

**EWOV CASE RECEIPT POLICY POSITION PAPER
MAY 2008**

Background

The Energy and Water Ombudsman (Victoria) Limited was established in 1996 to receive and investigate complaints between consumers and providers of electricity, and in later years, the Scheme was expanded to include gas and water. During the early years of the Scheme's operations, case receipt policies were established, in line with the requirements of procedural fairness, to determine which cases would be referred back to providers for direct resolution and which cases would be investigated by EWOV.

Current process benchmarks were established as follows:

- No direct contact between provider and customer
 - EWOV refers the customer to the provider's contact centre after providing an overview of EWOV's role and the rights and responsibilities of the customer with respect to their matter, thus enabling the customer to resolve the matter directly with their provider (EWOV RTP process).
- One contact between the provider and customer
 - EWOV arranges for a senior staff member of the provider to contact the customer within 24 hours of the customer's contact with EWOV, so as to resolve the matter between the customer and provider. EWOV provides the customer with an overview of its role and the rights and responsibilities of the customer with respect to their matter. The customer is also advised of their right to re-contact EWOV if they are not contacted within 24 hours or the complaint not resolved within 21 days (EWOV RHL process introduced in 1999).
- Two or more contacts between the provider and the customer
 - EWOV receives the complaint for investigation – a process where the EWOV Conciliator works independently with both parties to resolve the matter ensuring that a fair and reasonable outcome is achieved. The majority of investigations involve written communication between both parties with set time frames for response.

Increasing complaints

Since June 2007, EWOV began receiving an increased number of complaints where the customer had already contacted the provider at least twice prior to contacting EWOV. Overall the number of cases to EWOV was not increasing – just the percentage that would require an investigation in line with EWOV's standard case receipt policy.

Temporary solution introduced in June 2007

This occurred at a time when EWOV Conciliator resourcing was in flux due to a higher than anticipated level of attrition combined with a very tight labour market. As a result of these two factors, it was decided to implement an interim process to reduce the number of complaints for investigation, thus preventing a complaint investigation backlog and subsequent customer dissatisfaction. This interim process involved providing the option of a further direct referral (the RHL process) to customers who had contacted their provider at least twice. It was anticipated that this process would only be in place for a short period (one to two months) to allow recruitment of additional Conciliators and process improvement by scheme participants, thus reducing the number of complaints for investigation to EWOV. Recruitment was slower than planned (impact of the labour market) and EWOV did not see a decreasing number of complaints for investigation. Accordingly, the process remained in place until 31 January 2008, when recruitment of 10 additional Conciliators took place.

During this period from 18 June 2007 to 31 October 2007, 41.9% of customers chose a further direct referral over an EWOV investigation. Customer surveys were completed for all customers who agreed to the direct referral process between 18 June 2007 and 30 September 2007 and very positive customer satisfaction with this process was received:

- 89.1% had their complaint resolved to their satisfaction within 21 days
- 78.7% stated they will contact their provider's contact centre in future
- 97.1% of customers were satisfied with the information and service provided by EWOV.

Where to now?

Accordingly, the successful implementation of this interim process raises the question as to whether EWOV's case registration process should be permanently changed to provide customers with the option of a direct referral, regardless of the fact that they have previously made two or more contacts with their provider.

This overall issue raises a number of other questions such as:

1. Why has the percentage of customers contacting EWOV with two or more unsuccessful direct contacts with their provider increased over the past year?
2. Are specific providers represented more highly than others (generally the increase is across industries)?
3. Have customer expectations increased over the past 12 months thus reducing the effectiveness of contact centre responses, and if so, how should providers address this?
4. What is EWOV's role with respect to redressing this increased level of dissatisfaction with contact centre effectiveness?

This position paper relates purely to EWOV's case receipt policy and the best way of resolving complaints for those customers who are currently contacting EWOV. These broader issues will be reviewed by the EWOV Management Team separately and a strategic approach, identifying additional initiatives (a number are currently in place), will be incorporated into the 2008/2009 Strategic Plan with the aim of reducing complaints to EWOV in the longer term.

Review Methodology

The review of the case receipt policy was carried out by the Deputy Ombudsman, Manager Operations and Conciliation Team Managers. It incorporated a three hour workshop where three options (as described below) were reviewed and this paper was drafted.

The review considered the perspectives of customers (through customer surveys), the likely views of consumer agencies / representatives, regulators and other energy ombudsman schemes (based on past experience), feedback from a representative number of scheme participants and feedback from EWOV staff.

Executive Summary

EWOV management has recently completed a review of the implementation of the interim case receipt process. The EWOV Board has also reviewed the matter. As a result of those reviews, it is recommended that the interim case receipt policy be adopted as a permanent policy; that is, customers contacting EWOV after having two or more direct contacts with their provider should be given the **choice** of either a further direct referral (RHL process) or an investigation completed by EWOV.

Your feedback, along with a number of other stakeholders, is sought.

The following paper provides an overview of the benefits of changing the case receipt as well as the tasks required to address any negative impacts and to ensure ongoing customer satisfaction. In summary, EWOV management believes it should be implemented permanently because it:

- is a customer driven process, customer rights are not diminished in any way and customer satisfaction has been maximised when implemented on an interim basis
- is procedurally fair for all parties to the complaint
- is a cost effective approach to managing an increasing number of complaints for investigation to EWOV
- is consistent with the process in place at the Energy & Water Ombudsman (NSW) – and thus consistent with the aims of the Australia and New Zealand Energy and Water Ombudsman Network with respect to consistent policies across schemes
- has been successfully implemented and evaluated on an interim basis since 18 June 2007 and therefore is aligned with current resource levels in scheme participant complaint teams.

This paper also includes details of the tasks required to implement the policy and the post implementation review initiatives required to ensure it has been implemented effectively and continues to work effectively.

Recommendation

Implement a revised policy which provides customers with the option of either an investigated complaint by EWOV or a further direct referral (implement the interim process as a permanent case receipt policy approach)

Positive impacts of introducing this referral process

- The policy meets the requirements of procedural fairness – tested and reviewed by independent administrative law experts
- It provides a measurable and appropriate benchmark service level which has been implemented in other ombudsman schemes
- The process has resulted in very high levels of customer satisfaction for those customers who chose a direct referral during the second half of 2007 and the first quarter of 2008
- It provides efficient outcomes for customers – and maintains the opportunity for the customer to return to EWOV should the direct referral fail
- Stakeholders have a general awareness and knowledge of the direct referral approach
- It provides the option of an expedited resolution for simple issues via the existing Facilitated Conciliation process while maintaining the availability of an independent, detailed investigation for complex issues
- It enables scheme participants to undertake process improvement – EWOV provides reports about why these customers have contacted EWOV – what went wrong with their direct contact with their provider.
- It provides equity for scheme participants
- EWOV staff are fully trained and experienced in application of this policy
- It provides a shorter resolution timeframe for customers who chose a direct referral
- Based on case receipt volume during the July to December 2007 period, it will reduce the number of Level 1 complaints to EWOV in the future, thus leading to a probable reduction in overall operating cost
- It provides an increased level of customer empowerment – choice
- It is a customer driven process
- It is consistent with the Energy & Water Ombudsman NSW which already provides the customer with the choice of an investigated complaint or direct referral and therefore is a consistent Ombudsman approach for energy retailers who operate across state borders
- It improves the direct relationship between providers and their customers – although it should be noted that confidence levels in ongoing energy/water company service levels have not increased for the majority of customers who have chosen a direct referral
- It reduces the volume of Level 1 investigations for scheme participants and the time taken to prepare EWOV responses etc thus freeing up time for process improvement / complaint analysis
- EWOV's reputation as an excellent service provider is maintained – as evidenced in the customer satisfaction survey completed in 2007 for referred customers.

Potential negative impacts of introducing this referral process

- There is a risk that further referral back to providers could be seen as sanctioning poor contact centre performance (already two or more unresolved contacts).

- EWOV's reputation may be diminished by referring customers who have already tried at least twice to fix their problem, back again to the provider.
- As the cost of an EWOV RHL is less than a complaint for investigation, providers might use EWOV as a cheap way of not addressing poor contact centre performance, if they know customers can be sent back again.
- EWOV may be viewed as avoiding addressing the higher cost of Conciliator resources (complaints for investigation) than Enquiry Officer costs (RHL cases).

These risks could be managed by effective communication about the empowerment that this process provides to customers without reducing their right to an independent investigation. Additionally, this process would not be introduced in isolation – EWOV would continue to work closely with scheme participants to assist them to improve the service they provide. The initiatives currently in place are:

- complaint handling workshops (two modules)
- monthly reporting
- regular complaint review meetings
- scheme participant extranet
- scheme participant annual conference
- scheme participant working groups.

The following tasks will be undertaken if this change to case receipt policy is implemented:

- a new case registration policy for Board approval will be drafted
- a communications strategy covering all stakeholders will be carried out so that awareness of the change in the case receipt policy is communicated appropriately and effectively
- EWOV staff will be trained so that the policy is implemented equitably and effectively for all customers and providers
- public reports will include information about the process change.

Ongoing review of the RHL process

The following post implementation review strategy would need to be implemented to ensure that the process is effectively implemented without negative impact on EWOV's reputation or service levels:

- Customer Satisfaction Surveys completed six months after process implementation – including analysis by providers to determine if there is a variance in service levels which needs to be addressed
- Review of each failed RHL to determine what went wrong, why it went wrong and how it can be addressed at the time the customer re-contacts EWOV for complaint investigation
- Monitor ongoing contacts for each customer to determine if scheme participant contact centre service levels are improving or declining, thus indicating that the process is masking a systemic service decline.

Consultation Process

Your completion of the following questionnaire will assist EWOV in determining whether this process change should be implemented. Your feedback by close of business Monday 9 June 2008 would be appreciated. Please email your response to janine.young@ewov.com.au or telephone Janine on (03) 9649 7599 to provide verbal feedback.

EWOV Case Receipt Policy Review Questionnaire

Name: Janine Rayner

Company: Consumer Action Law Centre

Should EWOV's Case Receipt policy provide customers with the option of either an investigated complaint by EWOV or a further direct referral to their provider?

Yes

On the grounds that this process will alleviate cases for investigation and encourage scheme participants to effectively manage their call centre functions, we support the recommendation to provide customers with the option of EWOV investigation or further direct referral to their provider.

Bearing in mind the value of the benefits of offering customers a choice, the risks for EWOV remain significant and will need to be managed as outlined, commencing at the offer of a 'choice'. This is important, for example, if a customer chooses to go back to the provider because the alternative was to wait for EWOV which has delayed turnaround times, then it is not actually a choice. It is only a choice if EWOV is able to investigate in a short period of time and if that is what the consumer chooses.

We will be interested in the outcomes of the review by EWOV's management team. While EWOV's paper suggests they don't know why the increase in these customers (and suggests it could be higher consumer expectations), it is important to identify the reasons and ensure that if the system puts providers under less pressure to address complaints in the first place, that EWOV undertake other activities to address this.

Consumer Action does have concerns regarding the ongoing issues with call centre performance and the potential implications for customers who choose to be referred back to their provider. This is of particular concern as the call centres may still not have the capacity to resolve the issue, at the time of the second referral, resulting in a further prolonged process for consumers. In addition, the new process may reduce the incentive for providers to deal better with customers at the front line, further increasing pressure on EWOV, particularly as currently the % of customers contacting EWOV who have made two or more contacts with the provider is increasing.

To monitor the success of the process, we recommend that EWOV continue with surveys of customers that have been referred back a second time. In addition, we acknowledge EWOV is evaluating its role in redressing dissatisfaction with call centre functions and we support initiatives to address this.

The issues of reputation and cost are also significant for EWOV, and we believe EWOV will manage this accordingly. However to ameliorate this, we suggest that EWOV consider a different level of cost to be imposed on the provider if the consumers are referred to them the second time. As this process provides benefits for all parties, this procedure reduces the cost faced by providers who have not dealt adequately with individual consumers (and it also means that the provider gets a further chance at resolving the issue when arguably it should not).

We recommend a review of this decision be scheduled in 12-18 months with to determine its merit with the option of reversing it should none of the above issues have been resolved adequately.

If EWOV proceeds with this process change, the following actions will be undertaken to ensure that customer satisfaction with EWOV process is not negatively impacted and that customers receive satisfactory outcomes to their complaints:

- rigorous gaining of customer consent
- six monthly customer satisfaction surveys
- review of each failed referral when the customer re-contacts EWOV to identify what went wrong and how it can be prevented in future
- review of the number of referrals by company to identify whether internal dispute resolution processes are improving / declining.

Please email your response to janine.young@ewov.com.au or telephone Janine on (03) 9649 7599 to discuss your thoughts.