

**Bureau of Meteorology**

**COST RECOVERY IMPLEMENTATION STATEMENT**

**July 2015 – June 2020**

**ACTIVITY: REGISTERED USER SERVICE**

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# 1 INTRODUCTION

## 1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how the Bureau of Meteorology (the Bureau) implements cost recovery for its Registered User Service. It also reports financial and non-financial performance information for the Registered User Service and contains financial forecasts for 2015-16 and four forward years. The Bureau will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

## 1.2 Description of cost recovery Activity

The Bureau is Australia's national weather, climate, water and environment agency. Its expertise and services assist Australians in dealing with the realities of their natural environment, including drought, floods, fires, storms, tsunamis and tropical cyclones. Through regular forecasts, warnings, monitoring and advice spanning the Australian region and Antarctic territory, the Bureau provides one of the most fundamental and widely used services of government.

The Registered User Service provides assisted access to real-time weather information produced for, or required by, the Bureau's basic service.

# 2 POLICY AND STATUTORY AUTHORITY REVIEW TO COST RECOVERY

## 2.1 Government policy approval to recover the Activity

Previous Cabinet decisions which provided authority for cost recovery were reaffirmed in the 2009-10 Budget process, where the Government amended the funding for cost recovery services provided by the Bureau, to a Section 74 arrangement. In 2011, the Portfolio refreshed the original policy authority for the Bureau to undertake a number of activities on a cost recovery basis consistent with Australian Government Cost Recovery Guidelines. Subsequently, the Bureau has been authorised for all cost recovery activities.

## 2.2 Statutory Authority to charge

The authority to impose a charge for products and services is provided to the Director of Meteorology in Section 8 of the *Meteorology Act 1955*.

# 3 COST RECOVERY MODEL

## 3.1 Outputs and business processes of the Activity

Activity No.	Activity Title
1	Registered User Service

Table 1: List of cost recovery activities

The Registered User Service provides assisted access to Bureau of Meteorology data through different channels to meet user needs. Services include:

- Registered User FTP: provision of data sets via FTP;
- GIS2Web: web map services of Bureau data;
- AIFS Despatch: 'push' service of warnings direct to users;
- CMSS Despatch: 'push' service of data direct to users;
- Registered User website: provision of client websites containing Bureau information; and
- other services.

The service works with clients to identify the most appropriate service(s). On acceptance, the client is established on the required systems and services then provisioned. Enabled services are managed, maintained and supported by the service on an ongoing basis.

### 3.2 Costs of the Activity

Costs incurred in the provision of these services include:

- general user liaison;
- specific technical advice and development of user guidance;
- establishment, management and changes to user information;
- maintenance of IT infrastructure;
- and general management.

Table 2 identifies Registered User Service costs. These are incrementally determined. Some of the employee expenses and IT costs are sensitive to the number of users and adequate recovery depends on stable service demand.

<b>Cost Explanation 2015/16</b>			
<b>Expense</b>	<b>Cost explanation</b>	<b>Rationale for inclusion</b>	<b>Annual cost</b>
Employee expenses	Salaries/on costs	Direct cost	\$425,000
Goods & services	Supplier expenses	Direct cost	\$52,000
ICT costs	Hosting and transmission costs	Direct cost	\$72,000
Assets	ICT hardware	Depreciation cost	\$8,000
Total			\$557,000

**Table 2: List of Registered User Service costs**

Cost drivers for this five year period include:

- changes in technology and investment in capability;
- changing demand for services; and
- changes to staff salary costs.

Table 3 identifies the estimated revenues.

<b>Ref</b>	<b>Activity Name</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
1	Registered User FTP	\$400,000	\$425,000	\$450,000	\$460,000	\$470,000
2	Registered User web	\$2,000	\$0	\$0	\$0	\$0
3	AIFS Dispatch	\$2,000	\$75,000	\$75,000	\$75,000	\$75,000
4	GIS2Web	\$100,000	\$125,000	\$130,000	\$135,000	\$140,000
5	CMSS Dispatch	\$10,000	\$0	\$0	\$0	\$0
6	Other	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000

**Table 3: Estimated revenue for Registered User Service**

### 3.3 Design of cost recovery charges

The cost of providing the Registered User Service is fully recovered through categorised fees for services. All charges are calculated on the direct labour requirements for each service type with fixed costs apportioned on direct costs at the expected level of demand. There are four general types of fees:

- Sign up fees (per new use): new user liaison, setting up access agreements and accounts;
- Service change fees (per transaction): change liaison and making changes to services and access agreements;
- Registered user annual fee (ongoing): costs of service delivery not recovered from service charges such as routine user liaison, general service improvements, access agreement renewal;
- Product subscription fees (ongoing): recurrent cost of service delivery based on the required resources.

Charges are published at: <http://reg.bom.gov.au/other/charges.shtml>.

## 4 RISK ASSESSMENT

Implementation risks	Low	Medium	High
1. What is the proposed change in annual cost recovery revenue for the activity?	<5% <input checked="" type="checkbox"/>	5 < 10 % <input type="checkbox"/>	>10% or new <input type="checkbox"/> <input type="checkbox"/>
2. What is the total proposed annual cost recovery revenue for the activity?	0 - \$10m <input checked="" type="checkbox"/>	\$10m < \$20m <input type="checkbox"/>	\$20m + <input type="checkbox"/>
3. What does the policy proposal or change in the cost recovered activity involve?	Change in the level of existing cost recovery charges <input checked="" type="checkbox"/>	Change in the structure of existing cost recovery charges and/or composition of payers <input type="checkbox"/>	Introduction of cost recovery for a new activity or for an existing activity (or its components) that has not been cost recovered previously <input type="checkbox"/>
4. What type of cost recovery charges will be used?	Levies only <input type="checkbox"/>	Fees only or fees and levies <input checked="" type="checkbox"/>	Fees, levies and other charges <input type="checkbox"/>
5. What legislative requirements are necessary for imposition of cost recovery charges?	Does not involve an Act of Parliament (e.g. Regulations, Determinations etc) <input checked="" type="checkbox"/>	Involves an Act of Parliament (e.g. enabling Act or levy imposition Act) <input type="checkbox"/>	Requires State/Territory legislative changes or referral of powers to the Commonwealth <input type="checkbox"/>
6. Does the proposal involve working with other Commonwealth, State/Territory and/or local government entities?	No <input checked="" type="checkbox"/>	Yes - with Commonwealth entities only <input type="checkbox"/>	Yes – with Commonwealth and State/Territory entities <input type="checkbox"/>

Implementation risks	Low	Medium	High
7. What will be the expected impact of cost recovery on payers? <i>This may depend on, among other things:</i> <ul style="list-style-type: none"> <li>the change in the level of charges</li> <li>the number of people affected</li> <li>the cumulative effect from other government charges/regulation</li> <li>the economic conditions etc.</li> </ul>	Low <input checked="" type="checkbox"/>	Medium <input type="checkbox"/>	High <input type="checkbox"/>
8. What consultation has occurred with payers and other stakeholders about the proposed cost recovery?	Consulted - no significant issues raised <input checked="" type="checkbox"/>	Consulted – significant issues raised but can be addressed <input type="checkbox"/>	Not consulted <u>or</u> consulted and significant issues raised but ongoing sensitivities <input type="checkbox"/>

<b>Overall CRRA rating:</b> LOW <input checked="" type="checkbox"/>		<b>HIGH</b> <input type="checkbox"/>	
<b>MEDIUM</b> <input type="checkbox"/>			
<b>Supporting Analysis:</b>			
<b>Entity sign-off:</b>		<b>Finance comment:</b>	
<b>Date:</b>		<b>Date:</b>	

Table 4: Risk assessment table

## 5 STAKEHOLDER ENGAGEMENT

The key user groups and the stakeholders for the Registered User Service include private meteorological service providers, agriculture, aviation, client services, water managers, local government, marine community, media organisations, resources, insurance, sporting organisations and researchers.

The annual Registered User meeting was last held on 5 March 2015. This meeting was attended by approximately one fifth of users. There was no significant discussion of cost recovery at the meeting; discussion was primarily of a technical or scientific nature.

Stakeholder engagement is held through:

- Annual in-person Registered User meeting;
- Email service notifications;
- Ad hoc telephone and email conversations.

## 6 FINANCIAL ESTIMATES

Over or under recovery are managed through the annual review of prices.

	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses	\$557,000	\$644,000	\$661,000	\$679,000	\$698,000
Revenue	\$534,000	\$645,000	\$675,000	\$690,000	\$705,000
Balance	-\$23,000	\$1,000	\$14,000	\$11,000	\$7,000
Ongoing Operating Balance	-\$23,000	-\$22,000	-\$8,000	\$3,000	\$10,000

Table 5: Projected expenses and revenues to 2020

## 7 A - FINANCIAL PERFORMANCE

The Registered User Service is a minor cost recovery activity for the Bureau. It operates using shared resources from one or more business units having basic service responsibilities. Operating balances are expected to be not material and no separate financial performance measures have been necessary for cost recovery purposes.

## 7 B - NON-FINANCIAL PERFORMANCE

- Mean response time to user queries less than one business day;
- User satisfaction of greater than 80% as indicated by survey.

## 8 KEY FORWARD DATES AND EVENTS

Bureau of Meteorology Registered User meeting - April 2016.

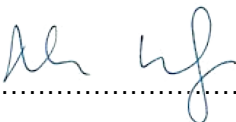
2016/17 pricing review - May 2016.

## 9 CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
02/06/2015	New text	Branch Head Weather Forecasting Branch (ADS)	New cost recovery guidelines

**10 CERTIFICATION**

I certify that this CRIS complies with the Australian Government Cost Recovery Guidelines.



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Dr Robert Vertessy  
Director  
Bureau of Meteorology

Date: 29 June 2015 .....