

2012-2013 Annual Report

An independent voice



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Highlights

Complaints at a five-year low

We received 158,652 new complaints, an 18 per cent decrease from the previous year. More than half were about mobile phone services.

Fewer complaints for big providers

Telstra, Vodafone and Optus complaints decreased substantially. Complaints against smaller providers increased.

Non-compliant telcos referred to regulator

Nineteen providers were referred to the telecommunications regulator for not complying with directions or joining the TIO.

Systemic issues in focus

We intervened in 41 systemic issues with a focus on misleading sales calls. Most issues were resolved after our intervention.

Our strategic plan

We began work on meeting our strategic goals for 2012–15. This included measures to improve our efficiency, timeliness, quality, industry engagement, reporting capacity and accessibility.

A gender-equal workplace

We value and practice gender equality with a balanced male-female workforce and equal pay. More than half of our senior managers and executives are women — well above the Australian average.

Consumers and providers satisfied with TIO

Independent surveys of consumers and service providers whose complaints we dealt with showed that more than 90 per cent were satisfied with our handling of their cases.

Our strategy for 2012-15

About the TIO

We deal with complaints about telephone and internet services from consumers who have been unable to resolve them with their service provider.

Our vision

Our vision is to deliver an exceptional telecommunications dispute resolution service for consumers and service providers. We aim to contribute to better customer service and complaint handling in the telecommunications industry.

Our roles

- Resolving disputes
- Improving telecommunications services
- Being an independent voice
- Leading by example.

Resolving disputes

We aim to resolve telecommunications disputes in an accessible, independent, fair, efficient, responsive and effective way.

We will do this by offering an excellent service and keeping pace with the evolving nature of the industry.

Our strategies	Our success measures
Review quality, process and workforce management	Timely resolution of complaints
Develop staff expertise and skills	High satisfaction levels for consumers and service providers
Consolidate new complaint handling system	Making the right decisions first time
Increase hours of operation	
Increase channels for making, and communicating about, complaints	

Improving telecommunications services

We help providers to improve their services by engaging with them and identifying systemic issues.

We will do this by helping to address causes of complaints, building providers' capacity to respond and avoid issues that cause disadvantage to consumers.

Our strategies	Our success measures
Consolidate teams that engage with service providers	Timely and effective analysis of complaint trends
Review information collection and analysis to increase responsiveness to issues	Timely and effective response to systemic issues
Deliver capacity building program for providers	Service provider satisfaction with TIO
Build collaborative relationships with peak industry bodies	

Being an independent voice

Our goal is to provide high-quality information that is useful to industry, the community and regulators.

Our strategies	Our success measures
Consolidate TIO reporting functions	Consumer awareness
Establish information exchange agreements with stakeholders	Stakeholder satisfaction
Improve online presence	Timely referral of non-compliance
Review process of referring issues to regulators	

Leading by example

We are innovative, adaptable, collaborative, responsive, resilient and forward-thinking. We value our people and support their skills development.

We will do this by adapting to change, focusing on continuous improvement, and having fair and transparent funding.

Our strategies	Our success measures
Establish functions for business improvement, strategic planning and compliance	Strong staff engagement
Engage with staff and finalise an Enterprise Agreement	Timely and effective delivery of business improvement projects
Review TIO funding	Financial results reflect sound management



OUR PEOPLE

Elizabeth Hutchings

Elizabeth received an award for excellence in dispute resolution.

In my role as a Senior Investigations Officer I investigate cases that are complex due to the subject matter or the parties involved.

My job is to break down complaints to their core issues to ensure that the consumer and provider can negotiate a quick resolution. I also help coach and mentor Investigations Officers in learning to simplify cases.

I like the TIO because the people I work with are fantastic, I find my job challenging and I learn every day. I like the fact that we help people — getting phones connected, sorting out contract issues consumers have had for years and removing wrong default listings are things many people would have difficulty doing without the TIO.

Ombudsman's message



This year, 35,000 fewer consumers made new complaints to the TIO.

This is a reduction of 18 per cent from the previous year, and you need to go back five years to find a period when fewer new complaints were made to the TIO. In a telecommunications market where mobile services grew more than 30 per cent in five years, this is a marked turnaround.

My view is that this reduction can fairly be connected to a publicly-stated focus by telecommunications industry leaders to do better by their customers. Clear evidence is also emerging that the stronger rules in the 2012 Telecommunications Consumer Protections Code are working. Third, the regulatory focus on compliance with the new rules is having an effect.

We are also playing our role through drawing to service providers' attention the issues that are causing complaints. Resolving these quickly means fewer complaints.

These results make me cautiously optimistic. It is important to acknowledge that more than 158,000 new consumer disputes were still filed with the TIO. More than half of these included a customer service complaint about issues such as broken promises or wrong advice.

Most complaints were resolved through our "referral" process to specialist complaint handling teams or officers, which suggests that, too often, simple complaints are not resolved until the Ombudsman is involved.

There was a new challenge for my office this year: the emergence of enormous variations in demand for our service. While complaints were substantially reduced, the lowest volumes were in the first six months of the year. From September 2012 to February 2013, demand increased by 38 per cent. We have needed to adjust and refine our forecast and management models, and promote more flexibility in every part of the TIO.

This report is titled "An independent voice" to reflect our increased focus on providing expert information about issues that affect telco consumers. This year we include additional data analysis, more systemic case studies and more transparent reporting about our own performance. Our strategy is to continue to improve our reporting in the coming year.

Independent surveys of consumers and service providers about satisfaction with our service were generally very positive. For example, more than 90 per cent of both groups confirmed they were satisfied with conciliations, with the clear majority extremely or very satisfied.

These results, and our other achievements in the past year, reflect well on the TIO's staff, management, Council and Board. All have my thanks and recognition for their outstanding contributions. Throughout this report we profile some of our award-winning staff, who every day demonstrate a commitment to our vision of delivering excellent dispute resolution services and improving the telecommunications industry.

Simon Cohen

A handwritten signature in black ink, appearing to read 'L J G', with a long horizontal stroke extending to the right.

Telecommunications Industry Ombudsman

Board Chairman's message

The TIO is well-positioned to continue as an exemplary external dispute resolution scheme.

This year, we took significant steps to develop a unitary governance model for the TIO. A Transition Committee of the Board and Council was established. The Committee consulted extensively with stakeholders to design long-term options for the TIO's governance.

The Committee's recommendations to move to a single governance structure were endorsed by the Board and Council. The proposed unified structure must be put to members of TIO Limited for a vote at a general meeting. We are now taking the steps for formal consideration of the proposed structure, with the final stages expected to be completed early in 2014.

Measures introduced in previous years continue to reduce complaints to the TIO, with new complaints decreasing for the second year in a row. The roll-out of an alternative dispute resolution qualification will continue to improve complaint handling and demand management.

Last year's move to monthly billing for all providers has improved cash management discipline at the TIO, including over the liquidity reserve.

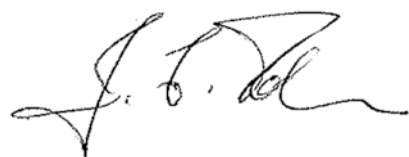
A new management structure introduced during the year is operating well. Negotiations on a new Enterprise Agreement for TIO concluded and received significant support from staff. The Board also approved a new Workplace Health & Safety Policy and Procedure Manual.

The Board is pleased to have re-appointed the Ombudsman, Simon Cohen, and Deputy Ombudsman, Diane Carmody. Simon continues to improve the operational performance of the company with his executive team. I thank all TIO staff for their hard work this year.

I express my gratitude to Council for their dedication and commitment during a particularly demanding year for the TIO.

My thanks also go to Ravi Bhatia (Primus Australia) who completed a three-year term on the Board. The Board welcomes Iain Falshaw (ACN Pacific), who was elected as a Director, and congratulates Stephen Dalby (iiNet Ltd), who was re-elected, and Jane Harvey (Independent Director), who was re-appointed, for further terms. Two Alternate Directors, Matthew Lobb (Vodafone) and Jakob Vujcic (Optus), were also appointed during the year.

Finally, I extend my sincere thanks to my fellow Directors for their diligence and professionalism in the strategic and financial management of the TIO in 2012-13.



John Rohan

Board Chairman



Council Chairman's message



In the past year we have continued to see change and improvement at the TIO.

Council was active in a number of initiatives to ensure that the TIO is an effective and leading dispute resolution service for the telecommunications industry. These included jurisdiction changes and increasing stakeholder feedback channels for greater transparency of the TIO.

Council was also pleased to support the development and introduction of an Enterprise Agreement.

Progress was made on a unitary governance structure that will combine the current TIO Board and Council. A joint Transition Committee worked through the year to design the proposed governance arrangements and consult on that design. It is expected that unitary governance will come into effect in the 2013-14 financial year once final consultations and approvals are completed.

Complaints reduced significantly from the two previous financial years. I commend industry actions to reduce the causes of complaints and handle complaints better. I look forward to further reductions as these actions by industry along with compliance to the new Telecommunications Consumer Protections (TCP) Code take effect.

Changes to the TIO Constitution included an increase to the Ombudsman's determination and recommendation powers, effective 1 July 2012. We also approved changes to the time limits for consumers to make a complaint to the TIO, effective 1 July 2013.

Working with Council, the TIO commenced a redraft of the current TIO Constitution into clearer language. We expect to present the final version of the Constitution to the TIO's new unitary governance body for approval during 2013-14.

Over the coming year, Council will continue to monitor industry and policy changes, and their potential impact on the TIO. We will also focus on the TIO's capacity to identify and manage systemic issues along with the TIO's efficiency in complaint handling.

During the year, Ombudsman Simon Cohen and Deputy Ombudsman Diane Carmody were re-appointed to their roles on the recommendation of the Council. The reappointments reflect our recognition of their dedication and leadership to the Scheme. I thank them both for their enormous contribution to the TIO.

I sincerely thank Council for their contributions throughout the year, particularly Teresa Corbin and Chris Dodds for their efforts on the Transition Committee. I would also like to acknowledge John Wilkes, who departed Council during the year, for his service, and congratulate Teresa Corbin and Dr Paul Harrison on their re-appointment to Council.

Finally, on behalf of Council, I express our appreciation to the TIO Board for their support and guidance to the TIO and for working with Council throughout the year.

A handwritten signature in dark ink, appearing to read 'Andrew Dyer', with a long horizontal stroke extending to the right.

Andrew Dyer
Council Chairman

Board and Council member biographies in 2012-13

Board Chairman



John Rohan

Independent Director and Chairman of the Board (B Mech Eng, Grad Dip IE, MBA)

John Rohan has been the Managing Director of Vodafone Australia Pty Ltd, Vodafone New Zealand Ltd and Vodafone Network Pty Ltd. He has also held the role of Executive Director, Vodafone Pacific. Previous positions include Executive General Manager of James Hardie Building Services and Technologies; Chief Executive of McConnell Dowell's Building Product Group, Australia and New Zealand; and General Manager of Comalco Building Products.

Directors



Stephen Dalby

Chief Regulatory Officer, iiNet

Stephen Dalby has been an executive with the iiNet Group since 2003. In his 35-year telecommunications industry career he has worked in retail and wholesale businesses, regulatory and corporate affairs, quality assurance and corporate social responsibility. Steve is based in Perth and is also Chief Executive Officer of Chime Communications Pty Ltd, iiNet's carrier subsidiary.



Michael Elsegood

Manager, Consumer Safeguards and Compliance, Optus (B Eng (Hons), MBA)

Michael Elsegood supervises Optus's Disability Action Plan, and manages numbering matters and Optus's compliance with obligations that support law enforcement agencies. In a telecommunications industry career spanning more than 30 years, he has been involved with call charging and billing accuracy standards, quality-of-service reporting, end-to-end performance standards and number portability.



Iain Falshaw

Managing Director, ACN Pacific (BA (Hons) GAICD)

Iain Falshaw has been Managing Director of ACN Pacific since January 2008, and a Director since the company's inception in 2004. He has more than 22 years of experience in the telecommunications industry in a number of international markets including New Zealand, UK, USA, Malaysia and Singapore. He is also a director of the Direct Selling Association of Australia. *(Member of the Board from November 2012)*

ABOUT US

PERFORMANCE

STATISTICS

ENGAGEMENT

ORGANISATION

FINANCIALS

Directors continued



Jane Harvey

*Independent Director
(BCom, MBA, FCA, FAICD)*

Jane Harvey has extensive experience across the financial services, health care and public company sectors. Directorships include IOOF Holdings Ltd, David Jones Ltd, Medibank Private Ltd, Colonial Foundation Trust, and oversight Board of the Department of Treasury and Finance. Victorian Council member of the Australian Institute of Company Directors.



Jules Scarlett

Director - XCo Customer Management and Complaints, Telstra (BA LLB (Hons))

Jules is Director, XCo Customer Management and Complaints at Telstra. Jules has responsibility for the customer management process at Telstra. Jules is also responsible cross company for complaint management. Jules has worked for Telstra for more than 14 years.



Louise Sexton

Group General Counsel & Company Secretary, Vodafone Hutchison Australia (BA, LLM, MBA (Executive))

Louise Sexton is Group General Counsel and Company Secretary of Vodafone Hutchison Australia (VHA) and Company Secretary of Telecommunications (Australia) Limited (HTAL). Prior to the formation of VHA in June 2009, Louise had been General Counsel and Company Secretary of HTAL since September 1998.

Louise has extensive legal and regulatory experience as General Counsel and Company Secretary in listed public companies across a number of high technology industries in Australia.

Louise also brings experience from her time working for the Federal Attorney-General's Department and for one of Australia's largest law firms.



Phill Sporton

Executive Director of Customer Service Delivery, Telstra (B App Sci (App Elec))

Phill Sporton is the Executive Director of Customer Service Delivery in Telstra Operations. This area of Telstra is responsible for the installation, connection and repair of Telstra's products, services and plant. Having started with Telstra as an engineer in 1983, Phill has spent 30 years at Telstra in a range of roles, including several positions in senior management.

Alternate directors



Alexandra Thomas

Vice President, Managed Services and Delivery, Optus

Alex was appointed to this role in 2010 and is responsible for professional and managed services at Optus, as well as customer service operations for business and government customers. Since joining Optus Alex has held various senior roles within the company. Prior to taking on her current role Alex was Optus' Director of Transformation, a company-wide strategic transformation program.



Ravi Bhatia

Founder and former CEO of Primus Australia, (B Elec Eng)

Ravi founded Primus Australia and retired as its CEO in 2011. He has held senior management positions in the US, Germany and other countries with Primus, MCI, OTC and Siemens in sales, marketing and public policy. Ravi is a member of the Board of the Alfred Foundation and the President of Australia India Business Council — Victoria. *(Member of the Board until November 2012)*

Matthew Lobb

General Manager, Industry Strategy and Public Policy, Hutchison Australia (BEc (Hons), LLB (Hons), MA, MSc (International Relations))

Matthew Lobb has overall responsibility for Vodafone's government and stakeholder relations, regulatory affairs and public policy reform agenda.

Previous roles include General Manager for Industry Engagement at NBN Co and a range of roles at Telstra including Director, Telstra Consumer Pricing; Group Manager, Commercial Development; and Group Regulatory Manager, Telstra Wholesale.

Jakob Vujcic

Assistant General Counsel Compliance, Optus (Alternate Director) (BA LLB)

Jakob Vujcic is a senior lawyer, risk and compliance specialist with more than 15 years' experience with major listed corporations in the financial services, energy and telecommunications industries.

Christine Williams

Director of Equivalence, Telstra (Alternate Director) (BA, LLM)

Christine has performed a range of roles within Telstra, including Deputy Director of Regulatory Affairs and as regulatory manager and legal counsel for many different aspects of Telstra's business. Prior to joining Telstra in 1996, Christine was a senior associate in private legal practice.

Council members in 2011-12

Council Chairman



Andrew Dyer

*Chairman of the Council
(B.E. (Hons), MBA, MAICD)*

Andrew Dyer was appointed Council Chairman in 2010. He is Chairman of the Transport Accident Commission and serves on a number of boards including the American Australian Association, The Good Foundation, and the Monash Engineering Foundation.

He also serves on various advisory boards including the Melbourne Symphony Orchestra, the Victorian College of the Arts, the Australian Regenerative Medicine Institute, ClimateWorks Australia and the Richmond Football Club.

In 2013, Andrew was appointed as a Vice Chancellor's Professorial Fellow at Monash University.

Andrew has held executive and operational roles in the utilities, technology and professional services industries, based in both Australia and overseas. He was also Victoria's Commissioner to the Americas.

A former McKinsey & Co consultant, Andrew holds a Bachelor of Engineering with first class honours from Monash University and an MBA from Georgetown University in Washington DC. He is a member of the Australian Institute of Company Directors.

User and public interest group representatives



Teresa Corbin

*Australian Communications
Consumer Action Network*

Teresa Corbin is Chief Executive Officer of the Australian Communications Consumer Action Network (ACCAN), a peak consumer body for the telecommunications industry. Teresa led the project to establish ACCAN, which began operating on 1 July 2009. Through her work in the community sector, in policy and management positions, she has built strong links with consumer groups at a regional, national and international level.



Chris Dodds

Chris Dodds represents the Australian Council of Social Service (ACOSS) on Telstra's Low Income Measures Assessment Committee (LIMAC), in the position of chair. He is a past president of the Council of Social Service of NSW (NCOSS). He has been involved in community services for over 35 years and in telecommunications issues for the past 13 years. While not representing any particular organisation on the TIO Council, Chris has a keen interest in the challenges facing those on low incomes or confronting other disadvantage.



Dr Paul Harrison

Dr Paul Harrison (PhD, GAICD, MAM) is a senior lecturer and chair of the consumer behaviour and advertising program at Deakin University's Graduate School of Business. Dr Harrison is also the leader of the Ethics and Social Engagement research cluster at the Centre for Sustainable and Responsible Organisations. His research, consulting and writing examines the psychology of emotional and rational behaviour, and the effect of marketing and advertising on consumer behaviour from an ethical and corporate social responsibility perspective. Paul is involved on a number of boards and committees, including being a past chair, and current board and audit committee member, of the Asylum Seeker Resource Centre, Director of consumer behaviour research consultancy, tribalinsight, and is a Graduate of the Australian Institute of Company Directors.

Industry representatives



Loretta Kreet

Legal Aid Queensland

Loretta Kreet is a lawyer who has spent the past 20 years working exclusively in the area of consumer protection with a particular emphasis on consumer credit, telecommunications and insurance within the community sector and Legal Aid Queensland. She is a member of the Australian Communications and Consumer Network, the Consumers Federation of Australia and is a board member of Parent to Parent Inc, an organisation that provides support for parents of children with disabilities.



Catriona Lowe

Catriona Lowe is the current Chair of the Consumers' Federation of Australia and a member of the Board of the Financial Ombudsman Service. She is Co-Chair of the ACCC's Consumer Consultative Committee and sits on ASIC's External Advisory Panel.

Catriona is a member of the National Alternative Dispute Resolution Advisory Council.



Trevor Hill

Telstra

Trevor Hill is Group Manager, Consumer and Compliance, Corporate Affairs at Telstra. He has worked for Telstra for many years in management and policy roles.

He has extensive experience in consumer related matters and played a major role in the development of the new Telecommunications Consumer Protection Code.

He represents Telstra on the Communications Alliance Operations Council and is the Chair of CA's Industry Consumer Advisory Group (ICAG). Trevor was previously Telstra's TIO Board Director.



Brad Kitschke

Public Policy Manager VHA

Brad works with consumer stakeholders and VHA's industry partners on consumer policy issues. Brad is a member of the Communications Alliance's Industry Consumer Advisory Group, a body established to provide consumer policy advice to the industry, as well as assist in preparing for the implementation of the new TCP code requirements, in addition to providing leadership and guidance on consumer policy issues. Brad acts as VHA's liaison with consumer advocates such as CHOICE and ACCAN, ensuring effective relationships and dialogue are maintained, and the concerns of consumer advocates have a voice with VHA.

(Member of Council from November 2012)

Industry representatives continued



Jonathan Matthews

Intelligent IP Communications

Jonathan has worked in the telecommunications industry for the past 15 years. During this time he has worked with a number of major and small niche carriers in all levels of business management. Currently Jonathan is an Executive Director and Cofounder at Intelligent IP Communications, a national Telecommunications carrier providing unified communications to businesses throughout Australia and specialising in delivering solutions to remote locations.



Gary Smith

Head of Regulatory Compliance, Optus

Gary Smith is Head of Regulatory Compliance, Optus, and has more than 20 years of experience in the telecommunications industry, including working with the former telecommunications industry regulator, AUSTEL. He has also worked with the Reserve Bank of Australia and the Victorian Parliament. Gary has a B Econ/Politics (Hons), has been extensively involved in the establishment of the co-regulatory arrangements for the telecommunications industry and is also a board member of Communications Alliance.



Ross Wheeler

Albury Local Internet Pty Ltd

Ross Wheeler joined the Council as the elected member representative of internet service providers. He is the proprietor and founder of Albury Local Internet, a regional ISP, which has been operating since May 1995.



John Wilkes

Vodafone Hutchison Australia

John is a Chartered Accountant with over 20 years' experience in a range of finance, sales, marketing, risk and audit roles across Australia, New Zealand, Asia, North America and Europe. John joined Vodafone Australia in 2008 following positions in KPMG, Air New Zealand and Stockland. He brings extensive governance experience with roles also encompassing a strong emphasis in customer service and corporate responsibility.
(Member of Council until November 2012)

Unitary governance transition

The TIO Board and Council established a Transition Committee to recommend a unitary governance model for the TIO.

Unitary governance transition

In June 2012, the TIO Board and Council established a Transition Committee to recommend a unitary governance model for the TIO.

The Transition Committee

The Committee is made up of two Directors (Jules Scarlett and Steve Dalby) and two Council members (Teresa Corbin and Chris Dodds). It took advice from experts on best practice governance models and consulted with government, consumer and industry bodies. Taking into account their views, the Committee recommended forming a new TIO Ltd Board to replace the existing Board and Council.

To ensure balance, the Committee recommended the final Board should be made up of nine directors, with an equal number of industry and consumer members. The committee also recommended there be an independent Chair and two independent directors, one with corporate governance experience and one with not-for-profit governance experience.

It is proposed that some current members of the TIO Board and Council will continue on the new Board to ensure governance continuity.

Next steps

The recommendations were endorsed by the TIO Council on 30 April 2013 and by the Board on 16 May 2013. The proposed structure must also be put to TIO members for a vote. This is most likely to occur in early 2014.

Constitutional changes

Time limits expanded

We changed our Constitution to increase the age of complaints we can handle from 1 July 2013.

Consumers can now make complaints about issues they became aware of up to two years before contacting us, up from one year.

The Ombudsman will also have the discretion to investigate complaints consumers became aware of up to six years before contacting us, up from two years.

Monetary limits

From 1 July 2012, we can make decisions on complaints up to \$50,000 and recommendations up to \$100,000.

The Ombudsman and TIO Council reviewed these monetary limits during 2013 and considered that no change was needed.



OUR PEOPLE

Jed Salmon

Jed received an award for accessibility and accountability.

My role as an Industry Engagement Adviser is about building relationships with service providers. I have a portfolio of more than 20 providers that I account manage. I serve as a TIO contact point and proactively communicate with them to ensure they are well informed about the work we do and any changes we may be making.

I really enjoy meeting providers, helping them understand our work and giving them information that will help them improve their processes and procedures to reduce TIO complaints.

2012-2013 Annual Report

Performance





TIO performance in numbers


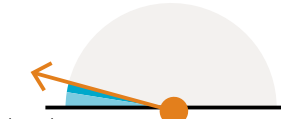
We developed new Key Performance Indicators (KPIs) in 2012-13 to measure our progress in achieving the targets in our 2012-15 strategy.

Being the first year, some of these targets were not reached. We are streamlining processes and have restructured parts of the TIO to focus on efficiency and quality to meet these targets by 2015.

Timeliness of TIO services — key indicators

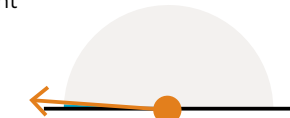
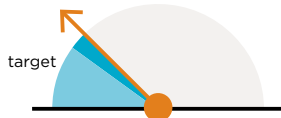
Referrals	Conciliations
Complaints referred within one business day: 79 per cent. Target: 90 per cent. 	Complaints conciliated within 30 business days: 77 per cent. Target: 80 per cent. 

We did not meet our referral and conciliation target due to an unexpected increase in demand from February 2013. It took some time to recruit more contact centre staff to handle this increase. This additional demand impacted on the time in which we dealt with complaints made via our website.

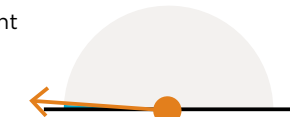

Investigations	Age of complaints
Complaints investigated within 70 business days: 26 per cent. Target: 80 per cent. 	Complaints older than 120 days: 8 per cent Target: 5 per cent. 

Investigations are a small proportion of all complaints (481 in 2012-13). Due to their complexity, some may be lengthy. At 30 June 2013, 103 open complaints were older than 120 days. We are monitoring aged cases with better reports and taking new approaches to increase the timeliness of these complaints.

Quality of TIO services — key indicators

Reviews	Further investigation
Reviews requested by consumers: 0.16 per cent Target: less than 2 per cent 	Reviews requested by consumers requiring further investigation: 26.3 per cent Target: less than 20 per cent 

Of more than 200,000 complaints closed in 2012-13, we received 349 requests from consumers to review their complaints. Of those, 76 needed further investigation.

Reclassifications	Reclassifications granted
Reclassifications requested by service providers: 1.4 per cent Target: less than 2 per cent 	Reclassification requests from providers granted: 64.5 per cent Target: less than 20 per cent 

A provider can request us to reclassify a complaint. Reasons can include TIO errors or events beyond our control (e.g. complaints solved in the time the consumer took to come to the TIO). Of more than 200,000 complaints closed in 2012-13, we received 3,126 reclassification requests, of which 2,018 were granted. We are currently reviewing our reclassification process.

Satisfaction with TIO

Most consumers who came to us in 2012-13 were satisfied with our service and the outcome of their complaint.

Consumer satisfaction with referral

When a consumer first reports a complaint to us, we refer it to the service provider for another chance at resolution. Consumer satisfaction with this process met our targets in 2012-13.

	Mar 2013	Jun 2013	Average	Yearly target
Handling of complaint	96%	86%	91%	80%
Outcome of complaint	86%	75%	80.5%	80%

Longer than average wait times for consumers who emailed complaints to the TIO had an impact on satisfaction levels with our referral process in June 2013.

Consumer satisfaction with conciliation

If a complaint is unresolved through referral we will work with the consumer and service to reach an agreement through conciliation. Consumer satisfaction at this level was very high in 2012-13.

	Mar 2013	Jun 2013	Average	Yearly target
Handling of complaint	95%	93%	94%	80%
Outcome of complaint	85%	88%	86.5%	80%

Service provider satisfaction

Each closure email sent in May 2013 to providers that received the most complaints had a link to an online survey asking them to rate their satisfaction with our handling of that complaint.

	May 2013	Yearly target
Handling of complaint	93%	80%
Outcome of complaint	94%	80%
TIO independence	87%	80%

Feedback about the TIO

Consumers can make formal compliments or complaints about our services. In 2012-13, we received 38 compliments about the courtesy, professionalism and timeliness of TIO officers.

We received 58 formal complaints about our service compared to 68 in 2011-12. Of those, 10 were found to be substantiated, compared to

17 in the previous year.

Our surveys

The consumer and provider satisfaction surveys were conducted independently through Customer Service Benchmarking Australia (CSBA).

The consumer surveys in March and June 2013 had a sample of 200 referral consumers and 100 conciliation consumers.

The service provider survey was sent to all providers that had a complaint



CASE STUDY

Jane's complaint

Jane called us about not being able to change providers.

Jane said she had repeatedly tried to transfer her landline to a new provider, but each time, the original provider would take it back.

Jane continued to pay her bills because she ran a business and did not want her service suspended.

The original provider told us that the transfer was not completed because Jane had registered with the new provider using her business name, not her personal name.

The original provider believed it was the new provider's responsibility to explain that this was the reason for the problem.

As a gesture of goodwill, the original provider waived the balance of Jane's account and successfully transferred the service to her new provider. Jane was happy with this resolution and we closed the complaint.

A new approach to dispute resolution



OUR PEOPLE

Simone Eason

Simone was recognised in 2012 for her commitment to fairness and independence.

I have been a Quality Assurance Officer for four years. My role includes conducting quality assurance checks on our complaints data to ensure compliance with TIO procedures. I have also contributed to the comprehensive review of TIO Position Statements, submissions to external stakeholders, a number of cross-functional TIO teams and other projects and initiatives.

I have been fortunate to have great managers who are excellent role models and combine great skills, knowledge and experience with genuine care for their teams. I also value my extremely friendly and supportive colleagues.

The TIO restructured the leadership of the Dispute Resolution division in July 2012 to focus on strengthening operations, workforce planning, quality and staff development.

We adopted this new approach to meet our strategic goals of improving our efficiency, quality and accessibility. Positions were created with responsibilities over:

- operations
- quality
- process
- workforce planning, and
- complex investigations.

Ongoing strategic work

Our focus is to improve the quality and efficiency of the TIO's dispute resolution. Some of the strategic work that began in 2012-13 to achieve this includes:

- creating a nationally-recognised Alternative Dispute Resolution qualification to formalise and develop the skills of our staff
- training subject matter experts in credit complaints
- setting timeliness and quality performance indicators for staff, and
- developing a quality framework.

For more information about our strategic plan for 2012-15 see pages 2-3.

Systemic issues

As part of our 2012-15 strategy, we reviewed our approach to systemic issues with the aim of:

- improving our responsiveness
- aligning our interventions to broader complaint trends
- reporting more regularly on outcomes of systemic interventions, and
- improving our communication of outcomes.

Our Industry Improvement team looked into 270 potentially systemic cases in 2012-13. We intervened in 41 of these cases.

After monitoring the remaining cases, we concluded that either a systemic issue did not exist or no action was needed.

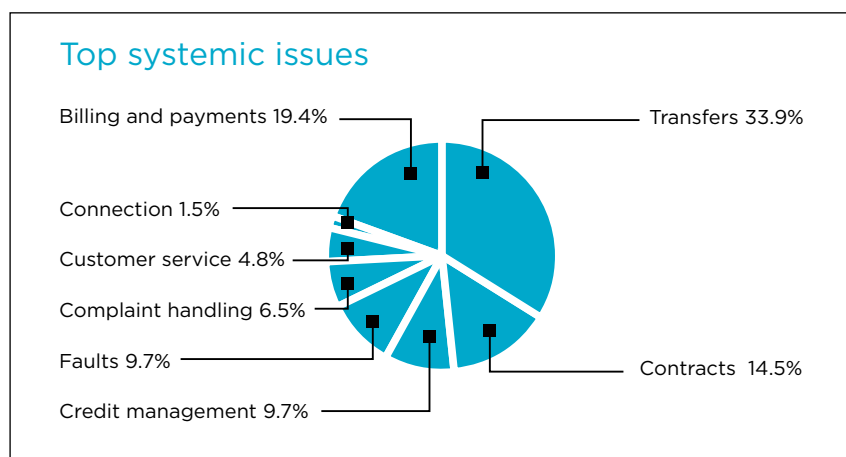
Type of intervention	Number
Informal approach	25
Informal investigation	14
Formal investigation	2
Monitoring	229

Systemic issues we looked at

We intervened in 41 cases, and some of the issues we found were:

- consumers having services transferred to new providers after misleading sales calls
- vulnerable consumers having payments deducted from Centrelink benefits without their knowledge, and
- product advertising for prepaid plans that didn't match recharge options.

More information about these examples can be read in our systemic case studies on pages 19, 24, 47 and 51.



Outcomes of our systemic interventions

Most cases were resolved by the service provider fixing a systemic issue after we brought it to their attention. This included:

- a provider reviewed its telemarketing practices to ensure consumers were giving informed consent to transfer their services
- a provider aligned its prepaid service advertising information with their recharge options.

More examples of the results of Industry Improvement interventions can be read in our case studies on pages 19, 24, 47 and 51.

Results in numbers

Result	No. of interventions
Provider resolved issue after TIO recommendation	29
Referred to other agency	9
Systemic action not appropriate	3

Next steps

As part of our review of the way we deal with systemic issues, we have started to track "issues of interest". These are issues that we believe could affect a number of consumers.

Raising issues of interest with providers helps us prevent problems from becoming systemic. By bringing them to the attention of the provider early without making an assessment, we promote collaboration and quick resolution.

After an issue of interest is raised with a provider, it will have four weeks to respond. We may become involved further if the response does not address the issue.

SYSTEMIC CASE STUDY Protecting vulnerable consumers from unauthorised direct debits

We stopped a company from taking money out of vulnerable consumers' Centrelink payments.

Centrepay, a government service that allows consumers to pay bills from their Centrelink entitlements, cancelled a contract with Excite 2011 following a TIO systemic investigation. This will stop it from deducting money from disadvantaged or vulnerable consumers who may have been unable to pay for the services in the first place.

More than 100 customers of Excite 2011 complained to us about unusual direct debits to their accounts from May 2011. Some of the common issues they told us were:

- money was taken from their bank accounts or Centrelink benefits without their permission
- they were not given the chance to check the charges as Excite did not send them invoices, and
- they were no longer customers of Excite 2011.

Our Industry Improvement team investigated Excite 2011's practices, and we raised our concerns with the company in October 2011. Excite did not respond to our concerns, and did not take any action to stop the issues.

We referred the case to the Australian Communications and Media Authority in March 2012. We also alerted the Australian Competition and Consumer Commission, which referred the issue to Victoria Police.

In February 2013, we alerted the federal Department of Human Services about the issue. As a result, Centrepay, which is run by the department, cancelled the contract that allowed Excite to direct debit consumers' Centrelink payments.

We have not received complaints about this issue since May 2013.

Systems improvements

We improved our technology systems to better deliver our services.



OUR PEOPLE

Marie Chiera

Marie received an award for excellence in dispute resolution.

I worked as an Enquiry Officer, Contact Team Manager, in training and now as Call Quality Monitoring Officer.

When I monitor a call, I ensure our processes are being followed. I also ensure that we have given consumers the right information and that we are not turning away consumers we can assist. I also pass feedback on to managers, not only to report errors but also as an opportunity to recognise good work.

The culture at the TIO is fantastic — people are friendly, helpful and down-to-earth.

We are making our reports smarter

After the successful rollout of a new complaints management system, RADaR, in May 2012, we can report complaint statistics and our own performance in a smarter way.

With RADaR as a foundation, we have started developing a business intelligence tool, a system that can gather our data and translate it into information that will help us to:

- better understand and analyse complaint trends
- build on the information we share with regulators and providers
- improve the complaint statistics we report to the public
- monitor our performance, and
- manage our resources.

Upgrades to our complaints management system

RADaR also strengthens our capacity to handle future complaints and can be adapted to our needs. We have rolled out 28 improvements to the software including updates to line up our keywords with the new Telecommunications Consumer Protections Code in place from October 2012.

Protecting our service from disasters

We put in place business continuity and disaster recovery plans that will help us continue to operate in the event of a disaster or crisis.

These plans give us the ability to return to work quickly in an event that prevents us from working in our offices in Melbourne and it has been tested for a range of events.

Looking ahead

ADR qualification

We have begun work on creating a nationally-recognised Alternative Dispute Resolution qualification.

The qualification will formalise the skills of our dispute resolution staff and give them a qualification that will strengthen their careers and the service they provide to consumers and providers.

Full details of the course will be published before the end of 2013.

E-learning for providers

We will launch a series of interactive learning modules to help providers learn about the TIO, good industry practice and complaint handling in 2014.

Social media

We will launch a social media strategy in 2014 to open more communication channels with the public.

2012–2013 Annual Report

Statistics



All cases

Financial year	New complaints	Conciliations and investigations			Enquiries
		Level 2	Level 3	Level 4	
2009-10	167,772	20,013	3,791	413	39,805
2010-11	197,682	17,863	2,415	357	39,928
2011-12	193,702	19,358	401	41	53,131
2012-13	158,652	15,928	471	10	47,016
Change (%)	↓18.1	↓17.7	↑17.5	↓75.6	↓11.5

About our data terms

New complaints: disputes consumers bring to us for the first time.

Conciliations: unresolved complaints where we work with the consumer and provider to reach an agreement.

Investigations: cases where we make a decision after looking at evidence.

Enquiries: cases outside our powers or issues the consumer has not raised with their provider

Issues: problems the consumer raises in a complaint. A complaint may have several issues.

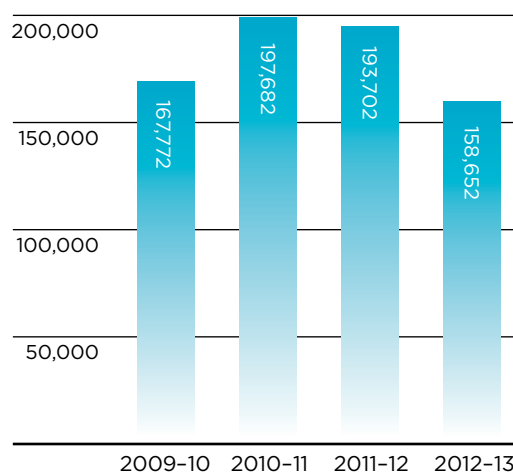
Service types: landline, mobile, internet and mobile premium services.

Disclaimer

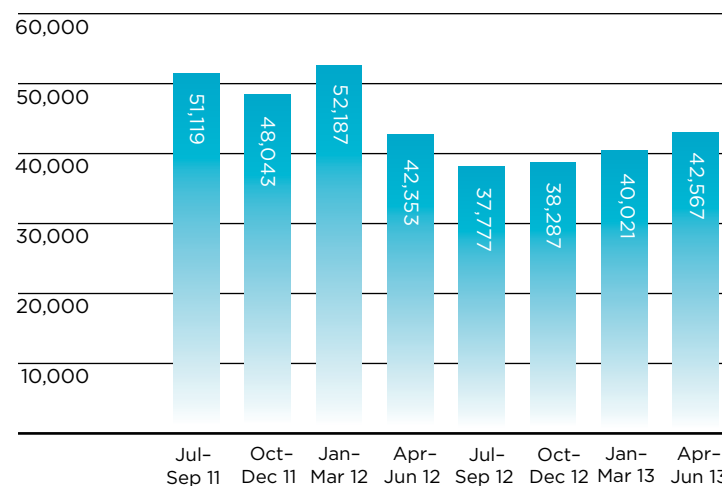
These statistics do not reflect credits or adjustments made after billing periods as a result of any case reclassifications.

Minor adjustments were made to our statistics in the migration to our new complaints management system in May 2012. There may be differences in figures for prior years published in previous annual reports.

New complaints by year



New complaints by quarter





CASE STUDY

Karen's complaint

Karen called us about a problem with a payment arrangement for her landline and internet.

Karen arranged a payment plan of \$50 per week to pay off a \$300 debt. Shortly after, she received a text message from her provider that said she had to pay \$200 or her services would be disconnected.

She told us she had called her provider to request an extension but the provider refused because she had missed some payments. Karen had an infant at home with medical issues and needed a landline.

We referred Karen back to the provider for another chance at resolution. She was willing to pay \$100 towards the debt and \$50 per week after that.

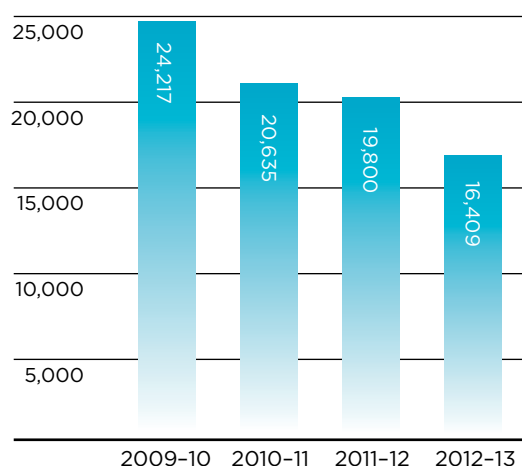
Karen returned to us because the provider did not accept her offer and her services were disconnected.

When we conciliated the complaint, the provider reconnected Karen's services. Given her circumstances, it also offered to reduce the outstanding balance to zero.

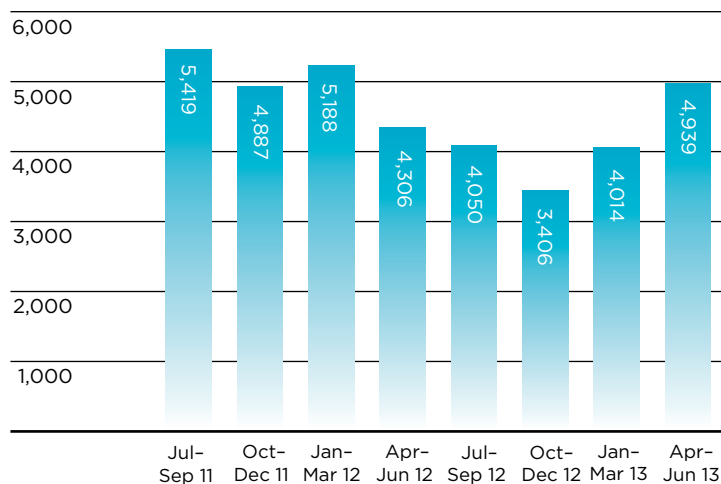
Despite this, Karen's services were cancelled twice more and she received more payment demands.

After we contacted the provider again, it told us that it had disconnected Karen's services in error. It reconnected Karen and moved her to a plan that would reduce her chances of accruing charges she could not afford.

Conciliations and investigations by year



Conciliations and investigations by quarter



SYSTEMIC CASE STUDY

Easy to understand bills

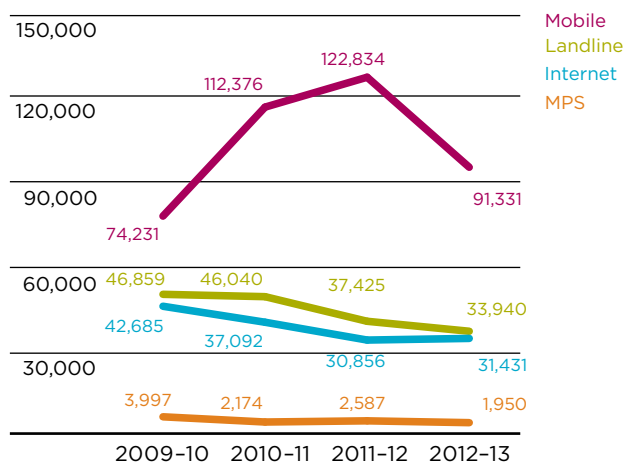
Telstra consumers now find their bills are easier to read and understand after discussions between the provider and the TIO.

We contacted Telstra after noticing that many of the telco's customers who contacted us had trouble understanding the relationship between charges and credits on their accounts. A number of consumers made complaints about being double billed, when in fact, they hadn't.

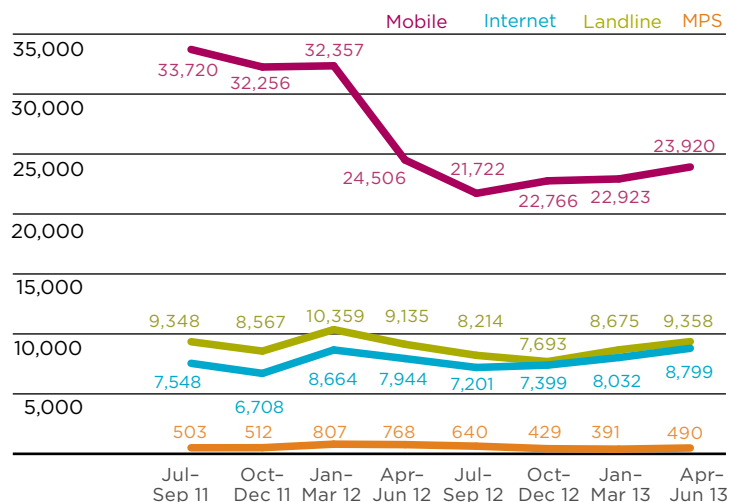
We raised the issue informally with Telstra by passing on the feedback that consumers had given to us.

Telstra took on board the feedback and decided to find ways to improve the invoices. It invested in studies to understand how its customers read their bills. With the results of these studies as a guide, Telstra redesigned its invoices so customers could understand them more easily, while still complying with tax law.

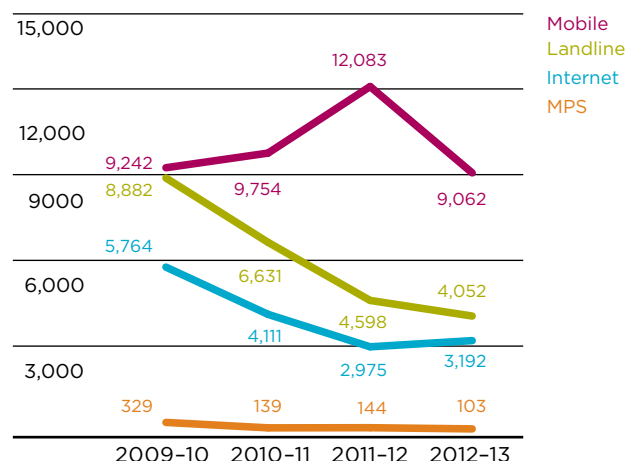
New complaints by service type by year



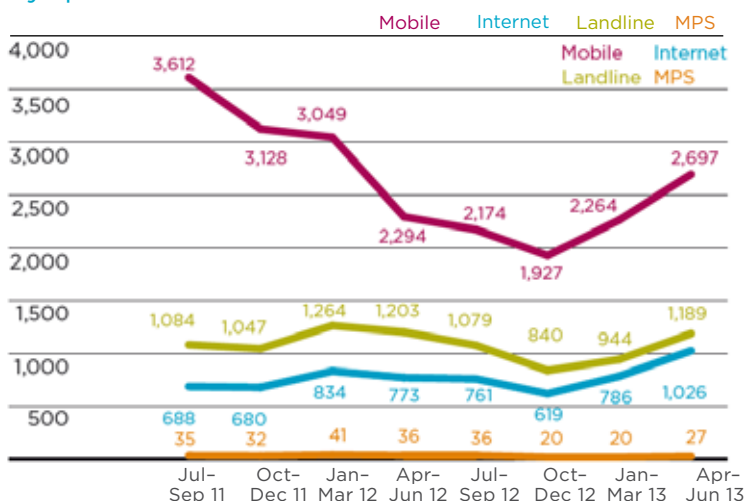
New complaints by service type by quarter



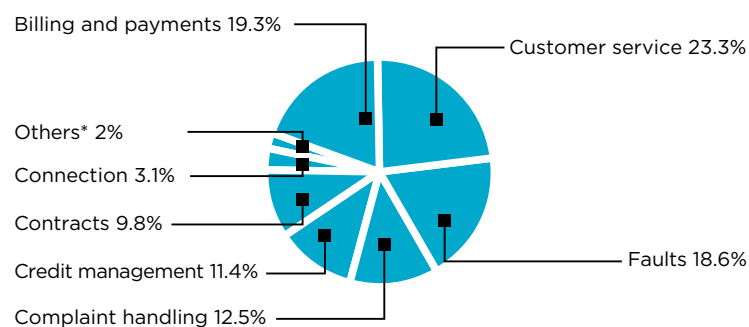
Conciliations and investigations by service type by year



Conciliations and investigations by service type by quarter



Top seven issues in new complaints



* Others include: transfers, privacy, directories, disability, land access, phonecards and payphones.



OUR PEOPLE

Jack Guarino

Jack received an award for his efficiency and effectiveness.

In my role as the TIO's Financial Accountant I am responsible for some financial transactions and financial reporting. I work in our finance team to produce accurate and timely month-end balance sheets. We also deliver the financial statements to all our stakeholders at the end of the financial year.

It is an important job because I help monitor our costs and I feel I play a part in efficiently managing the TIO.

My favourite part of the job is I am given the opportunity to work independently and I am always supported. My team is fantastic — we all help each other and learn from each other. It's great to work with people that care about the TIO and do an excellent job.

CASE STUDY

Peter's complaint

Peter contacted us about coming home to a bill 10 times greater than usual after a seven-day holiday overseas.

Peter tried to avoid a high bill by looking up roaming rates on his provider's website. He misread the information because it compared 10kb of domestic internet usage to 1kb of international internet usage.

While he was overseas, Peter stopped using his mobile after receiving text messages that said he had accrued \$400 in excess usage charges. He called his provider as soon as he returned to Australia, and it agreed to credit back \$300.

After this, Peter's bill came to \$1,600, which was automatically charged to his credit card.

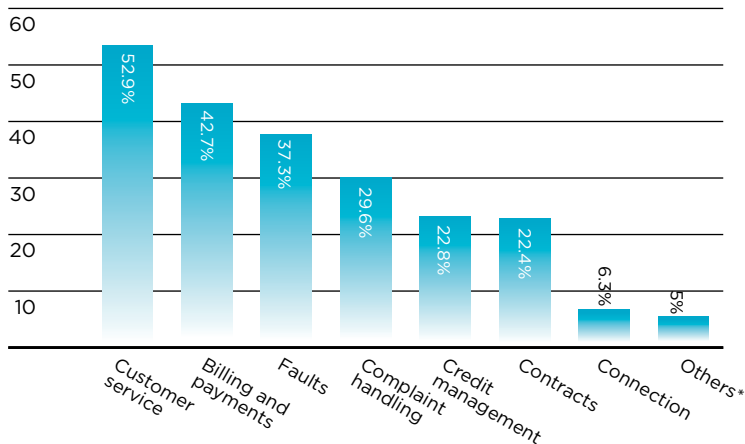
We asked the provider to show what pricing information it gave Peter before he left, and what they had done to limit his risk of getting such a high bill.

The provider conceded that the information on their website could have been confusing and that it was unusual for Peter's account to run up \$1,600 in seven days.

The provider offered to reduce the bill to \$60 and refunded the rest of the money it had charged. The provider has since made the information on its website clearer.

Issues in relation to new complaints (%)

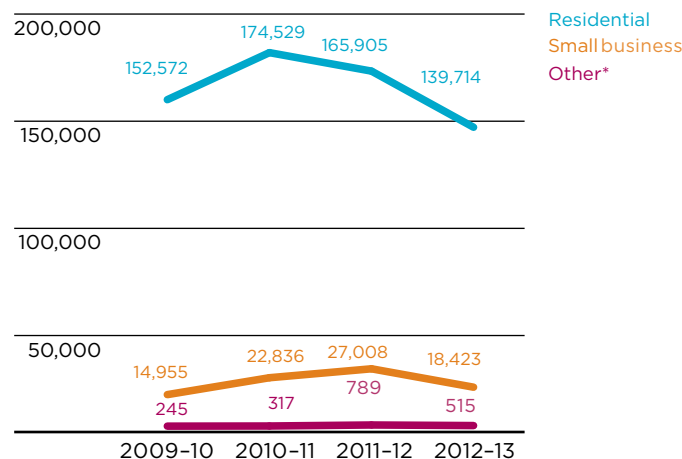
100% = 158,652 new complaints



* Others include: transfers, privacy, directories, disability, land access, phonecards and payphones.

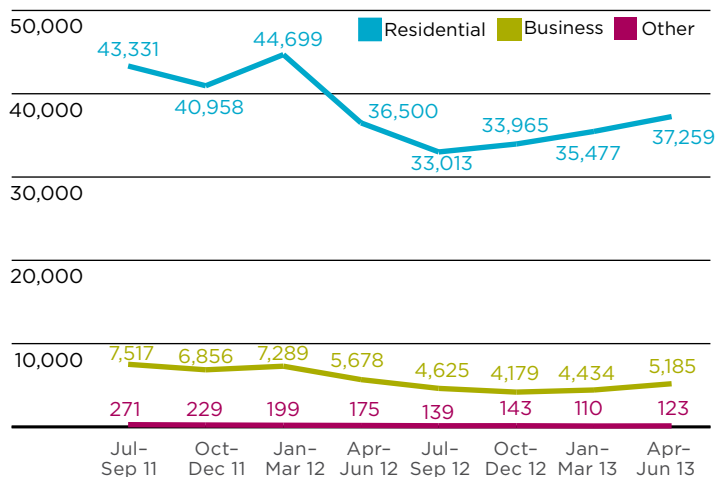
Note: each new complaint may have more than one issue, therefore these percentages do not total 100%.

New complaints by consumer type by year



* Other includes government and charity.

New complaints by consumer type by quarter



Top trends 2012-13

New complaints were at their lowest in five years.

New complaints were at their lowest in five years, due to:

- new regulations and an improved industry code
- government reviews into the quality of telecommunications services in Australia, and
- providers improving customer service and complaint handling as a business priority.

New complaints decreased 18%

We received 158,652 new complaints — an 18.1 per cent decrease from 2011-12.

More than half of those complaints — 91,331 — were from mobile users, a 25.6 per cent decrease. Landline complaints decreased 9.3 per cent to 33,940 and internet complaints increased 1.9 per cent to 31,431.

Top issues decrease

We recorded fewer issues in all categories except connections in 2012-13. The stand outs were:

- Billing and payments issues decreased 16.8 per cent due to fewer complaints about disputed bills, internet usage charges and termination fees
- Customer service issues decreased 13.7 per cent due to fewer complaints about inadequate help, incorrect information and consumer requests that were not actioned.

As a proportion of new complaints:

- 52.9 per cent had a customer service issue
- 42.7 per cent had a billing and payment issue, and
- 37.3 per cent had a faults issue.

A graph of the distribution of issues in new complaints can be seen in our Dashboard on page 26.

Coverage is still the top issue for mobile complaints

Coverage was the main cause of mobile phone complaints despite a decrease compared to the previous year. This year, 25,770 consumers made a complaint about coverage — a 13.5 per cent decrease when compared to 2011-12. Coverage was an issue in 28.2 per cent of new complaints about mobile services.

Complaints about coverage include issues such as:

- inability to make/receive calls or SMS, or to access the internet
- few or no reception bars on a mobile
- poor voice quality, and
- calls ending unexpectedly.

There were a few areas where mobile complaints increased:

- dropouts: 6,727 issues (3.8 per cent increase)
- credit defaults without proper notification: 2,840 (13.3 per cent increase), and
- slow data speeds: 1,623 (20.9 per cent increase).

Internet and landline faults

Extreme weather and natural disasters caused an increase in complaints about landline and internet repairs and connections in 2012-13.

Internet faults increased 18.3 per cent to 18,963 issues. This included complaints about:

- fully unusable services: 4,811 issues (24 per cent increase)
- slow data speeds: 4,324 issues (16.5 per cent increase), and
- dropouts: 3,330 issues (10.6 per cent increase).

Landline faults increased 19.4 per cent to 9,553 issues. This included complaints about:

- fully unusable services: 3,390 issues (23.9 per cent increase), and
- recurring or intermittent faults: 1,340 issues (1.1 per cent increase).

Internet and landline connections

Weather events also caused many consumers to make complaints about delays in getting new landline and internet services connected. Consumers in large areas of the country experienced service disruptions mainly due to heavy rains. Meanwhile, consumers in non-affected areas experienced delays as technicians were redeployed to restore services in disaster zones.

There was an increase in complaints about:

- delays in new internet connections: 4,710 issues (58 per cent increase), and
- delays in new landline connections: 3,743 issues (40 per cent increase).

Complaints by service provider



OUR PEOPLE

Nicholas McVey

Nicholas received an award as the person who best demonstrates the TIO's values.

I manage a team that ensures we are hearing consumers' complaints in a timely manner. It is not an easy task as there can be spikes in demand for our service but we have been quite successful.

I was involved in the rollout of our new complaint management system, writing user guides, communicating changes to staff and setting up a system administrator hub.

I came to the TIO because of my interest in complaint management and dispute resolution. I like to get my head around complex cases and analyse evidence. I find it really satisfying to get people to come to an agreement from two diametrically opposed views.

Top three service providers

Telstra, Optus and Vodafone account for 80 per cent of all new complaints and all recorded substantial decreases in 2012-13.

Telstra

New complaints about Telstra have decreased for the fourth financial year in a row. We received 57,298 new complaints about Telstra, a 7.6 per cent decrease from the previous financial year.

Telstra has advised us that it maintained this year-on-year reduction in complaints during a period in which its total services in operation increased by more than one million.

There were fewer Telstra complaints about:

Issue	2011-12	2012-13	Change
Disputed bill	8,379	7,223	↓13.8%
Poor contract information	6,630	5,289	↓20.2%
Unexpectedly high bill	3,935	3,429	↓12.9%

Vodafone

Vodafone complaints decreased 24 per cent to 42,729 compared to the previous year. This was the lowest they have been for three years. There were fewer Vodafone complaints about:

Issue	2011-12	2012-13	Change
Disputed internet usage charges	6,150	5,375	↓12.9%
Unexpectedly high bill	7,564	5,302	↓29.9%
Disputed bill	5,827	4,644	↓20.3%

Despite the overall reduction in complaints, Vodafone continues to receive a high number of complaints about mobile coverage (18,945). Vodafone complaints regarding call dropouts increased 12 per cent to 5,043.

Optus

Complaints from Optus customers decreased 36 per cent in 2012-13, from 41,602 to 26,629. Optus' reduction in complaints comes after an increase of 47 per cent in 2011-12.

Optus' decreases included:

Issue	2011-12	2012-13	Change
Coverage	8,369	4,130	↓50.7%
Poor contract information	5,227	3,249	↓37.8%
Disputed bills	4,186	3,136	↓25.1%

Other providers

1,000-10,000 complaints

We received fewer complaints from most providers in the 1,000-10,000 complaints band. Grouped together, these providers accounted for 11 per cent of all new complaints we received in 2012-13. Small increases were recorded for:

- Dodo: new complaints increased 1.1 per cent to 2,857, and
- iiNet: new complaints increased 5 per cent to 2,298.

New complaints for TPG increased 32.2 per cent to 4,552. TPG has advised us that this was in part due to repair and connection delays caused by extreme weather events and an increase in its subscriber base.

25-999 complaints

New complaints for providers in the 25 to 999 complaints band increased 30.5 per cent in 2012-13. This section accounted for almost 8 per cent of all new complaints we received.

While there were fewer providers in this band in 2012-13 (73 compared to 77 the previous financial year), collectively they are the only group to record an increase in new complaints.

This section saw nine new providers receive more than 25 new complaints in 2012-13.

Our Industry Engagement and Industry Improvement teams are working with these providers to:

- inform them of their obligations under the TIO Scheme
- educate them about best industry practice, and
- recommend addressing issues that may result in complaints.



OUR PEOPLE

Daniella Meneghetti

Daniella received an award for identifying systemic issues.

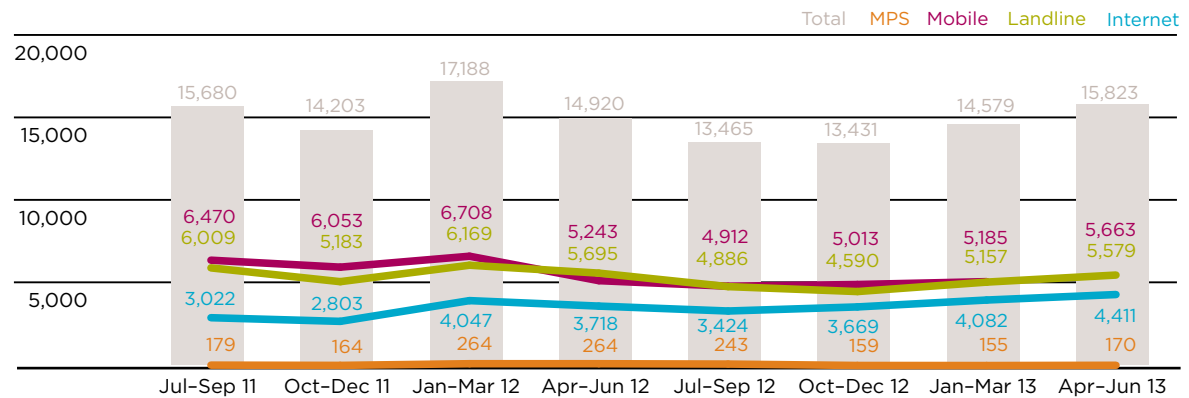
As an Enquiry Officer, I take calls from consumers who have difficulties with their telecommunications services and help them resolve their complaints.

I like helping people and setting expectations about what we can or can't do. I can also understand consumers who are going through tough times, but I am realistic about the extent of our role.

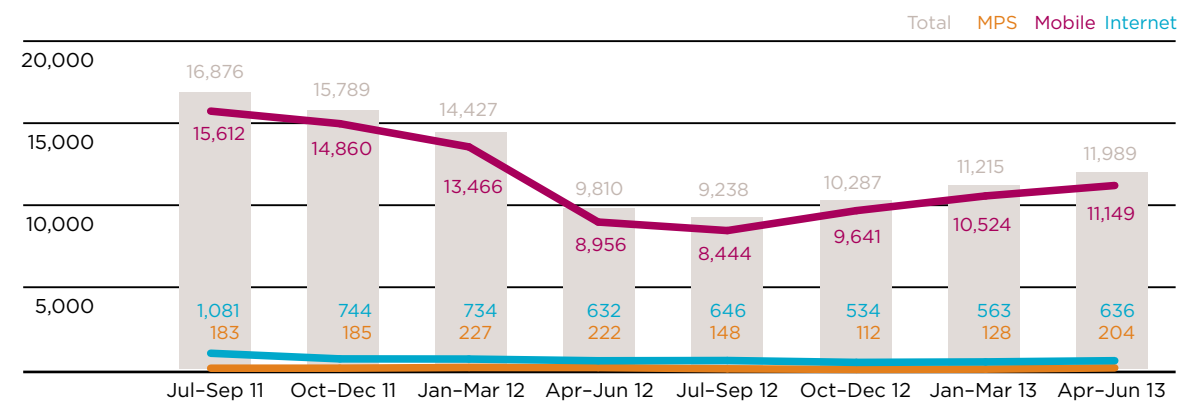
I get a lot of satisfaction from ending a call and knowing the consumer is relieved that someone has listened and their complaint is going to be resolved.

Top 10 providers

Telstra

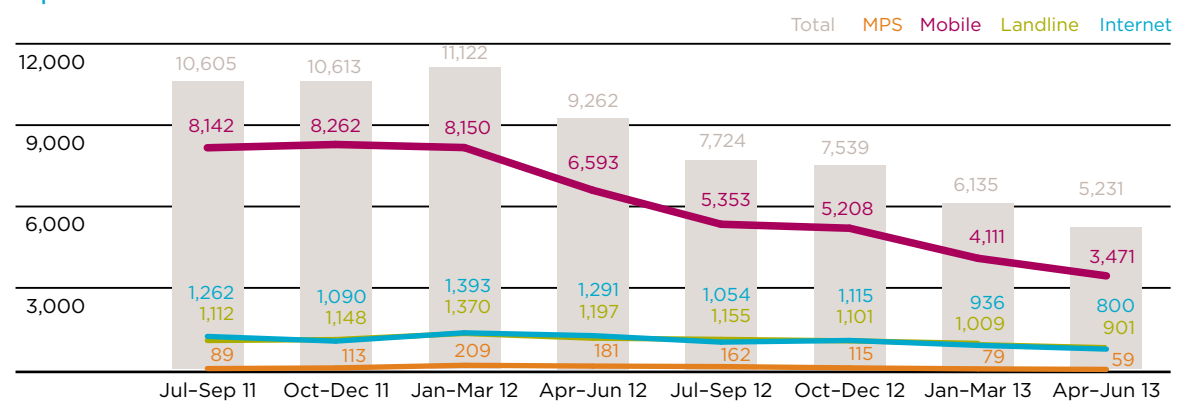


Vodafone*

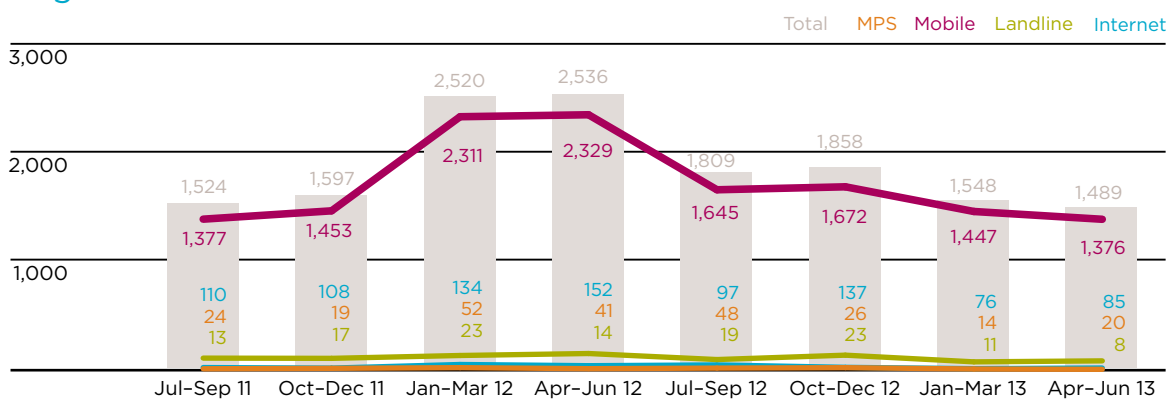


*Vodafone includes 3 Mobile. Vodafone's internet complaints are for mobile broadband services.

Optus

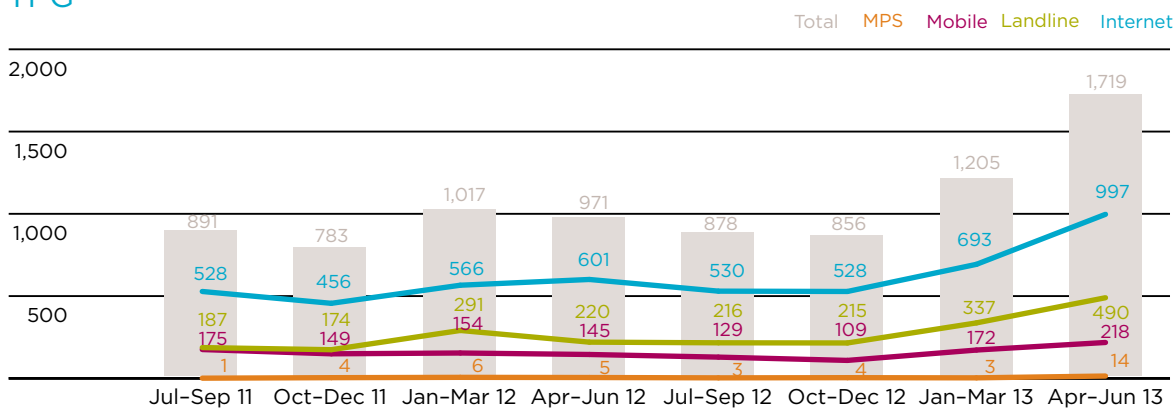


Virgin*



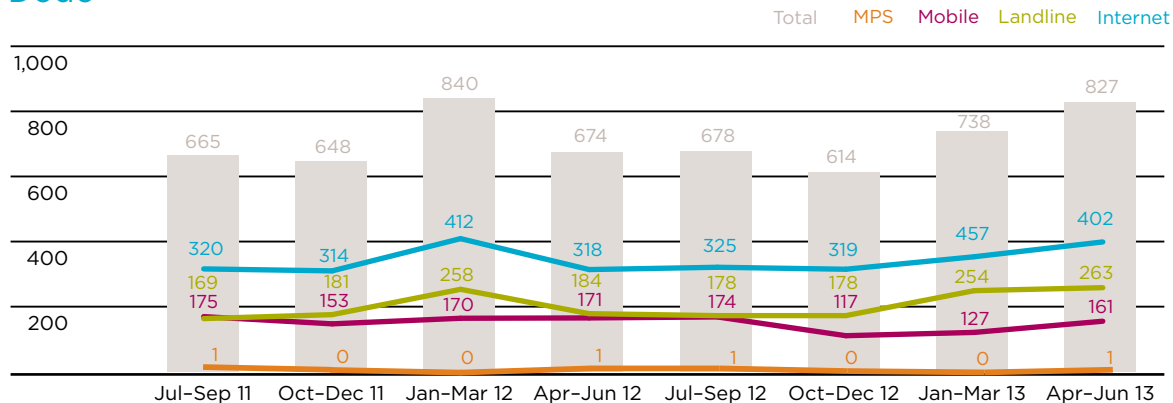
*Virgin's internet complaints are for mobile broadband services.

TPG*

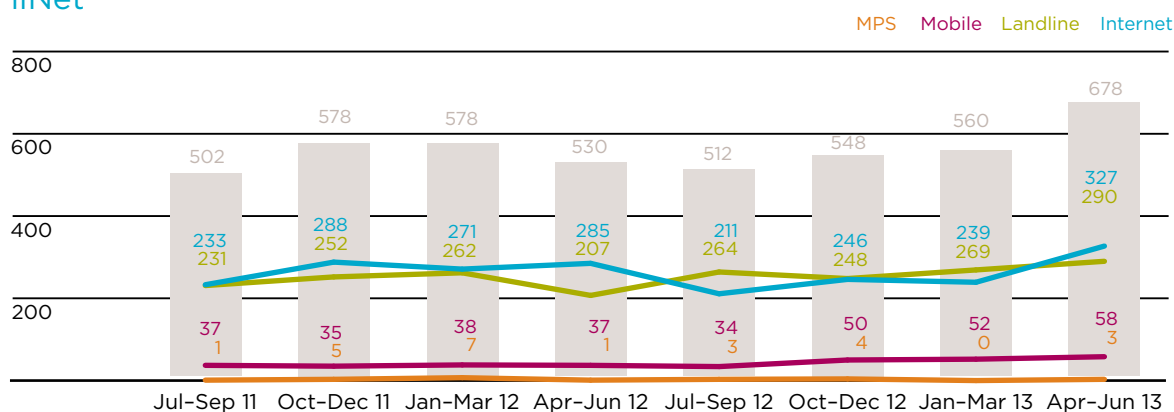


*TPG includes complaints for Soul.

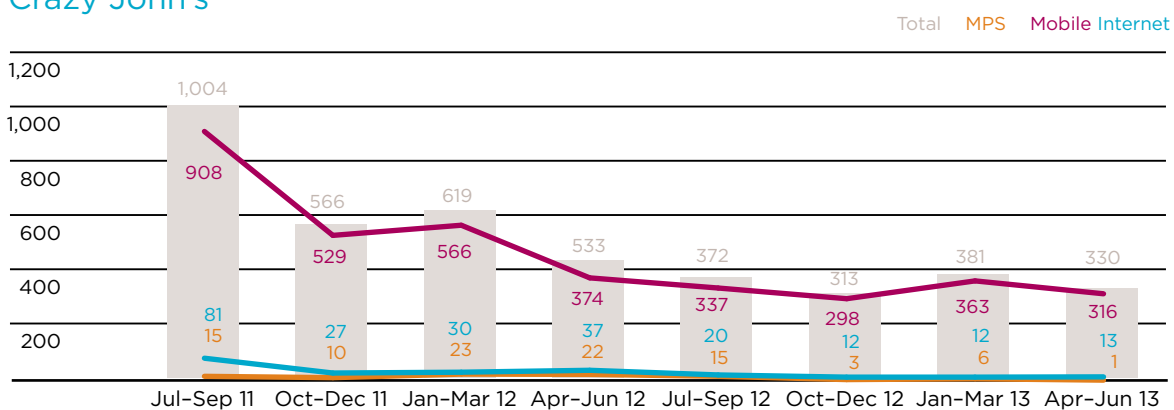
Dodo



iiNet

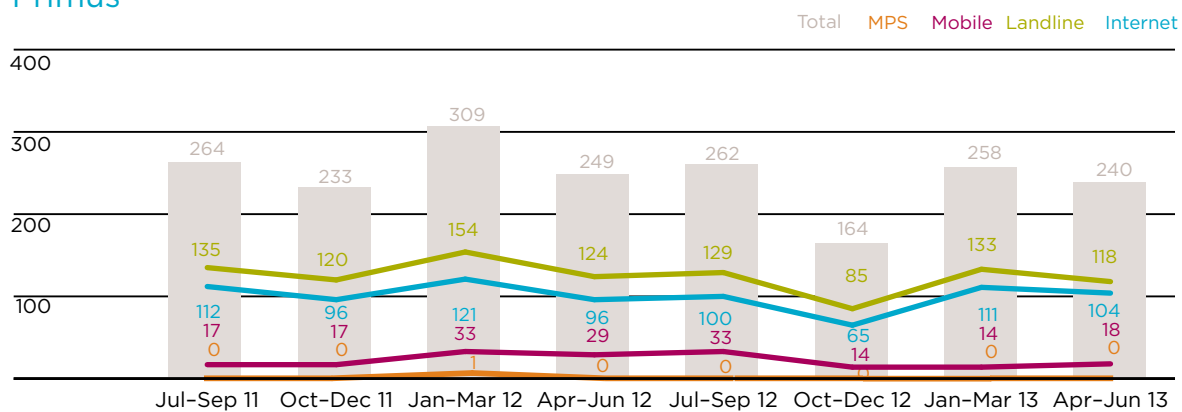


Crazy John's*

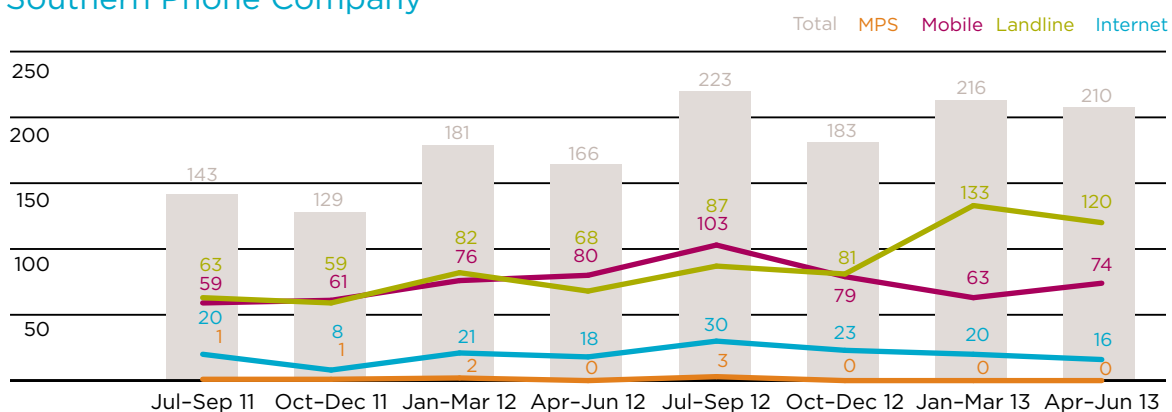


*Crazy John's internet complaints are for mobile broadband services.

Primus



Southern Phone Company



Complaints by state

Overall

The states with the most complaints per 1,000 people were Victoria, South Australia and New South Wales.

The problems that consumers most often reported to us were customer service and complaint handling. Usually these are secondary to the issues that led to consumers' dissatisfaction. This year, those were:

- mobile coverage
- disputed bills
- poor contract information, and
- unexpectedly high bills.

Complaints about coverage include issues such as:

- inability to make/receive calls or SMS, or to access the internet
- few or no reception bars on a mobile
- poor voice quality, and
- calls ending unexpectedly.

Complaints about disputed bills include issues about:

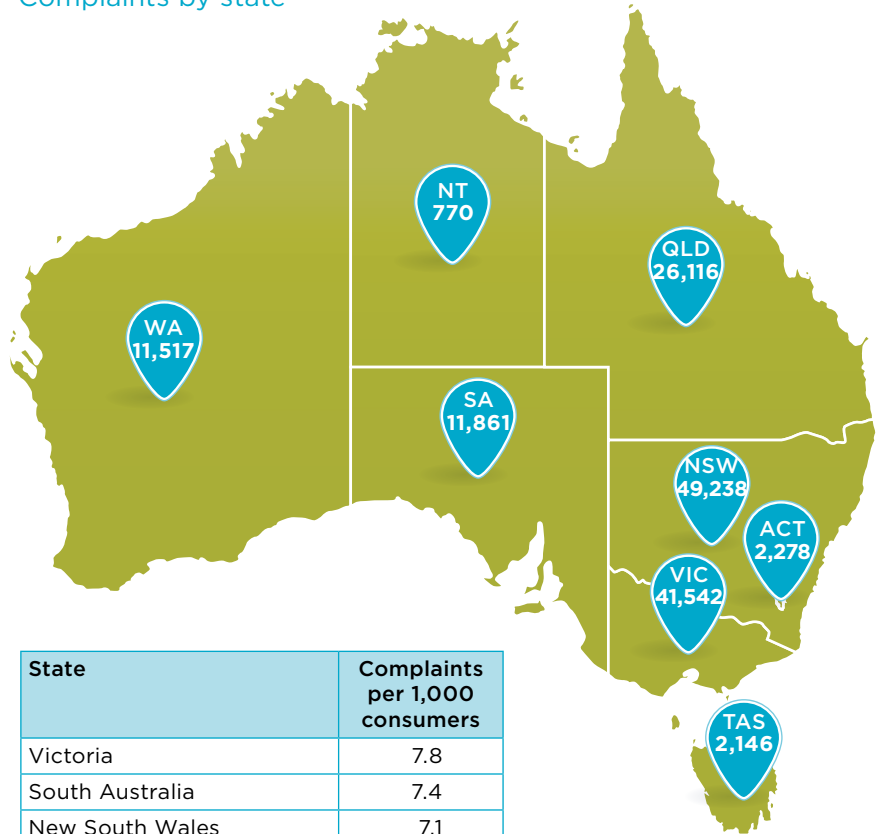
- an unclear bill
- several charges in dispute, and
- exceeded caps.

Complaints about poor contract information include issues about inadequate/inaccurate information given to a consumer when they purchased a service.

Complaints about unexpectedly high bills include issues about:

- consumers being unable to monitor their usage
- receiving a bill they cannot afford due to not getting spend information, and
- spend controls that are faulty or not up-to-date.

Complaints by state



State	Complaints per 1,000 consumers
Victoria	7.8
South Australia	7.4
New South Wales	7.1
Australian Capital Territory	6.4
Queensland	6
Western Australian	5.1
Tasmania	4.3
Northern Territory	3.6
National rate	6.8

Top 10 postcodes

Postcode	Total complaints	Complaints per 1,000	Top issue
2150 - Parramatta	520	21	Mobile coverage
3000 - Melbourne	430	20.8	Mobile coverage
2000 - Sydney	390	17.1	Mobile coverage
3754 - Doreen	283	15.9	Mobile coverage
2015 - Alexandria	131	15.5	Mobile coverage
2190 - Greenacre	377	15.3	Mobile coverage
2205 - Gosford	183	14.2	Mobile coverage
2161 - Guilford	402	14.2	Mobile coverage
3029 - Hoppers Crossing	900	13.2	Mobile coverage
2200 - Bankstown	533	13.1	Mobile coverage



Victorians made 41,542 new complaints (7.8 per 1,000 people).

The top three issues were:

1. mobile coverage — 7,093
2. disputed bills — 5,116, and
3. poor contract information — 4,169.

Victoria

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
3000 — Melbourne	430	20.8	Mobile coverage Unexpectedly high bill Disputed bill
3754 — Doreen	283	15.9	Mobile coverage Disputed bill Unexpectedly high bill
3029 — Hoppers Crossing	900	13.2	Mobile coverage Disputed bill Poor contract information
3064 — Craigieburn	691	13.0	Mobile coverage Disputed bill Unexpectedly high bill
3076 — Epping	339	12.9	Mobile coverage Poor contract information Disputed bill
3182 — St Kilda	265	12.8	Mobile coverage Unexpectedly high bill Disputed internet charges
3205 — South Melbourne	117	12.6	Disputed bill Unexpectedly high bill Disputed internet charges
3183 — St Kilda East	220	12.3	Unexpectedly high bill Mobile coverage Disputed bill
3060 — Fawkner	154	12.2	Mobile coverage Disputed bill Disputed internet charges
3201 — Carrum Downs	233	12.2	Mobile coverage Poor contract information Drop outs

South Australia



South Australians made 11,861 new complaints (7.4 per 1,000 people).

The top three issues were:

1. mobile coverage – 1,601
2. disputed bills – 1,388, and
3. poor contract information – 1,098.

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
5000 — Adelaide	153	12.1	Unexpectedly high bill Disputed bill Poor contract information
5031 — Mile End	113	11.8	Unexpectedly high bill Disputed bill Poor contract information
5114 — Smithfield	331	11.4	Mobile coverage Disputed bill Drop outs
5112 — Elizabeth	207	11	Disputed bill Poor contract information Mobile coverage
5014 — Albert Park	127	11	Disputed internet charges Unexpectedly high bill Disputed bill
5095 — Mawson Lakes	192	10.7	Mobile coverage Poor contract information Recurring service charges
5113 — Elizabeth Downs	198	10.6	Mobile coverage Poor contract information Disputed bill
5109 — Salisbury Heights	208	10.2	Mobile coverage Poor contract information Fully unusable service
5107 — Parafield Gardens	151	9.9	Mobile coverage Poor contract information Disputed bill
5008 — Croydon	129	9.6	Mobile coverage Disputed internet charges Unexpectedly high bill

New South Wales



NSW residents made 49,238 new complaints (7.1 per 1,000 people).

The top three issues were:

1. mobile coverage — 10,536
2. disputed bills — 5,772, and
3. poor contract information — 4,438.

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
2150 — Parramatta	520	21	Mobile coverage Disputed bill Poor contract information
2000 — Sydney	390	17.1	Mobile coverage Disputed bill Unexpectedly high bill
2015 — Alexandria	131	15.5	Mobile coverage Drop outs Disputed internet charges
2190 — Greenacre	377	15.3	Mobile coverage Drop outs Disputed bill
2205 — Gosford	183	14.2	Mobile coverage Disputed bill Drop outs
2161 — Guildford	402	14.2	Mobile coverage Drop outs Disputed bill
2200 — Bankstown	533	13.1	Mobile coverage Drop outs Disputed bill
2011 — Potts Point	235	13.0	Mobile coverage Disputed bill Disputed internet charges
2164 — Smithfield	235	12.8	Mobile coverage Disputed bill Poor contract information
2171 — Hoxton Park	309	12.7	Mobile coverage Drop outs Internet usage charges

Australian Capital Territory



ACT residents made
2,278 new complaints
(6.4 per 1,000 people).

The top three issues were:

1. mobile coverage — 369
2. disputed bills — 252, and
3. poor contract information — 184.

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
2914 — Amaroo	113	8.2	Mobile coverage Disputed bill Disputed recurring charges
2913 — Casey	206	8.1	Mobile coverage Disputed bill Disputed termination fee
2615 — Melba	290	6.6	Mobile coverage Disputed bill Poor contract information
2602 — Dickson	187	6.5	Mobile coverage Disputed recurring charges Unexpectedly high bill
2905 — Isabella Plains	177	6.1	Mobile coverage Poor contract information Disputed bill
2617 — Belconnen	179	6.0	Mobile coverage Total amount of bill Poor contract information
2611 — Weston Creek	125	5.4	Disputed bill Mobile coverage Disputed internet charges
2614 — Hawker	101	5.3	Mobile coverage Disputed bill Poor contract information



Queensland

Queenslanders made 26,116 new complaints (6 per 1,000 people).

The top three issues were:

1. mobile coverage — 3,689
2. disputed bills — 3,147, and
3. poor contract information — 2,462.

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
4215 — Southport	547	12.2	Mobile coverage Disputed bill Poor contract information
4217 — Bundall	397	11.2	Mobile coverage Disputed bill Poor contract information
4005 — New Farm	126	11.1	Mobile coverage Unexpectedly high bill Disputed bill
4210 — Guanaba	176	10.8	Mobile coverage Termination fee Poor contract information
4101 — South Brisbane	204	10.6	Disputed bill Poor contract information Mobile coverage
4000 — Brisbane	149	10.4	Disputed bill Mobile coverage Poor contract information
4227 — Reedy Creek	184	10.0	Mobile coverage Disputed bill Unexpectedly high bill
4006 — Fortitude Valley	147	10.0	Mobile coverage Disputed bill Poor contract information
4209 — Upper Coomera	327	9.6	Mobile coverage Disputed bill Poor contract information
4220 — Burleigh Heads	275	9.5	Mobile coverage Disputed bill Poor contract information



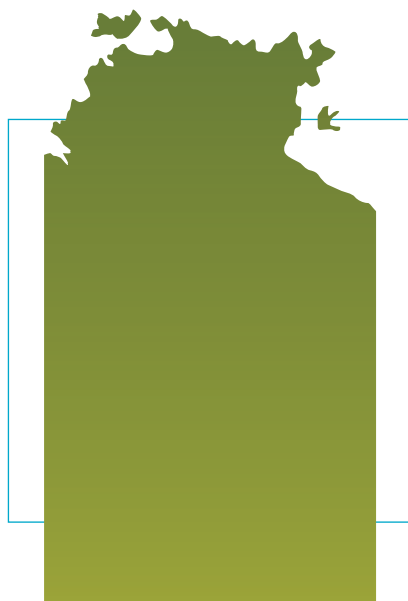
West Australians made 11,517 new complaints (5.1 per 1,000 people).

The top three issues were:

1. mobile coverage — 1,893
2. disputed bills — 1,336, and
3. poor contract information — 1,046.

Western Australia

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
6000 — Perth	106	11.5	Mobile coverage Unexpectedly high bill Disputed recurring charges
6171 — Baldivis	145	9.1	Mobile coverage Disputed bill Termination fee
6051 — Maylands	101	8.2	Mobile coverage Disputed bill Poor contract information
6105 — Cloverdale	102	7.5	Mobile coverage Disputed bill Fully unusable service
6061 — Mirrabooka	234	6.9	Mobile coverage Disputed bill Poor contract information
6101 — Carlisle	104	6.9	Mobile coverage Disputed bill Poor contract information
6062 — Morley	214	6.9	Mobile coverage Poor contract information Disputed bill
6056 — Bellevue	249	6.7	Mobile coverage Disputed bill Poor contract information
6060 — Yokine	143	6.5	Mobile coverage Poor contract information Disputed bill
6151 — South Perth	106	6.4	Mobile coverage Unexpectedly high bill Poor contract information



Territorians made 770 new complaints (3.6 per 1,000 people).

The top three issues were:

1. mobile coverage — 104
2. disputed bills — 71, and
3. unexpectedly high bills — 56.

Northern Territory

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
0800 — Darwin	45	9.9	Mobile coverage Poor contract information Unexpectedly high bill
0832 — Rosebery	66	6.8	Mobile coverage Poor contract information Internet charges
0820 — Winnellie	91	4.8	Mobile coverage Internet charges Unexpectedly high bill
0812 — Wulagi	89	4.6	Poor contract information Mobile coverage Disputed bill
0830 — Palmerston	81	4.5	Disputed bill Credit not applied Unexpectedly high bill
0870 — Alice Springs	91	3.6	Mobile coverage Disputed bill Slow internet
0836 — Humpty Doo	25	3.5	Disputed bill Drop outs Collection of disputed debt
0810 — Coconut Grove	100	3.4	Disputed bill Mobile coverage Poor contract information
0822 — (Large area of top end and Islands)	28	1.2	Mobile coverage Credit not applied Fully unusable service



Tasmanians made 2,146 complaints (4.3 per 1,000 people).

The top three issues were:

- disputed bills — 275
- poor contract information — 181, and
- mobile coverage — 167.

Tasmania

Postcode	Total complaints	Complaints per 1,000	Top 3 issues
7172 — Sorell	29	9.2	Disputed bill Fully unusable service Connection delay
7253 — George Town	43	8.4	Disputed bill Fully unusable service
7304 — Deloraine	40	6.8	Mobile coverage Fully unusable Disconnected in error
7000 — Hobart	90	6.7	Disputed bill Mobile coverage Unexpectedly high bill
7054 — Fern Tree	48	6.0	Mobile coverage Disputed service charges Slow internet
7019 — Clarendon Vale	33	6.0	Mobile coverage Credit not applied Slow internet
7050 — Kingston	70	6.0	Disputed bill Disputed service charges Drop outs
7009 — Derwent Park	68	5.5	Mobile coverage Poor contract information Disputed bill Mobile coverage
7109 — Huonville	43	5.4	Disputed bill Termination fees Drop outs
7008 — New Town	64	5.4	Disputed bill Unexpectedly high bill Poor contract information

RELATED INFORMATION

About our state and postcode statistics

We have only included postcodes with populations of more than 1,000 and with more than 25 new complaints.

We may not record some consumers' postcodes when they make a complaint. Because of this, there may be a small difference between the total of state complaints and the number of new complaints published elsewhere in this report.

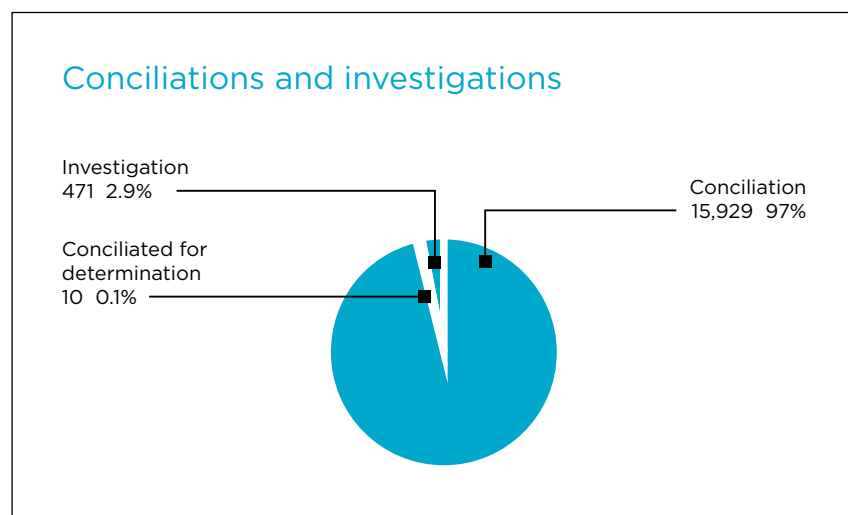
Population data source: Australian Bureau of Statistics 2011 Census.

TIO interventions to resolve a complaint

If a complaint cannot be resolved through referral, we may conciliate or investigate it.

In 2012-13, this accounted for 10 per cent of all complaints (16,409). Of those:

- 97 per cent were conciliations
- 2.9 per cent were investigations, and
- 0.1 per cent were conciliated for determination.



Why we conciliate or investigate

The main reason why we conciliated or investigated complaints in 2012-13 was because the complaint was unresolved. This was the case for 91 per cent of complaints.

The remaining 9 per cent of these complaints were conciliated or investigated because the provider did not respond to the complaint within the required time, or at all.

Enquiries

Enquiries are issues outside our jurisdiction, or complaints made to us before they have been raised with a provider. We recorded 47,016 enquiries in 2012-13, an 11 per cent decrease compared to the previous year.

There were fewer enquiries about:

- requests for advice on resolving a complaint
- consumers coming to us before making a complaint to their provider, and
- complaints about Pay TV.

These decreases may be explained by recent survey data suggesting higher consumer awareness of what we do.

A review of our enquiries was also a factor in our decision to expand our time limits from 1 July 2013 (see page 13).

CASE STUDY

Carla's complaint

Jenny, a worker at a credit repair agency, called us with a complaint about a default listing for her client, Carla.

Jenny said Carla had a home loan application rejected because her provider had default listed her for a two-year-old, \$1,000 phone account. She said that Carla had not received any bills or letters from the provider about the default and wanted it removed.

Jenny said Carla called the provider to cancel her contract and update her address a year before the default, but the provider did not record her details or cancel the contract.

The provider told us that it had no record of Carla calling to cancel the contract or update her address.

It also sent us records that showed that:

- it had sent Carla bills, final demand letters and a letter about its intention to default list her, and
- Carla used the phone after the date she claimed she had cancelled the contract, going over her limit several times.

After seeing these documents, we asked Carla directly to prove her claims. She sent us a copy of two final demand letters she said were the only ones she received.

We believed this information contradicted her earlier claims. Carla did not try to avoid being default listed even though she was aware of the debt. The provider had followed the steps required by credit regulations. Carla withdrew her complaint.

Report on industry codes

The main industry code we use to consider complaints is the Telecommunications Consumer Protections (TCP) Code.



CASE STUDY

James' complaint

James called us about a problem with a faulty handset.

James had taken out a contract that came with a brand new phone. The first time he used it he realised people on the other end of the line could not hear him because the phone's microphone did not work.

He went to the provider's store to show the fault and request a replacement. The store attendants acknowledged that the handset was faulty but told him they could only replace it with a refurbished handset. James wanted the handset to be replaced with another new one.

The provider told us that the manufacturer's policy was to give refurbished handsets as replacements. It argued that a refurbished handset was an appropriate replacement according to Australian Consumer Law (ACL).

We noted that under ACL, when a product is not of acceptable quality, a consumer can choose a replacement. The product must be of the same type and value as the returned one.

We pointed out to the provider that it would not be able to sell a refurbished handset for the same price as a brand new one. James was entitled to a new handset.

The provider replaced James' faulty handset for a brand new one.

In 2012-13 we used two versions of that Code:

- the 2007 Code, for complaints before September 2012, and
- the 2012 Code, which came into force on 1 September 2012.

Due to this change, we have chosen not to compare code data with the previous financial year.

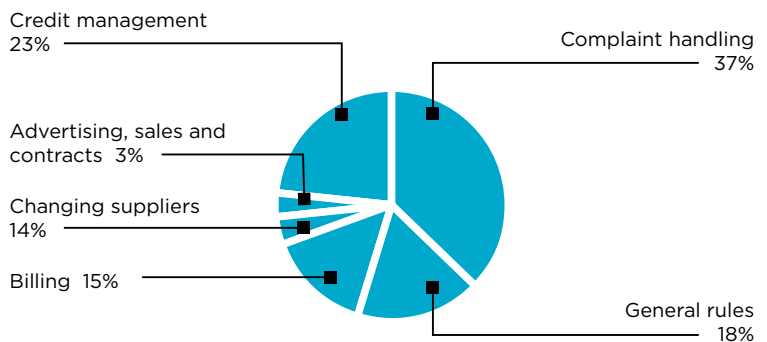
Confirmed code breaches in 2012-13

When we investigate a complaint, we consider if relevant codes have been complied with. We recorded 279 confirmed code breaches in 2012-13. Almost all of these were breaches of the TCP Code. Almost three quarters of these were breaches of the 2007 Code. This is because the issues that made the consumers call the TIO happened before the introduction of the new code.

Common breaches of the TCP Code included providers' failure to:

- act on promises made to resolve a consumer's complaint
- give consumers accurate, relevant and timely information, and
- bill accurately.

Confirmed TCP Code breaches by topic



Possible code issues

For each new complaint, we record the possible code issues the consumer's version raises. We recorded 384,537 possible code issues in 2012–13. More than 98 per cent of these were about the TCP Code — 73 per cent from the 2012 Code and 25.5 per cent from the 2007 Code.

The main issues raised by consumers included:

- billing accuracy and clarity
- the quality and timeliness of information, and
- not acting on promises made to resolve consumer complaints.

Related information

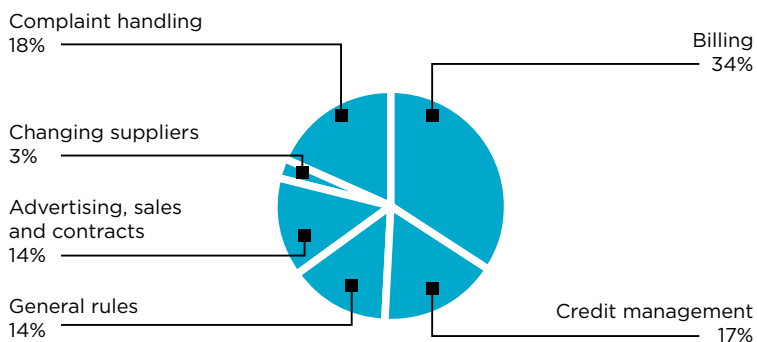
What is a confirmed code breach?

We record a code breach when a complaint has been formally investigated and the provider has had the chance to respond with evidence and its own version of events. The provider is informed before we report it to the Australian Communications and Media Authority.

What is a possible code issue?

Possible code issues are based on the consumer's version of events, and are recorded during our first contact or conciliation.

Possible TCP Code issues by topic



Impact of code and industry change

New codes and a renewed focus on customer service are helping to reduce complaints.



CASE STUDY

Sarah's complaint

Sarah called us about a being misled into switching to a provider she did not know.

Sarah said that she was called by a sales person about a better deal for her landline if she transferred her service to a new provider.

She agreed to the switch but discovered the next day that her service was transferred to a company that was not the one that the telemarketer claimed to represent.

Sarah called the new provider to cancel the transfer but it switched her service anyway. Her original provider also charged her an early termination fee.

From her account, it appeared she may not have been properly informed about the company she was agreeing to move her service to.

We raised our concerns with the provider that the transfer may have been done despite Sarah's requesting to cancel it during the cooling-off period consumers have a right to under Australian Consumer Law.

The new provider transferred Sarah's service back to her original provider and refunded the early termination fee she had to pay.

New rules about clear advertising, complaint handling and bill shock in the new Telecommunications Consumer Protections (TCP) Code have been well-received. The Code and a commitment by some providers to focus on better customer service are helping to reduce complaints.

Fewer complaints about poor sales information

The new code requires providers to give consumers clear and easy to understand information about a service they intend to buy. This includes not using confusing terms and giving consumers mobile coverage maps. We received 19,483 complaints about point of sale advice issues in 2012-13 compared to 25,213 in the previous year — a 23 per cent decrease.

Few complaints about Critical Information Summaries

From March 2013, providers must give consumers a plain English, two-page summary of the essential service details.

Since then, we recorded 27 complaints where consumers said they were not given a summary and 67 complaints where consumers said summaries were unclear or inaccurate.

Fewer complaints about unexpectedly high bills

An important issue the TCP Code intends to tackle are unexpectedly high bills due to consumers not having the tools or help to control their spending.

From September 2013, the Code will require providers to alert consumers when they have used 50, 85 and 100 per cent of their allowance. We welcome moves from some providers that have acted on this well before the required date.

We received 12,610 new complaints in 2012-13 from consumers who did not receive adequate help from their provider when running up a high bill. This compares to 18,035 in the previous year, a 30 per cent decrease.

Fewer complaints about broken promises

Consumers have often made complaints about providers breaking promises to resolve complaints.

The new TCP code sets tighter rules about acknowledgement and resolution of complaints. We are also aware of providers making customer service and complaint handling a performance priority for their businesses.

A combination of these factors has caused a decrease in issues of providers breaking their promises — 35,389 issues in 2012-13 compared to 39,136 the previous year, a 9.5 per cent decrease.

Ombudsman decisions

The Ombudsman has the power to make binding determinations.

Determinations can be made for unresolved complaints, land access objections and issue interim directions to stop a provider from trying to collect a disputed debt.

In 2012-13 the Ombudsman made:

- one determination
- seven decisions over land access objections, and
- two interim directions.

Determination

The Ombudsman directed one provider to refund almost \$1,800 for mobile internet charges after finding that the method for charging was inconsistent with the service contract.

The provider did not comply with the determination and we referred the issue to the Australian Communications and Media Authority (ACMA). After intervention from the ACMA, the provider refunded the charges.

Interim directions

Two interim directions were issued to providers that tried to collect disputed debts from consumers who had made a complaint to the TIO:

1. We directed a provider to refund more than \$600 it direct debited from a consumer who made a complaint about those charges. The provider complied with the direction.
2. We directed a provider to stop suspending and blocking a service, and threatening legal action for almost \$180 in charges disputed by a consumer. The provider complied with the direction.

Land access objections

The Ombudsman decided that no directions to service providers were needed in seven land access objections we received in 2012-13.

The objections were made about providers proposing to:

- install equipment in large buildings
- install fibre optic cable, and
- upgrade mobile phone towers.

Non-compliance with TIO

By law, service providers must join and comply with the TIO Scheme. If a provider fails to do so, we can refer them to the ACMA.

In 2012-13, we referred one provider that did not comply with a determination to the ACMA. After our referral, the determination was complied with.

We also referred 18 service providers that did not join the TIO Scheme. As a result, 10 of those providers have become TIO Scheme members and the ACMA found that five were not required to join the TIO Scheme. The remaining three have not yet joined the TIO Scheme.

SYSTEMIC CASE STUDY

Marketing and activation of prepaid services

Lyca Mobile aligned the advertised cost of their prepaid services to their recharge options after informal discussions with our Industry Improvement team.

Jordan bought a SIM from Lyca after seeing an ad for a prepaid \$14 option. When she bought her first recharge, she was upset to find out that she could only recharge \$20 or \$50.

Jordan bought a voucher anyway and followed the activation instructions. She used the service for a month, and when she recharged the following month, her credit ran out after only two days. She called Lyca, and was told she had not activated her plan correctly. It turned out she had to activate her plan every time she recharged as if it was the first time.

Jordan was not happy with Lyca's response and made a complaint to the TIO. We noticed that she was not the only consumer with this experience. Our Industry Improvement team contacted Lyca about a potential systemic issue with their recharge options.

Lyca willingly discussed these issues with us. It recognised that offering easy-to-use recharge options was good for their current customers.

Lyca changed the activation process to give consumers more information about how to recharge, and created an automatic renewal option for consumers who wanted it. Lyca also changed the payment requirements to include an option that allowed consumers to recharge for the advertised price of \$14.

2012–2013 Annual Report

Engagement



Consumer awareness

Public awareness of the TIO increased in 2012 thanks to our publications and community outreach.



OUR PEOPLE

Mirjana Jovetic

Mirjana received an award for Strategy and Leadership.

My story at the TIO over the past three years has many parallels to the story of the organisation itself during this time — all about change, development and renewal. It is an incredible learning environment and gives me the space to test myself. These are some of the reasons I wanted to work for the TIO.

I manage a small team of very talented people. We help raise awareness of the TIO through publications and media; we support business improvements through internal communication; we look after the website and intranet; and branding and language standards.

Some of the most satisfying and eye-opening experiences I have had in this job have been meeting people in remote Indigenous communities and people with disabilities. Meeting consumers that rely on our services reminded me of the importance of raising awareness of the TIO and being as accessible as we can.

Awareness of the TIO at an all-time high

Consumer awareness of the TIO more than doubled in the past four years, as shown by the results of a survey of 1,000 people in September 2012.

More than 33 per cent of respondents said they would call the TIO if they could not resolve a complaint with their service provider (unaided awareness). This increased from 15 per cent in 2008.

When reminded of places to get help, 57 per cent said they had been aware of the TIO before the survey (aided awareness), compared to 36 per cent in 2008.

See our website for more consumer awareness results.

We produced award-winning publications

For the third year in a row, our Annual Report received a silver medal at the Australasian Reporting Awards.

The information in the Annual Report was widely covered in the media, reaching a potential cumulative audience of 17.7 million.

Built with accessibility in mind, the website is viewable on desktops and mobile devices.

TIO Talks

We published three issues of our stakeholder publication, *TIO Talks*, covering some of the work of the TIO during the year and quarterly complaint trends. Some topics included:

- landline repair delays caused by natural disasters
- international roaming complaints
- our research into mobile apps, and
- systemic cases we intervened in.

Some of this information was widely covered in the media. Between three issues published in December 2012, March and June 2013, we reached a potential cumulative audience of 9 million.

Equitable access

We engaged with consumers in every state through our outreach program.

Outreach events

TIO staff made 72 visits to:

- Bring Your Bills days
- federal Members of Parliament
- migrant resource centres
- government and consumer agencies forums
- financial counsellors conferences, and
- community legal workers conferences.

We helped youth become smarter telephone users

We advised the Australian Securities and Investments Commission on the development of an interactive educational resource.

The resource aims to teach primary and secondary school students how to use mobile phones in a financially responsible way. It also teaches students about ways to resolve complaints, including the TIO.

The resource can be accessed via the Money Smart Teaching website: teaching.moneysmart.gov.au.

We strengthened our links to Indigenous consumers

We built relationships with agencies that deal with Indigenous consumers by:

- attending conferences for workers who deal with Indigenous consumers in NSW
- visiting financial counsellors who work with Indigenous consumers in far-north Queensland and the Northern Territory, and
- surveying organisations that work in remote communities to understand TIO awareness.

The results of the survey of 29 remote Indigenous communities throughout Australia will form the foundation of a plan to engage with Indigenous consumers.

We began to work on a new disability action plan

Staff from agencies representing people with disabilities met at the TIO's office in Melbourne in June 2013. The session was the first step to our third disability action plan, which will run from 2013 until 2016.

TIO sponsorships

We sponsor conferences where financial counsellors can learn about resolving disputes, including the role of the TIO. It also gives us an opportunity to get feedback about our services. In 2012-13, we contributed to the cost of the following events:

Event	Amount
Financial Counsellors Association of New South Wales conference September 2012	\$2,000
Financial Counsellors Association of Western Australia conference October 2012	\$2,000
Financial Counsellors Association of Queensland conference March 2013	\$2,000
External Dispute Resolution conference May 2013, Sydney	\$23,000
Total	\$29,000

SYSTEMIC CASE STUDY

Misleading telemarketing calls

Utel Networks was fined and ordered to review its telemarketing practices as a result of a TIO systemic investigation.

We referred the results of a systemic investigation about Utel's sales practices to the Australian Consumer and Competition Commission (ACCC). Our investigation showed that consumers' landline services were being transferred to Utel without proper consent.

Complaints made to the TIO suggested that Utel was not getting informed consent from consumers it cold-called before transferring their services. The telemarketers would usually claim to call from the consumers' existing providers.

Other issues included not giving consumers information about cooling-off periods and transferring services away before the end of cooling-off periods.

We raised these issues with Utel in May 2012, reminding the company that some of them may be contrary to the Australian Consumer Law and the Telecommunications Consumer Protections Code.

Utel's response did not address our queries, and it did not appear that the company had acted on our recommendations because we continued to receive these types of complaints. In September 2012, we referred the issue to ACCC and the Australian Communications and Media Authority.

The ACCC issued three fines totalling \$19,800 and ordered Utel to make a court-enforceable undertaking to ensure that its telemarketing staff will not identify as being from another provider.

Our members

By law, companies that provide telecommunications services to residential and small business consumers in Australia must be TIO members.



OUR PEOPLE

Simon McKenzie

Simon received an award as a champion of our core values.

My role involves working with service providers to build relationships that allow the TIO and providers to exchange information about different issues that may have an impact on consumers.

It is quite rewarding as the focus is wider than one complaint. I have had the chance to present to organisations at team level, provide training and analysis to senior management, and promote information and knowledge exchange at company level.

I like meeting providers and learning about their businesses, as well as the challenges they face in providing a good customer experience in a very competitive and constantly-changing industry.

At the end of 2012-13, 1,360 service providers were TIO members. During the year, 187 new members joined the TIO and 48 members departed the TIO.

A list of current members can be viewed on our website: www.tio.com.au/members/members-listing

A list of members as at 30 June can be downloaded from annualreport.tio.com.au/downloads

Engaging industry

Our Industry Engagement team gives service providers an access point to find out about our services and processes, and raise issues or concerns. In 2012-13, Industry Engagement advisers met with 167 different providers to train them about best industry practice and TIO processes.

The results of a survey of providers showed this program is helping us develop positive relationships with service providers.

Account management survey

We surveyed the top 50 providers who are account managed by TIO officers. A clear majority were satisfied with our service:

- 92 per cent were satisfied with the way Industry Engagement advisers handled their queries, and
- 96 per cent were satisfied with the way Industry Engagement advisers handle their relationship.

General provider survey

We also asked all TIO member providers to respond to an anonymous survey about their views on their most recent complaints handled by the TIO. Among the results from the 62 respondents:

- 53 per cent were satisfied with the TIO's handling of the complaint, and
- 56 per cent were satisfied with the TIO overall.

Research and submissions

The TIO made 12 public submissions to inquiries on issues of interest to regulators and telecommunications industry groups.

One of the ways we fulfil our role of being an independent voice is by making recommendations to these consultations based on our analysis of TIO complaints.

Some submissions we made were about regulations for:

- international roaming
- credit reporting
- mobile premium services
- privacy
- priority assistance, and
- number portability.

A full list of submissions can be viewed on our website:
www.tio.com.au/publications/submissions

Our response to the review of the TIO

In May 2013, we gave an update of our progress in addressing the recommendations of a government review of the TIO in 2012.

The response described how our strategic plan will help us address the recommendations from 2012 to 2015. The areas progressed in 2012–13 included:

- creating a committee to oversee our transition to a unitary governance structure
- making changes to our complaint handling procedures to allow us to report about non-compliant service providers
- reviewing our systemic investigations procedures to focus on improving telco industry practice
- enhancing our systems to improve our public reporting of complaints data, and
- consulting stakeholders about publishing comparative complaints information in 2013–14.

Our full response can be read on our website:
www.tio.com.au/publications/submissions



OUR PEOPLE

Frankey Chung

Frankey received an award for excellence in dispute resolution.

My role in the Policy team involves researching and monitoring developments in the rollout of the National Broadband Network (NBN). I look at how we liaise with NBN Co and how we can support their complaint-handling knowledge as it rolls out the network.

I enjoy the research I have to do as part of my role because it gives me an opportunity to predict issues and study where the NBN fits in our jurisdiction.

I really enjoy the TIO. It's a very good place to work and I'm very happy with its work culture and the people around me.

ABOUT US

PERFORMANCE

STATISTICS

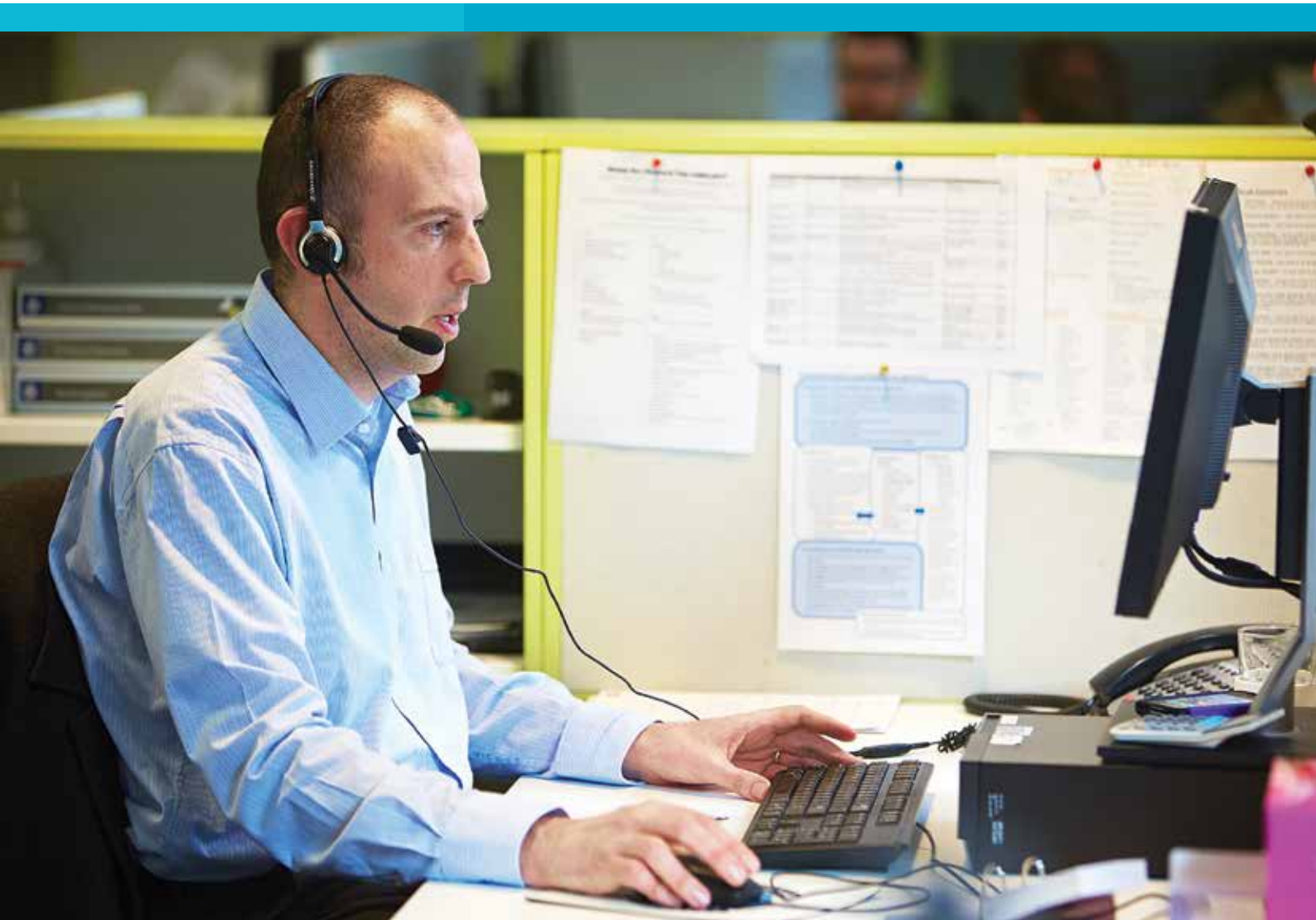
ENGAGEMENT

ORGANISATION

FINANCIALS

2012-2013 Annual Report

Organisation



Our people

Average staff numbers decreased over the year from 251 to 225 due to a decrease in demand.



OUR PEOPLE

Lindsay Whelan

Lindsay received an award for excellence in operations and investigations management.

My role as Response Team Manager is to coach and develop a team of Case Officers to ensure they meet their performance targets and the TIO's targets.

I really enjoy mentoring and developing staff. I get a kick out of seeing people progress through the organisation and knowing that I have had something to do with their development. I also like dealing with difficult matters — I do a lot of work with difficult consumers.

It's very fulfilling to see people that I have managed progress into other roles. I see my job as being not just about retaining people but also helping them move onto bigger and better roles within the organisation.

We value gender equality

Almost half our workforce (48 per cent) was female in 2012-13 and a high proportion of women were in part-time and full-time positions.

We also had a high proportion of female managers — 67 per cent at senior level and 50 per cent at executive level.

Female staff at the TIO earned almost equal or slightly higher salaries than their male colleagues, which is above the Australian average.

	TIO	Australia (all industries)
Female workforce participation	48%	45.7%
Female representation of part-time workers	78%	70.1%
Female representation of full-time workers	41%	35.2%

Please visit our website to view our full 2012-13 gender equality report.

Staff survey

We held a comprehensive staff survey in December 2012 to seek the views of our staff about their experience of working at the TIO and what their preferred workplace culture would be.

The results showed that most of staff agreed that there is work to be done to achieve the TIO's ideal culture. Feedback from these results has been gathered to identify priorities and actions, which will continue into 2013-14.

Enterprise agreement

The TIO and its staff settled on an enterprise agreement for 2013-16. The agreement was supported by 89 per cent of staff who voted in an AEC-conducted ballot in June 2013.

Some of the benefits for staff it includes are:

- ongoing employment
- competitive yearly pay increases
- the option of "buying" additional leave, and
- increased superannuation contributions.

The TIO will benefit from having an option to:

- shut down during end-of-year holidays, and
- expand its hours of operation.

The enterprise agreement was submitted to the Fair Work Commission, which endorsed it in August 2013. It replaces the use of the *Clerks — Private Sector Award 2010* at the TIO.

Supporting our staff

Staff at the TIO can increase their knowledge and skills with our training, study assistance and scholarships programme.

Study assistance

We provided financial study assistance to 12 staff in a field relevant to their role. This included qualifications such as law, finance and management. We also offer two scholarships per year.

Training

Staff receive training through the year on topics that will help develop their expertise. In 2012-13, they included:

- the new TCP Code
- credit reporting regulations
- privacy law, and
- PRINCE 2 project management.

We also rolled out a new learning management system that gives us the flexibility to deliver online courses to staff when they need them.

Health and wellbeing

We offer an annual program of events and activities for staff to learn more on leading a healthier lifestyle.

Some of the activities we held in 2012-13 included:

- mental wellbeing and emotional resilience
- flu vaccinations
- hearing and vision tests, and
- budgeting and financial wellbeing.



OUR PEOPLE

Will Gilbert

Will received our Heidi Odermatt Leadership Scholarship in 2012.

I am currently performing two roles: Enquiry Officer and Contact Team Manager. Managing people is a skill I have become really interested in developing during my time at the TIO. For my scholarship, I'm studying a Diploma of Management.

I really enjoy working for a non-profit organisation that is here to help people in an independent fashion. But the main thing I enjoy about my job are the people I work with.

Organisation chart



Telecommunications Industry Ombudsman Limited

ABN 46 057 634 787

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013



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Directors' Report

Your directors present their report of Telecommunications Industry Ombudsman Ltd ("TIO") for the year ended 30 June 2013.

The TIO is a company limited by guarantee and incorporated in Australia in 1993 under the *Corporations Act 2001*. The TIO was established to investigate, resolve, make determinations and give directions relating to complaints by residential and small business consumers of telecommunications services. The principal place of business is Level 3/595 Collins Street, Melbourne, Victoria.

Directors

The current composition and membership of the Board up to the date of this report is as follows:

Two (2) directors appointed by Telstra:

- J P Scarlett, with C Williams as an alternate director
- P J Sporton

Two (2) directors appointed by Optus:

- M J Elsegood
- A R Thomas
- J Vujcic as alternate director for both (alternate appointed 11 April 2013)

One (1) director appointed by Vodafone Hutchison Australia (VHA):

M L Sexton with M Lobb as alternate director (alternate appointed 30 January 2013)

One (1) director appointed by members who are other than Telstra, Optus, VHA and who are not internet service providers or internet service intermediaries:

- R Bhatia (retired 6 December 2012)
- I Falshaw (appointed 7 December 2012)

One (1) director appointed by internet service provider or internet service intermediary members:

- S J Dalby

Independent Directors:

- J M Harvey
- J F Rohan (Chairman).

Changes to Board composition are summarised in note 6 to the financial statements. The names of persons who were directors of TIO at any time during the financial year are as follows:

Name of Director	Date of Appointment	Date of Cessation
J Rohan	01 August 2001	Continuing
J Harvey	7 April 2003	Continuing
M Elsegood	2 October 2006	Continuing
S Dalby	7 December 2006	Continuing
A Thomas	12 September 2007	Continuing
R Bhatia	22 November 2009	6 December 2012
J Scarlett	27 November 2009	Continuing
P Sporton	27 November 2009	Continuing
M Sexton	8 December 2009	Continuing
I Falshaw	7 December 2012	Continuing
C Williams (Alternate)	25 July 2011	Continuing
M Lobb (Alternate)	30 January 2013	Continuing
J Vujcic (Alternate)	11 April 2013	Continuing

Directors' Report continued

Operating Results

The TIO recorded an operating deficit for 2012-13 of \$658,924. This was primarily due to reduced complaint demand over the last 6 months of 2012. This resulted in fewer new complaints and fewer conciliations and investigations during this period.

In September 2012 the TIO reduced staff in response to this reduced demand.

The results for the year ended 30 June 2013 are as follows:

Year	Total Revenue	Total Expenditure	Surplus/(Deficit)
2012-2013	\$29,528,670	\$30,187,594	\$(658,924)
2011-2012	\$29,676,712	\$30,095,366	\$(418,654)

The accumulated surplus was decreased from \$7,255,530 at the start of the financial year to \$6,596,606 at the end of 2012-13.

Review of Operations

- **Total Complaint Handling Transactions**

Complaint handling transactions include enquiries, new complaints, cases and reviews. Total transactions for 2012-2013 are presented below.

Year	Total Transactions	% Change from Previous Year
2012-2013	222,033	17.0% Decrease
2011-2012	267,713	1.0% Decrease

- **Debt Recovery**

Bad debts of \$80,393 were written-off during the financial year, with the provision for bad debts increased from \$346,917 to \$401,835.

- **Cash Flow**

The TIO's bankers, Commonwealth Bank of Australia, provide the TIO with an overdraft facility of \$150,000. This facility was created to alleviate any temporary cash flow variations associated with the TIO's quarterly billing cycle. The overdraft was not utilised during the year.

- **Performance**

The TIO operational year featured the introduction of the TIO's new complaint management system (known as RADaR) and a 17.0% decrease in total transactions.

The TIO monitors levels of complainant satisfaction and confidence with the service provided by the TIO. Results in 2012-13 indicated that more than 90% of consumers are satisfied with the TIO's referral (level 1) and conciliation (level 2) services.

- Consumers reported strong levels of satisfaction with the TIO's referral process (Level 1). Averaged across two quarterly surveys, 91% of consumers reported being satisfied with the handling of their complaint. 80.5% of consumers across the two surveys reported being satisfied with the outcome of their complaint.
- Consumers reported similarly strong levels of satisfaction with the TIO's conciliation (Level 2) process. Averaged across the two quarterly surveys, 94% of consumers were satisfied with the handling of their conciliated complaint. And 86.5% of consumers reported being satisfied with the outcome of their complaint.

- **Industry Engagement**

During 2012-13 the TIO continued to work collaboratively with industry to help reduce complaints about customer service and complaint handling.

A key change was the implementation of an account management approach to member engagement, with dedicated account managers being assigned to TIO members to assist in their interaction with the TIO.

Directors' Report continued

- **Communications**

The TIO continued to focus on accessibility to the Scheme focusing its work to assist vulnerable groups in the community, including through the work of an Indigenous Liaison Team and Disability Access Group.

A new TIO website (www.tio.com.au) was launched in September 2011. The website has significantly increased the accessibility to TIO information with increases in total visits to the website, in particular through our mobile site. A new on-line complaints form was introduced in December 2012. On-line complaints continued to increase as a proportion of all complaints.

- **Governance**

Corporate structure

The Memorandum and Articles of Association establish TIO Limited as a public company limited by guarantee and funded by its Members. It also enables the creation and amendment of the TIO Constitution and binds the Ombudsman and Members to the terms of the TIO Constitution.

The TIO Constitution sets out the functions, jurisdiction and powers of the Ombudsman. It also sets out the process for systemic issues investigations, describes the responsibilities of the Ombudsman, TIO Board and TIO Council, and specifies which of the Ombudsman's powers can be delegated to TIO staff.

TIO Limited is governed by a dual structure; namely a Board of Directors and a Council. TIO Limited is managed day-to-day by an independent Ombudsman.

The Board is responsible for the formal administration of the company and exercises final authority in relation to the financial affairs of TIO Limited. The Board is comprised of at least eight (but no more than ten) directors, including seven directors appointed by service providers, and an independent director.

As required by the Articles, the TIO Board has determined a Council Election and Appointment Policy to govern the nomination and appointment of industry and consumer representatives to Council.

The TIO Council is comprised of five representatives from service providers and five consumer representatives, with an independent chairman. The Council acts as an intermediary between the Ombudsman and the Board to ensure the independence of the Ombudsman. The Council advises the Ombudsman about policy matters and oversees the TIO scheme's operation.

The Ombudsman has responsibility for the day-to-day operations of the TIO scheme and for receiving, investigating and resolving or determining individual complaints.

It is the joint responsibility of the Council and the Ombudsman to ensure the TIO scheme is operated efficiently within the global limits for funding set by the Board.

The Ombudsman is independent of telecommunications companies, consumer groups and government. The structure of the TIO scheme, when established in 1993, was designed to ensure the Ombudsman's independence.

A major focus of the Board in 2012–13 was in leading the company towards a unitary governance structure. Adoption of a unitary model was a recommendation of KPMG, which was commissioned by the Board to conduct a review of the TIO in late 2010 in accordance with Article 19 of the TIO Articles of Association. DBCDE made a similar recommendation in its review of the TIO in 2011–12.

In August 2012 the Board and Council formed a joint Transition Committee with equal representation of industry and consumer nominees to develop and design options for the long term, unitary governance arrangements for TIO Limited. Both governing bodies had approved the recommendations of the Transition Committee by May 2013.

Implementing the approved unitary governance structure has involved work in drafting amendments to the Company's constituent documentation. The Board intends to put the proposed unitary governance structure to a meeting of members during 2013–14.

Directors' Report continued

Integrity

TIO Limited is committed to operating with integrity. In addition to their legal obligations, TIO Directors comply with guidelines that assist them in carrying out their duties and responsibilities.

The Council has its own Code of Conduct that, while recognising Council members may have a duty to groups and companies they represent, requires Council members in carrying out their responsibilities to observe a primary duty to TIO Limited.

Conflict of interests and disclosure of personal interests

The Directors' guidelines and the Council Code of Conduct include express provisions directed to the proper management of any conflict of interests and the disclosure of relevant personal interests.

Any conflict of interests and changes to disclosures of personal interests are declared and noted at every meeting of the relevant governance body.

All staff must abide by a Conflict of Interests Policy that sets out the TIO's commitment to undertaking its functions according to the highest ethical, legal and professional standards and outlines processes for employees to deal with conflict of interest issues. Under the Policy employees are expected to behave with honesty, transparency, integrity and fairness in dealings with TIO stakeholders, other TIO employees and the general community.

Audit

The TIO continued its comprehensive internal audit program during the course of 2012-13. The Board's Finance and Audit Working Party met twice during the financial year.

Risk management

The TIO is committed to the management of risk to protect its quality of service, legislative requirements, image and reputation, employees, members, stakeholders and assets.

The Board oversees the risk management framework, receiving regular reports from the TIO Executive, and the full register once a year.

Feedback about the delivery of TIO scheme services

As an external dispute resolution scheme, TIO Limited recognises the right for stakeholders to complain about the services it provides under the TIO scheme and that there is a responsibility to address those complaints. Accordingly, consumers and service providers may make formal compliments or complaints about the service they receive. There are mechanisms by which compliments and complaints are recorded and notes made, indicating any actions taken and outcomes achieved.

In addition, both consumers and service providers can request for decisions to be reviewed. These reviews are undertaken by an independent Quality Team.

Whistleblower protection

TIO Limited does not tolerate staff at any level acting improperly and supports TIO employees, contractors, Directors and Council members reporting in good faith a matter they believe constitutes reportable conduct without fear of reprisal, dismissal or discriminatory treatment. The TIO Whistleblower Policy sets out the Board supported TIO whistleblower program, which is regarded as an important element in eliminating corrupt, illegal and other reportable conduct within the TIO, and as a necessary step to achieving good corporate governance.

- **Financial Reserve**

The financial reserve reduced from \$3,938,061 at 30 June 2012 to \$3,731,981 at 30 June 2013.

Directors' Report continued

- **Fee Increases**

The TIO increased fees from July 1 2013. Overall, the fee increase per complaint is approximately 7 per cent.

Recent reviews of the TIO have emphasised increased expectations about the quality and responsiveness of our services, and how we can increase our contribution to improving the telecommunications industry. These have informed a wholesale review of TIO strategy, which was finalised in 2012. The strategy focuses us on delivering an exceptional dispute resolution service and contributing to better customer service and complaint handling in the telecommunications industry. The 2013-14 budget invests in training, development, systems and processes to deliver on the strategy.

The new charges will also meet annual salary increases (including additional superannuation costs) for TIO staff – salary costs make up some 70 per cent of TIO expenses.

Volume fee increases are as follows: Level 1's increased from \$32 to \$37, Level 2's increased from \$300 to \$345, Level 3s and Systemic Investigations increased from \$530 to \$620 and Level 4's increased from \$2,400 to \$2,600. Land Access charges remained the same at \$2,900.

Visit www.tio.com.au/members/billing-and-payments for a more detailed explanation of TIO charges.

- **Major Projects Program**

The TIO completed its implementation of a new complaint management system (RADaR). RADaR commenced operation on 1 May 2012 and known defects were remedied by September 2012. Primary benefits from RADaR include a stable and contemporary operating system, and over time improved data quality, more reporting capacity and increased efficiency. Development of RADaR has continued since implementation, with a Roadmap of Improvements developed to guide ongoing development.

Work has started on the development of a Business Intelligence Tool to increase TIO's ability to analyse and report on complaint and related data.

- **Membership**

The *Telecommunications (Consumer Protection and Services Standard) Act 1999* requires all carriers and eligible carriage service providers to be members of the TIO and comply with the Constitution and Memorandum and Articles of Association of the Scheme. Eligible carriage service providers are those which supply:

- a standard telephone service where some of the customers are residential or small business customers; or
- a public mobile telecommunications service; or
- a carriage service which enables end users to access the Internet.

A carriage service intermediary which arranges the supply of the services referred to above qualifies as an eligible carriage service provider.

The total number of members increased from 1,221 at 30 June 2012 to 1,360 at 30 June 2013. 187 new members joined the scheme and 48 members departed the scheme.

- **Staffing**

Average full time equivalent (FTE) staff numbers decreased over the year from 251.80 to 225.2, due to a decrease in demand and total transactions.

A significant restructure of the leadership team in the Dispute Resolution Division, and a sustained reduction in demand for service, resulted in 17 staff being made redundant during 2012-13. Other business units have also been re-aligned to implement the TIO's 2012-15 Strategy.

- **Income Tax Exemption**

The TIO has been granted an exemption from income tax under Item 2.1 of Section 50-10 of the Income Tax Assessment Act 1997 until 30 June 2014.

Directors' Report continued

Principal Activities

During the year, the principal continuing activity of the TIO was the investigation and resolution of telecommunications complaints from small businesses and residential consumers. There were no significant changes in the nature of the activities during the year.

Objectives and Strategies

The TIO operates in the context of a three year strategic plan. Annual business plans are developed in conjunction with the budget. These detail long and short term objectives and KPI's.

An organisational restructure was completed in 2012-13 to reflect the new strategic plan. The Ombudsman reports regularly against agreed success measures for each of the TIO's roles.

The TIO's Vision is:

We will continue to deliver an exceptional telecommunications dispute resolution service for consumers, service providers and the Australian community. Our work contributes to better customer service and complaint handling within the telecommunications industry.

The Telecommunications Industry Ombudsman has 4 distinct and complementary functions: resolving disputes (our primary role); improving telecommunications services; providing an independent voice; and leading by example.

Member Liability

The TIO is a company limited by guarantee. Every member undertakes that in the event that TIO Limited is wound up during the currency of the member's membership or within one year of the member ceasing membership, it will contribute to the property of TIO Limited for:

- (a) payment of the debts and liabilities of TIO Limited incurred before it ceased to be a member;
 - (b) the costs, charges and expenses of winding up; and
 - (c) an adjustment of the rights of the contributories among themselves,
- such amount as may be required, provided such amount shall not exceed one hundred dollars (\$100).

Dividends

Under the terms of its Memorandum and Articles of Association, the TIO is not permitted to pay dividends to members.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the company.

Matters Subsequent to the End of the Financial Year

Except for the matters noted above, at the date of this report no other matter or circumstance has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- a) the operations of the TIO in future financial years: or
- b) the results of those operations in future financial years: or
- c) the state of affairs of TIO in future financial years.

Environmental Regulations

Apart from statutory provisions of general applicability, the TIO is not subject to any specific environmental regulation.

Insurance of Officers

During the financial year, the TIO insured officers of the company. The officers of the company covered by the insurance policy included all Directors as listed in this report, Council members and the Executive management Team.

The liabilities insured include costs and expenses that may be incurred in defending proceedings that may be brought against the officers in their capacity as officers of the company.

Directors' Report continued

Information on Directors

Director	Experience	Responsibility
<i>J F Rohan, B Mech Eng, Grad Dip IE, MBA</i>	John has held senior positions including MD and CEO roles in CRA Ltd, James Hardie Australia Pty Ltd, Pirelli Ericsson Cables Ltd, McConnell Dowell Corporation Ltd and Vodafone Australia Ltd. His Board directorships have included University Paton Pty Ltd, Kockums Australia Ltd and Chairman of Hardex Australia Pty Ltd. In addition to chairing the TIO Board, John was a member of the inaugural TIO Council. He is currently a director of AARNet Pty Ltd, a not for profit education and research network owned by Australian universities and CSIRO.	Chairman from 1 August 2001
<i>J M Harvey, BCom, MBA, FCA, FAICD</i>	Directorships include: IOOF Holdings Ltd, Medibank Private Ltd, David Jones Ltd, Colonial Foundation Trust, DUET Finance Limited and oversight Board of the Department of Treasury and Finance. Victorian Council member of the Australian Institute of Company Directors.	Director from 7 April 2003
<i>M J Elsegood B Eng (Hons), MBA</i>	Manager, Regulatory Compliance and Safeguards, Optus. Michael has extensive experience in the Australian telecommunications industry, having worked with regulators and carriers in a variety of planning, policy and compliance roles.	Director from 2 October 2006
<i>S J Dalby</i>	Chief Regulatory Officer, iiNet. Stephen has been involved in the telecommunications industry for more than 40 years. Since 2003, he has been an executive with the iiNet Group. Stephen is also CEO of Chime Communications Pty Ltd, iiNet's carrier subsidiary, is on the boards of Communications Alliance Ltd and Prosubi Ltd and is based in Perth.	Director from 7 December 2006
<i>A R Thomas</i>	Alexandra Thomas is the Vice President Managed Services and Delivery, Optus Business Alphawest. In this role, Alex is responsible for professional and managed services at Optus, as well as customer service operations for business and government customers.	Director from 12 September 2007
<i>R Bhatia B Elec Eng</i>	Ravi founded Primus Australia and retired as its CEO in 2011. He has held senior management positions in the US, Germany and other countries with Primus, MCI, OTC and Siemens in sales, marketing and public policy. Ravi is a member of the Board of the Alfred Foundation and the President of Australia India Business Council - Victoria. He is also the Chairman of the advisory board of HCL Australia, a leading enterprise software company.	Director from 22 December 2009 until 6 December 2012
<i>J P Scarlett BA, LLB (Hons)</i>	Jules is Director, XCo Customer Management and Complaints at Telstra. Jules has responsibility for the customer management process at Telstra. Jules is also responsible cross company for complaint management. Jules has worked for Telstra for over 14 years.	Director from 27 November 2009
<i>P J Sporton B App Sci (App Elec)</i>	Phill is the Executive Director of Customer Service Delivery in Telstra Operations. This area of Telstra is responsible for the installation, connection and repair of Telstra's products, services and plant. Having started with Telstra as an engineer in 1983, Phill has spent 30 years at Telstra in a range of roles, including several positions in senior management.	Director from 27 November 2009
<i>M L Sexton BA, LLM, MBA (Executive)</i>	Louise is Group General Counsel and Company Secretary of Vodafone Hutchison Australia (VHA) and Company Secretary of Hutchison Telecommunications (Australia) Limited (HTAL). Prior to the formation of VHA in June 2009, Louise was General Counsel and Company Secretary of HTAL since September 1998. Louise has extensive legal and regulatory experience as General Counsel and Company Secretary in listed public companies across a number of high technology industries in Australia.	Director from 8 December 2009
<i>I Falshaw BA, (Hons), GAICD</i>	Iain Falshaw has been Managing Director of ACN Pacific since January 2008, and a Director since the company's inception in 2004. He has over 22 years of experience in the telecommunication industry in a number of international markets including New Zealand, UK, USA, Malaysia and Singapore. He is also a director of the Direct Selling Association of Australia.	Director from 7 December 2013
<i>C Williams BA, LLM</i>	Christine is Telstra's Director of Equivalence. Christine has performed a range of roles within Telstra, including Deputy Director of Regulatory Affairs and as regulatory manager and legal counsel for many different aspects of Telstra's business. Prior to joining Telstra in 1996, Christine was a senior associate in private legal practice.	Alternate Director from 25 July 2011
<i>Matthew Lobb BEc (Hons) LLB (Hons), MA MSc (International Relations)</i>	General Manager, Industry Strategy and Public Policy, Vodafone Hutchison Australia. Matthew Lobb has overall responsibility for Vodafone's government and stakeholder relations, regulatory affairs and public policy reform agenda. Previous roles include General Manager for Industry Engagement at NBN Co and a range of roles at Telstra including Director, Telstra Consumer Pricing, Group Manager, Commercial Development and Group Regulatory Manager, Telstra Wholesale.	Alternate Director from 30 January 2013
<i>J M Vujcic BA, LLB</i>	Assistant General Counsel Compliance, Optus. Jakob Vujcic is a senior lawyer, risk and compliance specialist with over 15 years of experience with major listed corporations in the financial services, energy and telecommunications industries.	Alternate Director from 11 April 2013

Information on Company Secretary

Company Secretary	Experience	Responsibility
<i>G L Neville-Hill BEc, LLB, LLM, FCSA, MAICD</i>	Prior to joining the TIO, Gayle worked as Company Secretary with State Trustees Limited where she also held the position of Special Counsel and was responsible for the corporate legal function. Gayle has also worked as a senior legal practitioner both in private practice and in-house and has served as a director on the Australian board of a global NGO.	Company Secretary appointed 11 April 2013

Meetings of Directors

The number of meetings of the company's directors (excluding meetings of committees of directors) held during the year ended 30 June 2013, and the number of meetings attended by each director were:

Number of meetings held: 8		
Full Meetings of Directors	Number Eligible to Attend	Number Attended
J F Rohan	8	8
J M Harvey	8	5
M J Elsegood	8	7
S J Dalby	8	8
A R Thomas	8	6
R Bhatia	3	2
J P Scarlett	8	7
P J Sporton	8	5
M L Sexton	8	7
I Falshaw	5	4
C Williams (Alternate)	1	1
M Lobb (Alternate)	1	1
J Vujcic (Alternate)	1	1

Alternate Directors are appointed to attend meetings in place of their nominating Directors.

Auditors

Pitcher Partners continued their role as auditors of the TIO.

Auditor Independence

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on the following page.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

This report is made in accordance with a resolution of the directors.



J F Rohan
Director




J Harvey
Director

Melbourne
19 September 2013

Auditor's Independence Declaration

to the Directors of Telecommunications Industry Ombudsman Limited


 PITCHER PARTNERS


TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.


S SCHONBERG
Partner


PITCHER PARTNERS
Melbourne

Date: 19/9/13

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue			
Revenue from members	4	29,070,833	29,004,061
Other income	4	457,837	672,651
	4	29,528,670	29,676,712
Less: expenses			
Depreciation and amortisation expense	5	(1,269,110)	(741,224)
Employee benefits expense	5	(22,466,464)	(23,499,421)
Occupancy expense	5	(1,897,236)	(1,609,003)
Marketing expense		(426,614)	(558,769)
Finance costs	5	(334,194)	(201,441)
Bad & doubtful debts expense	5	(135,311)	319,182
Information technology expense		(1,619,028)	(1,143,722)
Consultancy expense		(316,511)	(632,306)
Legal expense		(395,718)	(313,176)
Travel expense		(235,883)	(285,188)
Telephone and faxes		(342,471)	(463,574)
Other expenses		(749,054)	(966,724)
Total expenses		(30,187,594)	(30,095,366)
Total surplus/ (deficit) for the year	16	(658,924)	(418,654)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	3,788,180	5,653,334
Receivables	8	6,013,617	4,628,871
Other current assets	9	143,773	208,064
Total current assets		9,945,570	10,490,269
Non-current assets			
Intangible assets	10	2,453,611	3,081,302
Plant and equipment	11	744,785	1,331,849
Total non-current assets		3,198,396	4,413,151
Total assets		13,143,966	14,903,420
Current liabilities			
Payables	12	1,879,174	1,376,410
Borrowings	13	703,528	2,086,526
Provisions	14	1,761,127	1,894,478
Other liabilities	15	139,997	139,997
Total current liabilities		4,483,826	5,497,411
Non-current liabilities			
Borrowings	13	993,103	936,255
Provisions	14	697,107	700,903
Other liabilities	15	373,324	513,321
Total non-current liabilities		2,063,534	2,150,479
Total liabilities		6,547,360	7,647,890
Net assets		6,596,606	7,255,530
Accumulated surplus			
Accumulated surplus	16	6,596,606	7,255,530
Total accumulated surplus		6,596,606	7,255,530

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2013

	2013 \$	2012 \$
Accumulated surplus		
Balance at beginning of the year	7,255,530	7,674,184
Movements in equity from:		
Accumulated deficit	(658,924)	(418,654)
Balance at the end of the year	6,596,606	7,255,530
Retained earnings		
Balance at beginning of the year	7,255,530	7,674,184
Loss for the year	(658,924)	(418,654)
Total comprehensive income	(658,924)	(418,654)
Balance at the end of the year	6,596,606	7,255,530

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Receipts from members		30,628,804	33,666,834
Payments to suppliers and employees		(30,867,778)	(32,913,025)
Interest received		154,973	301,908
Interest paid		(262,947)	(201,441)
Net cash provided by / (used in) operating activities	20(b)	(346,948)	854,276
Cash flow from investing activities			
Payment for plant and equipment		(45,141)	(92,505)
Payment for intangible assets		(9,820)	(2,170,664)
Net cash provided by / (used in) investing activities		(54,961)	(2,263,169)
Cash flow from financing activities			
Proceeds from leases		30,120	1,471,750
Repayment of leases		(1,493,365)	(265,101)
Net cash provided by / (used in) financing activities		(1,463,245)	1,206,649
Reconciliation of cash			
Cash at beginning of the financial year		5,653,334	5,855,578
Net increase / (decrease) in cash held		(1,865,154)	(202,244)
Cash at end of financial year	20(a)	3,788,180	5,653,334

The accompanying notes form part of these financial statements.

Notes to Financial Statements

For the year ended 30 June 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Telecommunications Industry Ombudsman Limited as an individual entity. Telecommunications Industry Ombudsman Limited is a company limited by guarantee, incorporated and domiciled in Australia. Telecommunications Industry Ombudsman Limited is a not for profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The financial statements of the company also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Income tax

The company is exempt from income tax under Item 2.1 of section 50–10 of the *Income Tax Assessment Act 1997*. The TIO has been notified of its continuing tax exempt status up to 30 June 2014 by the Australian Tax Office.

(c) Revenue

Volume and operating fees are charged to members for complaint resolution services. Members are invoiced monthly based on actual charges for each month.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Trade receivables

Amounts due from all members are recognised as amounts receivable. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the TIO will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

(e) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to Financial Statements continued

For the year ended 30 June 2013

(e) Plant and equipment continued

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	14%	Straight line
Plant and equipment at cost	33%	Straight line
Furniture, fixtures and fittings at cost	14%	Straight line
Software	20%	Straight line

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(g) Employee benefits

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(h) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, and include finance lease charges.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Notes to Financial Statements continued

For the year ended 30 June 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Financial instruments

Trade and other receivables

Receivables are carried at nominal amounts due, less any provision for impairment.

A provision for impairment is recognised when collection of the full nominal amount is no longer probable.

Collectability of overdue accounts is assessed on an ongoing basis.

Prepayments

Prepayments are carried at cost representing their expected future benefit.

Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods and services received.

Interest bearing loans and borrowings

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.

Finance leases are accounted for at their principal amounts, with the lease payments discounted to present value using the interest rate implicit in the lease.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Unearned lease incentive

All incentives for entering into an operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

The TIO has recognised the aggregate benefit of incentives as a reduction of rental expenses over the lease term, on a straight line basis, representative of the pattern of the benefit from the use of the leased asset.

The lease incentive has been recognised as unearned revenue and amortised over the term of the lease, being 10 years.

(o) Intangibles

RADaR Project

All costs associated with RADaR project were capitalised at cost. RADaR is amortised on a straight line basis over the period of 5 years from 1 May 2012. RADaR is reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

Notes to Financial Statements continued

For the year ended 30 June 2013

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2013

A number of standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are not likely to impact on the financial information presented, however the assessment of impact has not yet been completed.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

Estimates and judgements are continually evaluated and are based on historic experience and other factors including expectations of future events that may have financial impact on the entity and that are believed to be reasonable under the circumstances.

	2013 \$	2012 \$
NOTE 4: REVENUE		
Complaint handling fee	29,070,833	29,004,061
	29,070,833	29,004,061
Interest income	154,973	343,754
Other revenue	302,864	328,897
	457,837	672,651
	29,528,670	29,676,712

NOTE 5: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

Finance costs

Finance costs	60,035	91,446
Bank charges	11,212	8,106
Leasing charges	262,947	101,889

Depreciation

plant and equipment	143,722	150,249
furniture and fittings	250,303	247,595
capitalised depreciation charges	237,574	237,128
	631,599	634,972

Amortisation of non current assets

- RADaR	637,511	106,252
	637,511	106,252

Bad debts

Bad and doubtful debts	135,311	(319,182)
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Rental expense on operating leases:

property rental lease payments	1,897,236	1,609,003
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Employee benefits:

short term benefits	22,466,464	23,499,421
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Remuneration of auditors for:

Pitcher Partners (Melbourne)

Audit and assurance services

Audit of the financial report	35,500	34,500
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Notes to Financial Statements continued

For the year ended 30 June 2013

2013	2012
\$	\$

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company

short term employee benefits	1,885,348	1,564,217
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The names of directors who have held office during the year are listed below

All directors were in office for the full year unless otherwise noted:

Name	Appointment / resignation details
J F Rohan	
J M Harvey	
S J Dalby	
A R Thomas	
M J Elsegood	
M L Sexton	
R Bhatia	(retired 6 December 2012)
J P Scarlett	
P J Sporton	
C Williams (alternate)	
I Falshaw	(appointed 7 December 2012)
M Lobb (alternate)	(appointed 31 January 2013)
J Vujcic (alternate)	(appointed 11 April 2013)

The following persons also had authority and responsibility for planning, directing and controlling the activities of the TIO, directly or indirectly during the year:

Name	Appointment / resignation details	Position
S Cohen		Ombudsman
D Carmody		Deputy Ombudsman
P Carruthers	(Resigned 21 December 2012)	Company Secretary
D Karliner	(Appointed 22 December 2012, until 11 April 2013)	Company Secretary
G Neville-Hill	(Appointed 11 April 2013)	Company Secretary
J Zammit		Chief Financial Officer
A Dyer		Chairman of Council
G R Smith		Member of Council
J Matthews		Member of Council
T Corbin		Member of Council
L Kreet		Member of Council
C Lowe		Member of Council
C Dodds		Member of Council
P Harrison		Member of Council
B Kitschke	(Appointed 15 December 2012)	Member of Council
J Wilkes	(Resigned 14 November 2012)	Member of Council
T C Hill		Member of Council
R Wheeler		Member of Council

Notes to Financial Statements continued

For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	1,000	1,100
Cash at bank	55,199	1,584,404
Cash on deposit	3,731,981	4,067,830
	3,788,180	5,653,334

NOTE 8: RECEIVABLES

CURRENT		
Trade debtors	6,321,486	4,975,788
Provision for doubtful debts	(401,835)	(346,917)
	5,919,651	4,628,871
Other receivables	93,966	-
	6,013,617	4,628,871

The ageing of these receivables is as follows:

0 to 3 months	6,004,271	4,547,439
Greater than 3 months	317,215	428,349
Closing balance at 30 June	6,321,486	4,975,788

At 30 June 2013 current trade receivables had a nominal value of \$6,321,486 (2012 - \$4,975,788). A provision for non-recoverability of \$401,835 (2012 - \$346,917) was considered appropriate.

NOTE 9: OTHER ASSETS

CURRENT		
Prepayments	138,160	131,439
Accrued income	5,613	76,625
	143,773	208,064

Notes to Financial Statements continued

For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 10: INTANGIBLE ASSETS		
RADaR Complaint Management System	3,167,254	3,187,554
Accumulated amortisation	(743,763)	(106,252)
	2,423,491	3,081,302
BI Tool	30,120	-
Total intangible assets	2,453,611	3,081,302
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Intangibles at cost — RADaR</i>		
Opening balance	3,081,302	-
Additions	-	2,170,664
Amortisation expense	(637,511)	(106,252)
Transfers in	-	1,016,890
Transfers out	(20,300)	-
Closing balance	2,423,491	3,081,302
<i>Intangibles at cost — BI Tool</i>		
Opening balance	-	-
Work progress	30,120	-
Closing balance	30,120	-

Notes to Financial Statements continued
For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	1,661,939	1,680,573
Accumulated depreciation	(1,201,311)	(964,955)
	460,628	715,618
Plant and equipment		
Plant and equipment at cost	637,113	609,821
Accumulated depreciation	(594,686)	(450,963)
	42,427	158,858
Furniture, fixtures and fittings at cost	1,796,557	1,761,897
Accumulated depreciation	(1,554,827)	(1,304,524)
	241,730	457,373
Total plant and equipment	284,157	616,231
Total property, plant and equipment	744,785	1,331,849
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Leasehold improvements</i>		
Opening carrying amount	715,618	924,514
Additions	-	28,232
Transfers	(17,416)	-
Depreciation expense	(237,574)	(237,128)
Closing carrying amount	460,628	715,618
<i>Plant and equipment</i>		
Opening carrying amount	158,858	290,874
Additions	27,291	18,232
Depreciation expense	(143,722)	(150,248)
Closing carrying amount	42,427	158,858
<i>Furniture and fittings</i>		
Opening carrying amount	457,373	658,928
Additions	34,660	46,040
Depreciation expense	(250,303)	(247,595)
Closing carrying amount	241,730	457,373

Notes to Financial Statements continued

For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 12: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	717,153	317,141
Sundry creditors and accruals	1,162,021	1,059,269
	1,879,174	1,376,410

NOTE 13: BORROWINGS

CURRENT		
<i>Secured liabilities</i>		
RADaR	703,528	1,419,727
Other	-	666,799
	703,528	2,086,526
NON CURRENT		
<i>Secured liabilities</i>		
RADaR	993,103	936,255
	993,103	936,255

During the year the TIO restructured RADaR lease contracts to 36 months commencing 1 October 2012. These leases were restructured to co terminate in October 2015, extending the term of the lease and as a result reducing the periodic repayments.

NOTE 14: PROVISIONS

CURRENT			
Employee benefits	(a)	1,761,127	1,894,478
NON CURRENT			
Employee benefits	(a)	697,107	700,903
(a) Aggregate employee benefits liability		2,458,234	2,595,381
(b) Number of employees at year end		238	266

Notes to Financial Statements continued

For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 15: OTHER LIABILITIES		
CURRENT		
Unearned lease incentives	139,997	139,997
NON CURRENT		
Unearned lease incentives	373,324	513,321

NOTE 16: ACCUMULATED SURPLUS

Accumulated surplus at beginning of year	7,255,530	7,674,184
Deficit for the year	(658,924)	(418,654)
Accumulated surplus at the end of the year	6,596,606	7,255,530

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

Payable		
- not later than one year	906,277	2,359,049
- later than one year and not later than five years	1,095,704	972,469
Minimum lease payments	2,001,981	3,331,518
Less future finance charges	(305,350)	(308,737)
Total finance lease liability	1,696,631	3,022,781
Represented by:		
Current liability	703,528	2,086,526
Non-current liability	993,103	936,255
	1,696,631	3,022,781

(b) Operating lease commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	1,833,015	1,940,224
- later than one year and not later than five years	6,276,738	7,101,320
- later than five years	-	991,503
	8,109,753	10,033,047

Notes to Financial Statements continued

For the year ended 30 June 2013

NOTE 18: CONTINGENT LIABILITIES

The TIO has the following contingent liabilities:

During the 2006–2007 financial year, the TIO signed a bank guarantee in favour of Investa Nominees Pty Ltd (the TIO's landlord) for an amount equal to 6 months rent, outgoings, car park licence fees and GST. The amount of the guarantee is \$172,870. In the event where the TIO is unable to meet its financial obligations under its lease for level 3, 595 Collins Street, Investa Nominees Pty Ltd may call on the bank guarantee held by the Commonwealth Bank of Australia.

During the 2007–2008 financial year, the TIO signed a further bank guarantee in favour of Investa Nominees Pty Ltd (the TIO's landlord) for an amount equal to 6 months rent, outgoings and GST. The amount of the guarantee is \$387,877. In the event where the TIO is unable to meet its financial obligations under its lease for level 4, 595 Collins Street, Investa Nominees Pty Ltd may call on the bank guarantee held by the Commonwealth Bank of Australia.

NOTE 19: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

- (i) One current director, M L Sexton, and one current alternate director, M Lobb, were employees of VHA Limited. The TIO invoiced VHA Limited and related companies \$7,949,884 (2012: \$10,136,253) during the year for complaint handling fees.
- (ii) Two current directors, J P Scarlett and P J Sporton, and one current alternate director, C Williams, were employees of Telstra Corporation. The TIO invoiced Telstra Corporation Ltd and related entities for \$12,737,913 (2012: \$10,984,711) during the year for complaint handling fees. Telstra Corporation invoiced the TIO for \$122,279 (2012: \$151,202) for the provision for telecommunication services during the year.
- (iii) Two current directors, A R Thomas and M J Elsegood, and one current alternate director, J Vujcic, were employees of SingTel Optus Pty Ltd. The TIO invoiced SingTel Optus Pty Ltd \$7,304,589 (2012: \$6,365,945) during the year for complaint handling fees. SingTel Optus Pty Ltd and related entities invoiced the TIO for \$252,081 (2012: \$366,827) for the provision of telecommunication services during the year.
- (iv) One current director, Iain Falshaw, was an employee of ACN Pacific. The TIO invoiced ACN Pacific for \$30,126 during the year for complaint handling fees.
- (v) One current director, S J Dalby, was an employee of iiNet Group. The TIO invoiced iiNet Ltd for \$661,990 (2012: \$254,804) during the year for complaint handling fees.
- (vi) One director, R Bhatia was a nominee of Primus Telecommunications Pty Ltd. The TIO invoiced Primus Telecommunications Pty Ltd \$181,812 (2012: \$216,687) during the year for complaint handling fees.

All of the above transactions with directors and director related entities were based on normal commercial terms and conditions.

2013

2012

NOTE 20: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

Cash on hand	1,000	1,100
Cash at bank	55,199	1,584,404
At call deposits with financial institutions	3,731,981	4,067,830
	3,788,180	5,653,334

Notes to Financial Statements continued
For the year ended 30 June 2013

	2013 \$	2012 \$
NOTE 20: CASH FLOW INFORMATION CONTINUED		
(b) Reconciliation of cash flow from operations with profit		
Profit / (loss) from ordinary activities after income tax	(658,924)	(418,654)
Adjustments and non cash items		
Amortisation	637,511	106,252
Depreciation	631,599	634,972
Movements in provision for doubtful debts	135,311	(319,182)
Net (gain) / loss on disposal of property, plant and equipment	606	-
Lease incentive through P&L	(139,997)	(139,996)
Other non cash items	137,095	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	(1,520,057)	1,273,255
(Increase) / decrease in other assets	64,291	(31,384)
Increase / (decrease) in payables	400,012	(102,587)
Increase / (decrease) in provisions	(137,147)	493,379
Increase/ (decrease) in sundry creditors	102,752	(641,779)
Cash flows from operating activities	(346,948)	854,276
(c) Credit standby arrangements with banks		
Credit facility	300,000	300,000
Amount utilised	(143,000)	(157,000)
Unused credit facility	157,000	143,000
(d) Loan facilities		
Overdraft facility	150,000	150,000
Amount utilised	-	-
Unused loan facilities	150,000	150,000

NOTE 21: FINANCIAL RISK MANAGEMENT

The company is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk

Fair values

The board of directors have overall responsibility for identifying and managing operational and financial risks.

Notes to Financial Statements continued

For the year ended 30 June 2013

NOTE 21: FINANCIAL RISK MANAGEMENT CONTINUED

The company holds the following financial instruments:

	2013 \$	2012 \$
Financial assets		
Cash and cash equivalents	3,788,180	5,653,334
Receivables	6,013,617	4,628,871
	9,801,797	10,282,205
Financial liabilities		
Creditors	717,153	317,141
Leases	1,696,631	3,022,781
Other payables	1,162,021	1,059,269
	3,575,805	4,399,191

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2013 Financial instruments	Interest bearing \$	Non-interest bearing \$	Total carrying amount \$	Weighted average effective interest rate	
<i>Financial assets</i>					
Cash	55,199	1,000	56,199	2.8%	Floating
Cash on deposit	3,731,981	-	3,731,981	3.8%	Floating
Trade and other receivables	-	6,013,617	6,013,617	0.0%	
	3,787,180	6,014,617	9,801,797		
2013 Financial instruments	Interest bearing \$	Non-interest bearing \$	Total carrying amount \$	Weighted average effective interest rate	
<i>Financial liabilities</i>					
Trade creditors	-	717,153	717,153	0.0%	
Leases	1,696,631	-	1,696,631	10.0%	Fixed
Other payables	-	1,162,021	1,162,021	0.0%	
	1,696,631	1,879,174	3,575,805		

2012 Financial instruments	Interest bearing \$	Non-interest bearing \$	Total carrying amount \$	Weighted average effective interest rate	
<i>Financial assets</i>					
Cash	1,584,404	1,100	1,585,504	3.2%	Floating
Cash on deposit	4,067,830	-	4,067,830	5.3%	Floating
Trade and other receivables	-	4,628,871	4,628,871	0.0%	
	5,652,234	4,629,971	10,282,205		

Notes to Financial Statements continued

For the year ended 30 June 2013

2012 Financial instruments	Interest bearing \$	Non-interest bearing \$	Total carrying amount \$	Weighted average effective interest rate	
<i>Financial liabilities</i>					
Trade creditors	-	317,141	317,141	0.0%	
Leases	3,022,781	-	3,022,781	11.3%	Fixed
Other payables	-	1,059,269	1,059,269	0.0%	
	3,022,781	1,376,410	4,399,191		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

The TIO's borrowing and finance leases are at fixed rates of interest and therefore not exposed to movements in interest rates. The main risk arises from cash and cash equivalents, and the interest income they derive.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

(b) Credit risk

Credit risk is the risk that one debtor will not repay all or a portion of an amount outstanding in a timely manner and therefore will cause a loss to the TIO.

Debtors are actively monitored and follow up actions are taken as required.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The company's debtors are concentrated in one industry.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables

The ageing analysis of trade and other receivables is provided in Note 8. As the company undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the company may not have, or may not be able to raise, funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.

The TIO maintains a cash reserve and actively monitors its cash flow position to ensure its ability to meet its debts as and when they fall due. In addition, the TIO's Articles of Association provide that it can impose a special levy on TIO member companies.

(d) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in statement of financial position and notes to financial statements.

NOTE 22: COMPANY DETAILS

The registered office of the company is:

Telecommunications Industry Ombudsman Limited
Level 3
595 Collins Street
Melbourne VIC 3000

Directors' declaration


TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

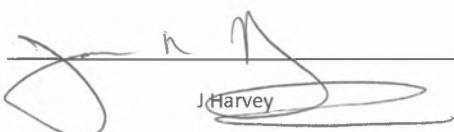
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 16 - 38, are in accordance with the *Corporations Act 2001*; and
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and
 - (c) give a true and fair view of the financial position as at 30 June 2013 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
J F Rohan

Director: 
J Harvey

Dated this Nineteenth day of September 2013

Note: The reference in this Directors' Declaration to pages 16-38 is to the original signed document prepared by Pitcher Partners. The corresponding pages in this document are pages 12-29.

Independent Auditor's Report

to the members of Telecommunications Industry Ombudsman Limited



TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

We have audited the accompanying financial report of Telecommunications Industry Ombudsman Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent Auditor's Report

to the members of Telecommunications Industry Ombudsman Limited



PITCHER PARTNERS

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

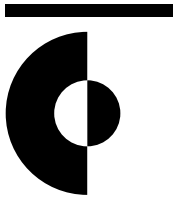
S SCHONBERG

Partner

PITCHER PARTNERS

Melbourne

Date: 19/9/13



Telecommunications
Industry
Ombudsman

Telecommunications Industry Ombudsman Limited

ACN 057 634 787

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