

2014-2015 ANNUAL REPORT

 **Telecommunications**
Industry Ombudsman



2014

2015

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ABOUT THIS REPORT

The Telecommunications Industry Ombudsman is a fast, free and fair service that deals with telco complaints that consumers have been unable to resolve with their providers.

This report covers the period from 1 July 2014 to 30 June 2015. It is a printable companion to our microsite, which can be found at www.tio.com.au/annualreport

TIO AT A GLANCE

THE TELECOMMUNICATIONS INDUSTRY OMBUDSMAN WAS ESTABLISHED IN 1993 WHEN THE TELECOMMUNICATIONS INDUSTRY WAS OPENED TO COMPETITION.

Since then, telco providers have been required to fund and become members of an Ombudsman service to resolve consumer complaints outside of courts and tribunals. There are no charges for consumers to use our service.

VISION	ROLES	VALUES	FUNDING
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.	Resolving disputes. Improving telecommunications services. Being an independent voice. Leading by example.	Integrity: we are fair, impartial and ethical. Collaboration: we work together, share insights and respect each other. Excellence: we are innovative, quality-driven and responsive	We are a not-for-profit organisation, and charge fees to telecommunications companies when one of their customers makes a complaint to us. Those fees cover the cost of our complaint handling and operations.

2014-15 COMPLAINT TRENDS

We received 57,983 new complaints about mobile services, 21.1 per cent fewer than last financial year. This is the lowest since 2007-08, the year the original iPhone was released.



Landline complaints increased 0.9 per cent and internet complaints increased 2.2 per cent. This increase was caused by more complaints from consumers about faults and connection delays.

49.2% ↓ Mobile coverage complaints decreased by almost half, due to continued telco investment in infrastructure. These complaints are 20 per cent of what they were four years ago.



↑29.9% Complaints about "third party charges" on consumers' mobile bills increased 29.9 per cent. Consumers incurred these charges after making in-app purchases, or being signed up for competitions or games they had not requested.

\$319 Median amount disputed in new complaints.

As the rollout of the National Broadband Network accelerated, NBN-related complaints increased 68.6 per cent. The main issues were connection delays, faulty services and missed appointments.



OUR PERFORMANCE

124,417 New complaints received

10.5% ↓ New complaints decreased 10.5 per cent from last financial year, the latest drop in a four-year downward trend. Reasons for this trend include telco industry investments and a new industry code from 2012.

11,873 conciliations closed in 2014-15. We closed 29.7 per cent fewer conciliations than in 2013-14 due to reduced demand for TIO services.



We monitored or investigated 50 systemic issues that had the potential to affect a large number of consumers.

91% Results of a June 2015 survey of consumers who used our services showed that 91% of respondents were satisfied with our handling of their complaint.

We made 18 submissions to inquiries about issues that affect telco consumers. Our recommendations help regulators and the industry to improve telco services in Australia.



THIS YEAR THE TIO HANDLED 124,417 NEW COMPLAINTS AND 44,365 ENQUIRIES MAKING US THE BUSIEST OMBUDSMAN SCHEME IN AUSTRALIA

BOARD CHAIR'S MESSAGE

Following the first full year of operation of the unitary Board, I am pleased to report as the Independent Chair of Telecommunications Industry Ombudsman Limited.



Patricia Faulkner
Independent Chair

The Board continues to implement new mechanisms to embed the unitary governance model, which is operating well. Committees function well and assist in the discharge of the Board's duties and responsibilities. During the financial year, the Board held ten meetings; the Audit, Risk and Compliance Committee convened three times; and the People and Nominations Committee both met twice.

A key aspect of the unitary governance changes is the forum for small members. The forums facilitate direct consultation about operational matters, giving those providers the opportunity to relay feedback directly to the TIO.

Three forums have been convened since the new governance structure came into effect. The Board considered in depth a report that followed the forum held in November 2014. A key issue was the cost of TIO services in the face of reduced and changing demand over the past several years.

Significant steps taken to reduce the TIO's operating costs include the non-replacement of staff, sub-leasing of part of TIO premises and substantial reduction in other expenses. Workforce reductions were also made during the financial year. In May 2015, the Ombudsman advised members of a short term increase in TIO complaint charges to cover redundancy payments. Although some of those costs were met out of the TIO's cash reserves, recovering some of the costs was necessary through a temporary increase to TIO charges.

The Board considered and approved the budget for 2015-2016, with the objective of reducing TIO costs, achieving a stable TIO price and maintaining and improving services. The budget also foreshadows the completion of important strategic activities such as a review of the TIO funding model and transitioning information technology off-premises. It provides for the completion of

the review of dispute resolution processes and TIO's structured learning program.

The Board congratulates and thanks Simon Cohen for his invaluable contribution over five years as the Telecommunications Industry Ombudsman. Simon's tenure was marked by significant achievements as well as incredible change within the Ombudsman's office and the telecommunications sector. Through Simon's leadership, significant benefits have flowed to Australian consumers of telecommunications services. Simon took up a senior role in the Victorian government in September 2015 and the Board wishes him every success in his new endeavours. A search and recruitment exercise is being undertaken to identify a high calibre candidate to succeed Simon in the significant role of Ombudsman.

The Board thanks Diane Carmody for her commitment and enthusiasm as Deputy Ombudsman and Acting Ombudsman. We also thank the TIO Executive and the dedicated TIO staff for their valuable contributions throughout the year.

In February 2015, the Board welcomed Gordon Renouf, CEO, Ethical Consumers Australia and David Epstein, Vice President, Corporate and Regulatory Affairs, SingTel Optus, who were appointed as Directors in February 2015. The Board thanks Chris Dodds and Michael Elsegood for their long service to the TIO, Chris as a member of the TIO Council and Board, and Michael as a member of the Board. Both made significant contributions to the TIO and retired as part of the transition process under the company's new Constitution.

I also extend my sincere thanks to my fellow Directors for their diligence and professionalism throughout the year and I look forward in working with them in 2015-2016.

OMBUDSMAN'S MESSAGE

Another busy year

This year, the TIO handled 124,417 new complaints and 44,365 enquiries from Australian telco consumers, positioning our service once again as the busiest Ombudsman in the country.

The large number of new complaints indicates there is still room for telcos to improve their responsiveness to their customers' concerns despite a marked improvement over the past four years.

Reduction in new complaints

In 2014-15, we saw a 10.5 per cent reduction in new complaints compared to 2013-14 and a 36 per cent reduction since 2011-12.

There have been several factors driving the drop in new complaints, including improved dialogue between the TIO and telcos, a revised industry code with new consumer protection measures and large investments by telcos aimed at better servicing customer needs.

In 2014-15 there were fewer complaints about mobile coverage, excess data charges and high bills but an increase in complaints about connection delays, fault repairs and third party charges on mobile services.

Reducing our workforce

The sustained drop in complaints has made this a challenging year for the TIO. We made the difficult but necessary decision to reduce our workforce, ensuring the office had sufficient resources to deliver on our primary role of dispute resolution and other activities, while maintaining the financial stability of the TIO.

Farewell Ombudsman Simon Cohen

I want to acknowledge the significant contribution that outgoing Ombudsman Simon Cohen made in his five years at the TIO. Simon left the TIO in August 2015 to take up a senior role in the Victorian Department of Justice and Regulation. During his tenure, he elevated the organisation in the eyes of all stakeholders and had a positive impact on the standard of service to telco customers. He drove changes to our dispute resolution practice through the introduction of conciliation and facilitated hardship forums and the NBN trial, bringing together the TIO, consumer and industry representatives, including retail and wholesale service providers.

I thank Simon for his outstanding work at the TIO and wish him the very best in his new endeavour.

Thank you

I thank our staff for their continued commitment to the TIO and its work in helping consumers and providers resolve complaints with fairness and independence. Our staff are to be commended for their resilience and flexibility in making the adjustments that were necessary as we downsized and for their professionalism and sensitivity as we farewelled many esteemed colleagues, who I also thank for their service to the TIO.

Lastly, I want to thank the Board and in particular, the Chair Patricia Faulkner, for their support and guidance during this transition period. We are anticipating an exciting year ahead as we launch our social media presence and face the challenges of major projects such as reviewing our funding model and replacing our ageing ICT infrastructure. To the staff and the Board, thank you for your support.

I am very pleased to present the TIO Annual Report for 2014-15 as Acting Ombudsman in a year of tremendous change.



Diane Carmody
Acting Ombudsman

The TIO is governed by a Board of Directors that is responsible for managing the business affairs and property of TIO Limited in accordance with the Company Constitution and the Terms of Reference.

Board composition

The Board is made up of:

- three independent Directors, one who is also the Independent Chair
- four directors with consumer experience, and
- four directors with industry experience.

The Board has adopted a charter that sets out its roles and responsibilities.

TIO Board Directors

A list of our Directors and their biographies can be found on our website.

Board committees

The Board has established the following committees to help it perform its duties:

- Audit and Risk Committee: assists and advises the Board on the TIO's internal and external audit, risk and finance management frameworks.
- Nominations Committee: identifies and recommends to the Board persons to fill vacant Board positions.
- People Committee: has oversight of the remuneration of Directors and the Ombudsman, and the TIO's employment policies.

Feedback about the TIO

The Board oversees our feedback mechanism, which allows consumers and service providers to make formal compliments or complaints about the service they receive.

In 2014-15, we received 48 compliments about the courtesy, professionalism and timeliness of TIO officers.

We received 78 formal complaints about our service, of which 26 were found to be substantiated. Complaints provide valuable feedback to drive improvements in our service through focused training or individual coaching.

OUR GOALS AND ACHIEVEMENTS IN 2014-15

Resolving disputes

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

Our goals	Achievements
<ul style="list-style-type: none">improved timelinesshigh consumer and service provider satisfactionimproved quality	<ul style="list-style-type: none">85% of contacts dealt with within one business day77% of conciliations closed in 30 business days91% of consumers satisfied with TIO handling of referrals

Improving telecommunications services

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

Our goals	Achievements
<ul style="list-style-type: none">timely analysis of complaint trendseffective response to systemic issueshigh service provider satisfaction	<ul style="list-style-type: none">10.5% reduction in new complaintsdeveloped online education modules for service providersestablished a working group comprised of nbn and retail service providers to promote complaint resolution

Being an independent voice

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

Our goals	Achievements
<ul style="list-style-type: none">increased consumer awareness of the TIOeffective stakeholder engagementreferral of non-compliance to regulator	<ul style="list-style-type: none">publication of Land Access Guidelines, revised position statements and award-winning annual reportpublication of a suite of resources for Indigenous consumersattended 64 outreach eventscollaborated with Communications Alliance to publish quarterly Complaints in Context reportsreferred 19 providers to regulator for non-compliance

Leading by example

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

Our goals	Achievements
<ul style="list-style-type: none">strong staff engagementdelivery of key business projectssound financial management	<ul style="list-style-type: none">delivered five short courses of the Graduate Certificate in Dispute Resolutionpublished plain English Terms of Referencereduced workforce and restructured teams in response to reduced complaint demand to improve financial position

OUR PEOPLE

The majority of our staff engage in dispute resolution. We aim to attract, develop and support staff with the skills required to deliver an excellent telecommunications dispute resolution service.

We had 191 employees (excluding agency staff) at 30 June 2015, compared to 242 at the same time in 2014, a 21 per cent reduction.

We made 41 roles redundant due to a decline in complaint demand and a change in the nature of complaints. The reductions included consolidating some areas of work, reducing management and administrative roles, and making the role of Case Officer redundant. We simultaneously strengthened resources in coaching, front line complaint handling and investigations.

The reductions ensure the TIO has adequate resources and improve our financial position.

Organisational structure

The TIO is organised into four main workgroups:

- Dispute Resolution division
- Industry, Community and Government division
- Professional Services teams of legal, finance and company secretariat, and
- a new Corporate Services division comprising the people and development; facilities management; and information, systems and technology teams.

Our organisational chart can be found on our website.

Gender equality

We have a balanced and supportive workplace, as shown by gender equality indicators reported to the Workplace Gender Equality Agency in 2015.

We provide:

- up to 16 weeks paid parental leave for primary care givers and 11 weeks for secondary carers when their partner returns to work, on top of government entitlements
- flexible work options to staff where business needs allow this, and
- breastfeeding facilities.

Gender composition

TIO workforce	Female	Male
Management	48%	52%
Non-managers	51%	49%

Governing bodies

The Board of TIO Ltd has six female Directors (including the Independent Chair) and five male Directors.

Workplace health and safety

In compliance with the *Occupational Health and Safety Act 2004 (Vic)*, the Ombudsman and Board of TIO Ltd established a Workplace Health and Safety Policy and Procedures Manual to ensure the safety and wellbeing of staff, contractors and visitors.

A workplace health and safety committee meets regularly to discuss, review and feed back to our Executive team and Board about any potential health and safety issues in the office.

Other activities to care for our staff include:

- regular desk and office assessments to ensure the workplace is safe
- a year-round health and wellbeing program with events that included seminars for staff on stress reduction, nutrition and physical activity in 2014-15, and
- an employee assistance program that staff or their immediate family can access for free if they need to talk to a mental health professional for any work or non-work related issues.

Health and wellbeing

We continued an annual calendar of health and wellbeing events for TIO employees. These included workplace massages, flu vaccinations, a yoga workshop, a fitness for life seminar and an RUOK campaign to raise awareness of mental health issues.

Graduate Certificate in Dispute Resolution (Industry)

The Graduate Certificate in Dispute Resolution is a first-of-its-kind industry-based postgraduate qualification that we launched in 2014 with Box Hill Institute. It focuses on developing the dispute resolution, case management, communication and legal skills of our dispute resolution officers to improve the quality of our services in the long term.

We developed a structured learning program for dispute resolution officers that is modular, repeatable and contemporary. TIO staff can translate this regular training into a Graduate Certificate in Dispute Resolution (Industry) by doing extra work with Box Hill Institute.

We developed and rolled out five modules of the structured learning program in 2014-15, building on the work done in 2013-14:

- Communicating Effectively with Diverse Parties
- Alternative Dispute Resolution Methodologies
- Dealing with Challenging Conduct
- Telecommunications Industry, and
- Telecommunications Technology.

The pilot group is due to graduate in 2016.

2014-15 SNAPSHOT

	2014-15
Complaints opened	
New complaints received	124,417
Enquiries received	44,365
Conciliations opened	11,082
Investigations opened (levels 3 and 4)	114
Work finalised	
Conciliations closed	11,873
Investigations closed	210
Land access objections finalised	12
Systemic issues monitored or investigated	50
Companies referred to the ACMA for non compliance	19



COMPLAINT NUMBERS

The TIO is Australia's busiest industry ombudsman scheme – in 2014-15, we received 124,417 new complaints. This large number of complaints indicates that telco providers still have room for improvement in their responsiveness to their customers' complaints. Despite the result, telcos have made a marked improvement, with 10.5 per cent fewer new complaints than in the previous financial year and 35.7 per cent fewer than in 2011-12. The number of new complaints, at 124,417 is the lowest since 2007-08.

Complaint numbers

Financial year	New complaints	Conciliations	Investigations		Enquiries
			Level 3	Level 4	
2011-12	193,702	19,358	401	41	53,131
2012-13	158,652	15,928	471	10	47,016
2013-14	138,946	15,773	522	1	43,857
2014-15	124,417	11,082	111	3	44,365
% change*	-10.5	-29.7	-78.7	200	1.2

*change from 2013-14 to 2014-15.

Some factors driving the drop in new complaints include:

- The revised Telecommunications Consumer Protections (TCP) Code 2012, which included a range of consumer protection measures for telcos such as clearer advertising, improved spending and data usage alerts and critical information summaries.
- Telcos have focused on improving customer service, designed new plans to better suit customer needs and invested in mobile infrastructure.
- Improved dialogue between the TIO and telcos during the consideration of complaints and systemic issues, and through provider forums and educational resources.

Reduced demand

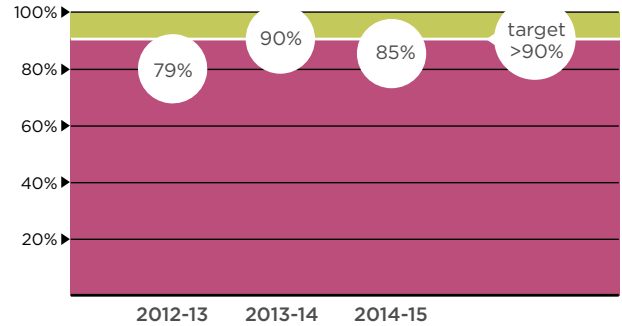
During the financial year, we saw a reduction in new and unresolved complaints and a change in issues that were the subject of new complaints received. There were fewer simple complaints such as those about coverage and billing, and an increase in more complex complaints such as those about connections and faults.

We responded to this decrease in demand for our services by reducing our workforce and restructuring some of our work groups.

TIMELINESS OF TIO SERVICES

Referrals

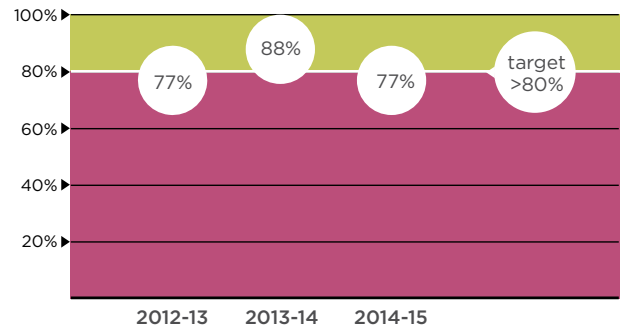
Our target: to deal with 90 per cent of phone calls and emails from consumers within one business day.



Conciliations

Our target: to close 80 per cent of conciliated complaints within 30 business days.

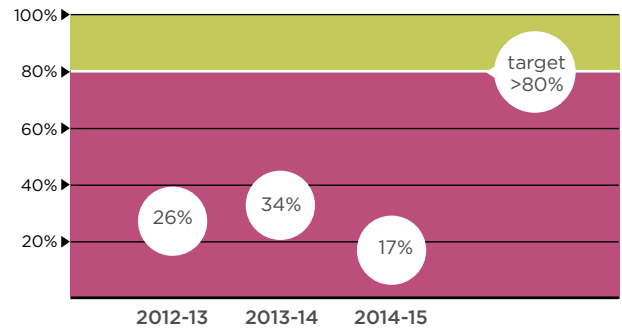
In 2014-15, of 11,873 conciliations closed, 9,174 were closed within 30 business days. The below-target result was in part due to the fact that there were fewer simple unresolved cases and it took longer to achieve a conciliated outcome in a greater proportion of cases.



Investigations

Our target: to close 80 per cent of investigated complaints within 70 business days.

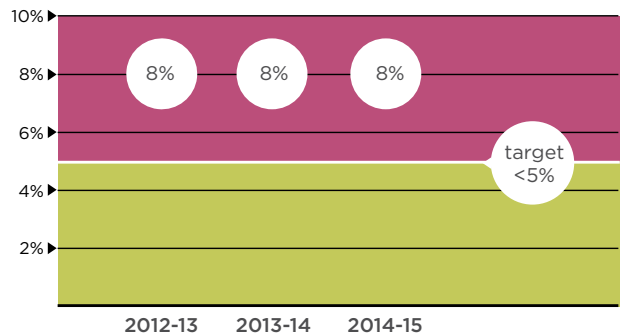
Of 210 investigations closed in 2014-15, 36 were closed within 70 business days. There was some improvement over the year and in June 2015, 40 per cent of investigations were closed within 70 business days. Due to the changing nature of complaints, matters at this level are more difficult to resolve and this target will be revised.



Age of complaints

Our target: that less than five per cent of open complaints are unresolved for more than 120 days.

Of 821 complaints that were open as at 30 June 2015, 59 had been open for longer than 120 days.



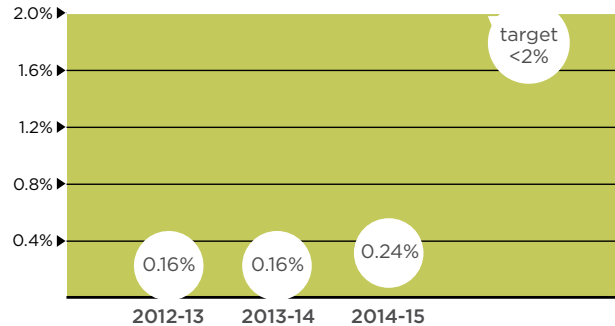
QUALITY OF TIO SERVICES

These performance indicators are under review to ensure that indicators are a reflection of quality of TIO services.

Reviews

Our target: that consumers request a review of less than two per cent of complaints.

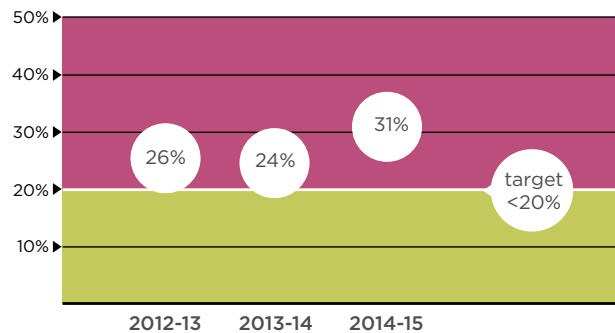
Of 181,419 matters at all levels, 437 consumers requested a review of the outcome.



Further investigation

Our target: that less than 20 per cent of reviewed cases need further TIO work.

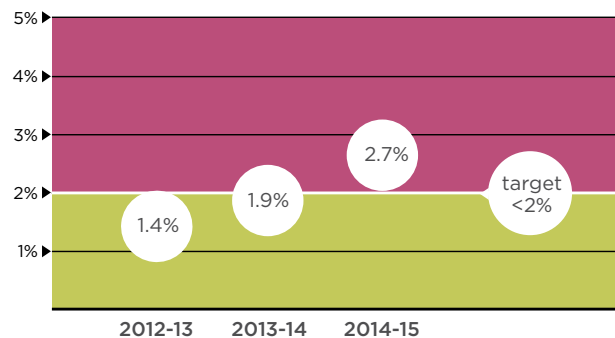
Of the 373 reviews conducted, 118 needed further TIO work.



Reclassifications

Our target: that providers request a reclassification of less than two per cent of complaints.

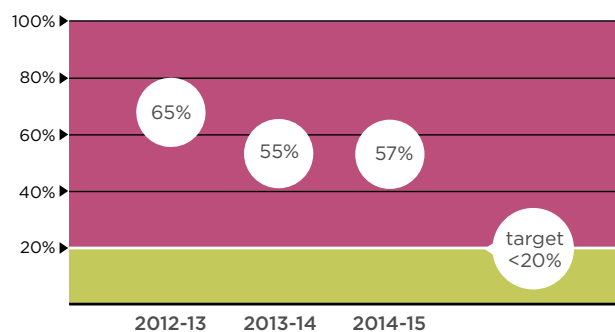
Of 181,419 cases at all levels, we received 4,980 requests from providers to reclassify those complaints.



Reclassifications granted

Our target: that less than 20 per cent of reviews requested by providers result in a complaint being reclassified.

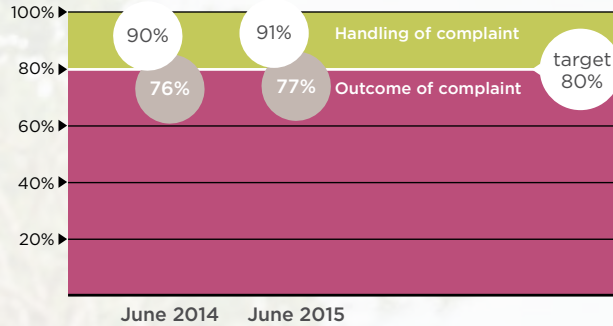
Of the 4,980 reclassification requests, 2,838 case classifications were changed. Most reclassifications were a result of providers giving us new information that changed our view about a complaint classification.



CONSUMER SATISFACTION

Most consumers who contacted us in 2014-15 were satisfied with our service and the outcome of their complaint.

Satisfaction with referral

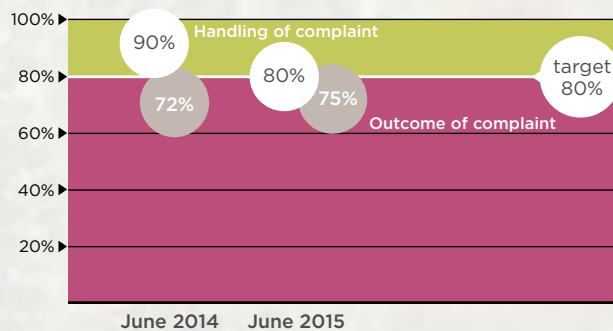


When a consumer brings a new complaint to us, we refer it back to the provider for a final chance at resolution. Most of our complaints are solved this way, and consumers are happy with this process.

Some of the reasons why dissatisfied consumers did not return to the TIO were:

- they did not want to pursue their complaint further
- they thought the complaint was not worth pursuing further, or
- they did not think the TIO could help further.

Satisfaction with conciliation



If a complaint is unresolved through referral we will work with the consumer and service provider to reach an agreement through conciliation.

Some of the reasons why dissatisfied consumers said their complaint could not be resolved were:

- infrastructure issues that were beyond the TIO's control, or
- the complaints were yet to be resolved from the consumer's perspective.



SUBMISSIONS AND PUBLICATIONS

We fulfil our role of being an independent voice by making recommendations to public inquiries or reviews about issues that affect telco consumers and providers. Offering our views on these issues to regulators and telecommunications industry groups contributes to improving telco services in Australia.

We made 18 submissions in 2014-15 including recommendations for:

- proposed changes to the Telecommunications Consumer Protections Code
- proposed changes to the Calling Number Display Code
- legislation extending unfair contract protections to small businesses, and
- the ACMA's proposal to remake the Telecommunications Numbering Plan.

Our website has a full list of submissions.

Submission: changes to the Telecommunications Numbering Plan

In our submission, we identified an opportunity to improve the process to recover a quarantined number. When a service is disconnected, the telephone number is put into quarantine for at least six months during which the provider cannot re-issue it to another consumer.

Complaints about number quarantine can be difficult to resolve, sometimes taking months and requiring the involvement of two or three different providers.

We recommended that a revised plan could address situations in which a consumer who previously held a number wants it back. Having a clear framework for number recovery will make it easier for the industry to apply quarantine processes in a consistent manner.

Review of TIO position statements

TIO position statements outline our approach to handling particular types of complaints. They were created to provide guidance to consumers and providers about the information we will consider in a complaint. They also promote internal consistency in our complaint handling.

The review reduced the number of statements from 109 to 24, introducing a new format to make the position statements more readable and easy to understand.

Each position statement incorporated feedback from industry and consumer stakeholders.

Land access guidelines

The *Telecommunications Act 1997* allows carriers to install low-impact facilities such as antennas, cabling and equipment shelters on most properties without the owner or occupier's consent. We can look into objections from owners or occupiers to a proposed installation.

To help landowners and carriers understand their rights and responsibilities, we published plain English guidelines on land access. The guidelines include a summary of timeframes, grounds for objection and what consumers and carriers can expect from the TIO in a dispute.

The Ombudsman finalised 12 decisions on land access objections in 2014-15. More information can be found on page 14.

Publications

We moved our *TIO Talks* newsletter from a quarterly hardcopy publication to a monthly online and email publication. This allows us to give the public and our stakeholders more timely, convenient and relevant information.

You can subscribe to TIO Talks, via an online form on our website.

Looking ahead: social media

We will be on Twitter, YouTube and LinkedIn in 2015-16 to raise awareness about the TIO by sharing information about complaint trends, news and case studies.

Outreach activities

Our outreach activities took us to 64 events in all states of Australia in 2014-15. These ranged from discussions with small groups to presentations at national conferences. We mainly speak with intermediaries such as financial counsellors and social workers who are in contact with consumers who may find it difficult to access the TIO.

Indigenous consumers

We launched a suite of resources developed for intermediaries who work with Indigenous consumers in remote communities.

The resources consist of:

- a flipchart that tells the stories of two Indigenous consumers who had complaints resolved by the TIO
- a poster, and
- a brochure.

The posters have been translated into five Indigenous languages:

- Kriol
- Arrernte
- Warlpiri
- Yolngu Matha
- Pitjantjatjara

We will distribute the kit of resources to federal government workers, financial counsellors, community lawyers and money management workers who work with or in remote Indigenous communities.

People with disabilities

Some of our achievements under our Disability Action Plan in 2014-15 included:

- visits by the Ombudsman to all state Deaf societies with the exception of Queensland
- a videoconference with Deaf consumers in Toowoomba
- our first Critical Friends Group meeting in October 2014, and
- updated brochures in large format and audio versions.

Culturally and linguistically diverse communities

The focus of our engagement with culturally and linguistically diverse (CALD) communities was distributing our updated multilingual brochure to migrant resource centres throughout Australia. The brochure includes six new languages to provide information about the TIO to new and emerging communities. The new languages are:

- French
- Tamil
- Swahili
- Assyrian, and
- Chin Hakha.

Sponsorships

Each year we sponsor a small number of events that will improve our accessibility to disadvantaged and vulnerable consumers. In 2014-15, these events were:

Event	2014-15
National Association of Community Legal Centres	\$3,000
Money Workers Association of the NT conference	\$2,200
Financial Counsellors Association NSW Conference	\$2,200
Financial and Consumer Rights Council conference	\$2,200
Financial Counsellors Association of WA conference	\$2,200
Financial Counselling Australia Conference	\$22,500

The principle of accessibility – a benchmark for industry-based dispute resolution services – requires us to promote our services, be easy to use and have no cost barriers. We raise awareness about our service to make it easier for consumers to know what to do if they have a problem with their telco services. We regularly publish information about our statistics and issues that affect consumers and providers.

OMBUDSMAN DECISIONS

Most of our complaints are resolved quickly with the TIO facilitating a resolution between service providers and consumers. The Ombudsman has the power to make binding decisions in cases that cannot be resolved by conciliation or investigation.

Land access objections

The Ombudsman has the power under the *Telecommunications Act 1997* to make decisions about objections to carriers accessing land to install and maintain low-impact facilities (land access objections).

The Ombudsman finalised 12 land access objections in 2014-15, compared to 14 the previous year.

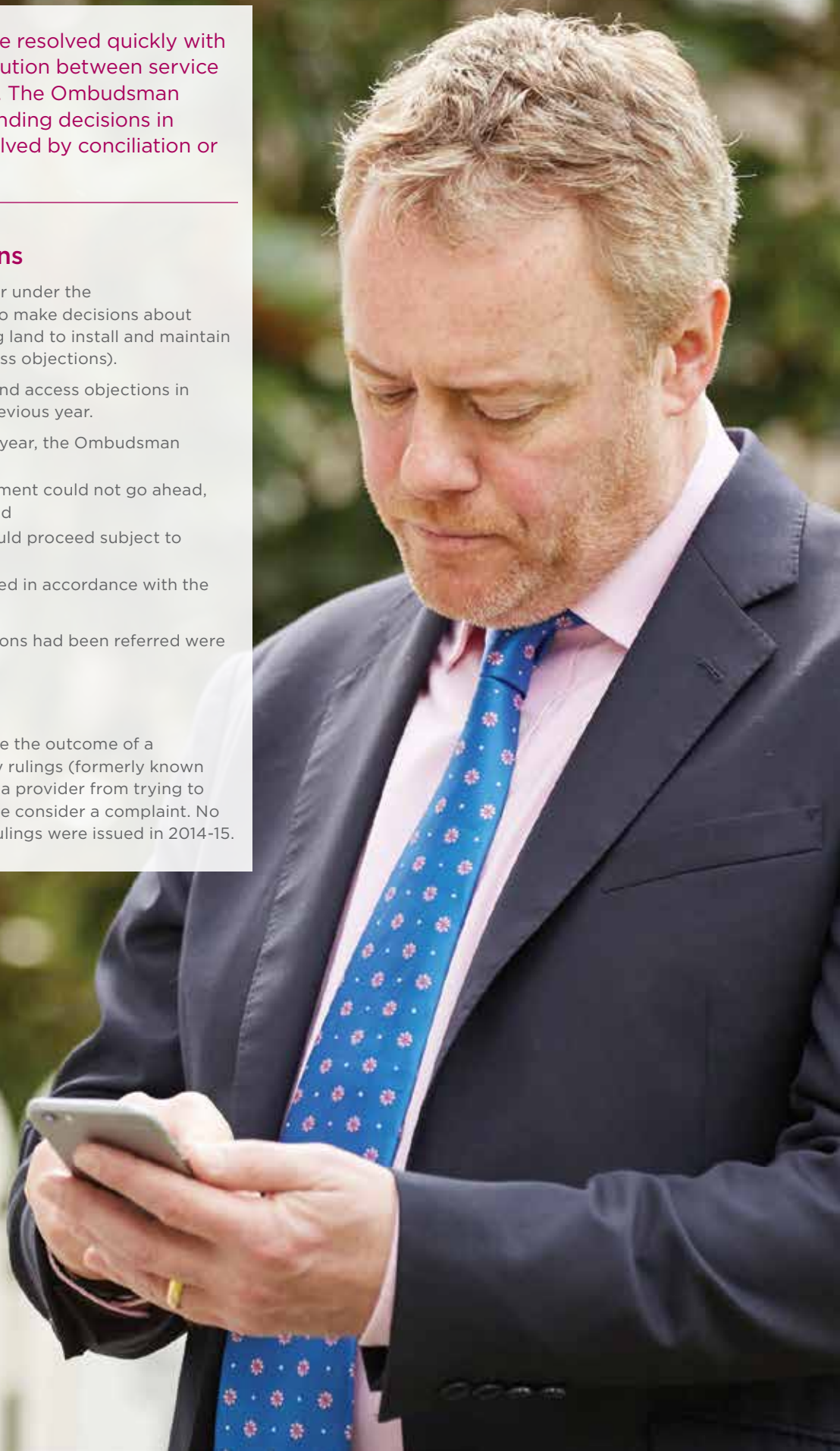
Of the objections finalised this year, the Ombudsman determined that:

- one proposal to install equipment could not go ahead, because the notice was invalid
- in four cases the activity should proceed subject to directions, and
- seven proposals could proceed in accordance with the land access notice.

Three notices for which objections had been referred were withdrawn by carriers.

Determinations

The Ombudsman can determine the outcome of a complaint and make temporary rulings (formerly known as "interim directions") to stop a provider from trying to collect a disputed debt while we consider a complaint. No determinations or temporary rulings were issued in 2014-15.



OUR MEMBERS

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. We have regular contact with providers via phone, email and face-to-face meetings.

Member Online Education

We launched our Member Online Education program in February 2015 by rolling out our first module, Introduction to the TIO. The module contains general information about the TIO that will be helpful for new providers and staff at existing providers.

Comments from providers who did the first module included:

- “Fantastic and a great overview of the TIO.”
- “I would highly recommend this package to anyone that has a customer facing role within the business.”
- “This package is highly valuable to new telcos and existing members who may have understanding gaps.”

We are developing two more modules:

- TIO Complaint Handling Procedures: how to understand and handle a TIO complaint from referral through investigation.
- Best Practice Complaint Handling: practices and strategies to help providers deal with complaints.

Complaints in context

The TIO and telecommunications industry peak body, Communications Alliance, jointly published three quarterly Complaints in Context reports.

The new publication reported on TIO complaints as a proportion of services in operation for five of

Australia's largest telcos: amaysim, iiNet, Optus, Telstra and Vodafone.

Providing a context for TIO complaints makes the performance of service providers and the telecommunications industry more transparent. It also addresses one of the key recommendations of a 2012 government review of the TIO.

Provider forums

The Ombudsman convened two discussion forums with small and mid-sized telcos in Melbourne in August and Sydney in November 2014. Representatives from 24 providers participated in discussions and offered feedback about the TIO's services.

Telcos who attended provided feedback about a number of issues, including:

- the cost of TIO complaint handling fees in the context of declining industry complaints
- the benefits of the TIO's conciliation process in promoting a better working relationship with the TIO, which helped reduce complaint numbers, and
- wholesaler/reseller arrangements and complaint resolution.

New reclassifications procedure

A provider can ask the TIO to reclassify a complaint when it believes there has been a procedural or administrative error. In 2015, we changed the way we receive and process these requests.

With this new approach, we centralised reclassification requests within one team to simplify the process for providers. We created a web form that allows providers to upload documents to support their request and improved the information on reclassifications on our website.

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

At 30 June 2015, 1,539 service providers were TIO members. During the year, 188 providers joined and 33 left the scheme. We referred 19 entities to the Australian Communications and Media Authority for not joining the TIO.

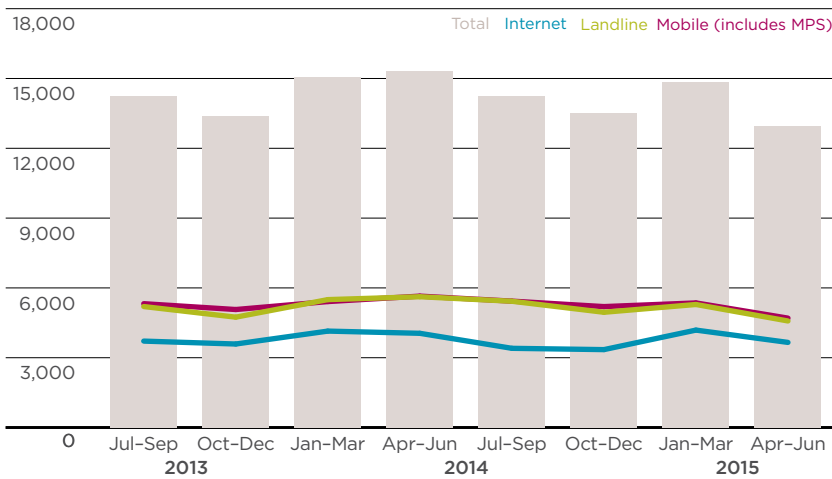
TELCO COMPLAINT STATISTICS

The publication of TIO new complaint statistics for telcos reflects our commitment to transparency and independence. Complaint numbers about different service types are likely to reflect the service offering of the telco. There is no adjustment for the number of customers or services in operation during the reporting period.

“Big three” providers

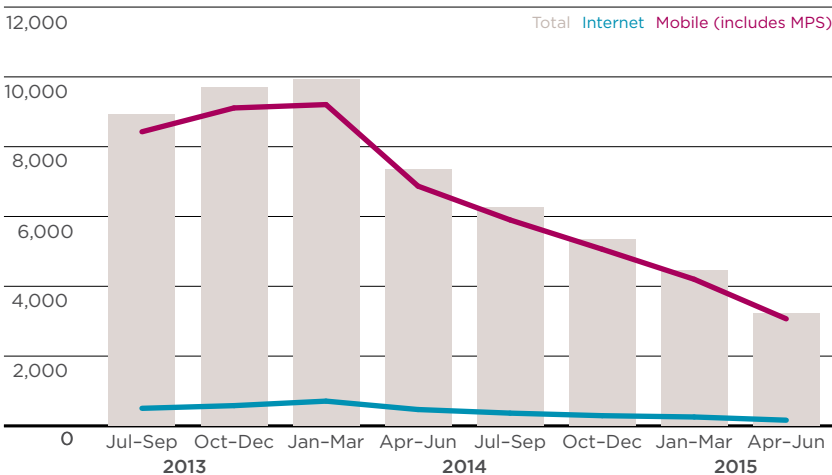
Telstra, Vodafone and Optus accounted for 75 per cent of all new complaints we received in 2014-15. These providers have the largest number of subscribers in the Australian telecommunications industry.

Telstra



New complaints about Telstra decreased 4.3 per cent to 55,529 in 2014-15, with sharp decreases in mobile and internet services. New landline complaints decreased by 3.9 per cent. Telstra has informed the TIO that during this period it increased its services in operation by more than 850,000.

Vodafone

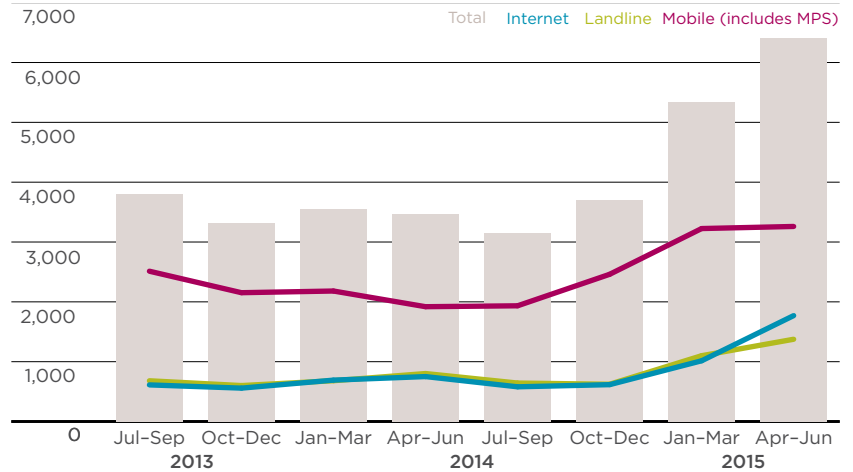


Vodafone new complaints decreased 46.2 per cent to 19,311 in 2014-15 compared to 35,876 in 2013-14. This is its lowest complaint level since 2009-10.

Vodafone's reductions were driven by fewer issues about coverage, excess data charges and poor contract information.

Optus new complaints increased by 31.5 per cent to 18,601 in 2014-15, compared to 14,144 in 2013-14. This is Optus' first complaint increase in five years. Internet service complaints increased 52.4 per cent, followed by a 35.2 per cent increase in landline new complaints and a 24.1 per cent increase in mobile new complaints.

Optus



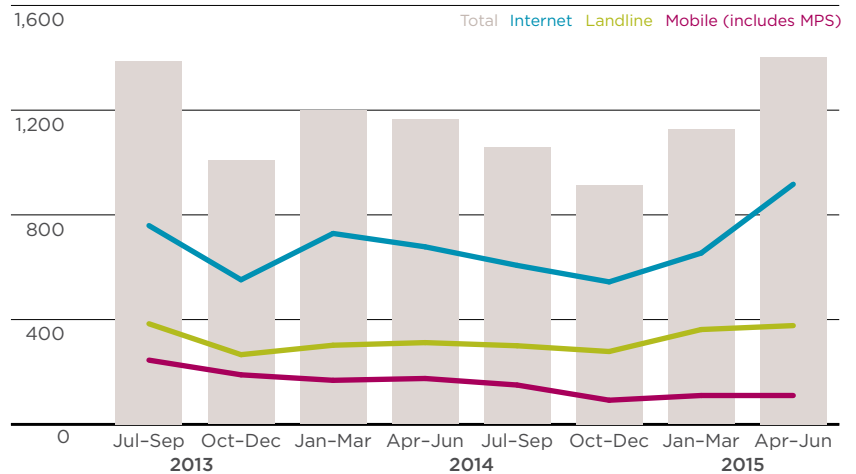
Providers with 1,000-10,000 complaints

Most providers with 1,000-10,000 complaints recorded increases in 2014-15. These providers made up 14.9 per cent of TIO new complaints in the financial year.

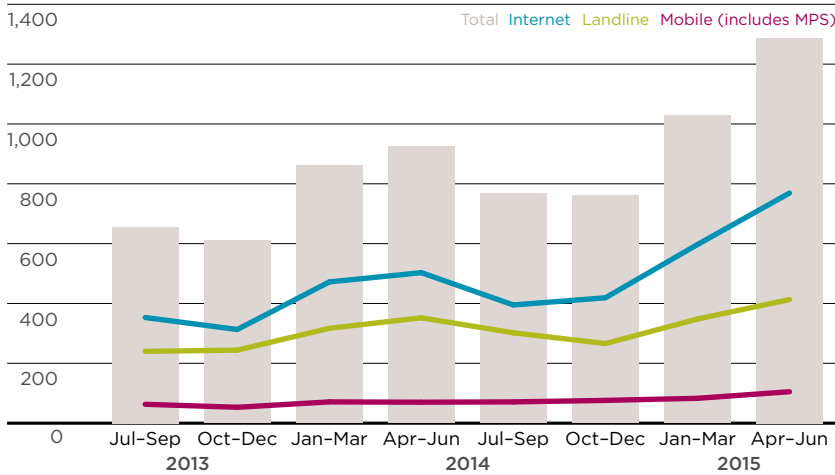
TPG was one of only two providers in this category to record a decrease in new complaints in 2014-15. Its new complaints decreased by 5.4 per cent to 4,501, compared to 4,759 in 2013-14.

A decrease in new complaints about disputed service charges for internet and landline services appears to have contributed to its overall decline in new complaints.

TPG



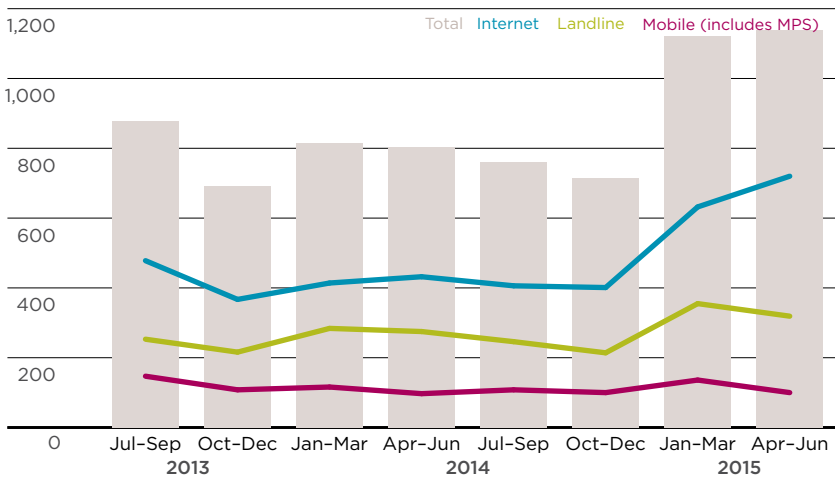
iiNet



New complaints for iiNet rose 26 per cent to 3,844 in 2014-15, compared to 3,051 in 2013-14. New internet complaints increased 32.8 per cent, new mobile complaints increased 30.4 per cent and new landline complaints increased 15.3 per cent.

The increase in iiNet new complaints can be attributed to issues with internet and mobile fault repair delays, slow data speed and disputed service charges.

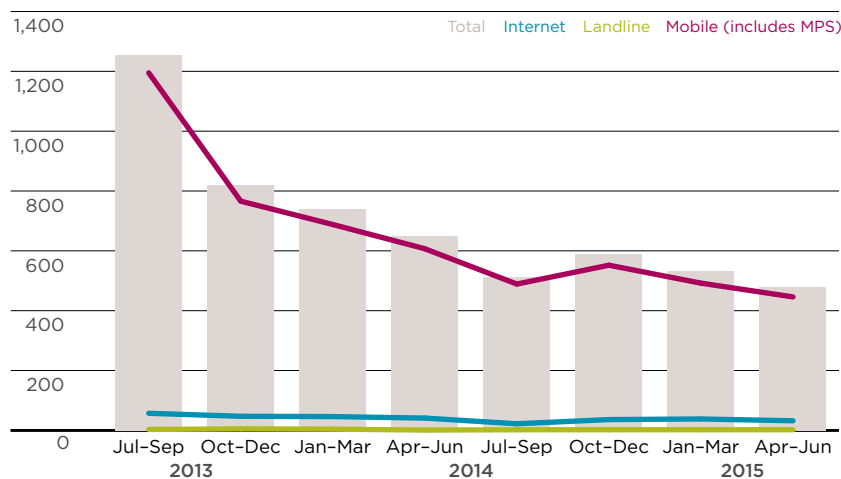
Dodo



Dodo new complaints increased 17.3 per cent to 3,737 in 2014-15, from 3,187 in 2013-14. Dodo new complaints for internet services increased 27.7 per cent and landline new complaints increased 10.3 per cent.

The rise was also influenced by increases in new complaints about slow data speed, poor contract information and delayed internet and mobile repairs.

Virgin



Virgin new complaints fell by 38.9 per cent to 2,115 in 2014-15, compared to 3,460 in 2013-14. New complaints about each of the service types Virgin offers decreased more than 30 per cent. Virgin customers also made fewer coverage, excess data and disputed bill complaints.

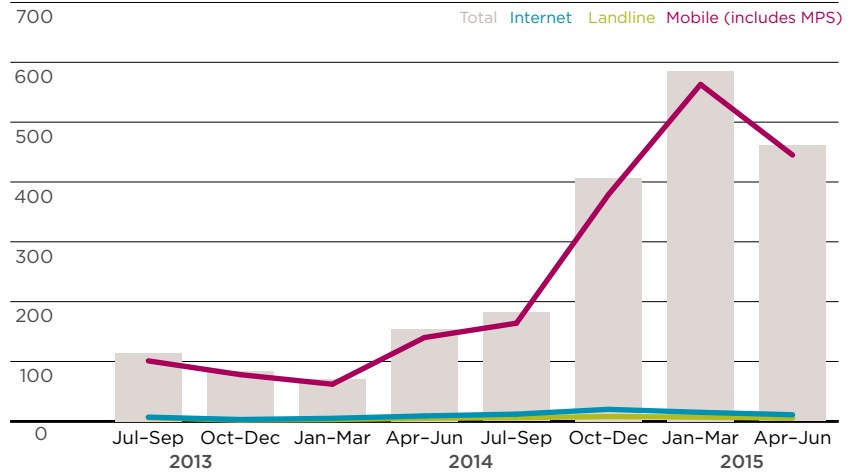
Vaya new complaints increased 288.4 per cent during 2014-15 to 1,635 compared to 421 in 2013-14. New complaints about mobile services increased 307.1 per cent in the financial year.

Increases in new complaints about excess data charges, disputed bills and usage notifications also pushed up new complaints for Vaya.

Complaints about Vaya began to decrease in the last quarter of the financial year and have continued to decrease since July 2015. Vaya has told the TIO that it has made an increased investment in customer service from this period.

Vaya has also informed the TIO that its customer base increased by 174 per cent between July 2013 and June 2015.

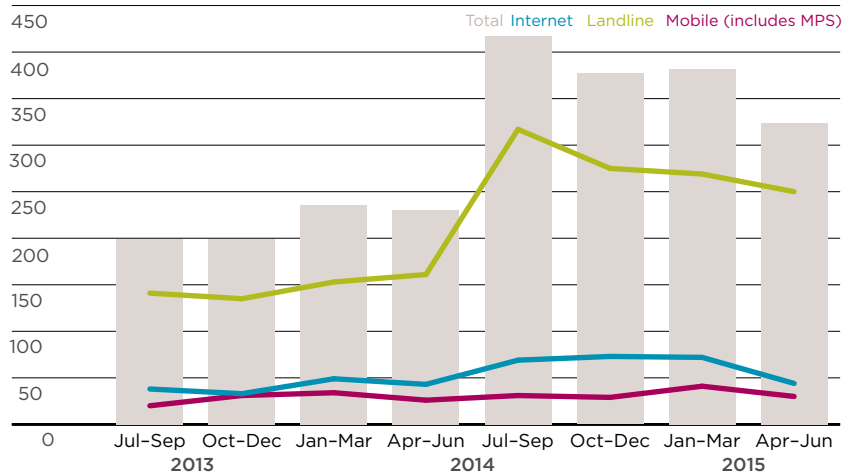
Vaya



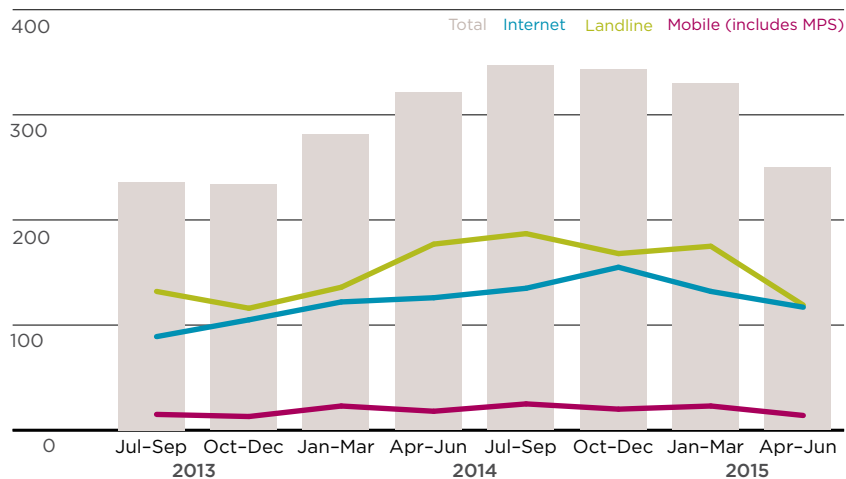
M2 Commander new complaints increased 73.6 per cent to 1,500 in 2014-15, compared to 864 in 2013-14. There was an 88.3 per cent increase in new complaints for landline services, a 58.3 per cent increase in new internet complaints and an 18 per cent increase in new mobile complaints.

M2 Commander also saw increases in new complaints about disputed bills, poor contract information and disputed service charges.

M2 Commander



iPrimus



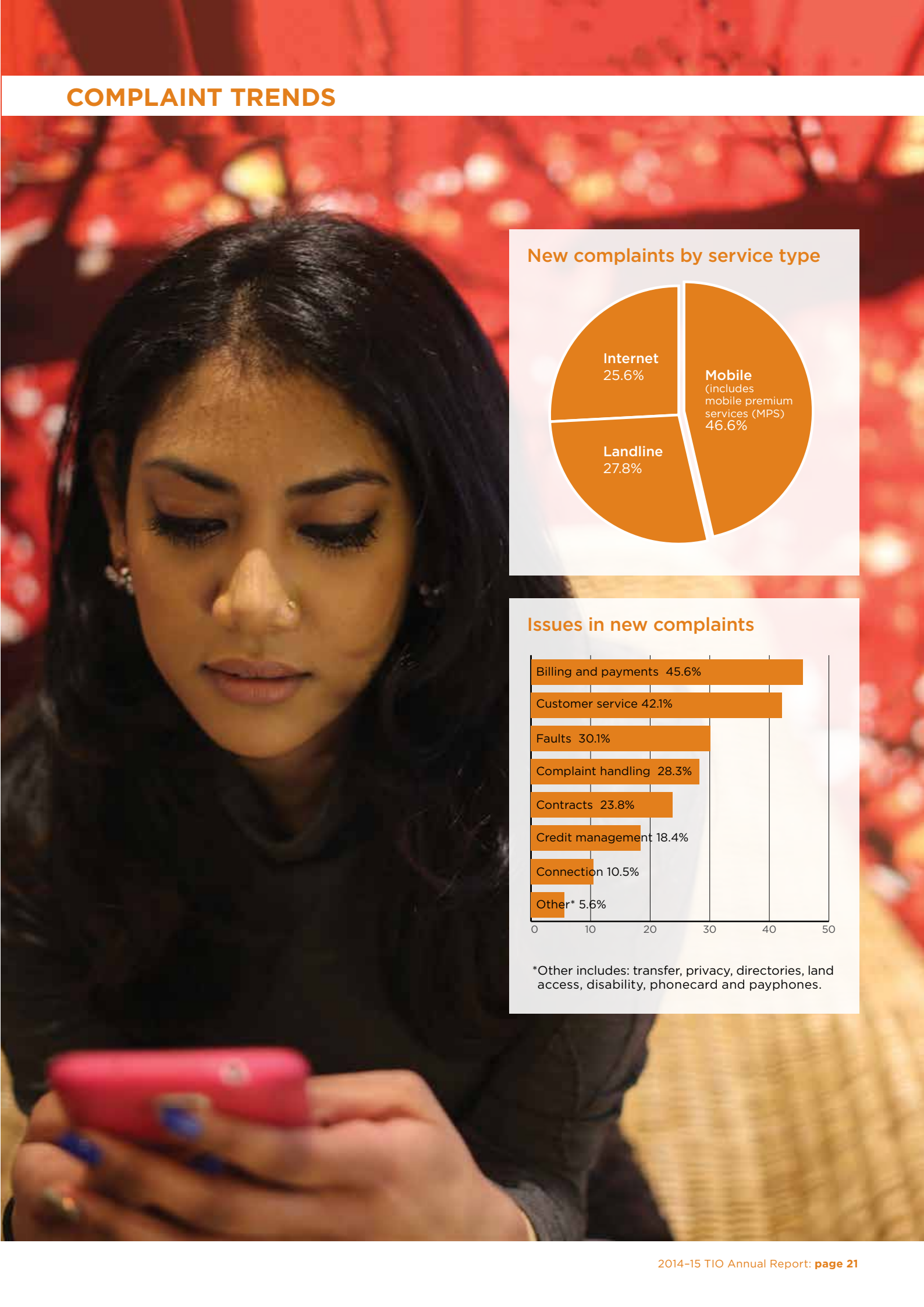
iPrimus new complaints increased 18.5 per cent to 1,270 in 2014-15, compared to 1,072 in 2013-14. There was a 21.9 per cent increase in new internet complaints, an 18.8 per cent increase in new mobile complaints and a 15.7 per cent increase in new landline complaints.

An 85.2 per cent increase in new complaints about landline repair delays also appears to have contributed to iPrimus' increase during 2014-15.

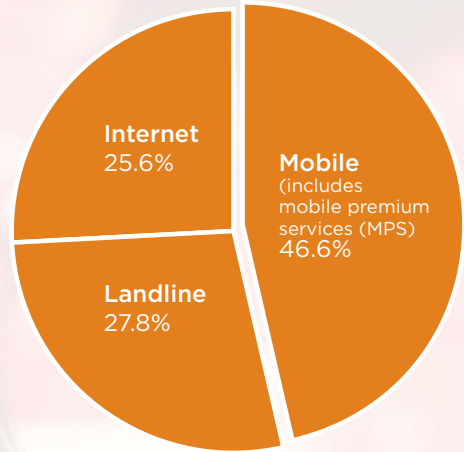
Detailed complaints by provider

Detailed statistics by providers that received more than 25 new complaints are available on our Annual Report microsite, www.tio.com.au/annualreport

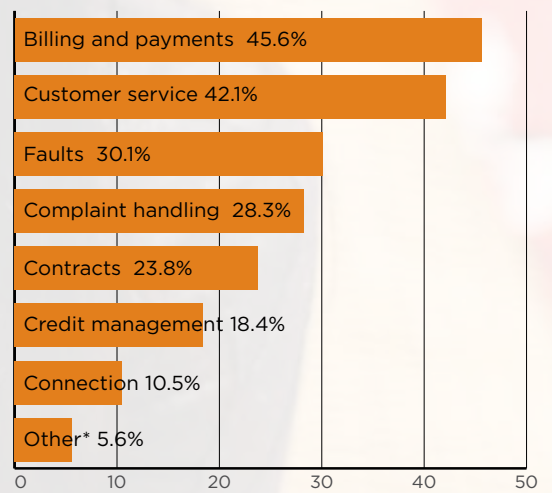
COMPLAINT TRENDS



New complaints by service type



Issues in new complaints



*Other includes: transfer, privacy, directories, land access, disability, phonecard and payphones.

2014-15 TIO COMPLAINTS SNAPSHOT

124,417 ↓10.5%

TELCO NEW COMPLAINTS DECREASED 10.5 PER CENT FROM LAST FINANCIAL YEAR, THE LATEST DROP IN A FOUR-YEAR DOWNWARD TREND.

Reasons for this trend include telco industry investments and a new industry code from 2012.

We received 57,983 new complaints about mobile services, 21.1 per cent fewer than last financial year. This is the lowest since 2007-08, the year the original iPhone was released.



49.2%↓

Mobile coverage complaints decreased by almost half, due to continued telco investment in infrastructure. These complaints are 20 per cent of what they were four years ago.



Landline complaints increased 0.9 per cent and internet complaints increased 2.2 per cent. These increases were caused by more complaints from consumers about faults and connection delays.

↑29.9%

Complaints about “third party charges” on consumers’ mobile bills increased 29.9 per cent. Consumers incurred these charges after making in-app purchases, or being signed up for competitions or games they had not requested.



AS THE ROLLOUT OF THE NATIONAL BROADBAND NETWORK ACCELERATED, NBN-RELATED COMPLAINTS INCREASED 68.6 PER CENT.

The main issues were connection delays, faulty services and missed appointments.



COMPLAINT TRENDS

Issues in new complaints

Each complaint we receive can be about more than one issue, and most of our complaints will have a customer service or complaint handling issue that is secondary to the reason why a consumer contacted us. The substantive issue categories we recorded in new complaints in 2014-15 were:

1. Billing and payments (in 45.6 per cent of new complaints)
2. Faults (in 30.1 per cent of new complaints), and
3. Contracts (in 23.8 per cent of new complaints).

Coverage, excess data and bill shock issues decrease

Complaints about mobile coverage decreased 49.2 per cent, from 11,709 issues in 2013-14 to 5,947 in 2014-15. These complaints are now 20 per cent of what they were four years ago (29,809).

Last financial year, an emerging issue was disputed excess data charges. These complaints have now reduced by 30.4 per cent to 10,036 issues.

Complaints about high bills incurred as a result of poor spend controls decreased 52.2 per cent to 5,327 and are 29.5 per cent of what they were four years ago (18,036).

Connections and faults problems increase

Against the backdrop of complaint decreases, we noticed an increase in some issues for fixed internet and landline services.

We recorded 5,839 issues about fully unusable internet services, an 18.4 per cent increase from the previous financial year. Complaints about fully unusable landline services increased 20.6 per cent to 4,977.

We also recorded 4,871 issues about delayed new internet connections, a 12.3 per cent increase from 2013-14. Complaints about delayed new landline connections increased 23.6 per cent to 4,248.

Mobile complaint issues

We received 57,983 new complaints about mobile services in 2014-15, 21.1 per cent fewer than in the previous financial year. The last time we received so few complaints about mobile services was 2007-08, before the advent of smart phones and the increased use of data on mobile devices. That year we recorded 49,654 new mobile complaints.

The main new complaints of mobile phone users were excess data charges, contract terms and disputed bills, but these issues have all had sharp decreases from the previous financial year:

- excess data charges issues decreased 32.2 per cent to 8,454
- contract terms disputes decreased 9.2 per cent to 7,621
- disputed bill complaints decreased 22.1 per cent to 6,509, and
- coverage complaints decreased 49.2 per cent to 5,947.

Third party charges

New complaints about “third party charges” on consumer bills increased by 29.9 per cent in 2014-15 to 1,879. These occur when consumers are charged for services they have not requested.

Consumers usually find “third party charges” on their bills after making in-app purchases, or being signed up for services such as competitions or games on websites. In some cases, when they try to get refunds or unsubscribe, their provider might ask them to contact the content provider. Consumers come to us after being unable to contact these providers, which in some cases are overseas.

We have been in contact with the main mobile carriers and regulators to highlight the issues with these charges and their similarity to complaints about Mobile Premium Services (MPS).

Internet and landline complaint issues

We received 34,599 new landline complaints, an increase of 0.9% compared to last financial year. New internet complaints increased 2.2 per cent to 31,835.

Connection and fault complaints

Connection and fault repair delays have been a theme in complaints about landline and internet services for the past three years. Recently, the increased rollout of the national broadband network (NBN) has contributed to these complaints, with one in four complaints about connection delays in 2014-15 related to NBN services.

A study of a sample of fault and connection complaints (excluding NBN-related matters) suggested that customer service may be an issue. In some of the complaints that took longer to resolve, we noted that:

- in some cases, it took a long time and several attempts before the consumer could speak to a person who could deal with the issue
- the provider had to deal with a wholesaler to attempt to fix faults or arrange connections, which was not always communicated to the consumer, and
- the provider had to attempt to repair the problem several times, which added time to the resolution of the complaint, especially if technicians had to be engaged.

Slow internet speeds

In 2014-15, one in six new internet complaints were about slow internet speeds. This issue, which grew by 14.7 per cent to 5,182, was prevalent in areas with new developments in Melbourne and in Sydney's western suburbs.

Most consumers from these areas reported slow data speed as an ongoing issue (e.g.: "for a year now", "in the last few months", "since I moved to the area"). This suggests there may be capacity problems in these areas.

Disputed bills

In 43 per cent of new complaints (53,852), consumers nominated an amount they disputed with their telco. The median value disputed was \$319.

In 6,047 new complaints about mobile excess data charges, the median value disputed was \$336.

In 519 new complaints about international roaming, the median value disputed was \$450.

Detailed issues statistics

Detailed spreadsheets for all our issues categories can be found on our Annual Report microsite, www.tio.com.au/annualreport

COMPLAINT OUTCOMES

Closed case categories

In 2014-15, we closed 12,083 conciliations and investigations in one of the following four categories:

Category	Number
Cases resolved	9,005
No further investigation (fair offer, consumer claims unsupported, provider ceased trading, etc.)	2,858
Cases discontinued or withdrawn by the consumer	207
TIO decisions	13

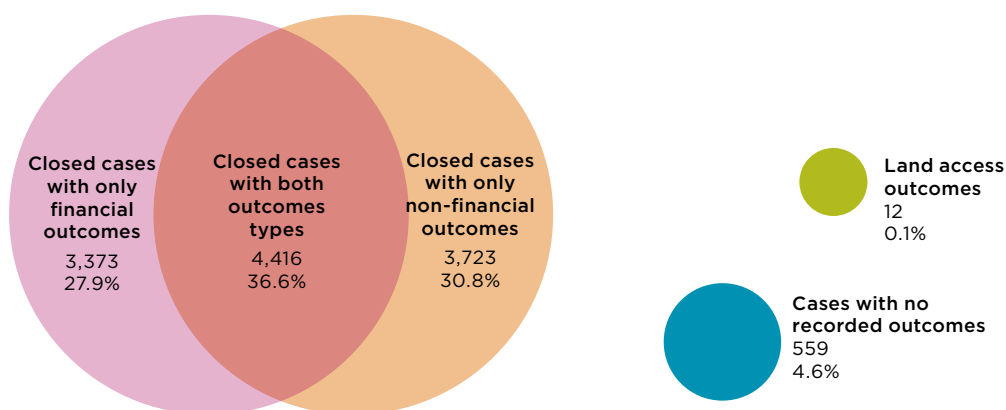
From 1 July 2014, we recorded outcomes for closed conciliated and investigated cases, and land access objections. Outcomes are not recorded at referral.

Financial and non-financial outcomes

The resolution in closed cases could include the following financial and non-financial outcomes:

Financial	Non-financial
debt/fee reduction or waiver	explanation or assistance
billing adjustment	cancellation or change to a contract
payment arrangement	repair of equipment, service or property damage
CSG payment	connection or reconnection
compensation for non-financial loss	apology
	correction of a record

In 4.6 per cent of closed cases (559 cases) no outcome was reported. More than one third of cases with recorded outcomes (36.6 per cent) had both a financial and non-financial outcome; 27.9 per cent of cases with recorded outcomes had only a financial outcome and 30.8 per cent had only a non-financial outcome.



Total closed cases=12,083

The most common financial outcome in 2014-15 was a debt or fee reduction or waiver, followed by a billing adjustment.

The median value in financial outcomes was \$300.

The most common non-financial outcome was an explanation or assistance, followed by cancellation or change to a contract, service or plan.

COMPLAINTS BY STATE AND REGION

Victorians were the most likely consumers to make complaints in major cities, regional areas and remote areas in 2014-15. Residents in Victoria made 5.9 complaints per 1,000 people, which included 6.3 per 1,000 in major cities and 4.8 per 1,000 in regional areas.

ACT residents were the next most likely to make complaints, with 5.4 complaints per 1,000 people, and NSW with 5.1 complaints per 1,000 people.

In 2014-15, complaints about poor contract information were most common in major cities around Australia. We record these issues when a consumer tells us that the information that they were given before they entered into a contract with a telco was wrong or inadequate. Some examples can include:

- consumers discovering that the charges for a new service are different to what was advised by a salesperson, and
- features of the service consumers were promised are not enabled or were not part of the service.

Consumers in regional and remote areas were more likely to make complaints about disputed bills and connection delays.

About these statistics

We have matched our complaint statistics data to Australian Bureau of Statistics 2011 census and Remoteness Structure data. We capture most consumers' residential postcodes when we record a new complaint.

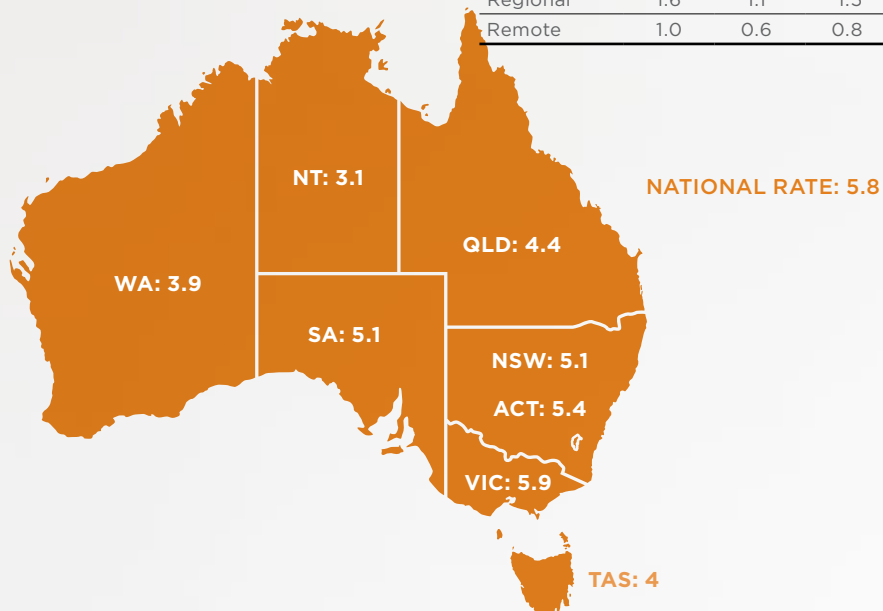
For the purposes of this report we consolidated the main remoteness structure regions into three: major cities, regional (inner regional + outer regional) and remote (remote + very remote).

More information about ABS statistics can be found at www.abs.gov.au

State	Area	Total new complaints	Complaints per 1,000 people
Vic	Major Cities	25,311	6.3
	Regional	6,268	4.8
	Remote	22	5
	Total	31,601	5.9
ACT			
	Major Cities	1,924	5.4
	Total	1,924	5.4
NSW	Major Cities	27,688	5.4
	Regional	7,579	4.4
	Remote	88	3
	Total	35,355	5.1
SA	Major Cities	6,362	5.5
	Regional	1,502	4
	Remote	180	3.2
	Total	8,044	5.1
Qld	Major Cities	12,961	4.8
	Regional	5,982	4
	Remote	234	2.2
	Total	19,177	4.4
Tas	Regional	1,944	4
	Remote	27	4
	Total	1,971	4
WA	Major Cities	7,005	4.1
	Regional	1,313	3.4
	Remote	407	2.7
	Total	8,725	3.9
NT	Regional	524	4.5
	Remote	138	1.5
	Total	662	3.1

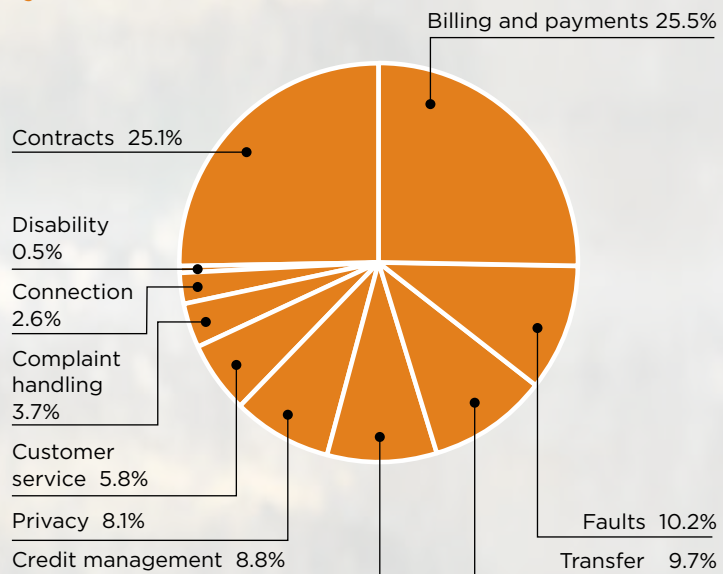
New complaints per 1,000 consumers

Region	Mobile	Internet	Landline	Total
Major Cities	2.6	1.4	1.4	5.4
Regional	1.6	1.1	1.5	4.3
Remote	1.0	0.6	0.8	2.4



SYSTEMIC ISSUES

Systemic issues we looked into



The causes of systemic issues are usually addressed quickly by alerting providers about possible problems in their systems, procedures or business practices. This results in fewer difficulties for consumers and fewer complaints to service providers and the TIO.

If we do not believe that a systemic problem has been resolved, we may investigate it and refer it to an industry regulator.

Systemic issues in 2014-15

We looked into 50 systemic issues in 2014-15. Although the number of total systemic issues was fewer than the 73 examined in 2013-14, we conducted a total of 20 informal and formal investigations compared to only seven last year.

Type of intervention	2014-15	2013-14
Informal notification	30	66
Formal or informal investigation	20	7
Total	50	73

Types of issues we looked into

Some of the issues we looked into were:

- disclosure of personal information to third parties
- accuracy of product advertisements
- potentially unfair administration fees
- direct debits without authorisation or sufficient notice
- variation of contract terms, and
- unauthorised transfers resulting from misleading sales practices.

Results of our interventions

Most systemic issues were resolved by the service provider after we brought the issue to their attention. Examples include:

- improvements to technical systems and procedures – including privacy procedures and protection of customers' personal information
- review of telemarketing scripts and the introduction of quality assurance programs
- improved accessibility for consumers with special needs
- changes to advertising material, and
- better advice to customers about expected connection times.

Referral to regulators

We formally referred four systemic issues to the Australian Communications and Media Authority and the Australian Competition and Consumer Commission. We also raised concerns with these regulators about a further 10 issues, including:

- privacy and protection of customers' personal information
- telemarketing practices
- misleading sales information
- incorrect billing
- unfair contract terms, and
- compliance with consumer guarantees under Australian Consumer Law.

A systemic issue is a problem that can affect more than one consumer. We identify possible systemic issues through alerts from TIO officers and data analysis that shows a number of consumers lodging similar complaints about a product or service. A single complaint may indicate a systemic problem if the cause is likely to affect all consumers with the same product or service.

We recorded code data for eight different industry codes in 2014-15. We also monitored compliance with the International Mobile Roaming Standard.

Confirmed code breaches

When we investigate a complaint, we can determine if a relevant industry code has been complied with.

Of the investigations we closed in 2014-15, we recorded 81 code breaches of the Telecommunications Consumer Protections (TCP) Code 2012. These breaches arose from 42 different complaints.

TCP Code chapter	Number	Percentage
Complaint handling	39	48.1
Billing	13	16
Advertising, sales, contracts and customer service	12	14.8
General rules	11	13.6
Credit and debt management	5	6.2
Changing suppliers	1	1.2

Possible code issues

In each new complaint, we listen to the consumer's version of events and make a note of potential code compliance issues. During 2014-15, we recorded 333,284 possible code issues, of which 324,450 were issues under the TCP Code 2012.

TCP Code chapter	Number	Percentage
Billing	116,899	35.1
Advertising, sales, contracts and customer service	60,986	18.3
Complaint handling	52,516	15.8
Credit and debt management	47,178	14.1
General rules	37,771	11.3
Changing suppliers	9,100	2.7

NBN-related complaints include:

- cases registered to retailers where the consumer tells us the complaint is about a service delivered over the NBN, and
- cases registered to the wholesaler, nbn.

While a complaint is tagged as “NBN-related” and arises from services provided over the network, it may not have been caused by the wholesaler or the network.

According to nbn, the network rollout sped up considerably in 2014-15, with the number of connected premises increasing by 130.6 per cent compared to 2013-14 to almost half a million activated premises at 30 June 2015.

Complaint numbers

We recorded 2,089 enquiries about NBN-related matters. About one in every five of these enquires (417) were from consumers seeking advice on how and where to make a complaint about an issue they were experiencing.

We received 6,715 NBN-related new complaints in 2014-15, 68.6 per cent more than last financial year.

Of all NBN-related new complaints, 95.4 per cent were about 90 different retail service providers. The remaining 4.6 per cent were about the network wholesaler, nbn.

We opened 871 NBN-related conciliations, an increase of 8.8 per cent. We also opened 15 NBN-related investigations, an 84.7 per cent decrease compared to last financial year.

What complaints were about

The majority of consumer complaints about NBN-related services had one of two themes:

1. Communication breakdown

Often consumers said that the provider did not inform them about a cancelled appointment, while the provider said it did not receive enough notice from nbn about the cancellation.

2. Impediments to the service connection

An example of this situation is when a consumer checks online that the NBN was available at their address, but when a technician comes out to connect a service, they discover that other work was needed, such as replacing old conduit between the street and the consumer’s home before the connection can occur.

In these cases it was common for consumers to tell us they were uncertain about who should respond to their complaint, and that they had contacted both nbn and their provider.

The main issues that consumers reported to us were:

Issue	Landline		Internet	
	Number 2014-15	% change	Number 2014-15	% change
New connection delay	1,360	73.7	1,547	37.9
Fully unusable service	595	39.8	525	61.5
Missed connection appointment	384	39.6	379	38.8

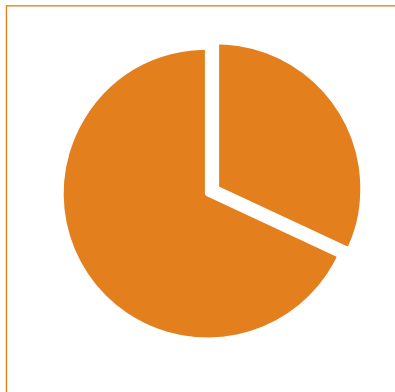
NBN-related complaints as a proportion of TIO complaints

NBN-related new complaints represented:

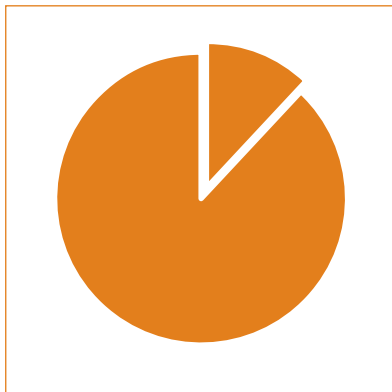
- 5.4 per cent of all new complaints
- 7.9 per cent of all conciliations, and
- 13.5 per cent of all investigations.

The TIO can look into complaints about services delivered by retail service providers over the National Broadband Network (NBN), or about nbn, the wholesaler of services.

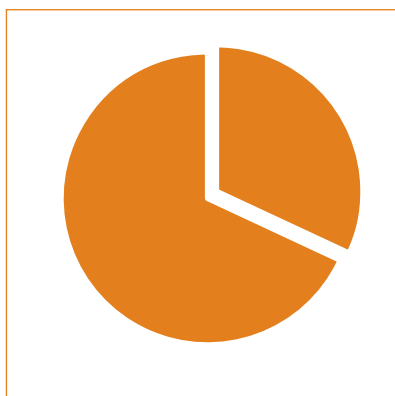
NBN-related issues as a proportion of all issues



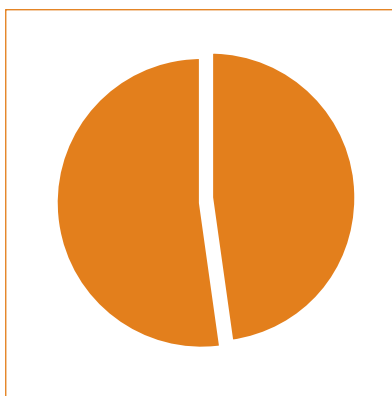
31.8 per cent of all delayed new internet connection issues



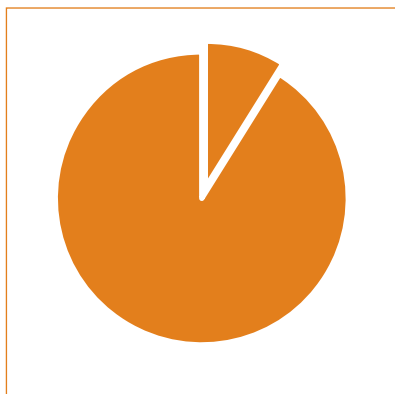
12 per cent of all fully unusable landline issues



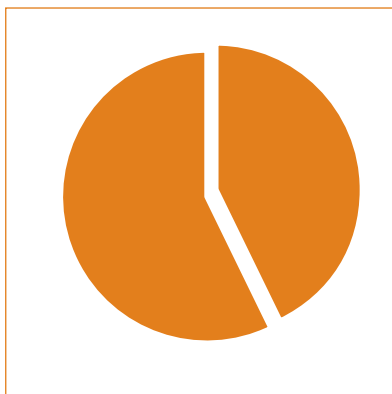
32 per cent of all new landline connection issues



47.6 per cent of all missed internet connection appointments



9 per cent of all fully unusable internet issues



42.6 per cent of all missed landline connection appointment issues

Our approach to complaints

We have continued to refine our process for dealing with NBN-related complaints in 2015, including providing more information to retailers about:

- when we have recorded a complaint made by one of their customers directly to nbn, and
- the appropriate channels at nbn for the retailer to contact if it needs to involve us to resolve a complaint.

NON-COMPLIANCE

By law, telecommunications service providers must join and comply with the TIO Scheme. If a provider fails to do so, we can refer it to the Australian Communications and Media Authority (ACMA).

Failure to become a TIO member

We referred 19 providers to the ACMA for not joining the TIO Scheme in 2014-15. At the time of publication of this report:

- 14 providers became TIO members after we referred them to the ACMA
- one provider, Netfast Communications Pty Ltd (trading as Netpower Communications) has been directed to join the TIO, but has not done so, and
- the ACMA decided to not take further action in relation to four companies, including, for example, one company that had ceased operation.

Non-compliance with TIO decisions or temporary rulings

Most providers work cooperatively with the TIO and few need to be referred to the regulator each year.

No providers were referred to the ACMA for not complying with Ombudsman decisions in 2014-15.

One of the providers that we referred to the ACMA in 2013-14, Planet ISP Pty Ltd, complied with the outstanding Ombudsman decision in May 2015.

Landline and internet connection delay

Robyn applied to her telco to install an NBN service (telephone and internet) after NBN infrastructure was rolled out in her town, east of Darwin.

Robyn's copper service was disconnected, but her new NBN service was not connected for eight weeks as technicians missed several appointments. Once it was connected, Robyn discovered that the landline did not work properly and she could not receive calls. Her husband, who was terminally ill, needed to make regular hospital appointments which were becoming difficult to arrange. Robyn relied on her mobile phone during this time, and she incurred some high bills.

Robyn called the TIO after the provider missed several appointments to fix the fault. After our referral, the provider gave Robyn some credits to offset her high mobile bills but did not repair the fault.

Three months later, as a result of our conciliation of Robyn's complaint, the service provider fixed the fault on the service, credited her account to cover her mobile phone costs and paid her almost \$2,000 in compensation as required by the Customer Service Guarantee Standard.

Faulty SIM while travelling overseas

In 2009, Leo purchased a SIM card to use overseas. He used it on his mobile in Europe in 2010 and 2011. He occasionally used it in Australia after that to keep the service active.

In 2014, Leo travelled to Europe again and was unable to call three of the four people he wanted to stay in touch with. He reported this to his provider but the problem was not fixed.

When Leo came back to Australia, he contacted the TIO and asked for a refund of all his unused credit (\$17), a refund of the initial activation (\$40), and \$250 in compensation for the time he spent trying to resolve the problem.

His provider agreed to refund the unused credit but would not refund the initial activation fee or pay compensation. Leo was unhappy with this and came back to the TIO.

We told Leo that the TIO could not require the provider to make further payments because we cannot consider claims of compensation for time taken dealing with a complaint. As Leo's SIM card had worked well for more than five years, and worked with at least one person in 2014, we thought it was reasonable for him to pay the activation fee. We took no further action and closed the complaint.





Authority to renew small business contract

Jacinta, a small business owner, had been with her provider for more than 10 years. When her most recent two-year contract was about to expire, she decided to transfer all her services to a different provider.

Not long after the transfer, her original provider sent her a bill for \$42,000 in early cancellation fees. The provider said that the fees were payable because she had renewed for another two years. Jacinta disputed that she had entered into a new two-year contract and asked for a copy of it. She discovered the receptionist, who had only worked for her for six weeks, had signed the new contract.

She disputed the fee because the receptionist was not authorised as an account holder. Despite the provider agreeing to waive the fees, Jacinta began to receive letters of demand.

Jacinta called the TIO. When we referred the complaint to the provider, it agreed that the receptionist did not have authority to renew the contract. The provider removed the \$42,000 cancellation fee and stopped all debt collection action. The case was resolved and we closed the complaint.

In-app purchases

Carlos started receiving daily text messages about the weather, which cost him 30 cents each.

He contacted us to make a complaint about these messages. He told us he was 70 years old, was unwell and only used the mobile for emergencies. He said he did not request these text messages and that he kept receiving them even after texting STOP in reply.

Carlos said his provider told him the messages were his problem and that it could not help.

During the conciliation process, the provider found the messages were coming from an app that Carlos had unwittingly downloaded, and it could only be disabled directly from Carlos' handset. The provider was able to identify the app provider through its network wholesaler, which in turn stopped the unwanted messages.

The complaint was resolved to Carlos' satisfaction when the text messages stopped and the charges were refunded.

Excess usage charges

Laura contacted her provider because her mobile phone stopped working. The provider told her the service was suspended because of an outstanding debt of \$500 in excess usage.

Laura said she did not have a history of exceeding her usage and that she had not received any notification of having gone over her limit. She asked for her account to be credited or to be released from the contract with no exit fees. Her provider said it had sent her usage notifications and it refused to remove the charges or allow her to cancel the contract with no fees.

When we looked into Laura's complaint, the provider showed us that it had sent her usage alerts as required under the Telecommunications Consumer Protections Code. As a gesture of goodwill, her provider offered to credit half of the excess data charges. Laura accepted this resolution and we closed the case.



NBN migration and copper network disconnection

What consumers told us

As the national broadband network (NBN) rollout progressed in 2014-15, we handled a range of complaints from consumers about being disconnected from their copper landline and internet services. These complaints were referred to the relevant retail service providers, which appeared to be approaching customers in NBN-ready areas to advise them that:

- their landline and internet services would not be available when the copper network was disconnected
- they needed to enter into a fixed-term NBN contract to avoid early termination fees, and
- in some cases, the NBN plan would be more expensive.

How we handled this issue

Most of these complaints were resolved after the TIO referred the issue to the relevant provider, which usually waived early termination fees.

As part of an informal systemic investigation, we asked the providers for clarification on their migration policies and the information they gave customers. In response, the providers agreed that they should not charge early termination fees for services due to be disconnected as part of the NBN rollout.

The providers confirmed that they would give their customers the option to transfer to an NBN plan or cancel their landline or internet services. The providers also committed to improving staff training, information and procedures.



Disclosure of silent numbers

We received a number of privacy-related complaints from the customers of a telco who told us that, despite having a silent number, their details were:

- published in the White Pages directories, and
- disclosed by directory services.

Others told us their caller ID blocks were removed without notice.

How we handled the issue

Each separate complaint was referred to the telco, which acknowledged the complaint and responded according to the individual impact on each customer. The telco's responses included apologies, refunds of silent line charges and relocation assistance for those who could prove they were threatened as a result of the disclosure of their silent number.

Through our data analysis we noted the high incidence of similar complaints about the telco over six months. Given the serious consequences of the alleged privacy breaches and the risk to some consumers' personal safety, we raised an issue of interest with the telco.

Provider's response

The telco:

1. increased training for staff to ensure understanding of the company's privacy obligations
2. outlined its approach to reducing human error, including a review to identify processes that may have led to a disclosure of their customers' personal information, and
3. informed us about its Australian-based team that specialised in responding to serious privacy complaints in cases of domestic abuse.

Some months later, the provider demonstrated a number of ongoing projects to improve privacy awareness of its staff, quality control and information for consumers.

Outcome

We were satisfied with the provider's response and the efforts it demonstrated to address its customers' concerns. As a result, we closed the investigation.





FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Telecommunications Industry Ombudsman Limited

ABN 46 057 634 787

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TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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DIRECTORS' REPORT

Your Directors present their report of Telecommunications Industry Ombudsman Limited (**TIO Limited**) for the year ended 30 June 2015.

TIO Limited is a company limited by guarantee and funded by its members, 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.

On 26 February 2014, TIO's members voted unanimously to adopt a new Company Constitution that gave effect to a new unitary governance model for the TIO, replacing the then Board and Council with a single Board of Directors. Financial Year 2015 has seen the first full year of operation under the new unitary governance model.

OBJECTIVES, STRATEGY AND PRINCIPAL ACTIVITIES

TIO Limited is a company limited by guarantee whose objects, briefly stated, are

- (a) to operate the TIO scheme; and
- (b) to appoint an Ombudsman with power to receive, investigate, make decisions relating to and facilitate the resolution of complaints by residential and small business consumers of telecommunications services.

The TIO's Vision is:

To deliver an exceptional telecommunications dispute resolution service for consumers, service providers and the Australian community. We aim to contribute to better customer service and complaint handling within the telecommunications industry.

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 key performance indicators.

The TIO's strategy for achieving its objectives has four distinct and complementary functions or roles:

- 1. Resolving disputes:** The primary function of the TIO is to provide a dispute resolution service that is accessible, independent, fair, efficient, responsive and effective.
- 2. Improving telecommunications services:** To assist telecommunications service providers and their industry to improve their services to consumers, through identifying systemic issues and engaging with industry representatives.
- 3. An independent voice:** To act as an independent and expert voice about matters affecting telecommunications consumers. This includes providing information and analysis to government and industry and reaching out to the community.
- 4. Leading by example:** To lead by example and be innovative, adaptable, collaborative, responsive, resilient and forward thinking.

The Ombudsman reports regularly against agreed success measures for each of the TIO's roles.

During the year, the principal continuing activity of TIO Limited was the investigation and resolution of telecommunications complaints from residential and small business consumers of telecommunications services. The principal continuing activity directly discharges the stated objects of TIO Limited.

DIRECTORS' REPORT

Role of the Board

The Board of Directors oversees the management of the business, affairs and property of TIO Limited in accordance with the Company Constitution and the Terms of Reference.

The Board preserves the independence of the Ombudsman, who has day to day responsibility for the management and operation of the TIO scheme.

Responsibilities of the Board

The Board's responsibilities are set out in the Terms of Reference. Key functions of the Board include:

- (a) monitoring the overall performance and results of TIO Limited and the TIO scheme;
- (b) setting goals and the overall strategy for TIO Limited and the TIO scheme;
- (c) in relation to TIO Limited's finances:
 - (i) overseeing the Ombudsman's management of spending;
 - (ii) overseeing TIO Limited's capital management, funding and cash flows, including ensuring sufficient funding for the TIO scheme; and
 - (iii) setting financial delegations;
- (d) overseeing TIO Limited's systems for risk management, auditing and legal compliance;
- (e) appointing and terminating the appointment of the Ombudsman;
- (f) making policies and procedures for TIO Limited and the TIO scheme; and
- (g) maintaining the Ombudsman's independence.

The Board has a charter to assist in its exercise of its functions and responsibilities. A copy of the Charter is published on the TIO website.

The Board also has committees to assist in discharging its functions. Details of the committees appear later in this report.

Since the end of the financial year, the Ombudsman, Mr Simon Cohen, announced his resignation from the position of Ombudsman to take up a senior role in the Victorian Department of Justice and Regulation. The Board has appointed Ms Diane Carmody, the Deputy Ombudsman, to the role of Acting Ombudsman.

The Board of TIO Limited is embarking on an executive search and recruitment process to identify and appoint a new Ombudsman.

Appointment of Directors

The Company Constitution provides for a transition from a Board of eleven to a Board of nine Directors over a period of three years from the date of unitary governance, which occurred on 26 February 2014. In addition, the terms of Directors appointed on that date are staggered so that there is an orderly expiry of terms. During the year, the terms of two Directors came to an end: Director with industry experience nominated by the second largest member and Director with consumer experience.

In accordance with the Company Constitution, a Nominations Committee identified and recommended to the Board persons to fill those two Board vacancies. Details of the changes to the Board composition during the year are set out below.

Newly appointed Directors receive an induction pack which includes the Company Constitution and Terms of Reference, Board and Committee Charters and other information to assist Directors in carrying out their duties.

New Directors are also provided with an induction consisting of one-on-one meetings with the Ombudsman, TIO Executives (Deputy Ombudsman, Chief Financial Officer and two Executive Directors), the TIO General Counsel and the Company Secretary.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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DIRECTORS' REPORT

Board composition

The composition of the TIO Limited Board is set out in the Company Constitution and is currently: three independent Directors, one of whom is also the independent Chair, four Directors with consumer experience and four Directors with industry experience.

With the approval of the Board, any Director may appoint an alternate director from time to time.

Information on Directors in office at the date of this statement

Director	Experience	Responsibility
P M Faulkner AO <i>BA, Dip Ed, MBA, FIPAA</i>	Patricia Faulkner is Chair of the following bodies: National Health Performance Authority, Jesuit Social Services and Deputy Chair of St Vincent's Healthcare Australia. Patricia is a member of the Commonwealth Grants Commission, the National Australia Bank's Social Responsibility Advisory Committee, the Board of Committee for Economic Development Australia, the Melbourne Racing Club Committee and Melbourne Theatre Company. Patricia is also a Deputy Commissioner on the Victorian Royal Commission into Family Violence and a Director and Chair designate of the Public Transport Victoria (taking up Chair role from 1 October 2015).	Independent Chair since 26 February 2014
T M Corbin <i>BA</i>	Teresa Corbin is Chief Executive Officer of the Australian Communications Consumer Action Network (ACCAN), a peak consumer body for the telecommunications industry. Teresa is also a member of the ACMA Consumer Consultative Forum, NSW Information and Privacy Committee and ACCC Infrastructure Consultative Committee. 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. Teresa joined the TIO Council in July 2010.	Director with Consumer Experience from 26 February 2014
D A N Epstein <i>BA</i>	David Epstein is Vice-President, Corporate Affairs and Regulatory Affairs for Singtel Optus. Educated at the ANU and Wharton, he is an experienced corporate affairs executive with a background in marketing, regulatory affairs and public affairs, both internationally and in Australia. His career spans public and private sectors, including time as a senior ministerial adviser to three Prime Ministers, culminating as Chief of Staff to the Prime Minister. He is also a board member of the Europe Australian Business Council and Opera Australia and was recently appointed as a Director of the Asia Society (New York) Australia Centre.	Director with Industry Experience from 26 February 2015

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DIRECTORS' REPORT

Director	Experience	Responsibility
<p>I A Falshaw <i>B A (Hons), GAICD</i></p>	<p>Iain Falshaw was Managing Director of ACN Pacific from January 2008 to late 2014 and a Director since the company's inception in 2004. He has over 23 years of experience in the telecommunication industry in a number of international markets including Australia, New Zealand, UK, USA, Malaysia and Singapore. During that time, he has held a number of senior financial and commercial management roles. He was first elected to the Board of TIO Limited in December 2012. Iain is Acting CFO and Company Secretary of Aggregato Global Limited. Iain is also a director of Tailors Mark Pty Ltd and RESULTS International Australia.</p>	<p>Director with Industry Experience from 26 February 2014</p>
<p>P J Harrison <i>PhD, GAICD, MAM</i></p>	<p>Dr Paul Harrison 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 head of the Ethics and Social Engagement research cluster at the Centre for Sustainable and Responsible Organisations. Paul was appointed to TIO Council in July 2010. He is involved on a number of boards and committees, including being a past chair, current board, and audit and risk committee member of the Asylum Seeker Resource Centre, and a member of the Consumer Advisory Board of the Essential Services Commission and VicHealth's Expert Panel in Social Marketing.</p>	<p>Director with Consumer Experience from 26 February 2014</p>
<p>J M Harvey, <i>BCom, MBA, FCA, FAICD</i></p>	<p>Jane Harvey's directorships include IOOF Holdings Ltd, Colonial Foundation Trust, DUET Finance Limited, Orygen – The National Centre of Excellence in Youth Mental Health and UGL Limited. She is a Victorian Council member of the Australian Institute of Company Directors. Jane was first appointed a director of TIO Limited in 2003.</p>	<p>Independent Director with Commercial Governance Experience from 26 February 2014</p>
<p>B J Kitschke <i>BA</i></p>	<p>Brad Kitschke is the Director of Public Policy (Oceania) Uber. In his previous role, he was Head of Public Policy at Vodafone Hutchison Australia (VHA) where he was responsible for Government relations and stakeholder management. Brad was previously VHA's representative on TIO Council, appointed in November 2012.</p>	<p>Director with Industry Experience from 26 February 2014</p>

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DIRECTORS' REPORT

Director	Experience	Responsibility
C E Lowe <i>LLB</i>	Catriona Lowe is the current Treasurer of the Consumers' Federation of Australia and a member of the board of the Financial Ombudsman Service. She is also Co-Chair of the ACCC's Consumer Consultative Committee, as well as being a member of the ACMA Consumer Consultative Forum. She has more than 15 years litigation experience across the private and NGO sectors and has provided advice to senior stakeholders including State and Federal government departments and authorities. Recently, Catriona was appointed as a member of the Legal Practitioners Liability Committee. Catriona became a member of the TIO Council in July 2012.	Director with Consumer Experience from 26 February 2014
G P Renouf <i>BA, LLB</i>	Gordon Renouf, who has been a consumer advocate for more than 25 years, is the founder and CEO of Ethical Consumers Australia, a social enterprise that aims to help consumers make choices that match their values. He is Deputy Chair of the Consumers Federation of Australia and Justice Connect, and Chair of Good Environmental Choice Australia, and a Member of the Banking Code Compliance and Monitoring Committee.	Director with Consumer Experience from 26 February 2015
J P Scarlett <i>BA, LLB (Hons)</i>	Jules Scarlett is Director – Commercial Operations at Telstra Wholesale. Jules has worked for Telstra for over 15 years and a member of the Board of TIO Limited since November 2009.	Director with Industry Experience from 26 February 2014
P J Smith, AM <i>BEC, GAICD</i>	Philippa Smith has broad ranging board, CEO and chair experience. Philippa currently chairs Food Standards Australia New Zealand (FSANZ), is a director of First State Super, and a member of the NSW Civil and Administrative Tribunal (NCAT). Philippa's former positions include the statutory role of Commonwealth Ombudsman (including Defence Force Ombudsman, Tax Ombudsman and ACT Ombudsman), Manager of the Australian Consumers Association, and CEO of the Association of Superfunds of Australia (ASFA). Philippa is a graduate of the Australian Institute of Company Directors.	Independent Director with Not-for-profit Governance Experience from 26 February 2014

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DIRECTORS' REPORT

Director	Experience	Responsibility
T C Hill*	Trevor Hill is Group Manager, Consumer and Compliance, Corporate Affairs at Telstra. He has worked for Telstra for many years in a variety of 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 CA Operations Council and is the Chair of CA's Industry Consumer Advisory Group (ICAG). Trevor has previously served terms as a Telstra nominated Director of the TIO Board and as a TIO Council Member.	Alternate Director for J P Scarlett from 7 April 2014

Directors who retired, resigned or otherwise ceased to hold office during the year (Information current as at date of departure)

Director	Experience	Responsibility
C P Dodds	Chris Dodds is a Senior Policy Officer at the Energy and Water Ombudsman New South Wales (EWON). He 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 over 13 years, including as a member of TIO Council from August 2008 to February 2014.	Director with Consumer Experience from 26 February 2014 to 25 February 2015
M J Elsegood <i>B Eng (Hons), MBA</i>	Michael Elsegood is Manager for Regulatory Compliance and Safeguards at Optus. He has extensive experience in the Australian telecommunications industry, having worked with regulators and carriers in a variety of planning, policy and compliance roles. Michael was a director of TIO Limited from 2 October 2006.	Director with Industry Experience from 26 February 2014 to 25 February 2015
R Dickenson*	Robbie Dickenson is the Senior Manager of Virgin Mobile Operations. Robbie is responsible for the day to day operations of Virgin Mobile's call centres and support teams. He has over 16 years' experience in the Telecommunications industry. Robbie has extensive experience in business transformation that delivers improved customer experience. Robbie was the winner of the Customer Service Institute of Australia's Customer Service Manager of the Year for NSW in 2014.	Alternate Director for M J Elsegood from 1 August 2014 to 1 October 2014

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DIRECTORS' REPORT

Information on Company Secretary

Company Secretary	Experience	Responsibility
G L Neville-Hill <i>BEC, LLB, LLM, FGIA, MAICD</i>	Gayle has been a chartered secretary and/or in-house legal counsel for 25+ years. She has also worked as a senior legal practitioner in private practice and has served as a director on the Australian Board of a global non-governmental organisation.	Company Secretary appointed 11 April 2013

Access to Independent Professional Advice and Company information

All Directors, as well as officers of TIO Limited, have the right in connection with their duties and responsibilities to seek independent professional advice at the Company's expense and have the right to access company information.

Meetings of Directors

There were ten meetings of the Company's Directors (excluding meetings of committees of Directors) held during the year ended 30 June 2015. The number of Board meetings attended by each director was:

Full Meetings of Directors	Number Eligible to Attend	Number Attended
P M Faulkner (Chair)	10	10
T M Corbin	10	9
D A N Epstein	3	3
I A Falshaw	10	9
P J Harrison	10	9
J M Harvey	10	8
B J Kitschke	10	9
C E Lowe	10	10
G P Renouf	3	3
J P Scarlett	10	9
P J Smith	10	9
T C Hill (Alternate)*	1	1
C P Dodds	7	5
M J Elsegood	7	3
R Dickenson (Alternate)*	2	2

*Alternate Directors attend meetings in place of their appointing Directors.

In addition to the ten Board meetings held during the year, the Directors conducted a full day Strategy Session in November 2014.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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DIRECTORS' REPORT

Board Committees

The Board has established a number of committees to help it perform its duties and allow detailed consideration of complex issues. Each committee has a charter setting out its roles and responsibilities, composition, structure, membership requirements and the manner in which the committee operates. The charters of all committees are reviewed annually, with any changes requiring Board approval.

All Board committees have authority, with the permission of the Board and within the scope of their responsibilities, to seek any information they require from any employee or external party. They may also undertake any other activities consistent with their charters.

The Board's Committees at the date of this report are detailed below.

Audit, Risk & Compliance Committee

The role of the Audit, Risk & Compliance Committee is to assist and advise the Board on the Company's internal and external audit, risk and finance management frameworks.

Members:

J M Harvey (Chair)
I A Falshaw
J P Scarlett

T M Corbin
P M Faulkner (*ex officio*)

During the year, when reviewing the Committee's role, the Board accepted the recommendation that the Committee's responsibilities be expanded to include specific compliance-related activities. The Committee's name was changed to reflect the expanded role of the Committee.

The Audit, Risk and Compliance Committee:

- (a) Reviews and recommends to the Board the annual financial statements and Directors' Report.
- (b) Monitors and reviews the external audit process, including the effectiveness of the external auditors.
- (c) Reviews, recommends to the Board and monitors progress against the internal audit plan.
- (d) Monitors management of risk, including through the regular review of the company risk register.
- (e) Monitors management of compliance with relevant legislative and regulatory obligations, including breach reporting and compliance assurance.

The Audit, Risk and Compliance Committee, at its discretion, invites the internal and external auditors, Ombudsman, Chief Financial Officer and other parties to attend its meetings. The Committee also meets annually with the internal and external auditors without management being present.

There were four meetings of the Committee held during the year ended 30 June 2015. The number of meetings attended by each Committee member was:

Audit, Risk & Compliance Committee meetings	Number Eligible to Attend	Number Attended
J M Harvey (Chair)	4	4
P M Faulkner	4	3
T M Corbin	4	4
I A Falshaw	4	4
J P Scarlett	4	3

The Committee has established a regular meeting schedule and cycle of review for FY2016.

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DIRECTORS' REPORT

Nominations Committee

The Nominations Committee is established under clause 12.2 of the TIO Limited Constitution. Its role is to identify and recommend to the Board persons to fill vacant Board positions.

The Nominations Committee is the only Board Committee to have external representation, with its composition set out in the Constitution: The Independent Chair is the Chair of the Committee, and its members comprise the following people appointed by the Board:

- (a) One Director with Consumer Experience.
- (b) One Director with Industry Experience.
- (c) One person nominated by a peak group representing users of telecommunications services or public interest issues relevant to telecommunications services; the peak body being the Australian Communications Consumer Action Network (**ACCAN**).
- (d) One person nominated by a peak group representing the telecommunications industry; the peak body being Communications Alliance (**CA**).

Members:

P M Faulkner (Chair)

B J Kitschke

C E Lowe

J Plante (Nominee of ACCAN)

J Stanton (Nominee of CA)

The Nominations Committee:

- (a) Determines the process for recruitment for Director positions.
- (b) Interviews and recommends to the Board suitable candidates for any vacant Board positions.

At the discretion of the Board, the Nominations Committee may also be involved in recruitment of the Independent Chair.

The Nominations Committee convened in late 2014 to interview and recommend to the Board candidates for the positions of Director with Industry Experience (Second Largest Member) and Director with Consumer Experience which expired on 25 February 2015.

People Committee

The Board established the People Committee with the initial specific responsibility to determine remuneration for Directors. Early in FY2015, the role of the People Committee was extended to assisting and advising the Board to fulfil its corporate governance and oversight responsibilities in relation to:

- (a) Remuneration of Directors.
- (b) Remuneration of the Ombudsman.
- (c) Policies of TIO Limited relating to terms of employment of TIO staff, including remuneration and incentives.

Members:

P M Faulkner (Chair)

D A N Epstein

P J Harrison

J M Harvey

P J Smith

Following the decision in July 2015 of the Ombudsman, Mr Simon Cohen, to accept a new senior role with the Victorian Government, the Board has instructed the People Committee to make a recommendation to the Board about the appointment of a new Ombudsman.

The People Committee will be calling for expressions of interest in the position of Ombudsman early in FY2016.

There were two meetings of the Committee held during the year ended 30 June 2015. The number of meetings attended by each Committee member was:

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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DIRECTORS' REPORT

People Committee meetings	Number Eligible to Attend	Number Attended
P M Faulkner (Chair)	2	2
P J Harrison	2	2
J M Harvey	2	2
B J Kitschke	1	0
P J Smith	2	2

ETHICAL AND RESPONSIBLE DECISION MAKING

TIO Limited is committed to operating ethically and with integrity.

Conflicts of interests and disclosure of personal interests

The Board maintains a register of personal interests which is reviewed at every Board meeting. Any Director with a material personal interest in a matter being considered by the Board must declare their interest and may not vote on any matter in which they have declared a personal interest. Related party transactions are reported within the financial report.

The Board requires Directors to declare the offer and acceptance of any gifts, benefits or hospitality where a potential conflict may arise. A register of gifts and hospitality offered or accepted is also maintained and presented to Directors at every Board meeting.

The TIO has adopted 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 dealing with TIO stakeholders, other TIO employees and the general community.

Confidentiality and privacy

The TIO maintains and respects the confidentiality and privacy of personal and financial information. Employees must not use or disclose confidential information, complaint information or personal Information of any person, for any unauthorised purpose.

As a result of legislative reform of Commonwealth privacy laws in recent years, the TIO implemented a new TIO Privacy Policy and privacy compliance program. The TIO holds formal recognition under the new privacy laws as an external dispute resolution scheme.

Feedback about the delivery of TIO Scheme services

As an external dispute resolution scheme, TIO Limited recognises the right of 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. The Board receives regular reports about compliments and complaints in respect of services provided under the TIO scheme. The TIO's Compliments and Complaints Policy is available on the TIO website.

Whistleblower protection

TIO Limited does not tolerate staff at any level acting improperly and supports TIO employees, contractors, and Directors 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.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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DIRECTORS' REPORT

INTEGRITY IN REPORTING

Internal audit

The TIO continued its internal audit program during the course of FY2015. The TIO's internal auditors are Pricewaterhouse Coopers.

External audit

The Board is committed to ensuring that the external auditor is independent. The TIO's external auditor is Deloitte Touche Tohmatsu, appointed by members at the Annual General Meeting held in November 2014.

TIO Limited has adopted a policy that the responsibilities of the lead audit partner cannot be performed by the same person for longer than five years. The present Deloitte Touche Tohmatsu lead audit partner for the TIO Limited audit is Ryan Hansen. The Auditor's Independence Declaration follows the Directors' report.

RISK MANAGEMENT FRAMEWORK

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

The Audit, Risk & Compliance Committee oversees the risk management framework, receiving regular reports from the TIO Executive, and the full register once a year.

A review of the risk framework is scheduled for late 2015.

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, former Board and Council members, the TIO Executive, General Counsel and Company Secretary.

ENVIRONMENTAL ISSUES

The TIO Facilities and Administration team provides a conduit to the TIO Executive on environmental matters. Apart from statutory provisions of general applicability, the TIO is not subject to any specific environmental regulation.

DIVERSITY

TIO Limited submits annual reports to the Workplace Gender Equity Agency. In FY2015 TIO reported that there is a balance of genders in employment at TIO. This includes a balance on the Board, in management and in other roles.

The Board is concerned to preserve gender equity at the TIO. The TIO has in place policies to support gender equity in relation to flexible working hours, parental leave and remuneration. Policies directed at eliminating sexual harassment, discrimination and bullying in the workplace are also in operation. Processes set out in the policies assist in the elimination of biases within the organisation.

The TIO's remuneration gap analysis has not identified any gender pay gaps and no specific intervention in this regard has been required.

A formal gender equity strategy will be developed in the coming year.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

DIRECTORS' REPORT**OPERATING RESULTS**

The TIO recorded an operating deficit for FY2015 of \$294,173.

The deficit was primarily due to reduced complaint demand which resulted in fewer new complaints and fewer conciliations and investigations during this period.

Throughout the year the TIO managed staffing levels in response to this reduced demand.

The results for the year ended 30 June 2015 are as follows:

Year	Total Revenue	Total Expenditure	Surplus/(Deficit)
FY2015	\$27,930,985	\$28,225,158	(\$294,173)
FY2014 (Restated)	\$31,014,289	\$31,203,384	(\$189,095)

The accumulated surplus reduced from \$6,337,567 (restated) at the start of the financial year to \$6,043,394 at the end of FY2015. For details of the restatement see notes to the financial statements.

REVIEW OF OPERATIONS

During FY2015 the TIO made substantial workforce reductions and other operational changes. The workforce reductions were a response to the sustained reduction and changed demand for TIO services over the past several years. The primary aim of the response was to reduce recurrent operating costs. The impact of the changes has reduced recurring costs in the forward budget period by \$2.5M or 9%.

Total Complaint Handling Transactions

Complaint handling transactions for FY2015 are presented below.

Year	Referrals	Conciliations	Investigations		Enquiries
			Level 3	Level 4	
FY2015	123,935	11,553	111	3	44,210
FY2014	138,946	15,773	522	1	43,857
% Change	-10.8%	-26.8%	-78.7%	200.0%	0.8%

Performance

The TIO monitors levels of complainant satisfaction and confidence with the service provided by the TIO. The TIO has commissioned Customer Service Benchmarking Australia (CSBA) to survey consumers who used the TIO's services during Q4 FY2015. The survey results are due to be received by TIO in September 2015.

Staffing

The number of employees (excluding agency staff) at year end was 185, compared to 242 at the end of FY2014. Due to the reduction in demand for TIO services, both operation and support staff numbers decreased over the year.

TIO Staff numbers vary substantially during each year, reflecting the significant variance in demand for TIO services. The TIO has focused during the last year in increasing the range and flexibility of human resource responses to deal with this variance.

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DIRECTORS' REPORT

Strategies include:

- a) the use of casual, in addition to ongoing officers;
- b) the development of a team of officers within TIO who can be seconded from support to operational areas to deal with sudden demand increases;
- c) the use of a peak demand team of casual staff who are rostered to work only during the times of the year where demand for services is high;
- d) the ongoing use of a dispute resolution officer role with flexibility to move from contact team to investigation work depending on where the need is greatest.

Debt Recovery

Bad debts of \$494,925 were written-off during the financial year, with the provision for bad debts reduced from \$455,520 to \$77,063.

With the oversight of the Board, the management of TIO Limited takes a proactive approach to debt recovery, with a cross-functional group used to identify and work with members at risk.

Debt management, especially in relation to a small percentage of members of the industry with phoenix operations, has been a special focus of the Board in FY2015. The doubtful debt expense of \$108,660 in FY2015 was down from the \$426,234 expensed in FY2014.

Financial Reserve

The financial reserve decreased from \$3,796,105 at 30 June 2014 to \$3,250,000 at 30 June 2015.

Fee Increases

The TIO increased fees from 1 July 2015. Overall, the fee increase per complaint is approximately 10 per cent.

External reviews of the TIO, together with our own consultations with industry, continue to emphasise increased expectations about the quality and responsiveness of our services, and how we can increase our contribution to improving the telecommunications industry.

The FY2016 budget invests in training, development, systems and processes to deliver on the TIO strategy for 2012-15.

The new charges 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 and Enquiries from \$40 to \$44, Level 2 from \$375 to \$415, while Level 3 remains \$670, Level 4 \$2,800, and Land access \$3,100.

More details of TIO charges to members are available on the Members' section of the TIO website.

Cash Flow

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

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 2019.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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DIRECTORS' REPORT

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).

Membership

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

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

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

At the end of FY2015, 1,539 service providers were TIO members. During the year 188 new members joined the TIO and 33 members departed. A further 83 entities were assessed for potential membership. In 62 cases membership was not required and the remaining 21 were referred to the ACMA for resolution.

Communication with Members

During FY2015 the TIO continued to work collaboratively with industry to help reduce complaints about customer service and complaint handling.

The member online education (MOE) program was developed during the year with three initial modules being developed:

- (a) Introduction to the TIO: General information about the TIO that will be helpful for new members to the scheme as well as new staff at existing providers.
- (b) TIO Complaint Handling Procedures: How to understand and handle a TIO complaint from referral through investigation, with direction on how and when to respond and how to request a reclassification.
- (c) Best Practice Complaint Handling: Practices and strategies to assist members provide best practice complaint handling.

The first module was released to the membership during January to March 2015 and the second and third modules will be released in August 2015.

Two discussion Forums with small and mid-sized members were convened by the Ombudsman during FY2015, a Melbourne Forum in August and a Sydney Forum in November. Representatives from 24 service providers participated in open roundtable discussions and offered their views about their experiences with the TIO. The forums highlighted consistent concerns among smaller members about TIO fees, in the context of a decline in complaints within the industry.

Members provided positive feedback about changes to TIO processes and position statements which had helped them reduce complaint numbers, the opportunity to visit TIO and listen to calls being taken by our

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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DIRECTORS' REPORT

staff and the value of the Graduate Certificate Dispute Resolution (Industry) module in promoting greater expertise and consistency in the handling of complaints by TIO staff.

Community Outreach

The TIO continued to focus on assisting vulnerable groups in the community during FY2015, with a notable focus on its outreach to consumers in Indigenous communities. The TIO undertook detailed research and consultation in two Indigenous communities, to inform the development of tailored communications materials. The TIO's Indigenous Outreach toolkit, aimed at community workers based in remote communities, was launched at Financial Counselling Australia's Aboriginal and Torres Strait Islander (ATSI) forum during May.

FY2015 also saw the commencement of the TIO's community engagement review. A comprehensive review report was commissioned from Jan McClelland & Associates, and reported that while the TIO's approach to community engagement reflects contemporary practice, a more strategic and integrated approach is warranted. Work towards an integrated strategic framework is underway and will be a priority in FY2016.

Dividends

Under the terms of its Constitution, 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.

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DIRECTORS' REPORT

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 2015 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.

Signed in accordance with a resolution of the Board of Directors.

Director: P. M. Faulkner

Director: 

Dated this 8th day of September 2015

Board of Directors
Telecommunications Industry Ombudsman Limited
Level 3, 595 Collins Street
Melbourne, VIC 3000

8 September 2015

Dear Board Members

Auditor's Independence Declaration – Telecommunications Industry Ombudsman Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Telecommunications Industry Ombudsman Limited.

As lead audit partner for the audit of the financial statements of Telecommunications Industry Ombudsman Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014 (Restated)
		\$	\$
Revenue and other income			
Revenue from members *	4	27,538,925	30,604,965
Other income	4	392,060	409,324
Total income		<u>27,930,985</u>	<u>31,014,289</u>
Less: expenses			
Depreciation and amortisation expense *	5	(967,664)	(1,092,017)
Employee benefits expense	5	(21,989,006)	(22,840,556)
Occupancy expense *	5	(1,756,786)	(1,794,046)
Marketing expense		(374,970)	(524,831)
Finance costs	5	(114,684)	(210,758)
Bad & doubtful debts expense	5	(108,660)	(426,234)
Information technology expense		(1,218,815)	(1,400,584)
Consultancy expense *	5	(459,112)	(806,079)
Legal expense		(312,227)	(416,134)
Travel expense		(148,509)	(242,638)
Telephone and faxes		(291,553)	(349,178)
Other expenses		(483,172)	(1,100,329)
Total expenses		<u>(28,225,158)</u>	<u>(31,203,384)</u>
Total deficit for the year		<u>(294,173)</u>	<u>(189,095)</u>

* The FY2014 Statement of Comprehensive Income has been restated to reflect adjustments made in the FY2015 financial year. Details on the restatements can be found in the accompanying notes.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014 (Restated)
		\$	\$
Current assets			
Cash and cash equivalents	18	5,046,392	5,164,722
Receivables *	7	4,121,089	5,587,213
Other assets	8	233,134	199,395
Total current assets		9,400,615	10,951,330
Non-current assets			
Intangible assets *	9	1,168,022	1,816,611
Plant and equipment *	10	187,461	502,696
Other assets	8	27,037	64,080
Total non-current assets		1,382,520	2,383,387
Total assets		10,783,135	13,334,717
Current liabilities			
Payables *	11	1,534,273	2,248,350
Borrowings	12	220,465	713,775
Provisions	13	1,825,333	2,118,738
Other liabilities	14	139,997	139,997
Total current liabilities		3,720,068	5,220,860
Non-current liabilities			
Payables *	11	587,761	759,290
Borrowings	12	-	296,223
Provisions	13	338,581	487,450
Other liabilities	14	93,331	233,327
Total non-current liabilities		1,019,673	1,776,290
Total liabilities		4,739,741	6,997,150
Net assets		6,043,394	6,337,567
Accumulated Surplus			
Accumulated surplus **		6,043,394	6,337,567
Total accumulated surplus		6,043,394	6,337,567

* The FY2014 Balance Sheet has been restated to reflect adjustments made in the FY2015 financial year. Details on the restatements can be found in the accompanying notes.

** Details to restatement can be found on Statement of Changes in Equity.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014 (Restated)
	\$	\$
Accumulated Surplus		
At beginning of the year *	6,337,567	6,526,662
Movements in equity - Deficit for the year **	<u>(294,173)</u>	<u>(189,095)</u>
Balance at the end of the year	<u>6,043,394</u>	<u>6,337,567</u>

* The FY2014 beginning accumulated surplus balance has been restated by \$69,944 to align the RADAR intangible asset with its correct cost base and the correct accumulated surplus.

** Details on the Movements in equity - Deficit for the year can be found in the notes accompanying the Statement of Comprehensive Income.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2015

	Note	2015	2014
		\$	\$
Cash flow from operating activities			
Receipts from members		31,607,804	34,216,130
Payments to suppliers and employees		(31,190,881)	(32,220,994)
Sublease receipts		240,057	229,041
Interest received		117,360	145,640
Interest paid		<u>(99,297)</u>	<u>(198,641)</u>
Net cash provided by/(used in) operating activities	18(b)	<u>675,043</u>	<u>2,171,176</u>
Cash flow from investing activities			
Payment for plant and equipment		(3,840)	(50,741)
Payment for intangible assets		<u>-</u>	<u>(57,260)</u>
Net cash provided by/(used in) investing activities		<u>(3,840)</u>	<u>(108,001)</u>
Cash flow from financing activities			
Proceeds from leases		-	3,557
Repayment of leases		<u>(789,533)</u>	<u>(690,190)</u>
Net cash provided by/(used in) financing activities		<u>(789,533)</u>	<u>(686,633)</u>
Reconciliation of cash			
Cash at beginning of the financial year		5,164,722	3,788,180
Net increase/(decrease) in cash held		<u>(118,330)</u>	<u>1,376,542</u>
Cash at end of financial year	18(a)	<u>5,046,392</u>	<u>5,164,722</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 was approved by the Directors as at the date of the Directors' report.

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 continued tax exempt status up to 30 June 2019 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 in to account the interest rates applicable to the financial assets.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) Property, 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 the 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.

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (CONTINUED)

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 included finance lease interest charges.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) AASB 136 Impairment of Assets

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.

(j) Financial instruments

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position.

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.

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) Australian Tax Office

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 Complaints Handling System

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.

(p) Provision for make good clauses within a lease agreement

A provision for make good is recognised when the following criteria are all met:

- (a) An entity has a present obligation (legal or constructive) as a result of a past event.
- (b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- (c) A reliable estimate can be made of the amount of the obligation.

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ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provision for make good clauses within a lease agreement (Continued)

Initial recognition:

The initial estimate of the future cost of making good leasehold improvements forms part of the cost of the asset and is therefore required to be capitalised, depreciated and revalued. The amount of the provision shall be the best estimate of the expenditure required to settle the present obligation, take into account increases of costs using the Consumer Price Index (CPI), then discount to reflect the present value of such expenditures where the time value of money is material, using an appropriate bond rate.

Subsequent measurement:

At the end of each reporting period, the provision must be reviewed and adjusted if necessary to reflect the current best estimate. If the unwinding of the discount portion is immaterial, expense the difference between this year and last year as an interest expense. If considered material, the increase or decrease shall be added or deducted from the cost of the asset in the current period.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2015

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.

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. Key estimates include management's assessment of the cost of make good for Level 3 and Level 4, 595 Collins Street and the timing of future cash flows within the provisions for Long Service Leave.

	2015	2014 (Restated)
	\$	\$
NOTE 4: REVENUE AND OTHER INCOME		
Revenue from members *	<u>27,538,925</u>	<u>30,604,965</u>
	<u>27,538,925</u>	<u>30,604,965</u>
Other income		
Interest income	117,360	145,640
Sub lease revenue	<u>274,700</u>	<u>263,684</u>
	<u>392,060</u>	<u>409,324</u>
	<u>27,930,985</u>	<u>31,014,289</u>

* The FY2014 Revenue from members has been restated by \$120,378 to recognise the Capital Levy revenue to reflect the recognition of the make good \$47,692 and the adjustments made to the lease accounting of \$69,185 for the head office leases at 595 Collins St, Melbourne, and to reflect the re-classification of Other income to Revenue from members \$141,871.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
		(Restated)
	\$	\$
NOTE 5: OPERATING PROFIT		
Profit / (losses) before income tax has been determined after:		
Finance costs		
- Bank charges	15,387	12,117
- Lease charges	99,297	198,641
	114,684	210,758
Depreciation and amortisation expense *		
Depreciation		
- Plant and equipment	21,256	30,774
- Furniture and fittings	32,370	151,666
- Leasehold *	265,449	285,261
	319,075	467,701
Amortisation		
- BI Tool	29,127	4,854
- RADaR	619,462	619,462
	648,589	624,316
Bad & doubtful debts expense		
- Bad & doubtful debts	108,660	426,234
Occupancy expense **		
- Rental expense on operating leases	1,756,786	1,794,046
Employee benefits expense		
- Short term benefits	21,989,006	22,840,556
Consultancy expense ***		
- Consultancy expense	459,112	806,079
Remuneration of auditors		
- Audit of the financial report	53,200	38,500

* Depreciation and amortisation expense in the FY2014 financial year has been restated by \$47,692 to reflect the depreciation expense of the make good of the head office leases at 595 Collins St, Melbourne.

** Occupancy expense in the FY2014 financial year has been restated by \$69,185 to reflect the prior year portion of the straight line lease adjustment for the head office leases at 595 Collins St, Melbourne.

*** Consultancy expense in the FY2014 financial year has been restated by \$20,694 to reflect the correct timing of certain expenditure items.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the company		
- Short-term employee benefits	1,987,878	1,653,600

KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The names of Directors who have held office during the year are:

Name	Appointment / resignation details
P M Faulkner	
T M Corbin	
D A N Epstein	appointed 26 February 2015
I Falshaw	
P J Harrison	
J M Harvey	
B J Kitschke	
C E Lowe	
G P Renouf	appointed 26 February 2015
J P Scarlett	
P J Smith	
T C Hill (alternate)	
C P Dodds	resigned 25 February 2015
M J Elsegood	resigned 25 February 2015
R Dickenson (alternate)	from 1 August 2014 to 1 October 2014

The names of key management personnel during the year are:

Name	Appointment / resignation details	Position
S Cohen		Ombudsman
D Carmody		Deputy Ombudsman
G Neville-Hill		Company Secretary
G Dell'Oste	appointed 23 September 2014	Chief Financial Officer
S Lancaster	appointed 1 December 2014	Executive – Corporate Services
D Brockman		Executive – Industry Community and Government

Directors and KMP were in office or employed for the full financial year unless otherwise stated.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014 (Restated)
	\$	\$
NOTE 7: RECEIVABLES		
CURRENT		
Trade debtors	3,518,347	5,197,406
Provision for doubtful debts	(77,063)	(455,520)
	3,441,284	4,741,886
Other receivables *	679,805	845,327
	4,121,089	5,587,213

* The FY2014 balance for Other Receivables has been restated to reflect the recovery from the members of adjustments made to the lease, accounting for the head office leases at 595 Collins St, Melbourne. The restatements relate to the straight lining of the head office leases (\$429,035) and the recognition of a make good provision not previously brought to account (\$322,430). The restatements would have increased the FY2013 Other Receivables to \$774,043.

Aged analysis

Trade receivables ageing analysis at 30 June is:

	Impairment		Impairment	
	2015	2015	2014	2014
	\$	\$	\$	\$
0-90 days	3,495,483	(56,857)	4,762,721	(70,777)
91-120 days	5,100	(4,637)	36,159	(25,745)
Greater than 120 days	17,764	(15,569)	398,526	(358,998)
Total	3,518,347	(77,063)	5,197,406	(455,520)

Average Age (days): 42

At 30 June 2015 current trade receivables had a nominal value of \$3,518,347 (2014: \$5,197,406). A provision for doubtful debts of \$77,063 (2014: \$455,520) was considered appropriate.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	177,151	142,280
Accrued income	1,587	14,879
Sublease incentive capitalised	16,855	14,634
Other current assets	37,541	27,602
	<u>233,134</u>	<u>199,395</u>
NON CURRENT		
Other non-current assets	9,812	29,437
Sublease incentive capitalised	17,225	34,643
	<u>27,037</u>	<u>64,080</u>

	2015	2014
	\$	\$ (Restated)
NOTE 9: INTANGIBLE ASSETS		
RADaR Complaint Management System	3,097,310	3,097,310
Accumulated amortisation	<u>(1,982,687)</u>	<u>(1,363,225)</u>
	1,114,623	1,734,085
BI Tool	87,380	87,380
Accumulated amortisation	<u>(33,981)</u>	<u>(4,854)</u>
	<u>53,399</u>	<u>82,526</u>
Total intangible assets	<u>1,168,022</u>	<u>1,816,611</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9: INTANGIBLE ASSETS (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.

	2015	2014 (Restated)
	\$	\$
<i>Intangibles at cost- RADaR</i>		
Opening balance *	1,734,085	2,353,547
Amortisation expense	<u>(619,462)</u>	<u>(619,462)</u>
Closing balance	<u>1,114,623</u>	<u>1,734,085</u>
<i>Intangibles at cost- Business Intelligence Tool</i>		
Opening balance	82,526	30,120
Additions	-	57,260
Amortisation expense	<u>(29,127)</u>	<u>(4,854)</u>
Closing Balance	<u>53,399</u>	<u>82,526</u>

* The FY2014 opening balance for the RADAR intangible has been restated by \$69,944 to align the asset with its correct cost base. This has increased the FY2014 opening accumulated surplus by \$69,944.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	(Restated)
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements *		
Leasehold improvements at cost	2,111,548	2,111,548
Accumulated depreciation	<u>(2,026,759)</u>	<u>(1,761,310)</u>
	84,789	350,238
Plant and equipment		
Plant and equipment at cost	670,513	664,831
Accumulated depreciation	<u>(650,769)</u>	<u>(625,241)</u>
	19,744	39,590
Furniture, fixtures and fittings		
Furniture, fixtures and fittings at cost	1,820,591	1,818,161
Accumulated depreciation	<u>(1,737,663)</u>	<u>(1,705,293)</u>
	82,928	112,868
Total property, plant and equipment	<u><u>187,461</u></u>	<u><u>502,696</u></u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	2015	2014
	\$	(Restated)
	\$	\$
<i>Leasehold improvements *</i>		
Opening carrying amount	350,238	635,499
Depreciation expense	<u>(265,449)</u>	<u>(285,261)</u>
Closing carrying amount	<u><u>84,789</u></u>	<u><u>350,238</u></u>
<i>Plant and equipment</i>		
Opening carrying amount	39,590	42,427
Additions	1,410	27,937
Depreciation expense	<u>(21,256)</u>	<u>(30,774)</u>
Closing carrying amount	<u><u>19,744</u></u>	<u><u>39,590</u></u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	112,868	241,730
Additions	2,430	22,804
Depreciation expense	<u>(32,370)</u>	<u>(151,666)</u>
Closing carrying amount	<u><u>82,928</u></u>	<u><u>112,868</u></u>

* The FY2014 Leasehold Improvements balance has been restated to reflect the recognition of the make good of the head office leases at 595 Collins St, Melbourne. The restatement increases the cost base in FY2014 by \$449,609 with an increase in accumulated amortisation of \$322,430. The restatement would have increased the carrying amount of Leasehold Improvements in FY2013 by \$175,562.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014 (Restated)
	\$	\$
NOTE 11: PAYABLES		
CURRENT PAYABLES		
<i>Unsecured liabilities</i>		
Trade creditors	193,269	578,267
Sundry creditors and accruals *	<u>1,341,004</u>	<u>1,670,083</u>
	<u>1,534,273</u>	<u>2,248,350</u>
NON CURRENT PAYABLES		
Accruals and provisions *	<u>587,761</u>	<u>759,290</u>

* The FY2014 balance for Sundry Creditors and Accruals (current Payables) has been restated to reflect the adjustments made to the lease accounting for the head office leases at 595 Collins St, Melbourne. The adjustment of \$119,354 represents the current portion of the straight line lease adjustment. The FY2014 balance for Accruals and Provisions (non-current Payables) has been restated to reflect the adjustments made to the lease accounting for the head office leases at 595 Collins St, Melbourne. The adjustments include the non-current portion of the straight line lease adjustment (\$309,681) and the make good lease recognition adjustment (\$449,609).

The restatements would have increased the FY2013 Sundry Creditors and Accruals (current Payables) balance by \$69,185 and the Accruals and Provisions (non-current Payables) balance by \$878,644.

NOTE 12: BORROWINGS

	2015	2014
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
RADaR	<u>220,465</u>	<u>713,775</u>
NON CURRENT		
<i>Unsecured liabilities</i>		
RADaR	<u>-</u>	<u>296,223</u>

NOTE 13: PROVISIONS

	2015	2014
	\$	\$
CURRENT		
Employee benefits	(a) <u>1,825,333</u>	<u>2,118,738</u>
NON CURRENT		
Employee benefits	<u>338,581</u>	<u>487,450</u>
Total employee benefits	<u>2,163,914</u>	<u>2,606,188</u>

(a) Number of employees at year end	185	242
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NOTE 14: OTHER LIABILITIES

	2015	2014
	\$	\$
CURRENT		
Unearned lease incentives	<u>139,997</u>	<u>139,997</u>
NON CURRENT		
Unearned lease incentives	<u>93,331</u>	<u>233,327</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 15: CAPITAL AND LEASING COMMITMENTS		
(a) Finance leasing commitments		
Payable		
- not later than one year	216,883	814,718
- later than one year and not later than five years	<u>11,655</u>	<u>304,296</u>
Minimum lease payments	228,538	1,119,014
Less future finance charges	<u>(8,073)</u>	<u>(109,016)</u>
Total finance lease liability	<u>220,465</u>	<u>1,009,998</u>
Represented by:		
Current liability	220,465	713,775
Non-current liability	<u>-</u>	<u>296,223</u>
	<u>220,465</u>	<u>1,009,998</u>
(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	2,100,947	1,937,172
- later than one year and not later than five years	<u>1,446,314</u>	<u>5,878,145</u>
	<u>3,547,261</u>	<u>7,815,317</u>

NOTE 16: CONTINGENT LIABILITIES

The TIO has the following contingent liabilities:

During FY2008, 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 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.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: RELATED PARTY TRANSACTIONS

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

(i) One current director, J P Scarlett and one current alternate director, T C Hill, are employees of Telstra Corporation. The TIO invoiced Telstra Corporation Ltd and related entities for \$14,806,446 (2014: \$15,273,136) during the year for complaint handling fees. Telstra Corporation invoiced the TIO for \$112,055 (2014: \$155,099) for the provision for telecommunication services during the year.

(ii) One current director, B J Kitschke was an employee of VHA Limited. The TIO invoiced VHA Limited and related companies \$5,895,514 (2014: \$8,871,927) during the year for complaint handling fees.

(iii) One current director, D A N Epstein is an employee of SingTel Optus Pty Ltd. M J Elsegood who resigned on the 25 February 2015 and R Dickenson who was alternate director from 1 August 2014 to 1 October 2014, were also employees of SingTel Optus Pty Ltd. The TIO invoiced SingTel Optus Pty Ltd \$4,152,708 (2014: \$3,871,170) during the year for complaint handling fees. SingTel Optus Pty Ltd and related entities invoiced the TIO for \$258,489 (2014: \$268,476) 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 \$42,702 (2014: \$35,646) 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.

2015	2014
\$	\$

NOTE 18: 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	500	1,000
Cash at bank	1,954,623	1,312,057
At call deposits with financial institutions	3,091,269	3,851,665
	<u>5,046,392</u>	<u>5,164,722</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	(Restated)
	\$	\$
NOTE 18: CASH FLOW INFORMATION (CONTINUED)		
(b) Reconciliation of cash flow from operations with profit after income tax		
Loss from ordinary activities after income tax *	(294,173)	(189,095)
Adjustments and non-cash items		
Amortisation	648,589	624,316
Depreciation **	319,075	467,701
Movements in provision for doubtful debts	108,660	426,234
Lease incentive through P&L	(139,996)	(139,997)
Changes in assets and liabilities		
(Increase) / decrease in receivables ***	605,999	773,128
(Increase) / decrease in other assets	(53,931)	(119,702)
Increase / (decrease) in payables ****	(76,906)	180,638
Increase / (decrease) in provisions	(442,274)	147,954
Cash flows from operating activities	<u>675,043</u>	<u>2,171,176</u>
(c) Credit standby arrangements with banks		
Credit facility	300,000	300,000
Amount utilised	(113,000)	(133,000)
Unused credit facility	<u>187,000</u>	<u>167,000</u>
(d) Loan facilities		
Overdraft facility	<u>150,000</u>	<u>150,000</u>
Unused loan facilities	<u>150,000</u>	<u>150,000</u>

* For details on restatement refer to Statement of Comprehensive Income

** For details on restatement refer to Note 5

*** For details on restatement refer to Note 7

**** For details on restatement refer to Note 11

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: FINANCIAL RISK MANAGEMENT

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

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk
- (d) Fair values

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	2015	2014 (Restated)
	\$	\$
Financial assets		
Cash and cash equivalents	5,046,392	5,164,722
Receivables *	4,121,089	5,587,213
	9,167,481	10,751,935
Financial liabilities		
Creditors **	193,269	578,267
Leases	220,465	1,009,998
Other payables **	1,341,004	1,670,082
	1,754,738	3,258,347

* For details on restatement refer to Note 7

**For details on restatement refer to Note 11

(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 cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments	Interest bearing	Non interest bearing	Total carrying amount	Weighted average effective interest rate	Interest rate type
	\$	\$	\$		
2015					
<i>Financial assets</i>					
Cash	1,954,623	500	1,955,123	1.00%	Floating
Cash on deposit	3,091,269	-	3,091,269	2.70%	Floating
Trade and other receivables	-	4,121,089	4,121,089	0.00%	
	<u>5,045,892</u>	<u>4,121,589</u>	<u>9,167,481</u>		
<i>Financial liabilities</i>					
Trade creditors	-	193,269	193,269	0.00%	
Leases	220,465	-	220,465	10.00%	Fixed
Other payables	-	1,341,004	1,341,004	0.00%	
	<u>220,465</u>	<u>1,534,273</u>	<u>1,754,738</u>		
2014 (Restated)					
<i>Financial assets</i>					
Cash	1,312,057	1,000	1,313,057	1.00%	Floating
Cash on deposit	3,851,665	-	3,851,665	3.30%	Floating
Trade and other receivables *	-	5,587,213	5,587,213	0.00%	
	<u>5,163,722</u>	<u>5,588,213</u>	<u>10,751,935</u>		
<i>Financial liabilities</i>					
Trade creditors **	-	578,267	578,267	0.00%	
Leases	1,009,998	-	1,009,998	10.00%	Fixed
Other payables **	-	1,670,083	1,670,083	0.00%	
	<u>1,009,998</u>	<u>2,248,350</u>	<u>3,258,348</u>		

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

* For details on restatement refer to Note 7

** For details on restatement refer to Note 11

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

The TIO's 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 TIO's overdraft facility has a variable interest rate between 11.33% and 13.98% pa. During the financial year, TIO did not exercise the overdraft facility.

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 a 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 Constitution provides that it can impose a special levy on TIO members or a particular class of member.

(d) Fair values

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2015, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2015, of the company.

NOTE 21: COMPANY DETAILS

The registered office of the company is:

Telecommunications Industry Ombudsman Limited

Level 3

595 Collins Street

Melbourne VIC 3000

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

DIRECTORS' DECLARATION

The Directors of the company declare that in the opinion of the Directors:

- (1) The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with the Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) comply with *International Financial Reporting Standards*; and
 - (c) give a true and fair view of the financial position as at 30 June 2015 and performance of the company for the year ended on that date.
- (2) 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: P.M. Faulkner

Director: 

Dated this 8th day of September 2015

Independent Auditor's Report to the members of Telecommunications Industry Ombudsman Limited

Report on the Financial Report

We have audited the accompanying financial report of Telecommunications Industry Ombudsman Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 20 to 43.

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 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 of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity'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 entity'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.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Telecommunications Industry Ombudsman Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Telecommunications Industry Ombudsman Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

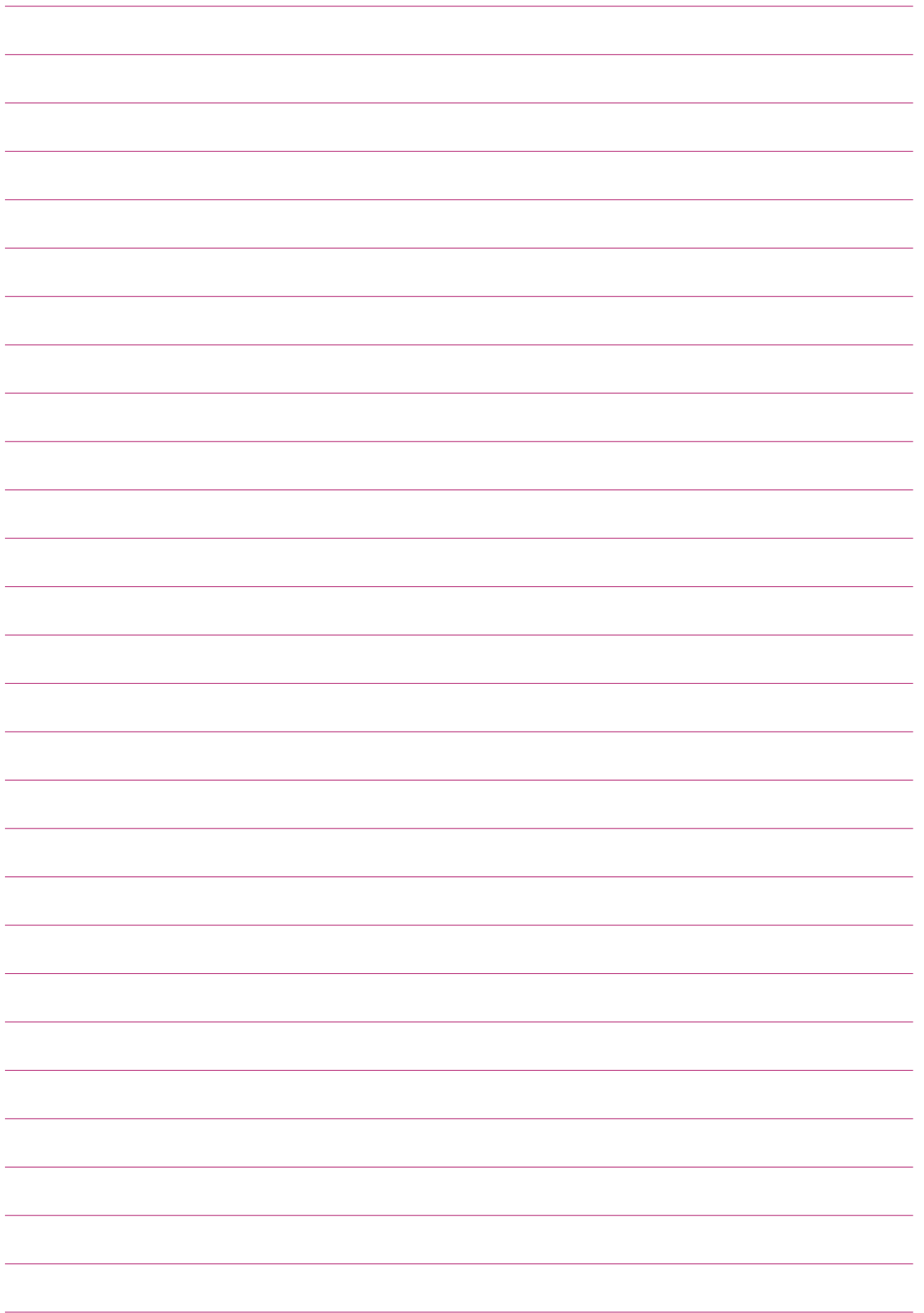
Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen
Partner
Chartered Accountants

Melbourne, 8 September 2015



Contact us

By phone 1800 062 058*

Online www.tio.com.au

In person Level 3, 595 Collins St, Melbourne VIC

By fax (free) 1800 630 614

By post PO Box 276

Collins St West VIC 8007

If you need an interpreter, please contact us through the Translator and Interpreter Service (TIS): 131 450

If you have a hearing or speech impairment, contact us through the National Relay Service:

- TTY users: 1800 555 677
- Speak and listen users: 1800 555 727
- Internet relay users: www.relayservice.com.au

* Free from landlines. If you are calling from a mobile, you can ask us to call you back.