



## Accident Compensation Corporation: How it deals with complaints





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# Accident Compensation Corporation: How it deals with complaints

This is an independent assurance  
report about a performance audit  
carried out under section 16 of the  
Public Audit Act 2001.

August 2014

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# Auditor-General's overview

How an organisation manages complaints is a useful barometer of its commitment to service delivery that meets people's needs. The Office of the Ombudsman states that "effective complaint handling is fundamental to the provision of a quality service".

Across the world, new technologies and increasing consumer expectations are leading to more people making complaints about the services they receive. This situation is the same in New Zealand.

Public entities that welcome complaints signal to citizens that someone is listening to them and that they can influence public services. For the entities, complaints are a free source of advice. Complaints can provide valuable insight into poor service, systemic errors, or problems with specific processes. Complaints also give public entities an opportunity to understand the motives, feelings, and expectations of the people using their services.

As part of my Office's service delivery theme, we have looked at how effectively and efficiently the Accident Compensation Corporation (ACC) handles complaints. This work has included seeking feedback from people who have gone through ACC's complaints processes, and people who have contacted my Office about ACC.

ACC aims to provide a high standard of customer service through complying with a statutory regulation known as the Code of ACC Claimants' Rights (the Code). My staff saw that many ACC staff showed a commitment to customer service and the principles underlying the Code. Recently, ACC has signalled its commitment to be a more client-focused organisation in the future.

However, some people do not receive the standard of service they expect from ACC and make complaints. The four most common complaints made under the Code are a result of ineffective communication or people feeling they have not been kept fully informed, treated fairly, or treated with dignity and respect.

There are two added complexities in ACC's approach to managing complaints. One is that ACC does not count matters raised and quickly resolved by frontline staff in local offices as complaints. The other is that ACC tries to make a distinction between service delivery matters and disagreements about cover and entitlements.

In reality, service delivery and cover or entitlement matters can be tightly bound. ACC's frontline staff told us that the main cause of unhappiness was about both service matters and entitlement decisions. We asked complainants (by surveying them) what their complaint was about. The four most common responses in our survey were claim or entitlement issues, staff service, payment issues, and policy,

process, or legislation. These themes were generally repeated in our interviews with complainants.

Overall, 22% of complainants who we surveyed were satisfied with how ACC handled their complaint.

In my view, there is room for improvement in ACC's complaints system. Positive aspects of ACC's current complaints system include:

- good practice in dealing with problems early and at the lowest organisational level;
- the provision of free advocacy services to help ACC claimants; and
- ACC staff acting professionally and informing people of the next steps in the complaints process.

However, there are significant issues that need to be addressed. These include:

- relatively low levels of satisfaction from complainants on how ACC handles their complaints;
- limited organisational learning from complaints because of disconnected parts of the complaints system and disconnected recording of complaints;
- a lack of consistency throughout ACC's complaints system;
- a need to better equip staff with the skills, knowledge, and tools to handle complaints (including better awareness of the Code); and
- a need to do more to understand people's experiences of the complaints system and why some people do not complain.

The limited organisational learning from complaints is contrary to Part 5 of the Code. This requires ACC to address situations arising from breaches of the Code.

ACC is aware of some of the problems that my audit identified and told my staff that work is under way to address weaknesses. Despite positive signs, ACC has much to improve because the current complaints system is not effective.

ACC's work on privacy shows what the organisation can do when it is committed to addressing an issue. That work also provides an approach that could be adapted to the complaints system. ACC's "Shaping our Future" initiative also offers an opportunity to simplify and embed lasting improvements in the complaints system. I trust that ACC will take that opportunity to make the complaints system more effective.

*This work has included seeking feedback from people who have gone through ACC's complaints processes, and people who have contacted my Office about ACC.*

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ACC has agreed with our audit findings and the chief executive told me that he intends to act on the recommendations made in this report. I thank him for this commitment.

I thank ACC's staff for their time and help during our audit. I also thank those people from other organisations who shared their views with us, and acknowledge the work done by Colmar Brunton on our behalf. I am very grateful to those people who shared their experiences of ACC's complaints system.

A handwritten signature in black ink, appearing to read 'Lyn Provost', with a stylized, cursive script.

Lyn Provost  
Controller and Auditor-General

6 August 2014



# Our recommendations

Organisations committed to providing excellent service delivery that meets people's needs embrace complaints as a source of insight.

Complaints must be easy to make, consistently recorded, thoughtfully analysed, openly reported, and acted on. They are an important part of an organisation's mechanisms for continuous improvement. As such, complaints require robust and supported end-to-end business processes and systems.

In our view, the Accident Compensation Corporation has much to do to reach this position.

We recommend that the Accident Compensation Corporation:

1. periodically seek suggestions and implement solutions that would make it easier for people to complain;
2. periodically look into, understand, and remove any barriers that prevent or discourage people from complaining;
3. define, record, and respond to complaints appropriately and consistently throughout the organisation;
4. measure, monitor, and report on performance in handling complaints, including financial costs, complainant satisfaction, and the implementation of remedies; and
5. provide senior leadership, the board, and the public with accurate, reliable, and appropriately detailed information about complaints and how the organisation has learned from complaints to make service improvements.

# 1

## Introduction

- 1.1 The theme of our Office's work programme for 2013/14 was *Service delivery*. As part of this theme, we looked at two aspects of the work of the Accident Compensation Corporation (ACC) and the Ministry of Social Development. We chose case management because that is how many people experience service delivery from those public entities. We chose complaints management because it is a useful barometer of an organisation's commitment to customer service. We expect to publish reports during 2014 on these two aspects of service delivery in these two public entities.
- 1.2 This report sets out the findings of our performance audit about complaints management within ACC.
- 1.3 In this Part, we discuss:
- why complaints are important;
  - ACC's role;
  - ACC's approach to complaints and decisions; and
  - what our audit looked at.

### Why complaints are important

- 1.4 The number of complaints that New Zealanders made to the Office of the Ombudsman<sup>1</sup> in 2012/13 was 79% more than in 2010/11. In other countries, the number of complaints is also increasing. Researchers at Britain's National Endowment for Science Technology and the Arts say that this may not always be a sign of declining service quality but "reflects in part rising expectations and new technologies making it easier to complain".<sup>2</sup> This suggests an emerging gap between what users of services expect and what they experience.
- 1.5 Complaints are a valuable source of information for public entities to learn how people experience the public entities' services. Complaints can provide valuable insight into poor service, systemic errors, or problems with specific processes. Also, public entities have an opportunity to understand the motives, feelings, and expectations of the people using their services.
- 1.6 Public entities get the best value from information about complaints when they use the information to learn lessons and improve services. According to the United Kingdom's Public Administration Select Committee:

*A failure to recognise the importance of complaints leads to insufficient redress for the individual, limits the impact that complaints have in improving services, and alienates the public.*<sup>3</sup>

1 Under the Ombudsmen Act 1975, these are complaints about state sector administration and decision-making.

2 National Endowment for Science Technology and the Arts (2013), *Grumbles, gripes and grievances. The role of complaints in transforming public services*, page 7, available at [www.nesta.org.uk](http://www.nesta.org.uk).

3 Public Administration Select Committee (2014), *More complaints please!*, House of Commons, United Kingdom.

- 1.7 The Office of the Ombudsman in New Zealand states that “effective complaint handling is fundamental to the provision of a quality service”.<sup>4</sup>

*Effective complaint  
handling is fundamental  
to the provision of a  
quality service.*

### What is a complaint?

- 1.8 We have used the International Organization for Standardization’s (ISO) definition of a complaint:  
... [any] *expression of dissatisfaction made to an organisation, related to its products [or services], or the complaints-handling process itself, where a response is explicitly or implicitly expected ...*<sup>5</sup>

Office of the Ombudsman

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- 1.9 The ISO definition is broad and some public entities might prefer a definition that is more appropriate to their business context. Any alternative definition should recognise that although all complaints can include negative feedback, some complaints might not require a formal resolution or follow-up. In those instances, the important matter is that entities set a clear definition and that all staff are aware of it and adhere to it consistently.

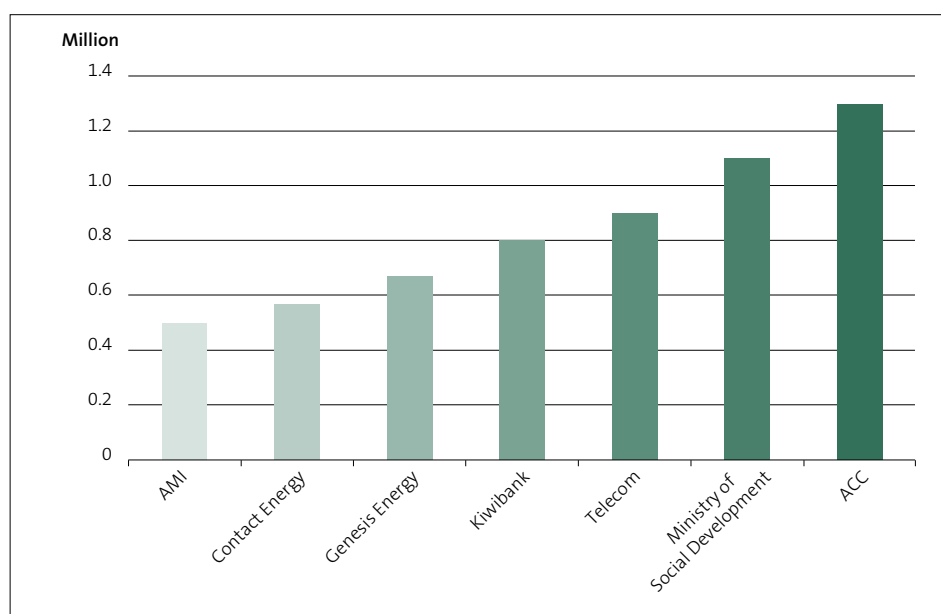
### The role of the Accident Compensation Corporation

- 1.10 New Zealand’s accident compensation scheme has been running since 1974. It provides no-fault compensation for all New Zealand residents and visitors who have suffered an accidental injury.
- 1.11 ACC is the Crown entity that manages the accident compensation scheme under the Accident Compensation Act 2001. In 2012/13, ACC received about 1.7 million new claims from about 1.3 million people. Nearly 1900 staff (from a total of about 3000) managed those claims. ACC’s total net annual income for 2012/13 was about \$4.7 billion and it had operating expenses of \$415 million.
- 1.12 ACC is one of New Zealand’s biggest customer service organisations. Figure 1 shows how it compares with some other organisations with many customers.

4 Office of the Ombudsman (2012), *Effective complaint handling*, page 3.

5 International Organization for Standardization, *Quality management – customer satisfaction – guidelines for complaints handling in organisations*, ISO 10002.

**Figure 1**  
**Number of people using the services of ACC and some comparable large customer-service organisations**



Sources: The Ministry of Social Development figure is from page 6 of the Ministry's *Statement of Intent 2014-2018*. ACC provided the number of people who had a claim accepted in 2012/13. The other figures are indicative only, and are drawn from the organisations' annual reports or websites.

- 1.13 Handling complaints can be challenging when the public entity is the sole provider of the services. ACC is the sole provider of accident compensation coverage. Complainants remain users of ACC services after their complaint and have an ongoing relationship with ACC.

## Complaints and decisions

### The Code of ACC Claimants' Rights

- 1.14 The Injury Prevention, Rehabilitation, and Compensation (Code of ACC Claimants' Rights) Notice 2002 (the Code) is a statutory regulation that provides people with a way to raise concerns about how ACC treats them. Under the Code, if ACC breaches a person's rights, the person can lodge a complaint.
- 1.15 The Code was introduced in 2003 as a requirement of the Accident Compensation Act 2001. The Code's intent is to guarantee that people receive the highest possible standards of service and fairness. The Code's spirit is to encourage positive relationships between ACC and people submitting claims for compensation after an accident.

- 1.16 The Code gives rights to claimants and imposes obligations on ACC. It states that claimants and ACC need to work together, especially in rehabilitation. Figure 2 summarises the Code's eight rights and obligations.

**Figure 2**  
**Summary of the Code of ACC Claimants' Rights**

Right	You have the right to ...
1	be treated with dignity and respect.
2	be treated fairly, and to have your views considered.
3	have your culture, values, and beliefs respected.
4	a support person or persons.
5	effective communication.
6	be fully informed.
7	have your privacy respected.
8	complain.

- 1.17 Appendix 1 provides further details about the Code's rights and obligations.
- 1.18 A person can complain about ACC's service if they:
- think ACC has breached the Code; and/or
  - have any issue that is not covered by the Code or one that does not relate to a specific claimant. These are known as non-Code complaints and do not have review rights.
- 1.19 If a complainant has exhausted the ACC complaints process and remains unhappy after an investigation by ACC's complaints investigation unit, the complainant can ask for an independent review. The review process covers alleged Code breaches, but excludes non-Code complaints. ACC's data shows that independent reviews of Code complaints form a very small part (about 0.6%) of all reviews lodged.
- 1.20 ACC's complaints investigation unit is called the Office of the Complaints Investigator (OCI). OCI is responsible for investigating complaints from people who think that ACC has not met its obligations under the Code (see paragraph 2.29).

### Decisions about cover and entitlements

- 1.21 A person who disagrees with an ACC decision about approving or not approving a claim (a cover decision) or what ACC can and cannot do to help (an entitlement decision) can ask for an independent review of that decision.

- 1.22 ACC deals with disagreements about cover and entitlement decisions through a review process. The complaints process does not deal with these matters.<sup>6</sup> ACC's approach assumes that people can clearly explain what they are complaining about and that the problem can be easily identified as either a cover or entitlement matter or a service problem (a complaint).
- 1.23 ACC's separation of complaints and decisions has meant that, in the past, it had two separate and different systems. ACC's 2008 National Issues Management Strategy intended to resolve some of this separation between complaints and decisions to concentrate on resolving problems, irrespective of the source of the person's dissatisfaction. However, this has been only partially embedded. ACC now has a system that is intended to deal with both complaints and decisions but, in practice, does not do this consistently.

### What our audit looked at

- 1.24 In this report, we focus on:
- how easy it is to make a complaint;
  - how ACC records and handles complaints;
  - how ACC responds to complaints; and
  - whether ACC uses information from complaints to improve services.
- 1.25 In designing our audit, we drew on the ISO Standard on complaints handling in organisations,<sup>7</sup> Office of the Ombudsman guidelines, and other relevant literature.

### What we did not cover

- 1.26 Our audit did not include:
- reviewing any individual complaint;
  - examining the processes for reviewing decisions about cover and entitlement;
  - the process for complaints made by other ACC stakeholders, such as levy payers<sup>8</sup> and service providers;<sup>9</sup> and
  - ACC's dispute resolution service, which mostly adjudicates on cases of legal entitlement to services.

6 ACC told us that, although entitlement decisions cannot be investigated under the Code, ACC takes a holistic view of complaints and OCI can examine the robustness of a decision as part of its investigation.

7 International Organization for Standardization, *Quality management – customer satisfaction – guidelines for complaints handling in organisations*, ISO 10002.

8 Levies are paid by businesses, motor vehicle owners, and employees for injury cover that is funded by ACC. Disputes about levies (that is, how much a business should pay) are handled through ACC's business service centre.

9 Examples of services providers are doctors and medical centres that treat injured people who are covered by ACC. Disputes about the relationship between service providers and ACC should, in the first instance, be discussed with a service provider's relationship manager at ACC.

- 1.27 We are grateful to those people who have shared with us their experiences of ACC's complaints system. We do not have the power to resolve individual complaints. We recognise that complainants might find this disappointing and frustrating. Independent organisations that can deal with individual complaints include:
- the Office of the Privacy Commissioner for privacy complaints ([www.privacy.org.nz](http://www.privacy.org.nz));
  - the Office of the Ombudsman for complaints about treatment from a government agency ([www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)); and
  - the Health and Disability Commissioner for complaints about a health or disability service or conduct of a treatment provider ([www.hdc.org.nz](http://www.hdc.org.nz)).

#### How we carried out our audit

- 1.28 We visited ACC's head office in Wellington and the Customer Support Service (CSS) in Hamilton to learn how ACC receives and processes complaints. To learn about how local office staff (frontline staff) deal with complaints, we visited five of ACC's 25 local offices – Auckland City, Counties Manukau, Dunedin, Hamilton, and Timaru.
- 1.29 We interviewed 56 ACC staff. They included:
- staff from CSS and OCI (complaints staff);
  - local office managers; and
  - staff from other teams that interact with the complaints system, including the training, assurance, legal, cultural services, research, privacy, and government services teams.
- 1.30 We ran eight focus groups with frontline staff and read and analysed many documents with information about ACC's complaints work.
- 1.31 To see how local offices handle complaints, in March 2014 we surveyed 1057 frontline staff about dealing with dissatisfied people and complaints. The survey had a response rate of 59%. Our survey used a six-point scale. Unless otherwise stated, we used the bottom two (disagree and disagree very strongly) and top two (agree and agree very strongly) of the scale when presenting results from the survey.
- 1.32 To get a wider view of ACC's complaints system, we interviewed representatives of the Office of the Ombudsman, Workplace Injury Advisory Service, and the Linkage Trust. We also spoke to some networks that support ACC service users, including the Serious Injury Advisory Group and the Older People Advisory Group.

*We are grateful to those people who have shared with us their experiences of ACC's complaints system.*

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- 1.33 We reviewed a representative sample of complaint case files to check whether staff applied ACC processes and procedures consistently and appropriately. We reviewed 15 examples of complaints that were handled by CSS and 15 examples of complaints that were handled by OCI.
- 1.34 In May 2014, we used Colmar Brunton to survey 242 ACC complainants by telephone. Their work also included speaking in depth to 10 people who had complained to ACC and to 23 people who contacted our Office about their ACC experiences.

### **Structure of this report**

- 1.35 In the following parts of this report, we discuss:
- ACC's system for dealing with complaints (Part 2);
  - the accessibility of ACC's system for handling complaints (Part 3);
  - how ACC responds to complaints – whether ACC responds to complaints effectively and efficiently (Part 4);
  - how ACC measures and reports complaints (Part 5); and
  - how ACC manages and learns from complaints – and uses information from complaints to improve services (Part 6).



# Handling complaints

*This research project concluded that [best practice occurs] when the ACC approach to complaint remedies and their application achieves both the purpose and spirit of the Code for most complainants ... However, for many, not a majority, ACC performance falls short of these benchmarks ...*

“Restoring Relationships” report, 2008

- 2.1 In this Part, we discuss:
- customer satisfaction and complaints trends;
  - the reasons for complaints;
  - external reviews of how ACC manages complaints; and
  - ACC’s complex complaints system.

## Summary

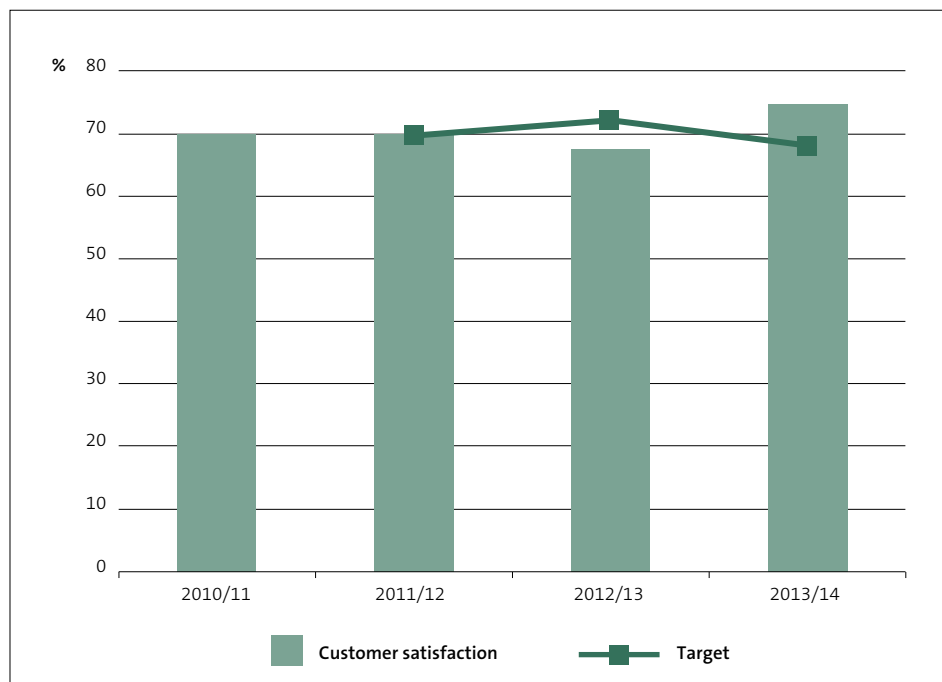
- 2.2 ACC tries to fix problems at the lowest possible level in the organisation and as quickly as possible. This is consistent with good practice but we are uncertain about how consistently and effectively this approach is applied.
- 2.3 Several teams and groups are involved and better co-ordination and some streamlining is needed. The latest development in complaints management, an issues management team, is useful but adds another inconsistent process to an already inconsistent and complex system.
- 2.4 The main reasons for complaints have been consistent since at least 2008 – they include people feeling that they were not fully informed, not treated fairly, and not treated with dignity and respect.
- 2.5 ACC has known about these problems for some time and is working on them. ACC’s “Shaping our Future” initiative offers an opportunity to simplify and embed lasting improvements in the complaints system.

## Customer satisfaction and complaint numbers

### Customer satisfaction

- 2.6 ACC obtains relatively detailed information about “customer” satisfaction, including satisfaction at a local office level. From 2010/11 to 2012/13, the measured levels of satisfaction declined. In 2013/14, satisfaction increased to 75%. Figure 3 shows the percentage of people who said they were satisfied with their ACC service experience, from 2010/11 to 2013/14.

**Figure 3**  
Percentage of ACC claimants satisfied or very satisfied, 2010/11 to 2013/14



Source: Accident Compensation Corporation.

### Recorded complaints

- 2.7 ACC records complaints about breaches of the Code. The number of complaints that ACC recorded fell from about 2200 in 2011/12 to about 1600 in 2012/13. A total of about 1400 complaints were recorded in 2013/14.

### Unrecorded complaints

- 2.8 ACC’s “service recovery” approach (see paragraph 2.25) encourages resolving matters at the lowest possible tier of the system – the local office. ACC does not categorise or record the interactions at the local office as complaints. If they were called complaints, we estimate that ACC would have received about 20,700 complaints in 2012/13. We discuss this further in paragraph 5.27.

## The reasons for complaints

*We were told that case managers speak “legalese” rather than plain English.*

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- 2.9 ACC has no detailed complaints data so cannot be certain about the root causes of complaints. The reasons for this are varied, and explained in the following Parts of this report.
- 2.10 We asked frontline staff what they thought was the main cause of people’s dissatisfaction. About 55% said that it was related to both a non-entitlement issue (that is, a service issue) and a cover or entitlement issue (for example, a decision). Staff told us that people often conflated these two issues.
- 2.11 Through our survey, we asked people who had complained to ACC to tell us what their complaint was about. The four most common responses were:
- claim or entitlement (decision) (32%);
  - staff service (32%);
  - payment issues (26%); and
  - policy, process, or legislation (25%).
- 2.12 These themes were repeated in our interviews with complainants. Some examples of the feedback we received included:
- ACC “cherry-picked” problems;
  - case managers speak “legalese” rather than plain English;
  - ACC wanted only short-term claimants and long-term claimants have to “fight for everything”.
- 2.13 We also received some positive feedback about ACC staff, including that some individual staff members were “lovely” and did a very good job.
- 2.14 To shed more light on the reasons for complaints, we drew together findings from several sources (see Figure 4). It shows that communication problems were the main factor behind people’s complaints, and this has been consistent since 2005. Some of the information is specific to categories in the Code, because the Code is at the centre of how ACC defines and manages complaints.

**Figure 4**  
**Our collated analysis of the main reasons why people complain to ACC**

Date	Source	Main findings	Distribution
2014	OCI monthly report for March 2014.  Breach information for July 2013 to March 2014.	Top four Code breaches in order: 1. effective communication; 2. fully informed; 3. treated fairly; and 4. dignity and respect.	These four Code areas accounted for 96% of all Code breaches.
2012	ACC research team report, <i>Analyses of complaints: A mixed methods approach</i> .  The analysis was of 0800 telephone line complaints data for the period from September 2010 to January 2012.	The analysis was not structured around Code areas, so is not directly comparable with the other data.  However, the main complaint was about communication.	Communication problems accounted for 60% of all complaints.
2008	External review report, <i>Accident Compensation Corporation Code of Claimants' Rights: Restoring Relationships</i> .  Analysis of complaint data for the period June 2007 to October 2007.	Top four Code breaches in order: 1. effective communication; 2. fully informed; 3. treated fairly; and 4. dignity and respect.	These four Code areas accounted for 96% of all Code breaches.
2008	External review report, <i>Accident Compensation Corporation Code of Claimants' Rights: Restoring Relationships</i> .  Analysis of complaint data for the period November 2005 to June 2007.	Top four Code breaches in order: 1. effective communication; 2. fully informed; 3. dignity and respect; and 4. treated fairly.	These four Code areas accounted for 94% of all Code breaches.

Source: Office of the Auditor-General.

## External reviews of how the Accident Compensation Corporation manages complaints

2.15 In 2005, ACC asked an external management consultant<sup>10</sup> to review how effectively ACC handled complaints. The 2005 review found that ACC needed to:

- communicate more with complainants;
- consider complaint events using a wide perspective, because most complaints were about matters that were not clear cut;

<sup>10</sup> The external consultant had more than 40 years' experience in complaints and compliance activities, including significant roles at the Westpac Banking Corporation, Australian Broadcasting Corporation, Australian Banking Ombudsman, and Victorian Treasurer's Office.

- reconsider its dependence on apologies as remedies because they were unlikely to resolve the complaint and restore the relationship; and
- wherever possible, move the complaint process from investigations to frontline resolution – only after this step should a formal investigation take place.

*We were told that  
ACC “cherry-picked”  
problems.*

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- 2.16 After the 2005 review, ACC adopted a service recovery approach to handling complaints, which we describe further in paragraph .
- 2.17 In 2008, ACC asked the same consultant to review its approach to remedies and how this compared to other organisations and good practice. The 2008 report stated that best practice would be achieved when complaint remedies achieved the purpose and spirit of the Code. The consultant found that, for some complainants, ACC did little to improve complainants’ experiences and confidence in ACC and the quality of services provided.
- 2.18 The 2008 review found that, when remedies included an apology and a promise to improve service, local office managers rarely told complainants what changes they were making to improve the service. In many instances, the complainant’s experience did not restore their relationship with ACC. Among other matters, the review recommended that:
- staff ask the complainant what outcome they sought and whether achieving this outcome would restore the relationship with the complainant;
  - local office and complaints service staff be required to follow up how complaints were dealt with; and
  - those investigating complaints take steps to remove perceived “aloofness” and help to restore relationships with complainants.

## A complex complaints system

- 2.19 In theory, ACC has a staged approach to handling complaints (see Figure 5). In practice, the system allows many entry points, which are not co-ordinated well (see Figure 7). Often, staff and complainants do not follow the staged approach, which means that people might be treated inconsistently.
- 2.20 The service recovery approach and the Code encourage ACC to deal with complaints at the lowest possible tier – the local office. All the offices we visited had a reasonably consistent approach, involving an internal referral from staff members to team and local office managers. After this, if the complainant is still not satisfied, the complaint should be sent to CSS.

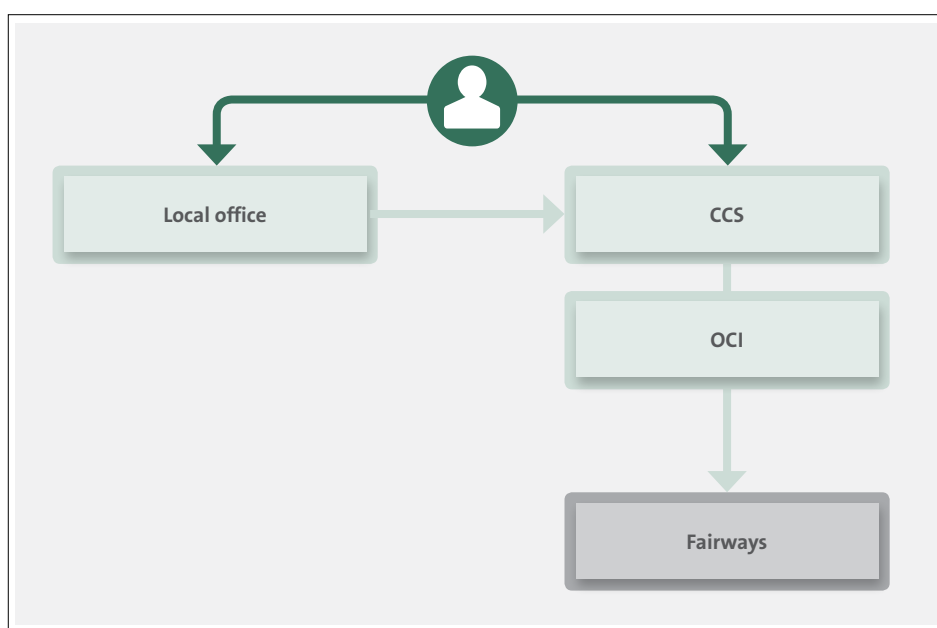
- 2.21 Instead of contacting the local office, some complainants go direct to CSS through the 0800 telephone number. Some complainants bypass CSS and go to OCI directly by requesting that OCI investigate their complaint.<sup>11</sup> Some frontline staff told us that they bypass CSS and direct complainants to OCI because they find that CSS often directs complainants back to the local office as part of the service recovery approach. OCI is the highest tier in ACC's internal complaints system.
- 2.22 Some complainants choose to complain through other channels, such as the Ombudsman, Office of the Privacy Commissioner, local members of Parliament, or ACC's chief executive. Some complainants complain through several channels at the same time. This "scatter gun" approach makes dealing with the complaint more difficult to manage and co-ordinate.
- 2.23 Some complainants are deeply upset and behave in ways that the Ombudsman describes as "unreasonable complainant conduct". ACC has no consistent approach to dealing with this sort of conduct (see paragraphs 4.68-4.76).
- 2.24 The complexity and inconsistency of ACC's complaints system make it less effective and efficient than it should be. Both the external consultant and ACC's 2008 National Issues Management Strategy recommended a tiered complaints system with a good sorting process based on complexity and combining all complaints (Code, non-Code, and decisions). In practice, ACC only partly met this recommendation because it inconsistently applies the principles in the 2008 National Issues Management Strategy.

### **Core complaints system**

- 2.25 The core complaints system is based on the service recovery approach, introduced in 2006. The service recovery approach aims to:
- identify and maximise opportunities to resolve the cause of dissatisfaction;
  - resolve complaints at the lowest possible tier; and
  - restore a positive relationship between ACC and the person who complained.
- 2.26 Figure 5 shows the three internal ACC "tiers" of the core complaints system - local office, CSS, and OCI. ACC does not categorise interactions at the local level as complaints or as part of the formal complaints process. CSS and OCI are part of ACC's formal complaints process. The fourth tier is Fairways Resolution Limited, an external company responsible for running the review process on behalf of ACC. We have not audited this fourth tier.

11 ACC told us that its process had changed such that all complaints made directly to OCI are referred back to CSS for "proper triage and process engagement" and complaint-recording purposes. We note that ACC's process guidelines state that, if a person asks for OCI to investigate their complaint, CSS is to escalate the complaint to OCI.

**Figure 5**  
Core process for receiving and escalating complaints within ACC



Source: Office of the Auditor-General. If the person complains to CSS, the complaint could be referred back to the local office or to OCI.

### Local offices

- 2.27 ACC has 25 local offices in larger towns and cities. Also, it has several other offices, offering mostly telephone-based services, some of which deal with specific injury types, such as short-term claims<sup>12</sup> or specific groups of claimants (such as “risky clients” – people who ACC considers could pose a danger to themselves or staff).

### Customer Support Service

- 2.28 CSS was created in 2005, and changed its name in 2006. CSS is based in Hamilton. It has a manager and six staff. The main aim of CSS is to work with local offices and other ACC business units to facilitate and co-ordinate resolving people’s complaints. CSS deals with complaints received through the 0800 complaints telephone line and complaints correspondence sent to ACC’s chief executive.

### Office of the Complaints Investigator

- 2.29 The Wellington-based OCI was created in 1994. OCI has a manager and six staff. OCI’s primary role is to investigate possible breaches of the Code and make a decision on whether a breach has arisen. It can also investigate non-Code

<sup>12</sup> A short-term claim is one where the severity of the injury means a person is unlikely to receive financial support from ACC for more than 70 days.

complaints. OCI had previously been largely focused on compliance, but has recently shifted to an emphasis on restoring the ACC-claimant relationship. The OCI is ACC's highest tier for resolving complaints.

- 2.30 When it was created, OCI reported directly to the chief executive. It now has a lower organisational profile and is about four management levels below the chief executive.

### Review

- 2.31 If people are not satisfied with OCI's decision they can ask for an external review. This is carried out by an independent organisation, Fairways Resolution Limited, which can consider any OCI decisions made under the Code. Figure 6 shows that fewer complaint cases went to review between July 2013 and April 2014 than in the same 10-month period in the year before. ACC told us that, for 2013/14, OCI achieved a 96% "investigation upheld" rate (that is, Fairways Resolution Limited upheld the decision made by OCI on the complaint being reviewed).

**Figure 6**  
**Reviews of complaints managed by the Office of the Complaints Investigator, 2012/13 and 2013/14**

	July 2012 – April 2013	July 2013 – April 2014
Number of reviews (including withdrawn cases)	55	25
Number of reviews (excluding withdrawn cases)	49	18

Source: Accident Compensation Corporation.

Note: Part-year data is used to enable comparison of the current year's information with last year's information. Cases can be withdrawn from the review process at the request of the complainant.

- 2.32 The total number of reviews lodged in calendar year 2013 was 7232 (including those related to complaints and decisions). About 0.6% (42) of reviews were about complaints investigated by OCI.

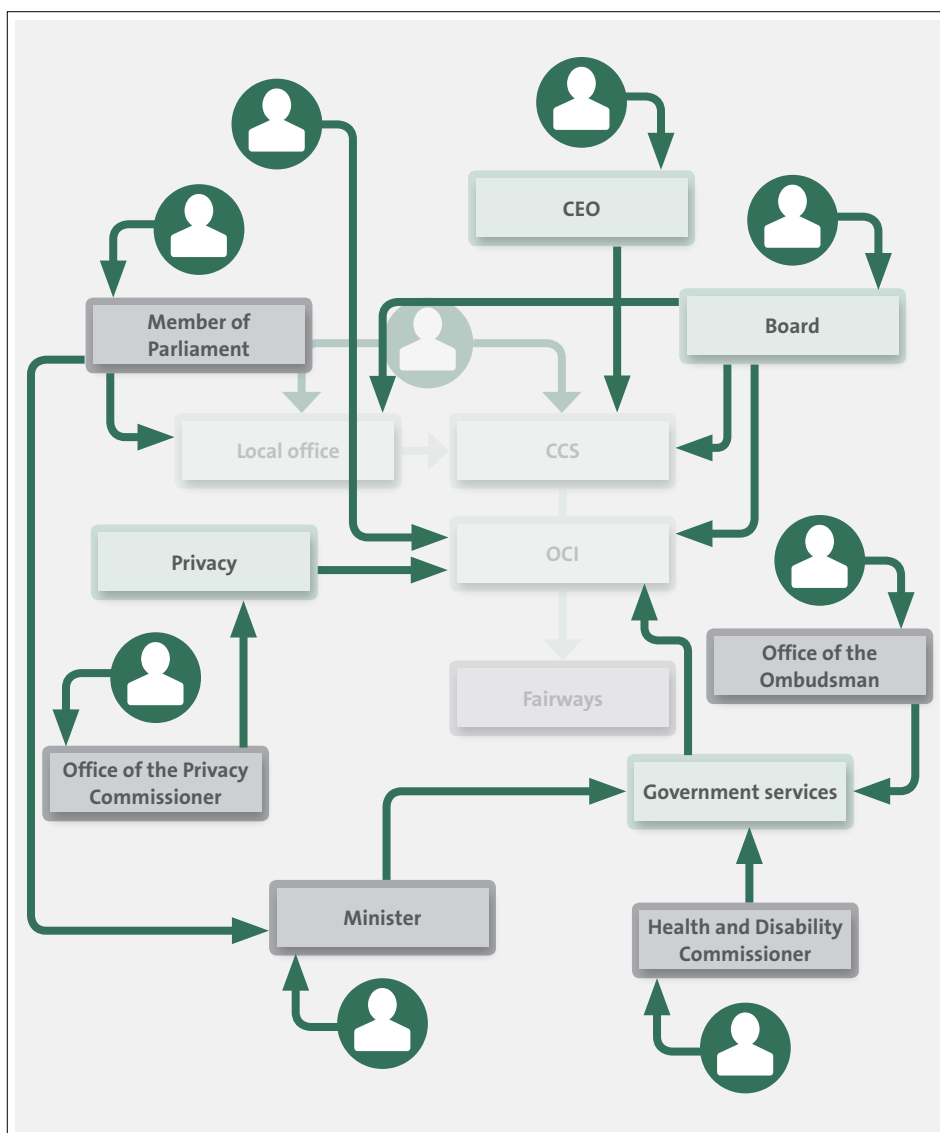
### Other groups are involved but lack co-ordination

- 2.33 There are other groups and individuals involved in the wider complaints system, both internal and external to ACC. All of these groups could receive, either directly or indirectly, a complaint. Our analysis of ACC data for 2013 shows that teams outside CSS and OCI might have handled up to a further 500 complaints (see paragraph 5.10).



2.34 Figure 7 shows the many other groups in ACC that receive and deal with complaints. The arrows show a person complaining to a group or individual about ACC then who that group or individual might interact with to resolve the complaint and at which level. The green boxes are ACC groups and individuals. The grey boxes are groups and individuals external to ACC.

**Figure 7**  
Other groups and roles involved in the complaints system



Source: Office of the Auditor-General.

### **ACC's privacy team**

- 2.35 Created in 2012, after an independent review of ACC's privacy and security of information, the privacy team manages privacy policy and strategy. It acts as ACC's main liaison with the Office of the Privacy Commissioner. The privacy team handle complaints received from the Office of the Privacy Commissioner and records the complaint in its own information system.
- 2.36 The team advises and supports the network of local offices on privacy matters. The privacy team has eight staff. There are also another 100 staff in the client information team, working on processing privacy-related matters. The privacy team provides technical advice to OCI on any complaints they deal with that include privacy elements.

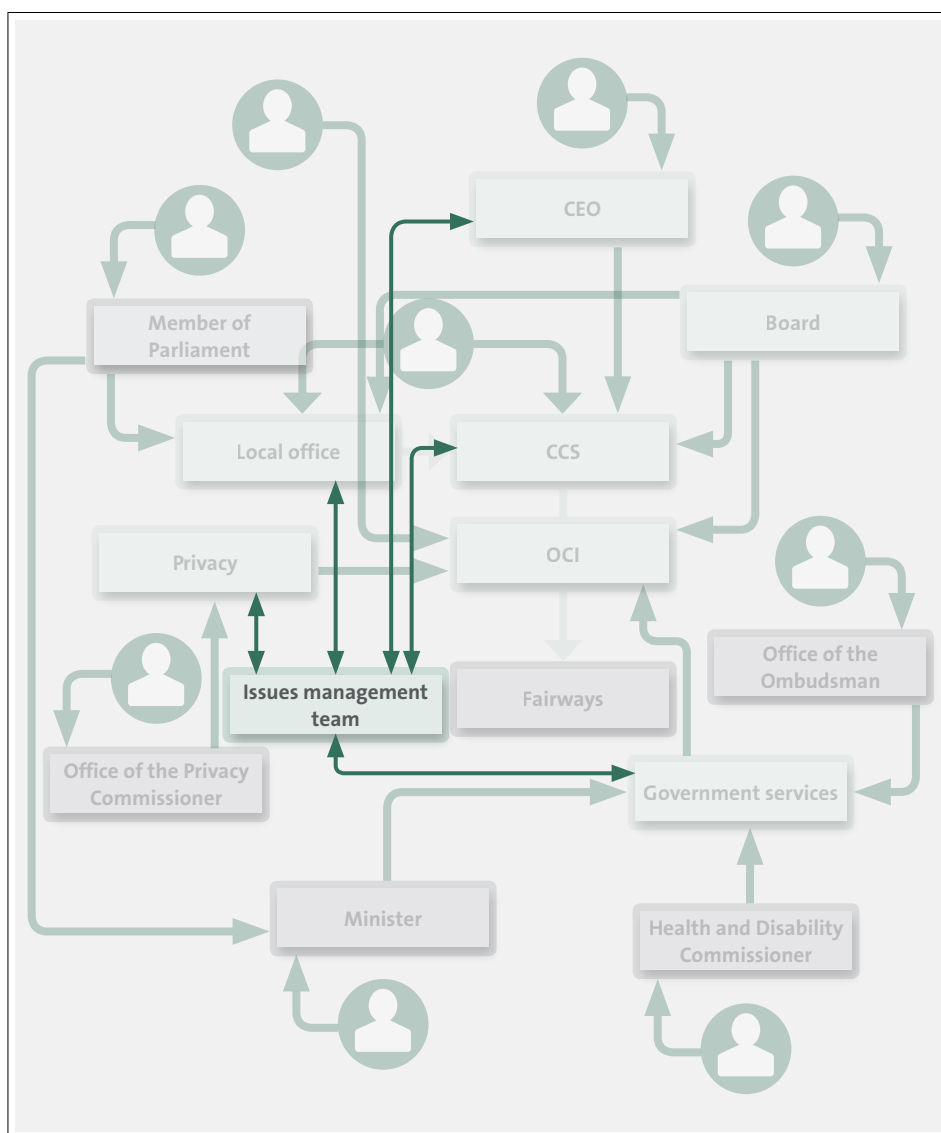
### **ACC's government services team**

- 2.37 The government services team has several responsibilities. With complaints, the team's responsibilities are to act as the main liaison point and deal with complaints received from the Office of the Ombudsman and the Minister's office. These complaints are often discussed with OCI, but the government services team records its work in its own information system.

### **Issues management team**

- 2.38 The issues management team (IMT) was established in 2013. Its role is to ensure oversight, co-ordination, and quicker resolution of emerging issues. ACC has not defined what an "issue" is, but describes it as a customer problem that is likely to have the potential to be high profile. Figure 8 shows how IMT sits in the context of the complaints system. The arrows indicate from which ACC groups or individuals an issue can be escalated to IMT. The arrows also show that ACC groups or individuals retain responsibility for resolving the issue. IMT's role is a support one.

**Figure 8**  
Issues management team within the complaints system



Source: Office of the Auditor-General.

- 2.39 IMT provides support to help frontline staff and managers deal with problems quickly. This is consistent with the principles of service recovery. IMT also functions to identify and deal with problems that involve reputational risk to ACC. There is a process for IMT to involve the chief executive and others to reduce the usual time frames for getting issues resolved. There is weekly reporting to the executive team and a daily alert to flag emerging problems.

- 2.40 The scope of what IMT considers is wide and includes claimants, levy payers, and healthcare providers.
- 2.41 IMT considers on average 15-20 referrals a week from business units including local offices. On average, only three or four of these will require intervention by IMT. The most common matters involve decisions – disagreements about cover and entitlement.
- 2.42 ACC told us that it is uncommon for IMT to deal with matters that involve an active complaint. IMT's work can include dealing with claimants who conduct themselves in challenging ways.
- 2.43 IMT's work is recorded in a stand-alone system. This limits the ability to connect their information with other complaint-related data for analysis. Every quarter, IMT works out lessons learned from issues that are referred to it, which are then passed on to the responsible business unit.

### Staff costs

- 2.44 Figure 9 shows staff costs of CSS and OCI from 2010/11 to 2012/13.

**Figure 9**  
**Staff costs of Customer Support Service and Office of the Complaints Investigator, 2010/11 to 2012/13**

	Staff costs \$'000		
	2010/11	2011/12	2012/13
Customer Support Service	461	444	472
Office of the Complaints Investigator	585	609	638
<b>Total</b>	<b>1,001</b>	<b>1,053</b>	<b>1,110</b>

Source: Accident Compensation Corporation.

- 2.45 The staff costs of the core complaints system (OCI and CSS) equate to about 0.25% of ACC's operating expenses in 2012/13. Based on our estimate of the cost of complaints, the overall staff costs are equal to about 0.40% of operating costs. This estimate includes the cost of complaints handled at the local office and independent reviews of complaints (see paragraphs 5.26-5.29).

- 2.46 The best organisations think of complaint services as adding value. There are benefits of handling complaints well that are difficult to quantify. These benefits include:
- helping to resolve problems before they get any worse – being slow to resolve complaints can often create added aggravation for the complainant and significantly more work for a public entity;
  - identifying necessary improvements to services and removing causes of complaints; and
  - improving satisfaction by showing that the entity is listening and taking the complainant’s concerns seriously.

*We were told that  
some individual  
staff members were  
“lovely” and did a  
very good job.*

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# 3

## Accessibility of the complaints system

*A complaints-handling process should be easily accessible to all complainants. Information should be made available on the details of making and resolving complaints. The complaints-handling process and supporting information should be easy to understand and use.*

International Organization for Standardization

- 3.1 In this Part, we discuss:
- the lack of a widely understood definition of a complaint;
  - how ACC should ask people how they want to complain;
  - how access to the complaints system needs to be improved;
  - how people miss out on assistance because services are under-used; and
  - how ACC does not know why dissatisfied people do not complain.

### Summary

- 3.2 Within ACC, there is no common and widely understood definition of a complaint. This lack is a barrier to improvement.
- 3.3 People can complain in several ways, but ACC does not know whether these are the methods that people want to use because it has not asked them. ACC knows that its more than 2500 forms, leaflets, and information sheets use too much jargon and have problems with tone, style, and readability.
- 3.4 ACC's telephone technology is modern and capable but not used to its full potential, and many complainants' calls are diverted to answerphones. Webpages dealing with complaints are difficult to find and poorly laid out. There is no way to complain using text messages, social media, or web-based channels.
- 3.5 ACC pays for some independent advocacy services to help complainants. Complainants who use these services find them effective, but many frontline staff are unaware of the services so cannot refer people to them. Likewise, use of ACC's cultural services team varies.
- 3.6 Many dissatisfied people do not complain. ACC does not know why dissatisfied people do not complain because it has not asked them.

## There is no clear and widely understood definition of a complaint

**Lacking a clear and widely understood definition of a complaint makes it difficult for ACC to treat complainants consistently and for staff to effectively communicate with each other about complainants' dissatisfaction.**

*We were told that ACC wanted only short-term claimants and long-term claimants have to "fight for everything".*

- 3.7 ACC lacks a standard definition of a complaint. ACC staff use several terms to describe complaints including "issue", "concern" and "service failure". In general, but not always, ACC staff use the word "complaint" to refer to an expression of dissatisfaction that has been referred formally to a corporate department such as CSS or OCI. When we spoke with some staff, their definition of a complaint changed without them noticing during the course of the same conversation.
- 3.8 The main purpose of a definition is to achieve clarity and consistent understanding. ACC's use of inconsistent terms for complaints:
- has generated overlapping processes;
  - means that ACC staff communicate with each other inconsistently;
  - makes it difficult for ACC to treat complainants consistently;
  - could misrepresent the severity of a person's problem; and
  - makes accurate recording of complaints difficult.

## People have not been asked how they want to complain

**There are several ways to complain, but ACC does not know whether these are the methods that people want because it has not asked them.**

- 3.9 Figure 10 presents our assessment of how good ACC is at providing people with different ways to complain. ACC has several channels through which to complain, including a free to use telephone line. However, ACC has not asked complainants, since about 2006, whether these channels are what they want. People cannot complain using text messages, social media, or web-based channels.

**Figure 10**  
**The availability of different ways to complain to ACC**

Does ACC provide...	Our findings
A range of complaint channels?	<p>ACC offers several ways to make a complaint including:</p> <ul style="list-style-type: none"> <li>• face to face in the local office;</li> <li>• by post – in a letter or complaint form;</li> <li>• by telephone; and</li> <li>• by email.</li> </ul> <p>ACC does not offer text, social media, or web-based complaint channels.</p>
A complaint hotline or free phone number?	Customer Support Service manages a free telephone number for complaints.
A survey of claimants to ask for their channel preferences?	ACC has not surveyed people to obtain their preferences since the service recovery project in about 2006. This means that ACC does not have an up-to-date understanding of their service users' wishes and preferences on how to complain.
A separate channel for MPs to complain (on behalf of their constituents)?	<p>Sometimes, members of Parliament complain through the Minister's office. When ACC receives complaints from the Minister's office, they are directed to the government services team. There is a 10-day response standard and the complaints are recorded and logged by the government services team. These complainants are unlikely to feature in the complaints statistics.</p> <p>Sometimes, members of Parliament go straight to the local ACC office. The complaint is then dealt with using the service recovery approach. If it is resolved at the local office, it will not be recorded as a complaint. If it progresses to CSS or OCI, it will be recorded as a complaint. The response standard could vary between one working day and eight weeks or more.</p> <p>ACC told us that members of Parliament are given guidelines from the Minister for ACC on how to complain. ACC also encourages a relationship with the local offices of members of Parliament.</p>

Source: Office of the Auditor-General.

- 3.10 Our survey of complainants showed that the four most common ways to make a complaint were:
- to call the free-phone number (34%);
  - to call the local office (21%);
  - to email (17%); and
  - to write a letter (7%).



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### Recommendation 1

We recommend that the Accident Compensation Corporation periodically seek suggestions and implement solutions that would make it easier for people to complain.

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## There is room to make it easier to complain

**Important documents are provided in a range of languages, and ACC is working to improve its written communications to improve accessibility. In our view, ACC's telephone performance has not received enough attention from managers and relevant webpages also need to be improved.**

- 3.11 The people who rely on ACC after an accident include some of the most vulnerable people in society – they include people with severe injuries or mental health conditions, and victims of assault. ACC claimants also include people with diverse cultural, linguistic, and educational backgrounds.
- 3.12 An attitude that welcomes complaints is important. That means making it easy to complain. Good practice in handling complaints gives people the best opportunity to make a complaint and does not necessarily mean minimising the number of complaints. People appreciate knowing that someone is listening to them and that they can influence how ACC delivers services to the public.
- 3.13 Proactively managing complaints allows an organisation to counteract negative experiences and turn dissatisfied customers into satisfied customers. The alternative is for complainants to remain dissatisfied and spread negative opinions about an organisation.
- 3.14 Some of our interviewees received correspondence from ACC that included a factsheet or booklet about making complaints. They felt that the information in the documents was misleading.
- 3.15 Many of our interviewees told us that, before making a complaint, they did not know how to do so.
- 3.16 About half of the people we surveyed had tried to find information during the complaints process. Of these, just over a quarter could not find what they were looking for. Figure 11 shows the results from our survey about information availability and quality from the people who did find the information they were looking for. This shows that ACC needs to make information easier to find. ACC could also make improvements to make its information more helpful, and easier to understand.

**Figure 11**  
**Complainants' perception of information availability and quality**

Statement	Percentage of respondents who agreed or strongly agreed
The information was easy to understand	69%
The information was helpful	64%
The information was easy to find	57%

Source: Office of the Auditor-General.

- 3.17 Because people rely increasingly on the Internet, ACC needs to improve its complaint web pages, which are poor. In our survey, about half of complainants told us they looked on the Internet for information during the complaints process.
- 3.18 Some of the complainants we interviewed told us that they felt that ACC did not communicate openly and used language that was not plain English. There was frustration with being told “I hear what you say” and what sounded like scripted language.
- 3.19 ACC knows that it can improve how it communicates with potential complainants. It is also aware of weaknesses in its written communications and is working to improve them.
- 3.20 ACC offers versions of its main documents, such as information sheets, in a range of New Zealand’s most commonly spoken languages, such as English, Māori, Samoan, Tongan, Chinese, Korean, and Hindi. There is a process to ensure that these are appropriately translated. Telephone-based translation services are available, covering 39 languages.
- 3.21 ACC’s telephone technology is modern and capable but is not used to its full potential. There is a freephone complaint telephone number, which is also free for people calling on cellphones. However, advocates have told us that they sometimes find it difficult to get through on the 0800 complaints telephone line. Our analysis shows that there may be capacity problems, because ACC’s data shows that almost half of all calls to the 0800 complaints telephone line are diverted to answerphone.
- 3.22 We recognise that there are weaknesses in this data. This is partly because, before our audit, ACC did not routinely analyse complaint telephone service performance and requesting this sort of data is new. ACC is working to address these weaknesses.
- 3.23 Figure 12 shows our assessment of how good ACC is at helping people to make a complaint.

**Figure 12**  
**How ACC helps people who want to make a complaint**

Does ACC provide...	Our findings
Accessible language in its communications?	ACC accepts that it must improve how it communicates with people. It has problems with jargon, accessibility, tone, and style. The forms, leaflets, and information sheets (FLIS) project started in June 2013 and is tasked with identifying improvements.
Written information on the complaints system, such as a brochure or handout?	ACC's brochure <i>Working together to resolve issues</i> (ACC2393) is given to all people when they first make a claim. We assessed its readability using a sample SMOG test.* Most people will understand a document if it scores about 10 on the SMOG test. ACC's brochure scored 16 (a graduate level), which means that not everyone will fully understand the information in ACC's brochure. We visited five local offices and found only two displaying any corporate literature about complaints in public areas.
Hard copy complaint forms?	People have the option to lodge a complaint using a hard copy form (ACC709).
Access to the 0800 complaints telephone line?	Our analysis of ACC complaint call data between October 2013 and January 2014 shows that about 10% of calls were abandoned by the caller before being answered. The World Bank recommends reducing this percentage to between 5% and 8%. (See International Finance Corporation, <i>Measuring call center performance</i> , available at <a href="http://www.ifc.org">www.ifc.org</a> .)
Free telephone calls, including from cellphones?	The 0800 number is free to use, including from cellphones.
Access through telephone service features, such as interactive voice response and a virtual queue?	The telephone system is capable of interactive voice response but it is not used. Interactive voice response allows the caller to interact with the telephone system by choosing options. Virtual queue facilities guarantee the caller's position in the queue without having to wait on hold and automatically call back when a representative is available to speak to the caller. Virtual queue facilities are expensive and ACC's analysis of the telephone system as a whole shows there is little queuing that would justify such an investment. The 0800 complaints telephone line has a voicemail service where callers can leave a message with their contact details. Our analysis of call data between October 2013 and March 2014 shows that about 48% of calls were directed to voicemail. This restricts access and could suggest capacity problems in CSS. People are unlikely to view being diverted to voicemail as good customer service.

Does ACC provide...	Our findings
Easily accessible complaint information on its website?	<p>ACC's website does not make it easy to complain. There is:</p> <ul style="list-style-type: none"> <li>• little information about making complaints on the home page;</li> <li>• poor signposting of the complaints webpage;</li> <li>• a confusing and poorly organised complaints webpage; and</li> <li>• uncertainty about whether all people would find the complaints webpage easy to read and understand (SMOG test score of 17 – post-graduate level).</li> </ul> <p>ACC's website does not comply with the Government's web standards or the world wide web consortium's web accessibility initiative standards.</p>
Information about how ACC handles complaints in other languages?	<p>ACC provides versions of its brochure <i>Working together to resolve issues</i> (ACC2393) in several languages.</p> <p>For documents such as information sheets, ACC use a translation agency. The translated document is then checked by a member of ACC's cultural services team.</p> <p>Telephone-based translation services are also available, covering 39 languages.</p>
Information about how ACC handles complaints in other formats?	<p>ACC does not provide formats, such as braille, electronic audio, and large print, for the visually impaired.</p> <p>ACC provides a Deaf Community Fax facility and a dedicated email for the hearing impaired. These are not complaint-specific channels but are managed by CSS.</p>

Source: Office of the Auditor-General.

\* A SMOG test is a measure of readability that estimates the years of education needed to understand a piece of writing.

## People miss out on assistance because services are under-used

**Complainants who use ACC's free advocacy services like the services and find them effective. However, many ACC staff are unaware of these services, so do not refer people to them. ACC's cultural services team provides language, cultural, and facilitation support for frontline staff working with people of Māori, Pacific, and Asian descent. Local office staff's awareness and engagement with the cultural services team varies.**

### Advocacy services

- 3.24 Some people need help to lodge a complaint. Advocacy services are non-legal services that can help people who want to complain. They can help people to understand information about their ACC entitlements and ACC's decisions.

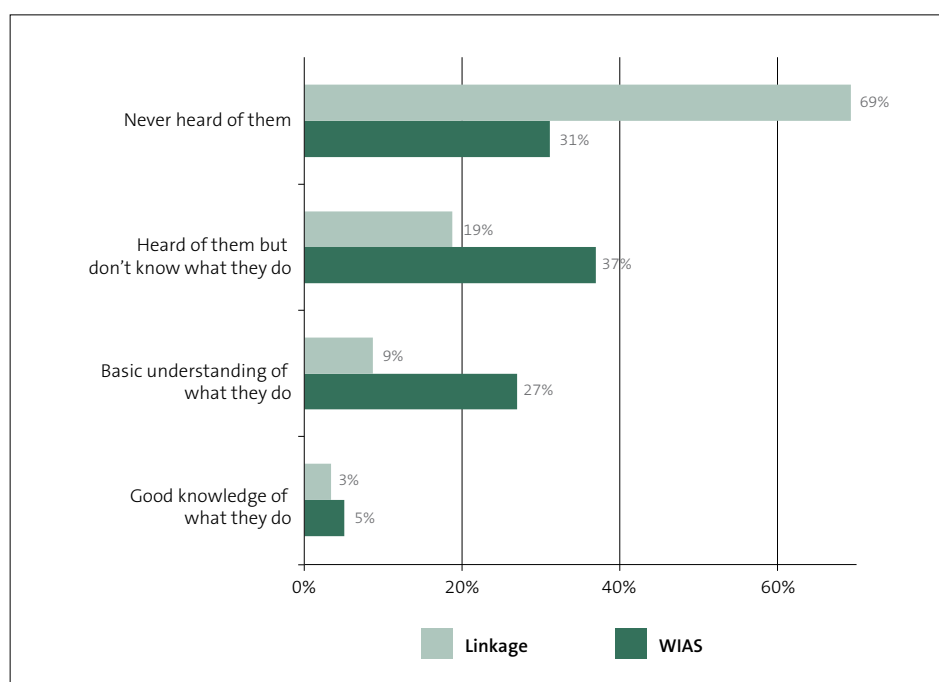
Complainants can get private sector advocates to help them or act on their behalf and might have to pay for these services. ACC pays organisations to provide complainants with advocacy services for free.

*Only about one-third of the people we surveyed felt that their complaint had made a difference.*

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- 3.25 Providing complainants access to free advocacy services makes sense. Advocates better understand ACC processes and terminology and can easily access ACC staff. Therefore, complaints are more likely to be resolved earlier, shortening the long and costly process if complaints are escalated.
- 3.26 We looked at three organisations that provide free advocacy services to people relying on ACC. All these advocacy services are external and independent of ACC, but ACC funds them. The three we looked at are:
- Linkage Trust (Linkage);
  - Workplace Injury Advocacy Service (WIAS), part of the New Zealand Council of Trade Unions; and
  - Brain Injury Association of New Zealand (BIANZ).
- 3.27 In 2010, the three organisations started to offer free advocacy services to people with ACC claims, funded by ACC contracts worth \$400,000. By May 2011, BIANZ was no longer able to continue with the service and the contract was ended by mutual consent. The advocacy services have proved effective and popular with people who used them.
- 3.28 Advocacy reduces by one-third the number of complaints that end up being reviewed. Only about 10% of people involved with these advocacy services advance to a formal review of their complaint, compared with about 15% of those who did not use the advocacy services.
- 3.29 In 2011, surveys showed that 99% of respondents who had used WIAS's services rated the advocacy service provided as good or better, and 91% of Linkage respondents would definitely recommend the advocacy service to others.
- 3.30 These advocacy services could be used more widely. In total, the two services had about 860 contacts from ACC in 2013, not all of which were related to complaints. WIAS and Linkage think that people's access to advocacy services could be improved.
- 3.31 One reason that advocacy services are not used more widely may be that ACC staff have little awareness of them, so are unlikely to refer complainants to them. Figure 13 shows how well frontline staff are aware of and understand advocacy services.

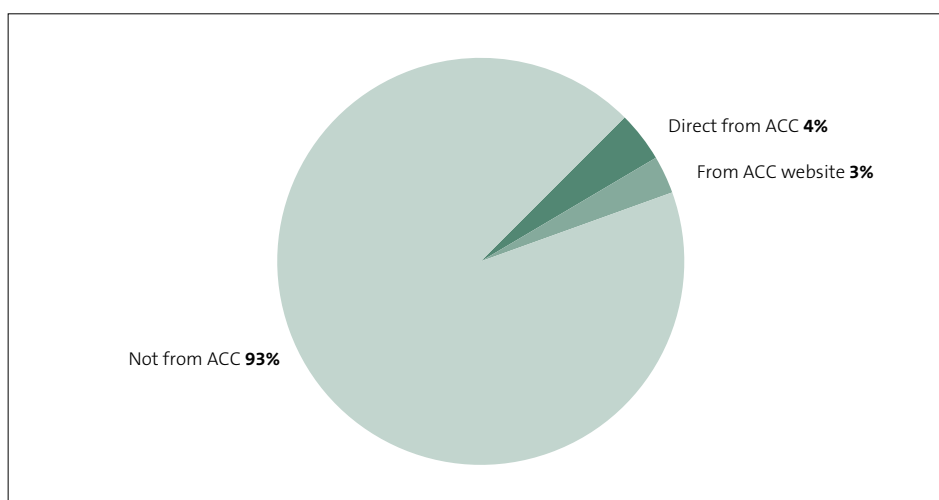
**Figure 13**  
Frontline staff's awareness and understanding of advocacy services



Source: Office of the Auditor-General (2014), survey of ACC staff.

- 3.32 We looked at how people who did access these advocacy services found out about them. Figure 14 shows that only about one in 10 of WIAS' service users were referred from ACC.

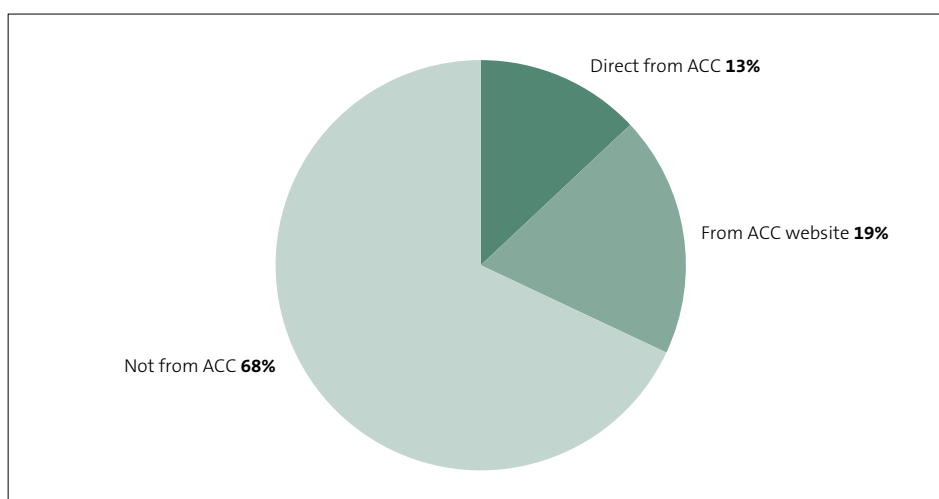
**Figure 14**  
Source of referral for complainants accessing WIAS' advocacy services, 2011



Source: Office of the Auditor-General.

- 3.33 Figure 15 shows that only about one-third of Linkage's service users were referred from ACC.

**Figure 15**  
Source of referral for complainants accessing Linkage's advocacy services, 2011



Source: Office of the Auditor-General.

- 3.34 After the BIANZ contract was ended, most of the BIANZ contract funding was reallocated to other uses. Figure 16 shows recent ACC funding of advocacy services. Not reallocating the BIANZ funding to a different organisation and/or among the remaining two organisations has led, in effect, to a 30% cut in funding from that originally envisaged.

**Figure 16**  
**ACC funding for advocacy services, 2010/11 to 2013/14**

Advocacy service	Funding \$000			
	2010/11	2011/12	2012/13	2013/14
Workplace Injury Advocacy Service	150	150	150	154
Linkage Trust	125	125	125	126
Brain Injury Association of New Zealand	125	0	0	0
<b>Total</b>	<b>400</b>	<b>275</b>	<b>275</b>	<b>280</b>

Source: Office of the Auditor-General.

- 3.35 ACC's support of advocacy services such as WIAS and Linkage is worthwhile and in line with the service recovery approach of resolving complaints at the earliest possible opportunity. However, ACC could get better value for money from its investment in advocacy services by increasing the awareness of the advocacy services it funds.
- 3.36 ACC is missing opportunities to resolve complaints earlier in the process. Resolving complaints early would be a more effective and efficient use of resources and increase the chances of restoring the ACC-claimant relationship.

### Cultural services

- 3.37 The Code specifies that people have the right to effective communication, including access to an interpreter when necessary and reasonably practicable. ACC has a cultural services team that provides language, cultural, and facilitation support for frontline staff working with Māori, Pacific, and Asian claimants.
- 3.38 Our staff survey showed that frontline staff know about the cultural services team, with 49% of respondents saying that they had a good knowledge of what the team did. However, awareness varies widely between local offices and is not always higher in areas with higher populations of ethnic minorities.



- 3.39 The cultural services team told us that:
- the team has excellent relationships with some local offices;
  - younger and/or newer staff are more willing to use the cultural services team; and
  - some local offices protect what they see as their “patch” and resist help from outside.
- 3.40 We did not test these matters in detail, but did see that the local office’s manager heavily influences the atmosphere and culture of each local office.
- 3.41 The method for seeking the cultural services team’s help is reactive, which may prevent some people from getting help. The system depends on the person showing a need for help and the ACC staff member recognising this and making a request. These represent two potential failure points in the system that may prevent some people getting the help they need.
- 3.42 CSS can make referrals to the cultural services team as part of resolving a complaint. In our view, getting the cultural services team involved earlier in complaints, including for complaints at the local office, might be better. This would be consistent with the service recovery approach of resolving complaints at the lowest possible level. However, the cultural services team relies on being asked for help and often finds that the complaint has progressed before they can get involved.

## Reasons why dissatisfied people do not complain are not looked into

**Many dissatisfied people do not complain. An organisation that focuses on customers must understand them, especially unhappy customers. ACC does not know why dissatisfied people do not complain, and has not carried out any recent research to find out why.**

- 3.43 ACC lacks understanding of why some people do not complain. It is important for all public entities to understand why some dissatisfied people do not complain so that the relationship with them can be rebuilt.
- 3.44 In 2012/13, 16% of people who had a claim accepted by ACC said they were dissatisfied or very dissatisfied with their service experience. In those 12 months, ACC dealt with about 1.3 million people. Therefore, potentially, about 200,000 people were dissatisfied with their ACC experience. However, ACC recorded only about 1600 complaints in 2012/13.

- 3.45 Research on the behaviour of customers and complainants suggests that this difference is typical. In society in general, most dissatisfied customers do not complain. One estimate is that about one in 10 dissatisfied customers formally complain about service, with others suggesting that, as a general rule, for every complaint an organisation receives there are between 25 and 50 unreported problems.<sup>13</sup>
- 3.46 Several factors can influence whether dissatisfied people complain. Income, education, skills, confidence, and age, and, sometimes, gender are all factors that can affect whether someone will complain. It varies by service and customer group, which is why it is important for organisations to understand their unhappy customers and complainants.
- 3.47 Sometimes people's views about complaints processes, especially feeling that nobody will listen and nothing will change, leads them not to complain. These feelings are more significant for certain groups of people, such as those from different cultures, people who do not speak English as a first language, young people, and people with disabilities.
- 3.48 Our survey of ACC complainants shows that the organisation faces significant strategic challenges in complaint handling:
- About half did not think that ACC did what it said it would do.
  - Only about one-third felt that their complaint had made a difference.
- 3.49 If people see little value in complaining, then the number of complaints might fall because of people's confidence in the system and processes is weakened.
- 3.50 If people have a positive experience of an organisation's complaints system, this will lead to increased satisfaction. A benefit to the organisation when complaints are solved and complainants are satisfied is that people tell others about their positive experience with the organisation.
- 3.51 ACC does not know why dissatisfied people do not complain, and has not carried out any recent research or surveys to find out why. The wider research detailed in paragraphs - shows that there could be many reasons dissatisfied people do not complain. If ACC is to become an organisation that focuses more on people, it needs to understand what those reasons are and try to address them.

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## Recommendation 2

We recommend that the Accident Compensation Corporation periodically look into, understand, and remove any barriers that prevent or discourage people from complaining.

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13 George, M., Graham, Prof. C., and Lennard, L (2007), *Complaint handling: Principles and Best Practice*, Centre for Utility Consumer Law, University of Leicester.

## Responding to complaints

*Complaints are responded to promptly and handled objectively, fairly and in confidence. Remedies are provided where appropriate.*

Office of the Ombudsman's guidelines

4.1 In this Part, we discuss:

- knowing how well response standards are met;
- whether complainants are satisfied with outcomes;
- how complaint response standards are better known than the Code;
- how frontline staff could be better equipped for dealing with complaints; and
- dealing consistently with complainants who behave unreasonably.

### Summary

- 4.2 Most complainants told us that ACC's interactions with them were professional and they were informed about the next steps in the process.
- 4.3 ACC staff showed a good awareness of service standards for some steps in the complaints process. ACC does not systematically monitor or report achievement against all service standards, so it cannot say whether the response standards are routinely met. ACC says that this discourages staff from focusing too much on timeliness rather than quality.
- 4.4 ACC does not gauge whether people think the complaints system is effective. Only about one in five complainants we surveyed said they are satisfied overall with ACC's complaint process. Staff are supposed to check whether complainants are satisfied with the outcome of their complaint, but there is little assurance that all staff are doing this consistently.
- 4.5 Frontline staff told us they generally felt equipped to deal with complaints, but not by ACC. Most did not feel that ACC gave them the skills, knowledge, and tools to deal with complaints. Many rely on peer advice and guidance when dealing with complaints.
- 4.6 The Ombudsman has produced guidance to help public entities with managing complainants who behave in challenging ways but ACC does not use this guidance nor does it have a consistent method to manage such complainants. Staff told us that such complainants take up a disproportionate amount of staff time, but no data on the problem is collected.

## Service standards are known but not systematically monitored and reported

**ACC aims to provide a high standard of customer service and meet reasonable expectations. Most people told us that ACC staff were professional and kept them informed about next steps. There are service standards for some steps in the complaints process and most staff knew them. However, achievement against all the response standards is not monitored or reported systematically.**

- 4.7 People who have made a complaint need to know how long ACC will take to deal with their complaint and, if there are delays, when to expect a response. It is better to give complainants a realistic time frame for dealing with their complaint rather than making unrealistic promises.
- 4.8 ACC aims to provide a high standard of customer service and meet people's reasonable expectations. About 60% of the complainants we surveyed agreed that the contact they had with ACC was conducted in a professional manner. About the same proportion agreed that the contact they had with ACC was easy to understand. More than two-thirds say they were informed about the next steps in the complaint process.
- 4.9 ACC has set service standards for some steps in the complaints process. In local offices, the standards for acknowledging a dissatisfied person are the same as for general inquiries (for example, one working day for telephone messages and two working days for email messages). Local offices have to resolve a complaint referred by CSS within four days unless the complainant agrees to an extension.
- 4.10 CSS has a standard time frame of five working days, and a maximum of 10 working days to resolve a complaint, after which transfer to OCI is considered.
- 4.11 The Code does not impose a specific time frame to resolve complaints, but OCI tries to meet the time frame set in their acknowledgement letter. This is usually between four and six weeks, unless otherwise agreed with the complainant. There are no set standards for interim progress reports, but staff say they try to keep the person informed of any delays. For OCI staff, timeliness is captured using an OCI quality and customer engagement assessment tool, although there are no specific performance indicators for this aspect of service.
- 4.12 There are also time frames:
- for responding to Ministerial letters and correspondence from the Office of the Ombudsman, the Office of the Privacy Commissioner, and chief executive; and
  - for ACC local offices or business units to put remedies into practice, which should be within seven working days after OCI has issued the decision letter.

- 4.13 Not all of these time standards are routinely monitored and reported. Therefore, they act as indicative good practice rather than an absolute standard. Staff who handle complaints told us that ACC is trying to de-emphasise meeting response times because in the past staff focused too much on timeliness, which had an adverse effect on response quality.
- 4.14 However, only about one-third of complainants from our survey agreed that the length of time it took to resolve the issue was reasonable.
- 4.15 For OCI, our file review showed that practice was mostly consistent with the set process. We found evidence of improvements by sharing interim findings with complainants. All complainants in our sample were sent a findings letter, but only 40% of the relevant business units, such as the local office, got a copy of the letter. ACC told us that there is an expectation that local offices or business units will be notified through the claims management system when a findings letter is sent to a complainant.
- 4.16 We also found that in about 10% of cases there was no evidence that the relevant business unit, such as the local office, complied with OCI instructions to send an apology letter to the complainant.
- 4.17 For CSS, our file review showed that the standard of recording was variable, with both good and poor practice. Poor recording presents a risk to ACC's future intentions to improve its analysis of complaints.
- 4.18 Also, in about three quarters of our sample, relevant business units, such as local offices, kept CSS informed of progress with resolving a complaint in accordance with ACC's complaint processes. For the other quarter, CSS staff had to ask local offices for updates on progress.
- Some people told us that the process lacks integrity, independence, and fairness.*
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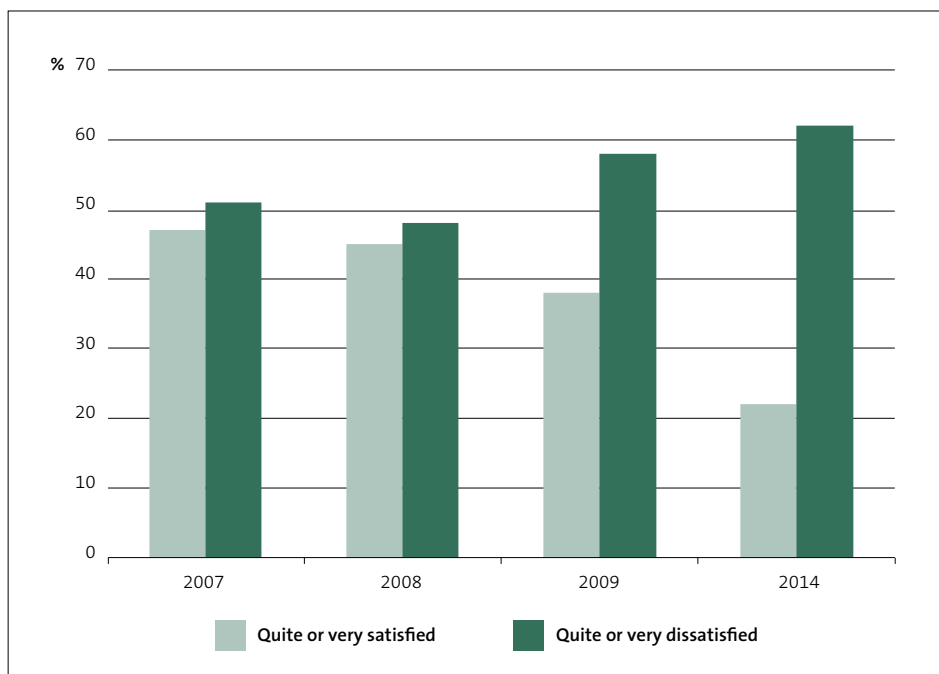
## Complainants are mostly dissatisfied with outcomes

**Only about one in five complainants we surveyed were satisfied with how ACC handled their complaint. ACC has improved how OCI interacts with complainants. There is little assurance that all staff are complying with the complaints process and checking whether people are satisfied with the outcome of their complaint. ACC does not know whether complainants think the complaints system is effective.**

- 4.19 We asked people to tell us how satisfied or dissatisfied they were with the overall way ACC handled their complaint. ACC also has some data on overall satisfaction about complaints. Figure 17 combines the two data sets and shows a declining satisfaction and increasing dissatisfaction with how ACC handles complaints.

**Figure 17**

**Percentage of complainants satisfied with the way ACC handled their complaint, 2007 to 2009 and 2014**



Source: Data for 2007 to 2009 – telephone surveys (of 178, 215, and 159 people) by the Accident Compensation Corporation. Data for 2014 – telephone survey (of 242 people) by the Office of the Auditor-General.

- 4.20 For complainants who have had a final decision on their complaint, only 44% thought the overall decision was fair. Similarly, 57% of complainants agreed that the matter was resolved after receiving a final decision on their complaint. Conversely, 40% of complainants do not consider the matter resolved.
- 4.21 Views about the outcome of a complaint have a strong relationship to perceptions of the process. For example, those who feel their complaint is resolved and the outcome is fair are more likely than others to be satisfied with the process.
- 4.22 However, for those complainants who had their problem resolved and thought the outcome was fair, only 56% were quite or very satisfied with the process. This suggests there is room to improve perceptions about the process, even among those who were happy with the outcome.
- 4.23 Figure 18 shows the results from our survey of complainants when we asked them about different aspects of the complaints process. About 60% of surveyed complainants agreed that they were given the opportunity to say all they wanted to say. A lower percentage of claimants responded positively against other aspects of the complaints process.

**Figure 18**  
**Complainants' views of the complaints process**

Statement	Percentage of respondents who agree or strongly agree
You were given the opportunity to say all that you wanted to say	63
You had all of your questions about the complaints process answered	41
The process was conducted in an open and fair manner	40
You felt your individual circumstances were taken into account	31
You were kept well informed about the progress of your complaint	31

Source: Office of the Auditor-General.

- 4.24 These results were reflected in some of the feedback we received from our interviews with complainants. Some people told us that the process lacks integrity, independence, and fairness.

### Customer Support Service and satisfaction

- 4.25 Our interviewees told us that, overall, they are very satisfied with their interactions with CSS. Complainants consider that CSS staff members treat them with respect and listen impartially to their concerns. There was praise for their attitude.
- 4.26 For the most part, CSS informs the complainant about the options for handling the complaint, what will happen next in the process, and expected time frames. Some complainants feel that the service from CSS surpasses that of ACC's general service delivery.

*Complainants consider that CSS staff members treat them with respect and listen impartially to their concerns. There was praise for their attitude.*

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### Office of the Complaints Investigator and satisfaction

- 4.27 Our interviewees told us that OCI and the review of OCI's decisions are the two parts of the complaints process that they are least satisfied with.
- 4.28 Some of the interviewees who have gone through the OCI process consider that it is not a thorough investigation. They feel OCI does not adequately consider their side of the complaint, and perceive that OCI lacks independence and impartiality. The fact that OCI investigators do not meet with complainants to hear their complaint appears to cause many of these perceptions – people expect to be interviewed.
- 4.29 Some interviewees were not aware of their right to have the OCI decision reviewed. We saw examples of decision letters that did explain a person's right to have the decision reviewed. ACC has also told us that a factsheet is provided with every decision explaining the right of review.
- 4.30 Those interviewees, who are familiar with the review process, feel that it lacks independence. Those complainants who had their OCI decision reviewed believe there are significant problems with the review process. This is because the review is based on the information available in ACC files, which depends on accurate and complete recording.
- 4.31 Work is under way to address some of these problems. OCI has improved its method for communicating with complainants. Communication between OCI staff and complainants are now more frequent during the course of the complaint. This includes sending the complainant interim findings mid-way through the complaint investigation.



### Quality assurance and satisfaction

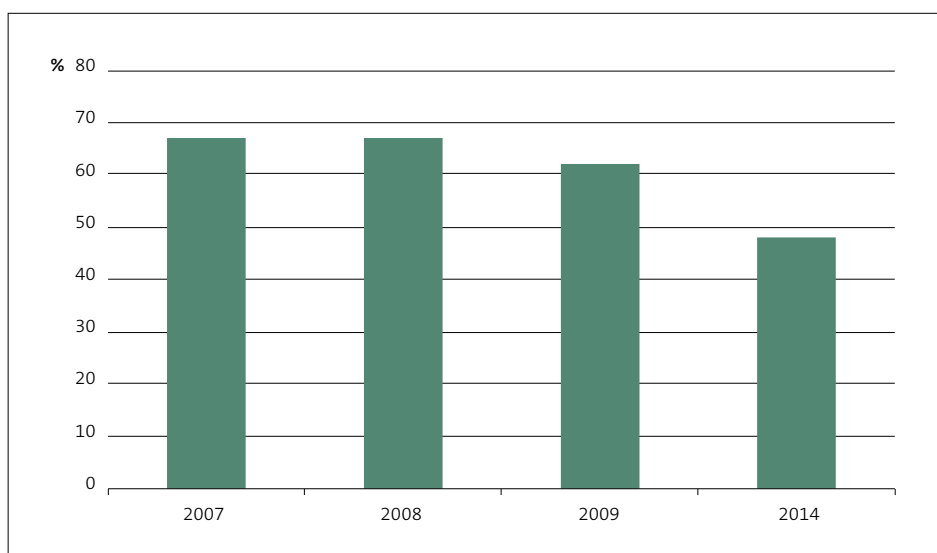
- 4.32 In CSS and OCI, quality assurance of complaints is based on the expectation that managers sample two cases for each staff member each month. As part of this, managers are expected to speak with the complainant.
- 4.33 These sampling exercises are a useful first step but do not always provide robust assurance. Because OCI's caseload is smaller, the sampling will capture a bigger proportion of the team's work than CSS and, therefore, provide greater assurance.
- 4.34 ACC has no specific method to ensure that frontline staff handle complaints well. The sampling exercise for frontline staff aims to review the standard of case management. This exercise might pick up a small sample of cases that involved a person making a complaint. Some of the local office team managers told us that they did not think that this method provided the needed assurance about how ACC handles complaints at the local office.
- 4.35 ACC has processes in place to check whether people are happy with how their complaints have been handled. Staff at the local office should confirm with people whether they are happy with outcomes. CSS instructs its staff to telephone the complainant after their complaint has been resolved. OCI has a similar requirement for follow-up.
- 4.36 However, there is no systematic checking, monitoring, and reporting to demonstrate that in all cases ACC:
- contacted the complainant to gauge how satisfied they were with the outcome; and
  - carried out the agreed remedy.
- 4.37 During our in-depth interviews with complainants, people told us that making a complaint and having it investigated is not worthwhile if ACC can simply ignore OCI's decisions or delay any required changes.
- 4.38 Without routine assurance, ACC cannot show that staff are consistently following the agreed process, and that it is committed to improving services.
- 4.39 In 2005, an external consultant found that about two-thirds of complaint case files had evidence of checking whether remedies had been put into effect. Our file review showed that:
- about two-thirds of CSS cases had evidence of complying with the requirement to call the complainant and check that they were satisfied with the outcome; and
  - about one-third of OCI cases had evidence that staff had followed up with complainants after the investigation to discuss the outcome and check that they were satisfied.

- 4.40 About 60% of the complainants we surveyed agreed that ACC explained fully the reasons for the complaint decision. However, only about 50% of complainants agreed that ACC had correctly understood their complaint, and slightly more than one-third agreed that the final decision addressed all aspects of their complaint.
- 4.41 Until about 2009, ACC used to survey complainants to gauge satisfaction. It no longer does this. Staff told us that this was because it was difficult to separate a complainant's satisfaction with the process from their satisfaction with the outcome.
- 4.42 Without systematic monitoring of complainants' satisfaction or remedy implementation, ACC does not know whether people think the complaints system is effective. This is a missed opportunity to identify improvements.

### Perceived value of making a complaint

- 4.43 Figure 19 shows that the proportion of complainants who thought it was worthwhile taking up their problem or concern with ACC has reduced since 2007.

**Figure 19**  
**Complainants who thought it was worthwhile taking up a complaint about ACC, 2007-2009 and 2014**



Source: Data for 2007 to 2009 – telephone surveys (of 178, 215, and 159 people) by the Accident Compensation Corporation. Data for 2014 – telephone survey (of 242 people) by the Office of the Auditor-General.

- 4.44 In our survey, about 40% of complainants said that ACC did what it said it would do, and about 30% of complainants thought their complaint had made a difference.
- 4.45 Our interviewees told us that, when ACC apologises, complainants can sometimes feel this apologising lacks sincerity and credibility, especially if the problem is not actually solved or if the same problem happens again.
- 4.46 Complainants perceive the complaints process as unworthy when OCI's decisions are ignored. In these instances, complainants view OCI as lacking authority. Complainants then question the value of ACC's complaints service.

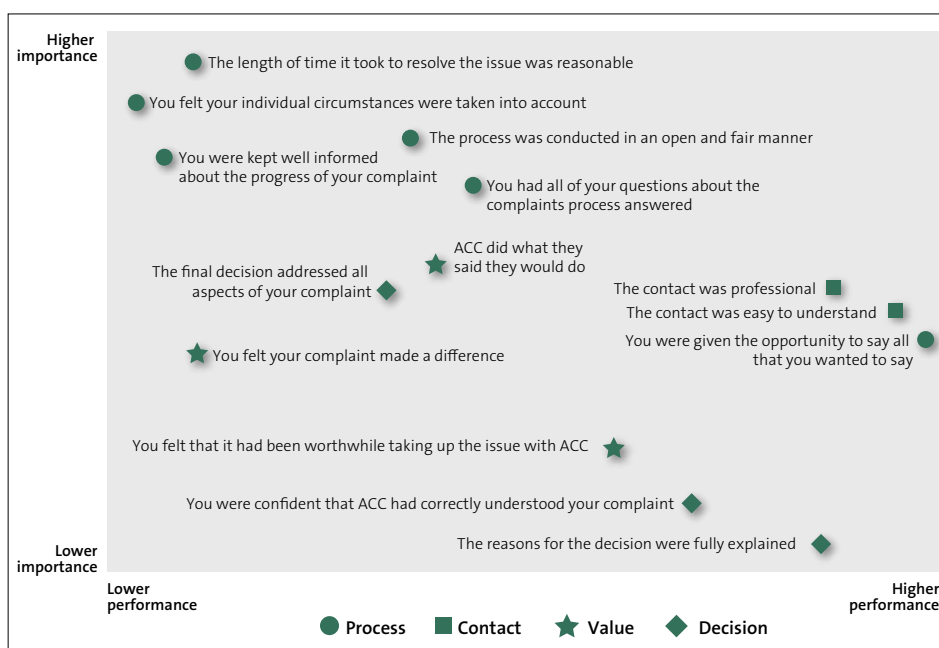
*Complainants sometimes feel this apologising lacks sincerity and credibility, especially if the problem is not actually solved or if the same problem happens again.*

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### Improvements suggested by complainants

- 4.47 Some complainants who we interviewed had suggestions for improving ACC's complaints process. Most of the suggestions related to perceived service failures of OCI and the process for reviewing OCI's decisions. People suggested ensuring that:
- complainants are better informed about the complaints process;
  - ACC effectively communicates with complainants and treats them fairly;
  - ACC investigates the complaint properly and acts impartially; and
  - remedies are effective and adhered to.
- 4.48 The interview suggestions are consistent with the findings from our telephone survey of complainants. Figure 20 shows an analysis of the attributes of the complaints process that interviewees assessed as important, and how they perceived that ACC performed against each attribute. For example, the analysis showed "The length of time it took to resolve the issue was reasonable" as more important than other attributes. However, people thought ACC had performed poorly in resolving the issue in a reasonable length of time.

**Figure 20**  
Performance and importance analysis of responses from ACC complainants



Source: Office of the Auditor-General. This graph shows the relative performance and importance of each attribute of complaints handling, based on how people rated them. The position of each attribute is determined by its relationship to each of the other attributes. Attributes that are assessed as important but rated as done poorly are at the top on the left.

## Complaint response standards are better known than the Code of ACC Claimants' Rights

- 4.49 Frontline staff told us that they were aware of the complaints performance standards and could recall them reasonably accurately. This shows that staff are aware of the time limits to adhere to. CSS and OCI staff had a high standard of awareness of their time limits. This should help to ensure that people are given timely responses.
- 4.50 Because the Code is important, we wanted to know how deep-seated knowledge of the Code's eight rights was among frontline staff. We asked staff to select the eight Code rights from a list of 16 possible answers. Respondents could select as many answers as they wanted up to a maximum of 16.
- 4.51 Sixteen percent of respondents selected only the correct eight choices. Of the respondents who made between 8 and 12 selections, 41% included the correct eight choices. In our view, ACC could improve frontline staff's familiarity with the Code.

## Frontline staff could be better equipped to deal with complaints

**In general, ACC's staff feel equipped to deal with complaints. However, there is no ACC-wide training about complaints. ACC's intranet contains detailed complaint policies and procedures but they are not easy to access. Instead, many frontline staff rely on peer advice and guidance. These factors pose a risk to achieving consistent, accurate, and up-to-date practice throughout the organisation.**

- 4.52 Our survey asked staff whether they felt equipped to handle complaints and people dissatisfied with ACC. Figure 21 shows that, although most staff felt equipped to handle complaints and dissatisfied people, many did not think that ACC had equipped them to do so.

**Figure 21**  
**Staff's assessment of whether they are equipped to handle complaints and dissatisfied people**

	Staff who felt equipped	Staff who felt that ACC had equipped them
Skills to handle dissatisfied people	76%	47%
Skills to handle complaints	62%	41%

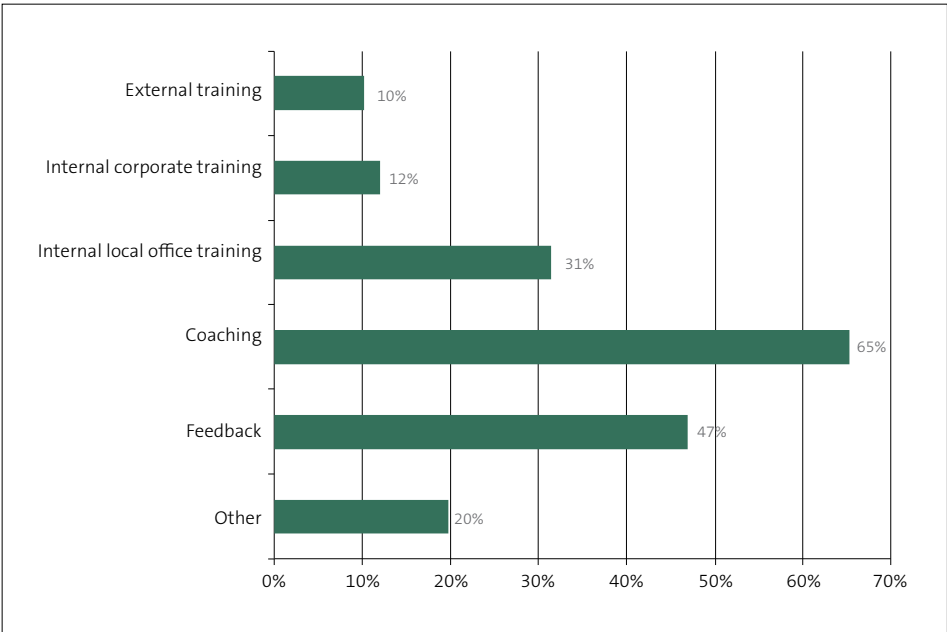
Source: Office of the Auditor-General. Note: For the purposes of the survey, we defined "complaint" as an official or formal complaint that involved corporate departments, such as CSS and/or OCI. A dissatisfied person was defined as someone who might lack understanding or be dissatisfied, concerned, unhappy, or frustrated with ACC in some way because of an issue that could be trivial through to serious.

## Training for frontline staff could be improved

- 4.53 Staff working in OCI and CSS roles need a lot of experience of managing cases and handling customers. OCI and CSS prefer to hire experienced staff to fit the role rather than train new people. Therefore, recruiting the right person and then improving their skills with on-the-job and other training is important. The CSS and OCI training regimes reflect this. CSS and OCI staff told us that they were reasonably satisfied with how the training regimes work.
- 4.54 Frontline staff have no specific or mandatory training in how to handle complaints or the complaints process. Staff receive general customer service training when they first join ACC. Later, they might receive more specialist skills training, such as dealing with difficult customers or negotiation skills. Frontline staff told us that they had all received privacy training but the amount and type of other training they received varied widely.

- 4.55 We were told by ACC staff that attitudes to training vary between local offices and are sometimes poor. Some longer-serving staff told us that they have not had much training since induction and ACC does poorly in providing refresher courses.
- 4.56 Figure 22 shows what frontline staff told us about the training they have had to help them handle complaints or dissatisfied people. Most frontline staff receive training at their local office. Delivering training at local offices makes sense, but relying on it too much can be risky. This is because inconsistent attitudes and abilities of local office managers and trainers can have too great an influence on the skills of frontline staff. It is likely that opportunities to embed and reinforce a consistent ACC-wide approach to handling complaints are being missed.

**Figure 22**  
**Type of training or help that frontline staff received in the previous 12 months to help with complaints or dissatisfied people**



Source: Office of the Auditor-General (2014), survey of ACC staff.  
Note: Respondents could choose more than one option.

- 4.57 About two-thirds of frontline staff told us that ACC could provide more training to help them handle dissatisfied people and complaints.
- 4.58 We were told by ACC staff that they consider team managers to be important in handling complaints at local offices. However, they think that team managers are not well trained in handling complaints.

- 4.59 In partnership with Auckland University of Technology, ACC is developing a central education hub or “Academy”. This offers a comprehensive set of tertiary-level programmes in Case Management and Leadership and Management for staff and managers. Implementation is scheduled for late 2014 and the first 40 staff will complete their studies in 2015.
- 4.60 However, some ACC staff do not think that the Academy’s syllabus includes enough reference to handling complaints. A lack of targeted training is a risk because it could contribute to unnecessary escalation of complaints and/or inconsistent practices.

#### **Peer support is effective but access to information is difficult**

- 4.61 ACC staff have access to information to help them deal with a complaint. The several detailed complaint policies and procedures include:
- guidelines to help staff work within the Code;
  - service standards for how staff are expected to work with members of the public and with colleagues; and
  - information on the complaints process.
- 4.62 Access to knowledge and information should help staff follow the process and treat complainants well. Being able to access and understand this information easily is important. ACC’s intranet is the main source of information for staff. However, many staff told us that they find the intranet difficult to use. Some staff resort to looking on ACC’s external website because they think it is easier to use than the intranet. Some staff told us that they often give up before finding what they are looking for.
- 4.63 We asked frontline staff whether they found information to help them deal with dissatisfied people and complainants easy to access. Including those staff who agreed just a little, less than 50% of staff said that they found the information they needed easy to access.
- 4.64 Frontline staff told us that they feel supported by colleagues and often ask them for advice and support because this is easy to do. Experienced staff told us that they often build their own informal advice networks.
- 4.65 Including those staff who agreed just a little, about 90% of frontline staff said they found it easy to get advice and guidance from other staff about dealing with complaints and dissatisfied people.
- 4.66 The median length of service for ACC staff who completed our survey was between seven and nine years. About one-third had 10 years’ service or longer.

Many ACC staff have long experience, but their job knowledge of how to handle complaints may not always be up to date because they tell us they do not receive enough training.

- 4.67 To be effective, staff need training, a supportive network of peers to help them, and easily accessible information. Without all of these, there is a risk that handling of complaints may not be consistent nor based on up to date, accurate, and reliable information.

## Complainants who behave unreasonably are dealt with inconsistently

**The Ombudsman's guidance on dealing with complainants who behave unreasonably is not widely used. Despite reports that such complainants take up a lot of staff time, there has been no evaluation of the problem by ACC. ACC has no process to manage these complainants consistently, except for those considered to be risky.**

- 4.68 All complainants are unhappy in some way. Some are justified because they have wrongly suffered some disadvantage. Most complainants act reasonably, but others do not. They can be aggressive or abusive to ACC staff. Some are deliberately misleading or dishonest and make wider allegations of corruption or conspiracy. They can have overly frequent or persistent contact with ACC staff.
- 4.69 The Office of the Ombudsman calls this type of complaint "unreasonable complainant conduct" and thinks that this kind of problem is widespread and increasing throughout the public sector:
- ... it certainly appears that angry, hostile and abusive behaviour is increasing, and that government employees have become convenient targets for the frustrated and angry.<sup>14</sup>*
- 4.70 The Office of the Ombudsman has practical guidance to help agencies manage unreasonable complainant conduct.<sup>15</sup> The approach has been tested internationally and used extensively. The government services team in ACC told us that they are aware of the guidance and have had some training from the Office of the Ombudsman. We found no evidence of it being used in other parts of ACC.

14 The Ombudsman defines this as any behaviour by a current or former complainant which, because of its nature or frequency, raises substantial health, safety, resource, or equity issues for the parties to a complaint.

15 Office of the Ombudsman (2012), *Managing unreasonable complainant conduct – a manual for frontline staff supervisors and senior managers*, available at the Office of the Ombudsman's website, [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).



- 4.71 The Ombudsman encourages public entities to manage unreasonable complainant conduct systematically and consistently, such as by:
- creating a pool of skilled and trained staff to deal with unreasonable complainant conduct;
  - designing a method to identify unreasonable complainant conduct; and
  - having a system that directs people to staff who are best able to deal with them.
- 4.72 ACC's challenge is to deal with unreasonable complainant conduct effectively and efficiently within the Code. ACC has no consistent way of doing this, except for those people who are considered risky.
- 4.73 ACC staff told us that unreasonable complainant conduct can consume much staff time, sometimes out of all proportion to the number of people involved. This stops staff giving time to other claimants who might need help. Complainants who are considered to behave unreasonably often have a long history with ACC and, over time, the number of their complaints usually increases. They increase ACC staff stress and can be demoralising to deal with. Some ACC staff told us that they see such conduct as offering the prospect of a never-ending complaint because they could not imagine a time when the complaint would be resolved.
- 4.74 ACC does not routinely collect any good data on unreasonable complainant conduct. This means that ACC does not know how many such complainants it deals with, and accordingly, how many resources it uses in trying to manage them. However, we conservatively estimate that, in 2013, about 5% of all complainants could be considered "unreasonable" and they produced 14% of the complaints lodged with CSS and OCI.
- 4.75 ACC also has what it terms "risky" claimants – people who are aggressive and/or a threat to staff and others. ACC has a way to identify and manage these people. Not all risky people are complainants who behave unreasonably and not all unreasonable complainant conduct is risky, but some people who rely on ACC's services are considered both risky and unreasonable.
- 4.76 In our view, if ACC can identify and manage risky people then it should be possible to do the same for unreasonable complainant conduct. This would be more effective and efficient for ACC and for other claimants, and would ensure that complainants get an appropriate and consistent response from ACC.

# 5

## Measuring and reporting complaints

*... reduce the number of problems and concerns raised with ACC that can lead to complaints lodged with the Office of the Complaints Investigator. The target is a 10% annual reduction from the forecast year-end baseline (1,700).*

*ACC's Statement of Intent 2013-2016*

- 5.1 In this Part, we discuss how:
- ACC needs to record complaints better;
  - ACC needs to improve reporting further;
  - complaints are not handled transparently; and
  - the true cost of complaints is unknown.

### Summary

- 5.2 ACC needs robust and useful information to analyse and use to improve services – but the information technology cannot provide detailed analysis of complaints, complaints are under-reported and recorded in disconnected systems, and the data quality is not high.
- 5.3 Within current data limitations, reporting about complaints is mixed. OCI's reporting to senior managers has improved and now includes some analysis. CSS reports would be more useful if they included analysis as well as activity.
- 5.4 Being more transparent in showing the public how it deals with complaints could help ACC increase public trust and confidence. ACC has recently adopted a target to reduce complaints. In our view, there is a risk that the target could encourage behaviours that discourage people from complaining or discourage accurate recording of complaints.
- 5.5 The true cost of complaints to ACC is unknown because data about the cost of complaints is limited. ACC does not routinely analyse the cost of handling complaints.

### Complaints could be better recorded

**Because of problems with definitions, expressions of dissatisfaction made to local offices are not recorded as complaints. The information technology used cannot provide detailed analysis of recorded complaints and data quality is not high. Without full and accurate records, ACC cannot analyse and use complaints information to improve services.**

- 5.6 Local offices do not record complaints in a way that makes analysis easy. Frontline staff do not define complaints as “complaints”, even though they are expressions of dissatisfaction.

- 5.7 Frontline staff record complaints as “client contacts” in a claims management system called “Eos”. The information cannot be easily analysed. Some local offices keep their own stand-alone records of complaints.
- 5.8 CSS and OCI record complaints using a different part of Eos and the ability to report from this system is limited. More detailed analysis is sometimes possible through a request to the research team, but this can sometimes require data to be manipulated manually.
- 5.9 Other teams, such as the government services team, privacy team, and IMT, keep separate records about complaints using different software. There is a risk that complaints dealt with by these teams are not included in the publicly reported complaints data. If the complainant has complained to more than one team in ACC, there is a risk that the complaint could be recorded in more than one system.
- 5.10 The lack of co-ordination of the complaints system means that ACC is not able to identify accurately whether there is any double counting of complaints. Our analysis of ACC data for 2013 shows that teams outside CSS and OCI might have handled up to 500 more complaints.
- 5.11 We have not audited how good ACC’s data quality is. However, high-level analysis using the six dimensions of data quality shows signs of potential weakness, including data extracted from free text fields, inconsistent and multiple recording, and using stand-alone spreadsheets. In some instances, we found it difficult to reconcile ACC data sets and we uncovered weaknesses in the data that the telephone system used by CSS produces.
- 5.12 Any data that supports public reporting needs greater rigour than operational management data. This includes the new public corporate complaints target in ACC’s *Statement of Intent 2013-2016*. Recording information incompletely and inaccurately could undermine trust and confidence in the publicly reported numbers of complaints used to show progress towards ACC’s target.
- 5.13 ACC is aware of weaknesses in how it records, analyses, and reports complaints and is working on some improvements. We have not audited the improvements so we cannot provide assurance about their effectiveness.

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### Recommendation 3

We recommend that the Accident Compensation Corporation define, record, and respond to complaints appropriately and consistently throughout the organisation.

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## Reporting could be further improved

**CSS and OCI reporting of complaints information to senior managers has improved. More can be done, but significant improvements will need better information.**

- 5.14 OCI's monthly reports now include yearly trends, performance against targets, and the number of complaints by section of the Code and by local office. This is a useful start, but is mostly data rather than data and analysis. The local office managers we spoke to held varied views on the usefulness of the OCI reports. Some managers would welcome more detailed analysis.
- 5.15 More sophisticated analysis, such as relating the number of complaints to local office size and to demographic information would provide more valuable information about complaints and complainants. However, we recognise that significant improvements are unlikely without better information technology systems and better recording of detailed data.
- 5.16 CSS began reporting about complaints in March 2013. CSS reports are less useful than OCI reports. They report activity, which is currently based on data with variable quality. Limited and occasional analysis has been done in the past, but regular systematic analysis would increase the usefulness of CSS reports and provide a co-ordinated picture throughout OCI and CSS.

## Complaints are not handled transparently

**ACC could increase public trust and confidence by being more transparent and showing the public how it deals with complaints. ACC has introduced a complaints target but there is a risk that the target could encourage staff to behave in ways that are unlikely to improve complainants' experience.**

- 5.17 Service users often complain because they do not want others to experience the same problems and want to see improvements.<sup>16</sup> Some people do not complain because they think that no change will result.<sup>17</sup> Therefore, providing feedback to complainants about what has changed is an important part of dealing with complaints and increasing people's satisfaction with the process.
- 5.18 International experience shows that some private and public entities carry out regular "you said – we did" exercises. These include the Health and Disability Commissioner, Z Energy (the fuel retailer), and the British National Health Service. The output from these exercises can take several forms, such as posters,

<sup>16</sup> Healthcare Commission (2007), *Is anyone listening? Complaints handling in the NHS*, Healthcare Commission, London, page 4.

<sup>17</sup> Public Administration Select Committee (2014), *More complaints please!*, House of Commons, London, paragraph 16, page 12; Siddiqui, M. and Tripathi, S. (2010), "An analytical study of complaining attitudes: With reference to the banking sector", *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 18, pages 119-137.

advertisements, and sections in annual reports or other public documents. Regardless of the form they take, this is a public demonstration of an organisation's commitment to improve services by listening to people (including their complaints) and providing feedback on the changes that it has made as a result.

*Some people felt that the information about making complaints was misleading.*

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- 5.19 ACC could be more transparent in showing how well it deals with complaints. ACC's annual reports have not included any measures of complaints since 2007.
- 5.20 ACC has a target to reduce the number of complaints. This is detailed in the *Statement of Intent 2013-2016*. The target is to:
- ... reduce the number of problems and concerns raised with ACC that can lead to complaints lodged with the Office of the Complaints Investigator. The target is a 10% annual reduction from the forecast year-end baseline (1,700).*
- 5.21 ACC has started to report performance against the complaints target in its quarterly reports, which are on its website. However, in our view, the quarterly reports are difficult to find.
- 5.22 There is a significant risk that the complaints target could deliver unintended consequences. For example:
- The target could encourage staff to behave in ways that discourage people from complaining.
  - Basing the target on an absolute number might not be appropriate without understanding what influences the number of complaints, such as the number of claims that ACC is managing each year.
  - The compounding nature of a year-on-year reduction means that early reductions will be easier to achieve than later ones and might encourage staff to focus on dealing with easy complaints – “easy wins” – rather than the most significant complaints.
- 5.23 In contrast, ACC's privacy target uses a different method to measure performance. A “balanced scorecard” of three different measures is amalgamated to come to an overall conclusion on whether performance has improved. The three measures are:
- the number of privacy breaches;
  - governance and staff capability; and
  - performance against the 12 information privacy principles.
- 5.24 ACC told us that the complaints target is unlikely to encourage unwanted behaviour among local office staff because it does not form part of their

performance objectives. We note that it is included in the regional area leaders' performance objectives, a staff group with less involvement in the complaints process than, for example, managers in local offices. Logically, a target needs to involve those staff whose behaviour influences the achievement of the target. Without this link, it is difficult to see how the target will be achieved.

- 5.25 In our view, if ACC's aim is to become an organisation that focuses on customers, then it needs to consider whether a target to reduce complaints is compatible with this aim.

### True cost of complaints is not known

**Data about the cost of complaints is limited. ACC does not routinely analyse and report the cost of handling complaints.**

- 5.26 Because handling complaints is regarded as part of frontline staff's role, many organisations do not measure the cost of handling complaints. The service recovery approach encourages resolving complaints at the lowest possible tier of the complaints system – the local office. ACC does not categorise these interactions as complaints. This means that ACC does not know the true cost or nature of complaints and is not managing the cost of complaints.
- 5.27 We have estimated the annual cost and number of complaints that ACC receives. We estimate that ACC received about 20,700 complaints during 2013. Of these, only about 1600 were classified as complaints and recorded. Using this estimate, almost one-third of the total cost of managing complaints lies outside the two core complaints business units, CSS and OCI. Figure 23 shows our estimates of the cumulative number and cost of complaints at each tier of the complaints system.
- 5.28 As mentioned in paragraph , if about 200,000 people are not satisfied, the 20,700 represents about one in 10 of all those who are not satisfied. This is consistent with figures from research about other organisations.
- 5.29 Our estimate shows the importance of resolving complaints at the lowest possible tier. The cumulative cost of resolving a complaint at:
- the local office can be as low as \$18;
  - CSS is about 24 times more expensive than the local office; and
  - OCI is almost 142 times more expensive than the local office.

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#### Recommendation 4

We recommend that the Accident Compensation measure, monitor, and report on performance in handling complaints, including financial costs, complainant satisfaction, and the implementation of remedies.

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**Figure 23**  
**Estimated number and cost of complaints, 2013**

Complaint is dealt with by:	Number of complaints	Total cost of complaints	Cost of each complaint	Cumulative cost of each complaint, if escalated	Days to resolve at each level
Local office (non-management)	20,700	\$371,000	\$18	\$18	1 to 7
Local office (management)	2900	\$147,000	\$51	\$69	1 to 7
Customer Support Service	1283	\$472,000	\$368	\$437	4 to 10
Office of the Complaints Investigator	301	\$638,000	\$2,118	\$2,555	20 to 30
Review	46	\$69,000	\$1,504	\$4,059	90 plus
<b>Total</b>		<b>\$1,697,000</b>			

Source: Office of the Auditor-General.

Note: For local offices, we used information from our survey of ACC staff. For CSS, OCI, and review tiers, we used ACC data. We asked local office staff to estimate how long they spent dealing with a typical dissatisfied person. We multiplied this by the lower limit of the pay band for staff dealing with complaints. For CSS and OCI, we used direct staff costs. For review, we used the cost of services provided by Fairways Resolution Limited. Our estimate is likely to be conservative. It does not include indirect costs associated with complaints (such as the costs of preparing information for OCI).

# 6

## Managing and learning from complaints

*In addition to the remedies in Part 4, ACC will address the wider implications of breaches that arise by –*

- a) analysing and monitoring issues arising from the complaints process; and*
- b) identifying concerns with operational policies and processes; and*
- c) subsequently undertaking and remedying concerns associated with operational policies and processes as appropriate; and*
- d) informing the claimant that the situation has been addressed.*

Code of ACC Claimants' Rights, Part 5

6.1 In this Part, we discuss:

- the need for ACC to be more committed to handling complaints;
- ACC's lack of learning from complaints; and
- ACC's strong approach to privacy.

### Summary

6.2 Most of the staff we spoke to show a commitment to customer service and the principles that ACC was founded on. However, the complaints system is not performing as well as it should. Apart from privacy complaints, ACC does not learn from complaints data, which is a Code obligation. ACC has been aware of this for some time but has not made improving this a priority.

6.3 In our view, ACC needs a more strategic approach to all complaints. ACC's board and executive need to lead a better approach to complaints if ACC is to show a commitment to handling complaints. The Shaping Our Future initiative offers an opportunity to make significant improvements.

6.4 ACC has a stronger commitment to privacy than it does to the other seven rights covered by the Code. This shows that ACC can improve when it puts the necessary measures in place.

### Need for stronger commitment to handling complaints well

**Stronger organisational leadership and a strategic approach to managing complaints are needed if ACC is to show that it is committed to handling complaints well. The Shaping Our Future initiative offers an opportunity to make significant improvements to ACC's complaints system.**

6.5 Good leadership on complaints is vital. Valuing complaints must begin at the top of an organisation and complaints must be welcomed. Good leaders understand that more complaints are not always a result of deteriorating service. As we said in paragraph , increases in complaints can arise from better public awareness of the right to complain and better handling of complaints.



- 6.6 The external consultant who reviewed ACC's approaches to complaints found that introducing service recovery was a positive step. We estimate that about 90% of all complaints are resolved by local offices. This is efficient but service recovery's effectiveness has not been evaluated.
- 6.7 The ACC staff we spoke to in the complaints system are dedicated, conscientious, and mostly aware of the limits of the current system. Many parts of the wider complaints system are outside their control, and they lack the power to change matters. Changes will require organisational commitment and leadership.
- 6.8 In the past, there was no overarching ACC-wide vision or strategy for the wider complaints system, although CSS and OCI have had clearer direction. In our view, the current system has evolved in an unco-ordinated way. The result is a fragmented, overlapping, and inconsistent system for handling complaints.
- 6.9 This fragmentation means that the wider complaints system lacks a single point of oversight and governance below the chief executive. For example, when we carried out our audit work all the different teams that handle complaints reported to different senior executives:
- the core of the complaints system – local offices, CSS, and OCI – reported to the General Manager Claims Management (part of a large portfolio of responsibilities);
  - the government services team reported to the General Manager Governance, Legal, Policy, and Research; and
  - the privacy team reported to the Chief Privacy Officer and Change Director.
- 6.10 There was no single point of oversight, co-ordination, or collection of information. When coupled with the low organisational profile of complaints, system-wide improvements are difficult to achieve. As part of Shaping our Future, ACC announced in May 2014 a new executive structure, including a new role of chief customer officer. This is intended to be the single point of contact and authority on customer experience matters throughout ACC. In our view, this is a positive step.
- 6.11 We reviewed ACC's board and executive team papers for 2013 and found little time scheduled for complaints matters. Privacy is a much more visible concern among ACC's board and senior executives. The board and executive team each scheduled about 3% of their agenda time for complaints matters. The corresponding figures for privacy matters were 20% (board) and 15% (executive team).

- 6.12 In the past decade, ACC's response to internal and external reviews of the complaints system has been patchy. The most significant reviews of the complaints system were in 2005 and 2008 (see paragraphs - ). The biggest change arising from one of these reviews was the service recovery approach – an emphasis on resolving complaints early and rebuilding the relationship with the person who had complained.
- 6.13 Service recovery also included more communication with the complainant and more focus on establishing early in the process what outcome the complainant sought. The last review of the service recovery approach, in 2007, highlighted that local offices had adopted the service recovery approach to varying degrees.
- 6.14 The external reviews generated other findings and recommendations, but many were not acted on. They included several recommendations about organisational practices, including:
- moving away from relying on an apology letter as the main remedy, because it was not enough to restore the relationship with the person who had complained;
  - training for frontline staff in how to handle complaints;
  - reorganising the complaints system to provide clearer sorting of all complaints; and
  - mandatory follow-up of complaints to check that the changes promised were put into effect.
- 6.15 The 2008 National Issues Management strategy, designed to bring more coherence to the complaints system, was only partially successful. It brought together OCI, CSS, cultural services, and other technical teams into one management structure to help them work more closely together. However, its intention to ensure that service and decision problems were considered together, with an emphasis on resolution for the complainant, has not been fully realised.
- 6.16 ACC's research team has carried out several pieces of analysis, but there is little evidence that this has led to improvements. Senior managers could not explain why many previous reviews had not resulted in more improvements.
- 6.17 In 2012, ACC's assurance team reviewed organisational learning from complaints. This included identifying:
- a lack of visibility of complaints at the executive level;
  - the absence of a quality reporting function for complaints; and
  - no formalised training content for managing complaints and reviews.

- 6.18 Some work is under way to address these weaknesses, but our audit work has shown that room for improvement remains.
- 6.19 Our discussions with staff and observations of practice around the country show that ACC has a devolved organisational culture. The local office manager significantly influences culture and practice at each local office. Most staff told us that they identify more strongly with the local office than with ACC as a whole. This is a risk to consistent practice in handling complaints that needs to be mitigated.
- 6.20 Shaping our Future, which aims to change ACC into an organisation that focuses more on “customers”, offers a significant opportunity to prepare and implement a strategic approach to complaints. The initiative also offers an opportunity to simplify and embed lasting improvements in the complaints system. There are risks to successful implementation of this initiative if there is not strong leadership and a strategic approach to the changes.

*We were told that complaints investigators refuse to investigate systemic problems.*

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## Limited organisational learning from complaints

**Apart from privacy, ACC does not learn from complaints data, which is a Code obligation. ACC has been aware of this for some time but has not made remedying this a priority.**

- 6.21 Part 5 of the Code states that ACC will address the wider implications of breaches by analysing and monitoring matters arising from the complaints process, and using that information to make any necessary improvements. In our view, ACC is meeting this Code requirement only for matters of privacy.
- 6.22 Except for privacy matters, ACC does not systematically learn from Code complaints. ACC is aware of this and some work is under way but ACC has yet to implement a solution. ACC is reporting some data about complaints better but needs detailed data so that it can identify ways to improve services.
- 6.23 ACC’s information technology systems have hampered efforts to improve analyses of complaints. In 2007, ACC introduced Eos, its claims management software. Since then, improving its information technology systems to help with complaints has not been a high priority for ACC.
- 6.24 Information technology problems prevent co-ordinated analysis and reporting of common complaints. For example:
- In 2010, the CSS and OCI teams began using Eos. Before 2010, they used a different information technology system, the data from which is no longer easily accessible. Eos does not categorise complaints in detail, so produces less useful data than required.

- Eos does not allow frontline staff to record their interactions with complainants in a way that provides useful data. This means that the complaints system is effectively blind to most people's complaints.
  - The government services team and the privacy team use different software to record their work.
- 6.25 ACC is making some improvements to its information technology. A modification of Eos aims to collect more detailed data. The software to do this was being tested and evaluated at the time of our audit. We have not audited this work so cannot provide any assurance about its potential effectiveness.
- 6.26 The best organisations think of complaints services as adding value, not as just an overhead cost. Complaints can be an important source of information about people's experiences and can help to identify systemic problems and poor service. Analysing past complaints can help organisations respond and adapt to prevent future complaints.
- 6.27 ACC has a research and analysis team that can analyse data about complaints as required, but only after an internal request. Some research has been carried out, such as the 2012 analysis of complaints to the 0800 telephone line. This identified that communication problems were a common source of complaints and indicated the need to review frontline staff's communication skills. The report recommended regular analyses of complaints data to identify themes that might change. The research team told us that the report resulted in no significant changes.
- 6.28 We found no evidence of systematic analysis of complaints data leading to improvements in service. We found examples of local offices responding to complaints, such as with staff training or coaching, but this action was begun locally.

## Stronger approach to privacy than complaints

### **ACC has a strong approach to privacy compared with how it approaches other Code rights.**

- 6.29 Privacy is one of the eight rights in the Code. In response to an independent review of privacy and security of information in 2012, ACC adopted a different approach to matters of privacy. We have not audited ACC's approach to privacy other than where it touches on ACC's approach to complaints.
- 6.30 Some of the difference in approach to complaints and privacy matters is due to the effect of a major privacy breach becoming public in 2012. Staff told us that privacy is a main organisational commitment and a "hot button" for top managers. Our site visits confirmed that privacy has high visibility throughout

ACC. In comparison, complaints have a low profile. Staff do not give complaints the same attention as they give privacy matters.

- 6.31 In our view, privacy matters benefit from corporate leadership and a strategic approach. Figure 24 lists the differences in ACC's approach to privacy and the other seven Code complaint areas.

**Figure 24**  
**How ACC approaches privacy and the other Code complaints**

Criteria	Privacy complaints	Other Code complaints
Documented clear expectations from the board	✓	✗
Designated executive lead	✓	✗
Frequent board and executive reporting	✓	✗
Approach formalised in a set of principles or Code	✓	✓
High organisational visibility	✓	✗
Relevant strategy based on best practice	✓	✗
Arrangements for regular follow up and audit of strategy implementation	✓	✗
Balanced scorecard type targets	✓	✗
Public reporting	✓	✓
Internal custom web-based reporting tool	✓	✗
Detailed data collection including logging "near misses" and non-compliance	✓	✗
Relevant objective in staff performance agreements	✓	✗
Comprehensive staff training and education programme	✓	✗
Part of staff induction training	✓	✓
Internal communication campaigns	✓	✗
Regular banner page slot on internal intranet	✓	✗
Surveys of relevant staff	✓	✗
Formal "road show" programme of local office visits	✓	Visits whenever feasible
End-to-end process review and process re-engineering where identified	✓	✗

Source: Accident Compensation Corporation.

### Recommendation 5

We recommend that the Accident Compensation Corporation provide senior leadership, the board, and the public with accurate, reliable, and appropriately detailed information about complaints and how the organisation has learned from complaints to make service improvements.

# Appendix: Extracts from the Code of ACC Claimants' Rights

People who claim compensation from ACC for an accident or injury are covered by a published code of their rights and ACC's obligations. Parts 2 and 5 of that Code are set out below.

Part 2: Rights and obligations of this Code	
Right	Subject
1	<p>You have the right to be treated with dignity and respect.</p> <ul style="list-style-type: none"> <li>a) We will treat you with dignity and respect.</li> <li>b) We will treat you with honesty and courtesy.</li> <li>c) We will recognise that you may be under physical, emotional, social, or financial strain.</li> </ul>
2	<p>You have the right to be treated fairly, and to have your views considered.</p> <ul style="list-style-type: none"> <li>a) We will treat you fairly.</li> <li>b) We will listen to you and consider your views.</li> <li>c) We will take into account, and be responsive to, any impairment you may have.</li> </ul>
3	<p>You have the right to have your culture, values and beliefs respected.</p> <ul style="list-style-type: none"> <li>a) We will be respectful of, and responsive to, the culture, values, and beliefs of Māori.</li> <li>b) We will be respectful of, and responsive to, all cultures, values, and beliefs.</li> </ul>
4	<p>You have the right to a support person or persons.</p> <ul style="list-style-type: none"> <li>a) We will welcome you and your support person(s) provided that the safety of all involved can be assured.</li> </ul>
5	<p>You have the right to effective communication.</p> <ul style="list-style-type: none"> <li>a) We will communicate with you openly, honestly, and effectively.</li> <li>b) We will respond to your questions and requests in a timely manner.</li> <li>c) We will provide you with an interpreter when necessary and reasonably practicable.</li> <li>d) We will provide information in a form which you can access, and in a timely manner.</li> </ul>
6	<p>You have the right to be fully informed.</p> <ul style="list-style-type: none"> <li>a) We will provide information on how to make a claim for cover and entitlements.</li> <li>b) We will keep you fully informed.</li> <li>c) We will provide you with full and correct information about your claim, entitlements, obligations, and responsibilities.</li> <li>d) We will inform you if your entitlements change.</li> <li>e) We will give you information about how we provide services, and how to access them.</li> <li>f) We will discuss expected time frames with you.</li> <li>g) We will inform you of your review and appeal rights under the Act.</li> </ul>

7	<p>You have the right to have your privacy respected.</p> <ul style="list-style-type: none"> <li>a) We will respect your privacy.</li> <li>b) We will comply with all relevant legislation relating to privacy.</li> <li>c) We will give you access to your information, in accordance with legislation.</li> </ul>
8	<p>You have the right to complain.</p> <ul style="list-style-type: none"> <li>a) We will work with you to address problems and concerns.</li> <li>b) We will inform you about options available for resolving problems and concerns.</li> <li>c) We will inform you about the complaints process, and the normal time frames for dealing with complaints.</li> </ul>
<b>Part 5: Addressing situations</b>	
<p>In addition to the remedies in Part 4, ACC will address the wider implications of breaches that arise by –</p> <ul style="list-style-type: none"> <li>a) analysing and monitoring issues arising from the complaints process; and</li> <li>b) identifying concerns with operational policies and processes; and</li> <li>c) subsequently undertaking and remedying concerns associated with operational policies and processes as appropriate; and</li> <li>d) informing the claimant that the situation has been addressed.</li> </ul>	

Source: Injury Prevention, Rehabilitation, and Compensation (Code of ACC Claimants' Rights) Notice 2002.





# Publications by the Auditor-General

Other publications issued by the Auditor-General recently have been:

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- Annual Plan 2014/15
- Setting up Central Agencies Shared Services
- Watercare Services Limited: Review of service performance
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