

Telecommunications Industry Ombudsman 2016 Annual Report

A story about an organisation adapting to change: the
Telecommunications Industry Ombudsman on the move



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Chair's message

I am pleased to report as the Independent Chair of the Telecommunications Industry Ombudsman Limited (TIO) in a year of significant change.

Following a wide-ranging search and recruitment process, the Board identified and recruited a new Ombudsman, Judi Jones. Ms Jones was New Zealand's Electricity and Gas Complaints Commissioner until taking up her position at the TIO in March 2016. She is a leader in alternative dispute resolution, as well as possessing exceptional management skills, having overseen an organisation named as one of the top employers in New Zealand for five years. I welcome Ms Jones to the TIO.

Ms Jones' appointment complements extensive work undertaken during the year to settle on a new strategy for the TIO. During the year, the Board, together with the TIO Executive, reviewed the organisation's strategic direction, approving a revised purpose, scope and strategic goals for 2016-21.

The Board reaffirmed the TIO's commitment to the Benchmarks for Industry-based Customer Dispute Resolution and to provide a fair, independent and accessible dispute resolution service.

The Board also set the budget for 2016-17, with a primary objective to ensure operational and financial sustainability in a year which will see consideration of a new funding model, relocation to new premises and the reshaping of the organisation to best achieve the purpose of the TIO. This was challenging because the downward long-term trend in complaint numbers seems to be continuing, but there were also signs of an upturn in the levels for some providers and services.

In accordance with Company Constitution provisions the TIO Board will transition from a membership of 11 Directors to nine in the 2016-17 financial year. Over the course of 2015-16, the terms of three Directors came to an end. I would like to extend my particular gratitude to Jane Harvey, an Independent Director who retired from the Board having served since 2003. Jules Scarlett and Paul Harrison were both reappointed to their Director roles, and Geoff Nicholson was appointed as Independent Director in January 2016.

The Board thanks Executive Director of Dispute Resolution and Deputy Ombudsman Diane Carmody for her commitment and enthusiasm in overseeing the transition to a new Ombudsman between August 2015 and March 2016. We also thank the TIO Executive and the dedicated TIO staff for their valuable contributions throughout the year.

I extend my sincere thanks to my fellow Directors for their diligence and professionalism throughout the year and I look forward to working with them in 2016-17.



A handwritten signature in black ink that reads "P.M. Faulkner". The signature is fluid and cursive.

Patricia Faulkner AO

Ombudsman's message

I am delighted to present my first annual report as Telecommunications Industry Ombudsman, a role I am very pleased to have begun in March 2016.

On joining the TIO, I took time to familiarise myself with the organisation, the telecommunications industry, and the regulatory framework. My focus was then on setting a new strategy and structure for the TIO, under the guidance of the Board.

The TIO finds itself in a telecommunications landscape that is going through significant change, with new converging technologies and the roll out of major infrastructure. Investments in mobile infrastructure have greatly reduced the number of complaints about mobile services. At the same time, a transition to the National Broadband Network is creating new challenges in the fixed line space, with issues emerging out of the accelerated rollout of this significant project to replace ageing infrastructure.

These changes are creating a volatile demand environment for the TIO and an evolving complaint profile. New complaints reached their lowest level in nine years in the December 2015 quarter. In subsequent quarters, new complaints began to increase, with more issues about fixed line services and a higher proportion of small business complaints. Complaints about fixed line services and business complaints are generally more complex, requiring more time and more technical knowledge to resolve.

The TIO faces the challenge of responding to the community with the same commitment and quality, but with a smaller pool of resources and funds – and in the context of the changing landscape, volatile demand, and increased complexity of complaints. The strategy I will be implementing will focus on putting excellence in dispute resolution at the centre of everything we do. I want to promote a flexible and efficient organisation that is, above all, independent.

I want the TIO to collaborate with its stakeholders more effectively, be known and respected in the community, and be a resilient organisation. With this new strategy comes a new structure, which I announced in the office and to our stakeholders early in the new reporting year. I am confident the new structure addresses gaps and duplications and achieves our overarching goal to refocus the TIO on its core function of dispute resolution.

As part of this exercise, we had to farewell a number of valued colleagues, whom I thank for their years of service to the TIO. I wish them all the very best in their future endeavours.

I thank the Board, especially the Chair, Patricia Faulkner, for their confidence, support and guidance. I thank the staff for their hard work and commitment to the TIO. And finally, I thank Diane Carmody, Executive Director of Dispute Resolution and Deputy Ombudsman, for her work in keeping the TIO going in between Ombudsman, and her hard work, good humour, and support for both the TIO and the role of Ombudsman.



Judi Jones
Ombudsman

About the Telecommunications Industry Ombudsman

The Telecommunications Industry Ombudsman provides a free and independent dispute resolution service for small business and residential consumers who have an unresolved complaint about their telephone or internet service in Australia.

The TIO was established in 1993 under the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (the Act). The Act requires telecommunications service providers to be members of the TIO and to comply with the decisions of the Ombudsman. At 30 June 2016, 1,599 service providers were registered as members, 60 more than at the same time last year. During the year 204 new providers joined and 144 providers terminated their membership of the TIO.

The TIO operates under a Terms of Reference that describes the powers of the Ombudsman and the types of complaints we can consider.

The Ombudsman has powers to resolve disputes and can make decisions that are binding on telecommunications service providers. The Ombudsman also has power to award damages in accordance with the Telecommunications (Customer Service Guarantee) Standard 2011 and to make decisions about objections to proposed low-impact facility activities by carriers under Schedule 3 of the *Telecommunications Act 1997*. During 2015-16, the Ombudsman received six new land access objections from landowners or occupiers. More information about the Ombudsman's land access powers can be found in the Guidelines on the installation and maintenance of low-impact facilities published on our website.

Like other industry-based alternative dispute resolution services in Australia, the TIO conducts its dispute resolution work and undertakes a range of other activities to meet the Government's Benchmarks for Industry-based Customer Dispute Resolution. The six benchmarks are accountability, accessibility, independence, fairness, efficiency, and effectiveness.

In addition to dealing with more than 112,000 new complaints during the year, we monitored and investigated 47 potential systemic issues, promoted the TIO at 43 community outreach events across Australia, made 17 submissions to government inquiries and published five editions of our electronic newsletter, TIO Talks.



Our Board

To ensure our independence, the Board is chaired by an independent Director and contains a balanced mix of Directors with industry and consumer experience, and two independent Directors with governance experience.

The Board governs the business affairs and property of TIO Limited in accordance with the Company Constitution and Terms of Reference.

TIO Board Directors

Independent Chair

Patricia Faulkner AO BA, Dip Ed, MBA, FIPAA

Directors with consumer experience

Teresa Corbin BA

Paul Harrison PhD, GAICD, MAM

Catriona Lowe LLB

Gordon Renouf BA, LLB

Directors with industry experience

David Epstein BA

Iain Falshaw BA (Hons), GAICD

Brad Kitschke BA

Jules Scarlett BA, LLB (Hons)

Independent Directors with commercial governance experience

Jane Harvey BCom, MBA, FCA, FAICD
(Retired from TIO Board on 25 February 2016)

Geoff Nicholson BEc, MBA, FCA, GAICD, CSEP
(Appointed 26 February 2016)

Independent Director with not-for-profit governance experience

Philippa Smith, AM, BEc, GAICD

Board activities in 2015-16

In 2015-16, the Board met 10 times (excluding meetings of Board committees). In addition to approving the annual budget, the Board's activities focussed on appointing a new Ombudsman and new directors, initiating a review of the funding model, approving a lease to relocate the TIO to a new office, approving the transition of TIO's IT infrastructure to a cloud-based solution, and setting a new strategic direction for the organisation.

The Board conducted a wide-ranging search and recruitment process, after which it appointed Judi Jones, formerly New Zealand's Electricity and Gas Complaints Commissioner. Ms Jones has a wealth of experience gained from working in regulatory and alternative dispute resolution organisations in New Zealand.

2016–21 Strategic direction

During the year, the TIO Board worked on a five-year strategic direction, which emphasises and focuses on our core work of dispute resolution. At the time of writing this report, the Board has settled on a refined purpose and set goals to deliver on the strategic intent.

TIO purpose

The purpose of the TIO is to provide a fair, independent, and accessible dispute resolution service for the telecommunications industry that complies with the Benchmarks for Industry-based Customer Dispute Resolution (CDR Benchmarks).

Achieving this purpose will contribute to enhanced community confidence in the telecommunications industry.

Scope of service

Dispute resolution services include:

- Dealing with individual and systemic complaints
- Promoting fair and effective resolution of complaints
- Providing information and analysis to community, government and members

Strategic goals

- Provide an independent dispute resolution service that is efficient and effective without compromising integrity
- Collaborate, inform, and educate stakeholders to reduce complaints and improve telecommunication services
- Be known, respected, and accessible
- Build a resilient and sustainable organisation and infrastructure

Our challenge

Telecommunications services are used in a wide range of contexts – for contact with family and friends here and abroad, for job-seeking, house-hunting, keeping up with current affairs, for study and entertainment. Consumers are more reliant on their telecommunications services than ever before and there are great expectations about the benefits the National Broadband Network will bring.

Which telecommunications services are “essential” will depend on an individual context but whatever the need, an interruption or cessation of service drives consumers to complain to their service provider, and to the TIO if they do not receive a satisfactory response from their provider. Our challenge is to be agile and responsive to consumer and member needs for a high-quality dispute resolution service.

Over the past five years there has been a downward trend in the number of new complaints lodged with the TIO, a 43 per cent reduction overall.

This is a pleasing result as it reflects an industry that is more responsive to its customers’ needs. However, despite the downward trend, there are seasonal increases due to weather events. Sudden increases in new complaints are also caused by telecommunication service failures and poor customer service arising from changes in company policy or mergers and acquisitions.

It is challenging to adjust staffing levels and operations to manage sharp increases in complaints in the context of an overall downward trend in complaint numbers and the changing nature of complaints. During the year there was a build up of unresolved cases and we did not meet our targeted response and closure times. We have implemented new ways of working in teams and will increase our workforce over the short-term to deal with the high number of unresolved cases.



Our people

Excellence in dispute resolution is at the centre of everything we do at the TIO. We aim to attract staff with the aptitude for dispute resolution work and will develop and support them in building the skills required to deliver an exceptional dispute resolution service in the telecommunications context.

At 30 June 2016, we had 182 employees (excluding casual staff from agencies), compared to 191 at the same time in 2015. This 4.7 per cent reduction in the workforce in 2016 followed a 21 per cent reduction in the workforce in 2015 and demonstrates the impact of reducing demand for TIO dispute resolution services.

Restructuring the TIO workforce is an inevitable consequence of the declining demand for our dispute resolution services and the implementation of the new strategy. At the time of preparing this report, we are continuing to implement our restructure.

Flexible work arrangements

We have policies in place to enable our staff to balance paid work and family commitments, and have a gender-balanced workplace (51 per cent male and 49 per cent female). Our enterprise agreement provides flexible working options for parents, and parental leave benefits for primary and secondary care givers, which exceed government entitlements.

To manage fluctuations in demand, we have an agile workforce that includes:

- Casual and part-time staff who can flex their hours up and down as needed
- An in-house team of officers from support areas who are trained to work in dispute resolution at times when there is a build up of work, usually after Christmas and Easter holiday periods
- A peak demand team who work seasonally during periods of high demand, usually over the summer holiday period when weather events cause an increase in telecommunications complaints
- The dispute resolution officer role, which has flexibility to move from conciliation and investigation work to early resolution work as required

Training and development

Over the past three years we have developed a structured learning program comprising learning modules that cover the range of skills required by a professional dispute resolution practitioner. The learning modules provide our dispute resolution officers with knowledge of and competency in:

- Alternative dispute resolution methodologies and practice
- Contract, consumer, and administrative law, and common law
- Telecommunications technology and the industry
- Case and caseload management
- Advanced verbal and written communication skills
- Service delivery to a diverse Australian population, including culturally and linguistically diverse, vulnerable and challenging consumers

Staff can receive certification for successful completion and demonstration of competence in a module from our registered training organisation, Box Hill Institute. The structured learning program can be translated into a nationally accredited course, a Graduate Certificate in Dispute Resolution (Industry), after completing all the modules and completing an assignment on a topic that has a tangible benefit for the TIO's work. During the year, the pilot group were finalising their program work and are expected to graduate in late 2016.

Building connections in the Ombudsman community

Key to building a resilient and sustainable organisation is providing opportunities for TIO staff to share knowledge and experience about working in alternative dispute resolution and to build professional networks.

The Ombudsman, Judi Jones, is a member and Chair of the *Australian and New Zealand Ombudsman Association* (ANZOA). Established in 2003, ANZOA is a professional association and the peak body for Ombudsman in Australia and New Zealand. ANZOA's members are individual Ombudsman working in not-for-profit industry based, parliamentary, and other statutory offices, which meet high standards of independence, impartiality and effectiveness and observe the CDR Benchmarks.

Through the Ombudsman's membership of ANZOA, TIO staff benefit from the networking, collaboration and professional development opportunities offered by participation in ANZOA's interest groups.

Our work

2015-16 SNAPSHOT

CASES OPENED



112,518

New complaints received

46,778

Enquiries received

9,161

Conciliations commenced

48

Investigations commenced

CASES CLOSED



9,125

Conciliations closed



66

Investigations closed



7

Land access objections

INDUSTRY BASED CUSTOMER DISPUTE RESOLUTION BENCHMARKS



47

Systemic issues monitored and investigated



7

Companies referred to the ACMA for non-compliance



Annual Report and 5 editions of TIO Talks



43 outreach events
2 small member forums
17 submissions to government inquiries

Complaint handling

The TIO's primary role is the resolution of disputes between consumers and their telecommunications provider. In 2015-16, we received 112,518 new complaints and handled 46,778 enquiries. We commenced 9,161 new conciliations, 48 new investigations, and dealt with six new land access objections. In addition to handling complaints from individuals and small businesses we alerted providers to 47 issues of interest that were potential systemic issues.

There is more detail about how we handle complaints, the issues in complaints and the outcomes reached in the 'TIO dispute resolution' section – starting on page 10.

Accountability

Our complaints data puts us in a unique position to offer insights about the issues that affect telecommunications consumers in Australia. We regularly report on complaint trends and issues in complaints in our TIO Talks publication. We also use this information to contribute to government and industry inquiries that lead to improvements in telecommunications policy, regulation, legislation and industry best practice.

In 2015-16, we made 17 submissions including submissions on:

- Rules for migration of copper services to the National Broadband Network
- A review of the Australian Consumer Law
- Proposed amendments to the Telecommunications Consumer Protections Code

Referrals to the ACMA

We have a memorandum of understanding (MOU) with the telecommunications industry regulator, the Australian Communications and Media Authority (ACMA). In this MOU we agree to share information about complaint trends and issues and about non-compliance with the TIO. We can refer a service provider to the ACMA if the provider does not comply with an Ombudsman's decision on a complaint, or if an eligible carriage service provider is operating without being a TIO member.

In 2015-16, we did not refer any providers for not complying with an Ombudsman decision. We referred seven providers for not becoming TIO members. Of the seven providers referred to the ACMA, five subsequently became members, one is no longer trading and one is still under investigation by the ACMA.

Accessibility

To meet the CDR Benchmark of accessibility we must promote our services, make our services easy to use and have no cost barriers that impede consumer access.

We have a year-round calendar of community outreach and regularly present to intermediaries and community groups as a cost-effective way of making consumers aware of our existence. We attended 43 events around Australia in 2015-16 with a particular focus on Aboriginal and Torres Strait Islander consumers, people with disabilities and culturally and linguistically diverse communities. We attended financial counsellors' conferences, community legal centres, multicultural advisory forums and a disability conference hosted by the Commonwealth Ombudsman.

This year, two initiatives that had broad impact were the distribution of the Indigenous toolkit and the review of financial hardship guidelines. Both initiatives highlighted the importance of an Ombudsman's office for consumers and the telecommunications industry.

Indigenous toolkit

We distributed our communications toolkit for Indigenous consumers, which includes a flipchart, posters and a brochure with information about their telecommunications rights. The toolkit is aimed at giving community workers and residents in remote Indigenous communities information about how and when they can contact the TIO if they have problems they cannot resolve with their phone or internet provider.

We developed the toolkit in response to TIO research that found that Indigenous people living in remote communities experienced significant problems with telecommunications services, but had little knowledge of how to resolve those issues. With the assistance of communications consultancy Cox Inall Ridgeway, we undertook extensive consultation with Indigenous communities before developing a relevant and culturally appropriate information kit.

The toolkit can be viewed on our website www.tio.com.au

Financial hardship guideline review

We facilitated a conversation between service providers and consumer advocates to review best practice guidelines for complaints made by consumers in financial hardship. Responding to consumers in financial hardship: Principles and practices for telecommunications providers 2014, is a set of guidelines to help customers stay connected to essential communications services at times when it may be difficult for them to meet financial obligations. The guidelines included the requirement for a review in 2015-16.

Telecommunications providers and consumers met to provide feedback and to review the guidelines. Some providers told the meeting that they use the document as part of staff training and as a complaint-handling tool. Consumer advocates reported that the guidelines were a useful resource for financial counsellors. Both consumer groups and providers acknowledged the vital role the TIO played in enabling the conversation that led to the guidelines.

We have incorporated the feedback from the session into a new draft of the guidelines. The draft is circulating among stakeholders for further feedback before being released in 2016-17.



Engaging with the telecommunications industry

We put particular emphasis on working with stakeholders to reduce complaints and improve telecommunications services. We do this through our systemic issues work, the publication of complaint data, and working with stakeholders to share our knowledge with them.

During the year the Acting Ombudsman and Board members met with small telecommunications providers at forums held on the Gold Coast, Queensland and in Perth, Western Australia. Issues discussed included the funding model review, changes to our reclassification processes and complaints involving retailers and wholesalers. Providers attending these forums commented on the value of the exchange of information and views about the industry and issues affecting small providers.

Member Online Education

Member Online Education is a series of interactive resources that providers can access to learn about the TIO, our complaints process and to get information about best practice complaint handling.

Using the modules can help providers understand how to handle TIO complaints and their obligations as a service provider. They are free and easy to access on multiple devices.

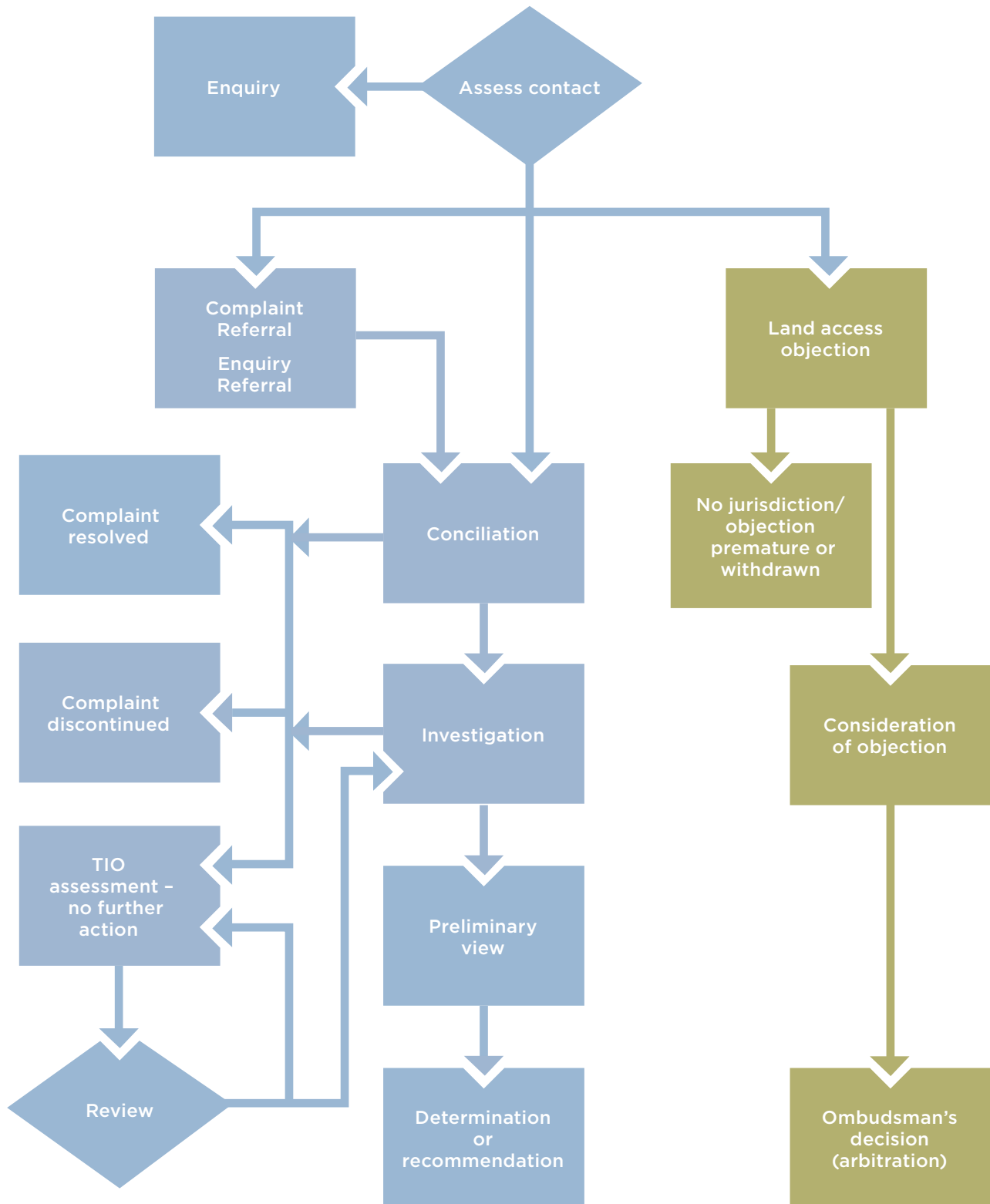
We completed and launched three online modules in 2015-16:

1. Introduction to the TIO: general information about the service that is helpful for new providers and complaint handling staff at existing providers
2. TIO complaint handling procedures: how to handle a TIO complaint from referral to conciliation and investigation
3. Best practice complaint handling: practices and strategies to help providers deal with complaints effectively

More information about the modules can be found on our website.

TIO dispute resolution

Stages of dispute resolution



Contacting the TIO

This year, phone was still the main method of initial contact with the TIO for 59 per cent of consumers. Initial contact by electronic means is increasing, with 41 per cent of consumers now using our online form. The use of letters and faxes is rare, with less than 1 per cent of initial contacts being by letter or fax.

All initial contacts to the TIO are categorised as an enquiry or a complaint. Our officers also assess the contact to determine how it should be handled, for example, whether the complaint is urgent and shorter time frames for response apply or whether the complaint should progress direct to conciliation.

Enquiries

Enquiries include general queries about a telecommunications service, complaints outside the TIO's jurisdiction and circumstances where a consumer has not given the provider a reasonable opportunity to resolve the complaint before involving the TIO. When the details of an enquiry are sent to the service provider for consideration it is called an enquiry referral.

In 2015-16 we received 46,778 new enquiries, 2,413 more than the previous year. The 5.4 per cent increase in the number of enquiries compared to the previous year was due to more consumers contacting us before raising a complaint with their provider.

Complaints

When a consumer contacts us about an unresolved complaint, we initially refer the complaint back to the provider's escalated complaints team to provide a further opportunity for the provider and consumer to resolve the complaint themselves. This year, 112,518 cases were classified as new complaints. The majority of cases, 111,949, were sent to service providers under this referral process, where the provider has 10 days to resolve the complaint with their customer.

In a small number of cases (563), the complaint moved directly to conciliation (see conciliation notice information below). These cases were where the consumer and provider had already had extensive engagement and opportunity to resolve the matter.

Conciliation and investigation

If a complaint is not resolved to the consumer's satisfaction after referral to the provider, the TIO will issue a conciliation notice to the parties. The conciliation notice records the consumer's unresolved issues and preferred resolution, the provider's response and the legal and industry code considerations relevant to the complaint. The TIO officer may conduct shuttle conciliation between the parties to resolve the complaint.

There was a 20.7 per cent reduction in the number of new conciliations commenced in 2015-16 compared to last year. This year, we closed 9,191 complaints through conciliation or investigation, 23.9 per cent fewer than in 2014-15 (12,083), reflecting the reduction in complaints. Case studies one and two illustrate complaint resolution using the conciliation process.

Some cases require investigation because of the complexity of the issues raised by the complaint, the amount of documentation that must be considered or because the parties are unwilling to change their position. Cases can still be resolved by negotiation during the investigation process because the information gathered and analysis of the issues can inform the parties about the merits of their case.

Cases that are conciliated and investigated may be closed after the parties accept the TIO officer's assessment about the merits of the case. If the provider makes an offer to resolve the complaint that is fair and reasonable, then the TIO officer's assessment is likely to be that there is no basis for our further involvement in the case. Case study three illustrates a case closed as a result of an assessment that no further action is required by the TIO.

Land access objections

Land access objections are objections from landowners or occupiers about the proposed placement of "low impact facilities" such as antennas or cabling on their land. These cases and cases about land damage by a carrier when installing or maintaining telecommunications equipment are assessed by senior staff with knowledge of the legislation and the objections process. This year the TIO received six new land access objections compared to 11 the previous year. Case study four illustrates a land access objection case.

Reviews

We provide written assessment decisions at both the conciliation and investigation stages. A consumer who has new information or can show an error in the assessment can ask for a review of the case by a senior TIO officer. The review process will usually involve gathering further information and assessment and may confirm the initial assessment or may result in a different outcome.

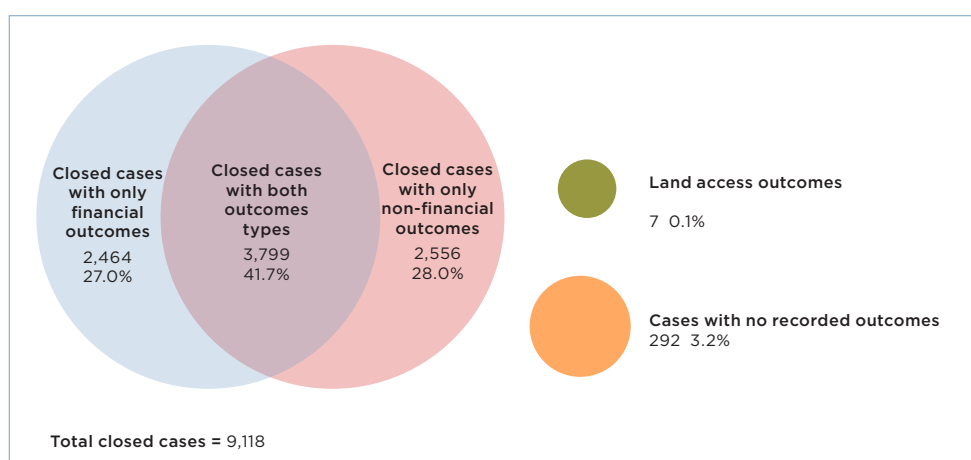
Preliminary views and Ombudsman's decisions

If a provider does not accept the TIO officer's view of a case, we send a 'preliminary view' (a written assessment with reasons) to the provider. This gives the provider the opportunity to provide new and relevant information, which might change the outcome. If relevant information is not provided, the Ombudsman can issue a Determination that is binding on the provider.

Case outcomes

When we close a conciliation or investigation, we record known outcomes, which may have a financial or non-financial benefit to the consumer. The most common financial outcome for consumers in 2015-16 was a debt or fee reduction or waiver, followed by a billing adjustment. The median value in financial outcomes was \$314.60, and the most common non-financial outcome for consumers was an explanation or assistance, followed by cancellation or change to a contract, service or plan. While the median financial outcome is relatively modest, often knowing the bill was right or the explanation provided by the provider was correct can provide significant value to both parties.

The distribution of conciliation and investigation case outcomes in 2015-16



Examples of conciliation and investigation case 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
Customer Service Guarantee payment	Connection or reconnection
Compensation for non-financial loss	Apology
	Correction of a record

Analysing our complaint data

The TIO is a rich source of data about the performance of the telecommunications industry, what is going well and not so well in the industry and how and which consumers are affected by telecommunications problems.

Our data provides information about the service types that cause complaints, the issues giving rise to new complaints and the impact of a major initiative like the National Broadband Network.

Trends in TIO complaint numbers

Financial year (FY)	New contacts		New Cases opened	
	Enquiries	New complaints**	Conciliations	Investigations
2012-13	47,016	158,652	16,183	481
2013-14	43,857	138,946	16,065	523
2014-15	44,365	124,417	11,553	114
2015-16	46,778	112,518	9,161	48
Change (%)*	5.4	-9.6	-20.7	-57.9

* From FY 2014-15 to FY 2015-16

**New complaints includes: referrals, matters progressed direct to conciliation and land access objections

New complaints in 2015-16 decreased 9.6 per cent to 112,518 compared to the previous year, while conciliations decreased 20.7 per cent and investigations 57.9 per cent. The drop in new complaints and new conciliations and investigations in 2015-16 is consistent with the downward trend in the demand for TIO services, a 43 per cent drop in the number of new complaints lodged with the TIO since 2011.

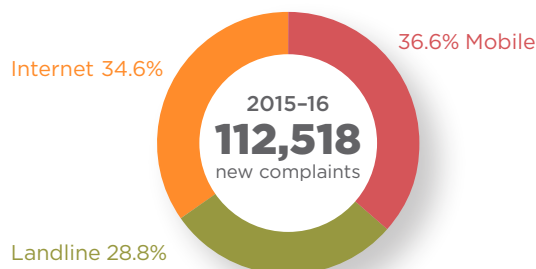
Over the past five years, an increased focus by industry on improving customer service, changes to telecommunications regulations and substantial investment to improve mobile infrastructure have driven a downward trend in new complaints to the TIO.

The profile of complaint service types and issues in complaints has changed. There was a reduction in the proportion of mobile complaints and an increase in the proportion of complaints about internet services. We noted a greater proportion of technical complaint issues in 2015-16 and cases that took longer to resolve. This meant the work effort did not diminish in line with the complaint numbers.

Service type in complaints

New complaints are classified according to one of three service types – mobile, landline or internet.

New complaints by service type



Service type	2015-16	2014-15
Total	112,518	124,417
Mobile	36.6%	46.6%
Landline	28.8%	27.8%
Internet	34.6%	25.6%

While the proportion of new complaints about landline services (28.8 per cent) has changed very little compared to last year (27.8 per cent) there has been a 21.5 per cent reduction in the proportion of mobile complaints to 36.6 per cent and a 35.1 per cent increase in the proportion of internet complaints to 34.6 per cent in 2015-16. Internet service complaints not only grew as a proportion of our work, but also in total number. We received 38,877 new complaints about internet services, 22.1 per cent more than the previous year (31,835) and the highest number since 2010-11.

Increase in number of complex cases

The overall reduction in new complaints did not translate into a reduction in the effort required to resolve complaints. Complaints about fixed line services are generally more complex and take longer to resolve. For example, fault and connection problems associated with landline and internet services are unlikely to be resolved in the 10 days after referral and generally require conciliation or investigation. These technical complaints made up almost 40 per cent of our conciliation workload during the reporting year compared to 30 per cent in 2014-15 and took a median time of 33 working days to resolve compared to 28 working days for non-technical complaints.

Issues in new complaints

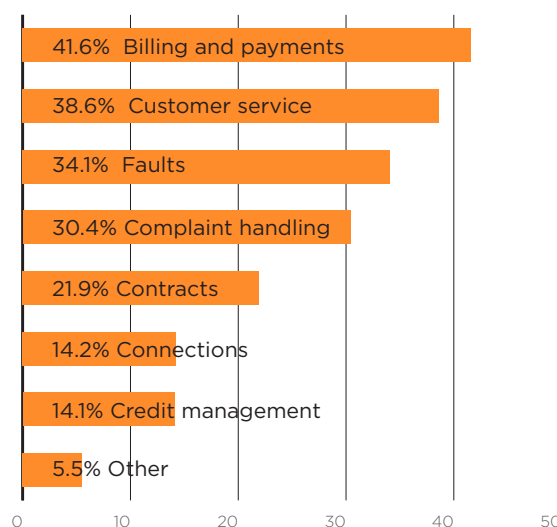
Each new complaint can be about one or more service types (mobile, landline, or internet). For each service type, we record the “issues” the customer describes. Each complaint, and each service type, can have more than one issue, depending on the description the customer provides.

The ranking of the top five new complaint issues is in the same order as last year. Across all service types – mobile, landline and internet – complaints about the bill or payment is the highest ranked issue, registered in 41.6 per cent of all new complaints.

Whilst customer service is the second ranked complaint issue, it is rarely the primary issue in complaints to the TIO. It is understandable that consumers who use the TIO complain about the customer service and lack of response they received from their service provider.

The order of the sixth and seventh complaint issue reversed this year, with the proportion of complaints about connections rising above the proportion of complaints about credit management. Complaints about connections increased from 10.5 per cent last year to 14.2 per cent this year.

Issues across all service types



Issues in landline and internet complaints

The main issues in internet complaints were problems with slow internet speeds, unusable services, delayed connections and service drop outs. The proportion of each of these issues has increased this year compared to the previous year.

Top six issues for new complaints about fixed line services

Issues	2015-16	Year on year % change
Internet – slow data speed	7,663	48%
Internet – fully unusable	6,994	19.2%
Internet – new connection delay	6,680	37.6%
Landline – fully unusable	5,260	5.8%
Landline – new connection delay	5,240	23.8%
Internet – drop outs	5,075	19%

Issues in mobile complaints

Complaints about mobile services dropped 28.8 per cent in 2015-16 to 41,269, the lowest level since 2006-07.

We have noticed a steady improvement in some of the most publicised issues over the past five years, including mobile coverage, excess data and roaming charges and drop outs. New complaints about mobile services now make up 36.6 per cent of our workload, compared to 63.4 per cent in 2011-12. The reasons behind this decrease include:

- More investment in mobile infrastructure
- Better product offerings, such as increased included values and data allowances
- Stronger industry code rules on advertising and spending alerts
- The International Mobile Roaming standard

Complaints and the National Broadband Network

There were 13,406 new complaints about services delivered over the National Broadband Network (NBN), representing 11.9 per cent of new complaints. This is almost double the number in 2014-15 (6,715).

The increase in complaints is to be expected given the accelerating rollout of the NBN. As at 30 June 2016, more than 2.8 million premises were serviceable on the NBN and services had been activated at more than one million premises. It is positive that the rate of growth in the number of active services on the NBN is greater than the growth in complaints about services delivered over the NBN.

The most significant issues consumers raised in their complaints about NBN services in 2015-16 were:

- **Faults.** This category includes slow data speeds, unusable services and drop outs. We recorded 7,480 fault issues for NBN services, which made up 38.5 per cent of all the internet and landline issues we recorded in 2015-16. Fault issues for NBN services increased 147.8 per cent compared to last year.
- **Connections.** This category includes connection delays and missed appointments. We recorded 7,948 connection issues for NBN services, which made up 20.4 per cent of all internet and landline connection issues we recorded this year. Connection issues for NBN services increased 63.2 per cent compared to 2014-15.

Some complaints about services delivered over the NBN are not related to the connection or performance of the network and may be about a bill or customer service. We register complaints against nbn Pty Ltd in limited circumstances, for example, if the complaint is about damage to property or the placement of equipment. These complaints are few in number. The majority of NBN complaints are registered against retail service providers because these are the organisations the consumer deals with to order the connection and report faults with the service.

Geographically, we received most NBN-related complaints from consumers in New South Wales, Victoria and Queensland.

Top 10 postcodes for NBN complaints

Postcode	Location	NBN-related complaints in 2015-16
4670	Bundaberg, QLD	225
2280	Belmont, NSW	204
2263	Toukley, NSW	192
2259	Wyong, NSW	188
4510	Caboolture, QLD	182
3350	Ballarat, VIC	165
2148	Blacktown NSW	157
2261	Central Coast, NSW	149
7250	Launceston, TAS	148
2250	Gosford NSW	135

Systemic issues

The TIO investigates problems that may affect a large number or particular type of consumers as systemic issues.

We identify possible systemic problems by monitoring complaint trends, undertaking research and analysing alerts from our dispute resolution staff. Once an issue has been identified as possibly systemic, we alert the relevant provider of the problem. This can expedite the identification of the underlying cause and prevent further detriment from occurring. This results in fewer complaints to the provider and the TIO.

If we do not believe that a systemic problem has been resolved, we may investigate the issue more formally and recommend a resolution to the relevant provider. If a provider refuses to implement a recommended resolution, the TIO may refer the matter to the industry regulator.

Systemic issue intervention in 2015-16

We looked into 47 systemic issues in 2015-16 compared to 50 in the previous year.

Systemic issues by type

Type of intervention	2015-16	2014-15
Informal notifications	34	30
Formal or informal Investigations	13	20
Total	47	50
Systemic interventions in progress at 30 June	12	22

Potential systemic issues

When we consider systemic issues, we may assess the provider's compliance with industry standards set out in the Telecommunications Consumer Protection (TCP) Code and laws that include the Australian Consumer Law, Customer Service Guarantee Standard and the *Privacy Act*. We summarise the issues raised by the consumer, identify potential gaps in the provider's practices and give the provider an opportunity to respond to the issues and to address any problems. Three examples of potential systemic issues we saw this year included complaint handling, contracts, and information about mobile roaming.

Complaint handling

We raised a potential systemic issue with a provider after noticing a trend in their customers withdrawing complaints from the TIO before the complaint was resolved. It appeared the provider had been instructing customers to withdraw their complaints as a condition of dealing with their issues. When we raised the matter with the provider, it became apparent that there was some confusion at the provider about the TIO's processes. When we clarified the process, the provider introduced new scripts for staff to ensure they complied with the provider's obligations to allow consumers to access the TIO's dispute resolution process.

Contracts

We raised a potential systemic issue with a provider after a consumer billing dispute suggested there might be a problem with the provider's contracts. According to the provider's standard contract a consumer had to pay all charges in dispute before it would address their complaint. The contracts also stipulated a consumer would have to raise any billing disputes within three months of the bill being issued. After the provider was informed that the practice may not be in line with obligations set out in the TCP Code they agreed to change their contract terms and conditions to comply with the Code.

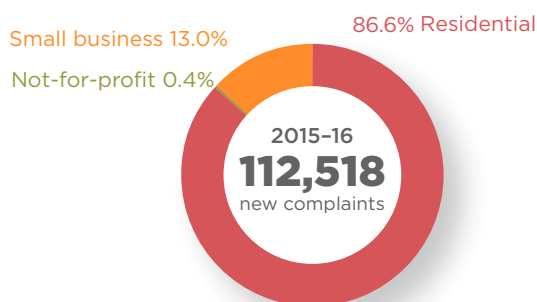
Mobile roaming information

We raised a potential systemic issue with a provider after we noticed a number of their consumers had made complaints about an international mobile roaming product. Consumers appeared to be confused about which countries were included, how the product worked and the timeliness of usage alerts overseas. The provider responded to our alert by undertaking a wholesale review of the product advertising, alerts and Critical Information Summaries to ensure its customers had clear information about the potential overseas usage charges.

Consumer profile in new complaints

Of the 112,518 new complaints registered with the TIO, 86.6 per cent were residential services and 13.0 per cent were small business customers of telecommunications service providers.

Complaints about residential and small business services



In a year of decreasing complaints, the number of small business new complaints we received was almost the same as last year at 14,640, resulting in the proportion of complaints from small businesses increasing from 11.8 per cent in 2014-15 to 13.0 per cent in 2015-16.

This year, the main issues for small business consumers were landline connections and faults.

Small business complaints can also involve complex contractual agreements and require urgent attention because of the potential for financial loss from the loss of telecommunications services. Small business complaints are more likely to require conciliation and investigation, with 7.1 per cent progressing to conciliation compared to 5.6 per cent of complaints about residential services.

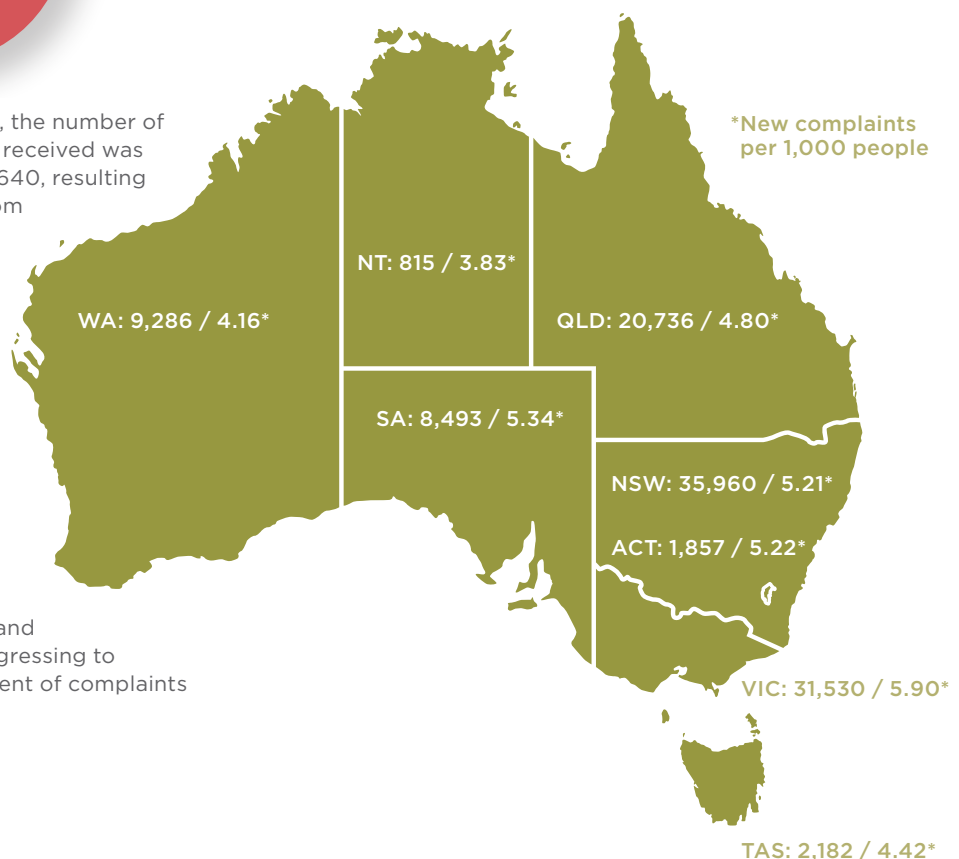
Complaints in other languages

Where a consumer has difficulty expressing themselves in English, we can provide interpreters, and subscribe to the National Relay Service. Over the past year, we received complaints in 42 different languages, including Farsi, Arabic and Mandarin.

New complaints by state¹

Proportionally, we received more new complaints from Victorian consumers (5.9 new complaints per 1,000 people) than from other states and territories. South Australia, which had 5.34 new complaints per 1,000, and ACT with 5.22 per 1,000, followed Victoria.

The overall ratio of new complaints per 1,000 people across Australia was 5.24, and most of our new complaints came from consumers in major cities.



¹ This data is taken from the postcode provided by the consumers making the complaint. In 1,656 cases, the consumer either did not provide a postcode, or the postcode was incorrect. In addition, three new complaints were from other territories e.g. Christmas Island.

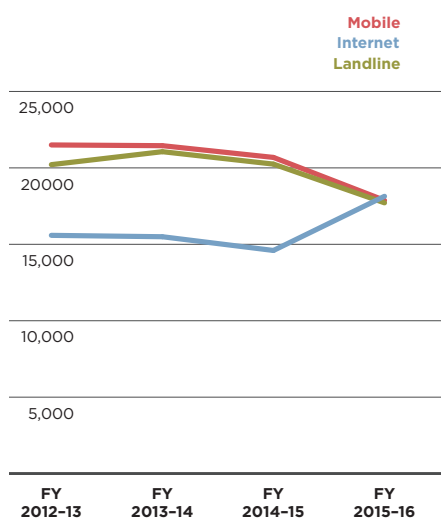
Service provider complaint statistics

The publication of TIO new complaint statistics for telecommunications service providers reflects our commitment to transparency and independence. Complaint numbers about different service types are likely to reflect the service offering of the provider. The data in the graphs is not adjusted for the number of customers or services in operation during the reporting period.

The five service providers whose data is published in this report accounted for 83.6 per cent of new complaints in 2015-16.

Telstra

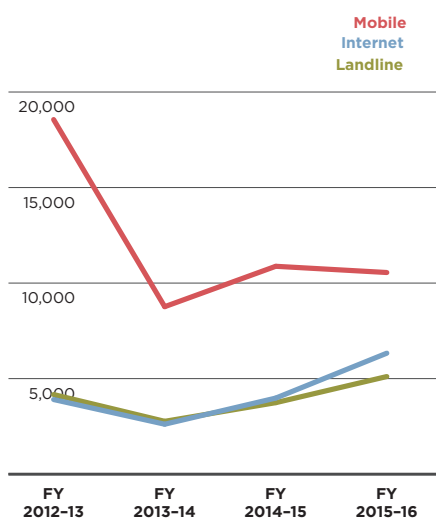
Telstra had an overall 3.2 per cent drop in new complaints lodged with the TIO during this reporting year. The drop would have been even sharper had it not been for the increase in complaints about internet services.



Total new complaints	
2015-16	2014-15
53,731	55,529

Optus

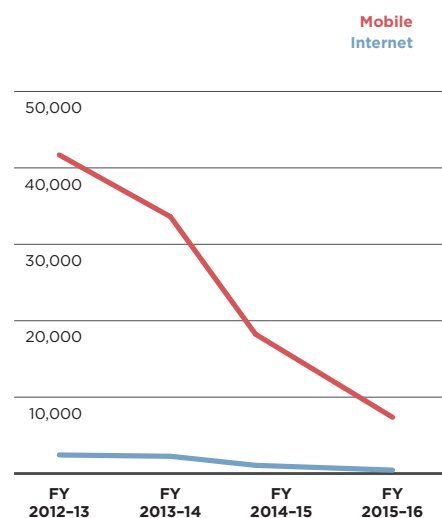
There was an 18.2 per cent increase in new complaints about Optus in 2015-16. New complaints about mobile services dropped slightly but there was an increase in complaints about both landline and internet services.



Total new complaints	
2015-16	2014-15
21,992	18,601

Vodafone

Vodafone was successful in reducing its new complaints by 59.5 per cent in 2015-16 compared to the previous year. The graph shows the steep reduction over the past three years in the number of new complaints about mobile services and a reduction in complaints over the past year related to internet services.

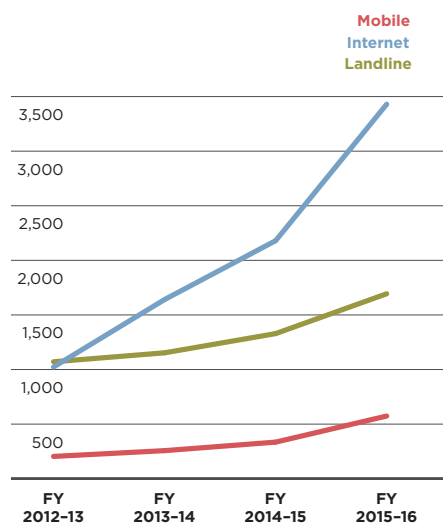


Total new complaints	
2015-16	2014-15
7,830	19,311

iiNet

iiNet had a 48.2 per cent increase in new complaints.

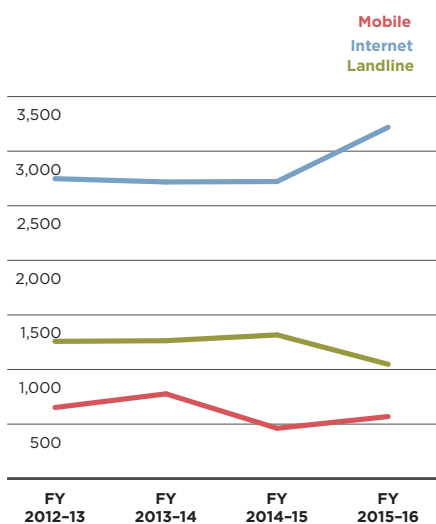
There was an increase in iiNet's complaints about all service types in the past year.



Total new complaints	
2015-16	2014-15
5,698	3,844

TPG

TPG has had mixed results over the past year with an overall increase in new complaints of 7.4 per cent. There was an increase in complaints about TPG's internet services and a slight increase in complaints about mobile services, while landline complaints decreased.



Total new complaints	
2015-16	2014-15
4,836	4,501

Case studies

The case studies described in this report illustrate how the TIO resolves disputes using different alternative dispute resolution methodologies such as conciliation and investigation.

They also illustrate how the dispute resolution process is tailored for different types of complaints, for example, urgent cases and land access objections.

The cases are based on real cases, but some details (including names) have been changed to protect consumers' privacy.

Delays in NBN installation

Mr M lodged a complaint with the TIO because he had been trying to have an NBN landline and internet service connected at his home for two months, without success.

Mr M said he took annual leave to be at home on the first installation date but no one came to install the service. His provider told him there was an error in their system and the booking had not been put through. Mr M was given another date but the installation did not occur. He was then given a third date for the installation. At this stage, Mr M said he had lost confidence that his provider could resolve the problem.

The TIO referred the complaint to Mr M's service provider with a 10-business day resolution time frame.

Progression to conciliation

After five weeks Mr M returned to the TIO because his NBN service was still not connected. He also said that his existing broadband service had been disconnected and he had accrued approximately \$300 in mobile excess data charges due to the connection delay. Mr M said that there had been 13 connection orders, which were either rejected or cancelled for some reason.

The conciliation notice set out the complaint and the issues raised in the complaint, including whether Mr M was entitled to damages under the Customer Service Guarantee (CSG) standard because of the delay in the connection of the landline service. We suggested that the provider review its system notes about the orders and investigate why the orders were being rejected or cancelled.

Resolution of the complaint

After receiving the conciliation notice, the provider investigated further and got to the bottom of the technical and operational issues that prevented the orders from being actioned. It told Mr M that the line to his house had to be reconfigured.

In total, it took 16 weeks from the date the order was first placed to have the landline and internet service connected. The provider calculated eligibility for compensation under the CSG standard and offered Mr M an amount in excess of \$3,700. Mr M accepted the resolution offered and we closed the case.



Urgent need for landline connection

Mr H built a home on a new estate. A month before he planned to move in he put in an order to connect a landline service. Mr H needed a landline in case of an emergency because his wife's medical condition put her at risk of having a stroke.

A week before he was due to move into the new house Mr H discovered that the landline was not connected to the property. Mr H's provider sent a technician to the property. The technician said there was no line coming into the property and to take it up with his builder. The builder told Mr H that the trench had been dug and the lead-in work had been completed and to contact the provider again.

Mr H called the TIO because he was being pushed between the builder and his provider and he could not resolve the conflicting advice about the problem with having a landline connected to his new home.

Urgent referral to the provider

Because Mr H needed immediate assistance, we followed our urgent referral procedure that requires a provider to contact the consumer within two days. After our referral, the provider contacted Mr H and said that the phone line would be installed but gave no time frame. Around the same time, Mr H received a letter from the provider to say that because Mr H did not confirm the date of the move the order had been cancelled and it would take up to two months to connect the line.

Conciliation

Given Mr H's urgent need for the telephone line and the conflicting responses from the provider, the TIO proceeded to conciliation. The conciliation notice set out questions to provide context and guidance for resolving the complaint. The notice suggested reviewing the system notes about the relocation request and Mr H's status as a customer needing urgent assistance.

Information and reports provided during the conciliation process showed that a number of circumstances occurred that caused the conflicting communication with Mr H and the delay. Immediately after the lead-in cable was installed the provider discovered that network distribution cable needed to be installed and a network extension was required. Mr H was offered an interim telephone service when he moved into the property. Mr H accepted a call diversion solution to his mobile phone while the connection was being installed.

Resolution of the complaint

The provider advised the TIO when Mr H's landline was connected. When the TIO officer called Mr H to confirm the resolution of the complaint, the call went through to his mobile phone. Not only was the diversion still in place, but Mr H also complained that he was not given his original number.

The connection to the landline was effected the next day and Mr H was allocated his original number. The complaint was resolved to Mr H's satisfaction and the case was closed.



Disputed credit default listing

Ms A engaged the services of a credit repair agency (the agency) to have a default listing removed from her personal credit file. The agency said that Ms A had recently become aware that her telecommunications service provider had listed a default in 2012 for an amount of \$610.

The agency said that it had been unable to resolve the complaint with the service provider. It asked the TIO for a further review. The agency provided the TIO with an authorisation from Ms A to represent her, a copy of Ms A's credit file and it said that the default listing was 'erroneous and unreasonable'.

The provider supplied information about the history of the account, showing that Ms A had only made one payment to the account. The agency's response was that if Ms A had only made one payment to the account then the provider should have undertaken an assessment of Ms A's financial hardship and she should have been directed to the hardship team. The agency said that at the time of the default listing Ms A was experiencing severe financial hardship as she was going through a stressful divorce and was financially overcommitted.

Conciliation notice

The TIO issued a conciliation notice setting out Ms A's complaint and asked the provider to review its records to determine if Ms A had advised it about her financial hardship and to check that it had complied with its credit management obligations. The relevant rules that applied in this case were the TCP Code (2012), the provisions of the *Privacy Act 1988*, Part 111A and the Credit Reporting Code of Conduct 1992, which applied to default listings made before 12 March 2014.

Assessment

The complaint could not be resolved by conciliation because the provider argued that there was no basis for removing the default listing from Ms A's credit file. The TIO proceeded to review all the documentation requested and issued an assessment of the case to the agency and the service provider.

In forming a view about the merits of the complaint and the actions of the provider in listing the default in payment, the TIO officer took into account the billing history of the account, the customer contact records, the arrears and overdue payment notices and whether there had been any credit assessment made when the account was established.

The documentation showed that at the time Ms A obtained the service she was employed, there were no adverse credit listings in her name and she met the provider's credit assessment criteria.

There were no records to show that Ms A told the provider that she could not afford to pay for the service or that she was in financial hardship. On the contrary, the provider's customer records showed that Ms A contacted the provider after the account fell into arrears and said that she intended to pay the outstanding amount and to continue to use the service.

The records showed that all invoices and debt collection notices were sent to the address that Ms A had given to the provider. She was sent 'overdue account' notices that warned of restriction and suspension of her service, cancellation warning notices and a default listing warning notice. The records showed that the default listing was registered after the debt was 60 days overdue.

On the basis of the information available the TIO officer formed the view that the credit provider had complied with its obligations in respect of its initial credit assessment and its credit management action. There was no information to show that Ms A had raised financial hardship with the provider and therefore the officer could not conclude there was a breach of an obligation in this respect.

The assessment was that, in the circumstances of this case, the provider was entitled to credit list the default in payment and there was no basis for the further involvement of the TIO in the case. The case was closed. The agency did not challenge the assessment.



Land access objection

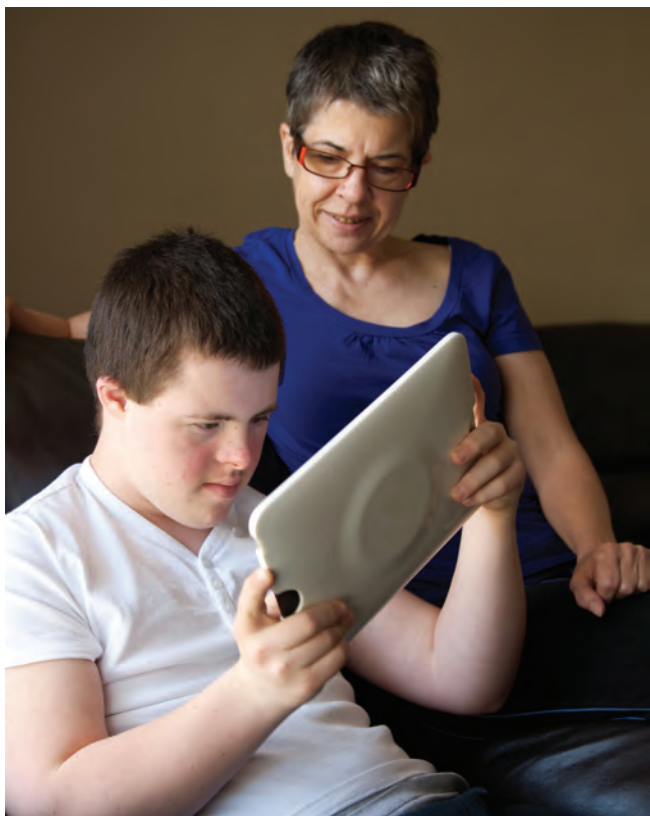
The carrier's proposed activity

The carrier issued a Land Access and Activity Notice (the Notice) to the owner of rural land, setting out its intention to undertake the installation of low-impact facilities on the property. The work was to be undertaken on an existing telecommunications tower on the land. It also included relocating an existing equipment shelter, the installation of a new electrical draw pit and two new draw pits for feeder cables, the installation of a cable tray and support posts, new electrical cables and the relocation of an existing chain wire fence.

The Notice included a summary of Schedule 3 to the *Telecommunications Act 1997* and the owner's right to seek compensation for any financial loss or damage suffered as a result of the carrier's activities, the purpose of the activity, the objection process and seven pages of drawings including site information and the site plan, the antenna configuration and footing details.

Consultation

A lawyer responded to the Notice to object to the activity on behalf of the directors of the company that owned the land. The objection was based on the lack of a lease between the owner and the carrier and the owner's concerns about granting access to the carrier in the absence of a lease.



The *Telecommunications Code of Practice 1997* (the Code) requires a carrier to make reasonable efforts to consult with the objector after receiving the objection and to make reasonable efforts to resolve the objection by agreement. In this case there was an exchange of letters between the owner's lawyer and the carrier in respect of a lease agreement and the terms of the agreement. The parties could not agree on the rent and the objection was referred to the TIO.

Ombudsman's decision

The Ombudsman's decision included an examination of the Notice to determine that it met the legislative requirements. Every element of the proposed construction and the land was examined to determine that the activity and facilities were low-impact facilities.

The conclusion that the activity was low-impact included that the land was a permitted area zoned farming for the use of agriculture, there was no environmental significance of the location, the equipment shelter met the dimension requirements and was colour-matched to its background, and the electrical pits and draw pits, feeders, conduits and cables met the specifications of a low-impact facility.

When the TIO invited the carrier and the owner to provide further information in relation to their respective positions, the directors of the owner company raised matters that had not been raised in the original objection, including concerns about the potential for the introduction of weeds, upkeep of an access track and insurance. The carrier responded to the new objections and said it would address concerns about weeds by washing down vehicles prior to accessing the land and spraying the access track.

The Ombudsman's decision was that the objections raised by the owner were not sustained.

Concern about the future use of the land is not a ground of objection and the terms of a lease or commercial agreement in respect of the property is not a ground of objection. An objection about damage that might occur in the future cannot be sustained. The objector must be able to identify a specific concern about detriment, inconvenience or damage, which has not been adequately addressed in the carrier's proposal. In this case the carrier's Notice set out anticipated effects of the proposed activity as minor soil disturbance and proposed remediation steps to minimise any disturbance.

As the date proposed in the Notice for the commencement of the activity had passed, the Ombudsman directed the carrier to commence and finish the activity by specified dates. The case was closed on the date of the Ombudsman's decision.

Financial Report

for the year ended 30 June 2016

The TIO is a not-for-profit organisation that is funded by telecommunications providers, who are required by law to be members of and provide funding to the scheme.

In 2015-16 the TIO engaged consultancy KPMG to review our funding model to ensure that our funding arrangements meet the needs of the scheme and our stakeholders. This included consultation with telecommunications providers and other stakeholders. A report was produced and is currently being considered by the Ombudsman and Board of Directors.

The TIO Financial Report is a separate document available for download on our website www.tio.com.au



Contact us

By phone	1800 062 058*
Online	www.tio.com.au
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

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