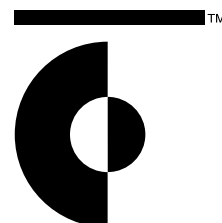




## Telecommunications Industry Ombudsman Annual Report 2002

*Whilst an elderly woman was confined to bed with illness, a neighbour who visited her regularly used her phone to make more than \$200 worth of phone calls. The woman had invited the neighbour into her home, and legally she is responsible for her telephone account.*

*Should she have to pay the bill? Would you think differently if the woman were not ill? What about if the amount was \$2,000 not \$200?*



Telecommunications  
Industry Ombudsman

*Should she have to pay the bill?*

*These are the types of complex questions the TIO deals with every day.*

*When investigating this complaint the TIO would take into account all available evidence and the particular circumstances. In making a decision the TIO would consider the law, good industry practice, and*

*what is fair and reasonable.*

Telecommunications Industry Ombudsman Limited  
ACN 057 634 787

Established in 1993, the Telecommunications Industry Ombudsman Limited (TIO) is a free and independent dispute resolution service for residential and small business consumers who have been unable to resolve a complaint with their telephone or Internet service provider.

The TIO is wholly funded by telephone and Internet service providers, who are required by law to be part of, and pay for, the TIO scheme.

The TIO's Annual Report includes a comprehensive review of complaint statistics for the 2001/02 financial year.

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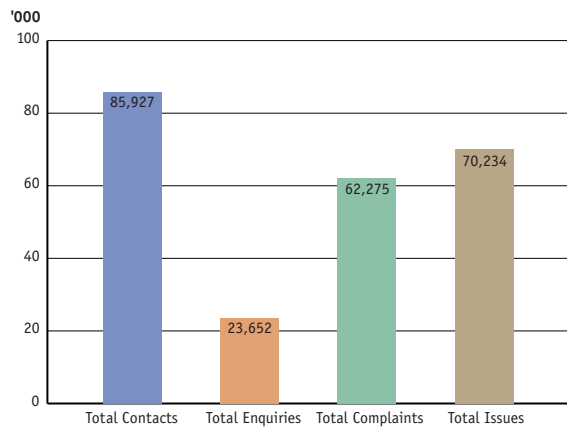
Providing free, independent, just, informal and speedy resolution of complaints about telecommunications services.

## COMPLAINT HANDLING AT A GLANCE

- ¥ The TIO handled a total of 85,927 contacts in 2001/02 —a13% decrease on last year.
- ¥ Total contacts included 23,652 enquiries (which did not constitute a complaint) and 62,275 complaints.
- ¥ The 62,275 complaints handled in 2001/02 was 13.8% less in total than last year.
- ¥ A single complaint may involve more than one issue. In 2001/02 the TIO investigated a total of 70,234 issues, compared to 80,710 issues investigated last year.
- ¥ The majority of complaint issues handled by the TIO, 57.4%, related to landline services. 29.1% related to mobile services and the remainder, 13.5%, concerned Internet services.
- ¥ 91% of complaints were resolved at Level 1, compared to 92.8% last year.
- ¥ 0.1% of complaints were escalated to Level 4, the same proportion as last year.
- ¥ 57.2% of complaints were resolved substantially or partially in favour of complainants, compared to 56.9% last year.
- ¥ Structural and technological changes in 2001/02 meant the TIO slightly exceeded the key performance indicators (KPI) for complaint resolution timeframes for Level 2 and 3 complaints and reviews. Resolution times for Level 4 complaints were down to an average of 81 days from a KPI of 90.

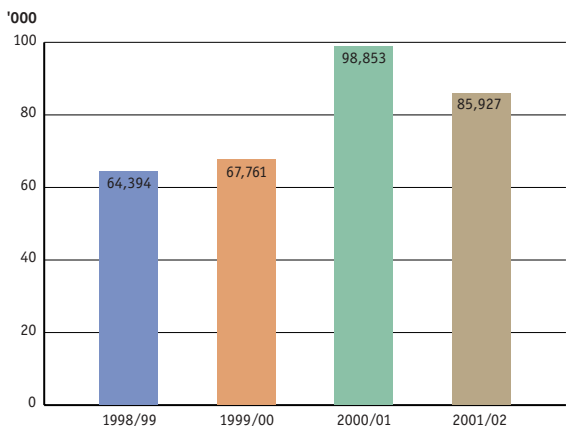
### Total Number of Enquiries, Complaints and Issues (number)

*Note: The number of contacts will equal the number of enquiries plus the number of complaints. A single complaint may involve more than one complaint issue.*

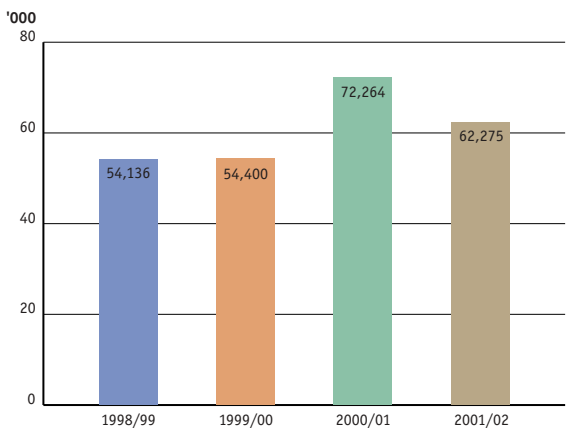


### Total Contacts (number)

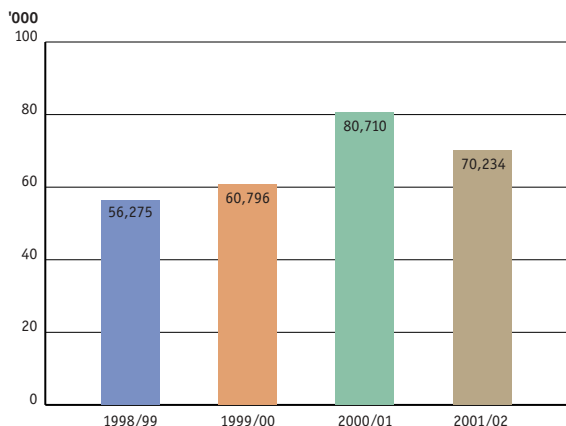
*Note: Includes enquiries and complaints.*



### Total Complaints (number)

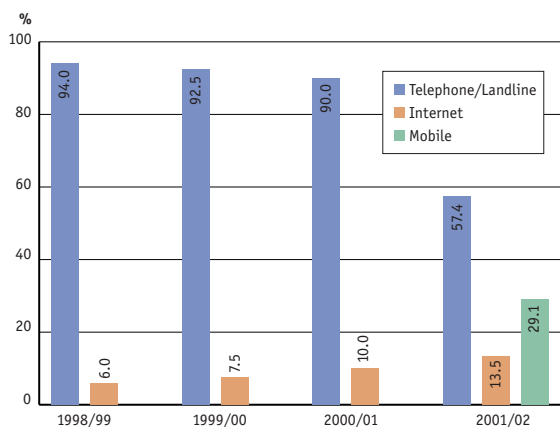


### Total Issues (number)

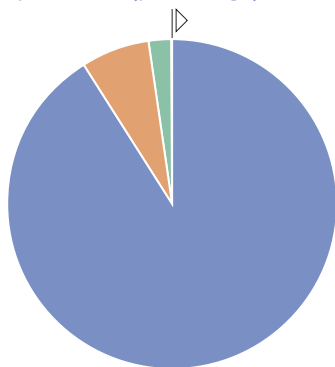


### Complaint Breakdown (percentage)

Note: Three categories, Landline, Mobile and Internet, were used in 2001/02 for the first time. Previously mobile service complaints were reported under the broad heading of Telephony.

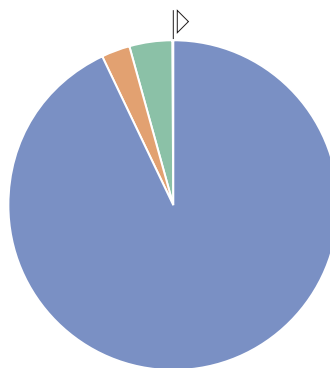


### Complaint Mix (percentage)



Level 1	91.0
Level 2	6.7
Level 3	2.2
Level 4	0.1

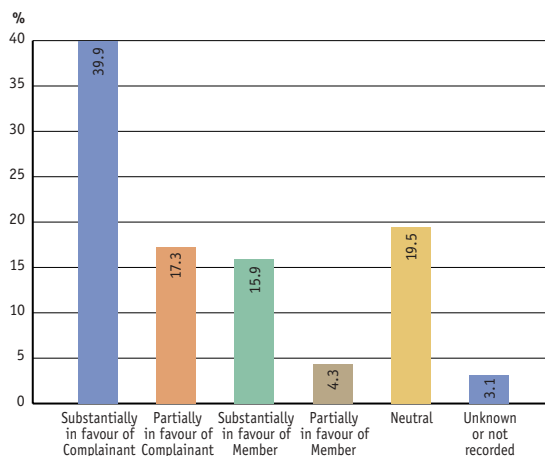
### Method of Complaint (percentage)



Telephone	92.9
Email	2.8
Written	4.2
In Person	0.1

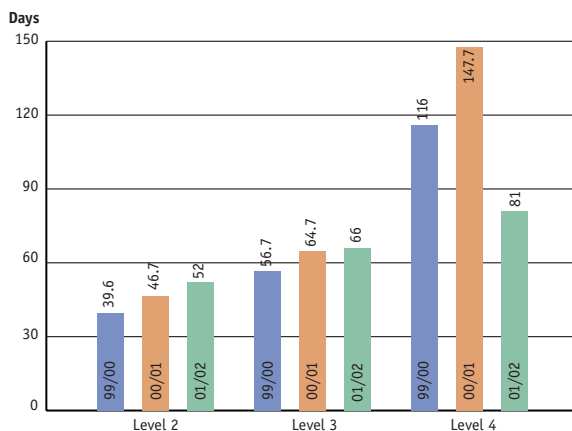
### Complaint Outcomes (percentage)

Note: Complaint outcomes only captured for complaints classified at Level 2 or above.



### Complaint Resolution Averages Over Past Three Years (Average number of days)

Note: Level 1 complaints are resolved without an investigation process



## COMPLAINT ISSUES AT A GLANCE

### Landline Service Issues

	Number	Percentage
Billing	15046	37.3
Customer Transfer	4819	11.9
Contracts	548	1.4
Credit Control	2374	5.9
Customer Service	6703	16.6
Customer Service Guarantee	(2743)	
Directories	904	2.3
Disability Services	35	0.1
Disconnection	1952	4.8
Faults	3508	8.7
Land Access	452	1.1
Pay Phones	37	0.1
Phone Card	72	0.2
Porting	227	0.6
Privacy	851	2.1
Provision	2775	6.9
<b>Total Landline</b>	<b>40303</b>	

### Mobile Service Issues

	Number	Percentage
Billing	7047	34.5
Contracts	5168	25.3
Customer Transfer	26	0.1
Credit Control	1597	7.8
Customer Service	3136	15.4
Directories	43	0.2
Disability Services	4	0.0
Disconnection	225	1.1
Faults	1550	7.6
Porting	1264	6.2
Privacy	185	0.9
Provision	189	0.9
<b>Total Mobile</b>	<b>20434</b>	

### Internet Service Issues

	Number	Percentage
Billing	3582	37.7
Contracts	836	8.8
Credit Control	136	1.4
Customer Service	1940	20.4
Disconnection	248	2.6
Faults	2384	25.1
Privacy	60	0.6
Provision	311	3.3
<b>Total Internet</b>	<b>9497</b>	

## Reporting on Complaint Issues

The TIO received a total of 62,275 complaints in 2001/02, comprising 70,234 distinct issues. This compares to a total of 72,264 complaints and 80,710 issues last year.

For greater accuracy in reporting the TIO divides the issues recorded into categories. In past years there were two categories, telephony and Internet. In 2001/02, a separate category for mobile service issues was created to take account of the increasing incidence of mobile service complaints and the importance of this technology to Australians. The effect of this is to make the provision of comparative annual data impossible in many instances, with exceptions such as billing and Internet complaints.

Recording the data in this way however, offers a more meaningful reflection of the nature of the issues raised. Comparative data will, of course, be available in all categories in future years.

## Landline Service Issues

Billing was once again the most common cause of complaint, accounting for 37.3% of all landline issues, an increase from 29.8% last year. Since the inception of the TIO this issue has comprised between 20% and 40% of all complaints.

Customer service complaints were the second most common cause of complaint for the second year running, although the total number of issues recorded dropped from 11,486 to 6,703. These figures should be treated with caution though as a high proportion of these complaints in 2000/01 concerned OneTel.

Complaints about the provision of service accounted for 2,775 complaint issues, down substantially from 11,900 issues last year.

Complaints about customer transfer also decreased substantially from 11,234 in 2000/01 to 4,819 in 2001/02. Greater consumer awareness and better procedures for transfer by phone companies can probably account for this change, although there were some notable exceptions in performance.

## Mobile Service Issues

Mobile service issues accounted for 29.1% of all complaint issues raised.

The majority of these, around one third, concerned billing issues. A quarter concerned mobile contracts with a number of these relating to the imposition of a fee by mobile service providers for the early termination of contracts by consumers. The introduction of Mobile Number Portability (MNP) in September 2001 meant MNP complaints made up 6.2% of the total mobile issues. The number of complaints relating to this issue reduced significantly in the last quarter of the year.

## Internet Service Issues

Internet related complaints made up 13.5% of total complaints, an increase of over 3% from last year.

The TIO was particularly concerned this year with complaints about new broadband data technology. In many instances the technology did not live up to the expectations set by marketers.

Customer Service complaints were up this year from 14.8% to more than 20% in 2001/02. The TIO also heard numerous complaints from consumers about Internet service providers (ISPs) failing to provide services customers had paid for in advance.

Billing continued to be the largest area for complaint at 37.7%, though down from 39% last year. Lack of clarity in the presentation of accounts, hidden download limits and low consumer awareness of usage contributed to these complaints.

## STATEMENT FROM THE COUNCIL CHAIRMAN

The number of complaints brought to the TIO this year has decreased for the first time since establishment of the Scheme. The complexity of issues, however, continues to rise. The innovation and rapid development of new products and services which has characterized the industry over the past decade has continued, with both new technologies and new product merchandising contributing to this complexity.

At the close of last financial year, the TIO restructured its investigation area to address both the volume and complexity of complaints. The splitting of this area into Enquiries and Investigations has had a substantial and positive effect on the service offered to complainants and members and on the quality of investigation work undertaken. The addition of a number of legally qualified Investigation Officers has also assisted the TIO to cope with increasingly complex matters.

The Council thanks the Ombudsman John Pinnock, the Deputy Ombudsman Vic Marles and the staff of the TIO, for their dedication and their efforts in responding to the demands generated over the past twelve months. Special mention should be made of the former Deputy Ombudsman, Deirdre O'Donnell, who made an enormous contribution to the Scheme and the people of the TIO, before moving on to a role as the Western Australian Ombudsman.

Council addressed many important issues this year, including:

- ¥ the introduction of mobile number portability;
- ¥ an increasingly pro-active approach by the TIO with supplementation to the policy/research area, the Internal Dispute Resolution (IDR) project and the identification and addressing of systemic issues;
- ¥ the skilling up of TIO staff, particularly in the legal area;
- ¥ the production of a report into internal dispute resolution with a pilot group of members;
- ¥ a new 48 hour enquiry system;
- ¥ the development of a TIO Policy and Procedures Manual;
- ¥ policy change to incorporate jurisdiction over mobile handset issues when the handset is bundled in an access package; and
- ¥ feedback from casework agencies that required attention by the TIO.

The Council thanks the Board for working with Council on a number of issues throughout the year and for its support and I look forward to a close and productive relationship into the future.

Council thanks Ken Roughley, who resigned from Council this year, for his work on Council and for the direct support he gave to the TIO through advice on call centre management. We welcome Christopher Newell to Council as a consumer representative, and Mark Russell and Robyn Ziino as industry elected representatives. We also welcome Simon Cleary who will be joining the Council in the new financial year as yet another consumer representative.



The Hon Tony Staley  
Chairman of Council





Mr Andrew Bedogni  
General Manager  
Regulatory Affairs  
Cable & Wireless Optus



Mr Gordon Frend  
National Farmers Federation



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



Mr Christopher Newall  
Australian Federation  
of Disability Organisations



Ms Pam Marsh  
Consumers Telecommunications  
Network



Mr David Putt  
Vodafone Australia



The Hon Tony Staley  
Chairman of Council



Ms Robyn Ziino  
Elected Member Representative



Mr Ross Baxter  
National General Manager  
Customer & Internal Relations  
Telstra Corporation



Mr Mark Russell  
Elected Member Representative

## STATEMENT FROM THE BOARD CHAIRMAN

This past year has been a year of change for the TIO and I would like to thank our Board members for their contribution to the success of the TIO over that time.

The telecommunications industry has seen significant adjustments and consolidation this year. Consolidation, largely in the Internet service provider members, has seen membership of the TIO fall this year from a 30 June 2001 high of 1089 members to the current 963 members. At the same time there has been significant consolidation amongst carriage service providers.

During the year a number of new members joined the TIO and we extend a warm welcome to them and look forward to their contribution and participation in the Scheme.

There have also been many changes to the Board during the year. My thanks go to the previous Chairman, Andrew Birch, who provided sound leadership to the Board, and to Paul Fletcher, Deena Shiff, Mick Rocca, Kimberley Heitman and Derek Francis for their contribution. I welcome new Board members Gus Barda and Jane van Beelen from Telstra, David McCulloch and Mark Davidson from Optus and Robert Manson, a Director just recently elected by the ISP membership of the TIO.

I also pay tribute to independent director Susan Holmes, who sadly passed away on the 20 September 2002 after a long illness. Susan provided three years of dedicated service to the TIO. She will be sorely missed.

During the course of this year the Board:

- ¥ introduced a code of conduct for its own operation;
- ¥ increased financial reserves which should limit any requirements that the TIO may have to make special calls on funds from members for short term cash flow issues;
- ¥ established a Finance and Audit Working Party to undertake specific short-term assignments from the Board and to monitor the performance of the TIO between Board meetings; and
- ¥ in association with the Council:
  - ¥ commissioned a review of the Scheme in accordance with the Articles of Association;
  - ¥ established a set of principles for making Council appointments which obviate the requirement for the Minister to be involved in the appointment of consumer representatives to the TIO Council.

The Ombudsman John Pinnock, Deputy Ombudsman Vic Marles, Business Manager Phillip Carruthers, the Council and especially the staff of the TIO deserve thanks for the professionalism, enthusiasm and skill they bring to the operations of the TIO. I would also offer special thanks to the previous Deputy Ombudsman, Deirdre O'Donnell, who took up the position of Ombudsman in Western Australia early in 2002.

In conclusion, on behalf of the Board, I thank all members of the TIO for their cooperation in the TIO Scheme. I believe the foundations for the TIO's ongoing success have been built on during the past year and I look forward to the TIO continuing to provide independent, fair, just, informal and speedy resolution of complaints for both consumers and members.

John Rohan  
Chairman of the Board



Ms Susan Holmes  
Independent Director



Ms Jane Van Beelan  
Deputy Director Regulatory,  
Telstra



Mr David Hayatt  
Regulatory Director,  
AAPT Ltd



Mr David McCulloch  
General Manager  
Government Affairs,  
Optus



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



Mr John Rohan  
Executive Director,  
Vodafone Pacific



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

Robert Manson  
CEO Impaq Australia  
*(Absent)*

## OMBUDSMAN S OVERVIEW

The past year has been one of change and development for the TIO, with the Scheme not merely trying to keep pace with developments in the telecommunications industry, but also attempting new strategies for complaint handling.

A major initiative in 2000/01—the restructuring of the investigations area and the introduction of Enquiry Officers—has been a notable success, allowing the TIO to focus its investigative resources to better effect.

Responding to criticism that the Scheme lacked sufficient knowledge of consumer law protections, the TIO recruited legally qualified Investigation Officers to investigate complaints which raised particularly complex legal issues. A particular focus of their work has been telecommunications supply contracts, including mobile service contracts, where a variety of industry practices have, for too long, gone unchallenged.

Allied with this development was an increasing focus on the investigation of systemic issues. This focus resulted in the appointment of a dedicated systemic complaints Investigation Officer and the development of new procedures for the identification and management of these issues.

This development was part of a broader and more pro-active approach to the investigation of complaints, as the TIO attempts to stem the tide of increasingly complex complaints in an industry which is widely regarded as having poorly developed internal dispute resolution systems.

Chief amongst the TIO s initiatives in this area has been the completion of the first phase of an Internal Dispute Resolution (IDR) Pilot Project, with the publication of a guide to effective complaint resolution for TIO members. The release of that document with this annual report reflects the importance the TIO attaches to proactive work. The members who participated in this project are due considerable thanks.

At the same time the TIO has focused on new operational procedures designed to speed up the resolution of particular types of complaints where the common distinguishing factor is delay. Here, complaints about customer transfer, porting, fault rectification and disconnection predominate, causing considerable resentment amongst consumers. After a six month trial, the Council has recently approved a procedure whereby the TIO will raise complaints of this nature against the gaining service provider. The Council supported the TIO s view that this procedure was more effective and equitable than previous practice.

At a policy level, the Council and Board approved a number of important changes to the TIO s Constitution, including an extension to the TIO s jurisdiction to investigate a limited class of complaints involving faulty mobile handsets sold as part of a bundled contract. In the long-term, the issue of bundling of services and access devices may prove to be one of great importance to consumers and the TIO.

On a broader front, anticipating possible recommendations of a review of the TIO, the Council and Board also amended the Constitution to incorporate reference to the Benchmarks for Customer Dispute Resolution Schemes (Department of Industry Science and Tourism, August 1997), as well as reference to the TIO seeking to resolve complaints on the basis of the law, good industry practice — including industry codes — and what is fair and reasonable in all the circumstances. This change reflects the fact that the TIO must be seen to apply and meet a set of standards as an objective measure of its performance.

On a member level, the TIO, the Council and Board have attempted to balance the competing demands and interests of a broad membership base ranging from the largest carrier to the smallest ISP — an often difficult task. However, while recognizing that some ISP members have issues with the Scheme, the Council and Board have acted with the TIO to prevent a group of members from adopting strategies which are not merely inimical to the Scheme s interests, but to the interests of their customers in having a free, independent and effective forum for resolving disputes.

So, earlier in the year the TIO requested that the Government amend the existing legislation to prevent TIO members from recouping from their customers the costs of TIO complaint handling fees. This amendment had been introduced at the time of writing and awaits debate in the current session of Parliament. More recently, some ISP members have introduced a term into their supply contracts which asserts a right at their discretion to disconnect a customer should the customer complain to the TIO. It should be clearly understood that this new tactic will be resisted in every appropriate way by the TIO including, if necessary, a request to the Government for further amending legislation.

Perhaps the most interesting feature of the past year has been the apparent decline in complaint numbers. At the time of its demise in early 2001, OneTel accounted for nearly 20% of all complaints to the TIO. So, a large percentage of complaints was stripped out of the TIO's complaint base in 2001/02. The difficulty, however, lies in assessing the size of the underlying complaint base and hence future trends for the industry and the TIO. For instance, despite the overall decline in complaint numbers, landline, mobile and Internet complaints against the largest members such as Telstra and SingTel Optus increased in the past twelve months.

Finally, as we look to the year coming, which will undoubtedly post new and unexpected challenges, it is worth reflecting on the commitment and professionalism of the TIO's staff and the support of the Council and Board in achieving so much over the past twelve months.



Ombudsman  
John Pinnock



John Pinnock  
Ombudsman



Ms Vic Marles  
Deputy Ombudsman



Phillip Carruthers  
Business Manager

## OPERATIONS — ADMINISTRATION

### Funding

The TIO is an industry-sponsored scheme, deriving its funding from members who are charged fees for complaint resolution services provided by the TIO. Members consist of telecommunications carriers, telephone carriage providers and Internet service providers.

A member is charged when the TIO receives a complaint from one of the member's customers. Therefore, the funding system acts as an incentive for members to keep TIO investigations to a minimum by developing and maintaining effective internal complaint handling and customer service procedures. Complaint fees are as follows (effective 1 July 2002):

Complaint Category	Fee
Level 1	\$20.00
Level 2	\$200.00
Level 3	\$400.00
Level 4	\$1,200.00

Revenue from complaint fees is used to fund the costs of operating the TIO's investigations area. If a member incurs complaint fees, it is also required to contribute a proportion of the TIO's overhead costs. The complaint handling fees incurred by a member determine the proportion of overhead expenses the member must pay. Capital expenditure is quantified separately in the business plan and is funded in the same way as overhead costs.

The TIO Board may also obtain funds from members by raising a levy in special circumstances, to fund the TIO through any potential cash shortfall. To raise a special levy, the TIO will make a request to the Board for funding over and above the current annual budget. Special levies are a rare occurrence as all expenditure is usually quantified in the business plan. In 2001/02 the Board resolved to establish a reserve to insulate the TIO against large cash variations such as that caused by the collapse of OneTel.

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

During 2001/02, 45% of TIO members (431) had complaints logged against them, but as a result of the first four Level 1 complaints each quarter being free to members, only 15% of members (145) were required to contribute funds to the TIO. A total of 1620 complaints were resolved free to TIO members in this way.

### Governance

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

A company limited by guarantee, the Scheme is financially accountable to its Board of Directors. With the exception of the independent director, who is appointed by the Board itself, Directors are appointed by the TIO membership.

The Board has corporate governance responsibilities including risk management, strategic affairs, the setting of budgets, overall financial management of the Scheme and ensuring compliance with the Memorandum and Articles of Association and the Constitution. The Board must ensure that the Scheme is adequately funded to meet its complaint handling functions.

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

In addition to four scheduled face-to-face meetings per year, the Board participated with the Council in a joint meeting to consider emerging issues. A report from the Directors is included at the end of this report.

The Council is comprised of five TIO Member representatives and five consumer representatives, with an independent Chairman.



**Simone Allen**  
Investigation Officer

Simone Allen joined the TIO as an Enquiry Officer in March 2001 and became an Investigation Officer in July 2001. Simone holds a combined arts and law degree with a double major in politics and international relations.



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

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

In 2001/02, ten meetings of Council were held which considered a range of issues including investigations benchmarking, feedback from casework agencies, public awareness activities, jurisdictional questions, complaint handling procedures, internal dispute resolution within member organisations, the impact of consumer codes, and funding and financial issues. In addition, a joint meeting of the Council and TIO Board was held.

## TIO Review

The TIO's constituent documents require regular reviews of the Scheme to be commissioned. In 2001/02 a Committee of the Council and Board appointed the Allen Consulting Group to undertake a review and to conduct a survey of members. The final report was completed recently and the joint committee will soon present its views on the report to the full Council and Board.

## Staffing

The total staff of the TIO increased from 52 to 55 during 2001/02, with changes primarily in the investigations area. The number of Investigation Officers increased from 19 to 20, and these now include five specific positions for Investigation Officers with legal backgrounds. The number of Enquiry Officers remained at 14, although from the TIO's perspective, there was a significant turnover of staff this year.

Over the course of the year, a range of policies and initiatives aimed at the holistic well-being of staff, have been continued. A package of staff benefits including an employee assistance program, access to stress management activities and a number of after-work events have cemented team spirit and collaboration amongst staff.

The TIO has supplemented its high quality staff with a number of excellent recruits. In recognition of the value of staff, the TIO provides quality training and development which allows it to promote from within. This provides career progression opportunities and further emphasises the TIO's commitment to, and support of, existing staff. During the course of this year Kate McLeod was appointed as Member Services Adviser, Phil Waren as Project Research Officer and Donna Nolan to a new position as New Media Officer. Claire Paksoy was appointed as Disputes Officer and Julia Cornwell was appointed to a new position as Systemic Complaints Officer. Sarah Bendall and Paul Nangle were promoted from Enquiry Officers to Investigation Officers.

Our focus on the pursuit of quality and continual improvement, staff development and training has been mutually beneficial for both staff and the TIO. The TIO has recently revised its comprehensive orientation and training program and runs regular training programs for all staff with a weekly staff meeting where professional and administrative issues are discussed.

We welcomed Vic Marles as Deputy Ombudsman, Marianna Panopoulos as Finance Manager, Denise Ebert as Receptionist/Office Supervisor, Julie O'Reilly and Molly O'Brien as job-sharing Administrative Assistants, Alison Hollins and Shirley Quo as Investigation Officers (Legal), and Danny Whelan, David Stephens, Michelle Murphy, Amanda Bradford, Sangeeta D Souza, Felipe Tellez and Chris Jensen as Enquiry Officers. We also welcomed Silvia Superina who returned as Policy and Research Manager during the parental leave of Alex Buchanan.

### Maria Apostolidis Enquiry Officer

Maria Apostolidis has been an Enquiry Officer at the TIO for the last year. During this time she has been involved with the development of the TIO Intranet and the Fair and Reasonable Working Group. She is an English and sociology graduate, a qualified secondary teacher, and has worked in the telecommunications industry, in various capacities, for the past six years.



### Anthony Beaumont IT Manager

Anthony Beaumont joined the TIO in August 1998 as an Investigation Officer, was selected as the Systems Administrator in March 2000 and has recently been appointed as IT Manager. Anthony has a Bachelor of Economics, a Certificate in Microcomputer Technology and is working towards Microsoft certification.



The TIO farewelled Mary Leung, Genevieve Kavenagh, Carla Gangi, Deirdre O Donnell, Jayde Richmond, Jodie-Ann Doyle, Janet Sullivan, Elizabeth Brittain, Kerry Garnier, Neil Heffernan, Julia Hickey, Louise O Shea, Michael McKitterick and Athina Bakirtzidis. We hope they prosper in their new pursuits.

## Parental Leave Policy

The TIO is firmly committed to the principle of providing a supportive work environment and in assisting its staff to provide a balance between their work and private lives. Accordingly a new parental leave policy was introduced in February 2002. The policy provides for 52 weeks leave for primary care givers of birth or adopted children, with 10 weeks of this period as paid leave. The policy also provides for one week of paid leave for the partner of a person giving birth.

## Administration

Following the introduction of the new complaints management system (CosMoS) at the close of 2000/01, enhancements to refine the system were added, including a billing module. The major focus of the IT Manager, Anthony Beaumont, has been the consolidation of existing systems, and planning for the future. It is likely that the TIO will replace its phone system in 2002/03.

Issues of system security and business continuity have also been reviewed. Considerable effort was expended by staff members led by the Quality/Training Officer Carrie Liddle and the New Media Officer, Donna Nolan in designing and creating an intranet to improve internal communications.

In the Administration section the TIO recruited Denise Ebert to manage the office administration function. Denise has two new part-time administrative staff, Molly O'Brien and Julie O'Reilly, replacing casual staff who previously performed this function. The Administration team has examined filing and archiving procedures and completed the archiving of a number of years of files. Sarah Radford from the Member Services team has organized and overseen the physical development of the office to incorporate an additional office and 6 work stations.

The Finance section has continued to operate efficiently, with Marianna Panopoulos and Kayla Thomas providing timely and accurate information for decision making, and Marianna developing financial practices which ensure the long term stability of the Scheme.

As Personal Assistant to the Ombudsman Astra Taurins has continued to provide excellent and timely secretarial support, as well as co-ordinating the preparation of Council and Board meeting papers.

## Public Awareness

A public awareness survey conducted for the TIO in May 2002 showed aided awareness of the TIO up 3% to 47% since 2000 and unaided, or top-of-the-mind awareness up 5% to 12%. There were increases in awareness levels amongst young people, senior citizens, and people living outside the metropolitan centres. Decreases in awareness were measured amongst small businesses and people with disabilities. A change in surveying techniques made it impossible to compare this year's results on ethnic communities with previous years.

Over the past 12 months the TIO has sought to improve awareness of the Scheme in a number of ways. The TIO continued to run advertising and public relations campaigns in ethnic media around Australia, and in January was a major sponsor of the Chinese New Year celebrations in Melbourne. TIO information packs were regularly mailed out to target interest groups such as seniors associations and community information services, and TIO staff spoke at a range of public and industry forums. The TIO's newsletter, TIO Talks, was issued quarterly to consumer groups, industry bodies, government departments and the media.

By providing comment and statistics to the media, the TIO also sought to raise consumer awareness of issues such as Internet dumping, transfers of phone accounts authorised verbally and mobile phone contracts. The TIO responded to requests for information and interviews from journalists, students and members of the public, on a daily basis.



**Sarah Bendall**  
Investigation Officer

Sarah Bendall is currently studying an arts and law degree part-time at Monash University whilst working at the TIO. Sarah commenced work at the TIO as an Enquiry Officer in January 2001, and became an Investigation Officer in March 2002.



Consultative forums with consumer casework agencies were held in Melbourne and Brisbane, with similar forums planned for other states next year. The forums have resulted in a number of positive outcomes, including a commitment by the TIO to publish position statements on common complaint issues.

The ongoing development of the TIO website has been a major activity over the past 12 months. All TIO information is now available on the site, including foreign language fact sheets. Work is continuing to improve the accessibility of the site.

In the year ahead, youth and ethnic populations will continue to be a focus of public relations activities, and consultations will be held to explore ways of improving accessibility to the TIO for people with disabilities. A new community service announcement has been produced and will be distributed to radio and television networks later in the year.

## Complainant Satisfaction Survey

In December 2001, the TIO received the results of its sixth independent qualitative survey of complainant satisfaction levels. The survey was concerned with complainants perceptions of the TIO, its procedures, professionalism and accessibility, rather than with their satisfaction with the outcome of their complaint.

In-depth interviews were carried out with 150 individuals who had recently contacted the TIO with a Level 1 complaint or enquiry. Individual interviews were also carried out with 150 Level 2 and 3 complainants.

The results of the survey were positive, showing that the introduction of Enquiry Officers and the growing focus on quality were working as anticipated. TIO staff were viewed as professional, knowledgeable and good at listening to and confidently providing advice to complainants. This feedback shows an improvement in performance from the previous two years, where complainants made a number of negative comments about staff appearing rushed and not taking the time to listen properly to complaints.

As with previous years, the survey pointed to some dissatisfaction over the perceived jurisdictional limitations of the TIO, and highlighted a low consumer awareness of the role of the TIO as a non-regulatory independent (rather than consumer advocate) body.

A number of consumers expressed a view that the TIO automatically accepted a member's version of events without justification. Based on his longstanding knowledge of the TIO and past survey results, the surveyor commented that this result was in part related to growing consumer expectations and demand. The TIO has spent a significant amount of time over the past year ensuring that reasons for decisions, particularly adverse ones, are clearly explained to consumers.

## Member Services

### TIO Member Numbers

For the first time in the TIO's history, the number of TIO members has declined. This is due to a comprehensive membership audit by the Member Services team and to rationalisation within the telecommunications industry. At 30 June 2002, 963 carriers and eligible carriage service providers were members of the TIO, a net decrease of 126. Internet service providers make up the bulk of the membership at 78.6%, followed by telephone service providers at 10.2% and telephone and Internet service providers at 6.8%. Forty-two members were providers who do not provide any eligible carriage services, because they are wholesalers, but are required to be TIO members by virtue of their carrier licence, issued by the Australian Communications Authority.

### Marianne Bois Enquiry Officer

Marianne Bois came to the TIO as an Enquiry Officer in June 2001 following two years in customer service at Telstra. Marianne has trained and worked as a primary school teacher and has run her own retail business. She is part way through a Bachelor of Business.



### Amanda Bradford Enquiry Officer

Amanda Bradford joined the TIO in March 2002 having held several paralegal positions and worked as a research assistant for the Australian Institute of Judicial Administration. She has a law degree and honours degree in chemistry from the University of Melbourne.



### Member Services Staff

The TIO Member Services Team currently comprises Sarah Nye as Member Services Manager, Kate McLeod as Member Services Adviser and Sarah Radford as Member Services Officer.

Kate's appointment on 1 July 2002 has seen her become the first point of contact for members who require assistance.

Sarah Nye, as Member Services Manager, provides a link between the TIO and its members. Over the year, the Member Services team has worked hard to ensure that it is accessible, responsive and a useful point of reference for all members. The primary focus has been on building strong working relationships with members by actively promoting two-way communication and feedback about the role of the TIO and the procedures it employs.

Sarah Radford, as Member Services Officer, provides support to the Member Services Manager and is responsible for pursuing potential eligible carriage service providers and securing their membership.

### Member Services Activities

With the introduction of the TIO's new complaints management system, CosMoS, the Member Services team began the sizeable, and sometimes challenging task, of ensuring the accuracy of the database of TIO members. Gradually, each of the TIO's members is being contacted to confirm or give details of any change to the information contained in the database. E-mail addresses are being collected so that the TIO can offer to send more information electronically. The expected discovery of some TIO members that are no longer eligible carriage service providers has contributed to the overall reduction in TIO member numbers this year.

In the latter part of 2001/02, the TIO introduced a facility, available to all members, which allows them to receive automatic e-mail notification of Level 1 complaints. This facility is of great value to members who wish to better monitor TIO referrals.

Face-to-face visits conducted this year have been very effective in allowing the TIO to develop close and effective working relationships with TIO members. They provide an opportunity for the TIO to explain and clarify its procedures, to receive feedback about these procedures and to make suggestions about how the member might improve its performance. Many of these visits were conducted at the members' premises, but an increasing number of members benefited from attending the TIO's premises to meet TIO staff and sit with Enquiry and Investigation staff while they received customer complaints.

In mid-June 2002, Enquiry Officer Maria Apostolidis began a three-month secondment with new TIO member Dodo Internet Pty Ltd, co-ordinated by Member Services. Maria is currently working with Dodo Internet representatives to assist them in complaint handling and liaising with the TIO. Depending on the availability of resources, and the success of Maria's placement, it is possible that further secondments of TIO investigation staff to members will occur in the next financial year. The TIO believes that this initiative will be of benefit to members and welcomes the positive approach of Dodo Internet.

### Future Communications Improvements

In the year ahead, additional resources will allow the Member Services team to contribute significantly to the TIO's development of a more pro-active approach to complaint handling. Notable initiatives will be the development of a members' newsletter and the review and optimisation of the members' section of the TIO's website.



**Ruth Brown**  
Investigation Officer

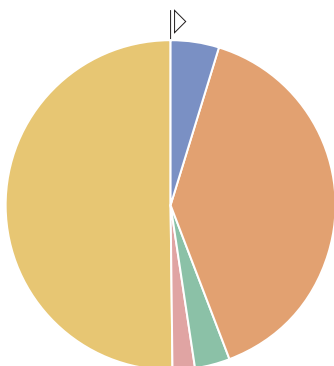
Ruth Brown has been an Investigation Officer at the TIO since July 2001. Ruth has a BA with majors in drama and English from the University of Canterbury, New Zealand, and is in the final year of study for a Bachelor of Law from the Australian National University. Her area of interest at the TIO is the Universal Service Obligation.

### Internal Dispute Resolution Project

The TIO continued its work on the Internal Dispute Resolution (IDR) Project, through which the TIO will work pro-actively to assist members to reduce the number of complaints referred to the TIO. Phase 1 of the project, development of a template for best practice in IDR, was completed in July 2002. In the latter half of 2002, the TIO will focus on marketing this document to its members. It will also commence work on Phase 2 of the project, which will involve working more closely with selected members whose complaint numbers are relatively high, or who have systemic issues.

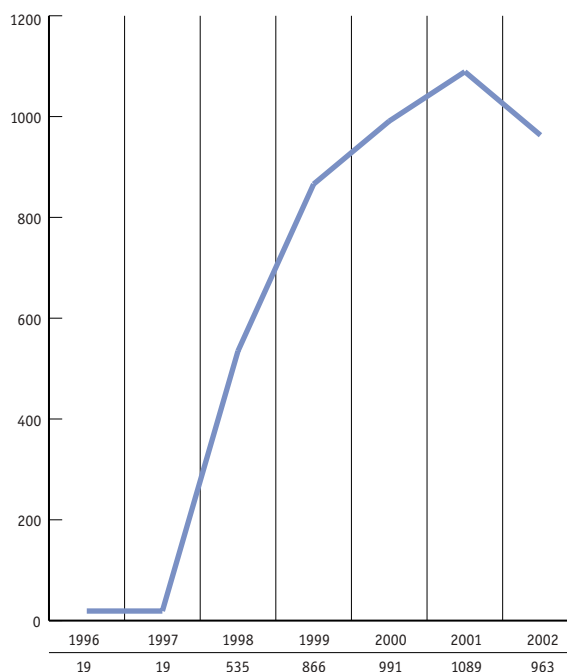
### TIO Membership Composition

*Note: Other includes members who hold a Carrier licence but do not fall into the category of ISP or TSP. There are some ISPs and some TSPs who hold Carrier licences.*



Telephone Service Providers	98
Internet Service Providers	757
Telephone and Internet Service Providers	66
Other	42
<b>Total</b>	<b>963</b>

### TIO Membership Growth



#### Alex Buchanan Policy/Research Manager

Alex joined the TIO as an Investigation Officer in May 1997. She became the TIO's Project/Research Officer in 2000 and Policy/Research Manager in 2001. Her background is in Public Housing. Alex is currently on maternity leave.



#### Carmen Buccheri Investigation Officer

Carmen Buccheri joined the TIO in December 1999 as an Investigation Officer and since then has been the specialist officer for billing issues. She has an arts degree, a post graduate degree in dispute resolution and judicial administration and is currently completing a law degree.



# ORGANISATIONAL CHART

as at 30 June 2002



## OPERATIONS — COMPLAINT HANDLING

### Jurisdiction

During the year the Council and Board of the Scheme considered a number of proposals to extend the TIO's jurisdiction to ensure that the Scheme remained an appropriate forum for the resolution of a variety of complaints across a wide membership base.

Although limited in its extent, the Council and Board approved an amendment to the TIO Constitution relating to faulty handsets sold as part of a contractual bundle of mobile telecommunications services. This has long been a vexed issue for mobile telephone customers who find that they are expected to continue paying monthly access fees under a contract, despite the fact that their handset may require repairs, and notwithstanding that their provider does not supply a substitute handset.

The amendment is limited to circumstances where the TIO concludes that the handset is faulty and that the fault is not due to misuse, and the provider has refused a pro-rata rebate on monthly access fees while the handset is being repaired and has either refused to suspend the contract or to provide an interim handset during this time.

The significance of the amendment is not that it dramatically enlarges the TIO's jurisdiction, but that it recognizes for the first time the importance of bundling of carriage services and other products such as access devices — in this case a mobile handset. This trend is likely to be of much greater importance for consumers in the future under the twin pressures of convergence and economic efficiencies in the delivery of telecommunications services.

Another important amendment to the Constitution was the decision to adopt and incorporate the Benchmarks For Industry-based Customer Dispute Resolution Schemes promulgated by the Commonwealth Department of Industry, Science and Tourism in August 1997. The six benchmarks of Accessibility, Independence, Fairness, Accountability, Efficiency and Effectiveness, and their underlying principles, are often those regarded by consumers as the measures by which schemes such as the TIO should be judged. Obviously, the notion of independence is the hallmark of an Ombudsman. Complementary with the Benchmarks was an amendment which reflected another essential facet of an industry-based Ombudsman — that in seeking to investigate, resolve and determine complaints, the TIO should have regard to the law, good industry practice, including Industry Codes, as well as to what is fair and reasonable in all the circumstances.

With these allied changes, the Ombudsman, Council and Board publicly confirmed a commitment that the Scheme should be judged on the basis of well-understood fundamental principles.

On another note, meeting jointly in November, Council and Board considered what amounted to a challenge by some ISP members of the Scheme to an equally fundamental precept as stated in the Scheme's Mission — that it be free to all consumers.

In this instance, some members had incorporated a condition in their sign-up service contracts allowing them to claw back from customers the costs incurred by members in TIO fees for investigating customers' complaints. Such a condition is not only counter to a fundamental tenet of the TIO Scheme, it acts as a clear disincentive to customers complaining at all.

After considering various options the Council and Board supported a request by the Ombudsman to the Minister for Communications, Information Technology and the Arts, the Hon. Senator Richard Alston, that the Telecommunications (Consumer Protection and Service Standards) Act 1999, be amended to prohibit this practice.

On 27 June 2002, the Government introduced the Communications Legislation Amendment Bill (No.1) 2002 into the House of Representatives. The Bill provides that a customer is not liable to pay any fee or charge to a provider of a carriage service in respect of which the customer has complained to the TIO.

The Bill also makes clear that the legislative prohibition on the TIO investigating complaints about the level at which tariffs are set is limited to complaints about tariffs charged for the supply of carriage services. This provision potentially opens up a wide variety of fees and charges currently levied by industry players to investigation by the TIO. Depending on future developments, the TIO may also seek a further amendment to the legislation to prohibit yet another transparent attempt by some members to avoid their obligations, not merely to the TIO, but to their customers. In this case, customers are faced with a contractual term, of which they may not be aware, which gives their provider the right to disconnect them should they complain to the TIO. Apart from publicly alerting consumers to such contractual terms, the TIO will use all available powers to ensure that consumers are not disenfranchised by terms of this or similar nature.

The Telecommunications Code of Practice 1997 was also amended to provide that it is solely for the TIO to decide whether an objection to low-impact facility activity by a telecommunications carrier falls within the TIO's jurisdiction.

## Codes and Industry Liaison

The TIO has completed its first full year of dealing with complaints under the Consumer Codes of Practice developed by the Australian Communications Industry Forum (ACIF) under Part 6 of the Telecommunications Act 1997. The TIO has consented to a conferral of power and is consequently dealing with complaints about the following Consumer Codes:

- ¥ Billing
- ¥ Calling Number Display
- ¥ Credit Management
- ¥ Complaint Handling
- ¥ Customer Information on Prices, Terms and Conditions
- ¥ Customer Transfer
- ¥ Protection of Personal Information of Customers of Telecommunications Providers

In addition, the TIO has consented to a conferral of power for the following operational/network codes as they were seen as having a significant impact on customers:

- ¥ Commercial Churn
- ¥ Mobile Number Portability

The TIO's ability to record and report on code breach complaints has been facilitated by the introduction of the new complaints management system (CosMoS). The TIO records code complaints as either potential or confirmed code breaches. There are two principal reasons for this.

Firstly, the TIO can only record a confirmed code breach against a provider that is a code signatory. However, the TIO is still required to capture information regarding non-compliance by non-code signatories. In addition, as the majority of code breach complaints that the TIO receives are recorded as Level 1 complaints, which are not formally investigated, we are not able to confirm that a code breach has in fact occurred.

The TIO recorded a total of 4783 code breach complaints for the year. Of these, 126 were confirmed code breaches. The vast majority of the confirmed and potential code breaches, 90 and 1748 respectively, related to the Complaint Handling Code. During the year, the Australian Communications Authority (ACA) conducted an investigation into various providers' complaint handling procedures and their degree of compliance with the Code.

It is fair to say that there is some contention between the TIO and the ACA on the question of whether the industry is complying with the Complaint Handling Code. In short, the TIO believes that there is clear evidence of widespread non-compliance ranging across significant aspects of the Code, such as: the definition and recording of complaints, failure to escalate complaints, and failure to advise customers about the existence of the TIO. The TIO believes that the evident non-compliance reflects generally poor internal dispute resolution efforts within the industry.

The introduction of the Mobile Number Portability code in late September 2001 resulted in a relatively high number of MNP code breach complaints being raised with the TIO. However, the complaint numbers have since decreased significantly, indicating that the original surge of complaints was due to teething problems which have since been addressed. The number of complaints recorded against other codes has remained constant throughout the year, with the exception of credit control, which has steadily increased from 21 complaints in the first quarter to 113 in the last quarter. We intend to look into this matter further to establish what has caused the increase.



**Phillip Carruthers**  
Business Manager/Company Secretary

Phillip Carruthers is the Business Manager and Company Secretary at the TIO, and leads the administration team. His career background includes similar positions in VicRoads and the CSIRO, and a range of positions in the Australian Army. Phillip holds a Bachelor of Arts, an MBA and a masters degree in commercial law.



In addition to investigating code breach complaints under the numerous codes, the TIO has also been involved in the review of the Billing, Credit Management, and Calling Number Display Codes.

The TIO supports recent moves by the ACA to review the form and effectiveness of Codes generally, with a view to making Codes easier to understand and more effective. In the TIO's view, the Industry is at a watershed in its history with the effectiveness of the current consumer codes regime now in question by significant consumer groups. There is also very substantial uncertainty about the appropriate method of enforcing compliance with Codes.

The TIO also continued to liaise with the ACA, the Australian Competition and Consumer Commission (ACCC) and other industry bodies on systemic issues as they arose.

Please note: As a result of further analysis of raw data which revealed some anomalies in the database, the code figures included in this report vary from those reported in the TIO's quarterly bulletins during 2001/02.

#### Code Breaches — Potential and Confirmed (number and percentage)

Code Name	Potential	Confirmed	Total	% of Total
Billing	304	7	311	6.6
Complaint Handling	1748	90	1838	38.4
Commercial Churn	236	4	240	5.0
Customer Transfer	1058	4	1062	22.2
Customer Personal Information	43	0	43	0.9
Calling Number Display	6	0	6	0.1
Mobile Number Portability	866	0	866	18.1
Prices, Terms and Conditions	120	3	123	2.6
Credit Management	276	18	294	6.2
<b>Total</b>	<b>4657</b>	<b>126</b>	<b>4783</b>	<b>100.0</b>

## The Fair and Reasonable Working Group

As an Alternative Dispute Resolution (ADR) body, the TIO attempts to work towards speedy resolution of complaints by consensus thereby helping to reduce costs and helping build better relationships between members and their customers. However, in cases where a solution that is acceptable to both parties cannot be reached, it is usually necessary for the TIO to make a determination as to what would be an appropriate outcome in the circumstances. In making such a decision the TIO will have regard to:

- ¥ the law;
- ¥ good industry practice, including relevant Industry Codes; and
- ¥ what is fair and reasonable in all the circumstances.

#### How does the TIO decide what is fair and reasonable?

Over the past year, the TIO has been re-examining its practices and decision-making in an attempt to better define what is fair and reasonable. As a part of this process the TIO invited Dr Simon Longstaff of the St James Ethics Centre to facilitate a one day seminar for staff on these difficult and sometimes elusive concepts.

A recent consultation paper sent by the TIO to all members of the TIO and consumer representative groups, invited comment in relation to the principles to which the TIO should have regard when deciding if a resolution to a complaint is fair and reasonable. In the consultation paper, the TIO outlined its current procedures and, in particular, the factors it considers to ensure procedural and substantive fairness in its decision-making.

During the second half of 2002, the TIO's working party will consider the feedback received from Members and consumer representatives, with a view to reviewing and refining its complaint handling procedures in this area.

#### Monica Clements Investigation Officer

Monica Clements joined the TIO as an Investigation Officer in 2000. Her professional background includes administrative and training positions in the government and community sectors and work as a teacher in China. Monica holds an arts degree (cultural studies) and is the TIO's specialist officer on privacy matters.



## Legal Investigation Officers

In its approach to the investigation, resolution and determination of complaints the TIO has traditionally emphasized the criteria of good industry practice (as reflected in Industry Codes) as well as what is fair and reasonable in the circumstances of each case.

Recent critiques of the TIO have suggested that it has overlooked the law — particularly various aspects of the laws related to the protection of consumers. As a response to these criticisms the Council and Board approved a strategy designed to lift the professionalism of the TIO's investigative resources by recruiting legally qualified Investigation Officers. Complemented by a new Deputy Ombudsman with extensive legal qualifications, the Legal Investigation Officers were recruited not only to investigate a particular class of complaints, but also to increase awareness amongst other staff of legal issues.

In an interesting example of cross-pollination, the Legal Investigation Officers have also benefited from the experience of the other Investigation Officers in applying the principles of fairness and reasonableness to the resolution of complaints. The result has been a lift in the overall standard of the TIO's investigations, particularly in relation to a variety of service contracts including mobile phone contracts, a perennial source of complaint to the TIO.

One notable outcome is that some members are struggling to address issues thrown up by the TIO's initiative. It is fair to say that most members are unused to the TIO raising legal issues — a number of which go to the heart of common industry contracts and practices.

So, the suggestion by some members in a recent survey conducted by consultants reviewing the Scheme, that the TIO had become too legalistic, was not unexpected. More disappointing, however, was a similar criticism from some consumer groups that had argued in support of the initial critique of the Scheme.

As a recent amendment to the Constitution makes clear, the TIO has regard to the law, good industry practice, and what is fair and reasonable in all the circumstances in seeking to resolve complaints. The simple fact is that the first of these principles — the law — is just one more weapon in the TIO's armoury.

## Pro-activity and Special Projects

A single purpose — the investigation and resolution of complaints — has not only served to focus the efforts of the TIO but also to highlight the fact that like all Ombudsman Schemes, parliamentary or industry-based, the TIO is principally a reactive body.

Nevertheless, there has always been an expectation that the TIO will identify and highlight systemic issues in the telecommunications industry which cause detriment to consumers. Currently, one obvious process for the identification of systemic issues is the reporting of complaints about breaches of ACIF's Consumer Codes.

Over the past two years, however, the TIO has been exploring the extent to which it can adopt an increasingly pro-active approach to complaint resolution, incorporating specific strategies into its Strategic and Business Plans. Here the strategy is firstly to halt the rate of increase of complaints to the TIO by improving members' internal dispute resolution efforts and to stop new types of complaints from developing.



**Julia Cornwell**  
Systemic Complaints Officer

Julia Cornwell has been an Investigation Officer at the TIO for two and a half years and has recently been appointed to the new position of Systemic Complaints Officer. Julia has bachelor, honours and masters degrees in musicology and has recently commenced research for her PhD at Monash University.



The most important initiative has been the Internal Dispute Resolution (IDR) Project, with Phase 1 resulting in a report setting out industry best practice for complaint resolution to be used as a complaint handling guide by TIO members. In the current year the TIO will be pursuing Phase 2 where the strategy is to liaise more closely with selected Scheme members to reduce the rate of escalated complaints to the TIO.

The TIO has also adopted a new systemic complaints investigation procedure with an experienced Investigation Officer. As the name suggests the procedure is designed to identify systemic issues so that TIO members can themselves act quickly to deal with new and emerging complaint trends. The procedure has achieved some early success, with the TIO highlighting the problem of early termination fees (ETFs) particularly in mobile phone contracts, leading to several members withdrawing large fixed ETFs.

Building on this aspect, the TIO convened an Industry forum attended by the mobile carriers and resellers to discuss the TIO's approach. In particular, the TIO outlined its position that as a matter of fairness and transparency, providers should reveal in contract documents and associated material, the specific nature and content of ETFs, as well as the method by which they are calculated. Further, that large fixed ETFs should be avoided, on the basis that they might constitute penalties and hence be unrecoverable as a matter of law, rather than being genuine pre-estimates of loss.

Another special project during the year was an independent study of TIO data commissioned by the Australian Mobile Telecommunications Association (AMTA) in an effort to understand the causes of continuing consumer dissatisfaction with mobile phone contracts. The study found that 61% of contract complaints resulted from disputes over information which was provided at point of sale. Common complaints included claims of incorrect or insufficient information about charges and call rates, available services, coverage and legal obligations.

**Geraldine Creaton**  
Investigation Officer

Geraldine became an Investigation Officer in mid 2000. Prior to that she worked overseas for a variety of large telcos, and for an Internet company in Australia. Geraldine has expertise in computers and computer programming and she was the TIO's technical expert for Internet related complaints. Geraldine is currently on maternity leave.



**Tony Dooley**  
Legal Investigation Officer

Tony Dooley joined the TIO in December 1999 from private legal practice. He is a qualified legal practitioner and as a Legal Investigation Officer deals with land access objections and other complaints that raise legal issues.



## COMPLAINT HANDLING PERFORMANCE

### Definitions

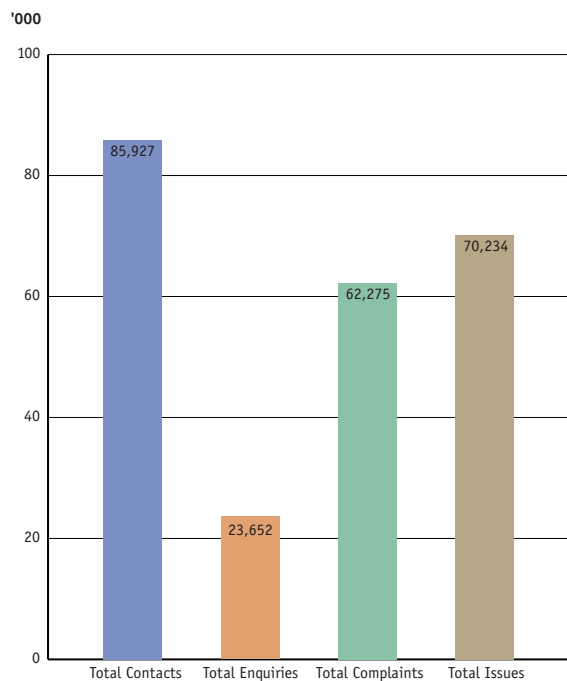
The TIO uses four terms to describe how it defines the calls, TTY messages, emails, faxes and letters it receives.

#### Contact

Contact made by a member of the public with the TIO regarding telecommunications services. The contact could be made by telephone, fax, email, letter, or in person. The costs of all contacts are billed to members, either directly or indirectly.

#### Total Number of Enquiries, Complaints and Issues

*Note: The number of contacts equals the number of enquiries plus the number of complaints. A single complaint may involve more than one complaint issue.*

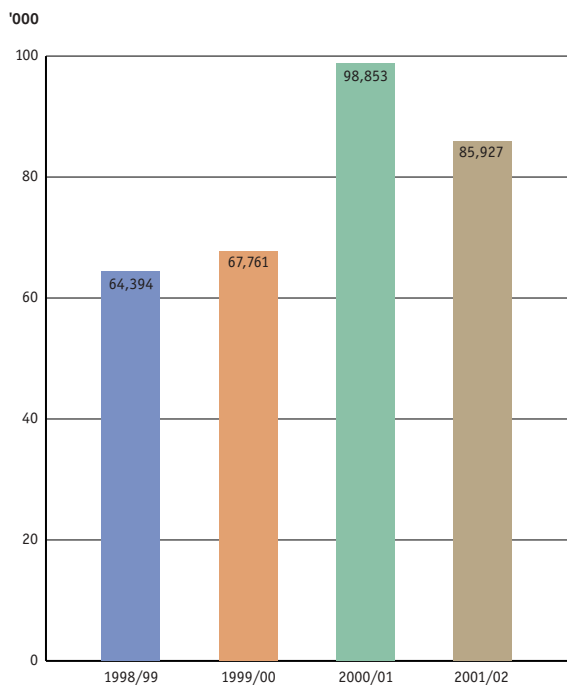


### Enquiry

A contact regarding a matter that is not an expression of dissatisfaction or grievance, or which is outside the TIO's jurisdiction, or which is a first attempt to solve the problem, or which is anonymous, frivolous or vexatious. The costs of enquiries are distributed amongst invoiced members according to their respective share of complaints.

#### Total Contacts

*Note: Includes enquiries and complaints.*



**Sangeeta D'souza**  
Enquiry Officer

Sangeeta D'souza joined the TIO in April 2000 as an Enquiry Officer. She holds a law degree and a masters in social work, and practised criminal law for four years in Mumbai, India, before moving to Australia.

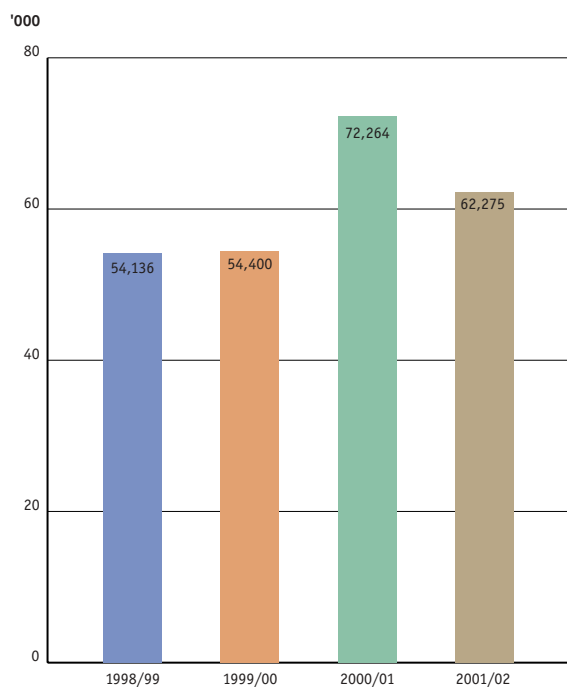
## Complaint

Contact regarding an expression of dissatisfaction or grievance which the TIO is able to investigate. The cost of a complaint is billed directly to the member concerned.

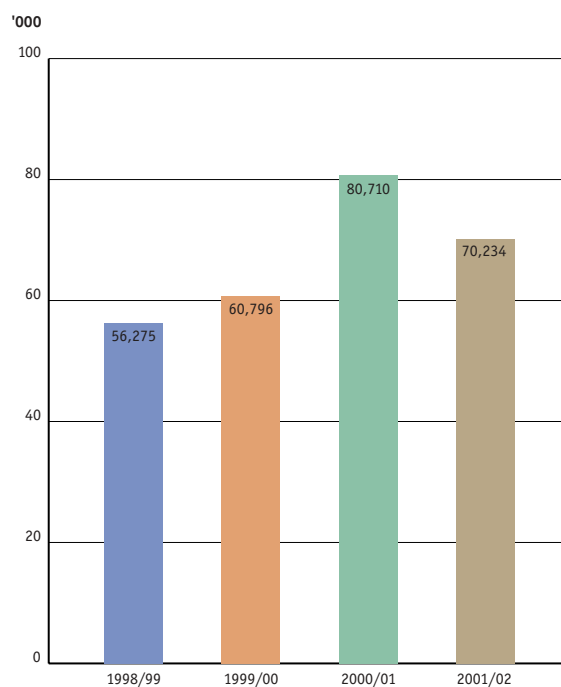
## Issue

The matter or matters about which a member of the public has complained to the TIO. A complaint may involve more than one issue. The TIO bills members according to the number of complaints logged against them; members are not billed according to the number of issues.

### Total Complaints



### Total Issues



#### Denise Ebert Receptionist

Denise Ebert joined the TIO as Receptionist in August 2001 following 16 years in the banking industry in complaint handling and call centre management. Denise is responsible for a range of day-to-day administrative functions including the entry of new written complaints into the TIO's database.



#### Tanya Erdos Investigation Officer

Tanya Erdos has been employed as an Investigation Officer with the TIO for the past three years. Prior to joining the TIO Tanya travelled for a year after leaving a customer service position with a telecommunications provider. She holds a business degree majoring in hospitality and administration studies.



## Enquiries

The TIO logged a total of 23,652 enquiries during 2001/02. Landline enquiries accounted for 46.8%, mobile enquiries for 25.6%, Internet enquiries for 13.5% and non-allocated enquiries for 14.1%.

Overall, consumers contacting the TIO seeking information about TIO members, the TIO Scheme or seeking preliminary advice regarding complaints, represented 14.3% of all enquiries logged.

The primary categories in the landline and Internet classifications were general enquiries relating to TIO Members that had ceased trading or had been placed into administration. Landline enquiries of this nature comprised 7.8%, with Internet enquiries comprising 17.7%.

The demise of OneTel and ISPs such as Internet TV Australia Pty Ltd resulted in many enquiries from former customers seeking clarification of their rights to refunds and continued service, and contact information for the Administrators.

Handset faults, warranty issues and related problems that are currently out of jurisdiction, remain the greatest source of enquiry for the mobile classification, equating to 23.1% of all mobile phone enquiries.

## Complaint Resolution Process

As an alternative dispute resolution (ADR) scheme, the TIO offers an invaluable service to consumers and small businesses who, after failing in their own attempts to resolve a dispute with a carrier, telephone service provider or internet service provider, need some assistance.

The TIO investigates complaints on a case by case basis, seeking input from both sides of the dispute before forming a view as to what would be a reasonable outcome given all the information provided.

The principle objective in all cases is resolution by consensus resulting in a better relationship between the parties, a reduction in costs to the TIO member and an increase in the productivity of the TIO. Wherever a consensus cannot be reached the TIO will make a decision based on what the TIO believes would be an appropriate outcome to the dispute. In making a decision the TIO will have regard to the law, industry codes, and an independent assessment of what is fair and reasonable.

To assist with the resolution process, the TIO asks both the complainant and the TIO member to demonstrate good faith in the process by providing information relevant to the complaint and showing a willingness to acknowledge each other's perspective. This cooperation is vital in helping the TIO to negotiate a result that is acceptable to both parties.

## Complaint Escalation

The TIO classifies complaints into four levels.

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

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

In order to ensure consistency of approach, complaints escalated beyond the first level are assigned to a single Investigation Officer. This means the complainant and the member will have a single point of contact within the TIO while the complaint is being dealt with.

Level 4 complaints are dealt with by the Deputy Ombudsman or by the Disputes Officer or an Investigation Officer under the supervision of the Deputy Ombudsman.



**Rebecca Fredericks**  
Public Affairs Officer

Rebecca Fredericks started as the TIO's Public Affairs Officer in July 2002. Rebecca has degrees in Arts and Law and has worked as a television journalist and political adviser to the Federal Leader of the Opposition and the Shadow Minister for Communications and more recently as a media adviser in the Office of the Victorian Premier.

## TIO Complaint Levels and Timeframes

Complaint Level	Timeframe for resolution
Level 1	Direct contact with complainant within 2 days, resolution within 14 days
Level 2	Response from Member within 21 days
Level 3	Response from Member within 28 days
Level 4	Resolution within 90 days

## Complaint Handling Performance

### Factors Affecting Complaint Handling Performance During the Year

#### New Complaints Management System

A new complaints management system — CosMoS — was introduced in July 2001. As a result some quite significant changes have been made to the way in which complaint data is recorded.

Complaints are now classified in the first instance as being landline, Internet or mobile in nature, instead of simply Internet or telephony as was the case previously. In addition some new categories of complaints, including disconnection delay/error, contracts and disability service, have been added to the second tier of complaint classification. These new classifications and categories allow for more accurate tracking and clearer reporting on the range of complaint types.

One consequence of this new system, however, is that comparisons between this and previous years data are possible only in a limited number of instances. This report will therefore provide a benchmark for comparison in future years. Comparative data has been provided wherever possible.

#### Call Volumes

The introduction of permanent Enquiry Officers and a steady reduction in call volumes in the last quarter of the year has allowed Investigation Officers more time to work on Level 2, 3 and 4 cases. While in July 2001 Investigation Officers were spending three hours each day taking calls, this has since been reduced to two hours a day (in August 2001), and more recently to one hour per day from June 2002.

### Re-organisation of the Investigations Area and Workgroups

The introduction of permanent Enquiry Officers led to a review of case handling processes and the creation of workgroups within the investigations area. There are currently five workgroups consisting of two Enquiry Officers, and four Investigation Officers, including one Legal Investigation Officer. Most complaints will be handled within a particular workgroup and will usually be passed from an Enquiry Officer to an Investigation Officer if a formal investigation is required.

### Legal Investigation Officers and Specialist Roles

In response to the increasing complexity of complaints and an appreciation that the TIO needs to give consideration to the law in determining whether a proposed outcome is fair and reasonable, the TIO recruited a number of Investigation Officers who are legally qualified. The Legal Investigation Officers all have particular experience in contract law and consumer protection.

Two specialist investigations roles were also created to improve complaint handling. In July 2001, Claire Paksoy was appointed Disputes Officer to assist the Deputy Ombudsman with Level 4 complaints. Investigation Officer Julia Cornwell has been working on systemic complaints since February 2002 and was appointed as Systemic Complaints Officer on 1 July 2002.

### Intranet

A new Intranet was designed and constructed by TIO staff in late 2001. The Intranet has greatly improved the distribution and storage of information within the TIO. It includes information on all aspects of the TIO's functions and has helped improve the accuracy and consistency of advice provided by the TIO.

#### Jeremy Evans Enquiry Manager

Jeremy was an Investigation Officer for two years before becoming Enquiry Manager in May 2001. Prior to joining the TIO he was Customer Service Manager at a small telephone service provider and a Team Leader at Optus. Jeremy has an honours degree in Human Geography from Reading University UK.



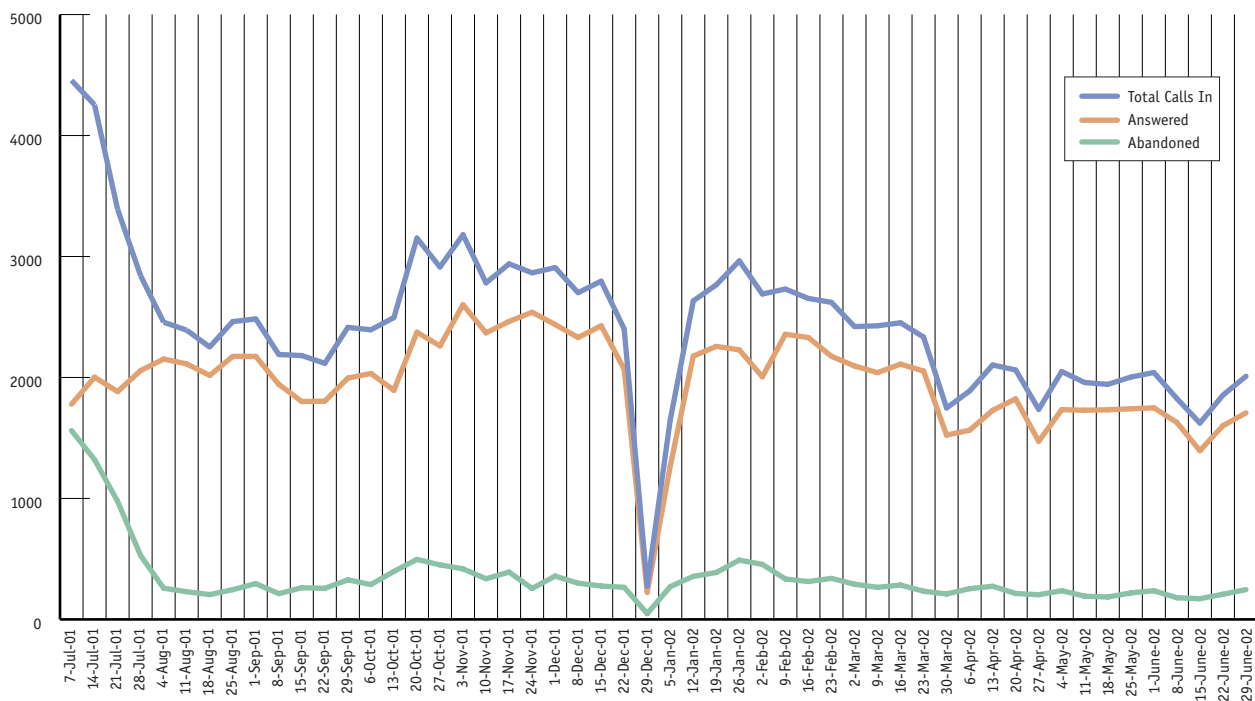
## Call Answering Performance

On 1 July 2001 the investigations area was restructured and Investigation Officers were joined by permanent Enquiry Officers, whose primary role is to answer calls from the 1800 enquiry line. The restructure and increased staff numbers has led to a dramatic improvement in the TIO's call handling performance. Abandoned call numbers have fallen from over 1000 per week last year to under 200 per week throughout May and June 2002. Most abandoned calls occur shortly after the TIO's introductory message, indicating that callers may have called the TIO in error, perhaps thinking it was a TIO member or other Ombudsman's office.

The drop in incoming call volumes was marked in the latter part of the year. At the end of 2001 the investigations area was receiving around 2500 calls each week. Since March 2002 this number has decreased substantially to less than 2000 calls a week. Total incoming calls fell from 186,663 in 2000/01 to 126,812 for 2001/02, a decrease of 32%.

The reasons for this fall are not clear. It may in small part be due to the fact that people are, by and large, getting through to the TIO on their first attempt, whereas previously they were often forced to abandon the first call and try again. The demise of OneTel, which contributed substantially to the complaint base in recent years, is another likely factor. It is interesting to note that in 2001/02, absent OneTel, the underlying complaint rate for other TIO members has either remained steady or increased. For example, there were 22,389 total complaints against Telstra in 2000/01, but 25,077 this year. In the case of Optus the figures there were 8,452 complaints in 2000/01 and 10,982 this year.

Weekly Calls In, Answered and Abandoned 2001/02



**Kerryn Garner**  
Public Affairs Officer

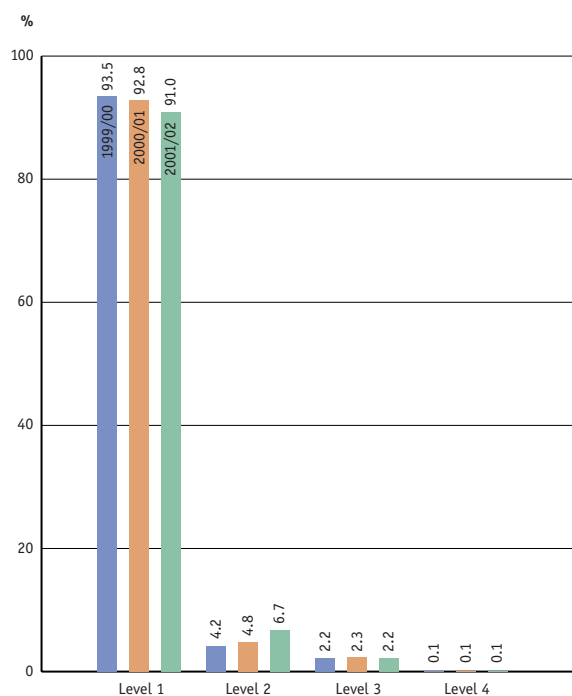
Kerryn Garner has twice been the TIO Public Affairs Officer: first in 1998/99 and then in 2001/02. Previously Kerryn held similar positions in other industries. She has an arts degree, an advanced certificate in professional writing and editing and a masters in communications.

## Complaint Mix

The TIO has a four-tier complaint classification system, with Level 1 complaints being matters that can quickly and easily be resolved by referral (usually verbal) back to the member, and Level 2-4 complaints being cases that require formal investigation and analysis by the TIO. While most complaints are initially classified as Level 1 and then proceed up the scale of seriousness, the TIO can automatically classify a complaint as Level 2 or 3 if it believes the matter is serious and the consumer has already made reasonable attempts to resolve the complaint directly with the member company.

Complaint level data is generally an important indicator of both how well the industry is doing in terms of resolving serious matters before they come to the TIO's attention, and secondly, how well the industry is responding to complaints once the TIO becomes formally involved.

## Complaint Mix (percentage)



The increase in complaints escalated to Level 2 this year is reflective of the TIO's tighter adherence to cost recovery and its complaint classification and escalation guidelines. It also indicates the TIO's increasing focus on improving the quality of its investigations and the introduction of the Legal Investigation Officers. Investigation Officers now have more time to spend on cases ensuring they are resolved in a manner that considers the law, good industry practice, and what is fair and reasonable given the individual circumstances of each case.

## Complaint Resolution Times

The TIO collects data on complaint resolution timeframes for cases classified Level 2 and above. Level 1 complaints are generally closed straight away, with investigation staff being able to provide advice and referrals to higher-level complaint areas within member companies that should result in the resolution of a complaint without further contact with the TIO.

This year the TIO slightly exceeded the key performance indicators (KPI) for complaint resolution timeframes for Level 2 and 3 complaints. The Level 2 KPI is 48 days, with the TIO average for 2001/02 being 52. The Level 3 KPI is 62 days, with the 2001/02 average being 66 days. The increase was due largely to resolution times being exceeded in the first two quarters of the year, at the time when the TIO was hiring and training a number of additional staff, including Legal Investigation Officers and additional Enquiry Officers. An additional factor was the greater focus on the quality of work being undertaken by Investigation Officers with the result that a number of cases were not closed as quickly as they might otherwise have been, due to a perceived need for additional information and/or legal advice.

### Alison Hollins Legal Investigation Officer

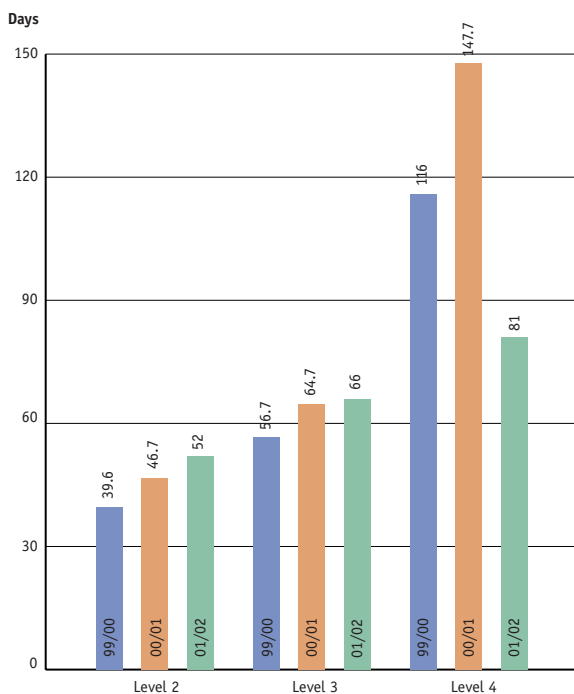
Alison Hollins joined to TIO as a Legal Investigation Officer in May 2002. Alison's responsibilities include specialisation in matters involving Telstra's Priority Assistance Policy. Previously a litigation solicitor in personal injuries, Alison has also taught a number of law subjects at La Trobe University.





Unlike Level 2 and 3 cases, the time taken to resolve Level 4 complaints decreased during the 2001/02 year, with the average being 81 days, below the KPI of 90 days. This decrease is largely a result of the appointment of a Disputes Officer working solely on Level 4 complaints.

Complaint Resolution Averages Over Past Three Years (average number of days)



### Complaint Outcomes

When an investigation is complete Investigation Officers record an outcome and an outcome indicator for the case. Investigation staff record whether the outcome is considered to be partially or substantially in favour of the member or the complainant, or whether the outcome is considered neutral. The TIO only reports on outcome indicators for Level 2 cases and above, as enquiries and Level 1 cases are usually closed and resolved when the complainant is referred back to the telephone or Internet company.

In determining the outcome of a complaint, investigation staff consider what the complainant was seeking and how this compares to the resolution offered by the member. Recorded outcome indicators therefore have elements that are both objective and subjective.

The outcome indicator field in CosMoS is now a mandatory field — a case cannot be closed without an entry. As a result, in 2001/02 only 3.0% of complaints did not have an outcome indicator recorded, due to cases not yet closed, whereas the figure for the previous year was 24.2%.

There was, however, a high percentage of cases, 19.5%, where a neutral outcome was recorded. Some of these were cases where the outcome was not considered by investigative staff to be in the interest of either party, but the majority were the result of an administrative practice whereby the second or third complaint issues in a multi-issue complaint were recorded as having a neutral outcome while the primary issue was still being investigated.

In 2001/02, 57.2% of complaints were resolved substantially or partially in favour of the complainant. This represents a very slight increase compared with 56.9% recorded for last year. 20.2% of complaints were resolved substantially or partially in favour of the member, compared to 18.9% in the last annual report.



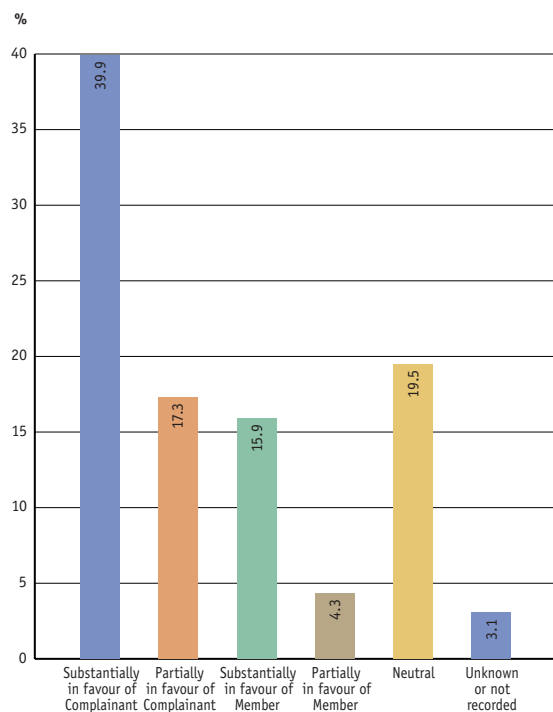
**Chris Jensen**  
Enquiry Officer

Chris Jensen recently arrived in Melbourne having spent six years as a chef in northern NSW. He worked on a casual basis with a Melbourne law firm before joining the TIO as an Enquiry Officer in March 2002. He is currently in the final weeks of his law degree.



It was anticipated that the proportion of complaints resolved in favour of complainants would have reduced since the last report — in an ADR scheme this is considered to be an indication that members have improved their internal dispute resolution processes and that reasonable resolutions are being offered by members prior to matters being escalated to the TIO. While the current figures do not show any improvement, the results may be skewed because of the relatively high percentage of unrecorded outcomes in previous years. With the advent of more accurate data than previous years it should be possible to establish a baseline for comparison.

### Complaint Outcomes



### Reviews

TIO complainants have the right to request a review of decisions made by investigation staff. Complainants are entitled to a review of their complaint by the Enquiry or Investigation Manager, regardless of the level of the complaint or whether it has been classified as a complaint or enquiry. Members are also entitled to request downgrading of complaints in relation to complaint classifications. The Investigation, Enquiry, or the Member Services Manager usually handle these requests.

The Investigation area conducted 163 reviews that were requested by complainants in 2001/02. In the majority of these cases the original outcome was upheld. In some however, it was determined that the TIO's investigation could be taken further.

The TIO does not currently record the number of review requests from members for downgrading of complaints. However, it is anticipated that this will be implemented in the near future.

Performance

#### Peter Jones Investigation Officer

Peter Jones joined the TIO as an Investigation Officer in June 2000. Prior to this he worked in the banking and government sectors. He holds a commerce degree with a marketing major and is currently undertaking a graduate diploma in business systems.



#### Genevieve Kavenagh Investigation Officer

Genevieve Kavenagh joined the TIO in May 1998 as an Investigation Officer. During this time she has developed staff training materials and redeveloped the performance appraisal processes for staff. Genevieve has an arts degree and a diploma in education. Before joining the TIO she worked as an English teacher for adult migrants and refugees.

