

Draft - Customer Complaints Guidelines

27 June 2008

Economic Regulation Authority



WESTERN AUSTRALIA

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Overview

The Economic Regulation Authority (Authority) is seeking public comment on the draft Customer Complaints Guidelines.

In general, all submissions from interested parties will be treated as in the public domain and placed on the Authority's web site. The receipt and publication of any submission lodged for the purposes of this public consultation shall not be taken as indicating that the Authority has formed an opinion as to whether or not any particular submission contains any information of a confidential nature.

Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which it is claiming confidentiality, and specify in reasonable detail the basis upon which the claim is made. The treatment of information provided in submissions, including confidential information, will be considered in accordance with the provisions of the *Economic Regulation Authority Act 2003*.

Submissions may be provided in hard-copy or electronic form and must be received by the Authority by the close of business on **Wednesday, 13th August 2008**.

Submissions should be addressed to:

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1 Purpose of the Guidelines

The purpose of the Customer Complaints Guidelines (guidelines) is to assist electricity, gas, and water providers in applying national and international standards in the interpretation of which customer contacts should be deemed complaints and which should be deemed enquiries and how complaints should be categorised and recorded.

This approach will assist in achieving consistency in the reporting of complaints and enable effective comparisons between retail businesses operating in the electricity and gas markets and between water service providers. The handling of complaints using such guidelines can also enhance customer satisfaction and improve competitiveness¹.

Compliance with these guidelines is mandatory for electricity retail licensees. For electricity distribution licensees, gas licensees and water licensees, these guidelines provide an overview of relevant legislative and/or regulatory requirements and will provide assistance in differentiating 'complaints' from 'enquiries and other communication', however, compliance is not mandatory at this time.

2 Background

2.1 Complaints Handling Regulatory Framework – Electricity

Under clause 12.1(2)(a) of the *Code of Conduct for the Supply of Electricity to Small Use Customers 2008* (Electricity Code of Conduct 2008), electricity retailers and distributors are obliged to develop a customer complaints handling process which complies with AS ISO 10002-2006. AS ISO 10002-2006 provides guidance with respect to the planning, design, operation, maintenance and improvement of the complaints handling process within an organisation. When a Gas Customer Code is introduced it is expected that this requirement will extend to gas retailers and distributors.

Under Clause 12.2 of the Electricity Code of Conduct 2008, electricity retailers must comply with the Economic Regulation Authority's (Authority) guidelines relating to distinguishing *customer queries* from *customer complaints*. When a Gas Customer Code is introduced, it is anticipated that gas retailers will be required to comply with these guidelines.

The Authority's guidelines on making the distinction between complaints and customer queries mirror the guidelines developed by the Utility Regulators Forum (URF), Steering Committee on National Regulatory Reporting Requirements (SCONRRR) contained in Appendix 1 of its May 2007 report, *National Energy Retail Performance Indicators* (SCONRRR Report²). SCONRRR's *Draft "National Reporting Guideline – Complaints"* (SCONRRR Guideline) aims to achieve greater consistency in complaints and call centre reporting by providing a definition of 'complaint'. The guidelines also aim to assist in the interpretation of which customer contacts should be deemed as complaints and/or enquiries.

Whilst the Authority's guidelines are consistent with the AS ISO 10002-2006 in terms of the definition of 'complaint' it is important to note that the Authority's guidelines deal with differentiation between 'complaints' and 'queries' whilst the AS ISO 10002-2006 deals primarily with the process of complaint handling.

¹ Standards Australia (Australia), *Customer Satisfaction – Guidelines for Complaints Handling in Organisations (ISO 10002:2004, MOD)* April, 2006.

²

<http://www.accc.gov.au/content/item.php?itemId=779487&nodeId=e759ad6cf20f258b73c09820458d62c7&fn=National%20Energy%20Retail%20Performance%20Indicators%20-%20Utility%20Regulators%20Forum%20-%20May%202007.pdf>

The Authority's guidelines should be read in conjunction with the Authority's *Electricity Compliance Reporting Manual*³ which aims to build a common understanding of compliance obligations and to assist licensees in meeting their reporting requirements.

2.2 Complaints Handling Regulatory Framework – Gas

Clause 3 of schedule 3 of the gas trading licence and clause 2 of schedule 2 of gas distribution licence require that a gas trader or distributor submit a copy of a complaints handling process to the Authority within 3 months of the date of the licence being granted.

The licence requires that the complaints handling process be consistent with clause 2.5 of the *Australian Gas Association Natural Gas Customer Service Code (AG 755-1998)* (AGA Code).

The AGA Code requires that the complaints handling process comply with the Australian Standard on Complaints Handling (AS 4269) 1995. Whilst this standard has been replaced by AS ISO 10002-2006, and many gas licensees will have updated their processes accordingly, compliance with AS 4269 remains the legal requirement under the licence. For the purpose of these guidelines, the significant difference between the two standards relates to the definition of complaint. Whilst AS 4269 defines complaint as “any expression of dissatisfaction with a product or service offered or provided”, AS ISO 10002-2006 provides the more comprehensive definition contained within these guidelines.

In June 2008 the Authority published the exposure draft of the Gas Customer Code. The Gas Customer Code is based on the Electricity Code of conduct 2008 and aims to ensure similar conduct standards and customer protection between gas and electricity. The draft Gas Customer Code contains the AS ISO 10002-2006 compliance requirement and once introduced will remove the anomalous definition of complaint. These guidelines will be updated when the Gas Customer Code becomes operational.

The Authority's guidelines should be read in conjunction with the Authority's *Gas Compliance Reporting Manual*⁴ which aims to build a common understanding of compliance obligations and to assist licensees in meeting their reporting requirements.

2.3 Complaints Handling Regulatory Framework – Water Services

The National Water Commission (the Commission), the National Water Initiative (NWI) parties and the Water Services Association of Australia (WSAA), have developed a National Performance Framework. The Framework facilitates nationally consistent reporting based on agreed performance indicators and definitions allowing for improved comparison of water service providers performance over time and between providers.

Owing to the significant differences in the nature of urban and rural water industries, different performance indicators and definitions apply to urban and rural water service providers and the performance of these service providers is reflected in separate reports.

The following handbooks have been developed by the Commission, the NWI parties and the WSAA to assist water service providers in reporting against performance indicators as required under the commitment under the NWI⁵:

³ Economic Regulation Authority, (May 2007) *Electricity Compliance Reporting Manual*, <http://www.era.wa.gov.au/cproot/5619/2/Electricity%20compliance%20reporting%20manual%20Final%20May%202007.pdf>

⁴ Economic Regulation Authority, (September 2007), *Gas Compliance Reporting Manual* <http://www.era.wa.gov.au/cproot/6007/2/Gas%20Compliance%20Reporting%20Manual.pdf>

- the *National Performance Framework: 2007-08 Urban Water Performance Report Indicators and Definitions Handbook (April 2008)*; and
- the *National Performance Framework: 2006-07 rural water performance reporting indicators and definitions*.

Consistent with the energy sector, the National Performance Framework handbooks have achieved greater consistency in classifying and recording of complaints by introducing a new definition of 'complaint' based on the AS 10002-2006.

Also, water service providers will shortly be assisted in meeting their regulatory obligations, including those with respect to complaints, with a Water Reporting Compliance Manual currently being developed by the Authority.

3 Distinguishing “Complaints” from “enquiries and other communications”

As mentioned in Section 2 of these guidelines, the Authority’s guidelines on distinguishing complaints to energy retailers and distributors and urban and rural water utilities from enquiries rest on the Australian Standard definition of a complaint.

A ‘**complaint**’ is defined as:

An expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected”⁶.

In assessing a complaint, the following overarching principles apply:

- An expression of dissatisfaction:** could be anger, customer states they have a complaint, clearly annoyed or unhappy;
- A response or resolution explicitly expected:** the customer states they are seeking some action to address their concern, even if they are not able to identify and state what action is required; and
- A response or resolution implicitly expected:** requires the customer service agent to interpret that the service provider is expected to take action to deal with the problem.
- The matter is a result of some action undertaken by the energy retailer or water utility, or some action that could or should have been undertaken by the energy retailer or water utility.⁷

A key component of the definition is the requirement for a response or resolution to be explicitly or implicitly expected. This is designed to eliminate vexatious complaints, in that a customer must be seeking a response or resolution of some kind.

An ‘**enquiry**’ is defined as:

A request by a customer for information about a product or service provided by the service provider that does not reflect dissatisfaction.

⁵ Both documents available on http://www.nwc.gov.au/nwi/national_benchmarking_framework.cfm

⁶ Standards Australia (Australia), *Customer Satisfaction – Guidelines for Complaints Handling in Organisations (ISO 10002:2004, MOD)* April, 2006.

⁷ URF, SCONRRR – Retail Working Group, *National Energy Retail Performance Indicators*, May 2007.

‘Other communication’ is:

Where a customer contacts the service provider with an actionable request.

Only complaints need to be classified, collected and reported. If dissatisfaction has not been expressed, or the customer has not sought resolution, the matter should not be classified and recorded as a complaint.

Energy retailers are encouraged to refer to Section 2.1.1 and 2.1.2 of the *Draft: National Reporting Guideline – Complaints* paper for examples of the types of contacts that would be deemed a ‘complaint’ or an ‘enquiry and other communication’.

Urban water services providers are encouraged to refer to the *National Performance Framework: 2007-08 Urban Water Performance Report Indicators and Definitions Handbook (April 2008)* for the types of contacts that would be deemed ‘complaints’ or ‘enquiries and other communication’.

4 Categorising and Recording Energy (Electricity & Gas) Complaints

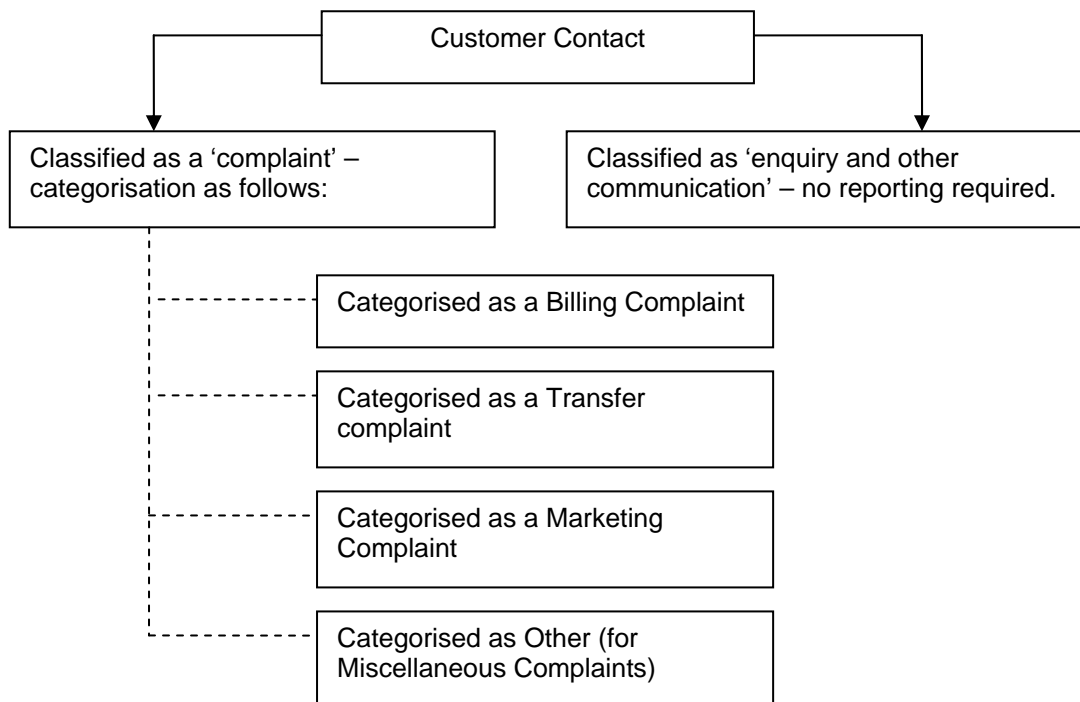
Electricity retailers should utilise the definition of complaint as outlined above to firstly determine complaints from enquiries and other communication. Having done so, the recording requirements and sub-categories differ for retailers and distributors.

Consistent with the SCNRRR complaint categories clause 13.3(3) of the Electricity Code of Conduct 2008 contains the following complaint category definitions for electricity retailers:

- **“billing/credit complaints”** includes billing errors, incorrect billing of fees and charges, failure to receive relevant government rebates, high billing, credit collection, disconnection and reconnection, and restriction due to billing discrepancy.
- **“marketing complaints”** includes advertising campaigns, contract terms, sales techniques and misleading conduct.
- **“transfer complaints”** includes failure to transfer customer within a certain time period, disruption of supply due to transfer and billing problems directly associated with the transfer (e.g. delay in billing, double billing).
- **“other complaints”** includes poor service, privacy consideration, failure to respond to complaints, and health and safety issues.

The process of classification and categorisation of calls between ‘complaints’ and enquiries and other communication’, and then the different complaint types is outlined in Figure 1.⁸

⁸ It is important to note a single contact can generate more than one category of complaint.

Figure 1: Complaints classification and categorisation process

Section 2.2 of the SCORRR Guidelines also provide a useful set of principles which provide energy retailers direction on when to log a customer complaint. For example, the SCORRR Guidelines allows for a complaint to be recorded at any stage of communication between the retailer and the customer and should be logged regardless of the outcome/resolution of the issue⁹.

The Electricity Code of Conduct 2008 requires that electricity distributors keep a record of the total number of complaints (excluding quality and reliability complaints) and requires two complaint categories:

- Administrative process or customer service complaints; and
- Other complaints

Complaints regarding distributor quality and reliability matters fall within the jurisdiction of the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005* (NQR Code) which defines complaint as:

“**complaint**” means a complaint that a provision of —

(a) Part 2; or

(b) an instrument made under section 14(3), has not been, or is not being, complied with

Both the Electricity Code of Conduct and the NQR Code contain the record-keeping and reporting requirements regarding distributor complaints.

It is proposed that the Gas Customer Code require gas traders and distributors to undertake the same recording requirements as those contained in the Electricity Code of Conduct 2008 for electricity retailers and distributors.

⁹ URF, SCORRR, *National Energy Retail Performance Indicators*, May 2007.

4.1.1 Examples of Energy Complaints

Often difficulties exist in categorising customer contacts as a 'complaint' or 'enquiry and other communication'. The following scenarios intend to assist customer service staff distinguish between a 'complaint' and 'enquiry and other communication'¹⁰. Further examples for retailers can be found in the SCONRRR Guidelines.

Scenario 1 - Disconnection

A customer telephones regarding being disconnected from the network, despite the bill being paid by the required date. This is regarded as a billing complaint as the customer is voicing their displeasure regarding an action of the retailer.

Scenario 2 – Promotional Material

A customer telephones to tell the retailer that they have received some promotional material which they had specifically stated they did not want to receive. The retailer responds that they will adjust the customer account information accordingly. Although the customer is happy with the outcome of the conversation the call should not have been necessary. The retailer should record this as a marketing complaint.

Scenario 3 – Power Outage

A customer telephones the retailer to complain that the power has been out twice in the last two weeks and wishes to make a claim for out of pocket expenses. No action can be taken by the retailer to address the problem, except to transfer the call to the distribution business. This is regarded as an 'enquiry and other communication' as Guaranteed Service Level functions are outside the responsibilities of the retailer. Therefore, the retailer does not record a complaint.

Scenario 4 – Power Outage

A customer telephones the distributor to express dissatisfaction with the fact that the power has been out twice in the last two weeks and wishes to make a claim for out of pocket expenses. The distributor should record this matter as a complaint. Further, as this complaint is related to quality and reliability it should be dealt with as a complaint under the NQR Code.

Scenario 5 – Customer Service

A customer telephones a distributor to and says that they have not received a response to a complaint made more than three weeks ago. The distributor should record this as a complaint and as it is related to customer service it should be recorded as an 'administrative process or customer service complaint' as prescribed by the Electricity Code of Conduct 2008.

The SCONRRR Guidelines provide a broad range of case study examples for determining the difference between 'complaints' and 'enquiries and other communication'.

¹⁰ For further case study examples, refer to URF, SCONRRR – Retail Working Group, *Draft "National Reporting Guideline – Complaints"*, May 2007.

5 Categorising and Recording Water Services Complaints

Although the same AS ISO 10002-2006 definition of 'complaint' applies, water services complaints are categorised differently to complaints received by energy retailers or distributors. Further, complaints sub-categories differ for urban water services and rural water services.

5.1 Urban Water Services

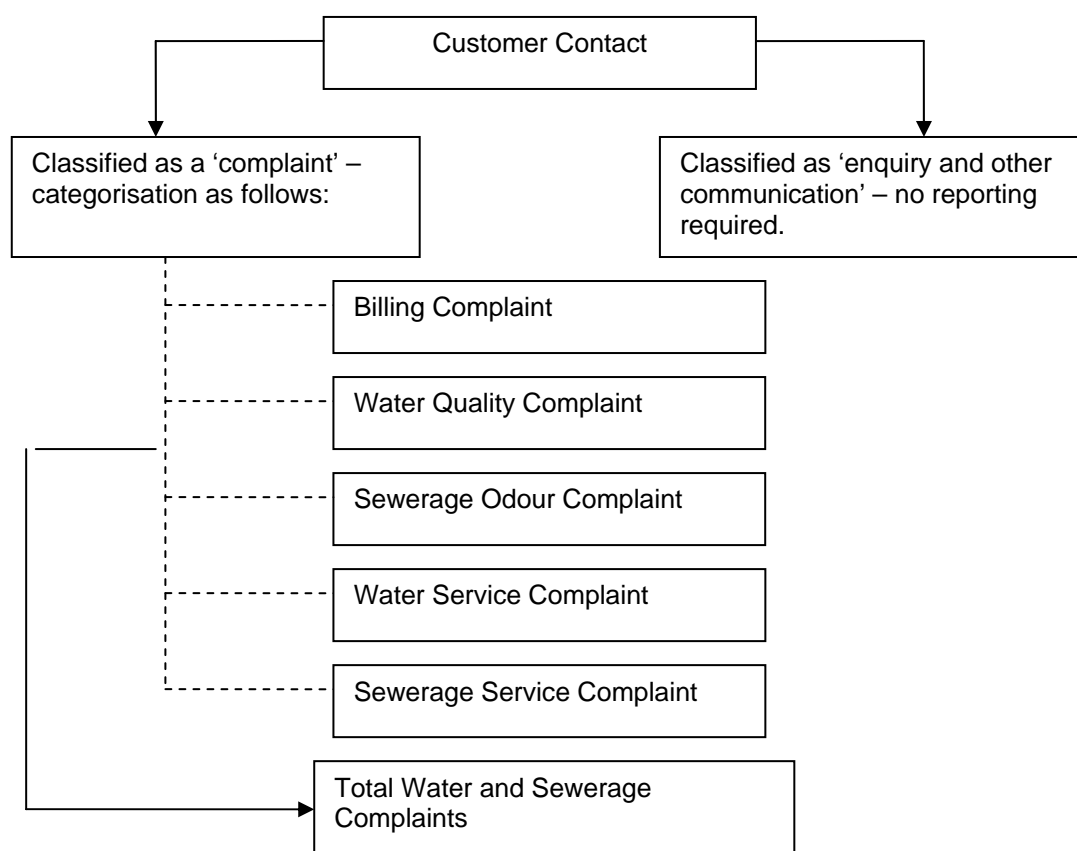
With respect to urban water services, water utilities should refer to the *National Performance Framework 2007 – 08 Urban Water Performance Report Indicators and Definitions Handbook (April 2008)* for instruction on how to distinguish, categorise and record a complaint.

In relation to urban water services, where a customer contact is classified as a complaint it will be categorised into one of five different complaint categories:

- **Billing and account complaint:** for example billing errors, incorrect billing of fees and charges, failure to receive relevant government rebates, high billing, credit collection and restriction due to billing discrepancy;
- **Water quality complaint:** for example, discolouration, taste or odour;
- **Sewerage odour complaint:** for example where a sewer main breaks and chokes or sewer overflows to the environment;
- **Water service complaint:** for example, bursts, leaks, service interruptions, and adequacy of service; and
- **Sewerage service complaint:** for example, sewer blockages and spills.

The process of classification and categorisation of customer contacts between 'complaints' and enquiries and other communication', and then the different complaint types are outlined below.

Figure 2: urban water services classification and categorisation of customer contacts between 'complaints' and enquires and other communication.



5.1.1 Examples of Urban Water Services Complaints

The following examples are intended to assist customer service staff distinguish between a 'complaint' and 'enquiry and other communication'.

Scenario 1 - Billing and Account

A customer rings to query an account (e.g. could you please explain how my bill is calculated?) this is not recorded as a complaint unless the customer expresses dissatisfaction.

Scenario 2 - Water Quality

A customer complains about milky water and it is found to be caused by mains flushing. This is recorded as a complaint.

Scenario 3 - Sewerage Odour

The water utility receives an odour complaint and upon investigation discovers the source is a deceased animal located adjacent to the water utility's infrastructure. This is not counted as an odour complaint as the actual source has been identified as not being the responsibility of the water utility.

Scenario 4 - Water Service

A customer telephones to express dissatisfaction at the price of water, this is not counted as a complaint as the price of water is the subject of government pricing policy and outside the control of the provider.

Scenario 5 - Sewerage Service

A customer contacts the service provider and reports a sewage odour and says they would like fixed as soon as possible. This should be recorded as a complaint.

If an operator is doubtful whether the customer is making an enquiry or wishing to lodge a complaint they should ask the customer if they want a complaint to be recorded.

5.2 Categorisation of Rural Water Services Complaints

Rural water service providers should refer to National Performance Framework: 2006-07 rural performance reporting indicators (October 2007) for detailed information on distinguishing, categorising and recording complaints.

In summary, complaints are categorised as:

- **Rural water service delivery complaints;** for example, bursts, leaks, service interruptions, metering, water pressure or flow rate and adequacy of service; and
- **Customer billing and accounts complaints;** account payment processes financial loss or overcharging, and billing errors.

Rural water service providers need to report on total customer complaints (sum of the two complaint sub-categories above) per 100 customers.

Rural water services complaints are further classified into five principle categories which further disaggregate into twelve sub-categories. For detailed rural water service provider reporting requirements refer to the *National Performance Framework: 2006-07 rural water performance indicators and definitions (version 2 October 2007)*.

5.2.1 Examples of Rural Water Service Complaints

The following examples are intended to assist customer service staff distinguish between a 'complaint' and 'enquiry and other communication'.

Scenario 1 – Meter Accuracy

A customer contacts the service provider and says that they believe their meter is faulty and requires the meter accuracy to be tested. The customer has clearly expressed dissatisfaction and requires action. This should be categorised as a water service delivery complaint.

Scenario 2 – Billing

A customer contacts the service provider to request payment of outstanding bill by instalments given the fact that the customer was unprepared for the large increase in the amount of the current bill. Whilst the customer may desire a cheaper service, there is no complaint regarding the bill amount, therefore this would not be categorised as a complaint.