significant and add great value to the scheme participants and increasing the knowledge base and experience of senior experienced Investigation and Conciliation Officers. It is not the intent that the relationship manager would also undertake the investigation etc work for their allocated scheme participant.

**Recommendation 14:**

**That Scheme Participant Relationship Managers be established and allocated.**

### **9.13 Scheme Participant Online Portal**

Scheme participants who operate in other jurisdictions (for example New South Wales, South Australia and Victoria) can access through their portal on those jurisdictions websites monthly statistics on cases open closed and resolved. They therefore are able to monitor what their position is, how they are going and what the cost might be. Queensland does not provide this level of detail in such a timely manner.

The scheme participants who raise this issue did value this capability. The capability to provide such a service on the EWOQ website has not been assessed by the consultants. The website capability to interface with Resolve might also need to be assessed dependent on what the defined needs of scheme participants might be and the design of the portal.

**Recommendation 15:**

**That EWOQ investigate the portal services provided in other jurisdictions and assess the capability and advisability of its provision through the website.**



## 10. Review Conclusions

The Office of the Energy and Water Ombudsman Queensland is meeting its legislative and regulatory obligations and performing its functions to a high standard. This review confirmed:-

- That the legislative mandate and obligations are being fully satisfied, especially in respect to the independence of the Office and the fair and unbiased resolution of complaints utilising agreement, negotiation, and mediated outcomes as a first preference.
- That the Office has established sound strategic directions and is performing in accordance with those strategic intentions.
- That the governance leadership and management arrangements within the Office, including the management of risk, are working effectively. The Advisory Council is effectively fulfilling its functions of monitoring the independence of the EWOQ advising on policy, procedures and funding and reporting to the Minister annually.
- That levels of productivity within the Office in addressing case load are very satisfactory.

An assessment of the performance of the Ombudsman's functions against key benchmark standards established for industry-based complaint resolution schemes confirmed that the Office is rated highly against all of these benchmark standards. Industry, customer and other regulatory stakeholders all confirmed that the Office is fulfilling its obligations in respect to all of these standards and in most cases, to a very high level.

The review analysed a range of operational issues and practices within the Office and has offered recommendations to strengthen practices in the spirit of continuous improvement that already exists within the culture of the Office. Recommendations advanced cover areas such as:-

- To gain increased capacity and flexibility between Enquiry and Referral Officers and Investigation and Conciliation Officers to ensure that at all times the fully funded establishment of the Office is available to deal with case load.
- To strengthen management and supervisory arrangements in monitoring and





supporting the performance of individuals and teams.

- To achieve enhancements to systems and practices including the Resolve complaint management system.
- To achieve greater consistency in policy, procedures and practice across different regions of the Office.
- To explore alternative funding and budgeting models to achieve greater flexibility year on year in funding Office operations.

The review team would like to acknowledge the constructive support provided by stakeholders and staff of the Office towards the review.

