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Dr Richard Grant
Secretary – Economics References Committee
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
By email: economics.sen@aph.gov.au

Dear Dr Grant

Current inquiry: The impacts of supermarket price decisions on the dairy industry

The Australian and New Zealand Ombudsman Association (ANZOA) would like to take this opportunity to make a contribution to the current inquiry into the dairy industry.

ANZOA is a professional association and the peak body for Ombudsmen in Australia and New Zealand. A listing of ANZOA Members is included as Attachment 1 to this submission.

A supermarket Ombudsman

ANZOA is making this submission because its Members are concerned by calls from some organisations and individuals for a supermarket Ombudsman, the suggested functions of which are not consistent with the role of an Ombudsman.

The following points are made to assist the Economic References Committee's consideration, should the Government choose to introduce alternative dispute resolution to this sector.

Use of the term Ombudsman

Why a name is important

It is important that members of the public are not confused about what to expect when they approach an Ombudsman. Public trust in, and respect for, the Ombudsman institution generally — and its independent dispute resolution function specifically — must not be undermined. Neither should the term Ombudsman be used in a way which distorts the appropriate character of an Ombudsman office.

Essential criteria for calling a body an Ombudsman

In early 2010, concerned at growing misuse of the term, ANZOA issued a Policy Statement, which sets out six Essential Criteria for describing a body as an Ombudsman. These criteria address independence, jurisdiction, powers, accessibility, procedural fairness and accountability. ANZOA's media release of May 2010, inclusive of the Essential Criteria, was distributed widely, including to the heads of all Commonwealth and State government departments. It is Attachment 2 to this submission.

The Policy Statement makes clear the very real issues which arise where the term Ombudsman is incorrectly used to describe an organisation that, in reality, is not an Ombudsman.

Independence

For example, an Ombudsman office must be established as a standalone body by way of its own Act or Constitution. Its primary responsibility must be to resolve consumer/citizen disputes, independently, fairly and reasonably and without direction.

The office must be truly independent from the bodies or individuals about whom complaints are made. The Ombudsman must not be — nor be able to be perceived as — an advocate for a special interest group, agency or company.

Dispute resolution, not regulation

Important also is the distinction between an Ombudsman and a Regulator. While an Ombudsman may exercise recommendatory or determinative powers leading to regulatory change — and Ombudsman reports may be drawn upon by other bodies undertaking regulatory, disciplinary and prosecutorial functions — an Ombudsman is not a Regulator.

While Ombudsmen usually have strong links to any relevant Regulator, the roles of the Ombudsman and the Regulator are distinctly separate.

Benchmarks for Industry-Based Customer Dispute Resolution Schemes

The *Benchmarks for Industry-Based Customer Dispute Resolution Schemes* (the *National Benchmarks*) were issued by the Minister for Customs and Consumer Affairs, within the Commonwealth Department of Industry, Science and Tourism in August 1997.

These *National Benchmarks* address the principles of accessibility, independence, fairness, accountability, efficiency and effectiveness, all of which should be observed by any office set up to provide independent and external alternative dispute resolution services for consumer complaints.

We commend the *National Benchmarks* to the Economics References Committee as it considers calls for a body to deal with complaints in the dairy industry. They may be found online at <http://www.anzoa.com.au/National%20Benchmarks.pdf>

Conclusion

The ANZOA Executive Committee would be pleased to discuss ANZOA's position on use of the term Ombudsman with representatives of the Economics References Committee,

Yours sincerely

Fiona McLeod
Chair

For the Members of the Australian and New Zealand Ombudsman Association





Members of the Australian and New Zealand Ombudsman Association

Allan Asher, Commonwealth Ombudsman, Australia

Simon Allston, Ombudsman Tasmania

Deborah Battell, Banking Ombudsman New Zealand

Richard Bingham, Ombudsman South Australia

George Brouwer, Ombudsman Victoria

Simon Cohen, Telecommunications Industry Ombudsman, Australia

Chris Field, Ombudsman Western Australia / Energy Ombudsman Western Australia

Philip Field, Ombudsman Banking and Finance, Financial Ombudsman Service, Australia

Judi Jones, Electricity and Gas Complaints Commissioner New Zealand

Wayne Lines, WorkCover Ombudsman South Australia

Alison Maynard, Ombudsman – Investments, Life Insurance & Superannuation,
Financial Ombudsman Service

Fiona McLeod, Energy and Water Ombudsman (Victoria)

Colin Neave, Chief Ombudsman, Financial Ombudsman Service, Australia

John Price, Ombudsman General Insurance, Financial Ombudsman Service, Australia

Clare Petre, Energy & Water Ombudsman NSW

Carolyn Richards, Ombudsman for the Northern Territory

Karen Stevens, Insurance & Savings Ombudsman New Zealand

Bev Wakem, Chief Ombudsman New Zealand

Beth Wilson, Health Services Commissioner, Victoria



18 May 2010

Peak body seeks a halt to misuse of the term Ombudsman

The Australian and New Zealand Ombudsman Association (ANZOA)—the peak body for Ombudsmen in Australia and New Zealand—is calling for stronger controls on the use of the term Ombudsman.

ANZOA is supporting its call with a policy statement, setting out six essential criteria—addressing independence, jurisdiction, powers, accessibility, procedural fairness and accountability—which it says the public are entitled to expect of any office described as an Ombudsman.

In releasing ANZOA’s ‘Essential Criteria’ policy statement, ANZOA Chair, Fiona McLeod, said, “Where problems arise in an industry or an area of government services, the call for an ‘ombudsman’ commonly follows. In itself, this is not a problem—indeed it is a testament to the high level of public respect for the independence, integrity and impartiality of Ombudsman offices.

“ANZOA’s concern lies with the increasing inappropriate use of the term ‘ombudsman’ to describe bodies that do not conform to—or show an understanding of—the accepted Ombudsman model and its 200 year history.

“The term Ombudsman is understood by the public as signifying an independent office, which primarily has a complaint handling and investigation function.

“Using the term ‘ombudsman’ to describe an office with regulatory, disciplinary and/or prosecutorial functions confuses the role of Ombudsman with that of a regulatory body. This criticism applies to the Fair Work ‘ombudsman’, the recently proposed Supermarket ‘ombudsman’, and the proposed National Legal Services ‘ombudsman’, announced last week, which applies the term Ombudsman to a broad range of functions that have, until now, been performed by State legal services commissioners.

“The concept of Ombudsman is being stretched and the confidence of the Australian public in the role and independence of the Ombudsman institution is at risk of being undermined and diminished.

“An ‘ombudsman’ office under the direction or control of an industry or a government minister is not independent. An office set up within a company or government agency as an ‘internal ombudsman’ is not independent.

“In New Zealand, the term Ombudsman is protected by legislation. This is not the case in Australia.

“No Australian organisation should misuse the term. We urge anyone considering an ‘ombudsman’ proposal—Commonwealth, State or Local Government, Regulator, Industry, University or other Non Government body—to consult with ANZOA early in the process, to ensure the proposed office meets the necessary criteria for use of the term.”

The ANZOA Policy Statement setting out Essential Criteria the public should rightly expect of any office calling itself an Ombudsman accompanies this release.

Media enquiries: Fiona McLeod, ANZOA Chair

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Essential criteria for describing a body as an Ombudsman

Policy statement endorsed by the Members of the Australian and New Zealand Ombudsman Association (ANZOA)

The institution of Ombudsman has proven itself adaptable to a variety of roles and settings.

In Australia and New Zealand today, there are several types of Ombudsman offices:

- Parliamentary Ombudsmen who take complaints from citizens and constituents about government agencies
- Other statutory Ombudsmen/Commissioners who investigate complaints about particular agencies or professional services—such as health
- Industry-based Ombudsmen who take complaints from customers of companies providing particular services—such as telecommunications, banking, insurance, investments, energy, water and public transport.

The development and popularity of the Ombudsman institution has come about for one reason—the office is renowned for independent, accessible and impartial review and investigation. In increasing numbers, the public turns to Ombudsman offices for assistance and support.

It is important, therefore, that members of the public are not confused about what to expect when they approach an Ombudsman's office—public trust must not be undermined.

Many of those who approach an Ombudsman feel vulnerable, wish to do so in confidence or make serious allegations or whistleblower complaints.

Public respect for the independence, integrity and impartiality of Ombudsman offices is at risk if bodies that do not conform to the accepted model are inappropriately described as an Ombudsman office.

It is a contradiction in terms, for example, to describe a body as an 'internal ombudsman' or to apply the description to a body that is subject to the direction of a government minister or industry body.

The Australian and New Zealand Ombudsman Association (ANZOA) is concerned to ensure appropriate use of the term Ombudsman. Our view is that a body should not be described as an Ombudsman unless it complies with six essential criteria addressing independence, jurisdiction, powers, accessibility, procedural fairness and accountability.

Independence

- The office of Ombudsman must be established—either by legislation or as an incorporated or accredited body—so that it is independent of the organisations being investigated.
- The person appointed as Ombudsman must be appointed for a fixed term—removable only for misconduct or incapacity according to a clearly defined process.
- The Ombudsman must not be subject to direction.
- The Ombudsman must be able to select his or her own staff.
- The Ombudsman must not be—or be able to be perceived as—an advocate for a special interest group, agency or company.
- The Ombudsman must have an unconditional right to make public reports and statements on the findings of investigations undertaken by the office and on issues giving rise to complaints.
- The Ombudsman's office must operate on a not-for-profit basis.

Jurisdiction

- The jurisdiction of the Ombudsman should be clearly defined in legislation or in the document establishing the office.
- The jurisdiction should extend generally to the administrative actions or services of organisations falling within the Ombudsman’s jurisdiction.
- The Ombudsman should decide whether a matter falls within jurisdiction—subject only to the contrary ruling of a court.

Powers

- The Ombudsman must be able to investigate whether an organisation within jurisdiction has acted fairly and reasonably in taking or failing to take administrative action or in providing or failing to provide a service.
- In addition to investigating individual complaints, the Ombudsman must have the right to deal with systemic issues or commence an own motion investigation.
- There must be an obligation on organisations within the Ombudsman’s jurisdiction to respond to an Ombudsman question or request.
- The Ombudsman must have power to obtain information or to inspect the records of an organisation relevant to a complaint.
- The Ombudsman must have the discretion to choose the procedure for dealing with a complaint, including use of conciliation and other dispute resolution processes.

Accessibility

- A person must be able to approach the Ombudsman’s office directly.
- It must be for the Ombudsman to decide whether to investigate a complaint.
- There must be no charge to a complainant for the Ombudsman’s investigation of a complaint.
- Complaints are generally investigated in private, unless there is reasonable justification for details of the investigation to be reported publicly by the Ombudsman—for example, in an annual report or on other public interest grounds.

Procedural fairness

The procedures that govern the investigation work of the Ombudsman must embody a commitment to fundamental requirements of procedural fairness:

- The complainant, the organisation complained about and any person directly adversely affected by an Ombudsman’s decision or recommendation—or criticised by the Ombudsman in a report—must be given an opportunity to respond before the investigation is concluded.
- The actions of the Ombudsman and staff must not give rise to a reasonable apprehension of partiality, bias or prejudice.
- The Ombudsman must provide reasons for any decision, finding or recommendation to both the complainant and the organisation which is the subject of the complaint.

Accountability

- The Ombudsman must be required to publish an annual report on the work of the office.
- The Ombudsman must be responsible—if a Parliamentary Ombudsman, to the Parliament; if an Industry-based Ombudsman, to an independent board of industry and consumer representatives.