


# Independence? a regulators perspective

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GENTLEMEN, I TAKE  
IT YOU'RE BOTH FAMILIAR  
WITH THE ARBITRATION  
PROCEDURE...

YES, DAD!

# Independence - What is it?

“freedom from control or influence of another or others”

“not controlled by party or interest group”

“Decision-making process and administration of the scheme are independent from scheme members”

# Why does government care about consumer dispute resolution?

- Consumers are more than passive participants in markets
- Confident consumers can help drive improvements in quality, price and range of product and service offerings through informed purchase decisions and willingness to pursue “the putting right”

**MCA REVIEW: HIGH LEVEL OUTCOMES AND INTERVENTION LOGIC**

Consumers transact with confidence

Consumers and suppliers have confidence in market rules and institutions

Consumers' expectations of transactions are met by suppliers

Consumers have effective access to redress

Reduced product/service failure

**Information**

Consumers have effective and affordable access to relevant information

Consumers assess relevant/importance of information

Effective rules

# Independence - how important is it?

- Being “*seen to be independent*” is critical to consumer and business confidence in the integrity of a scheme and its outcomes.
- Particularly important with respect to industry schemes – industry ownership is what gives schemes their strengths but means that independence needs to be consciously designed in.
- Successive NZ governments have had a preference for industry-based schemes but will regulate where the industry arrangements are insufficient to ensure market disciplines & consumer confidence in market.

He's perfect for the  
independent committee.  
Anyone can see he's  
a lone wolf.



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# Independence: how is it applied in practice?

- Must pervade scheme design at all levels:
  - Who sets the rules (including changes to structure)?
  - Do governance arrangements balance industry and consumer interests?
  - Is governance appropriately separated from decision-making about complaints?
- Independent chair is critical and must be seen to be independent.

# Possible Enhancements

- learning from experience – better use data held by ombudsman to lift standards, improve systems.
- Publish the details of complaints upheld against companies?  
Greater transparency = increase in perceived independence

*Transparency + consumer choice + reputation effects = improved performance*

