

# Annual Report 2007



Public Transport Ombudsman Limited

PUBLIC  
TRANSPORT  
OMBUDSMAN  
VICTORIA



# Mission & Values

## Our Mission

Our mission is to receive, investigate and facilitate the resolution of complaints and disputes between users of public transport services in Victoria and Members of the Public Transport Ombudsman (PTO) scheme, where Members have been unable to resolve the complaint in the first instance.

## Our Values

- Excellence in complaint handling and resolution
- Independence and impartiality
- Understanding the needs of our stakeholders
- Trust, respect and fairness
- Transparency, accessibility and responsiveness



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# Chairman's message

It is trite to observe that the public transport industry is facing significant challenges resulting from an upsurge in patronage and concurrent capacity constraints that make it difficult to meet that increased demand. Irrespective of how these issues are addressed by the operators and government in the short to medium term, high standards of complaint handling are required to manage complaints about these, and all other matters within the Public Transport Ombudsman's (PTO) jurisdiction, as and when they arise. Hence, the role of the PTO scheme in pro-actively fostering higher standards of complaint handling by scheme Members will be all the more important when meeting the challenges facing public transport in coming years.

I am pleased to present this Annual Report for the year ended 30 June 2007. It records the PTO scheme's third full year of operation. Also, I am pleased to report that all objectives set for the 2006/07 year were achieved.

The PTO Board worked closely with the Ombudsman throughout the year to build upon the progress made in the previous two years, and to identify and address the strategic direction of the PTO scheme for the next three years:

- The PTO scheme recorded its third anniversary on 18 April 2007. Therefore, it was timely that a comprehensive review of the PTO scheme's strategic goals for the next triennium, and its annual Business Plan Objectives, was undertaken during the year. As a precursor to this review, all Members and principal stakeholders were independently consulted, and joined the Board for a two day planning exercise at Lancemore Hill in March. This exercise



Merran Kelsall  
Chairman

greatly assisted the Board in setting the PTO scheme's strategic direction for 2007 – 2010, and its Business Plan Objectives for 2007/08.

- The Board resolved to admit two new Members to the scheme in the forthcoming year:
  - The Transport Ticketing Authority, which is responsible for commissioning Victoria's new transport ticketing system, **myki**, and
  - VicTrack, which manages Victoria's rail transport corridors and associated real estate.
- Members of the PTO scheme passed a number of resolutions at the Annual General Meeting of Members on 2 October 2006, to effect minor amendments to the PTO Constitution and Charter, and to shorten the name of the Company to 'Public Transport Ombudsman Limited'.
- In addition to the general meetings of PTO Members, which were held twice during the year, I met with Members' CEOs/Managing Directors at least once during the year, to discuss the PTO scheme's performance, their expectations of it, and any issues concerning its operation. These meetings provided another important communication link between the PTO Board and scheme Members at the highest level. I also met with the Minister for Public Transport and the Director of Public Transport on a number of occasions, for the purpose of briefing them on the scheme's operations, trends and other matters of mutual interest.

I express my thanks to all Board members for the significant contribution they have made to the PTO scheme during its third full year of operation. In particular, I note the significant contribution of all board members to its various committees.

On behalf of the PTO Board, I would also like to express my thanks to the following, who gave their assistance and support to the PTO scheme during the 2006/07 year:

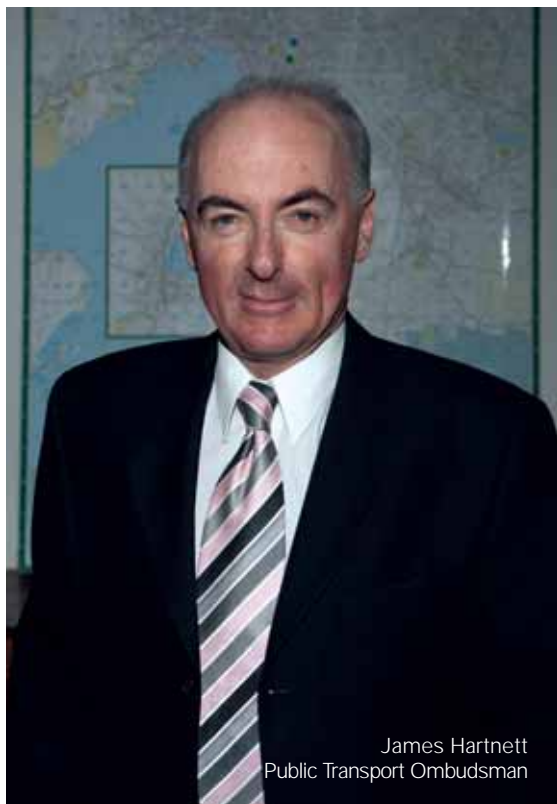
- the Minister for Transport, The Hon Peter Batchelor MLA, who retired as Minister for Transport in December 2006, to take up a new portfolio as Minister for Energy and Resources and Community Development. I take this opportunity to thank the Minister for his support for, and interest in, the PTO scheme;
- the Minister for Public Transport, The Hon Lynne Kosky MLA;
- the Director of Public Transport, Mr Jim Betts, and the staff of the Department of Infrastructure;
- the PTO Members' CEOs and staff, who have again given considerable assistance to the PTO Board, the Ombudsman and his staff, and
- the Public Transport Ombudsman, James Hartnett, and his staff, who have worked tirelessly and closely with the Board to refine and implement its strategies and objectives, and to continue the journey of improving the PTO's systems and infrastructure.



Merran Kelsall  
Chairman



# Public Transport Ombudsman's report



James Hartnett  
Public Transport Ombudsman

The PTO scheme recorded its third anniversary on 18 April 2007. Looking back, it has made significant progress in its first three years:

- Developing a comprehensive understanding of a complex industry undergoing paradigm change;
- Setting up and continuously improving its complaint handling systems and procedure;
- Closely monitoring satisfaction levels of scheme users and its stakeholders; and
- Establishing itself as an agent of change in terms of improving the standard of complaint handling provided by its Members.

In a sense, the PTO scheme's first three years represent its set up phase. A great deal has been achieved in that time, but there is much which remains a work in progress, and there are fresh goals and objectives to be pursued as the scheme enters its next phase of development. The main challenge for both the PTO scheme and its Members over the next three years will be to lift standards of complaint handling to higher levels, measured by increased levels of Complainant and Member satisfaction, speedy and effective complaint resolution, and, where possible, the early identification and treatment of systemic issues. The goals and objectives contained in the PTO's Strategic Plan for the 2007/10 triennium, and its Business Plan for 2007/08, set at the PTO's Planning Exercise in March 2007, are directed at meeting this challenge. Accordingly, in the coming year, the PTO will pursue three broad initiatives to increase its effectiveness and efficiency.

- The refinement of its procedures, guidelines and complaint reporting, with a view to emphasising the importance of an early, internal resolution by Members of the majority of their complaints, and the need for more forensic investigations of serious matters. Ideally, this will result in greater levels of satisfaction for Members' customers, and fewer complaints being brought to the PTO.

- The implementation of new, and more sophisticated, systemic issues identification and investigation procedures.
- The raising of public awareness of the PTO scheme.

## The year in review: Operations & Improvements

The PTO Charter provides that '*The PTO scheme ... has the objective of providing a cost free, efficient, effective, fair, informal and accessible alternative to other remedies ... for users of public passenger transport services in Victoria, or people affected by transport related activities ...*'. The PTO's Business Plan Objectives for 2006/07, set out at page 12 of this annual report, reflect the PTO's strong emphasis on efficiency and effectiveness, fairness, informality and accessibility. All of these Objectives were achieved during the year. It is noteworthy that the operating loss of \$118,794 for the year was determined after the Directors of Public Transport Ombudsman Ltd resolved to set the Members' Annual Levy at a figure that would utilise the surplus cash held and retained earnings at 30 June 2006. However, from a budget perspective, the PTO operated within budget.

## Casework and Operations

There was a decrease of approximately 21% in the number of complaints lodged with the PTO scheme in the year ended 30 June 2007.

- A total of 989 complaints were received; a decrease of 266 when compared to the total of 1255 complaints received in the year ended 30 June 2006.
- Most complaints were resolved quickly using telephone and email communications. The following disposal times were achieved through a combination of the PTO's expeditious approach to complaint handling, and the enhanced responsiveness of Members.
  - 84% were resolved within 14 days (cf 76% in 2005/06). These were complaints involving limited work to achieve a resolution, including referrals back to Members for investigation/resolution, and some complaints outside the PTO's jurisdiction, which were referred mainly to the Ombudsman Victoria, or the Department of Infrastructure's Traffic Infringement Administration Unit.
  - 8% were resolved within 31 days (cf 9% in 2005/06). These were complaints where there was a need to obtain additional documentation, technical information, and/or a more detailed explanation from a Member, culminating in a complaint taking more than 14 days to resolve.
  - 6% took longer than 31 days to resolve (cf 14% in 2005/06). These complaints involved significantly higher levels of complexity and, in a few instances, formal conciliation hearings.
  - 2% were unresolved and remained open on 30 June 2007.

Although the top five issues remained unchanged, there were significant year on year changes in the numbers recorded against each of the top five issues:

- **Ticketing:** This issue fell by 22% – from 481 to 376.
- **Infrastructure and Rolling Stock:** This issue fell by 42% – from 368 to 213.
- **Service Delivery:** This issue fell by 21% – from 261 to 205.
- **Staff:** This issue increased by 30% – from 117 to 152.
- **Authorised Officers:** This issue fell by 13% – from 164 to 143.

## Continuous Improvement

The above outcomes, and the progress made in meeting the PTO's Objectives, were directly attributable to the commitment, enthusiasm and hard work of the PTO staff, Members' staff, and many others who have worked with the PTO during the past year. While some of this progress was incremental in nature, and involved ongoing improvement and refinement of existing policies, processes and complaint handling systems, other work was more substantial, and involved significant effort and change, for example:

- ***The enhancement of the PTO's interaction with Complainants, Members and all other stakeholders was achieved*** through a review of the 2005/06 Stakeholder and Scheme User Surveys' results, to identify issues requiring attention, and opportunities for improvement.
- ***An evaluation of the level of public awareness of the PTO's services was determined*** by a market research exercise, undertaken by independent Market Researchers, Sweeneys, to gauge levels of awareness of the PTO scheme among the general public. This research showed that unprompted awareness of the Public Transport Ombudsman, or the PTO, was only 5%. This is significantly lower than the results of similar awareness surveys conducted by some other industry Ombudsman schemes, which showed unprompted awareness in a range of 37% to 46%. The results from this research were used in the PTO's March 2007 planning exercise to revise its Strategic Plan for the 2007/10 triennium, and to set its Business Plan Objectives for the 2007/08 year – one of which is to raise public awareness of the PTO scheme.
- ***The enhancement of data collection, analysis and reporting was achieved*** through the review and refinement of Member Complaint Management (MCM) data collection procedures and reporting. In future, regular reporting and notes on MCM data will be provided to Members' CEOs to assist in identifying the underlying reasons why some Complainants are unhappy with Members' handling of their complaints.
- ***The promotion of excellence in complaint handling was achieved*** through the revision of the PTO's Complaint and Dispute Resolution Service (CDRS) Guidelines in respect of systemic issues, the production of a Conciliator's Manual for PTO staff undertaking conciliations, and a Member's Staff Training Module.

## The PTO's performance

To ensure that it closely monitors its performance, the PTO continues its previous years' practice of surveying PTO Users/Complainants, and its principal Stakeholders to ascertain their views of the PTO's performance.

### PTO Users/Complainants Survey

PTO Users/Complainants were again surveyed in 2006/07, using the same format and questions to enable year to year comparisons of data. However, during the year under report, survey forms were sent out monthly, rather than annually, as in previous years. This enabled enhanced and more timely quality control and monitoring of complaint handling on a progressive, rather than summative, basis.

The purpose of these surveys is to capture feedback about those aspects of the PTO's service that were satisfactory or unsatisfactory, and to identify opportunities for improvement. The survey was sent out to 454 scheme users, and 115 responses were received – a response rate of 25%. Although fewer surveys were sent out than in the previous year (771), the response rate was better than the previous year's rate of 22%, and the satisfaction levels were slightly higher in all service categories, save for 'Staff Knowledge', which fell slightly from 84% in the previous year to 81%.

'Overall Satisfaction' with the PTO's services remains significantly lower than other service categories – in all likelihood for the obvious reason that the PTO cannot

meet Complainants' expectations in every case. As noted in the introduction to the Case Studies in this report, there are instances where the law, an industry practice or code, restrictions on the PTO's jurisdiction, or a lack of evidence may preclude a Complainant's expectations from being met. Be that as it may, the PTO's satisfaction rating in this service category has improved from 61% to 70% since its first year of operation.

Results from the 2006/07 and previous years' surveys are set out opposite.

### Stakeholder Survey

McAllister Communications was engaged to interview Members and other key stakeholders, and to obtain their views on the PTO scheme's performance in its third year. In summary, McAllister Communications' survey report noted that *'The PTO is now three years old and has earned the trust and respect of the stakeholders in terms of its dispute resolution process ... As in previous years, the PTO's impartial and professional 'umpire' role is highly valued' ...* However, the report also observed that *'While the level of confidence in the PTO dispute resolution process holds firm three years on there is an issue of contention ... ie, at what point in the customer relationship process does the PTO get involved'*. This concern has been noted by the PTO, and will be addressed, and hopefully resolved, early in the 2007/08 year.





## Service Standard Category

## Rating: Satisfactory – Very Good

	2004/05 year	2005/06 year	2006/07 year
• Promptness of Service	N/A	87%	92%
• Courtesy	91%	93%	98%
• Staff Knowledge	83%	84%	81%
• Quality of Advice	71%	73%	76%
• Professionalism	83%	84%	90%
• Clarity of Communications	83%	84%	93%
• Overall Satisfaction	61%	68%	70%

## Acknowledgements

I would like to thank the following for their support and work during 2006/07:

- the PTO Scheme Members and their staff;
- public transport users;
- the Chairman and Directors of PTO;
- the Minister for Public Transport, the Director of Public Transport, and the staff of the Department of Infrastructure; and
- the PTO staff, who have worked very hard throughout 2006/07 to refine and improve the PTO scheme and its services to public transport users and PTO Members.



James Hartnett  
Public Transport Ombudsman



# The PTO Scheme

## Structure, Members and Directors

The Public Transport Ombudsman Ltd is a company limited by guarantee, and is the operator of the PTO scheme. Its constitution establishes the PTO, who is vested with authority under the scheme's charter.

## Its seven Members are:

- Bus Association Victoria (Inc) (BAV), which represents Victoria's private bus operators;
- Connex Melbourne Pty Ltd, which operates Melbourne's suburban train network;
- Metlink Victoria Pty Ltd, which provides network-wide information and services to the metropolitan public transport operators, passengers, and the State Government (via the Director of Public Transport), and, in a more limited capacity to regional transport operators;
- Pacific National (Victoria) Ltd, which operates freight services within Victoria, retired from the scheme on 4 May 2007, and its responsibilities have been assumed by V/Line Passenger Pty Ltd;
- Southern Cross Station Authority, which operates Southern Cross Station, and oversees its operation;
- V/Line Passenger Pty Ltd, which operates Victoria's country rail network, and a range of allied bus services; and
- Metrolink Victoria Pty Ltd, which operates Melbourne's tram network.



Mark Paterson



Russell Coffey



Toni McCormack



Joe Nieuwenhuizen



Maree Davidson



Boyd Power

## The PTO has a seven-member board, comprising an independent chairman, three industry directors and three community directors.

### Chairman

#### Merran Kelsall

Independent company director and consultant Merran Kelsall has considerable experience in the work of audit, risk and compliance committees. Merran has a long history of appointments on national, corporate and government boards, and has extensive industry experience in the areas of health, education, financial, commercial and professional services. Current board appointments include Chairman, Auditing and Assurance Standards Board, as well as Director, Melbourne Water and Trustee, the National Gallery of Victoria.

### Industry Directors

#### Boyd Power (*Yarra Trams*)

Boyd has been Legal and Insurance Counsel for Yarra Trams since October 2001. He is responsible for administering Yarra Trams' Under Deductible Insurance Program, and providing legal advice with respect to the vast regulatory framework within which Yarra Trams operates. He was involved in the renegotiation of the new Tram Franchise, which has seen Yarra Trams operating Melbourne's entire tram network since April 2004.

#### Mark Paterson (*Connex*)

Mark is Head of Corporate Affairs for Veolia Transport Australia Pty Ltd and Group General Manager, Corporate Affairs for Connex Melbourne. Mark is thus responsible for marketing, communications, government relations, customer feedback, media engagement and sponsorship for Veolia Transport in Australasia. Mark joined Connex as a Senior Advisor in 2001, and was intimately involved in the renegotiation of Connex's Melbourne contract, which resulted in Connex taking over the operation of the entire Melbourne passenger train network in April 2004.

#### Russell Coffey (*BAV*)

Russell is the Director, Industry Development for the Bus Association Victoria, and is responsible for marketing, communications, revenue protection, and ensuring the New Ticketing Solution meets the industry's needs. Russell has been actively promoting public transport in Victoria for more than 20 years, working for V/Line Passenger Services; the Public Transport Corporation, promoting trains, trams and buses; and BusVic.

### Community Directors

#### Joe Nieuwenhuizen

Joe is a lawyer with the Professional Standards Department of the Law Institute of Victoria, and has extensive experience in complaint handling and dispute resolution. He was previously a Legal Risk Manager with the professional indemnity insurer for Victorian lawyers, and, prior to that, a senior litigation lawyer with a major national law firm focusing on dispute resolution in commercial and negligence cases. Before entering legal practice, Joe worked for nearly 10 years at senior levels in the State Government,

mainly in the Ministries of Consumer Affairs and Public Transport.

#### Maree Davidson

Maree has a strong background in consumer attitudinal programs, behavioural change and service delivery, including managing Victoria's Quit Campaign and the SunSmart campaign. Maree is the Director of Davidson Consulting, a planning and social marketing consultancy, and presently sits on a number of not-for-profit boards, including the Queen Victoria Women's Trust, Melbourne Writers Festival Board (Deputy Chair), the Fellowship for Indigenous Leadership, The Long Walk, and the Centre for Multicultural Youth.

#### Toni McCormack

With a background in education, public relations, local government and management, Toni has served as CEO of the Victorian Water Industry Association, and as a director of South West Water. Toni has been a government-appointed community member on a number of advisory bodies, including the Public Transport Customer Consultative Committee, and is a member of the Great Ocean Road Coast Committee. She is a Justice of the Peace, has completed the Company Directors course (Order of Merit), and is accredited as a mediator and conciliator by the Institute of Arbitrators and Mediators of Australia.

# Planning and objectives

## Vision

To deliver excellent complaint and dispute resolution services to its Members and the public transport users.

## Strategic Goals

1. To provide complaint and dispute resolution services that are sought, trusted, and recognised as timely, effective, fair, informal and accessible alternatives to other remedies, such as court proceedings,
2. To ensure skills, know how, and efficient service delivery systems are continuously reviewed and improved, in consultation with stakeholders, and
3. To foster excellent stakeholder relationships that reflect the PTO's values.

## Business Plan Objectives for 2006/07

1. To promote excellence in complaint handling,
2. To enhance stakeholder relationship management with existing Members and stakeholders, and to establish relationships with new Members,
3. To continue to monitor the efficacy of, and to refine, the PTO's Communications/Awareness Initiative,
4. To enhance data collection, analysis and reporting,
5. To ensure that all corporate governance standards and obligations continue to be met, and
6. To provide staff performance management and training, including knowledge management.



# Our services

In the 2006/07 year, 989 complaints were received, a decrease of 266 (21%) when compared to the 2005/06 year.

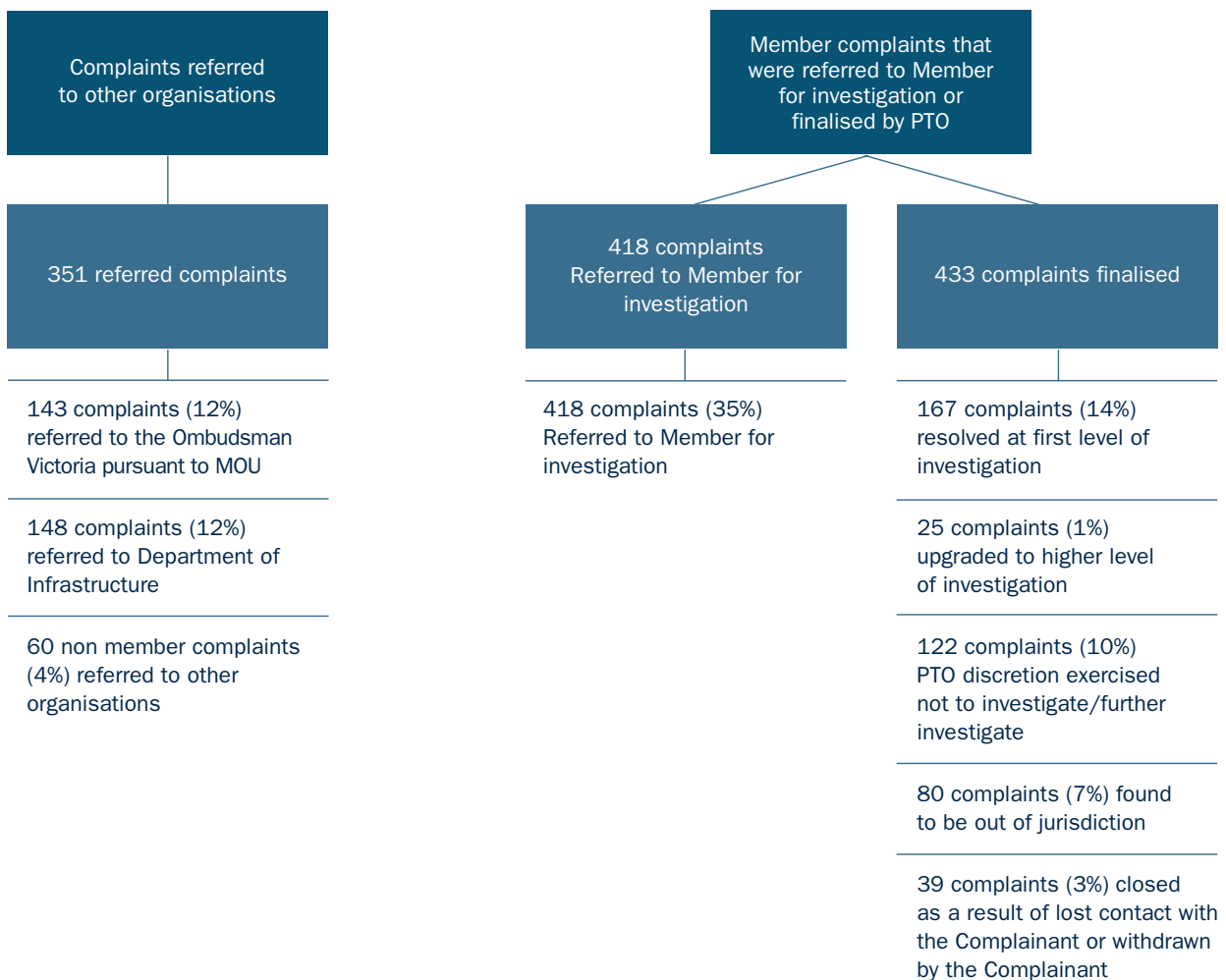
The majority of these complaints were dealt with expeditiously, inline with the PTO Charter's emphasis on efficiency, informality and timeliness. As the graph at page 17 of this report demonstrates, 84% of complaints were finalized in less than 14 days.

The top five issues in 2006/07 were:

- ticketing;
- infrastructure and rolling stock;
- service delivery;
- staff; and
- authorised officers.

The following chart shows the outcomes for the complaints handled in 2006/07.

## PTO Complaint\* Outcomes



\* Note: Some complaints involve more than one Issue/Outcome.

# Case studies\*

The PTO Charter provides that 'The aim of the PTO scheme is to provide independent and prompt resolution of complaints and disputes having regard to what is fair and reasonable for Members and the Complainant, good industry practice and current law'.

The PTO is committed to the impartial and independent investigation of all complaints received. The PTO is not a regulator, nor does it act as an advocate for either party involved in a complaint or dispute. In the year under report, most complaints were settled by agreement brokered by the PTO, in consultation with both the Complainant and the Member. In only a handful of complaints was there a need to resort to formal conciliation, and no binding decisions were made during the year. However, there are instances when the PTO is not able to meet a Complainant's, or a PTO scheme Member's, expectations. The following case studies illustrate such instances from a number of perspectives:

In some complaints, the law, or a lack of evidence, may preclude a complaint being resolved to a Complainant's satisfaction.

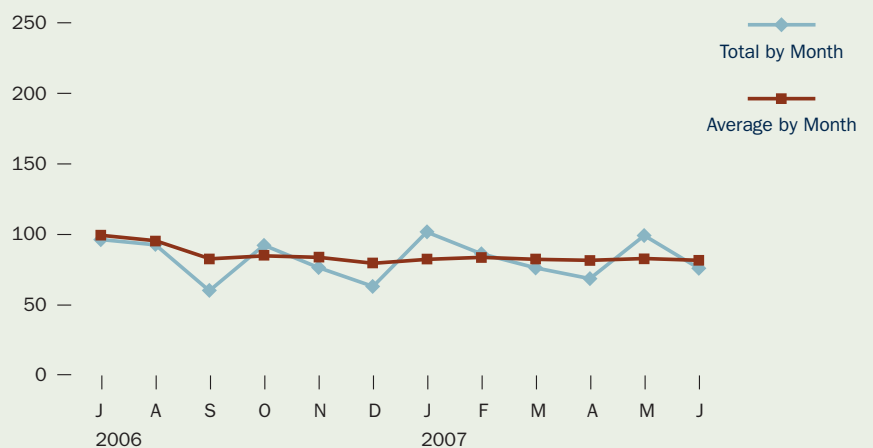
## *Case Study: The law – noise emanating from rolling stock does not constitute a nuisance*

*A Complainant lodged a complaint with the PTO about a Member's use of rail sidings in the morning, near the Complainant's home. The Complainant claimed that the entering and exiting of passenger vehicles from the sidings was noisy, and created a nuisance to the public. The Member informed the PTO that the sidings were primarily used for*



*\*The case studies are provided as examples of how the PTO deals with particular complaints, and do not establish or represent precedents that will necessarily be followed in similar complaints. Even where there may be close factual similarities between complaints, the outcome agreed in a complaint may be unique to the particular Complainant and Member involved.*

Total Cases by Month for the Period July 2006 to June 2007



*the stabling of its vehicles, and that, given the sidings' close proximity to the city, their use assisted in ensuring the punctuality of their service. In responding to the Complainant's claims of noise pollution, the PTO had regard to Section 251B of the Transport Act, which provides that noise caused by rolling stock entering and exiting from a siding does not constitute a nuisance, and that the provisions of the Environment Protection Act do not apply to such operations. Hence, as the law negated any available remedies, the PTO was unable to assist the Complainant further.*

**Case Study: Lack of evidence – no evidence of travel to support payment of compensation**

*A Complainant submitted a claim for compensation to a Member that had failed to meet its monthly service delivery performance target. The Complainant forwarded his Metcard in support of his claim, which was rejected by the Member. The PTO ascertained from the Member that the reason for rejection of the claim was that a ticket trace had revealed that the Complainant had never*

*validated his ticket on the Member's network. The Member advised that it was flexible with the application of its compensation policy, and awarded compensation to anyone who had validated their ticket on one of its vehicles, even if the validation had occurred outside the performance period. However, in this instance, because the Complainant had only validated his ticket on other Members' networks, the Member had decided not to pay him compensation. As the PTO considered that the Member had acted reasonably, and in accordance with its compensation policy, it determined not to investigate the Complainant's grievance further.*

**Some Complainants may have expectations which cannot be met.**

**Case Study: Member's services disrupted by events beyond its control**

*A Complainant lodged a grievance with the PTO regarding disruptions to a Member's services on 16 January 2007, advising that not only did he experience lengthy delays while waiting for his train service, but he and other passengers suffered further*



**'this (result) would never have happened without you'**

*frustration and inconvenience when directed to move from one platform to another. The Complainant advised that, amidst this confusion, he had tried to obtain information from the station manager as to when services would be restored to normal, and the reasons for being moved around the platforms. He indicated that the station manager was not only unable to provide clear explanations, but also provided incorrect information.*

*The Member explained that the reason for the delays and confusion experienced by the Complainant was that, on 16 January 2007, a bushfire in north eastern Victoria had caused a major power failure in the metropolitan area, which affected the Member's services. The Member acknowledged that effective communication was hampered by the continually changing circumstances the power failure caused to signals, and also affected the Member's ability to successfully relay up-to-date information to both its staff and passengers.*

*The PTO considered that the bush fire and subsequent power outage were beyond the Member's control. Given the circumstances pertaining on the day in question, the PTO deemed the*

*Member's handling of the complaint to be satisfactory and exercised its discretion not to further investigate the complaint.*

There are instances where PTO scheme Members and their staff may be of the view that their actions were lawful, in accordance with good industry practice, and fair and reasonable. However, following an objective investigation of all the circumstances pertaining to a particular complaint, the PTO may recommend that a complaint be resolved in a manner more acceptable to a Complainant.

### ***Case Study: Changed passenger set down point at terminal creating a problem for mobility impaired passenger***

*A Complainant uses a Member's service to travel to her local train station. In the past, drivers had allowed passengers to disembark at the side of the train station, before continuing to their terminal stop within the station compound,*

**'thank you most sincerely for the great outcome'**





from which point their next service commenced. Following timetable changes, drivers ceased this practice, and passengers could only disembark at the stop within the station compound, requiring those intending to catch a train to walk a greater distance.

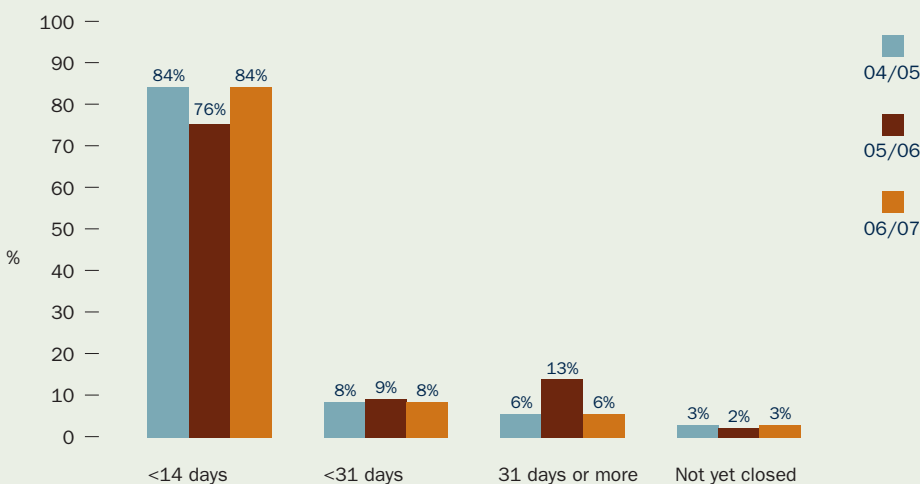
The Complainant has restricted mobility, and, as a consequence of the increased distance to the station, was not able to catch her connecting train. The Member advised the Complainant that drivers were not obliged to allow passengers to disembark at the side of the station, only at their terminal stop. In order to allow passengers to disembark beside the station, their drivers would be required to enter the compound on one side for disembarkation, then exit the compound, make a U-turn, and re-enter on the other side of the station compound. Following discussions with the PTO, the Member canvassed the situation with its drivers, who agreed to revert to their original practice, as their next service did not commence for another 10 minutes.

### Case Study: Child's hand stuck in vehicle door giving rise to a fear of public transport

A Complainant contacted the PTO after her child's hand became stuck in the door of a Member's vehicle while disembarking. As a consequence of the incident, the child had developed a fear of traveling on public transport. The Complainant had contacted the Member involved, and suggested a possible resolution of the problem, which was rejected by the Member. The Complainant believed the Member's response was lacking in concern for her child. Following discussions with the PTO, the Member arranged a familiarisation tour of its vehicles for the child, thereby assuaging his fears and helping him to regain his confidence on public transport.



Average Complaint Handling Time



'professional and helpful'

The following case studies are provided to illustrate the broad spectrum of complaints brought to the PTO, the issues arising from these, and how they were settled. The case studies are set out under each of the PTO's eight heads of jurisdiction contained in its Charter:

**'(a) complaints as to the provision or supply of (or the failure to provide or supply) public transport services or any related goods or services by or for a Member in respect of the provision or supply of (or the failure to provide or supply) public passenger services'**

**Case Study: Failure to provide public transport service**

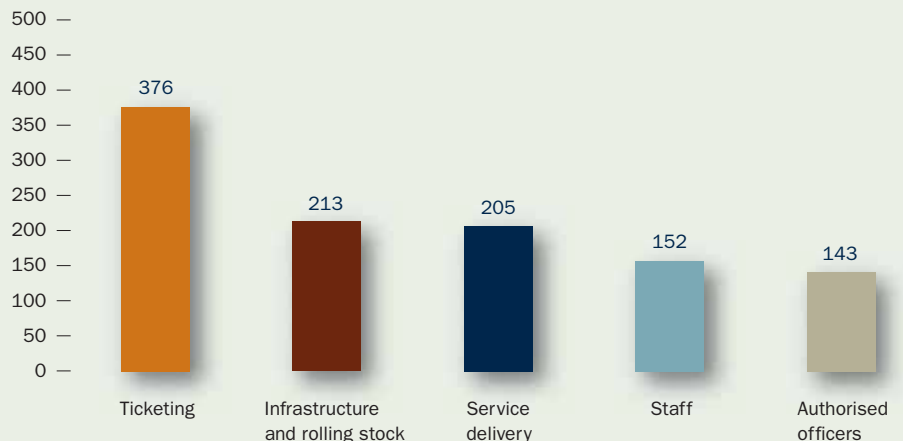
A Complainant had requested reimbursement of a taxi fare from a Member because the train he intended to catch at 1:00 am on Sunday 3 September 2006 did not run. As a result, he had to catch a taxi from Melbourne to his home.

*The Complainant had relied on a new timetable published by the Member, which was endorsed 'effective September 2006', and indicated that there would be a 1:00 am service. The Complainant had reasonably assumed the timetable would take effect on 1 September 2006.*

*The Member declined the Complainant's request for reimbursement, due to the fact that there was signage posted at its stations, indicating that the new timetable would take effect from 3 September. When the timetable was printed, the Department of Infrastructure had not specified the date that it would begin. The PTO pointed out that, regardless of when the Complainant believed the timetable would take effect, the 1:00 am service should have run as advertised on 3 September.*



Top Five Issues



The Member advised that, as it treats its timetables as running from 3:00 am to 3:00 am, the 1:00 am service the Complainant intended to catch was considered to be a 'Saturday' service, and is indicated on the timetable as such. As the new timetable began on Sunday 3 September, this service would not run until 1:00 am on 4 September. The PTO put to the Member that the Complainant had made a reasonable error as the timetable was misleading. The Member agreed and, as a one off gesture, reimbursed the Complainant for his taxi fare.

### '(b) complaints in relation to the sale of tickets including ticketing machines, ticket retailers and ticket refunds'

#### Case Study: Administration fee for replacement ticket incorrectly advised

A Complainant's yearly ticket was 'swallowed' by a ticket validation machine. The Complainant sought its replacement, and approached one of the Member's staff, who advised that she would have to pay an administration fee to obtain a

replacement ticket. The Complainant believed it was unfair that she should have to pay a fee to replace her ticket when its loss was not her fault, and complained to the PTO. The PTO established that the Complainant had been given incorrect advice by the Member's staff, as a result of which the Member issued an apology to the Complainant, and replaced her yearly ticket.

### '(c) complaints relating to infrastructure and rolling stock related matters'

#### Case Study: Repairs to level crossing

A Complainant expressed dissatisfaction to a Member regarding potholes on a level crossing. The Complainant had attempted to have the crossing repaired by the Member, but had not received a response. The PTO contacted the Member on behalf of the Complainant, and the Member promptly had the potholes filled with crushed rock and re-established the surface.

### '(d) complaints regarding the conduct of Authorised Officers except those complaints falling within the jurisdiction of the Victorian Ombudsman in relation to Authorised Officers exercising their statutory powers'

Under its Memorandum of Understanding with the Victorian Ombudsman, the PTO does not investigate the conduct of Authorised Officers. However, it often investigates related issues, such as the malfunction of ticketing machines, or the purchase and validation of tickets, in those instances where Authorised Officers report public transport users for alleged fare evasion.

#### Case Study: Alleged failure to check Ticket Vending Machine (TVM)

A Complainant claimed that she had attempted to purchase a ticket from a TVM at her station, but it had failed to issue a ticket, or to refund her money. The Complainant boarded the Member's vehicle without a ticket, and was reported by an Authorised Officer



'highly pleased with service'



for traveling without a valid ticket. The Complainant advised that she had explained to the Authorised Officer that she had trouble with the TVM. According to the Complainant, the Authorised Officer said that he would make a note of what she had told him, and her request that the TVM be checked for faults.

The Complainant subsequently received an Infringement Notice and lodged an unsuccessful application for review with the Department of Infrastructure (DOI). During the review, the DOI advised the Complainant that there was no note from the Authorised Officer regarding the alleged fault with the TVM. The PTO checked, and confirmed that a report for the TVM showed no faults on the day in question, and that the cash balance for the TVM was correct. On the basis of this information, the PTO exercised its discretion not to investigate the complaint further.

**'(e) complaints in relation to Victorian Public Statutory Bodies providing public transport or related activities'**

### Example: Southern Cross Station Authority

The PTO accepts complaints in relation to the above authority, which is a Member of the PTO scheme. On 1 July 2007, two additional Public Statutory Authorities joined the PTO scheme: the Transport Ticketing Authority and VicTrack.

**'(f) complaints regarding the conduct or behaviour of officers, employees, agents or contractors of Members'**

### Case Study: Refund of \$10 lost in Ticket Vending Machine (TVM)

A Complainant attempted to purchase a Metcard from a TVM using a \$10 note, but, although the money was retained, no Metcard was issued. He subsequently purchased a Metcard from another TVM, and submitted a refund application form to the Member's TVM contractor (the contractor). The contractor denied the Complainant's request for a refund. Following discussions with the PTO, the contractor reinvestigated the claim, and found that the balance of

**'PTO is excellent'**



the particular TVM was \$10 higher than expected on the day in question. The operator was prepared to assume this represented the Complainant's money, and arranged a refund.

**'(g) complaints in relation to a Member's use of, or the effect of Member's conduct, operations or activities on or in relation to, land or premises'**

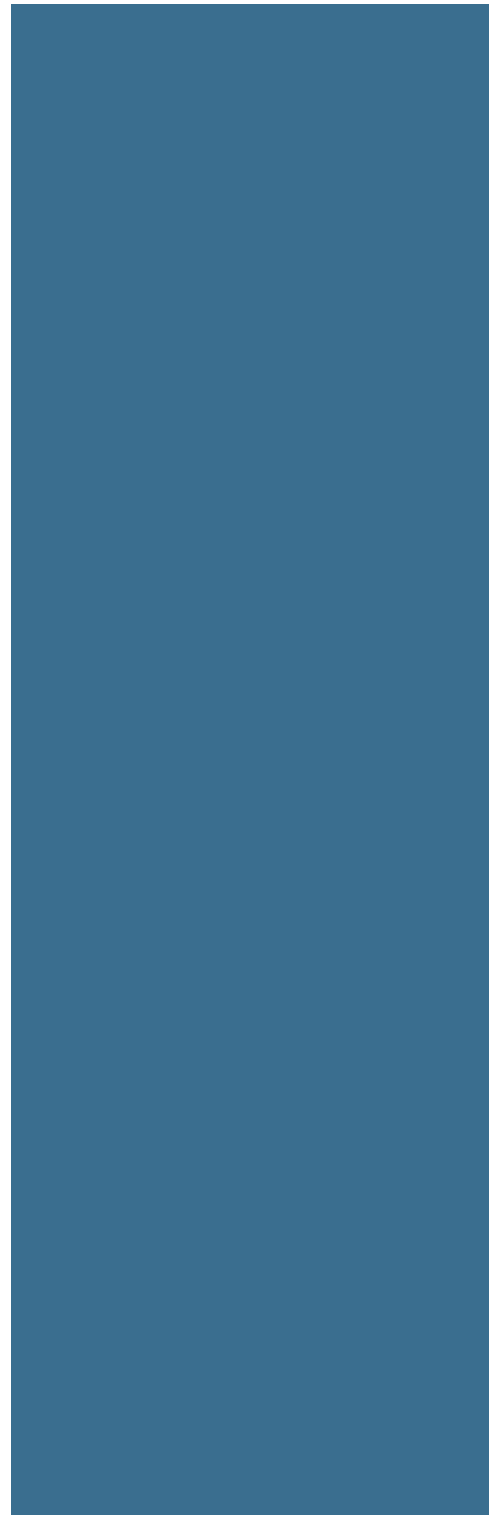
**Case Study: Noisy PA system announcements**

A Complainant was constantly distracted in his office by loud announcements being made over a public address (PA) system at a Member's stop. He had complained to the Member, but was advised that the announcements were a customer service initiative, and would not cease. Since the announcements were occurring inconsistently, the Complainant felt that the Member had not investigated his concerns properly, and contacted the PTO for assistance. Investigations revealed that the Member did not have a policy for announcements at its stops. Furthermore, announcements were

only being made by staff who were trained in the use of the PA system on an ad hoc basis. Given this, the Member issued a direction to all staff to stop using the PA system. The Member undertook that in future the PA system would only be used for special events, emergency situations and delays. The Member also conducted testing on the PA system to ensure that it was set at an appropriate volume, as a result of which the volume on the PA system was turned down.

**'(h) such other complaints as may, by agreement between the PTO, the Complainant and the Member be referred to the PTO by the Member'**

There were no referrals made under this head of jurisdiction during the 2006/07 year.



**'I think that it was a great service and thank you for helping resolve the matter'**

## Systemic Issues

### Clause 3.7 of the PTO's Charter confers jurisdiction on the PTO to receive and record complaints relating to systemic issues of a Member.

Using the experience and guidelines of other private industry Ombudsman schemes as benchmarks, the PTO reviewed and revised its guidelines for the identification of systemic issues during the year. The revised guidelines define systemic issues as those that are raised in a complaint to the PTO, and appear to have affected, or have the potential to affect, a number of public transport users, or others affected by public transport operations, in addition to those who have complained to the PTO.

The PTO's Conciliators identify possible systemic issues when handling complaints referred to the PTO. Possible systemic issues will be referred to the Ombudsman when:

- Conciliators notice a number of complaints about the same issue;
- Conciliators believe that an issue raised in a single complaint could affect other public transport users,

or those affected by public transport operations; and/or

- A Complainant claims that the issue they have raised in their complaint is systemic in nature.

In determining whether to classify an issue as systemic, the PTO will take into account considerations such as:

- how many people the issue may affect;
- whether the impact of the issue extends across all, or a substantial part or aspect of, the public transport network;
- how many complaints the PTO receives about the issue; and
- whether the issue is capable of being addressed or resolved.

Where, in the course of complaint handling, the PTO identifies a matter as potentially systemic, the PTO tags the individual complaints in its Resolve database as ones that may evidence a systemic issue. Having identified a matter as systemic, the PTO monitors complaint trends, and determines the impact of the issue. Should the PTO subsequently determine that a complaint, or group of complaints, do not evidence a systemic issue, the Resolve tag is removed.



When the PTO identifies a systemic issue, the PTO advises the Member, who is given an opportunity to respond to the PTO, before a decision is made to confirm a possible systemic issue as a definite systemic issue. The PTO may also draw systemic issues to the attention of the Minister for Public Transport, the Director of Public Transport, the Ombudsman Victoria, and regulators, such as Public Transport Safety Victoria.

In other instances, where a widely known problem or issue is commonly recognised as systemic, for example, overcrowding, the PTO may designate that issue as systemic, and advise Complainants accordingly:

### ***Case Study: Member's failure to pick up passengers due to peak period over crowding***

*A Complainant advised that a Member's scheduled services had sometimes failed to pick him up during the morning peak period. The Complainant did not believe the drivers failed to see him, as sometimes there can be 15–20 people at his stop. By way of response, the Member advised that, when its vehicles are full, drivers have the discretion to not pick up passengers, and to stop only at stops*

*where people are disembarking. Drivers are not allowed to overfill vehicles, and seasonal factors influence passenger numbers, for example, patronage varies in response to factors such as school/university holidays, the Christmas/New Year break, and other holiday periods. The Member assured the PTO that, if a driver failed to pick up a passenger when there was room on a vehicle, the Member would certainly investigate the matter.*

*The PTO forwarded this information to the Complainant, who, while expressing his displeasure at not being guaranteed a place on the vehicle during the morning peak period, appreciated the issues involved with overcrowding. The PTO has recorded overcrowding as a systemic issue that it monitors, but is unable to make individual binding decisions in respect of its remediation, given that in most instances the remedy, the provision of additional vehicles and/or the supply of more services, is not within the power of the Member.*



# Summary Financial Statements

The following is a concise version of the financial report for the Public Transport Ombudsman Ltd. for the year ending 30 June 2007. The financial statements and specific disclosures contained in this concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report.

## Discussion and analysis of the statement of financial performance

**Loss for the year** – The operating loss for the year of \$118,794 was determined after the Directors' resolved to set the annual levy at a level which would utilise the surplus cash held at 30 June 2006.

**Income Tax** – The Australian Taxation Office ('ATO') issued a private tax ruling during the 2004/05 financial year that the company is deemed exempt from income tax for the financial years ending 30 June 2004 to 30 June 2007 (including FBT exemption).

**Revenue from ordinary activities** – Revenue for the period ending 30 June 2007 was \$898,828. This was derived from two sources:

- Annual Levies from Members: \$875,000
- Interest Income: \$23,828

**Operating Expenses** – Operating Expenses for the period ending 30 June 2007 were \$1,017,622. The majority of operating expenses were employee benefits (\$650,337), rental expense (\$134,386) and depreciation and amortisation expenses (\$35,871).

## Discussion and analysis of the statement of financial position

**Total Assets** – Total assets decreased by \$104,598 during the period due primarily to a decrease in cash assets of \$100,062.

**Total Liabilities** – Total Liabilities increased by \$14,196 during the period due to:

- An increase in accrued expenses of \$2,852.
- An increase in other creditors of \$7,742.
- An increase in employee benefit long service leave of \$3,602.

## Discussion and analysis of the statement of cash flows

**Cash Flow** – The 2006/2007 financial year was the second year in which cash flows occurred.

**Cash Flows from Operating Activities** – Cash at the end of the financial year as shown in the statements of cash flows is \$227,249. This was derived after:

- Cash outflow from operating activities (\$85,960)
- Cash outflow from investing activities (\$14,101)

Audited Financial Statements and Directors' Report for the Public Transport Ombudsman Limited have, in accordance with legal requirements, been lodged with ASIC.



## Income Statement

### For the year ended 30 June 2007

	2007	2006
	\$	\$
<b>Revenue from continuing operations</b>	898,828	1,025,266
Depreciation and amortisation expenses	35,871	31,536
Employee benefits expense	650,337	636,099
Occupancy costs	134,386	124,015
Telephone and IT expenses	45,525	36,125
Consultancy expenses	49,473	32,467
Other expenses	102,030	84,398
<b>Profit before income tax expense</b>	(118,794)	80,626
Income tax expense	-	-
<b>Profit/(Loss) for the year</b>	<b>(118,794)</b>	<b>80,626</b>

## Balance Sheet

As at 30 June 2007

	2007	2006
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	227,249	327,310
Other receivables	31,331	14,051
<b>TOTAL CURRENT ASSETS</b>	<b>258,580</b>	<b>341,361</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	187,714	209,531
<b>TOTAL NON-CURRENT ASSETS</b>	<b>187,714</b>	<b>209,531</b>
<b>TOTAL ASSETS</b>	<b>446,294</b>	<b>550,892</b>
<b>CURRENT LIABILITIES</b>		
Payables	60,990	50,396
<b>TOTAL CURRENT LIABILITIES</b>	<b>60,990</b>	<b>50,396</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	3,602	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,602</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>64,592</b>	<b>50,396</b>
<b>NET ASSETS</b>	<b>381,702</b>	<b>500,496</b>
<b>EQUITY</b>		
Retained profits	381,702	500,496
<b>TOTAL EQUITY</b>	<b>381,702</b>	<b>500,496</b>

## Statement of Recognised Income and Expense For the year ended 30 June 2007

	2007	2006
	\$	\$
Total Equity at the beginning of the financial year	500,496	419,870
Profit/(loss) for the Year	(118,794)	80,626
Total Equity at the end of the financial year	381,702	500,496

## Cash Flow Statement For the year ended 30 June 2007

	2007	2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	857,720	1,006,984
Payments to suppliers and employees	(967,508)	(899,023)
Interest received	23,828	16,266
<b>Net cash provided by (used in) operating activities</b>	<b>(85,960)</b>	<b>124,227</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(14,101)	(44,927)
<b>Net cash provided by (used in) investing activities</b>	<b>(14,101)</b>	<b>(44,927)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(100,061)</b>	<b>79,300</b>
Cash at Beginning of Financial Year	327,310	248,010
<b>Cash at End of Financial Year</b>	<b>227,249</b>	<b>327,310</b>

# Our Policies, Practices and Procedures

## Prerequisites to Lodging a Complaint

Before lodging a complaint with the PTO, a Complainant must raise the matter with the relevant Member, and provide a reasonable opportunity for the Member to resolve the complaint. If a Member is unable to resolve a Complainant's concerns, or fails to make any response, the Complainant is then entitled to bring their complaint to the PTO.

## Independence and Impartiality

The PTO scheme is independent and impartial. The PTO does not act as an advocate for either the Complainant, or the Member. The PTO's role is reinforced to Complainants, some of whom may not appreciate that the PTO's role is not that of an advocate for either party.

## Informal Process

The PTO aims to make it as easy as possible for Complainants to lodge and pursue a complaint. Complainants

can lodge a complaint by telephone, fax, email, or via the PTO's website, using the online complaint form. If a complaint needs to be in writing, PTO staff can assist the Complainant to document it. The informal, impartial, and consultative nature of the PTO's complaint handling and investigative processes enables it to:

- assist both parties to understand the other's viewpoint;
- encourage both parties to act for themselves, without the assistance of an advocate or representative;
- involve both parties in the investigation of the matter; and
- allow both parties to contribute to, and have ownership of, the resolution of the matter.

## Conciliation and Binding Decisions

Where a complaint remains unresolved, the PTO considers whether or not it requires:

- further investigation,
- referral to a formal conciliation, and/or

- resolution through a binding decision by the Ombudsman.

A binding decision may involve an order for the payment of a monetary sum up to \$5,000 (\$10,000 by consent); an order to do, or cease to do, an act; or an order to provide a service. If the complaint so warrants, the PTO may decide to dismiss the complaint.

## Cost of Using the PTO Scheme

The PTO scheme is cost free to Complainants, and no legal costs or exemplary damages can be ordered against either a Complainant or Member.





## Public Transport Ombudsman Limited Annual Report 2007

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