



**AUSTRALIA & NEW ZEALAND ENERGY AND WATER
OMBUDSMAN NETWORK**

8 March 2007

Electricity Commission
info@electricitycommission.govt.nz

Attention: Jenny Walton

Thank you for the opportunity to comment on the consultation paper *Approval Method for Consumer Complaints Resolution Schemes* (December 2006).

We are writing on behalf of the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON). Our comments are based on our experience with complaint resolution schemes in Australia, and our close working relationship with the Electricity and Gas Complaints Commission Scheme in New Zealand over several years through the EGCC's membership of ANZEWON.

We have commented on two areas of the Commission's Feedback forms - approval of more than one scheme, and confidentiality.

We hope that our comments are of assistance to the Commission.

Yours sincerely

A handwritten signature in black ink that reads "Clare Petre". The signature is written in a cursive, flowing style.

Clare Petre
Energy & Water Ombudsman NSW

Fiona McLeod, Energy & Water Ombudsman (Victoria)
Nick Hakof, Energy Industry Ombudsman South Australia
Simon Allston, Energy Ombudsman Tasmania
Judi Jones, Energy Complaints Commissioner New Zealand

Approval method for consumer complaints resolution schemes

Feedback form 1: 4. Should the Commission approve more than one scheme?

We have considered this issue from the perspective of relevant stakeholders and will address these in turn. However, the most important stakeholder is the consumer, and we strongly submit that it is in the interests of consumers for there to be only one complaints resolution scheme for electricity and gas.

Consumers/customers

The first Benchmark for Industry-Based Customer Dispute Resolution Schemes under consideration by the Commission is accessibility, ie “the scheme makes itself readily available to customers by promoting knowledge of its existence, being easy to use and having no cost barriers”.

In practice, accessibility requires visibility of the scheme, community awareness, ease of use, lack of barriers to access. This is a constant challenge for all our schemes. It is vital for schemes to increase awareness of their services in the community generally, but in particular among the ‘gatekeepers’, that is, those people whom consumers are likely to seek out for advice and assistance regarding electricity and gas related problems. These gatekeepers include Members of Parliament, community workers, financial counsellors, tenancy advisers, solicitors and the like.

It is difficult enough for dispute resolution schemes to reach those people who most need their services or their advocates. It would be even more difficult if there is more than one scheme for reasons including:

- It would be extremely confusing for consumers: who do I contact regarding a complaint? What is the difference between different schemes? What is the appropriate scheme for my complaint? Does one scheme offer a ‘better’ or ‘different’ service from another?
- It would be duplicative and wasteful of resources, as different schemes would need to provide information and other resources to the same groups of consumers and their advocates.
- A single scheme can build up dispute resolution expertise, community and industry contacts, and information resources more readily than multiple schemes.

We suggest that the approval of more than one dispute resolution scheme could lead to ‘forum shopping’ for some consumers, ie if a customer does not achieve the outcome they are seeking from one scheme, they take their complaint to another scheme. If barriers to entry are established to reduce or eliminate such forum shopping, this can add to the duplication and waste of resources, as well as to accessibility issues for other consumers.

Electricity and gas companies

If there are multiple dispute resolution schemes it is likely that at least some electricity and gas companies will be required to join more than one scheme. The impact on companies may include:

- additional costs (multiple joining fees and complaint handling fees)

- additional resources (company staff need to understand and deal with different procedures and processes for different dispute resolution schemes)
- different handling of their customers' complaints.

Complaints resolution scheme

As indicated above, a single scheme can more readily build up complaints handling expertise, community and industry contacts, and information resources. If a single scheme is recognised as the primary complaints resolution agency in electricity and gas, it will more readily attract qualified and skilled staff.

We have found that public recognition and support for our schemes is fundamental in relation to key benchmarks of independence, fairness, accountability, and effectiveness. Multiple schemes are likely to dilute these benchmarks, in particular the key benchmark of independence.

There will be duplication of resources if there is more than one complaints handling scheme, including premises, staff, community information and outreach.

Conclusion

Overall, we can see significant consumer confusion in the approval of more than one complaints handling scheme. We cannot identify any advantages in multiple complaint resolution schemes in the same industry area. However, if any advantages are put forward, we believe that the factor of consumer confusion would far outweigh these in any case.

We have found significant value in being called Ombudsman schemes. We believe that this gives consumers a clear message about the nature and function of our offices. We understand that the current New Zealand scheme, if it were to obtain the approval from the Chief Ombudsman to use the term "Ombudsman", would have to be national in coverage, and that having more than one scheme would prevent an application being made to the Chief Ombudsman.

Over recent years we have had the benefit of working closely with Judi Jones, Electricity and Gas Complaints Commissioner, visiting the Commission, and having various contacts with Commission staff. We believe that the EGCC has established itself as a scheme that generally meets the Benchmarks and strives to offer best practice complaints resolution to both consumers and industry. We note that the Commission has been unable to develop as completely as it might given that it does not have jurisdiction in relation to all energy providers.

Feedback form 2 – Confidentiality 3.11

The suggested standard for the benchmark on confidentiality is unduly onerous and impractical. We believe the 'key practice' in set out in 3.17 was intended to apply in formal conciliation processes rather than the day to day interactions between a scheme and complainants.

Enforcement of a confidentiality agreement is fraught with difficulty, and would not be something any of the schemes would initiate.