



## **File note of discussions between Energy & Water Ombudsman NSW (EWON), Energy & Water Ombudsman Victoria (EWOV), Energy & Water Ombudsman Queensland (EWOQ), Energy & Water Ombudsman SA (EWOSA) and the Independent Accountability Panel in October-November 2019**

This file note summarises the meeting discussion involving members of the Independent Accountability Panel and Janine Young Ombudsman NSW (EWON) and Cynthia Gebert Ombudsman Victoria (EWOV) on 16 October 2019 as well as subsequent contributions from EWOQ and EWOSA. The Panel wishes to express its thanks to the members of ANZEWO for this input on the Ombudsmen's experiences of the energy sector and the Signatories particularly during January-June 2019.

### **Purpose**

The purpose of the consultations was to discuss the issues set out in the Panel Chair's letter to EWON and EWOV dated 9 October 2019. This included seeking advice about how the Independent Accountability Panel's report might assist with reducing complaints or contributing to resolution. Further, the Panel was keen to understand any metrics Ombudsman schemes had in place, which may contribute to reducing the top few reasons for escalated complaints or current trends.

### **Suggestions from ANZEWO representatives, which the Accountability Panel could consider as part of its role to measure the effectiveness / success of The Energy Charter**

1. There could be greater incentives within businesses for staff recognition and accurate recording of customer complaints (i.e. based on agreed definitions of complaints and enquiries); increased focus on first call resolution and escalation to internal complaints teams. While this could lead to an increase in internal complaints in the short term, if coupled with an analysis of, and responses to, the underlying causes of the complaints, this would lead to better outcomes for customers and fewer complaints in the future.
2. Each Signatory should undertake an internal audit of its internal dispute resolution (IDR) processes and complaints process (organisation wide) against AS/NZS 10002:2014 "*Guidelines for complaint management in organizations*" in 2020 and then an independent external audit in 2022.
3. Signatories should adopt the definitions of complaints in the Standard to lead to a common classification approach to facilitate comparisons to other Signatories' complaints.

4. The Panel could evaluate all Signatory websites to see how easy it is to lodge a complaint and locate information about Energy Ombudsmen offices. It should be easy to find references to external dispute resolution and the Ombudsmen on their websites.
5. Signatories could take more steps to inform customers about their right to complain to the Ombudsman as part of their IDR process including in phone conversations as well as in correspondence.
6. Signatories could take pro-active steps to create industry retail outreach forums for vulnerable consumers and community workers i.e. extend their community engagement beyond their participation in financial counsellors' conferences or Ombudsmen outreach initiatives. For example regional / rural agricultural shows bring large numbers of community together on an annual basis.
7. Signatories could fund financial counselling on a user pays basis – refer to the Review Report<sup>1</sup> and associated Ombudsman submissions<sup>2</sup> to the Sylvan review.
8. Signatories could self-report number of cases referred to each Ombudsman by 10,000 customers per annum and the Panel could compare the trend for each Signatory to the number of cases per 10,000 customers received by ombudsman offices.
9. Signatory CEOs could proactively reach out to the Ombudsmen to discuss complaint trends and data and the performance of their organisations' complaints handling systems.
10. A Signatory-wide agreed approach to measuring and publishing NPS data could be introduced.

## ANZEWON

EWON, EWOV, EWOQ and EWOSA are members of ANZEWON, which is the Australia & New Zealand Energy and Water Ombudsman Network.

While the schemes vary in structure, governance and operations, there are a number of commonalities that are relevant to their work. They all:

- provide a key consumer protection mechanism for energy and water consumers,
- help customers resolve individual disputes,
- build trust in the industry through identifying systemic issues and using data to improve customer service across the industry,
- are a trusted source of independent data and case studies reflecting the customer experience of the energy and water market, and
- educate customers about their rights and responsibilities and industry about how to improve their customer service and reduce complaints.

They investigate a broad range of complaints about issues such as:

<sup>1</sup> [https://www.dss.gov.au/sites/default/files/documents/10\\_2019/report-review-financial-counselling-services.pdf?fbclid=IwAR0X1fZXqP93BXs6BSe5ckk8gHavdK9eg3RK-a5YZyvw\\_cIXokXCsr75FN4](https://www.dss.gov.au/sites/default/files/documents/10_2019/report-review-financial-counselling-services.pdf?fbclid=IwAR0X1fZXqP93BXs6BSe5ckk8gHavdK9eg3RK-a5YZyvw_cIXokXCsr75FN4)

<sup>2</sup> <https://www.ewon.com.au/content/Document/EWON%20Submission%20financial%20counselling%20services%20review%20March%202019.pdf>

- disputed accounts,
- high bills,
- disconnection or restriction of supply,
- payment difficulties,
- reliability and quality of supply,
- connection or transfer issues,
- contract terms,
- marketing practices,
- metering, and
- customer service.

Note - where comments in this paper are attributed to one Ombudsman office, unless alternative information or views are provided by another office, all EWON, EWOQ, EWOSA, AND EWOV support those comments.

## Scheme Backgrounds

### Energy and Water Ombudsman NSW

The Energy & Water Ombudsman NSW (EWON) is the government approved dispute resolution scheme for New South Wales electricity and gas customers, and some water customers. EWON was founded in 1998 as an industry-based Ombudsman scheme, to independently resolve complaints about members of the scheme. EWON aims to provide high quality, independent dispute resolution and to help raise customer service standards in the energy and water industries.

EWON operates according to its Constitution and Charter. The EWON Board ensures the organisation's independence through its composition of consumer and industry representatives and is responsible for corporate governance, funding, policy and strategy.

### Energy and Water Ombudsman Queensland

The Energy & Water Ombudsman Queensland (EWOQ) was first established as the Energy Ombudsman Queensland (EOQ) on 1 July 2007, to provide a free and independent dispute resolution service for small electricity and reticulated gas customers in Queensland. On 1 January 2011, its jurisdiction was expanded to investigate complaints about water suppliers in south-east Queensland, and EOQ became EWOQ.

EWOQ has an Advisory Council which provides advice to the Energy and Water Ombudsman and to the Minister of Natural Resources, Mines and Energy on the effective and efficient conduct of the Scheme, to ensure that the scheme is administered in a manner which is fair and just to all energy and water consumers and suppliers in Queensland. EWOQ's functions are legislated under the Energy and Water Ombudsman Act 2006.

### Energy and Water Ombudsman South Australia

The Energy and Water Ombudsman (SA) Limited (EWOSA) is the approved independent scheme in South Australia and originated from the privatisation of the South Australian electricity industry in 1999. A licence condition was imposed on all entities providing electricity services to participate in an independent dispute resolution scheme to ensure fair practice and effective dispute resolution between the electricity providers and their

customers. The Scheme was subsequently expanded to include gas and some water service providers.

EWOSA operates according to its Constitution and Charter. The Board has primary responsibility for policy matters and oversight of the Scheme's operation. The Ombudsman has responsibility for the day-to-day operation of the Scheme and the resolution of individual complaints. The EWOSA Board ensures the organisation's independence through its composition of consumer and industry representatives.

### **Energy and Water Ombudsman (Victoria)**

The Energy and Water Ombudsman (Victoria) scheme was established as a key consumer protection mechanism when the electricity industry was privatised in the mid-1990s. Since then, EWOV's role and jurisdiction has been expanded to include cases related to gas, water, liquefied petroleum gas (LPG) and, more recently, electricity embedded networks.

The EWOV Board ensures the organisation's independence through its composition of consumer and industry representatives.

EWOV operates according to its Constitution and Charter. According to the Constitution, the EWOV Board is responsible for corporate governance, funding, policy and strategy.

EWOV's purpose is to independently and efficiently resolve energy and water disputes in Victoria and reduce their occurrence.

### **Current complaint trends**

Each of the schemes publishes annual reports in accordance with the Benchmarks for Industry Based Customer Dispute Resolution<sup>3</sup>. These contain details of current complaint issues and trends over recent years. They can be accessed through the following links:

EWON <https://www.ewon.com.au/page/publications-and-submissions>

EWOQ <https://www.ewoq.com.au/annual-reports/>

EWOSA <https://ewosa.com.au/news/media-release-annual-report-2018-19>

EWOV <https://www.ewov.com.au/reports/annual-report/201910>

The Panel asked whether the politicisation of energy had led to more complaints. EWON observed that after the Prime Minister's retailer roundtable in July 2016 the media ran stories encouraging customers to check their retail plans to see if 'they were being ripped off'. This led to long wait times in retailer call centres and in turn this led to an increase in complaints to EWON and EWOV. This was viewed as being a positive sign as it meant that some customers were reaching out for assistance for the first time.

EWON and EWOSA have not seen any increase in response to the DMO. EWOV has also experienced lower than expected complaints in response to the Victorian Default Offer.

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<sup>3</sup> <https://treasury.gov.au/publication/benchmarks-for-industry-based-customer-dispute-resolution>

## Common metrics to track improvement in complaints

The Panel noted that overtime it is keen to see consistency of metrics that might track improvement by the Signatories and was interested in the Ombudsmen's views on this. EWOV believes that the main issue hindering a comparison of Signatory's performance and tracking improvement is complaints capture/recording consistency. There is a large diversity in complaints classification between all the businesses and this impacts on openness and transparency. It is hard to focus on the conversion rate of complaints to referrals to the Ombudsmen, as businesses can hide the true number of complaints through their approaches to internal complaint classification. EWOV is concerned that there is much greater internal focus on cost to serve rather than on cost to manage customers. EWON highlighted that culture, including around complaints handling, starts from the top.

## Debt Collection practices

EWON remains concerned about debt collection activities and is seeing recovery activity around higher debt levels. The number of households with debt has decreased but the average debt level has increased, as reported by the AER. The Panel thought this was surprising given that the percentage of people below the poverty line is stable. The Panel also noted that the breakdown of these groups was changing and now included more single parent families.

A significant area of complaints for EWON, EWOSA and EWOV is when customers discover they have been credit listed without their knowledge. Typically, this occurs when the customer applies to a lender for a loan and is informed about their poor credit history. Credit listings are a large proportion of the credit complaints that EWON receives, with some retailers being responsible for a higher proportion of these complaints than others. A credit listing can only be removed if it was incorrectly listed. A common reason for the credit listing is non-payment of a final bill when a customer moves house and the retailer sends the final bill to the old address rather than as directed by the customer when the account closure was requested.

The Panel asked if the Ombudsmen were seeing aggressive debt collection. While EWON does not have jurisdiction over debt collectors, they accept complaints when consumers name the retailer and the debt collector is acting as agent for it. EWON recognises and accepts that retailers have the right to disconnect customers for unpaid bills and use debt collectors to recover their debts, provided that the right process is followed.

EWON also noted that through its dispute resolution, retailers provide a range of initiatives to assist customers experiencing affordability challenges, including in some cases, debt waiver. When this occurs, it is important to note that when retailers waive debt, it includes consumption costs and network costs.

EWOV noted that water businesses also outsource debt collection and this can drive complaints too.

## Standardising complaints handling

EWON noted that there is an Australian Standard for complaints management which in EWON's experience, is not followed by many of the businesses: AS/NZS 10002:2014 "*Guidelines for complaint management in organizations*" (Standard).

Janine Young disclosed that she is a member of the Standards Australia Committee and Jane Pires is the Chair of this committee. A 5-year view of the Standard is currently underway. The Committee also includes representatives from statutory ombudsman offices and a cross selection of industry representatives.

The Standard provides succinct definitions of enquiries and complaints, which, if adopted equally by all Signatories would provide comparable data and an accurate measure of complaints system effectiveness. EWON noted that member references to the Standard, or advice that they are reviewing their complaints system against the Standard, are absent. Positively some members are also members of the Society of Consumer Affairs Professionals (SOCAP), which impresses on its members Standard requirements. EWON encouraged the Panel to consider the Standard as being an independent suitable mechanism for measuring the effectiveness of Signatories' complaints management. A suitable approach could be for all Signatories to undertake an internal audit of their IDR against the Standard, followed by in say 2-3 years, an independent external audit.

Ombudsmen are also concerned that there can be adverse incentives within businesses with respect to complaints recording. For example if a business has staff KPIs about the number of complaints received by the business or referred to the Ombudsman, then staff may have an incentive to classify complaints as enquiries or as feedback rather than complaints. Signatories could explore how internal performance KPIs are established / agreed to prevent this from occurring as well as embedding the Standard's definitions across the business.

Introduction of best practice IDR, including all Signatories' application of comparable definitions of complaints, could lead to higher numbers of complaints being recorded by businesses initially. If this occurred, the Ombudsmen view is that it should not be considered negatively by the Independent Accountability Panel (or regulators) as the critical measure would relate to the proportion of complaints, which were then received by Ombudsman offices. If managed effectively, increased complaints should drive systemic business improvement and as a result, fewer complaints in the future – internally and to Ombudsman offices.

Complaints to Ombudsman offices can be divided into three groups:

1. customers who choose to go to the Ombudsman first and do not even try IDR with a business, perhaps because of poor prior experience or inability to identify how to lodge a complaint with their provider,
2. customers who contact Ombudsman offices after initial and often multiple attempts to resolve a complaint via their provider and who agree to be referred back to the providers' complaints team (assisted referrals or refer higher level (RHL) complaints), and
3. customers who are seeking for their complaint to be investigated / resolved by the Ombudsman via independent investigation.

With respect to point 1 above, a major concern for the Ombudsmen is that access to providers' complaints process (internal and escalation to Ombudsman offices) has

become difficult. For example, many providers are not advising customers who lodge complaints that they have the right to contact the ombudsman if they remain dissatisfied; and for customers seeking complaints access via provider websites, information and links to ombudsman offices are often difficult to locate i.e. how many clicks is the complaint process from the homepage and what search capability exists for words such as complaint or Ombudsman?

We respect to point 2, over the last 12 months, EWON experienced an overall plus 50% failure rate of refer higher level complaints for retail complaints i.e. customers returning to EWON for complaint resolution after not having been contacted or had their complaint resolved via the RHL process. Through direct work with retailers over the past 12 months, EWON has seen a reduction in these complaints with a return rate now of around 40%. Ideally, a 20% return rate should be the target – this would take into account complexity of complaint that required independent review and the need for Ombudsman management of unrealistic customer expectations, which, in our experience, occurs in around 3-5% complaints.

Best practice IDR should lead to Ombudsman offices again becoming the office of last resort – i.e. fewer consumers contacting Ombudsmen prior to contacting their providers and fewer consumers contacting Ombudsman offices after unsatisfactory multiple contacts with their providers. This in turn would lead to a decrease in investigated complaints as defined in point 3.

## Acquisition complaints

The Panel asked if sales practices are still a big driver of complaints or whether acquisition complaints have settled. EWON observed that marketing complaints have declined significantly and this aligns with EWOSA's experience. In 2018-19 EWON received only 576 marketing complaints (2%) whereas there were 13, 699 billing complaints (44%). EWON is aware that this is still an issue for financial counsellors and EWON continues to engage in community outreach around acquisition practices. A recent example EWON heard was of an 80+ year-old lady who was sold a 'great deal' on a home battery and finance. This type of practice by retailers tends to stick to the whole industry. There remain areas of concern. For example, door-to-door sales are high in Shepparton Victoria. The Ombudsmen know that door-to-door selling continues even though they do not receive a lot of complaints.

EWON received around 500 complaints about marketing in 2018/2019. Complaints are now driven more by retention practices as the focus of many retailers shifted to this following the exiting of door-to-door sales marketing approaches firstly by tier one retailers some years back and compliance actions (fines) taken by the ACCC for poor door-to-door selling practices over time. Complaints about door-to-door sales are now only generated by some second / third tier retailers who still rely on this method of customer acquisition.

## Jurisdiction

EWON, EWOSA and EWON recently had their jurisdiction extended and now cover embedded network operators and retailers.

EWON's water jurisdiction includes Hunter Water, Sydney Water, and Essential Water (Broken Hill) and water suppliers covered by the Water Industry Competition Act.

Shoalhaven Water, managed by the Shoalhaven Council is a volunteer member. Local councils are the water suppliers across regional, rural and remote NSW and therefore are out of EWON jurisdiction.

EWOV covers 19 water companies who represent only 6% of its caseload. The lower complaint levels are explained by a lack of competition-driven complaints, lower water pricing and that the water businesses seem to perform better from a complaints perspective.

## Affordability issues

The Panel highlighted affordability as a key outcome in The Energy Charter and that the Panel believes that all companies have a role in joint advocacy to improve affordability outcomes and was keen to hear the Ombudsmen's views on improving affordability outcomes.

## Hardship and vulnerability

The Panel highlighted that there is very little in the Disclosures about companies having a positive plan to reach out and engage with vulnerable customers, who are the least likely to complain to the Ombudsmen. The Panel is keen to be constructive and asked what guidance the Panel could give the Signatories on their responsibilities towards vulnerable customers. The Panel is keen to be as practical as possible.

EWON is of the view it is very hard for vulnerable customers to navigate the complaints resolution process. An important question is how easy it is for customers to access the hardship programme either via the website or via the call centre. Positively a number of signatories participate in EWON's outreach program and therefore proactively seek engagement with customers experiencing financial disadvantage through EWON's Bring your bills (BYB) days.

EWOV noted that it has become easier for vulnerable customers to access hardship and assistance. EWOSA notes that the percentage of customers on hardship programs averages 2.15% in South Australia over the last four quarters, compared to 1.18% nationally. EWOSA believes a priority group are those customers on hardship who have high debt levels and cannot afford to pay consumption. EWOSA encourages companies to consider creative and flexible solutions for this cohort of customers.

EWON said an important shift in mindset for Signatories is that The Energy Charter principles recognise that the onus should not be on customers to engage i.e. customers are not at fault because they do not engage with retailer designed engagement channels i.e. these may not be accessible to consumers especially disadvantaged to CALD. Affordability and fairness are both touched on in the Charter Principles and EWON believes that from their perspective Principle 5 is very significant. For several years EWON has been running a broad outreach program reaching out to vulnerable customers. EWON extended its Aboriginal Community outreach program in 2015-16. EWON invited Origin to attend the EWON outreach program and Origin took up the offer. As a result, Origin has since stated in at least one of its submissions to regulators that it is of the view it is good for their business to attend the EWON Bring Your Bill days. At a recent Bring your Bill day in Woy Woy, retailers attending met with and took on complaints from over 100 consumers – which would otherwise have been registered by EWON.

Bring Your Bill days were originally launched by EWOV in around 2008. EWOV is pleased that many community organisations are now driving Bring Your Bill days in Victoria. EWOV is happy to have retailer support for these outreach days but it was not the retailers' idea. Community workers are very active in Victoria.

The Panel noted that the reactivity and passiveness of the retailers towards vulnerable customers was an issue raised at the Panel's recent Sydney stakeholder forum.

EWON noted that networks had started to engage more on outreach. For example, both Endeavour Energy and Jemena recently attended EWON's Anti-Poverty Forum in Cabramatta.

## Financial counselling

One of the outcomes of the Hayne Royal Commission report was that the Commonwealth Government asked Louise Sylvan AM to do a review of the coordination and funding for financial counselling services across Australia. EWON made a submission to this review and sent the Panel a copy of their submission. The Government released the Louise Sylvan report on 3 October 2019<sup>4</sup>.

EWON and EWOV note that banks provide funding for financial counselling. They are also aware that energy companies support financial counselling via Financial Counsellors Australia and state-based Financial Counselling Association conference sponsorships. EWON and EWOV are of the view that funding should also be considered across the energy sector including by networks.

The Ombudsmen also noted that the four major banks are also providing funding for a new initiative – Way Forward - and that the energy sector via The Energy Charter could consider becoming joint supporters of Way Forward. The Ombudsmen would be concerned however if retailers thought this was an option for outsourcing provision of affordability support to their customers rather than meeting AER compliance requirements and further in-house management of customers who experience short term or long term financial vulnerability.

EWOV discussed Thriving Communities Partnership (TCP) and its initiative to be a one-stop shop for customers requiring assistance to share their stories once and receive support by TCP involved organisations across banking, telecommunications, energy and water. This represents a systemic best practice approach. EWOV also referred positively to a cross referral trial between Energy Australia and Yarra Valley Water. TCP commenced its initiative in Victoria and now has chapters in metropolitan Queensland, NSW and is looking to establish regional chapters as well. Each of the Ombudsmen in these states are TCP Ambassadors. EWOSA is a lead agency in the development of a SA TCP Chapter.

## CALD issues

EWON stated that lack of support and effective engagement by energy providers with CALD communities and consumers is a significant concern. EWON has shared that the

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<sup>4</sup> <https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-financial-wellbeing-and-capability/review-of-the-coordination-and-funding-for-financial-counselling-services-across-australia>

percentage of complaints received by CALD consumers is well below what it should be and it is working to address this via its outreach program. EWON has written to the AER about this issue in the context of the AER's Customer Hardship Policy Guideline review. In one of its letters to the AER, EWON expressed concern that information about retailer responsibility to provide easy access to translation services requires strengthening. EWON is also particularly concerned with how retailers communicate with customers with low English literacy, those without Internet access, customers with disability, and customers living in remote areas.

A particular concern of EWON and EWOV is that they have observed that the use of translation services has diminished. Instead of using the Commonwealth Government's Translating and Interpreting Service (TIS), which is funded by organisations based on their customers' use of TIS, some retailers are now relying on Google Translator or requesting that customers provide their own translator / advocate. NECF requires energy companies to provide translation services.

## Lessons from the water industry

The Panel asked if EWON and EWOV had similar experiences with the water industry. EWON advised that following engagement with its BYB days, Hunter Water now runs its own Bring Your Bill days inviting local community agencies and EWON to participate; a very positive initiative in its own community and cost effective for EWON. EWON noted that the issues within the water sector are different for several reasons:

- water is a much lower household expense as it costs less than electricity,
- water debts can be registered as a charge against the property and repaid from sale proceeds if necessary,
- the water providers are located, present and active in their local communities with cultural focus on customer engagement, and
- they don't currently have digital metering installation complaints – this may emerge given the water industry is beginning to initiate digital meter installation projects.

The water industry is very active within communities on events aimed at saving water. EWOV has noticed that the Victorian electricity distribution businesses have learnt a lot from the local water businesses and this has shown up in the recent Victorian regulatory processes. Cynthia has seen really good work from the Victorian electricity distributors to try to understand their customers.

The Panel observed that the EWON annual report in 2017-18 showed water represented only 3 or 4 cases per 10,000 customers. This figure has remained the same in the 2018-19 report.

## Lessons from the banking sector

One of the questions in the Panel Chair's letter was whether the Ombudsmen are of the view that there are energy issues, which are aligned with banking issues raised by the Hayne Royal Commission.

A further Hayne Royal Commission outcome made it clear that complaints are an essential indicator of an organisation's culture. Further ASIC, the AICD and the Governance Institute have all had recent webinars and have issued publications about the importance of complaints and organisations shifting from tolerating complaints to viewing them as the 'canary in the coalmine' about problems in a business. For example,

ASIC has been examining the adequacy of IDR processes across the financial services sector and it was found significantly deficient by identifying that:

*“Common obstacles that were encountered by complainants that directly affected their satisfaction and/or confidence in the complaints process include:*

- **Structural** obstacles: one in seven complainants found it difficult to find the firm’s contact details to make a complaint
- **Transparency** obstacles: Almost a quarter of complainants did not have the IDR process explained well at first contact and 27% of complainants were unsure of how long they would need to wait for a decision, and
- **Customer service** obstacles: 28% of complainants reported feeling that they had not been listened to or heard and 22% felt they had been passed around to too many people or strung along.

*Only 45% of complainants who received an unfavourable outcome received an explanation of the decision made against them by the firm and only 21% of complainants whose complaints were not resolved in the timeframe set by ASIC guidance had the external dispute resolution (EDR) process explained to them.”<sup>5</sup>*

## Metrics and KPIs for complaints handling

EWON noted that current KPIs of some businesses appear to be too focussed on reducing the number of internal complaints and reinforced that if the Complaints Handling Standard was followed this would most probably change. Signatories could see the number of internal complaints increase, providing businesses with the opportunity to identify and address systemic issues and therefore in the longer term, reduce complaints.

Managing complaints well and identifying the systemic issues underlying complaints would lead to operational cost reduction i.e. less rework and improved processes and systems.

The Ombudsmen acknowledged that significant changes in regulation (Payment Difficulties Framework, DMO, VDO Rule changes and more recently preparing for the Consumer Data Right) have imposed significant costs on energy companies. It is important to also note that behaviours / approaches to marketing / discounting led to the need for some of these regulatory initiatives. As a result, the Ombudsmen are now seeing downsizing / rationalisation of customer service staff and further outsourcing of customer service and complaints management – onshore and offshore. In some cases, improved complaints management has occurred; in other cases, increased ombudsman complaints have been generated.

Of concern to the Ombudsmen is whether complaints analysis / systemic issue identification is at risk as a result.

EWOV is concerned that the trend to outsource and off shore complaints handling is being done to reduce costs in the name of improving affordability. EWOV is concerned that businesses must do everything they can to understand their complaints and not lose sight of real life in the name of becoming very efficient.

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<sup>5</sup> <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2018-releases/18-371mr-asic-research-highlights-need-for-improved-consumer-complaints-experience/>

EWON, EWOSA and EWOV are of the view that there are significant risks if The Energy Charter Signatories simply adopt indicators based on their current complaints systems without doing a bigger picture piece of work to understand how effective the systems actually are i.e. they should voluntarily critically audit their IDR against the Standard. The Ombudsmen noted the KPIs/indicators are only as solid as the foundations – an inadequate IDR process will result in unreliable indicators that don't accurately reflect customers' experience. The Energy Charter focus on customers and the Hayne Royal Commission demonstration of the risk mitigation value in complaints are valuable opportunities for energy companies to really examine their complaints processes to get the most from them for themselves as well as customers. Further the Signatories will establish a best practice / leading example to all other energy (and other sector) businesses.

EWON and EWOV take a different approach to the reporting of their complaints data. One of EWON's metrics is number of cases per 10,000 customers. In 2017-18 the average for the first-tier retailers was approximately 50 cases per 10,000 customers. In 2018-19 this figure has remained the same. Second tier retailers can appear to be poor performers in comparison usually with much higher numbers. This data needs to be evaluated carefully as some businesses more effectively promote EWON than others and during formative years, ratios of complaints to customer numbers are heavily influenced by the timing of public reporting of customer numbers i.e. EWON relies on AER data, which can be up to 18 months old. EWON is now better positioned to address this as the AER is now publishing customer numbers on a quarterly basis.

EWOV does not report by this metric as they also have a lag in customer number data from the Essential Services Commission. EWOV has suggested to industry that they could self-disclose their customer numbers and find a way to overcome the ASX roadblocks that they refer to.

## Customer satisfaction scores and NPS

The Panel asked EWON about their experience of using Net Promoter Score (NPS) to report on customer satisfaction. EWON undertakes detailed independent customer satisfaction surveys, which include NPS questions for investigated complaints every 1-2 years and in-house surveys every quarter for referred complaints. The most recent results for 2018-19 are discussed on page 34 of EWON's report. EWON has some reservations about the validity of some retailer NPS data as the methodology used is for customers to access the option of responding after the call to push button-ratings for 2-3 automated questions following contact centre / affordability team / complaints team telephone conversations. This is very different to independently seeking NPS data via detailed customer satisfaction surveys. Perhaps this is evidenced by the variance in Energy Consumers Australia Customer Sentiment Survey information and retailer published NPS results.

EWON noted that its NPS rating for investigated complaints had dropped from +50 to +40 due to lack of timeliness of resolving complaints as a result of a backlog of investigations experienced during 2018-19.

ANZEWON suggest that a Signatory-wide agreed approach to measuring and publishing NPS data be introduced.

## Promotion of Ombudsmen schemes

ANZEWON's view is that currently there is a minimalised approach to promotion by members of their customer's right to contact Ombudsman offices if the customer is dissatisfied with its provider's response to their complaint. This is at odds with the behaviour the Ombudsmen see taken by financial institutions and their promotion of the Australian Financial Complaints Authority (AFCA). See for example ASIC's regulatory guide 267 *Oversight of the Australian Financial Complaints Authority*, which includes the following obligation on firms to promote awareness of AFCA:

*"RG 267.93 Financial firms also have specific disclosure and regulatory obligations to make their customers aware of IDR and of their rights to complain to AFCA."*

Based on experience and through liaison with Ombudsman peers, via emails and letters, financial and insurance businesses provide advice about how to complain to AFCA in the same font size and print colour of other information contained in customer complaint correspondence and promotional material. The right to complain to AFCA is also explained by financial sector call centre staff during phone complaints.

The same degree of promotion by energy companies is not evident in energy company complaints correspondence and many customers who phone energy ombudsman because they are dissatisfied with how their complaint was managed, have not been referred by their energy provider. This is in spite of NECF, Victorian Energy Retail Code and AS/NZ10002/14 obligations to do this. Concerns by some energy providers that this would 'open the floodgates' for customers to contact Ombudsmen offices are not supported by past evidence when these obligations were adhered to. Rather, a key advantage of this information being openly shared as part of IDR complaints handling is that it bolsters customer confidence. EWON noted that energy companies in Victoria have an obligation under the Energy Retail Code<sup>6</sup> to inform customers in communications and on their websites about their right to complain to EWON.

## Signatory CEO/Senior Executive focus on external dispute resolution / Ombudsman engagement

EWON meets with a wide range of individual members every 6 months to discuss complaints and trends it is observing in the complaints and investigations data. Meetings with tier 1 retailers generally involve Executive General Managers while meetings with tier 2 retailers are attended by CEOs.

One major retailer (and Signatory) CEO proactively reaches out to EWON and EWON to seek information about complaint trends and insights. NSW electricity network CEOs are also very accessible and welcome discussions about emerging and systemic issues.

Network companies (gas and electricity) also welcome Ombudsmen involvement as observers to their customer consultative committees.

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<sup>6</sup> The latest version of the Victorian Code can be found here: <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-policies-and-manuals/energy-retail-code>