Finance industry body pushes for national broker regulation

Legislation proposed in a draft bill by the NSW Office of Fair Trading to regulate finance and mortgage brokers has failed to satisfy the industry, according to a survey by the Finance Brokers Association of Australia (FBAA).

Over 90 per cent of the brokers surveyed believe the proposed legislation will fail to stop unscrupulous operators from participating in the industry and 88 per cent of brokers believe the legislation will fall short in protecting consumers.

While the intention is for the regulations to be uniform across all states, FBAA national president Peter White said the major concern with the proposed legislation rests with the state-based model lending itself to unscrupulous brokers taking advantage of possible loopholes in how the legislation is applied and administered by the various jurisdictions.

“The state-based model dilutes the robustness of any proposed legislation. Regardless of any deficiencies that exist within the draft bill itself, the very foundation on which the legislation is being built is flawed and open to manipulation.”

“The most frustrating aspect of this whole situation is that there is a simple and more viable alternative by the way of national regulation which is designed, implemented and governed by the Federal Government.

“It makes such better sense to have one set of rules implemented and governed by one body. It works for financial planners, accountants and solicitors, and we can’t understand why the same logic isn’t applied to the finance and mortgage broking industry. It makes any legislation more ironclad, more effective, resulting in greater consumer protection,” White said.

With respect to a preferred regulatory model, the survey revealed 92 per cent of brokers support the Australian Bankers Association’s stated position for national licensing to be introduced under ASIC.

Another finding to come from the research is the statistic showing the overwhelming majority of brokers believe the increased paperwork consumers will need to read and digest under the proposed legislation will actually have the opposite effect to its intention. The survey found 96 per cent of brokers hold the view that the proposed extra paperwork will only serve to confuse rather than protect consumers.

Chan gives world view at Consumer Congress

Pamela Chan Wong Shui, president of Consumers International and former Chief Executive of the Hong Kong Consumer Council, called on the international consumer movement to respond to the globalisation of markets and define its role in eliminating world poverty.

Chan was in Australia in March as a key speaker at the 2008 National Consumer Congress in Perth.

Speaking in the WA Government’s Department of Consumer and Employment Protection newsletter, Better Trading, Chan said, “The Asian financial crisis demonstrated the effect events in one part of the world could have on consumers everywhere and how this would continue as the global economy became increasingly integrated and intertwined.”

“Globalisation is undoubtedly generating increased wealth but its benefits are not spread evenly or equitably.

Continued on page 5 ➤
SOCAP Australia Working Parties

MEMBER SERVICES
Members: Andrew Taylor (convenor), Marilyn Grant, Sally Trevena, Charlie Trkulja

SUSTAINABILITY
Members: Ralph Simpfendorfer (convenor), Peter Gillson, Andrew Taylor, David Schomburgk

VISION & MISSION
Members: Peter Wilby (convenor), Marilyn Grant

THOUGHT LEADERSHIP
Members: Sally Trevena (convenor), Ralph Simpfendorfer, Glen Wells

EVENTS
Members: Marilyn Grant (convenor), Charlie Trkulja, Eliza Smith

SYMPOSIUM
Members: Peter Gillson (convenor), Marilyn Grant, Peter Wilby, Bill Dee

New SOCAP Australia Members Oct-Dec 2007

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<td>ANZ</td>
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<td>Linda Van Gent</td>
<td>Head of Service Quality</td>
<td>BankWest</td>
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<td>Lauren Bates</td>
<td>Consumer Contact Centre Manager</td>
<td>Campbell Arnotts</td>
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<td>Peter Cornish</td>
<td>National Manager - Customer Experience, Evaluation &amp; Research Branch</td>
<td>Centrelink</td>
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<td>Justine Todd</td>
<td>Business Issues Manager - Customer Advocacy Unit</td>
<td>Citigroup</td>
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<td>Margaret Fleming</td>
<td>Program Manager</td>
<td>Communications Alliance</td>
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<td>Sandy Canale</td>
<td>Ombudsman</td>
<td>Energy Industry Ombudsman (SA) Ltd</td>
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<td>Stephen Clarke</td>
<td>Investigation &amp; Services Officer</td>
<td>Energy Industry Ombudsman (SA) Ltd</td>
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<td>Sue Oliver</td>
<td>Investigation Officer</td>
<td>Energy Industry Ombudsman (SA) Ltd</td>
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<td>Liam Ward</td>
<td>National Customer Service Manager</td>
<td>ING Australia</td>
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<td>Mal Hemmerling</td>
<td>Acting Commissioner</td>
<td>Office of Consumer &amp; Business Affairs SA</td>
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<tr>
<td>Fiona Fitzpatrick</td>
<td>Executive Manager</td>
<td>Office of Fair Trading</td>
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<td>Brett Phillips</td>
<td>Executive Director</td>
<td>Office of Regulatory Services ACT</td>
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From the President

The year is well and truly underway and the Board continues to work to strengthen SOCAP Australia’s positioning and financial stability through increased membership, alliances and valued programs. Our work with the international SOCAP committee should allow SOCAP Australia to deliver on some of these objectives during 2008.

Following the departure of the Executive Officer in December 2007, Eliza Smith has assumed greater responsibility at the SOCAP Australia office and is doing a fantastic job for us. Late last year the Executive Committee began the process of looking for a CEO for SOCAP Australia. This is a new role created to take SOCAP Australia to new levels and strengthen our national and international position in consumer affairs. In January, the Board began interviewing candidates and although we are yet to make an appointment, we are hopeful that this will occur in the next few weeks.

Work is continuing on this year’s Symposium, to be held on August 26 – 28. Again this promises to be a quality event and this year will also include several international speakers as we cover global topics that impact on our region – one of these being the concerns surrounding product safety and the process for identifying, reporting and addressing concerns. It is important that industry has a manufacturing or supply philosophy that sees safety considerations as an integral part of its corporate operations. With the review of the Australian Consumer Product Safety System currently being undertaken by the Ministerial Council on Consumer Affairs (MCCA) and no clear confirmation of the direction that this recommendation will take, the Symposium will include interactive discussion on the developments of these recommendations and how this impacts state authorities if implemented.

Mentoring, training, research and consumer law updates will also form part of the program over the three days, which will be held in beautiful beachside Glenelg in Adelaide. There are still sponsorship opportunities during the program so please contact the SOCAP Australia office if you would like to be part of this wonderful event. Also if you have heard a speaker that you feel our members would benefit from, please let me know as we may be able to include them this year or in future events.

SOCAP Australia is also looking at ways that we can involve our members more and will review introducing breakfast sessions throughout the year. Let us know if you have a topic of interest. Suggestions we have already received include email writing, mentoring, training, research and SOCAP Australia is always after more volunteers, especially now during this period of change and growth, to help out our working parties and offer ideas and suggestions for improvement. Whether it be events or Symposium topics, thought leadership or member services matters, your input is always encouraged and very welcome, so make that move - get involved! Call or email me any time – 03 8687 9060 or eliza@socap.org.au.

From the SOCAP office

Hello everyone and welcome to 2008 – a year that is sure to see many more exciting changes at SOCAP Australia. I hope all of your Christmas celebrations and New Year holidays with your families were enjoyable and have left you feeling refreshed and recharged. I know I was utterly exhausted after spending three weeks in the US and Mexico over January!

As you are aware, Rachel Drummond left at Christmas last year to pursue new challenges at another not-for-profit association. I have had constant contact with Rachel since the beginning of the year and am happy to hear she is settling in well and relishing the new responsibilities and experiences that go with her role. I am sure you will all agree that Rachel did a spectacular job here at SOCAP Australia and her contributions and personality will be sorely missed. The Board’s Executive team are hard at work identifying and interviewing candidates with a view to filling the newly created CEO position. I am sure that in no time at all I will have a fantastic, energetic new person to work alongside and share all the excitement with.

In more recent developments, we have confirmed the Stamford Grand Adelaide as the venue for the 2008 Symposium and are in the process of finalising the program; details of which we hope to have available to members within the next month. We would also like to encourage delegates to bring their partners along to South Australia and enjoy the many activities this wonderful state has to offer.

Our events calendar is also quickly filling up and discussions are currently taking place to add a few more one-off sessions into the mix. Membership is also growing noticeably and I am receiving many more enquiries about SOCAP Australia and what membership entails.

SOCAP Australia is always after more volunteers, especially now during this period of change and growth, to help out our working parties and offer ideas and suggestions for improvement. Whether it be events or Symposium topics, thought leadership or member services matters, your input is always encouraged and very welcome, so make that move - get involved! Call or email me any time – 03 8687 9060 or eliza@socap.org.au.

Eliza Smith
The little black book of scams

Federal Competition Policy and Consumer Affairs Minister Chris Bowen launched the ACCC’s little black book of scams to kick off ‘Fraud Fortnight’ in February, the annual nationwide scams awareness campaign run by the Australasian Consumer Fraud Taskforce.

The publication highlights the latest scams and offers consumers tips on how to protect themselves from scams, what they can do to minimise damage if they do get scammed and how they can report a scam.

“While there is an important role for law and consumer enforcement agencies in identifying, exposing and where possible prosecuting scammers, consumers need to be alert and proactive in protecting themselves,” said Bowen.

continued from page 3

understanding different cultures for better communication and blogging.

Following the change of government, SOCAP Australia is looking forward to working with the new Federal Minister for Minister for Competition Policy and Consumer Affairs, the Hon. Chris Bowen MP. In future editions of Consumer Directions, we hope to hear from the Minister and to gain a better understanding of the government’s view on challenges for all consumer affairs professionals in the coming years.

Finally a warm welcome to our new members and we look forward to seeing you at one of the upcoming events or at this year’s Symposium.

Peter Gillson

China tightens product safety regulations

Chinese Premier Wen Jiabao announced that the government is taking action to lift product safety regulations to meet international standards.

In an address to the National People’s Congress, Jiabao said, “It is imperative that the people feel confident about the safety of food and other consumer goods and that our exports have a good reputation.”

Around 7700 national safety standards will be created or updated to ensure the quality of products for both domestic and international consumption.

China came under focus last year when potentially deadly levels of chemicals were found in export goods ranging from children’s toys to toothpaste.

In response, last year China ran a four-month quality and safety campaign that ended in December, as well as a series of measures to boost product supervision.

Source: Associated Press

New Council Chair for TIO

Virginia Hickey has been appointed as Chairman of the Council of the Telecommunications Industry Ombudsman scheme. Hickey will take over from the Honourable Tony Staley, who was Chairman of the TIO Council for 11 years.

Hickey is a lawyer and corporate governance consultant, having practised widely in the areas of professional liability, insurance and commercial litigations for 18 years. From July 1993 to September 2001, she was a partner of Finlaysons lawyers in Adelaide, where she was the leader of the firm’s corporate governance consultancy group.

She is currently a director of @ the Board Table, an Adelaide-based corporate governance and board leadership consultancy company, and serves on the boards of TransAdelaide (as chair), TransitPlus, Flinders Ports, the National Competition Council, and Medical Insurance Group Australia.

John Rohan, Chairman of the TIO Board, said Hickey’s qualifications, skills and experience meant she was extremely well placed to fulfil the role of Chairman.

“She is an eminently suitable person to provide astute and independent leadership to the Council, thereby helping to ensure the continuing success of the TIO success as an independent forum for resolution of consumer and small business complaints,” Rohan said.

GAPbuster achieves ISO 9001 certification

GAPbuster Worldwide is the first major global customer experience management and mystery shopping agency to achieve ISO 9001:2000 certification in Quality Management.

The quality processes implemented enable GAPbuster to deliver clients in the retail and customer service industries, with tailored customer experience programs that have stringent quality checks and consistent procedures in place.

“The Quality Management System implemented allows us to control and monitor our processes closely, which means delivering a continually improving and increasingly consistent service. This in turn makes internal processes streamlined for our people,” said Phil Prosser, GAPbuster Worldwide chief executive.
Telecommunications company AAPT was forced to apologise to its customers in January, after an upgrade to its customer management system resulted in service problems and long wait times at its call centre.

The problems began in December last year as the company began migrating its customers to a new system, which was meant to make it easier for customers to manage their accounts via self-service technology.

However, the introduction of the new system did not go as smoothly as hoped, and with an unusually high number of callers to the call centre, customers were waiting for “unacceptably long periods of time”.

AAPT chief executive Paul Broad apologised to the company’s customers, but admitted at the time that they were unsure how long it would take to resolve the problems – in the meantime directing customers to other web-based solutions.

Jetstar uses mystery shoppers

Jetstar reportedly employed ‘mystery shoppers’ to travel on its network and check service standards. According to The Australian newspaper, the mystery shoppers travel regularly on domestic and international services and are not identified to staff.

“The program has been well received by our staff and importantly has provided management with effective, real-time feedback of our approach to customer service at all touch points, from the booking process to airports’ experience, boarding, in flight, arrival and baggage collection,” said Jetstar spokesman Simon Westaway in The Australian.

The mystery shopping program came to light as Jetstar was placed under pressure over its service standards, following an incident where passengers were left stranded a Sydney terminal overnight.

Jetstar chief executive Alan Joyce denied that Jetstar was compromising on customer service to maintain low fares.

AAPT struggles with call centre queues after system upgrade

Telecommunications company AAPT was forced to apologise to its customers in January, after an upgrade to its customer management system resulted in service problems and long wait times at its call centre.

The problems began in December last year as the company began migrating its customers to a new system, which was meant to make it easier for customers to manage their accounts via self-service technology.

Chan also discussed how the increasingly rapid movement of markets, fast growth in electronic commerce and international purchase of services are presenting challenges for government to respond to new issues, and for consumers to feel confident in the marketplace.

“Today, the virtual world has become a source of information and entertainment. Yet the commodities traded through the web are not only physical products but virtual products, like virtual weapons, virtual houses and lands. What is more, people are communicating in this virtual world with a new language, a language that old-timers have to learn in order to understand.”

“What does this mean for consumers? Not long ago, when our focus was on e-commerce, we were concerned that consumer protection frameworks, hard-won over the last hundred years, were being dismantled in cyber-space and replaced by self-regulation and voluntary codes.”

“Whilst this concern is still very much alive, a new challenge has quietly emerged. The cruel fact is, we cannot keep up with rapid development in this virtual world. We must wake up and ask ourselves – how can we, as the consumer movement, respond?”

“The world population has reached 6 billion – in twenty years it will reach between 8 and 8.5 billion which will put enormous stresses on our environment, infrastructure and resources.”

“How can we ensure, as the world population grows, poverty reduces and is eliminated?”

editor@socap.org.au

As SOCAP members, this is your publication – and we want your input, ideas, comments, criticisms and feedback. There are also plenty of opportunities to contribute to the newsletter, such as submitting articles, story ideas, and letters to the editor, so please email your contributions or comments to Freya Purnell at editor@socap.org.au.
Why should you attend?
No matter what your role is, whether you are a consumer affairs professional, customer advocate, an ombudsman, a customer service or call centre manager, you will benefit from the program as well as the interaction with other consumer professionals. The SOCAP Australia Symposium is the forum that brings together big and small business, government, regulators – every aspect of consumer affairs and customer service in Australia and New Zealand.

The SOCAP Australia Symposium provides:

- Renowned and authoritative speakers
- In-depth case studies and informative sessions
- Secrets to success in consumer affairs
- A showcase of the latest trends and issues
- Applied and practical pre-conference workshops
- Fantastic networking opportunities with fellow consumer professionals and key regulators.

Registration includes a choice of optional pre-conference workshops and concurrent sessions, a welcome session for first-time delegates, attendance at the Cocktail Party and Gala Dinner and access to Symposium presentations after the event.

Early Bird registrations for the Symposium are now open – register before 27 June 2008 and pay before 25 July 2008 to secure your place at the Early Bird rate. Go to www.socap.org.au to register.

What an opportunity!
The SOCAP Australia Symposium provides a great opportunity to talk face to face with people passionate about and involved in consumer affairs and customer service.

Promote your company to SOCAP Australia members and other attendees by taking an exhibition booth.

Or have you considered a sponsorship package? It’s a great way to showcase your product to a targeted audience of consumer professionals – as well as supporting the industry and SOCAP Australia along the way.

There are many options available, one for any budget and they can be tailored to your requirements. For more details, contact Eliza Smith at SOCAP Australia on 03 8687 9060.

Introducing Steve Simpson: SOCAP Australia 2008 Symposium MC
Steve Simpson is an international speaker, consultant and author based in Queensland. Described by UK based e-Customer Service World as “Australia’s leading corporate culture authority”, Steve has created the concept of UGRs®, which is receiving global acclaim as a tool to understand and improve organisational culture.

Steve has spoken at two World Conferences on Customer Service Management, in the US – where he rated in the Top 10 speakers. He has recently spoken at the UK Customer Management Conference in Edinburgh, the Regional Conference for the Academy of Chief Executives in London, and the International Leadership Symposium in Johannesburg. He is the author of two books and a contributing author to a further two books.

Steve has been accredited as a Certified Speaking Professional (CSP), the highest speaker distinction recognised by the International Federation for Professional Speakers.
Reflections on consumer policy – a Commonwealth perspective

As I move around the country talking to State and Territory Consumer Affairs Ministers and consumer advocacy groups, I sense an historic opportunity for us to advance consumer policy reform in this country.

While the challenges and opportunities facing the Australian consumer have evolved quite rapidly over the last decade – it is unfortunate that the consumer policy framework has not managed to keep up.

We are at an important moment in consumer policy in this nation, with the upcoming publication of the Productivity Commission’s review of Australia’s consumer policy framework. And, the Rudd Government wants to ensure that the reforms flowing from the Commission’s review work to improve the wellbeing of Australian consumers and promote well-functioning markets in significant and long-lasting ways.

Ministerial Council on Consumer Affairs

The confluence of a new cooperative approach between the Commonwealth and the States and Territories, a new consumer affairs focus at the Federal level and the work of the Productivity Commission mean we have an historic opportunity for progress and reform. We need to make the most of it.

As I have begun to meet with my state and territory colleagues I have suggested informally to them – and will be suggesting more formally to them at our meeting in May – that if the Ministerial Council on Consumer Affairs is to be effective in promoting real reform, and if we are to avoid difficult reforms going into the never-never or the too-hard basket, it’s not sustainable that we continue to meet just once a year.

We need to meet formally twice a year to progress reforms and clear any bottlenecks to those reforms that will benefit consumers.

Consumer policy and markets

I want empowered consumers to exercise their preferences, to make confident and informed decisions, and to signal to suppliers what it is that they want. The most effective drivers of competition are not laws and regulations, but consumers making real and effective consumption choices.

In considering the role of government in consumer regulation, I believe that we should not consider that regulation is always the first – or the best – solution. Rather, we need to be aware of the full range of consumer policy tools available to us in addressing problems.

When government goes down the regulation road we need to ensure that the regulation is well focussed and will deal with the mischief we are trying to fix – without creating an undue burden for those businesses which are doing the right thing.

We all know that we are not doing consumers any favours by increasing the administrative and cost burden for business - because this will ultimately be passed on to consumers.

Unnecessary, un-harmonised or unduly complex regulation will also lead to ‘fight-back’ from business against all regulation – something we all want to avoid.

This is not to say that regulation should be avoided or undervalued as a consumer policy tool. When setting out the boundaries of acceptable business conduct, legal rules are a powerful and effective means of making the position clear for businesses and for consumers. But there are a wide range of other policy approaches available to government to achieve better functioning markets. These include a range of tools designed to assist consumers in being more effective – like education, awareness and better information provision – and tools that can encourage improvements in supplier behaviour – such as codes of conduct, standards and accreditation.

Markets can, and sometimes do, fail. Consumers often have to deal with a lack of information, imbalances in bargaining positions and complexity.

Any government regulation should be rational, straightforward, easily complied with and, where possible, generic. Sector-specific regulation should be the exception, and justified only by a need for certain protections that apply in specific circumstances. Otherwise, generic provisions should apply.

Regulatory complexity affects consumers as well as businesses. Consumers, in order to function in modern life, should be able to easily understand their position under the law and what action they can take against businesses who breach the law. This objective is not well-served by sectorally-focussed, complex and duplicative regulation. Similarly, over-regulation of this kind harms businesses by imposing onerous compliance burdens and – by increasing business
costs – can reduce competition.

I am also committed to evidence-based policy making. When someone comes to me with a regulatory proposal, I want then to show me how a regulatory change will make markets work better, not just how it will address a perceived problem to the advantage of specific groups.

Commitment to action
In keeping with the priority that we put on consumer affairs, the Rudd Government is committed to making a difference for consumers and wants to make markets work better for their benefit.

With rising interest rates and the challenge of inflation, working families feel more pressures on their ability to meet the costs of living. Inefficient and uncompetitive markets can only add to these pressures, by reducing choice and driving up prices. For this reason, we want to use the full range of existing policy and enforcement tools to ensure that key markets are working well. But also, to think about what regulatory changes we can make.

Empowering the consumer has been at the heart of some of the key announcements the government has made in its first 100 days in office. Whether it is criminalising cartels who de-fraud consumers, or looking at retail price transparency in the petrol market, or instituting a significant inquiry into the grocery sector — the consumer lies at the heart of our policy focus.

Legislative changes
The Government is committed to ending existing practices that work against consumer interests and also to enhancing the ACCC’s powers to take effective action against those who seek to exploit or harm consumers.

Cartel conduct
A good example of the link between consumer affairs and competition policy is the government’s determined efforts to crack down on cartel conduct.

On the 11th of January I released a draft bill for public comment, which would introduce a new cartel criminal offence.

The bill proposes substantial penalties for breaching of the new offence. For corporations, the maximum fine would be the greater of $10 million, or three times the financial gain obtained by the offending conduct. And individual CEOs, directors and managers who are found to be responsible for cartel conduct would face fines and up to five years in gaol.

These penalties are substantial — and I’ve asked for the Australian public’s view as to whether they are enough. Offenders ought not to be in a position to write off a penalty for cartel conduct as a mere cost of doing business. There must be an effective deterrent.

Criminalising cartel behaviour will bring Australia into line with the approach taken by its major trading partners, and equivalent economies around the world. The US and Canada impose gaol terms for breaches of their cartel provisions. Similarly, Japan, Korea, the UK and other major European countries all imprison offenders.

Such a necessary, pro-competition and pro-consumer reform has escaped us in Australia. No longer!

The Government is committed to introduce the necessary amendments within 12 months of taking office. And, we will deliver on that commitment.

Several groups represented have made submissions on the draft legislation and I’ve read them over the last few days. We’ll work through those issues and move to legislate once we have reached a conclusion on the best way to improve the draft legislation.

Enforcement initiatives
These legislative initiatives will make a difference to the effectiveness of law enforcement. Some of the biggest issues of concern for consumers are grocery and petrol prices. Accordingly, the Rudd Government is doing everything it can to put downward pressure on petrol and grocery prices to help ease cost of living pressures on working families, together with its five-point plan to win the war on inflation.

Petrol prices
As you know, petrol prices have also been of great concern to consumers.

The ACCC’s report: Petrol prices and Australian consumers; which I released in December last year, acknowledged the “high level of consumer frustration about price fluctuations and the lack of transparency in prices” and found that there were “fundamental structural issues that raise concerns about current operations and future competitiveness” of the Australian petrol industry.

While the report also confirmed that petrol prices are largely determined by international factors, the new Government is committed to promoting further competition and transparency in the Australian petrol market, and has already acted to address some of the problems that the ACCC identified.

Immediately following the release of the report, we gave the ACCC the power to carry out formal monitoring of petrol prices to ensure motorists are getting a fair go. In order to enforce these new powers, we have nominated Pat Walker for the new role of ACCC Petrol Commissioner, thus honouring a key election commitment. As a full-time commissioner, Pat will be responsible for overseeing the ACCC’s petrol price monitoring as well as providing an annual report on the ACCC’s findings.

The benefits of these additional monitoring powers that the ACCC and the Petrol Commissioner will have at their disposal have already been on display.

Following the most recent divergence between the Singapore Mogas 95 benchmark and retail petrol prices, the ACCC Chair Graeme Samuel contacted all of the oil companies asking them to explain their actions and for the first time, used the new monitoring powers. It wasn’t long after this exchange that the divergence narrowed to where it should have been.

There should be no doubting the seriousness with which this government takes the issues of competition and transparency in the petrol market.

Bank switching
Banking is another important area for improved consumer outcomes. For many consumers the Australian banking sector seems quite competitive when they enter the market. There are many financial services providers besides the major banks, and thousands of financial products to choose from.

But once consumers are ‘locked in’ to a product, things can change. Consumers face administrative barriers to switching their accounts, particularly when their mortgage, transaction account, direct
The Treasurer has made it clear that the government wants to ease the cost burden placed on working families caused by barriers to switching. And we want to let them make choices about their financial services on an informed and educated basis. That’s why the Treasurer announced an accounts switching package on the 9th of February.

The package is designed to improve competition by reducing obstacles to switching and allowing consumers to vote with their feet and change their providers when a better offer is available. It is also designed to increase consumer awareness of financial services products and their costs, and how to go about switching if that is what suits them best.

I believe that this will increase competition and enhance the options for consumers in the banking sector. It should put downward pressure on the cost of financial services and make it easier for Australian consumers to compare their bank’s product offering and make a change if they want to.

This means that consumers will not be forced to pay high fees to exercise what should be a reasonably straightforward consumption decision.

The Productivity Commission review into Australia’s consumer policy framework

In just under eight weeks, the Australian Government will receive the Productivity Commission’s much-awaited final report into Australia’s consumer policy framework.

This is the first substantive review of the national consumer policy framework since the early 1980s, when the consumer protection provisions of the Trade Practices Act were overhauled and expanded in scope. It represents a ‘generational’ opportunity to shape consumer policy. Indeed, the Ministerial Council meeting in May will be an important first step for the Commonwealth and States and Territories to start to consider the Productivity Commission’s report and map out the way forward.

Without seeking to pre-empt the Commission’s eventual findings I want to achieve a coherent national approach to product safety issues. We need to improve the ability of the system to get dangerous products out of the marketplace. Where Australian consumers are at risk from faulty or dangerous products, Australian governments have a duty to ensure that the potential for harm is reduced as quickly and as efficiently as possible.

Product safety

The Commonwealth supports the harmonisation and review of the existing mandatory safety standards and bans.

At present there are 117 product ban orders and approximately 60 mandatory standards adopted by the Federal, State and Territory Governments. None of these bans or standards apply across all jurisdictions. The review process will determine which standards and bans should be adopted by all jurisdictions and which standards and bans should be repealed. This is a sensible and essential reform if we are to move forward on product safety.

The time for talk is over.

Everyone agrees that we need a more sensible approach – business groups, consumer advocacy groups, and those interested in economic efficiency.

In the last few months I’ve taken the opportunity to meet with most of my state counterparts to discuss potential ways forward to achieve a much greater role for the Commonwealth in product safety measures. I’ve been very encouraged by the fruitful nature of those discussions.

I do not approach this from an ideological point of view – it simply makes sense that with national producers in a national marketplace that the Commonwealth looks to take a greater role in product safety.

At the same time, there are aspects of product safety enforcement and compliance that the states do very well, and the last thing I want to do is fix aspects of the system that simply are not broken.

I’m confident that we will achieve a sensible, workable model for reform.

Conclusion

Without being overly political in this forum, I’m very cognisant of the fact that it falls to Labor governments to make real reforms in the field of consumer affairs. Here in Perth, it was a Labor MP – Ruby Hutchinson – who founded the modern Australian consumer movement in 1959.

The great Labor reformers – Lionel Murphy, Syd Einfield, Neville Wran, and Don Dunstan – made consumer affairs a priority.

These reforms were met not only with public acceptance but with public embrace. And conservative governments which succeeded them did not dare overturn these reforms in the main.

I don’t for one second put myself in the league of Murphy, Dunstan or Einfield, but I do recognise the tradition in which I serve.

Labor exists to give voice to the voiceless. To empower the powerless.

As the Prime Minister would say, consumer affairs is “core business” for a Labor administration – ensuring consumers are protected against unethical practices, ensuring consumers are given as much information as possible on which to make their decisions and to ensure markets work.

The next couple of years, with a new government interested in reform and a spirit of cooperation between the Commonwealth and the States and Territories is a unique opportunity for reform.

Those of us interested in this area need to work together in a spirit of openness to make it happen. I look forward to working with you to achieve it.
It’s not easy being green

Increasingly consumers expect stronger environmental performance from business, but ‘greenwashing’ is muddying the waters and even drawing the attention of the ACCC. Miriam Hechtman reports on what consumers really want.

Biodgradable, organically grown, grey water safe, recyclable, non-toxic, tallow-free, phosphate-free, earth friendly, all splashed in green writing – confused? Suspicious? With climate change now accepted by most as a ‘real’ problem, companies are being advised to learn how to communicate to customers about their products’ environmental attributes. And with ‘greenwashing’ allegations becoming a common occurrence, consumer expectations around product transparency have reached new heights, urging companies to step up in the honesty department.

There has always been an underlying expectation by the Australian consumer that companies and markets need to respond to social priorities and more recently, the environment, says Green Environmental Choice Australia (GECA) chairman, Petar Johnson. “Australians really have a great affinity for the environment, more so than many other cultures because we have so much space and so much access to clean nature, so there’s been a latent demand there in

Australians,” he says.

GECA is an independent, not-for-profit public company, and according to Johnson, is considered the leading body in Australia for environmental assurance of products and services. Over 100 companies and 1600 product lines are certified with the GECA ecolabel.

Johnson says many products do not present their environmental information sufficiently and consumers have little knowledge of the environmental impact of their purchase. “That’s still the case in Australia so I believe industry hasn’t really responded adequately. It certainly is on the rise but the vast majority of products and services that people procure have got no environmental transparency associated with them.”

Policing environmental claims

To combat misleading environmental information, the Australian Competition and Consumer Commission (ACCC) recently issued Green Marketing and the Trade Practices Act to provide guidance to business and consumers about making environmental claims, including a checklist for marketers. “Green claims are a whole new area of marketing and it is a marketing practice that is becoming quite prolific,” says ACCC chairman Graeme Samuel. “The ACCC has noticed these claims are starting to gather pace, particularly over the past 12 months. We are now starting to experience overselling and underdelivering and potential misleading conduct.”

An increase in environmental claims in the US prompted environmental marketing agency TerraChoice to investigate. Researchers were sent to six major retailers in the US with the simple instruction to inventory every
Consumers that “Fundamentally sustainable products and services,” says co-founder Andrew Baker. Consumers to buy more healthy and find out what motivates Australian products and services. “We exist to patterns around more sustainable and health as well as their purchasing. The study looks at Australians’ attitude environmental issues complex, Eighty per cent of Australians find on products. 1000 products that collectively made just over 1700 environmental claims were brought in. The claims were then tested and results sorted to make up what is now known as ‘The Six Sins of Greenwashing’ (first published in November 2007). “We concluded that greenwashing – either false or misleading claims – was far more pervasive than even we had suspected. Over 99 per cent of the claims committed an error of greenwashing,” says TerraChoice president Scott McDougall.

The most common offence is the ‘Sin of the Hidden Trade-Off’. This is the “phenomenon of claiming that a product is green, which is a kind of absolute claim, based on just one element of the overall environmental burden of the product,” explains McDougall. Claiming recycled paper is green, for example, because it uses recycled content, does not make it environmentally sound if the production of the paper causes water pollution.

“One of the reasons that greenwashing has become prolific is that consumers don’t have the time when making purchases to study the details of the claim,” he says. So when a product is outed for falsely advertising its green merits, “consumers become sceptical and scepticism becomes cynicism, and then if we don’t do something about this, then consumers just give up on supporting greener products at all,” says McDougall. He suggests consumers expect simple, clear and honest messaging that attempts to inform as well as sell them a product.

Using a specific framework called LOHAS – Lifestyles of Health and Sustainability (which is based around work that came out of the US and Canada in the mid 1990s), the first Australian Living LOHAS Report was released in September 2007. A key finding is that popular beliefs, such as that only higher educated or higher income groups are really concerned about the environment, have been dispelled. Says Baker: “The primary drive is really people’s values about their community, the broader environment and their concerns for it, rather than any particular demographic profile.”

The report divides Australians into four chief groups, coined the Leaders, Leaning, Learners and Laggards, and each with its own attributes. With the Leaders on the far left of the spectrum and the Laggards, far right, the majority of Australians fall into the more moderate areas of Leaning and Learners (see breakout for details).

Confusion among consumers Eighty per cent of Australians find environmental issues complex, according to an annual research study run by strategists, The Mobium Group. The study looks at Australians’ attitude to sustainability, the environment and health as well as their purchasing patterns around more sustainable products and services. “We exist to find out what motivates Australian consumers to buy more healthy and sustainable products and services,” says co-founder Andrew Baker.

Getting consumers onside People are very sceptical of environmental claims by big business, says Baker. “If you’re going to go down the path as a business, some of the key things we’re seeing are that consumers are asking that you’ve got to be authentic, you’ve got to be transparent and you’ve got to seek third party certification to show them that what you’re doing is right.”

In terms of transparency, a significant finding is that people don’t expect businesses to change overnight. “They realise that a lot of these businesses have a significant amount invested in the status quo but what they’re looking for is transparency around a journey,” says Baker.

Classifying consumers

The four categories of consumers according to the Australian Living LOHAS Report:

LEADERS (8%): “They will go out of their way to go to a health food store or a farmers’ market or other particular alternative channels and invest the time into starting to understand what the trade-offs are in terms of buying these other products,” Baker says.

LEANING (41%): Consumers that have started to change some of their purchasing behaviour to buy more sustainable products. They have moderately strong to strong concerns around issues of health and sustainability.

LEARNERS (46%): Have recently become more aware that there is a problem, that this isn’t just hype, global warming is real, as are a number of the other environmental and social problems.

LAGGARDS (5%): “Fundamentally not engaged at all... Laggards are basically saying for any number of reasons I either don’t believe there are problems, or it’s not my problem or I can’t do anything about it anyway and I’m just happy to go along and live my life as best I can.”

“...you’ve got to be authentic, you’ve got to be transparent, and you’ve got to seek third party certification...”

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The most savvy marketers know that the relationship they are trying to establish with customers is a long-lasting one built on a foundation of trust, says McDougall. “And because consumers want to join a journey with products and with marketers, it’s actually very effective and utterly honest for a company to say ‘Look, here’s what we understand the environmental impact of our product to be from A to Z, and we only made progress so far on items A through E, but we’re taking this challenge seriously. So if you’ll reward us for having made this progress by supporting the product, then we’re going to continue making as much progress as we can and as fast as we can.”

Johnson agrees, suggesting companies be genuine and reformulate their products if they want to enter the green market. “Don’t go to your PR department and start communicating green. Go to your product development department, think about your green market. ‘Don’t go to your PR department, think about your environmental lows, make them green. Go to your product development department and start communicating green. “Even where a company has gone to communicating this with customers, their customer relationship touch points, have a lack of training and understanding of that product,” says Baker. “My caution would be that a lot of businesses are on the front foot touting the broader environmental benefits of a particular product, but our advice would be that ‘Marketing 101’ shouldn’t go out the window, and you still have to argue the personal benefits to the consumer... and those personal benefits will still be the key drivers of sale for that product.”

Keeping quiet
The LOHAS report findings also indicate that many companies are environmentally active but are not communicating this with customers. “Even where a company has gone to market with a particular product, we’re seeing that their front end sales force, their customer relationship touch points, have a lack of training and understanding of that product,” says Baker.

There is a huge demand for a diagnostic study of staff, he says, particularly sales and customer relationship staff, to understand their company’s values, attitudes and behaviour around sustainability and the attributes of a particular product. Consumerism can be a very powerful engine for accelerating environmental progress unless consumer scepticism becomes cynicism and consumers give up, warns McDougall. “And if that happens, then marketers of genuinely greener products will have lost an opportunity. So the environment will lose out, manufacturers, product makers, companies that are innovating will have lost out because consumers will have stopped paying attention to the claims.”

The Six Sins of Greenwashing™

1. Sin of the Hidden Trade-Off
   e.g. paper: “Okay, this product comes from a sustainably harvested forest, but what are the impacts of its milling and transportation?” Emphasising one environmental issue isn’t a problem. The problem arises when hiding a trade-off between environmental issues.

2. Sin of No Proof
   e.g. Personal care products that claim not to have been tested on animals, but offer no evidence or certification of this claim. Company websites, third-party certifiers, and toll-free phone numbers are easy and effective means of delivering proof.

3. Sin of Vagueness
   e.g. Garden insecticides promoted as “chemical-free”. In fact, nothing is free of chemicals. If the marketing claim doesn’t explain itself, the claim is vague and meaningless. Similarly, watch for other popular vague green terms: “all-natural” and “earth-friendly”.

4. Sin of Irrelevance
   e.g. CFC-free oven cleaners, CFC-free disinfectants. Could all of the other products in this category make the same claim? Ask if the claim is important and relevant to the product. Comparison-shop (and ask the competitive vendors).

5. Sin of Fibbing
   e.g. Shampoos that claim to be “certified organic”, but for which our research could find no such certification. Thankfully, these are easy to confirm. Legitimate third-party certifiers all maintain publicly available lists of certified products.

6. Sin of the Lesser of Two Evils
   e.g. “Green” insecticides and herbicides. Is the claim trying to make consumers feel ‘green’ about a product category that is of questionable environmental benefit? Consumers concerned about the health and environmental risks of lawn chemicals might create a bigger environmental benefit by reducing their use than by looking for greener alternatives.

Source: TerraChoice Environmental Marketing. Check out TerraChoice’s paper on The Six Sins of Greenwashing™, which includes recommendations for consumers and marketers, at www.terrachoice.com/Home/Six%20Sins%20of%20Greenwashing
The costs of corporate conflict with communities

How much does it cost Australian corporations (and the public sector) when they become engaged in conflict with a number of community groups and stakeholders? What are the benefits of using multi-party conflict management processes, and how much do they cost? Dr Jane Elix explores these issues through a case study.

There are no clear answers to these questions in Australia, but in the US it has been estimated that companies spend $300 billion per year on litigation involving environmental claims, product liability suits, class action suits, medical malpractice suits and disability claims.1

Flow-on costs include the lack of time and resources that can be put into new product development; stressed managers and employees who are unable to work to their full potential, and increased costs of products.

This figure does not account for the loss of opportunities and investment funds when new initiatives and products are dropped in response to community or stakeholder opposition.

Community conflict can also have a big impact on government decision-making. Governments are loath to make decisions which are likely to result in community backlash and negative media coverage. Many decisions need Ministerial sign-off, and these senior political people are always alert to the impacts of conflict on the ballot box.

There is no magic bullet!

When companies or public sector organisations in crisis approach conflict management experts, they often expect that they will be offered a ‘magic bullet’ – a strategy or action that will make the community opposition see reason, and stop giving them grief.

In reality, we find that community conflict, regularly involving a number of stakeholders, has usually built up over a period of time, and that there is no one way to bring about greater trust, respect, and better relations.

Instead, we tend to recommend that our clients undertake a multi-layered strategy, working in a range of ways to improve communication, build up relationships with key individuals and organisations, and develop a better public profile.

Community and stakeholder groups generally respond well to actions, although the words – the communication – are very influential. Members of the public want to see large organisations really making changes to the way that they carry out their business and engage with the stakeholders and communities.

[This real-life case study about a multi-party conflict has been prepared with the cooperation of the company concerned, but all identifying details have been removed to respect commercial considerations.]

Background

The company produced an industrial product and was located in a coastal location outside a major city. This location has until recently been considered to be semi-rural, but was increasingly becoming the home of ‘sea-changers’ – Australians who were choosing to retire, or move their younger families out of the city, to enjoy a decelerated lifestyle and a more natural environment within commuting distance of city employment.

The company was a long-standing member of the business community employing more than 100 people, most of whom lived locally. The company contributed significantly to the local economy.

The conflict

The conflict’s history began when the company made an application to government to change and expand their operating processes. Most states in Australia now have stringent regulations in relation to potentially polluting processes, and the application process in this case was thorough and extensive.

The conflict grew – slowly at first, and then very rapidly.

Year 1

The company began a process of community consultation in relation to their new proposals.

Years 1 and 2

Three public meetings were held. The meetings were advertised and held on site at the company premises. They were chaired or facilitated by the company manager, or his deputy. These meetings were very sparsely attended, and no major issues were raised by those attending.

Years 3 and 4

The company initiated and continued a series of negotiations with the relevant Government department about their new proposal, and the monitoring and other requirements that might be placed upon them as conditions of any consent to their expanded

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operations. Some more public meetings were held in the same format.

Year 5
There was media coverage claiming that the proposal would result in increasing levels of toxic chemicals being released into the surrounding environment. Community interest in the company proposal skyrocketed. A local Community Action Group was formed to oppose the new proposal. An international environment group became involved. A community meeting called by the company attracted 200 people. It was estimated that at least half the participants were those opposed to the proposal. It was a very difficult meeting.

A Local Government election also brought a focus onto this issue. A local candidate used the issue as a part of their campaign, and helped raise the profile further in the media.

Media items appeared regularly in the local newspaper and on the local radio. There were regular exchanges of hostile letters to the editor between the company and members of the Community Action Group.

One front page article in the local newspaper showed a picture of a protester dressed as an Angel of Death outside the company’s gates.

Year 6
The application process was delayed by one year.

The costs of conflict
The blow-out of the timeframe was both unexpected to the company, and resulted in significantly increased costs, including:

The time of senior managers who needed to involve themselves in managing the growing conflict – at times reaching four hours per week for two to four senior staff members. This included dealing with the media, meeting with community groups, meeting with government officials, liaison and discussion with local government officials, internal company meetings with management and production staff to discuss the conflict, and liaison and briefing with external company officers.

Lost opportunity costs: The new proposals were delayed by at least 12 months in implementation, thus leading to more than $1 million in lost opportunity costs.

Consultant fees: The community conflict contributed to the Government requiring further, more detailed information of the company, and some of this required the employment of consultants specialising in emissions control, noise and air pollution monitoring. Media consultants were employed to assist with media relations.

Personal costs: The community conflict was very stressful for senior managers, and it also impacted on many other staff members, who were themselves resident in the local community with their families involved in local sporting activities and schools.

The threat to public reputation, particularly in the local community. Opponents of the proposal made public statements that were very worrying to the company, which felt that its excellent reputation was under threat at the local level, and potentially more widely.

Conflict management
In May of Year 5, a conflict management team was employed by the company to provide professional advice on community engagement and conflict resolution.

Over a period of 18 months, the conflict managers worked with the company to establish an open and transparent community engagement process. This included:

A community liaison committee. This was the heart of the community engagement process. The conflict management team actively recruited representatives from key stakeholder groups in the community, including those groups that had been publicly critical of the company and its proposal. If individuals were cited in newspaper articles, they were contacted and invited to attend a community liaison committee meeting. Meetings were generally open to anyone who wished to attend, and were advertised ahead of time through a letterbox drop of a company community newsletter.

The meetings were chaired and recorded by members of the conflict management team – not by company employees. This was very important to the Committee members, who felt that they had a fair opportunity to state their case in meetings. It was also well received by government regulators, and was eventually written into the government requirements of the company. The meetings ran professionally, the company could focus on preparing and presenting material rather than the nuts and bolts of meeting procedure, and an independent record of the meeting resulted which was circulated widely.

Individual one-on-one work with community representatives to understand the concerns. Members of the conflict management team met individually with some key community representatives and were able to convey their views to the company – even when these representatives did not want to attend formal meetings. On other occasions, company managers held smaller meetings with any groups
of people on specific issues of concern.

The circulation of a community newsletter began, and continued at approximately quarterly intervals. The newsletter was a simple A4 format, provided information about the company, and specific details on the controversial proposal. As time went by, the newsletter also included more general information about the company, its activities and plans, and eventually the newsletter was placed on the company’s website.

A change in the approach to the media was essential to improve relationships between the company and its critics. The company started taking care to avoid using derogatory comments in response to criticism that the managers considered to be unfounded. The content of criticism became the focus, and managers stopped the previous practice of responding with attacks on the knowledge or integrity of those making the criticism – a focus on the issues rather than the people. This had the effect of taking the heat out of media reporting, and allowing more factual reporting to occur.

The company built on its longstanding relationship with community by forming partnerships with local environment groups to carry out projects in the local community.

A sub-group of the community liaison group was established to make decisions on appropriate projects, and the activities were reported on at regular intervals. The activities began to be reported on in the local paper – the company’s public profile became more closely linked with these positive initiatives.

More detailed information about the proposal was provided to all staff working within the company. Briefing sheets were provided explaining the company’s position on its proposal, and answering the criticisms that staff members might be confronted with in the local pub, supermarket or family barbecue.

The cost of conflict management
The cost of the conflict management activities over the period of 18 months before the Government made its decision about the company proposal included:

- Consultancy fees – the initial costs for the conflict management team were in the order of $40,000, but as the conflict management processes became routine, this was reduced to approximately $7000 per quarter.
- Senior management time was intensive at the beginning of the conflict management process, but reduced as the conflict was managed until by the time the Government made its decision on the proposal, the conflict management was only requiring minimal time from senior staff. However, senior managers continued to allocate time in the lead-up and immediately after each community liaison meeting to prepare for the meeting, and to de-brief and develop actions after the meeting.
- Incidental costs of catering meetings, printing and distributing newsletters.

Changes in attitude
The members of the Community Liaison Committee were surveyed after two years and four years of the operation of the Committee. They reported increasing levels of success of the Committee process in improving open dialogue between the company and the local community. They were very happy with the way the meetings were conducted – particularly the independent facilitation by the conflict management team.

Employee surveying also showed that almost half felt that the company’s reputation had improved over the time of the conflict management processes, and only a small proportion felt that the reputation had slipped. This was despite a number of new, potentially controversial issues arising over this period, that had appeared in the media, and were discussed extensively in the Community Liaison Committee.

Lessons learned
- The potential costs of multi-party conflict with community and other significant sectional interests are considerable.
- Delays experienced as a result of the conflict can lead to significant costs in lost opportunities.
- Expert advice on conflict management allows the development of more sophisticated and targeted approaches.
- The employment of independent or neutral conflict management facilitators helps build trust within the community.
- Planning for conflict management, assessing risks and developing management strategies, at the commencement of any new business proposal is likely to save time and money in the longer term. An injection of resources to consider conflict issues early on will result in fewer costs being incurred through delay, conflict and potentially project failure. In addition, the goodwill, trust and improved relationships resulting from the conflict management processes contribute to the building of social capital.

Endnotes

Jane has specialised expertise in managing conflict, providing advice, facilitation, mediation and coaching for individuals, businesses, government and community groups. She develops tailored training packages to meet clients’ needs. Jane has a Masters in Dispute Resolution, and her PhD thesis examined intractable public conflict over natural resource management. Jane has a long standing interest in consumer issues, and as Director of the Australian Federation of Consumer Organizations from 1991-93, worked closely with SOCAP Australia. Further information from www.janelix.com or email jane@janelix.com.
Dealing with systemic issues in a sustainable way: a multi-disciplinary approach to analysis of customer feedback

Using Root Cause Analysis (RCA) to reduce the cost of complaints handling and improve customer satisfaction is a relatively new approach for most organisations in Australia. We surveyed 24 organisations at last year’s SOCAP Australia Symposium to ascertain the extent to which Australian organisations are using RCA to identify the causes of problems giving rise to customer complaints. This article summarises the responses to our survey.

As we explained in the workshop, RCA is a structured process whereby the causes of problems are forensically analysed by a multi-disciplinary team so that problems can be rectified and ultimately prevented. To be most effective, RCA should be done by a team of people within the organisation, initially under the guidance of an RCA facilitator, to bring a range of appropriate skills and knowledge to the table for a more forensic analysis of customer (and other) feedback concerning problems. This ‘collegiate’ approach not only gets the right mix of skills around the table to understand the causes and suggest the appropriate remedial action, but also brings an ‘enterprise’ response to problems rather than the ‘silo’ mentality that exists in many organisations. RCA uses a structured ‘logic tree’ process. The analysis does not stop at the first root cause found, but keeps digging to identify and eliminate the multiple causes and goes beyond human causes to identify process, system and other organisational causes.

50 per cent of the survey respondents reported that they did not undertake RCA as defined. Some pointed to a range of continuous improvement initiatives such as “trend analysis” “feedback reporting” and conducting “some basic research” into the problem. Whilst these are useful activities, they do not individually or collectively equate to RCA. Looking at trends is different to forensically analysing the causes of problems, which is the primary focus of RCA.

Of the 50 per cent of respondents who said they did undertake some form of RCA, their comments varied from “initial stages – toe in water” to “we collate and analyse data which is presented to our senior managers each period and from this, RCA is put in place for particular issues”. These responses indicate that there are different perceptions about what RCA is or should be.

In response to the question, “What might your organisation change as a result of this workshop?”, respondents suggested:

• “introduce a more structured and collegiate approach”;
• “increase our focus and emphasis on RCA”;
• do more to demonstrate the return on investment of RCA;
• “continue to develop a continuous improvement panel”;
• “tree analysis seems a great idea”;
• “look to having a continuous improvement strategy discussed and implemented”;
• “the organisation is now open to collecting, tracking and reporting on feedback. The next step in this process is to highlight to the executive the benefits of RCA”;
• “conduct focus groups for front line feedback”; and
• consider other sources of feedback to support RCA.

Clearly, there is a range of activities that could usefully be employed to systemise the approach of most organisations to problem-solving.

When asked about the attitude of senior management to employing this type of analysis, most respondents indicated senior level support for RCA. However, many intimated that there was potential to encourage senior management to more actively engage in the RCA process and that one way to do this was by demonstrating the return on investment of conducting RCA.

Conclusion

Processing complaints as quickly as possible and providing a satisfactory resolution for the customer are laudable goals. But these activities do not necessarily reduce the frequency of complaints. Recurrence of similar complaints can be eliminated only when you uncover the root organisational causes and manage the remedy to finality, ensuring that any affected group of consumers have their problems effectively addressed.

Our analysis of the feedback we received from participants of the RCA workshop at the SOCAP Australia Symposium leads us to conclude that there is obvious support for RCA and acknowledgement of its benefits. However, the feedback also reveals that many organisations are currently “tinkering around the edges” and using ad hoc approaches when it comes to solving the underlying root causes of the problems giving rise to complaints. To simultaneously reduce complaint costs and improve customer satisfaction, a systematic, multi-disciplinary approach to ascertaining the causes of problems and following through with remedial action is required.

Endnotes

1 The SOCAP Symposium was held on 4-6 September 2007 in Melbourne and was attended by representatives of organisations from all sectors including utilities, large corporates, government including local government, and not-for-profits.

Please email your feedback on this article to Bill at compliance@ozemail.com.au or to Nicole at nicolecullen@financialservicescomplaints.com.
The success of any customer experience initiative rests with executive sponsorship. Without executive sponsorship, customer experience initiatives and strategies are doomed to failure. While customer experience and strategy officers recognise the need for such sponsorship, they often fail to recognise what this commitment entails (e.g., corporate emails, speeches, meeting participation). What is required from a sponsoring executive (and for that matter any other executive)?

At its very core, executive sponsorship encompasses budget approval and participation in launch meetings. However, customer experience leaders go beyond budgets and meetings because they recognise that customer experience initiatives are a far cry from other initiatives such as Six Sigma projects. While Six Sigma initiatives promise immediate process improvements and cost savings, customer experience initiatives require an emotional commitment and an inherent belief that the organisation’s culture will change to the benefit of the customer and the company’s bottom line. Successful executive sponsors see themselves as role models and leaders rather than as individuals whose only responsibility is to bless someone else’s actions.

Succeeding in business should be a relatively straightforward matter – focus on the customer and provide them with great experiences. However, many companies fail to succeed in business because they never possess a clear and underlying conviction that their customers come first, and that their role is not to build products or deliver services – but rather to serve customers. The obsession with everything other than the customer (e.g. R&D, products and services) leads companies to deliver generic experiences that can be obtained everywhere. The premise of successful customer experience strategies is that every decision and action is based on one question – “what do customers want?”

**Listen to Learn:** Many executives think they know it all. Either through past experience or by virtue of the fact that they (and not others) are the executives, they think that they have nothing left to learn. During meetings and presentations, they nod their head and may even ask a question or two, but are rarely sincere. Alternatively, successful customer experience leaders are sincere where they listen and ask questions. They do not delegate but demonstrate their commitment to others by taking it upon themselves to undertake this or that task. They seek insight from employees and customers alike. They listen to customer calls, participate in focus groups and conduct town hall meetings. Customer experience leaders recognise that true listening starts only after an individual grasps that there is more to learn and that those that can educate are employees and customers.

**Be Authentic:** A significant component of any customer relationship is authentic customer engagement. In this respect, customer relationships are no different than relationships in our personal lives. If you are not genuinely engaged and connected, your partner will notice. Actions will speak louder than words. It will not be enough to tell your partner how you feel or what he or she means to you (though expressing these feelings is important). You must demonstrate this commitment with actions. These actions will demonstrate whether you are authentic and want the relationship to work or if you are just going through the motions and do not truly care whether the relationship ends. Let customers

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**Focus: Customer – the personality of a customer experience leader**

Customer experience leaders will tell you that working with customers is a privilege, not an entitlement.
feel your presence and commitment by demonstrating that you are more than a faceless organisation that just produces phony slogans and commercials. Let them see that you care and are truly committed to the relationship.

**Be Humble:** The most important characteristic that an executive or any employee can possess is humility. Successful customer experience leaders are humble and appreciative of their relationships with customers. They recognise that customers can conduct their business with a growing number of competitors, and perceive the decision to do business with their company as a precious gift and opportunity that should be treated with the utmost respect and care.

Customer experience leaders will tell you that working with customers is a privilege, not an entitlement. They recognise that their competitors also offer great products and services; and that to retain and attract customers, they will need to delight them every day at every organisational touch point.

Throughout my consulting engagements, I have come across two distinct types of customer experience executives. The first seeks to maximise revenue and profit by using customers as a means to achieve this end. The second recognises that customers are the end and that by focusing on customers and only customers, revenue and profit growth will follow. The first type of executive often employs an arrogant and self-absorbed approach towards customers. This executive is often impatient, unappreciative and constantly seeks short-cuts to customer strategies.

Our second executive is a true customer experience leader that is humble and gracious, and who welcomes every customer with open arms. This attitude derives from the recognition that customers could have chosen to give their business to the competition, but did not. Customer experience leaders seek to build true relationships with their customers built on mutual trust and cooperation. They look at these relationships through a prism of partnership. Humility is the key to their efforts.

Lior Arussy is an author, visionary, consultant and creative catalyst in the areas of creating delightful customer experiences and executing profitable customer strategies. Mr. Arussy’s company, Strativity Group, advises both Global 2000 companies as well as emerging businesses around the world.

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**Stress & Early Intervention Strategies in the Workplace**

SOCAP Australia is pleased to bring you a half-day workshop presented by Psychologist and Accredited Mediator Carolyn Manning

Stress and its associated impact upon the workforce today has become an increasing concern for employers. The aim of this workshop is to help participants identify early intervention strategies aimed at preventing and better managing workplace stress before it becomes a major problem for your organisation. The workshop focuses on generating strategies that are aimed at reducing the risk of stress related injuries/absences in the workplace, and managing issues such as interpersonal conflict and harassment. Participants will be offered the opportunity to share experiences and exchange ideas and knowledge through practical exercises and discussion.

**About Carolyn Manning**

Carolyn is a registered psychologist and mediator who specialises in the management of WorkCover stress claims. She provides consultancy advice to a broad range of organisations on early intervention strategies, including risk management, mediation and occupational rehabilitation services.

For enquiries or to book your place, contact SOCAP Australia on 03 8687 9060 or email socap@socap.org.au
Not already a member of SOCAP?

There are some great reasons to join SOCAP Australia, the network for consumer professionals – or to encourage your colleagues to join.

Benefits of membership

• Professional development workshops, learning forums and business events to enhance skills, expand knowledge, and explore the hot topics and issues for consumer professionals.

• Networking events to meet and exchange ideas with like-minded consumer professionals.

• Priority registration for the annual SOCAP Symposium – the oldest and most prestigious annual gathering of consumer affairs professionals in Australia.

• Access to research, surveys and publications produced by SOCAP Australia to keep you abreast of critical developments and trends in the field.

• Exclusive member-only access to the SOCAP Australia website, including the Membership Directory, listing contact details for all members; job listings – see positions available and list those available with your organisation for members to view; as well as constantly updated information on a range of consumer issues, events and useful website links.

• Consumer Directions, SOCAP Australia’s quarterly newsletter featuring the latest on consumer affairs and customer issues from Australia and international partners.

• Assistance from the Secretariat, including access to the society library to facilitate your research into consumer matters.

Membership of SOCAP Australia is open to all professionals who are responsible for creating and maintaining customer loyalty and satisfaction. There are three levels of membership available – individual, corporate (allowing several people in an organisation to join at a reduced ‘per person’ rate), and special.

Join us at the forefront of best practice consumer services
Fax back to 03 8687 9063 for a membership kit

Mr/Mrs/Ms Name______________________________________________
Title_________________________________________________________________
Organisation name____________________________________________________
Mailing address _______________________________________________________

State ___________ Postcode ___________
Phone __________________________ Fax ___________________________
Mobile ___________________________
Email address _______________________________________________________
How did you hear about SOCAP? ___________________________________________________________________________

☐ Tick this box if you do not wish to receive communications other than membership information.
UPCOMING EVENTS 2008

Dealing with Difficult Issues Workshop
Presented by Robyn Reilly, Customer Service
Benchmarking Australia
10 April – Perth
15 April – Brisbane
16 April – Sydney
17 April – Adelaide

Stress & Early Intervention Strategies in the Workplace Workshop
Presented by Carolyn Manning
15 April – Melbourne

Consumer Affairs Excellence Course
Module 1 – 17 June
Module 2 – 18 June
Module 3 – 1 July
Module 4 – 2 July
Sydney

Complaints Handling Strategy/A Complaint is a Gift Workshops
Presented by TMI
10 June – Melbourne
12 June – Sydney
17 June – Brisbane

SOCAP Australia 2008 Symposium
26-28 August – Adelaide
See page 5 for more details.

SOCAP Christmas Drinks for Members
3 December – Melbourne

For more information about any of these events, visit www.socap.org.au or email socap@socap.org.au to register your interest.

2008/09 SOCAP Australia Board of Directors: Nominations open

SOCAP Australia is currently inviting nominations for membership of the 2008/09 SOCAP Australia Board of Directors.

Involvement on the SOCAP Board offers all of our members the opportunity to bring new ideas, suggestions and input to help develop and guide the prospects of SOCAP Australia. All of our Board Members are active participants in the planning and implementation of the vision for SOCAP Australia’s future.

Membership of SOCAP Australia and Board participation provides an indispensable means of networking with a large and diverse group of consumer affairs and customer service professionals hailing from a wide variety of industries.

SOCAP Australia looks for the following factors when selecting candidates for Board Members:

1. Senior management/consumer affairs business experience and a sound understanding of consumer affairs best practice and customer service excellence.
2. Reasons you are interested in joining the SOCAP Australia Board of Directors.
3. Company support and flexibility to attend meetings, events and participate in Working Parties.

Nominations for the Board will be accepted until Friday 25 July 2008.

Once all nominations have been presided over and approved, the SOCAP Australia President will contact successful candidates approved by the Board and officially invite them to serve SOCAP Australia as a member of the 2008-09 SOCAP Australia Board.

Please visit the SOCAP Australia website, www.socap.org.au, to nominate a colleague or to complete a self-nomination. If you have any further questions regarding the nomination process or details about what being on the SOCAP Australia Board involves, please do not hesitate to contact Peter Gillson via email at president@socap.org.au or Eliza Smith in the SOCAP office at eliza@socap.org.au or on 03 8687 9060.

A network is non-hierarchical. It is a web of connections among equals. What holds it together is not force, obligation, material incentive, or social contract, but rather shared values and the understanding that some tasks can be accomplished together that could never be accomplished separately.

Dr Dana H. Meadows, Beyond the Limits (MIT).