

24 June 2011

Professor Allan Fels AO
Chair
Taxi Industry Inquiry
GPO Box 2797
Melbourne VIC 3001

By email: taxiindustryinquiry@transport.vic.gov.au

Dear Professor Fels

Inquiry into the Victorian Taxi and Hire Car Industry

Thank you for the opportunity to provide a written submission to the Victorian Taxi Industry Inquiry.

The Public Transport Ombudsman Limited's (PTO) interest in making comments is based on its experience in handling customer complaints regarding Victorian public transport operators. Therefore, the PTO will only provide comment on aspects of the Inquiry relevant to our experience; particularly regarding customer service standards, complaint handling practices and the industry's relationship with public transport services.

Role of the Public Transport Ombudsman

The PTO is an independent industry-based Ombudsman scheme, established in 2004 to receive, investigate and resolve complaints about public transport services provided by Victorian public transport operators that are members of the PTO scheme. PTO scheme members include passenger train, tram and bus companies, and others involved in providing public transport services, such as Metlink, the Transport Ticketing Authority and the Southern Cross Station Authority. Victorian public transport operators are required to be members of the PTO scheme. The scheme is funded by the industry, based on an annual fixed membership fee and on a variable user-pays basis, calculated on annual complaint numbers.

The PTO complies with the *National Benchmarks for Industry-Based Customer Dispute Resolution Schemes*¹ and utilises the principles of alternative dispute resolution to effectively and efficiently handle complaints. If a complaint cannot be resolved through agreement, the Ombudsman is able to make a Binding Decision to resolve the complaint, or may dismiss the complaint.

The PTO has extensive experience in handling customer complaints and working with the public transport industry to improve customer service practices and internal dispute resolution (IDR) processes.

¹ The *National Benchmarks for Industry-Based Customer Dispute Resolution Schemes* can be viewed at www.anzoa.com.au/National%20Benchmarks.pdf

The PTO receives a number of out of jurisdiction complaints relating to taxis and hire cars each year. These are currently referred to the Victorian Taxi Directorate. The nature of these complaints also informs the PTO's submission.

Further information about the operation of the PTO and its public reports can be found at our website www.ptovic.com.au.

What do customers say?

Q. *How can a customer service culture be strengthened in the taxi and hire car industry?*

The PTO works closely with the public transport industry to ensure that best-practice customer service standards are adopted and complied with. It is the PTO's experience that the development of minimum standards for customer service, such as a Customer Service Code, assists industry and its customers to understand what is expected and what happens if it is not delivered.

Customer service standards are most effective when they have a dual application; that is, they apply to the individual customer experience, but also to the broader customer base. An example of this in the public transport industry is the Customer Service Code, which relates to the level of service an individual commuter can expect, and the Customer Compensation Code, which outlines what an operator must do to compensate a class of commuters if it does not meet service delivery standards.

It is the PTO's experience that the adoption of customer service standards along with financial incentives for delivering on such standards strengthens the customer service culture of an industry.

The PTO also investigates and reports on systemic issues affecting the public transport industry. Often systemic issues relate to the customer service practices of an operator and can affect the broad customer base, or a class of commuters. The PTO works closely with industry to ensure that such issues are addressed and that customer service practices are improved to ensure that future problems do not occur.

Q. *What role should industry players take in responding to dissatisfaction with taxi service?*

It is the PTO's experience that robust complaint handling/IDR processes, coupled with an independent, external dispute resolution process, is a very effective way of ensuring that operators take responsibility for dissatisfaction or complaints from customers.

The PTO notes that Victorian public transport operators must have a clearly defined complaint handling process, which complies with the Metlink Services Agreement and AS ISO10002². The process must include details of how customers can complain, how the complaint will be handled by the operator including relevant timeframes for a response, how the complaint can be escalated

² AS ISO10002-2006 Customer satisfaction: Guidelines for complaints handling in organisations.

within the internal dispute resolution process and how the complaint can be escalated for external dispute resolution to the PTO, if the complaint is not resolved. Each operator must have its own clearly defined IDR process, published on its website and in brochures; it must include information on how to contact the PTO if the customer remains dissatisfied. Each operator must regularly report their internal complaint data, recorded through the IDR process, to the Victorian Government for review.

It is the PTO's experience that the requirement on industry to develop and adhere to IDR processes, along with the need to report complaint data to a relevant regulator, leads to a greater understanding of the importance of customer feedback and complaints to improving service overall. Some businesses view complaints as an irritation that stand in the way of getting on with business. It is our experience that if complaints are viewed positively and are handled professionally and non-defensively, they can drive industry improvement, which in turn leads to fewer complaints, increased customer loyalty and confidence in the industry, a positive business reputation, and more time to get on with business.

Q. *Do the Victorian Taxi Directorate and taxi booking networks have adequate policies and practices in place to deal with customer complaints and dissatisfaction?*

While not commenting on the specific adequacies or inadequacies of the current industry practices, the PTO's experience is that internal complaint processes must be mandated and conform to AS ISO 100002, at a minimum.

Internal Dispute Resolution:

Clear and robust internal dispute resolution processes must be implemented and regularly reviewed to ensure adherence by the industry. Access to IDR processes must be clear and easy to navigate, particularly for disadvantaged consumers. IDR processes should not require customers to put their complaints in writing, as this is a barrier to accessibility. Rather they should provide a variety of methods of lodging complaints –freecall or fixed cost numbers, webforms, by mail, by using the National Relay Service or the Telephone Interpreting Service.

IDR processes should be transparent and should be widely advertised, to ensure that customers know about their right to make a complaint and how to do so. Relying on websites to inform customers of IDR processes is inadequate, particularly for vulnerable consumers, including the elderly, people who have English as a second language, people with disabilities or people who are socially or economically isolated and do not have access to the internet.

It is our experience that a dedicated customer service manager, in a senior position within the company, can assist in improving customer service standards within the company and can also assist in the development of best practice within the whole industry. Customer service/feedback teams must be well resourced and staff on the frontline should be empowered to resolve complaints in the first instance, particularly less complex matter requiring an apology, a reimbursement of costs or the payment of a nominal goodwill gesture for poor service. A well-resourced IDR process ensures that customer feedback and complaints are taken seriously and are dealt with in a timely and effective manner.

Customer service/feedback staff must be provided with regular positive dispute resolution training, including training in how to deal with difficult behaviours, to ensure that complaints are dealt with effectively in the first instance. Training in the policies and practices of the external dispute resolution process, including effective complaint management, should also be provided regularly to industry staff.

Customers should be made aware at each point of the complaint process that they have a right to escalate their complaint to a more senior member of staff and that they have the right to lodge the complaint with an external dispute resolution process if they remain dissatisfied. This advice should be given proactively by complaint handling staff and should be provided clearly in all of the complaint documentation, including websites, correspondence and brochures.

External Dispute Resolution:

External dispute resolution (EDR) processes must be independent, accessible, cost free, non adversarial, informal, efficient and effective. It is the PTO's experience that EDR processes should resolve complaints using the principles of alternative dispute resolution, such as conciliation. This aids in the holistic resolution of complaints, including issues to do with the level of customer service that has been provided, rather than being solely focused on assessments of whether laws/regulations have been adhered to. EDR processes must comply with the principles of procedural fairness. They must provide a viable and real alternative to the legal/court system for the resolution of complaints.

An external dispute resolution forum must have adequate terms of reference to be able to effectively resolve the majority of complaints being raised by customers of the industry. Its terms of reference must be clear, transparent and independent. It must be able to fully deal with a complaint, and be able to make a determination to resolve or dismiss the complaint.

Customers and industry players must feel confident that complaints will be dealt with independently, fairly and reasonably.

The PTO notes that any EDR process must have the jurisdiction and resources to effectively identify, investigate, seek appropriate redress, and report to regulators and the public, systemic issues affecting the industry, or with the potential to affect customers, or a class of customers.

Public reporting by external dispute resolution forums must be transparent and independent and aimed at highlighting where improvements to service standards must be made and where industry is doing well.

Users and the Industry

Q. *What role do taxis and hire cars play within Victoria's overall transport network, alongside private vehicles, trains, trams, buses and other forms of transport?*

From the PTO's experience in dealing with complaints about public transport services, it is clear that taxis and hire cars play a vital role in the overall transport network.

Often taxis are the only viable option for people wanting to travel from A to B, particularly where other public transport services are not available or a missing link between two services can be bridged by a taxi service.

This is particularly relevant for people living in regional/rural areas and for people who may not be able to access public transport due to a disability – long or short term. It is the PTO's experience that taxis often replace or supplement public transport options for Victorian commuters, particularly for people with disabilities and the elderly.

The public transport industry is systematically integrating its services and improving accessibility for people with disabilities, in line with obligations under the Disability Standards for Accessible Public Transport Guidelines 2002. Having accessible public transport counts for very little if people need to use it in conjunction with taxis, for example to get to and from the train station, and there are no available/suitable taxis when they need to use them.

The integration between taxis and public transport often rests on the availability of taxis and the abilities of drivers to ensure integration and understand the needs of the customer. This includes the timely provision of service and ensuring that customers are delivered to stations/bus or trams stops within the necessary timeframes to then access other means of public transport.

Q. *Are the needs of mobility disadvantaged users being adequately serviced by the current structure and regime?*

Through customer complaints lodged with the PTO and from the community awareness work that the PTO does, it is clear that there needs to be greater integration between taxi services in particular, and other forms of public transport. This is particularly relevant to disadvantaged public transport commuters, including those with mobility impairments, who may need to use taxi services as an alternative to public transport or in conjunction with it.

In recognition of the public transport needs of mobility disadvantaged users, the PTO is currently undertaking an extensive awareness campaign aimed at disadvantaged and vulnerable commuters, including people with disabilities and impairments, parents with prams, the elderly and those who have English as a second language. The PTO aims to increase awareness of the role it plays in handling individual complaints, investigating and redressing systemic issues and the very important reporting function it carries out. Through this work it has become apparent that the concerns experienced by this sector about access to transport services, including taxis, are raised with many different agencies and are dealt with differently by those agencies.

This can lead to a watering down of feedback around the adequacy of services, as a complete picture of what is happening in the industry is difficult to report and act on. A centralised collection of feedback about the needs of disadvantaged and vulnerable commuters people or, or the development of better information-sharing protocols between agencies would lead to a more holistic view of the adequacy of the structure and regime. It would also provide an excellent platform for driving integrated improvements across the industry.

Q. *Are the needs of regional and rural users, and other current or potential users who live in areas that have limited access to other forms of public transport, being adequately serviced by the current structure and regulatory regime?*

The PTO is not in a position to comment on the current structure of the industry or regulatory regime. Through the handling of customer complaints and the community awareness work that the PTO undertakes, it is our experience that people living in rural/regional areas are impacted by a lack of public transport services and therefore have an increased need to seek easy access to taxi services in particular.

Issues regarding cost and access to taxi services, particularly when there are limited numbers of taxis servicing an area, are issues raised with the PTO in the context of complaints about lack of access to public transport services. This is often contrasted with the level of access and cost of public transport for metropolitan users.

Conclusion

The PTO considers that robust and externally reviewed IDR processes, in conjunction with an independent external dispute resolution forum, would greatly assist the taxi and hire car industry in improving customer service standards and increasing customer confidence and satisfaction with the industry.

Further, stronger information provision between relevant agencies to fully capture and understand the issues experienced by customers using all modes of public transport is required. Specifically, shared information relating to customer complaints would assist with the development of a more integrated train, tram, bus, taxi and hire car service across Victoria.

Once again, I thank you for the opportunity to make a submission to the Taxi Industry Inquiry.

I would welcome the opportunity to discuss the issues outlined in this submission with you and would be very happy to participate in any Inquiry forums where further review or assessment of customer service standards, complaint handling and options for external dispute resolution are being scoped.

If you would like any further information, please contact me on (03)8623 2111 or at enquiries@ptovic.com.au.

Yours sincerely



Janine Young
Ombudsman
Public Transport Ombudsman Limited