

LAUNCH OF POSTAL INDUSTRY OMBUDSMAN

*Address by Prof. John McMillan,
Commonwealth and Postal Industry Ombudsman*

Sydney, 10 July 2006

Welcome

May I begin by thanking you all for joining me to celebrate the launch of Australia's newest Ombudsman service. We are delighted to have so many senior representatives from the postal industry here today. I offer a special welcome to my co-speakers, Senator Helen Coonan, the Minister for Communications, Information Technology and the Arts, who will officially launch the Postal Industry Ombudsman (PIO); and our guest speaker Mr Graeme John AO, Managing Director of Australia Post. I also extend a special welcome to two of my Ombudsman colleagues – Mr Bruce Barbour, the NSW Ombudsman, and a Vice-President of the International Ombudsman Institute; and Ms Clare Petrie, the Energy and Water Ombudsman for NSW, and an Executive Member of the Australian and New Zealand Ombudsman Association.

Creation of the Postal Industry Ombudsman

In March this year the Commonwealth Parliament established the office of Postal Industry Ombudsman. The PIO joins a large number of other Ombudsman offices in the public and private sector that cover all levels of Australian government, and significant industries including telecommunications, banking and financial services, energy and water, and private health insurance. Indeed, Australia is at the forefront internationally in establishing Ombudsman offices to assist consumers and large institutions in resolving complaints and grievances.

The Postal Industry Ombudsman has been established as a separate office within the office of the Commonwealth Ombudsman. As such it joins other specialist functions that are hosted by my office – ACT Ombudsman, Taxation Ombudsman, Defence Force Ombudsman, Immigration Ombudsman, and Law Enforcement Ombudsman.

That description of specialist functions within my office partially explains why we now host the PIO function. The office combines a generalist capacity to undertake investigation of consumer complaints, with specialist skills in designated areas. There are a number of other features of the office that I will briefly mention that also support this new postal industry function.

My office was established in 1977, and has nearly 30 years experience in administrative investigation and complaint resolution. We have offices across Australia in 8 capital cities, enabling us to provide an on-the-ground service to those with whom we deal. Accessibility is a key feature of effective dispute resolution.

The office has developed a modern and streamlined complaint system – a national complaints line, an online complaint form, publications on complaint handling, specialist research and advice units, regular staff training, and internal quality review of our performance. We have the flexibility to investigate as appropriate, ranging from a single phone call to a formal report tabled in the Parliament. The guiding principle in the office is to provide a practical solution that is acceptable to both parties, in the most efficient manner possible.

The statutory backing for all our Ombudsman functions means that we can conduct a full examination of any issue, and that we can provide appropriate protection to those who participate in an investigation. The statutory independence of the office underpins the even-handed relationship that it maintains with all parties to a disagreement or dispute.

Benefits of joining the Postal Industry Ombudsman scheme

Each new Ombudsman function involves a special challenge. The PIO function is no exception. This new role takes my office in a new direction – from handling complaints about government departments and agencies to handling complaints about private sector businesses. Different issues will arise, and specialist knowledge must be developed. But the established expertise of the office in administrative investigation and complaint handling is the unifying theme that joins all our functions.

Probably the biggest initial challenge for my office is to persuade Australian businesses in the courier and postal industries to join this new Ombudsman scheme. Membership of the PIO scheme is voluntary for all players except Australia Post. I am delighted that five private postal operators have voluntarily joined so far. I will briefly outline what I see as the many benefits to a business in joining the scheme.

I noted earlier that Australia has a strong tradition of industry Ombudsman schemes, in areas such as telecommunications, banking, financial services, insurance, and energy supply. The success of those schemes illustrates the advantage to industry and consumers of having an independent third-party to which consumers can turn when things go wrong. Consumers can have increased confidence in using a business, knowing that there is an external body that can investigate problems and find a resolution. Being a member of an Ombudsman scheme shows the strong commitment of a business to customer service, and to transparency and accountability in its dealings with the public. Over time, membership demonstrates the confidence of a business in being judged according to the highest service standards applying to an industry.

Consumer research confirms the practical and commercial value this can have. It can be more profitable for a business to keep and deal with its dissatisfied customers, than to have them take their dissatisfaction elsewhere. A study by British Airways quantified that lesson, by estimating that the revenue cost when a dissatisfied consumer approached the customer service department was \$131; by contrast, the estimated revenue loss when no complaint was lodged and business was taken elsewhere was \$1,184.

Membership of the PIO scheme also gives postal operators access to our office's expert advice and assistance in establishing or improving a business's own complaint-handling process. We can also provide information to registered operators on the areas of customer dissatisfaction, as shown by the number and nature of complaints to the PIO. My office is also a member of the Australian and New Zealand Ombudsman Association (ANZOA), to which other industry Ombudsman schemes belong. This provides members of the PIO scheme with a linkage to a great deal of other experience and research.

In conclusion

The PIO scheme has now been established and commences later this year. May I thank the many representatives from the postal and courier industry for joining us today. It augurs well for the PIO function that the industry has acknowledged Australia's newest Ombudsman scheme.

Having an efficient complaint-handling process recognises the fact that we don't always get things right, and that the customer has the right to complain when something goes wrong.