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# Complaints at a Glance

- The TIO handled a total of **72,771 contacts in 2002/03** – a 15.3% decrease on last year's total of 85,927.
- Total contacts included **17,256 out of jurisdiction enquiries and 55,515 complaints.**
- The 55,515 complaints investigated in 2002/03 was **10.9% less** than the 62,275 complaints investigated last year.
- A single complaint may contain more than one complaint issue. In 2002/03 the TIO recorded **62,670 complaint issues, down from 70,234 last year.**
- **60.2% of complaints** handled by the TIO were about landline services, **26.3%** were about mobile services and **13.5%** were about Internet services.
- **88.6% of complaints** were resolved at Level 1, compared to **91% last year.**
- **54.9% of complaints** were resolved partially or substantially in **favour of the complainant, 24.1%** were resolved partially or substantially in **favour of the member.**

## Where did they come from?

**92.3%** of complaints were made by **residential** consumers, **6.8%** were made by **small businesses**, and **0.9%** were made by **government bodies** or **charities**.

**56%** of complainants were men.

**90.9% of complaints** were lodged by **telephone**, **4.5%** were lodged by **email**, **3.1%** were submitted in writing and **1.3%** were sent via fax.

## Our Members

The TIO has **910 members**, down from 963 last year.

**231 new members** joined the TIO Scheme in 2002/03 and **284 members departed**.

The vast majority of these, **86%**, paid nothing to the TIO during 2002/03. Only 127 members (**14%**) were charged for complaints.

## Areas of concern

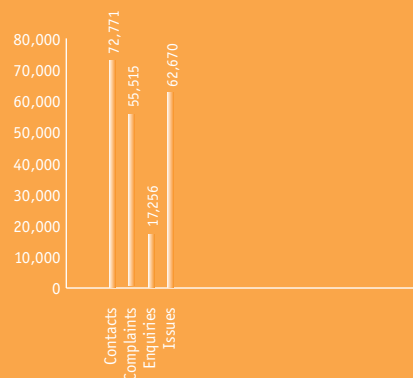
Landline Credit Control complaints increased by **82%** in 2002/03, from 2,374 in 2001/02 to 4,317 in 2002/03.

The TIO received **354 complaints** about the unavailability of landline services due to the existence of an ANT 1 box or Pair Gain.

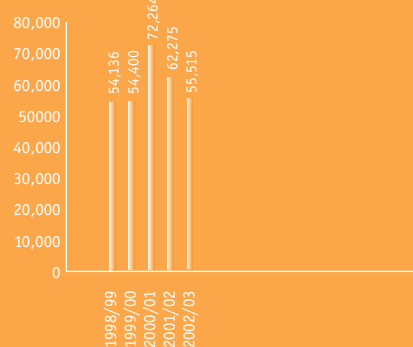
Internet dumping complaints **increased by 175%** from 1,271 in 2001/02 to 3,496 in 2002/03.

Mobile Credit Control complaints **increased by 48.7%**, from 1,597 in 2001/02 to 2,374 in 2002/03.

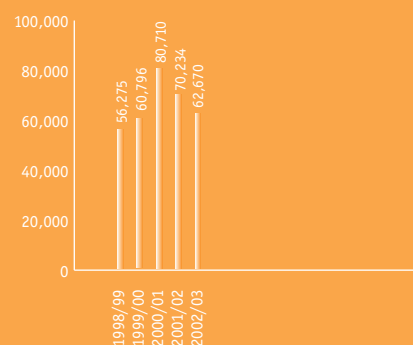
TOTAL NUMBER OF ENQUIRIES, COMPLAINTS AND COMPLAINT ISSUES 2002/03 (NUMBER)



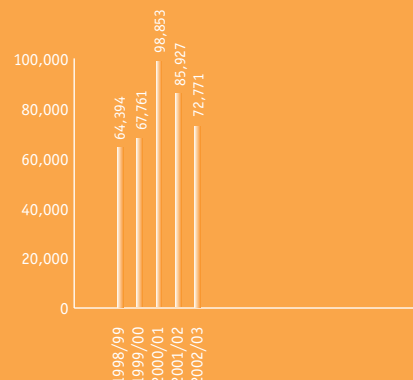
TOTAL COMPLAINTS SINCE 1998/99 (NUMBER)



TOTAL ISSUES SINCE 1998/99 (NUMBER)



TOTAL CONTACTS SINCE 1998/99 (NUMBER)



## Areas of Improvement

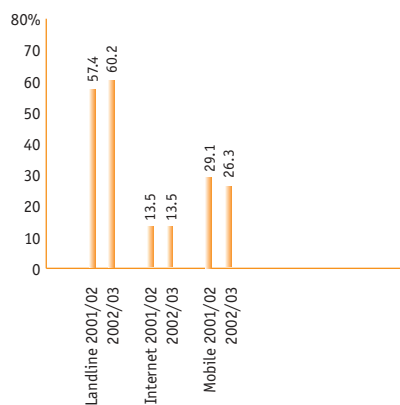
Complaints to the TIO decreased by **10.9%** in 2002/03.

The TIO recorded a reduction in faults complaints in the Internet and landline categories – **down from 2,384** in 2001/02 to 1,775 in 2002/03 in the Internet category; and **down from 3,508** in 2001/02 to 3,022 in 2002/03 in the landline category.

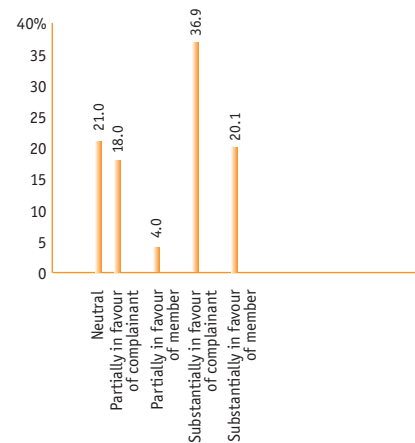
Mobile billing complaints **reduced in 2002/03 to 4,797** complaints from 7,047 complaints recorded in 2001/02. This reduction was offset by the removal of 960 early terminations fee complaints in 2002/03.

Mobile contracts complaints **decreased from 5,168** in 2001/02 to 4,164 in 2002/03.

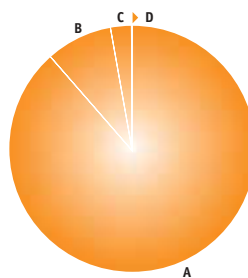
COMPLAINT BREAKDOWN (PERCENTAGE)



COMPLAINT OUTCOMES (PERCENTAGE)

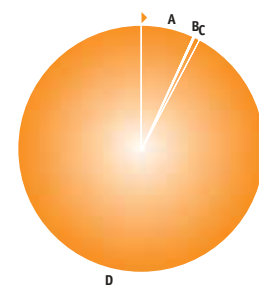


COMPLAINT MIX (PERCENTAGE)



A Level 1	88.6
B Level 2	8.6
C Level 3	2.7
D Level 4	0.1

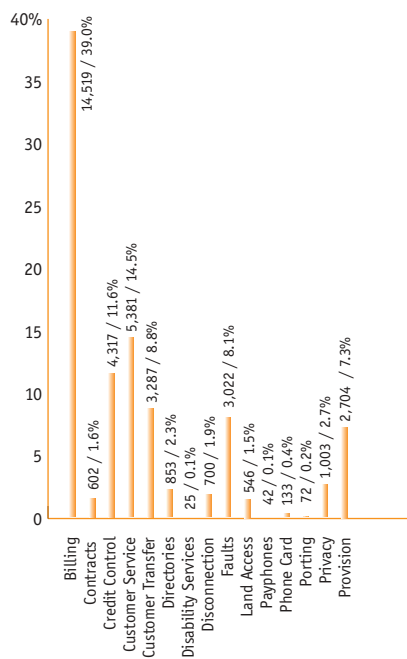
COMPLAINANT TYPE (PERCENTAGE)



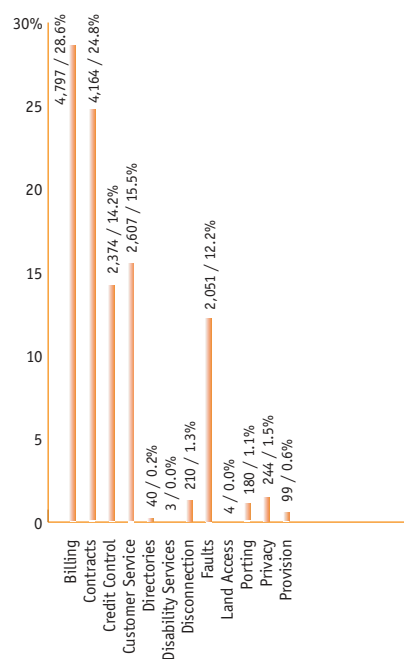
A Small Business	6.8
B Charity	0.2
C Government	0.7
D Residential	92.3

# Complaint Issues at a Glance

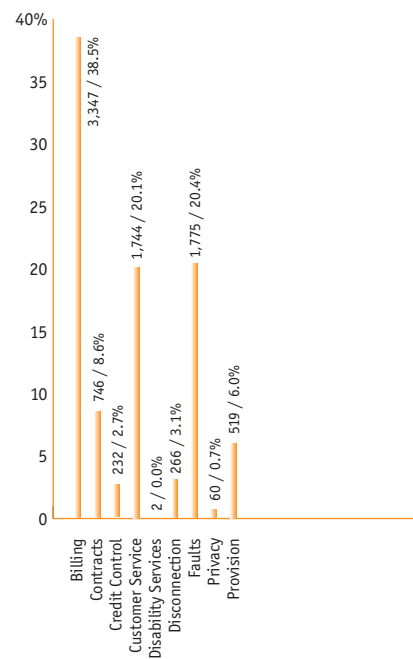
## LANDLINE ISSUES



## MOBILE ISSUES



## INTERNET ISSUES



# Statement by Chairman of the Board

## This has been a year of real progress at the TIO.

231 new members have joined the scheme and 284 members have departed, with many of these latter members being removed from the register as a result of a major review of membership revealing that these firms had ceased operation or merged at some stage over the past few years. I would like to welcome the new members to our industry scheme and extend good wishes to those who have moved on.

There have been a small number of changes to the Board during the year.

The Board welcomed to its ranks Trevor Hill from Telstra and Jane Harvey as the new Independent Director. Departing the Board, with my good wishes, was Jane van Beelen of Telstra. It is my sad duty to also advise that Susan Holmes, who was the Independent Director on the Board since 11 February 1999, passed away on 20 September 2002. Susan made a major contribution to the TIO, particularly through her skills in strategic planning, and displayed her courage by attending a Board Meeting only weeks before her death.

The Board has focused its energies in the past year on establishing mechanisms to ensure the ongoing success of the TIO as a business.

The TIO returned a small surplus of \$9,783 for the year, entirely appropriate for a not-for-profit entity.

The financial reserve, which was initiated in the previous year, accumulated to \$355,000 by the close of the year. The reserve, when complete, will be instrumental in protecting the TIO from fluctuations in cash flow as a result of the demise of industry members.

**Mr Robert Manson**  
CEO  
Impaq Australia

**Mr David Hayatt**  
Director Regulatory, AAPL Ltd

**Ms Jane Harvey**  
Independent Director

**Mr Trevor Hill**  
Group Manager,  
Consumer & Compliance,  
Regulatory Division, Telstra



This in turn will protect members from unforecast demands for funding, such as special levies.

The Board developed, with management, a set of parameters to use in establishing future budgets. These parameters ensure that the TIO will establish workable and realistic budgets.

The Board also received recommendations from the TIO Council to make changes to the Constitution. After consultation with the Minister for Communications, Information Technology and the Arts and the Parliamentary Secretary to the

Treasurer, the Board made these changes which:

- confirmed the TIO's jurisdiction over matters relating to the factoring of debt by its members and over 'bundled' mobile handsets; and
- allowed the TIO to publish its Determinations, Directions and Recommendations (in an anonymous form).

I would like to thank all the staff at the TIO, especially the Ombudsman John Pinnock, Deputy Ombudsman Victoria Marles and Company Secretary Phillip Carruthers, along with the TIO Council for their dedicated performance over the year.

Lastly, I thank all members of the TIO for their cooperation in the TIO Scheme and look forward to their continued participation in this vital element of the industry.



**John Rohan**  
Chairman of the Board

**Mr David McCulloch**  
General Manager  
Government Affairs, Optus

**Mr Mark Davidson**  
Director Customer Service,  
Consumer & Multimedia  
Division, Optus

**Mr John Rohan**  
Chairman of the Board



**Absent: Mr Gus Barda**  
Group General Manager  
Commercial Operations,  
Service Division, Telstra

# Statement from Chairman of Council

Competition in the telecommunications sector has continued to evolve, bringing new issues, of ever-increasing complexity, from this vibrant industry to the TIO.

Complaints brought to the TIO decreased for the second year in succession, to 55,515, although the complaint mix has shifted, resulting in more complaints, proportionally, at Levels 2 and 3.

The Council thanks the Ombudsman John Pinnock, Deputy Ombudsman Victoria Marles, Business Manager Phillip Carruthers and the staff of the TIO who have applied their skills with dedication and resolve throughout the year.

Two major issues addressed by the Council were debt factoring and the establishment of a position statement regarding unlimited credit and overcommitment. Both issues required Council to consider the balance between the commercial interests of the industry and fairness to the consumer.

**Mr Ewan Brown**  
Executive Director  
Small Business Enterprise  
Telecommunications Centre Ltd

**Ms Robin Ziino**  
Elected Member - Representative  
AAPL Ltd

**Mr Simon Cleary**  
Consumers Federation  
of Australia / Legal Aid  
Queensland

**Mr Andrew Bedogni**  
General Manager Regulatory Affairs,  
Optus

**Mr Gordon Frend**  
National Farmers Federation



Other important issues addressed included:

- implementation of recommendations from the TIO Review undertaken in the previous year;
- publication of TIO Policies and Procedures;
- repeat dial complaints;
- regulation of Premium Rate Calls;
- acceptance of powers under industry Codes of Practice;
- publication of TIO Determinations, Directions and Recommendations; and
- the jurisdiction of the TIO relating to Pay TV.

On behalf of the Council I would like to thank departing Council members Ross Baxter of Telstra and David Putt of Vodafone for their efforts in developing the TIO through their roles on Council. I would also like to welcome Neil Mounsher of Telstra, Simon Cleary of Legal Aid Queensland and Kathryn Fox of Vodafone.

The Council enjoyed the challenges of Financial Year 2002/03 and is eagerly anticipating the challenges of the coming year.

**The Hon Tony Staley**  
Chairman of Council

**Neil Mounsher**  
Group Manager  
Customer Relations  
Telstra

**The Hon Tony Staley**  
Chairman of Council

**Ms Pam Marsh**  
Consumers' Telecommunications  
Network

**The Rev Dr Christopher Newell AM**  
National Caucus of Disability  
Consumer Organisations

**Mr Mark Russell**  
Elected Member Representative  
Independent Service  
Providers P/L

**Ms Kathryn Fox**  
Corporate Counsel  
Vodafone



# Ombudsman's Overview

The past year has been an unusual mix of stasis and change for the TIO. The primary driver of the TIO's business is the level of industry activity and, with some exceptions, 2002/03 was a quiet period for many telecommunications providers.

The pace of activity and change dropped away as providers consolidated their positions and attempted to cut or contain costs.

This relative decline in activity is the principal reason for the decline in complaints to the TIO. As I noted in the last Annual Report, care must be taken in interpreting past years' complaint statistics. On the face of reported statistics this is the second successive year in which complaints to the TIO have declined. However, when the figures for 2000/01, the last full year when OneTel was an active contributor to the complaint base, are adjusted by deleting OneTel complaint numbers, a different picture emerges. On this standardised basis, TIO complaint numbers increased year-on-year until 2001/02, only falling off in the last twelve months. It is too early to be certain whether this decline is a definite trend, or whether complaint numbers will again climb during 2003/04 as the expected level of industry activity picks up. In fact, the TIO is predicting a modest 2% increase in complaints to the Scheme during 2003/04.

Of course, other factors such as public awareness levels about the existence and role of the TIO also play a part in determining complaint levels. Higher awareness levels generally result in higher

complaint levels. It is significant that data from the most recent survey commissioned by the TIO shows fairly static levels of public awareness, with the exception that awareness amongst small business has actually declined.

Some quite subtle factors which are difficult to measure, are also at work. It is clear that the top half dozen TIO members, as measured by complaint numbers, have made significant strides over the past year in either reducing or containing the rate of increase of complaints. This is particularly pleasing because it suggests that these members are looking closely at internal dispute resolution (IDR) mechanisms – an area where they have been criticised as being weak in the past. The TIO has been active in this area, marketing its Guide to Complaint Handling as an important pro-active approach.

There is also evidence of a more effective approach to the identification of systemic issues by members. Here, the TIO's Systemic Complaints Investigation Procedure is clearly bearing fruit. Again, it is pleasing that TIO Members have reacted so positively to this initiative. The greatest difficulty we face is in trying to quantify the impact of this procedure on complaint numbers.

At an operational level, the TIO continued to deal with increasingly complex and novel issues. The decision by some members, particularly Telstra, to factor customer debt, added a layer of complexity by involving a third party – the factor – in the TIO's complaint handling procedures. Debt factoring also raised two important operational issues.

Firstly, a significant number of disputes were due to the factored debt being relatively old. The TIO has had previous experience of this issue. Secondly, there were complaints that the factor had acted too quickly in credit or default listing affected customers, even though these customers were disputing the debt. Such an approach is quite unreasonable and is a clear breach of a fundamental policy of the TIO Scheme.

It is interesting that while total complaints to the TIO declined in the past year, complaints concerning debt recovery increased. Put simply, the main industry players tightened their credit management procedures in 2002/03 partly as a result of their own drive on costs and partly because of the increasing tendency of customers to change providers without paying final accounts.

In other fixed line complaint areas, complaints about charges for premium rate services and dumping continued their rapid rise. The TIO welcomes the Minister's Direction to the Australian Communications Authority to introduce a price capping regime for premium rate services. Consumer concern about this issue appears to have played a part in Telstra's decision to conclude its agreement with Internet diallers. It is too soon, however, to be certain whether these twin developments will lead to the larger content providers moving their services offshore and possibly beyond Australian regulatory reach.

On the mobile telecommunications front, complaints about early termination fees (ETFs) continued apace. The TIO continued its investigations into ETFs, insisting that members could only properly recover amounts which represented genuine pre-estimates of loss. The TIO also extended its enquiries on this issue into the use of SIM unlock fees for various prepaid products.

The TIO has devoted considerable resources to investigating and reporting on breaches of ACIF codes, an area which is becoming an increasingly important part of our work. It is interesting, however, that despite the great effort which the industry has put into developing these codes, the vast majority of complaints handled by the TIO in

2002/03 did not involve even potential or possible breaches of codes, but rather issues simply not covered by codes.

On a policy front the TIO Council has been particularly active in three key areas.

Firstly, it devoted considerable time to considering the Report of the Review of the TIO Scheme which was delivered in July 2002. It was joined in this task by the Board which also had to consider recommendations specific to its tasks. Secondly, the Council considered two important amendments to the TIO Constitution. With the Board's approval the Ombudsman was given the power to investigate, facilitate the resolution of, and determine complaints relating to the factoring of debt, a provision designed not to extend but to preserve the TIO's powers. Also approved was an amendment to allow the Ombudsman to publish Determinations, Directions and Recommendations.

Finally, the Council approved a new Position Statement on the Extension of Unlimited Credit and Overcommitment in relation to liability for charges for premium rate services.

Looking to the future, continuing technological change and the adoption of new applications are now clearly driving the convergence of industries and blurring the accepted distinction in

telecommunications between carriage and content. Here, the most immediate challenge for the TIO is the bundling of services (and products) by providers, particularly the bundling of fixed line, mobile and Internet services with subscription television services (Pay TV). For a variety of reasons, it appears that the provision of Pay TV, whether as a single service or as part of a bundle, is outside the TIO's jurisdiction. This means that a consumer who is using a bundle of services which includes Pay TV does not have a one-stop shop for complaints about billing, credit management provisioning and fault repair. It is clearly in the interests of consumers for the TIO to cover the field in this area.

I conclude by thanking the TIO staff and TIO members and the Council and Board for their commitment to and support of the Scheme throughout the year. I remember particularly the great contribution throughout her term by Susan Holmes, the TIO's Independent Director, who died during the year. She was an inspiration to everyone who knew her.



**John Pinnock**  
Ombudsman



**Phillip Carruthers**  
Business Manager

**John Pinnock**  
Ombudsman

**Victoria Martles**  
Deputy Ombudsman



The funding received in Financial Year 2002/03 is displayed in the following table:

	\$
Level 1	951,980
Level 2	948,800
Level 3	601,200
Level 4	92,400
Credits	63,701
<b>Total Direct Income</b>	<b>2,530,679</b>
Total Indirect Income	3,205,940
Capital levy	6,292
Special Levy	0
<b>TOTAL</b>	<b>5,742,911</b>

In addition to this service provider funding, the TIO receives approximately \$107,000 of interest, bad debt recovery and other minor revenue.

Members receive quarterly invoices for complaint handling fees incurred in the current quarter (including a proportion of overheads and capital expenditure), plus an estimated amount for charges expected to be incurred in the next quarter. Each quarter, a reconciliation of actual charges against estimated is completed.

During 2002/03, only 14% (127) of the 910 TIO members were charged for complaints logged against them. The first four complaints each quarter are 'free' to members and this resulted in members not being charged for 1,593 complaints last year.

## Governance

The TIO is governed by a Board of Directors and a Council, and is managed by an independent Ombudsman appointed by the Board on the recommendation of Council.

## The Board

The TIO is a company limited by guarantee, with a Board of Directors appointed or elected by the TIO membership, with the exception of the Independent Director, who is appointed by the Board itself.

The Board has corporate governance responsibilities including responsibility for risk management, strategic affairs, budget setting, overall financial management of the Scheme and compliance with the Memorandum and Articles of Association and the Constitution.

During the year the Board considered a wide range of issues including the TIO's strategic and business planning and significant funding issues.

In addition to four scheduled face-to-face meetings per year, the Board participated with the Council in a joint meeting to develop a strategic framework for the Scheme over the coming two years. A report from the directors is included on page 84.

## The Council

The Council is comprised of five TIO member representatives and five consumer representatives, with an independent Chairman. Consumer representatives are appointed from time to time after advertising for nominations from a broad range of public interest and user-group organisations. Telstra, Optus and Vodafone each appoint one Council member representative and a further two member representatives are elected by the members of the TIO.

Whilst the Ombudsman has responsibility for the day-to-day operations of the Scheme, it is the role of the Council to provide advice to the Ombudsman on policy and procedural matters, to ensure that complaint handling procedures are effective, and to make recommendations to the Board on amendments to the TIO Constitution.

Chaired by the Honourable Tony Staley, the Council provides strategic policy direction to the TIO and has the power to make recommendations to the Board on the appointment of the Ombudsman thereby ensuring the Ombudsman's independence.

In 2002/03, ten meetings of Council were held, and a range of matters including jurisdictional issues, a Code of Conduct for council members, public awareness activities, complaint handling procedures, and the impact of consumer codes, were considered. These meetings were in addition to a joint meeting of the Council and TIO Board, as well as a meeting to consider strategic planning for the Scheme over the next two years.

The Code of Conduct was developed by Council and all Council members have committed in writing to abide by the Code. It addresses a range of governance issues including diligent attendance to duties, declaration and avoidance of conflict of interest, the occasional requirement for confidentiality of individually specified matters as and when they arise at Council meetings and the promotion of public confidence in the TIO.

## Review of the TIO

The Report of the Review of the TIO conducted by the Allen Consulting Group was delivered in July 2002. The Review appraised the operations of the TIO in general, with particular focus on its governance, funding, jurisdiction and complaint handling processes. It sought the views of relevant stakeholders including members and also considered the TIO's core values with reference to the Benchmarks for Industry-Funded Customer Dispute Resolution Schemes published by the Department of Industry, Science and Tourism in August 1997.

These Benchmarks of Accessibility, Independence, Fairness, Accountability, Efficiency and Effectiveness, had been incorporated into the TIO Constitution in 2001/02 as fundamental principles to which the TIO Scheme is committed and by which it should be judged.

The Review concluded that there was widespread agreement amongst a majority of stakeholders that the Scheme had performed well since its inception and that it was doing a good job in a sensitive and difficult regulatory environment. The Review particularly noted that the circumstances under which the Scheme was established had changed significantly with a much larger and more diverse range of members than in 1993, its foundation year.

The Review concluded that stakeholders had identified a number of key achievements by the TIO, including:

- the resolution of a majority of complaints at an early stage and within a short timeframe;
- encouraging members to have adequate internal complaint handling systems, as well as meeting 'best practice' in this area;
- a willingness to engage with stakeholders and to work actively with public interest groups to improve outcomes of the Scheme;
- taking a pro-active role in identifying and reporting systemic issues to members and regulators; and
- giving timely and appropriate warnings of consumer jeopardy.

With a view to maintaining the TIO's reputation for constant improvement, the Review made a number of significant recommendations covering relations with ISP members, governance, funding, jurisdiction and public awareness.

These recommendations were, for the most part, adopted by the Council and Board. Recommendations which were not pursued related to the membership or structure of the Board and an internal review of the TIO's funding mechanism. In these instances the Board was not persuaded of the necessity for change, a position supported by the Ombudsman.

An outstanding Recommendation concerned the question of whether TIO members should have a formal obligation imposed on them, as opposed to an expectation, to inform all customers of the TIO's existence, a principle under the Benchmark of Accessibility. As it stands, ACIF's Complaint Handling Code obligates participants to advise customers with unresolved escalated complaints of the existence of avenues of external review, including the TIO. This matter is currently being considered by a joint Council-Board Committee. As noted elsewhere in this report, the most recent survey evidence revealed that only 7% of complainants who had contracted the TIO during the survey period had been told about the TIO by their provider during the course of the provider's handling of their complaint.

## TIO Administration

TIO staff numbers remained relatively constant at around 56 in 2002/03. Staff numbers were allowed to drop slightly through natural attrition on a few occasions through the year, to match reduced demand for services. In addition, a small number of staff moved to working on a part-time basis to meet study or family commitments. There were a number of internal appointments to Investigation Officer positions, as well as a slightly smaller number of external appointments. Parental leave for several staff members provided opportunities for others to act in positions of higher responsibility.

## Public Affairs

The TIO's principal objectives in public relations in 2002/03 were to raise community awareness of the TIO Scheme, consolidate links with consumer advocates and caseworkers from community organisations, and with government and quasi-government agencies at a national, state and local level, and to preserve and strengthen the excellent reputation of the TIO as an independent arbiter of disputes.

Of greatest value to the TIO in raising public awareness in 2002/03 was, as always, the free media. Throughout the year, the TIO published statistics and commentary about a number of issues considered important to consumers such as Internet dumping, billing for premium rate services, excess usage charges for broadband Internet and the credit management practices of TIO members. The TIO's quarterly newsletter, *TIO Talks*, was helpful in highlighting relevant industry developments and focussing attention on various consumer issues. The TIO also responded daily to unsolicited requests for information and interviews from journalists, students, and the general public.

Ethnic media was targeted through use of paid advertising and targeted media and information campaigns. TIO materials, including media releases, were routinely translated into 12 languages and distributed to ethnic media outlets nationally. The TIO was also a sponsor of Carnevale, Adelaide's premiere multicultural event for 2003.

A new TIO community service announcement was broadcast on radio and television stations nationally in July and August 2002.

In March 2003 the TIO published regionalised complaint statistics for the very first time. These statistics were standardised on a population basis and the summarised results distributed to regional media outlets throughout Australia. The regionalised statistics showed that fewer than 1 in 1000 residents of remote Australia complained to the TIO in 2002 compared with more than 3 in 1000 from metropolitan and inner regional areas, an indication perhaps of lower levels of public awareness of the TIO in outer regional and remote areas.

TIO information packs were mailed out on request and to selected interest groups such as community health centres, migrant resource centres, chambers of commerce and online access centres in Tasmania. Copies of the TIO's newest brochure *Get Phonewize*, were distributed to youth groups and youth agencies.



**Denise Ebert**  
Receptionist

**Dan Walls**  
Member Services Officer

**Marianne Bois**  
Investigation Officer

**Kate McLeod**  
Acting Member Services Manager

**Paul Nangle**  
Investigation Officer

# Organisational Chart as at 30 June 2003



*Get Phonewize*, a comic style publication that draws attention to the pitfalls for young people of mobile phone use, was first published by Streetwise Communications in NSW. The TIO's reprint contains national contact numbers for young people in financial trouble.

TIO staff spoke at a range of public and industry forums over the course of the year. In addition, the TIO conducted consumer consultative forums in Sydney, Perth, Canberra and Tasmania and joined with several other industry ADR Schemes in sponsoring Consumer Representatives Week, for consumer advocates and representatives from consumer organisations around Australia. In 2003/04, the TIO will visit Adelaide, rural Queensland and the Northern Territory.

The year ahead looks exciting. On 1 December 2003, the TIO will be ten years young and to celebrate the TIO will stage its first ever conference around a broad theme of convergence.

The conference will bring together members of the industry, government and regulatory agencies, academics, consumers and consumer representatives to discuss the future of telecommunications regulation in Australia. A 10th anniversary dinner will be held on Tuesday 25 November at the Victorian Arts Centre in Melbourne.

The TIO will continue to work on raising public awareness with particular emphasis on people living in regional and remote areas, small business owners and young consumers.

### Disability Action Plan

The TIO's first ever Disability Action Plan (DAP) was launched in March 2003 by the Acting Disability Discrimination Commissioner, Dr Sev Ozdowski OAM.

The Plan outlines in detail the TIO's commitment to ensuring that the TIO is fully accessible to people with disabilities.

It addresses all aspects of the TIO's existence, including employment policies, physical environment, communications activities and complaint handling procedures.

The goal of the TIO's DAP is to ensure that the policies and practices of the TIO do not discriminate in any way against people with disabilities and are inclusive of all its stakeholders. Development of the Plan was viewed by the Ombudsman as being consistent with the mission of the TIO to provide free, independent, just and speedy resolution of complaints about telephone and Internet services. Implicit in this statement is the philosophy that the TIO's services are available for all who require them regardless of physical, communication or attitudinal barriers.

The TIO's DAP has been registered with the Human Rights and Equal Opportunity Commission (HREOC) and is displayed on the HREOC website.

**Tom Parbery**  
Investigation Officer

**Thaedra Frangos**  
Enquiry Officer

**Lisa Woodcock**  
Member Services Adviser

**Kelly Rice**  
Legal Investigation Officer



## Member Services

### TIO Member numbers

TIO member numbers have declined, continuing a trend which began at the commencement of the 2001/02 financial year. This decline may be attributed to a recently completed TIO member audit or to consolidation in the telecommunications industry - or to both factors in equal part.

At 30 June 2003, the TIO had 910 members, down from 963 last year. Internet Services Providers (ISPs) made up approximately 76%, Telephone Service Providers (TSPs) made up 12% and Telephone and Internet Service Providers, 8%. 4% of members fell into the "other" category which includes members who hold a carrier licence but are neither an ISP nor TSP.

### Member Services Staff

Member Services Manager, Sarah Nye, commenced parental leave in December 2002. Since that time Kate McLeod has been Acting Member Services Manager, with Lisa Woodcock acting as Member Services Adviser. Lisa is the first point of contact for members at the TIO. In December 2002, Dan Walls was appointed Member Services Officer after the departure of Sarah Radford, a member of the TIO's staff since 1998. Dan is responsible for ensuring that non-members are made aware of their obligations under the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to join the TIO Scheme.

## Member Services Communications

### Increasing member visits/consultancy guide for member visits

In 2002/03, the Member Services Area continued to focus on increasing face-to-face communication with TIO members. Sarah Nye, Kate McLeod and Lisa Woodcock conducted approximately 30 member visits over the year, resulting in more effective working relationships with a great number of TIO members as well as an increased profile for the Member Services Area and its function.

As a means of streamlining the consultation process, a guideline was written for member visits. This document is being used by Member Services and other TIO officers to ensure that all member visits are as productive and effective as possible.

### Email notifications

An increasing number of TIO members have elected to receive notifications of complaints by email. This service is particularly effective for members who would like to track the progress of a complaint or be proactive in assisting customers with their concerns.

### Increased email contact with members

In 2002/03 the Member Services department continued to increase its communication with members via email. Emails were sent to members regarding changes to the TIO Constitution, advice on ACIF code compliance and the TIO council elections. The member newsletter, M News, is also distributed via email.

## M News – quarterly member newsletter

One of the key points of focus for the Member Services Area in 2002/03 has been the production and circulation of its quarterly newsletter, M News. Over the year, M News has touched on many topics of importance to TIO members including changes to TIO jurisdiction, the systemic complaints procedure, TIO position statements, TIO complaint fees and general advice on effective complaint handling.

### Members Area of the TIO website

The TIO has recently completed an overhaul of its website and as a result the Members Area now appears in a much more user-friendly format. The website now includes a great deal more information for members with a specific focus on TIO policies and procedures as well as fact sheets for members looking to build a greater understanding of the TIO and the regulatory framework of the industry.

## Internal Dispute Resolution (IDR) Project

In 2002/03 the TIO continued to market its Guide to Complaint Handling, by publicising it in most member correspondence and alerting members to its existence during member visits. The Guide is one of two key initiatives undertaken by the TIO as a part of a more proactive approach to increasing the effectiveness of members' IDR procedures in order to facilitate the speedy resolution of complaints.

As a part of this initiative, TIO Investigation Officer Peter Jones was seconded to Primus Telecom for four months in September 2002. The aim of Peter's placement was to reduce complaint numbers and provide training to all Primus staff on TIO policies and procedures. Primus and the TIO have agreed the initiative was a success. This experience will be used to formulate training programs for other members of the TIO Scheme as and when appropriate.

In the coming year the TIO will be moving away from secondments and looking towards offering its complaint handling expertise to members for shorter periods with a particular emphasis on the Guide to Complaint Handling. It is envisaged that training sessions will be held over two days with background research being conducted leading up to the program. The TIO will also be seeking feedback from the members in the form of a questionnaire and verbal consultation in order to better ascertain their needs and help the TIO form its training objectives.

#### TIO MEMBERSHIP COMPOSITION

As at 30 June 2003

Internet Service Provider	692
Other	40
Telephone and Internet Service Provider	72
Telephone Service Provider	106
<b>Total</b>	<b>910</b>

#### TIO MEMBERSHIP SINCE 1996

1996	19
1997	19
1998	535
1999	866
2000	991
2001	1089
2002	963
2003	910



**Marianna Panopoulos**  
Finance Manager

**Ruth Brown**  
Investigation Officer

**Phil Warren**  
Policy & Research Officer

**Michael McTierck**  
Enquiry Officer

**Julie O'Reilly**  
Community Liaison Officer



In mid to late 2002 a number of TIO members including Telstra, factored a large amount of customer debt, without prior advice to the TIO. That decision, of course, was entirely a commercial one for Telstra and the other members to take. It is not part of the TIO's role to tell member companies how to conduct their business. The Ombudsman, however, advised Council to recommend an amendment to the Constitution which would preserve the TIO's right to investigate complaints in such circumstances. Telstra argued that, to the extent the amendment might relate to debt already factored, it was retrospective in nature. The Council and Board took the view that the amendment simply preserved the status quo. As is noted later in this report, landline credit management/debt recovery complaints surged in 2002/03 due in large part to Telstra's sale of debt, a development which is being closely monitored.

Council and Board also approved an amendment to the Constitution authorizing the Ombudsman to publish details of his formal Determinations, Directions and Recommendations provided

those details do not identify the complainant or the TIO member.

In other developments, the amendment to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* mentioned in last year's Annual Report has still to be finally debated in Parliament. The amendment would effectively prevent a TIO member from seeking to recover the TIO's investigative costs by charging an equivalent fee to the customer concerned. The prohibition on the TIO investigating complaints about the levying of other fees which are not tariffs for carriage services would also be relaxed. A question would remain as to the extent of the Ombudsman's powers in this area, given the prohibition on investigating complaints involving a policy or commercial decision of a member.

Finally, the question of whether the TIO should have jurisdiction over complaints concerning Pay TV where that service is sold as part of a bundle of carriage services, is currently being considered by the TIO Council. The issue was first raised by the Ombudsman two years ago, but has been given added impetus by the 'merger'

of Foxtel and Optus Vision and by a recent report by the Australian Competition and Consumer Commission to the Commonwealth government recommending such an extension of the TIO's jurisdiction.

At present and for a variety of complex legal reasons it appears that the TIO has no jurisdiction over any of the Pay TV providers. Yet, as far as the TIO is aware, all but one of those providers (Foxtel) bundles the service with other carriage services and offers discounts to customers who buy the bundle. Telstra also offers a single bill for the bundle of services. Consumers, however, do not have an external one-stop shop to which they can go with complaints about services in the bundle. Complaints about billing, credit management, faults and provisioning to do with the Pay TV component must be referred to the Australian Broadcasting Authority (ABA), while complaints about other carriage services in the bundle go to the TIO. In the Ombudsman's view these matters should all come to the TIO, with the exception of matters relating to content, the clear preserve of the ABA.

## TIO Policies and Procedures & Position Statements

In response to requests from consumer representatives and TIO Members for greater transparency and consistency in decision-making, the TIO recently published a very comprehensive Policies and Procedures Manual. The Manual is available on the TIO website for the information of consumers, consumer advocates, TIO members and other interested parties.

The manual is divided into three parts. Part A ('An Outline of the TIO Scheme') explains the TIO's background and operations including its objects and principles, jurisdiction, and funding arrangements. Part B ('The TIO's Complaint Handling Procedures') provides comprehensive details of all aspects of the TIO's complaint handling procedures, including the guidelines it follows in classifying and escalating complaints, and how it makes decisions. Part C ('TIO Position Statements') explains how the TIO approaches certain types of complaints including, in some cases,

its view of what constitutes a fair and reasonable outcome in a particular set of circumstances.

The TIO expects that consumers will use this information to better understand how the TIO will handle their complaint from beginning to end. Alternatively, consumers – or their representatives – may use the information to assist them to deal directly with their telephone company or ISP.

It is also hoped that members will enjoy having ready access to up-to-date information that explains how the TIO approaches specific types of complaint and, in some cases, how it expects a *member* to resolve a complaint. The TIO expects that members will, wherever possible, use the position statements to prevent the escalation of complaints or, better still, to prevent complaints being brought to it in the first place.

It is anticipated that the manual will be updated regularly, with the position statements being formally reviewed every six months. This should ensure the document accurately reflects the current operations and approaches of the TIO Scheme.

## Systemic Complaints Procedure

This Annual Report marks the completion of the first full year of the Systemic Complaints Procedure. The Procedure was initially approved by the TIO Council in February 2002, and revised in July 2002. On 1 July 2002, Julia Cornwell was formally appointed to the role of Systemic Complaints Officer.

The procedure is the second key initiative of the TIO's increasingly proactive approach to complaint resolution. Its objective is to resolve not only an individual complaint about a particular issue but any other current or future complaints. Put simply, the procedure hopes to change behaviour that gives rise to complaints that have the potential to affect a number of consumers – the result being not only increased consumer satisfaction but also reduced complaint handling costs for TIO members. Feedback in relation to the procedure over the last year has been on the most part positive from both members and consumers.

Anthony Beaumont  
IT Manager

Tanya Erdos  
Investigation Officer

Aaron Tan  
Enquiry Officer



While the procedure is undoubtedly a success we have not yet been able to devise a methodology for measuring the extent of that success. It is possible that measuring the success of some aspects is not possible, while the cost of measuring others would simply be excessive.

The first systemic investigation undertaken by the TIO related to mobile contract early termination fees (ETFs). The TIO has formed a preliminary view on this matter and the practices of a number of providers have changed as a direct result. Nevertheless, the TIO continues to receive complaints about the imposition of high fixed fees for early termination of mobile phone contracts.

Several aspects of Broadband Internet technology have also been considered in systemic investigations over the last year resulting in additional TIO staff training on the new technologies, and a formal process for the investigation of complaints about charges for excess usage.

Many of the issues investigated over the year have highlighted potential breaches of the ACIF codes and guidelines. Systemic investigations have been conducted in relation to the Billing, Prices, Terms and Conditions, Customer Transfer and Credit Management Codes. Most recently, a systemic investigation has been undertaken in relation to ACIF's Consumer Contract Guideline.

During the second half of the financial year the Systemic Complaints Officer has conducted presentations for members and the regulatory bodies on the Systemic Complaints Procedure. The presentation serves as an introduction to the procedure, and also includes case studies on previously investigated issues, highlighting relevant code breaches.

## Relationship with industry and government agencies

Although fiercely independent of industry and government, the TIO liaises regularly with a range of government and industry-funded regulatory bodies, including:

- the Australian Communications Industry Forum (ACIF);
- the Australian Communications Authority (ACA);
- the Australian Competition and Consumer Commission (ACCC);
- the Privacy Commission;
- the Department of Communications, Information Technology and the Arts;
- the Australian Broadcasting Authority; and
- state-based Departments of Fair Trading.

These relationships are important as they allow the TIO to refer systemic issues affecting a particular member or the broader telecommunications industry,

or matters that it would otherwise have no jurisdiction to investigate. They also allow the TIO to obtain assistance as regards the clarification and interpretation of legislation, and of instruments such as the Customer Service Guarantee.

As a general rule, the TIO will not handle complaints that are specifically under consideration by the ACA, the ACCC or any other body. It may also decline to investigate a complaint where:

- the complaint could have been made directly by the complainant to the ACA, the ACCC or another body; and
- the complaint is more conveniently or effectively dealt with by the ACA, the ACCC or another body; and
- the Ombudsman has obtained the consent of the complainant to refer the complaint to the ACA, the ACCC or another body.

Through joint agreement with these regulatory bodies, and with the consent of the complainant, the Ombudsman refers such complaints to the ACA, the ACCC or another person or body, along with all information and documents relating to the complaints that are in the Ombudsman's possession or under the Ombudsman's control.

The TIO maintains strong ties with ACIF and is represented on the Reference Panels and Working Parties responsible for developing and reviewing ACIF Codes of Practice.

## Industry Codes

The TIO consented to the conferral of powers for an additional 2 codes during the year, and is consequently currently dealing with complaints relating to the following codes:

- Billing
- Calling Number Display
- Complaint Handling
- Credit Management
- Customer Information on Prices, Terms and Conditions
- Customer Transfer
- Protection of Personal Information of Customers of Telecommunications Providers
- Commercial Churn
- Mobile Number Portability
- Handling Life-Threatening and Unwelcome Calls
- SMS Issues

The conferral of power arises under section 114 of the *Telecommunications Act 1997* and the TIO exercises the discretion to consent in accordance with criteria approved by the TIO Council.

In addition, in December 2002 the Australian Communications Industry Forum (ACIF) published the Consumer Contracts Guideline. While the industry utilises this document as a guideline, the TIO believes that it is in the interests of industry members to comply with the guideline and has undertaken to monitor and report on non-compliance.

In the latter half of the financial year the TIO added two new categories for reporting on code compliance. The categories – Established and Possible – have been created to specifically measure the compliance of non-signatories to the ACIF codes. Details of the TIO's code breach investigations are provided at page 63.

## Reports to Members

The TIO Constitution allows the Ombudsman to report to a member where, in the TIO's opinion, the general telecommunications policy or commercial practices of a member have:

- contributed to a complaint;
- been identified as the source of a number of similar complaints;
- impeded the investigation of a complaint; or
- operated in such a manner that the TIO considers that the policy or practice should be referred to the Australian Communications Authority.

For many years this power was not exercised. More recently, the TIO has recognised the importance of the power to make such reports, particularly where the relevant policy or practice of the member has been identified as the source of a number of complaints – a basic description of a systemic issue.

Over the past year reports have been made to members on a diverse range of issues.

In one case, the TIO reported on Telstra's use of two standards for the calculation of Internet plans – a binary definition of

megabytes (1024 kilobytes = 1 megabyte) but a metric or decimal calculation of gigabyte (1000 megabytes = 1 gigabyte). The TIO's position was that, in the absence of an agreed industry standard, one or other calculation could be used, but not both.

In a second report, the TIO considered the position of customers of Telstra who had been unable to connect to an ADSL service because of the use of technologies such as Analogue Network Termination (ANTI) Units and RIM or Pair Gain systems to supply the standard telephone service.

A third case concerned a disconnection or early termination fee associated with a term contract for Optus' Local Access Telephony Service.

To date, reports under this provision have not included any recommendations to the member concerning the policy or commercial decision. The TIO is currently considering making formal recommendations in such reports. This will almost certainly require the development of a detailed procedure for the making of reports and for following up on recommendations.

## Quality Assurance and Staff Training

Central to the TIO's success as an effective ADR scheme is its investigative staff. Their skills, abilities and knowledge of consumer issues and the law are a vitally important determinant of the quality of the service provided to consumers and TIO members. In recognition of this, the TIO

formed a training committee in 2002/03 to review and develop training programs to ensure that existing staff retain, and new staff acquire, the competency to perform the tasks and duties assigned to them.

The TIO's training plan aims to ensure that each and every officer's comprehension of TIO policies & procedures and industry practices is up to date, that their skill levels are continually improving, and that everyone is given the opportunity to develop and explore telecommunications issues in a broader context.

The TIO offers training to staff on all aspects of their work on a regular basis. TIO enquiry and investigation staff are asked to conduct regular Tuesday morning training sessions for other staff in their respective areas of expertise. Training may also be offered at other times on an ad-hoc basis. In-house 'train the trainer' sessions were recently offered to all staff to help improve the effectiveness of their individual training sessions. A comprehensive review of the TIO's induction training program was also initiated in 2003.

The TIO has also implemented a more rigorous quality assurance framework for assessing the quality of the TIO's investigations, and for identifying matters that need to be addressed through additional staff training.

The new quality assurance framework consists of two tiers – general and

ongoing quality assurance activities and an internal investigations audit. A third tier will be added in 2003/04 with the introduction of a new system of regular call monitoring.

In 2002/03, the TIO undertook its inaugural investigations audit. The audit looked at the quality of the work in 6 key respects – procedural fairness, fairness of outcome, key investigations skills and approaches, adequacy of communication, complaint escalations and file management. The results of this audit are being used by the TIO to identify areas that would benefit from additional training, and also to re-evaluate complaint handling procedures.

## Complainant Satisfaction Survey

In 2003 the TIO conducted its most comprehensive and sophisticated study of complainant satisfaction to date. The survey, conducted by Sweeney Research, polled 450 TIO complainants across all levels (excluding Level 4) over a period of four months, with a view to determining the level of satisfaction or otherwise with TIO services.

The survey found a very high level of satisfaction with TIO services. 82% of people surveyed rated the TIO as either very good or fairly good overall, saying TIO staff were helpful (41%), pointed them in the right direction (32%), were efficient and quick (23%) and knowledgeable and professional (23%).

Only 8% of people rated the TIO's services as very poor or fairly poor.

The survey indicated a couple of aspects of the TIO's service that could be improved. In the main these were matters that will be addressed through improved staff training rather than through any substantive change to TIO policy or procedure.

It was interesting to note that 86% of people surveyed said this was the first time they had contacted the TIO. Most had heard about the TIO via word of mouth (29%), been referred by another agency such as their local fair trading office or consumer affairs (12%), or seen information about the TIO in the White Pages (11%). Only 7% of people surveyed were referred directly to the TIO by their telephone company. This is somewhat surprising given that the Complaint Handling Code requires that telecommunications companies make their customers aware of the existence of the TIO when their own internal processes have failed to resolve a complaint. One would expect this figure to be higher if telecommunications companies were referring unsatisfied complainants to the TIO upon dismissal of their complaint. Even when one adds all other sources of advice from providers, for example listings in the White Pages or via Directory Assistance, it appears that only approximately 30% of people who contact the TIO find out about the Scheme through the efforts of their telecommunications provider.



## Resolving Complaints

The TIO's primary objective is the speedy resolution of disputes between consumers and telecommunications carriers or carriage service providers, in circumstances where the parties have been unable to resolve matters on their own.

The TIO deals with complaints brought before it on a case-by-case basis, seeking input from both sides before forming a view as to what would be a reasonable outcome given all the circumstances. The TIO's preference is for resolution by consensus resulting in improved relations between the parties, a reduction in costs to the TIO member and an increase in the productivity of the TIO. In cases where a consensus cannot be reached, however, the TIO will make a decision based on what the TIO believes would be an appropriate outcome to the dispute, having regard to the law, industry codes, and an assessment of what is fair and reasonable.

The TIO offers this service to residential and small business consumers who would otherwise be faced with taking their complaint to court. The TIO expects that both the complainant and the TIO member will demonstrate good faith by providing information on request and by showing a willingness to acknowledge each other's perspective. This cooperation is vital to ensuring that a resolution that is acceptable to both parties can be reached.

## Deciding what is fair and reasonable

As an ADR body, the TIO is guided by the Benchmarks for Industry-Based Customer Dispute Resolution Schemes. This means that the TIO works towards early resolution of complaints by consensus, helping to reduce costs and build better relationships between consumers and telecommunications companies.

However, speedy resolution by consensus is not always possible. Where a solution that is acceptable to both parties cannot be achieved within a reasonable timeframe, the TIO must decide how a complaint should be resolved. In making such decisions, the TIO has regard to:

- the law;
- good industry practice; and
- what is fair and reasonable in all the circumstances.

In most cases, application of the law and industry codes will lead to a fair and reasonable outcome. In rare instances, where the law provides no clear guidance, and in the absence of a relevant industry code, the TIO will attempt to reach a fair and reasonable outcome by considering a range of factors relevant in the circumstances of the case. A number of

the factors the TIO may take into account are listed below.

- Has either the member or complainant acted in a manner that was not reasonable in all the circumstances? (e.g. Did the customer fail to follow the provider's advice? Did the provider fail to give clear advice to the customer?)
- Has either the member or complainant contributed to the problem? If so, to what extent?
- Has the member behaved in a way not reasonably necessary in the protection of its legitimate interests?
- Does the TIO understand fully the particular perspectives, actions and needs of the member and the complainant? Has all the available evidence been considered?
- Would a fair person in possession of all the relevant facts regard the outcome as fair and reasonable?

Importantly, the TIO considers complaints on a case-by-case basis. No one factor will necessarily be determinative in any given case, and each complaint will ultimately be decided on its own particular facts.

## Determinations

Disputes that cannot be resolved through an agreement between the parties may be resolved by the TIO:

- making a binding determination as to compensation to be paid to the complainant;
- making a recommendation (where the amount in question is greater than \$10,000);
- directing the Member to act to remedy the situation; or
- dismissing the complaint.

Although the TIO may make a determination of systemic complaints at Level 2 and of other complaints at Level 3, determinations are more commonly made by the Deputy Ombudsman at Level 4. Land Access objections are also dealt with at Level 4 and are always finalised by determination. Where the TIO considers a land access objection sustainable, a direction to the carrier is included in the determination.

In 2002/03, 83 Level 4 complaints were closed. Determinations were made in 8 non-land access matters and in 25 land access matters. 12 of the 25 land access determinations included a direction to the carrier. The complaint was withdrawn in three cases, in one the matter was referred to the ACA, and a conciliated outcome was reached in the remaining 46.

In 2003/04, the TIO will begin publishing its determinations on the TIO website.

## Classifying Complaints

The TIO classifies complaints into four levels. Level 1 is for complaints that can be resolved at the time the consumer calls the TIO, or can be referred to the member company for resolution with the consumer directly within 14 days.

Level 2 and 3 complaints require the member company concerned to provide information requested by the TIO within set timeframes. The TIO may escalate a complaint to the next level if the member's response is not provided within the set timeframe, or if the response is not satisfactory. Complexity and the amount of time spent by the TIO may also be reasons for escalating a complaint.

In 2001/02 the TIO created the position of Disputes Officer to assist in the handling of Level 4 complaints. These complaints are now dealt with by the Deputy Ombudsman, or by the Disputes Officer or Investigation Officer under the supervision of the Deputy Ombudsman.

## Complaint Handling Performance

### Factors Affecting Complaint Handling Performance During the Year

#### Australian Communications Industry Forum (ACIF) Codes

This is the second year since the TIO gained jurisdiction over the investigation of complaints about ACIF industry code breaches. Formal procedures for logging and investigating code breaches have been enhanced this year. Greater depth of analyses of code-related complaints and written notification to members of the

TIO's findings in relation to each complaint have added time, but also value, to TIO complaint handling.

#### Position Statements

In 2002 the TIO focused on the development of a number of position statements about its views in relation to particular types of complaints including early termination fees, excess Internet usage charges and unauthorised customer transfers. These were published on the TIO website in late 2002 and continue to be modified and added to. The TIO's position statements assist with consistency and transparency of the investigative process and allow members the opportunity to improve their own internal dispute resolution policies and procedures.

#### Update on Some of Last Year's Developments

The Investigations Area workgroups (each consisting of Enquiry Officers, Investigation Officers and one Legal Investigation Officer) established last year continue to work well to encourage sharing of information, training and a sense of team.

Legal Investigation Officers (LIOs) have continued to contribute to the TIO in a very positive way, with input into position statements to ensure that the law, as well as good industry practice and what is fair and reasonable in all the circumstances, is considered when negotiating a reasonable outcome to each complaint.

The Intranet has now become one of the TIO's major investigative tools, with each staff member being responsible for the development and maintenance of an area of expertise such as customer transfers, billing and mobile contracts.

## Call Handling Performance

The impact of the collapse of OneTel washed out of the system by early 2002. Since then the TIO's call volumes have been remarkably consistent. Weekly incoming calls have averaged around 2000 per week. Call volumes as low as 1600 or 1700 calls per week usually only occur around public holidays. Busier weeks with over 2100 calls can usually be attributed to an increase in media activity about an industry issue, or the launch of *TIO Talks* or the Annual Report.

The TIO's ability to manage incoming calls has continued to improve with abandoned call numbers falling and service levels rising throughout the year. This has been achieved through a combination of improved rostering, a better understanding of call patterns and continued funding to achieve a stable and productive workforce.

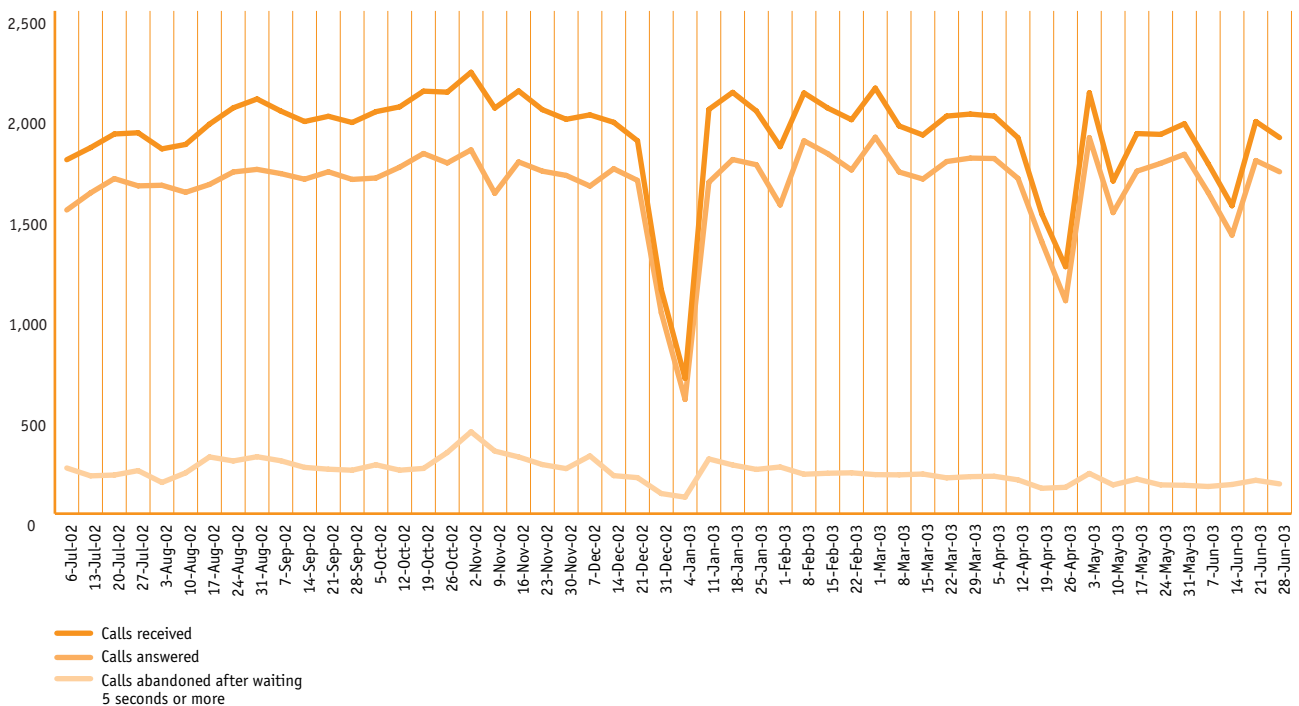
## Complaint Mix

The TIO continues to utilise a four-tier complaint classification system, from Level 1 to Level 4 in order of complexity, seriousness and time invested to resolve an issue. Generally speaking, most complaints are initially classified as Level 1 and referred (often orally) back to the member to provide a last opportunity for the matter to be resolved without formal TIO intervention. However, the TIO can automatically classify a complaint at Level 2 or 3 if a matter is deemed serious and/or a consumer has already made numerous attempts to resolve the complaint with the member directly.

The TIO's complaint level data generally serves as a good indication of how well the industry is working to resolve complaints before they come to the TIO's attention. It also demonstrates how well the industry responds to complaints once the TIO becomes involved.

The complaint mix data for this year shows a continuing trend of decreasing percentages of Level 1 complaints and corresponding increases of Level 2s. While this trend in part reflects the increasing complexity of telecommunications services and the types of cases coming to the TIO, it is also indicative of a decrease in members being able to resolve complaints directly with customers either prior to, or with only minimal, TIO involvement. Most of these Level 2 escalations represent complainants coming back to the TIO after an unsuccessful referral to their provider at Level 1. This trend is worrying and runs counter to the work the TIO has invested in a more proactive approach to complaint resolution. Some of this data also reflects customer service issues, including companies not responding to customer complaints. As discussed elsewhere in this report, this is becoming a major area of complaint to the TIO.

## CALL ANSWERING PERFORMANCE



**COMPLAINT MIX (IN PERCENTAGES)**

Year	Level 1	Level 2	Level 3	Level 4
2000/01	92.8	4.8	2.3	0.1
2001/02	91.0	6.7	2.2	0.1
2002/03	88.6	8.6	2.7	0.1

**Complaint Resolution Times**

Complaint resolution data is collected for Level 2 complaints and above, with Level 1 complaints usually being closed on the spot after giving the complainant advice and a referral to a TIO member.

The TIO’s current key performance indicators (KPIs) for complaint resolution timeframes are 48 days for Level 2, 62 days for Level 3 and 90 days for Level 4.

**COMPLAINT RESOLUTION AVERAGES (IN DAYS)**

Year	Level 2	Level 3	Level 4
2000/01	46.7	64.7	147.7
2001/02	52	66	81
2002/03	63	80	104

As the data indicates, with the exception of Level 4 complaints, resolution timeframes for all complaint levels have increased steadily over the past two years.

The data reflects a complex suite of interacting factors. The KPIs were established by Council based on actual figures at the time of the restructuring of the TIO’s investigations area and were intended to reflect an interim set of benchmarks for the investigations area. A review of the benchmarks will be undertaken in 2003/04. A second factor is the continuing trend towards increasingly complex complaints, requiring greater time to resolve. Allied to this is the factor of the increasing number of Level 2 complaints. Finally, the TIO’s undoubted success in continually meeting performance benchmarks for call answering has been achieved to some extent at the expense of the resolution benchmarks – the overall result being a blow out in average resolution times.

A current work value study being undertaken aims to capture the time (in minutes and hours) that staff spend on individual cases, as well as the number of tasks (such as talking with the

complainant and member, analysing evidence, and writing letters) staff carry out and the period (days) over which this occurs. The information captured through this study is intended to give a clearer picture of the work of the TIO and the cost of that work.

**Complaint Outcomes**

When an investigation of a Level 2 or above complaint is complete, TIO staff record an ‘outcome’ and an ‘outcome indicator’ for each case. They judge whether, from their understanding of the complainant’s point of view, an outcome would be considered to be partially or substantially in favour of the member or the complainant, or whether the outcome would be considered neutral.

Once again this year there was a high percentage of cases, 21.0%, where a neutral outcome was recorded, similar to the figure reported in 2001/02 of 19.5%. The neutral outcome indicator is used when investigative staff consider that



Alex Buchanan  
Project Officer

Olivia Lovelock  
Investigation Officer

the outcome is not necessarily in favour of either party, or where the complainant has not made their anticipated outcome clear and does not recontact the TIO after a proposed resolution letter is sent out. A large component of the neutral category can also be attributed to an administrative practice where, while each complaint can have several 'issues' logged, only the primary issue remains active when a case is upgraded and staff 'close off' subsequent issues as having a neutral outcome.

54.9% of complaints were resolved either substantially or partially in favour of the complainant. This represents a slight decrease from previous years - 57.2% in 2001/02 and 56.9% in 2000/01. 24.1% of complaints were resolved either substantially or partially in favour of the member, reflecting an increase over previous years - 18.9% in 2000/01 and 20.2 % in 2001/02.

#### COMPLAINT OUTCOMES (PERCENTAGES)

Neutral	21.0
Partially in favour of complainant	18.0
Partially in favour of member	4.0
Substantially in favour of complainant	36.9
Substantially in favour of member	20.1

#### Reviews

The TIO's procedures allow all complainants the right to a review of decisions made by investigative staff which they consider to be unfavourable. Complainants are entitled to a review of their complaint by a manager or senior officer regardless of the level of the complaint. The recent Complainant Satisfaction Survey found that a significant number of people were unaware of this important right despite it being constantly emphasised by investigative staff. We are taking steps to address this problem.

This year the investigations area received 422 review requests, an increase of 39% on the 257 received in 2001/02.

(Please note that the figure of 163 reported in the last annual report was incorrect - the correct figure was 257).

The majority of review requests are responded to in writing, however a complainant or member may discuss the case review with a manager and a decision can be given over the telephone.

The investigations area commenced recording the outcome of review cases in March 2003. In future annual reports the TIO will provide analysis on review outcomes, for example whether the finding was upheld or if additional investigations work was required. This analysis should shed more light on whether increasing requests for reviews reflect a growth in consumer assertiveness or whether TIO staff could improve their work and/or the way in which they explain outcomes to complainants.

