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Professor Allan Fels AO
Chair, Victorian Taxi Industry Inquiry

By email: taxiindustryinquiry@transport.vic.gov.au

Dear Professor Fels

I write to you as Chair of the Australian and New Zealand Ombudsman Association (ANZOA), a professional association and the peak body for Ombudsmen in Australia and New Zealand.

ANZOA's members are widely recognised as complying with the highest standards of independence, integrity and accountability. Their offices meet strict eligibility criteria in the areas of independence, accessibility, fairness, accountability, efficiency and effectiveness. More information about our association and a listing of the offices of ANZOA members can be found at www.anzoa.com.au.

My purpose in writing is to provide a contribution from ANZOA to the current Inquiry into the Victorian taxi and hire car industry, specifically in relation to consumer complaints and dispute resolution.

Effective internal and external complaint handling/dispute resolution

As the Inquiry's *'Setting the scene'* and *'Setting the scene – Submissions and Responses'* papers highlight, an effective complaints handling/dispute resolution regime requires effective internal and external dispute resolution processes.

Companies providing services to consumers must take responsibility for the delivery of those services. Part of that responsibility should be acting on a regulatory/legislative requirement to put in place and maintain effective and accessible complaint handling/internal dispute resolution processes. These processes should meet established Australian standards and be underpinned by accountability to the industry regulator.

Where consumer complaints are not able to be resolved through a company's internal processes, consumers should have access to an effective and independent external dispute resolution mechanism, such as an Ombudsman office. While there are other external dispute resolution models, the adoption of the Ombudsman model ensures best practice, independent, accessible and impartial review and investigation. In this regard, we draw your attention to ANZOA's policy statement, [Essential Criteria for describing a body as an Ombudsman](#).¹

¹ http://www.anzoa.com.au/ANZOA%20Policy%20Statement_Ombudsman_Essential%20Criteria_Feb2010.pdf

The external dispute resolution model of complaint handling/dispute resolution through Ombudsman offices operates very effectively in Australia, across a range of industries, including energy, water, telecommunications and financial services. In Victoria, it operates very effectively for users of public transport through Public Transport Ombudsman Limited.

In some cases, however, the growing popularity of external dispute resolution has seen more than one external dispute resolution mechanism being set up for consumers in an industry sector. This situation of ‘competition’ among offices is something which ANZOA considers to be inefficient and undesirable on a range of policy levels. In this regard, we draw your attention to ANZOA’s policy statement, [Competition among Ombudsman offices](#).²

In light of this, as your inquiry considers a complaint handling/dispute resolution mechanism for Victoria’s taxi users, we recommend it looks to the expansion of, or merger with, an existing scheme—rather than the establishment of a new separate scheme—with the aim of clear and easy access for taxi users and the avoidance of jurisdictional confusion.

Ombudsman vs Regulator

We note that complaints about taxis are presently handled by the industry regulator, the Victorian Taxi Directorate, and wish to make some comments on this arrangement.

While Ombudsman offices usually have strong links to any relevant Regulator, the roles of the Ombudsman and the Regulator are distinctly separate. This separation leads to better outcomes for consumers and helps drive best practice within an industry.

A complaint handling/dispute resolution function external to the Regulator facilitates a broader assessment of complaints and their impact. It also ensures that other laws and regulatory frameworks are considered, such as the Australian Consumer Law.

This is particularly relevant to complaints about customer service levels, staff behaviour and customer experience. Because Ombudsman offices are able to take a broad approach—on the basis of what is fair and reasonable, good industry practice and the law—they are able to consider regulations as minimum standards for provider behaviour and to achieve outcomes which go beyond the terms of the regulatory framework, when circumstances warrant it.

Ombudsman offices also work proactively with industry participants to improve customer service and company internal dispute resolution processes beyond the regulatory minimum standards. This helps prevent complaints in the first place and improve the customer experience generally.

Using the expertise of the Public Transport Ombudsman

In reviewing complaints handling/dispute resolution services for Victoria’s taxi users, there would seem to be the opportunity to use the expertise of the existing Public Transport Ombudsman. ANZOA strongly recommends that consideration be given to this.

The Public Transport Ombudsman has been providing Victoria’s public transport users with independent external dispute resolution services since 2004. Its current Ombudsman, Janine Young (as were her predecessors) is a member of ANZOA. The scheme operates on a proven industry-based

² http://www.anzoa.com.au/ANZOA_Policy-Statement_Competition-among-Ombudsman-offices_Sept2011.pdf

Ombudsman model, in accordance with the [Benchmarks for Industry-based Customer Dispute Resolution Schemes](#) issued by the Commonwealth Government in 1997.³

In the Public Transport Ombudsman, Victoria already has Australia's leading external dispute resolution mechanism for users of train, tram and bus services. It now has the opportunity to introduce the same for taxi users.

I would be pleased to discuss ANZOA's views with representatives of the Victorian Taxi Industry Inquiry and may be contacted via 03 8672 4221, or through the ANZOA Secretariat info@anzoa.com.au

Yours sincerely

A handwritten signature in cursive script that reads "Fiona McLeod".

Fiona McLeod, Energy and Water Ombudsman (Victoria)
Chair, Australian and New Zealand Ombudsman Association

³ <http://www.anzoa.com.au/National-Benchmarks-1997.pdf>