

Telecommunications Industry Ombudsman Limited

ABN 46 057 634 787

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011



Telecommunications Industry Ombudsman Limited

ABN 46 057 634 787

Financial Report

for the year ended 30 June 2011

| Contents | Page No. |
|------------------------------------|----------|
| Directors' Report | 51 |
| Auditor's independence declaration | 58 |
| Financial report | |
| Statement of comprehensive income | 59 |
| Statement of financial position | 60 |
| Statement of changes in equity | 61 |
| Statement of cash flows | 62 |
| Notes to financial statements | 63 |
| Directors' declaration | 77 |
| Independent auditor's report | 78 |

Directors' Report

Directors' Report

Your directors present their report of Telecommunications Industry Ombudsman Ltd ("TIO") for the year ended 30 June 2011.

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

Directors

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

Two (2) directors appointed by Telstra:

- J P Scarlett, with C Williams as an alternate director (appointed 25 July 2011)
- P J Sporton

Two (2) directors appointed by Optus:

- M J Elsegood
- A R Thomas, with G R Smith as alternate director for both

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

- M L Sexton with B Currie as an alternate director

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

- R Bhatia, with J Horan as an alternate director (alternate resigned 26 July 2011)

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

- S J Dalby

Independent Directors:

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

Changes to Board composition are summarised in note 12 to the financial statements. The names of persons who were directors of TIO at any time during the financial year are as follows:

| Name of Director | Date of Appointment | Date of Resignation |
|----------------------|---------------------|---------------------|
| J Rohan | 01 August 2001 | Continuing |
| G Smith (Alternate) | 4 March 2002 | Continuing |
| J Harvey | 7 April 2003 | Continuing |
| M Elsegood | 2 October 2006 | Continuing |
| S Dalby | 7 December 2006 | Continuing |
| A Thomas | 12 September 2007 | Continuing |
| R Bhatia | 22 November 2009 | Continuing |
| J Scarlett | 27 November 2009 | Continuing |
| P Sporton | 27 November 2009 | Continuing |
| M Sexton | 8 December 2009 | Continuing |
| B Currie (Alternate) | 8 December 2009 | Continuing |
| J Horan (Alternate) | 20 April 2010 | 26 July 2011 |

Directors' Report (continued)

Operating Results

The TIO recorded an operating surplus for the year of \$961,819. The operating surplus for 2010-11 increased primarily due to:

- An increase in demand for the TIO's services, particularly during the third quarter of the financial year. As a result, the requirement for increased staffing levels combined with efficient cost management resulted in a higher surplus compared to the previous financial year.
- An accounting adjustment of approximately \$349,000 for finance lease payments, increasing the surplus for statutory reporting at 30 June 2011. These finance lease payments related to funding a project to replace the complaint management system (known as the RADaR project). These costs were evenly distributed over 2010-11 within Operating Cost Recovery fees and will continue through to December 2013 as part of a 36 month co-terminating lease agreement.

The results for the year ended 30 June 2011 are as follows:

| Year | Total Revenue | Total Expenditure | Surplus/(Deficit) |
|-----------|---------------|-------------------|-------------------|
| 2009-2010 | \$28,634,716 | \$28,286,819 | \$347,897 |
| 2010-2011 | \$28,947,405 | \$27,985,586 | \$961,819 |

The accumulated surplus was increased from \$6,712,365 at the start of the financial year to \$7,674,184 at the end of 2010-2011.

Review of Operations

• Total Complaint Handling Transactions

Complaint handling transactions include enquiries, new complaints, cases and reviews. Total transactions for 2010-2011 are presented below.

| Year | Total Transactions | % Change from Previous Year |
|-----------|--------------------|-----------------------------|
| 2009-2010 | 256,609 | 2.0% Decrease |
| 2010-2011 | 269,892 | 5.2% Increase |

There was a sharp increase in complaints during the third quarter of 2010-2011. However, in the last quarter of 2010-2011 new complaint numbers returned to a steady growth in line with the forecast. The long term trend in increasing complaint/case numbers has continued during the 2010-2011 year and this is expected to continue across the 2011-2012 financial year.

• Debt Recovery

Bad debts of \$299,726 were written-off during the financial year, with the provision for bad debts reduced to \$834,165.

As at 30 June 2011 the accounts receivable balance reflects a higher balance than that of previous years due to changes in the billing of members. This change involved a transition from billing members quarterly in-advance (i.e. the last billing for the financial year would have been early April) to monthly in-arrears resulting in a significantly larger receivable balance at June 30, 2011 representing amounts owed from May invoices and complaints for June yet to be billed.

• Cash Flow

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

• Performance

The TIO operational year featured a 5.2% increase in transactions. In response to this average full time equivalent (FTE) staff numbers increased from 222.3 to 235.1.

The TIO monitors levels of complainant satisfaction and confidence with the service provided by the TIO. Issues identified through the monitoring process are addressed as they arise by the Ombudsman and the Executive team.

Directors' Report (continued)

- **Industry Engagement**

During 2010-2011 the TIO continued to work collaboratively with industry to help reduce complaints about customer service and complaint handling.

- **Communications**

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

- **Governance**

The TIO implemented a comprehensive internal audit program during the course of 2010-2011, with audits focusing, inter alia, on a project to replace the TIO's complaint handling system, risk management and IT security.

The Board initiated a review of the TIO in late 2010 in accordance with Article 19 of the TIO Articles of Association. The Review considered future demands on the Scheme, current performance and outcomes and a framework for the future.

- **Financial Reserve**

The financial reserve increased to a total of \$3,610,264 at 30 June 2011.

- **Fee Increases**

The TIO did not increase volume related prices for 2010-2011 and had not increased volume related prices since July 1, 2007. A review of pricing has resulted in raised prices being set for 2011-2012.

- **Major Projects Program**

The TIO continued major projects initiated in 2009-2010 including the implementation of a new complaint management system (known as RADaR), redevelopment of the TIO Website, transition to monthly billing, review of Complaint Handling Procedures and implementation of an IT Infrastructure Upgrade. The TIO also undertook a comprehensive Remuneration Review.

The RADaR project has proved to be more complex than originally anticipated. The scheduled delivery date is planned for early 2012, with a commensurate increase in costs.

- **Membership**

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

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

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

The total number of members increased from 1,162 at 30 June 2010 to 1,214 at 30 June 2011. 100 new members joined the scheme and 48 members departed the scheme.

- **Staffing**

As at 30 June 2011, the TIO employed 267 staff. This is an increase from 30 June 2010 when the TIO employed 230 staff, due to the increase in complaint numbers over the year, in addition to a requirement to increase staff allocated to specific projects, particularly the new complaint management system project, RADaR.

Diane Carmody commenced as Deputy Ombudsman on 13 September 2010.

- **Income Tax Exemption**

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

Directors' Report (continued)

Principal Activities

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

Objectives and Strategies

The TIO operates in the context of a three year strategic plan and an annual business plan. These detail long and short term objectives and KPI's.

Member Liability

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

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

Dividends

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

Significant Changes in the State of Affairs

By June 2011 all members moved from quarterly billing in advance to monthly billing in arrears. Monthly invoicing will provide members with a much simpler, more transparent and timely billing of complaints.

Matters Subsequent to the End of the Financial Year

Except for the matters noted above, at the date of this report no matter or circumstance has arisen since 30 June 2011 that has significantly affected or may significantly affect

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

Likely Developments and Expected Results of Operations

The TIO has budgeted for an increase in new complaints and cases of 10% in 2011-2012 based on the stabilisation of case numbers towards the end of 2010-2011 and increased new complaints over the year, but the TIO will continue to carefully monitor complaint statistics and resources accordingly.

Environmental Regulations

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

Insurance of Officers

During the financial year, the TIO paid a premium of \$13,662 (GST inclusive) to insure certain officers of the company. The officers of the company covered by the insurance policy included all Directors as listed in this report, Council members and the Executive management Team.

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

Directors' Report (continued)

Information on Directors

| Director | Experience | Responsibility |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| J F Rohan, <i>B Mech Eng, Grad Dip IE, MBA</i> | John has held senior positions including MD and CEO roles in CRA Ltd, James Hardie Australia Pty Ltd, Pirelli Ericsson Cables Ltd, McConnell Dowell Corporation Ltd and Vodafone Australia Ltd. His Board directorships have included University Paton Pty Ltd, Kockums Australia Ltd and Chairman of Hardex Australia Pty Ltd. In addition to chairing the TIO Board, John was a member of the inaugural TIO Council. He is currently a director of AARNet Pty Ltd, a not for profit education and research network owned by Australian universities and CSIRO. | Chairman from 1 August 2001 |
| G R Smith, <i>B Econ / Politics (Hons)</i> | Manager Regulatory Operations, Optus. Gary has formerly worked with AUSTEL, the Reserve Bank of Australia and the Victorian state government. | Alternate Director from 4 March 2002 |
| J M Harvey, <i>BCom, MBA, FCA, FAICD</i> | Directorships include: IOOF Holdings Ltd, Medibank Private Ltd, Colonial Foundation Trust, and oversight Board of the Department of Treasury and Finance. Victorian Council member of the Australian Institute of Company Directors. | Director from 7 April 2003 |
| M J Elsegood <i>B Eng (Hons)</i> | Manager, Regulatory Compliance and Safeguards, Optus. Michael has extensive experience in the Australian telecommunications industry, having worked with regulators and carriers in a variety of planning, policy and compliance roles. | Director from 2 October 2006 |
| S J Dalby | Chief Regulatory Officer, iiNet. Stephen has been involved in the telecommunications industry for more than 40 years. Since 2003, he has been an executive with the iiNet Group. Stephen is also CEO of Chime Communications Pty Ltd, iiNet's carrier subsidiary, holds directorships at Communications Alliance Ltd and Prosubi Ltd and is based in Perth. | Director from 7 December 2006 |
| A R Thomas | Alexandra Thomas is the Director, Customer Solutions and Service at Optus. In this role, Alex is responsible for professional and managed services at Optus, as well as customer service operations for business and government customers. | Director from 12 September 2007 |
| R Bhatia <i>B Tech Elec Eng</i> | Ravi has recently retired as the CEO and Founder of Primus Australia. He has held senior management positions in the US, Germany and other countries with Primus, MCI, OTC and Siemens in sales, marketing and public policy. Ravi is a member of the Board of the Alfred Foundation and the President of Australia India Business Council – Victoria. | Director from 22 December 2009 |
| J P Scarlett <i>BA LLB (Hons)</i> | Jules is Director, Customer Service & Satisfaction for Telstra. Jules has responsibility for coordinating the customer service and satisfaction initiatives across the company. She is also responsible for corporate complaint management at Telstra. Jules has worked for Telstra for over 10 years. | Director from 27 November 2009 |
| P J Sporton <i>B. App Sci (App Elec)</i> | Phill is the Executive Director of Service Delivery in Telstra Operations. This area of Telstra is responsible for the installation, connection and repair of Telstra's products, services and plant. Having started with Telstra as an engineer in 1983, Phill has spent 26 years at Telstra in range of roles, including several positions in senior management. | Director from 28 November 2009 |
| M L Sexton <i>BA, LLM, MBA (Executive)</i> | Louise is Group General Counsel and Company Secretary of Vodafone Hutchison Australia (VHA) and Company Secretary of Hutchison Telecommunications (Australia) Limited (HTAL). Prior to the formation of VHA in June 2009, Louise has been General Counsel and Company Secretary of HTAL since September 1998. Louise has extensive legal and regulatory experience as General Counsel and Company Secretary in listed public companies across a number of high technology industries in Australia. | Director from 8 December 2009 |
| B Currie | Brian is the General Manager of Regulatory Affairs of Vodafone Hutchison Australia. With over thirty years in the industry, Brian has broad experience and knowledge that covers telecommunication engineering, management and regulatory affairs. He has formal qualifications in engineering and management. | Alternate Director from 8 December 2009 |
| J G Horan <i>BCom, LLB, LLM</i> | John is General Counsel for Primus Telecommunications (Australia). Prior to joining Primus Telecom in March 2007, John held advisory roles in legal private practice and national regulatory agencies. John has significant experience in relation to utility regulation, regulatory frameworks and competition law. | Alternate Director from 20 April 2010 to 26 July 2011 |
| C Williams <i>BA, LLM</i> | Christine is Deputy Director, Regulatory Affairs at Telstra. Christine has performed a range of roles as regulatory manager and legal counsel for many different aspects of Telstra's business. Prior to joining Telstra in 1996, Christine was a senior associate in private legal practice. | Alternate Director from 25 July 2011 |

Directors' Report (continued)

Information on Company Secretary

| Company Secretary | Experience | Responsibility |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| P J Carruthers <i>BA, MBA, MComLaw, MAICD</i> | Phillip has worked in similar roles with VicRoads and CSIRO and previously served as an officer in the Australian Army. Phillip has also been a Director on a mix of for-profit and not-for-profit boards. | Company Secretary from 5 March 2001 |

Meetings of Directors

The numbers of meetings of the company's directors (excluding meetings of committees of directors) held during the year ended 30 June 2011, and the number of meetings attended by each director were:

| Number of meetings held: 8 | Full Meetings of Directors | |
|---------------------------------|----------------------------|-----------------|
| | Number Eligible to Attend | Number Attended |
| Number of meetings attended by: | | |
| J F Rohan | 8 | 8 |
| G R Smith | 0 | 0 |
| J M Harvey | 8 | 7 |
| M J Elsegood | 8 | 8 |
| S J Dalby | 8 | 5 |
| A R Thomas | 8 | 5 |
| R Bhatia | 8 | 7 |
| J P Scarlett | 8 | 7 |
| P J Sporton | 8 | 5 |
| M L Sexton | 6 | 3 |
| B Currie | 2 | 2 |
| J G Horan | 0 | 0 |

Directors' Report (continued)

Auditors

Pitcher Partners continued their role as auditors of the TIO.

Auditor Independence

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

Proceedings on behalf of the company

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

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



J F Rohan
Director



J M Harvey
Director

Melbourne
28 September 2011

Auditor's Independence Declaration

to the Directors of Telecommunications Industry Ombudsman Limited



TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

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

In relation to the independent audit for the year ended 30 June 2011, to the best of my knowledge and belief there have been:

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

S SCHONBERG
 Partner

Date: 4/10/11

PITCHER PARTNERS
 Melbourne

Statement of Comprehensive Income

For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|---------------------------------------|------|---------------------|---------------------|
| Revenue | | | |
| Revenue from members | 4 | 28,158,804 | 27,785,004 |
| Other income | 4 | 788,601 | 849,712 |
| | 4 | 28,947,405 | 28,634,716 |
| Less: expenses | | | |
| Depreciation and amortisation expense | 5 | (617,115) | (493,260) |
| Employee benefits expense | 5 | (21,157,071) | (20,235,606) |
| Occupancy expenses | 5 | (1,589,685) | (2,187,295) |
| Marketing expense | | (455,742) | (508,560) |
| Finance costs | 5 | (119,529) | (144,637) |
| Bad & Doubtful debts expense | 5 | (243,224) | (806,440) |
| Information technology expense | | (1,059,274) | (820,407) |
| Consultancy expense | | (594,433) | (986,881) |
| Legal expense | | (249,960) | (206,348) |
| Relocation/fitout expense | | - | (11,077) |
| Travel expense | | (233,899) | (273,176) |
| Telephone and faxes | | (435,477) | (518,086) |
| Other expenses | | (1,230,177) | (1,095,046) |
| Total expenses | | (27,985,586) | (28,286,819) |
| Total surplus for the year | 15 | 961,819 | 347,897 |

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|--------|-------------------|------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 5,855,578 | 10,520,128 |
| Receivables | 8 | 5,582,944 | 512,994 |
| Other current assets | 9 | 176,680 | 229,179 |
| Total current assets | | 11,615,202 | 11,262,301 |
| Non-current assets | | | |
| Plant and equipment | 10 | 2,891,206 | 2,373,503 |
| Total non-current assets | | 2,891,206 | 2,373,503 |
| Total assets | | 14,506,408 | 13,635,804 |
| Current liabilities | | | |
| Payables | 11 | 2,120,776 | 3,021,431 |
| Borrowings | 12, 16 | 525,667 | 237,018 |
| Provisions | 13 | 1,577,671 | 1,436,704 |
| Other liabilities | 14 | 139,997 | 139,997 |
| Total current liabilities | | 4,364,111 | 4,835,150 |
| Non-current liabilities | | | |
| Borrowings | 12, 16 | 1,290,465 | 931,900 |
| Provisions | 13 | 524,331 | 363,075 |
| Other liabilities | 14 | 653,317 | 793,314 |
| Total non-current liabilities | | 2,468,113 | 2,088,289 |
| Total liabilities | | 6,832,224 | 6,923,439 |
| Net assets | | 7,674,184 | 6,712,365 |
| Accumulated surplus | | | |
| Accumulated surplus | 15 | 7,674,184 | 6,712,365 |
| Total Accumulated surplus | | 7,674,184 | 6,712,365 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|----------------------------------|------------|------------|
| Accumulated surplus | | |
| Balance at beginning of the year | 6,712,365 | 6,364,468 |
| Movements in equity from: | | |
| Accumulated surplus | 961,819 | 347,897 |
| Balance at the end of the year | 7,674,184 | 6,712,365 |
| Accumulated surplus | | |
| Balance at beginning of the year | 6,712,365 | 6,364,468 |
| Surplus for the year | 961,819 | 347,897 |
| Balance at the end of the year | 7,674,184 | 6,712,365 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------------------|-------|--------------------|--------------|
| Cash flow from operating activities | | | |
| Receipts from members | | 25,801,496 | 30,450,321 |
| Payments to suppliers and employees | | 30,230,232) | (29,525,182) |
| Rental receipts | | - | 257,291 |
| Interest received | | 382,761 | 247,239 |
| Interest paid | | (119,529) | (144,637) |
| Net cash provided by operating activities | 19(b) | (4,165,504) | 1,285,032 |
| Cash flow from investing activities | | | |
| Payment for plant and equipment | | (1,134,818) | (340,886) |
| Net cash used in investing activities | | (1,134,818) | (340,886) |
| Cash flow from financing activities | | | |
| Repayment of borrowings | | 1,016,890 | - |
| Repayment of leases | | (381,118) | (211,908) |
| Net cash used in financing activities | | 635,772 | (211,908) |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 10,520,128 | 9,787,890 |
| Net increase/decrease in cash held | | (4,664,550) | 732,238 |
| Cash at end of financial year | 19(a) | 5,855,578 | 10,520,128 |

The accompanying notes form part of these financial statements.

Notes to Financial Statements

For the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report is for the entity Telecommunications Industry Ombudsman Limited ("the TIO") as an individual entity. Telecommunications Industry Ombudsman Limited is a company limited by guarantee, incorporated and domiciled in Australia.

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

(a) Basis of preparation of the financial report

Compliance with IFRS

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

Historical Cost Convention

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

(b) Income tax

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

(c) Revenue

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

In prior periods, members were invoiced quarterly in advance based on estimated costs. Estimated costs and actual costs were reconciled at period end, resulting in either a receivable or payable due to members.

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

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

(d) Trade receivables

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

(e) Plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

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

Notes to Financial Statements continued

For the year ended 30 June 2011

(e) Plant and equipment continued

The depreciation rates used for each class of asset are:

| Class of fixed asset | Depreciation rates | Depreciation basis |
|----------------------------------|--------------------|--------------------|
| Leasehold improvements | 14% | Straight line |
| Plant and equipment | 33% | Straight line |
| Furniture, fixtures and fittings | 14% | Straight line |
| Software | 40% | Straight line |

(f) Leases

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

Finance Leases

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

Operating leases

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

Lease incentives received under operating leases are recognised as a liability. This lease liability is reduced on a straight-line basis over the lease term.

(g) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the company to an employee superannuation fund are recognised in the balance sheet as a liability, after deducting any contributions already paid and in the income statement as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(h) Finance costs

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

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Financial instruments*Cash and cash equivalents*

Cash on hand and at bank are valued at face value. Interest revenue is recognised as it accrues.

Notes to Financial Statements continued

For the year ended 30 June 2011

Trade and other receivables

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

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

Collectability of overdue accounts is assessed on an ongoing basis.

Prepayments

Prepayments are carried at cost representing their expected future benefit.

Trade and other payables

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

Interest bearing loans and borrowings

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

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

(k) Trade and other creditors

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

(l) Amounts due to members

In prior periods, amounts due to members represented funds owing as a result of estimated costs billed at the start of the quarter differing to complaints received during the quarter. Each quarter actual and estimated charges were reconciled with the resulting adjustments representing amounts owed to members.

There are no amounts due to members in the current year due to a change to billing members monthly in- arrears from July 2010.

(m) Cash and cash equivalents

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

(n) Goods and services tax (GST)

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

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

(o) Unearned lease incentive

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

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

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

(p) Rounding of amounts

The company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded off to the nearest \$1.

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

Notes to Financial Statements continued

For the year ended 30 June 2011

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

| | 2011 \$ | 2010 \$ |
|-------------------------|-------------------|-------------------|
| Complaint handling fees | 28,158,804 | 27,785,004 |
| Interest income | 417,540 | 247,239 |
| Rental income | - | 257,291 |
| Other revenue | 371,061 | 345,182 |
| | 28,947,405 | 28,634,716 |

NOTE 4: REVENUE

Surplus from continuing activities has been determined after:

Expenses:

| | | |
|-------------------------------------------------------|----------------|----------------|
| Finance costs | 119,529 | 144,637 |
| Depreciation | | |
| - plant and equipment | 139,372 | 20,721 |
| - furniture and fittings | 241,692 | 236,488 |
| - leasehold improvements | 236,051 | 236,051 |
| | 617,115 | 493,260 |
| Bad and doubtful debts | 243,224 | 806,440 |
| Remuneration of auditors for: | | |
| Rental expense on operating leases: | | |
| - lease payments – rent, communications, IT and other | 1,589,685 | 2,187,295 |
| Employee benefits: | | |
| - short term benefits | 21,157,071 | 20,235,606 |
| Net loss on disposal of non-current assets | | |
| - Loss on disposal of non current assets | - | 1,061 |
| Remuneration of auditors for | | |
| - Auditor's remuneration – audit fees | 33,000 | 29,500 |

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company

| | | |
|--------------------------------|------------------|------------------|
| - short term employee benefits | 1,374,462 | 1,285,987 |
| | 1,374,462 | 1,285,987 |

Notes to Financial Statements continued

For the year ended 30 June 2011

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION CONTINUED

The names of directors who have held office during the year are listed below

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

| Name | Appointment / resignation details |
|-----------------------|-----------------------------------|
| J F Rohan | |
| J M Harvey | |
| S J Dalby | |
| A R Thomas | |
| M J Elsegood | |
| G R Smith (alternate) | |
| E Sexton | |
| B Currie (alternate) | |
| R Bhatia | |
| J Scarlett | |
| J G Horan | (departed 26 July 2011) |
| P Sporton | |

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

| Name | Appointment / resignation details | Position |
|--------------|-----------------------------------|-------------------------|
| S Cohen | | Ombudsman |
| D Carmody | (appointed 13 September 2010) | Deputy Ombudsman |
| P Carruthers | | Company Secretary |
| J Zammit | | Chief Financial Officer |
| V Hickey | (departed 21 December 2010) | Chairman of Council |
| A Dyer | (appointed 22 December 2010) | Chairman of Council |
| J Giles | (departed 30 March 2011) | Member of Council |
| L Parkinson | (departed 10 February 2011) | Member of Council |
| P Harrison | (appointed 1 July 2010) | Member of Council |
| J Matthews | (appointed 13 April 2011) | Member of Council |
| J Wilkes | (appointed 29 April 2011) | Member of Council |
| W Warburton | | Member of Council |
| L Kreet | | Member of Council |
| T Corbin | | Member of Council |
| C Dodds | | Member of Council |
| T C Hill | | Member of Council |
| S Sdregas | | Member of Council |
| R Wheeler | | Member of Council |

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|------------------------------------------|------------|------------|
| NOTE 7: CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 1,100 | 1,100 |
| Cash at bank | 138,349 | 436,395 |
| Cash on deposit | 5,716,129 | 10,082,633 |
| | 5,855,578 | 10,520,128 |

NOTE 8: RECEIVABLES

| | | |
|------------------------------|-----------|-----------|
| CURRENT | | |
| Trade debtors | 6,414,840 | 1,373,524 |
| Provision for doubtful debts | (834,166) | (860,530) |
| | 5,580,674 | 512,994 |
| Other receivables | 2,270 | - |
| | 5,582,944 | 512,994 |

As at 30 June 2011 the accounts receivable balance reflects a higher balance than that of previous years due to changes to the billing of members. Previously members were invoiced quarterly in advance (last billing for the financial year would have been April) and as a result much of the debt would have been paid before year end based on 30 day payment terms. Members are now invoiced monthly in-arrears resulting in a significantly larger receivable balance as it reflects amounts owed from May invoices and complaints for June not yet billed.

At 30 June 2011 current trade receivables had a nominal value of \$6,414,840 (2010 \$1,373,524). A provision for non recoverability of \$834,116 (2010 \$860,530) was considered appropriate.

The ageing of these receivables is as follows:

| | | |
|-----------------------|-----------|-----------|
| 1 to 3 months | 5,396,392 | 252,511 |
| Greater than 3 months | 1,018,448 | 1,121,013 |
| | 6,414,840 | 1,373,524 |

NOTE 9: OTHER ASSETS

| | | |
|----------------|---------|---------|
| CURRENT | | |
| Prepayments | 141,901 | 229,179 |
| Accrued income | 34,779 | - |
| | 176,680 | 229,179 |

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|----------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| NOTE 10: PLANT AND EQUIPMENT | | |
| Leasehold improvements | | |
| At cost | 1,652,341 | 1,652,341 |
| Accumulated depreciation | (727,827) | (491,776) |
| | 924,514 | 1,160,565 |
| Plant and equipment | | |
| Plant and equipment at cost | 592,530 | 194,500 |
| Accumulated depreciation | (301,656) | (162,284) |
| | 290,874 | 32,216 |
| Furniture and fittings at cost | 1,715,857 | 1,708,786 |
| Accumulated depreciation | (1,056,929) | (815,237) |
| | 658,928 | 893,549 |
| Capital works in progress (RADaR) | 1,016,890 | 287,173 |
| Total plant and equipment | 2,891,206 | 2,373,503 |
| (a) Reconciliations | | |
| Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year | | |
| <i>Leasehold improvements</i> | | |
| Opening carrying amount | 1,160,565 | 1,396,616 |
| Depreciation expense | (236,051) | (236,051) |
| Closing carrying amount | 924,514 | 1,160,565 |
| <i>Plant and equipment</i> | | |
| Opening carrying amount | 32,216 | 39,257 |
| Additions | 110,857 | 14,741 |
| Disposals | - | (1,061) |
| Transfers in | 287,173 | - |
| Depreciation expense | (139,372) | (20,721) |
| Closing carrying amount | 290,874 | 32,216 |
| <i>Furniture and fittings</i> | | |
| Opening carrying amount | 893,549 | 1,091,065 |
| Additions | 7,071 | 38,972 |
| Depreciation expense | (241,692) | (236,488) |
| Closing carrying amount | 658,928 | 893,549 |

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-------------------------------------------------|------------|------------|
| NOTE 10: PLANT AND EQUIPMENT (CONTINUED) | | |
| <i>Capital works in progress (RADaR)</i> | | |
| Opening carrying amount | 287,173 | - |
| Additions | 1,016,890 | 287,173 |
| Transfers out | (287,173) | - |
| Closing carrying amount | 1,016,890 | 287,173 |
| <i>Total plant and equipment</i> | | |
| Carrying amount at 1 July 2010 | 2,373,503 | 2,526,938 |
| Additions | 1,134,818 | 340,886 |
| Disposals | - | (1,061) |
| Depreciation expense | (617,115) | (493,260) |
| Carrying amount at 30 June 2011 | 2,891,206 | 2,373,503 |

NOTE 11: PAYABLES

CURRENT

Unsecured liabilities

Amounts payable to:

| | | |
|-------------------------------|-----------|-----------|
| - amounts due to members | - | 759,331 |
| Trade creditors | 419,728 | 506,726 |
| Sundry creditors and accruals | 1,701,048 | 1,755,374 |
| | 2,120,776 | 2,262,100 |
| | 2,120,776 | 3,021,431 |

Amounts Due to Members

At 30 June 2011 amounts due to members is a \$nil balance as a result of a change during the year to billing members from quarterly in advance to monthly in-arrears. At 30 June 2010 amounts due to members represented funds owing as a result of estimated costs billed at the start of the quarter differing to complaints received during the quarter. At 30 June 2010 this balance was \$759,331.

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-----------------------------------------|------------------|------------|
| NOTE 12: BORROWINGS | | |
| CURRENT | | |
| <i>Secured liabilities</i> | | |
| Finance lease liability | 265,101 | 237,018 |
| Finance lease liability - Project RADaR | 260,566 | - |
| | 525,667 | |
| NON CURRENT | | |
| <i>Secured liabilities</i> | | |
| Finance lease liability | 666,799 | 931,900 |
| Finance lease liability - Project RADaR | 623,666 | - |
| | 1,290,465 | 931,900 |

Finance Lease - Project RADaR (TIO's project to implement a new complaint management system)

During the year ended 30 June 2011 \$377,544 (\$47,193 per month) was originally expensed and included within the operating cost recovery fees charged to members in relation to RADaR project funding. This was based upon the total expected cost of the project being expensed and recovered evenly over 36 months, coinciding with the associated lease funding arrangements.

For statutory reporting purposes however, accounting standards required different treatment, particularly in respect of depreciation of the RADaR asset which can only commence when RADaR becomes operational, expected in 2012 quarter 4. The effect of the differing treatment is to increase the total surplus reported for the year ended 30 June 2011 by \$349,510.

(a) Business Card Facility

The company has a business card facility of \$131,000, reduced from \$300,000 at 30 June 2010, which may be utilised at any time and is subject to an annual review. All credit use is subject to approval by appropriate delegates in accordance with the TIO's policies.

(b) Overdraft Facility

The company has an overdraft facility of \$150,000 which may be utilised at any time and terminated by the bank without notice. This facility is unused at balance date. The overdraft facility is secured by a charge over the assets of the company.

NOTE 13: PROVISIONS

| | | | |
|-------------------------------------------|-----|-----------|-----------|
| CURRENT | | | |
| Employee benefits | (a) | 1,577,671 | 1,436,704 |
| NON CURRENT | | | |
| Employee benefits | (a) | 524,331 | 363,075 |
| (a) Aggregate employee benefits liability | | 2,102,002 | 1,799,779 |
| (b) Number of employees at year end | | 267 | 230 |

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-----------------------------------|------------|------------|
| NOTE 14: OTHER LIABILITIES | | |
| CURRENT | | |
| Unearned lease incentives | 139,997 | 139,997 |
| NON CURRENT | | |
| Unearned lease incentives | 653,317 | 793,314 |

NOTE 15: ACCUMULATED SURPLUS

| | | |
|--------------------------------------------|-----------|-----------|
| Accumulated surplus at beginning of year | 6,712,365 | 6,364,468 |
| Surplus for the year | 961,819 | 347,897 |
| Accumulated surplus at the end of the year | 7,674,184 | 6,712,365 |

During the year ended 30 June 2011 \$377,544 (\$47,193 per month) was originally expensed and included within the operating cost recovery fee charged to members in relation to RADaR project funding. This was based upon the total expected cost of the project being expensed and recovered evenly over 36 months, coinciding with the associated lease funding arrangements.

For statutory reporting purposes however, accounting standards required different treatment, particularly in respect of depreciation of the RADaR asset which can only commence when RADaR becomes operational, expected in 2012 quarter 4. The effect of this differing treatment is to increase the total surplus reported for the year ended 30 June 2011 by \$349,510.

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

Payable

| | | |
|-----------------------------------------------------|-----------|-----------|
| - not later than one year | 677,721 | 356,547 |
| - later than one year and not later than five years | 1,427,122 | 1,083,381 |
| Minimum lease payments | 2,104,843 | 1,439,928 |
| Less future finance charges | (288,711) | (271,010) |
| Total finance lease liability | 1,816,132 | 1,168,918 |
| Represented by: | | |
| Current liability | 265,101 | 237,018 |
| Non-current liability | 666,799 | 931,900 |
| | 931,900 | 1,168,918 |

The finance lease relates to the finance of the leasehold improvements and capital works in progress (Project RADaR).

(b) Hire purchase commitments

Payable

Represented by:

| | | |
|-----------------------|---------|---|
| Current liability | 260,566 | - |
| Non current liability | 623,666 | - |
| | 884,232 | - |

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|-----------------------------------------------------|-------------------|------------|
| (c) Operating lease commitments | | |
| Payable | | |
| - not later than one year | 2,031,666 | 1,775,375 |
| - later than one year and not later than five years | 7,475,054 | 6,294,711 |
| - later than five years | 1,326,163 | 4,211,813 |
| | 10,832,883 | 12,281,899 |

NOTE 17: CONTINGENT LIABILITIES

The TIO has the following contingent liabilities:

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

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

NOTE 18: RELATED PARTY TRANSACTIONS

- (a) One current director, L Sexton, and one alternate director, B Currie, are employees of Vodafone Hutchison Australia Ltd. The TIO invoiced Vodafone Hutchison Australia Ltd and the related company Vodafone Australia Ltd for \$4,101,220 (2010: \$2,435,735) and \$2,394,062 (2010: \$1,598,900) respectively, during the year for complaint handling fees.
- (b) Two current directors, J Scarlett and P Sporton, are employees of Telstra Corporation. The TIO invoiced Telstra Corporation Ltd and related entities for \$9,781,868 (2010: \$15,377,749) during the year for complaint handling fees. Telstra Corporation invoiced the TIO for \$145,684 (2010: \$144,259) for the provision of telecommunication services during the year.
- (c) Two current directors, A R Thomas and M J Elsegood, and one alternate director, G R Smith, are employees of SingTel Optus Pty Ltd. The TIO invoiced SingTel Optus Pty Ltd and related entities for \$2,119,983 (2010: \$2,967,159) during the year for complaint handling fees. SingTel Optus Pty Ltd and related entities invoiced the TIO for \$359,939 (2010: \$432,685) for the provision of telecommunication services during the year.
- (d) One current director, S Dalby, is an employee of iiNet Ltd. The TIO invoiced iiNet Ltd for \$1,342,499 (2010: \$230,261) during the year for complaint handling fees.
- (e) One current director, R Bhatia and one alternate director, J Horan (in 2010 11) are employees of Primus Telecommunications Pty Ltd. The TIO invoiced Primus Telecommunications Pty Ltd for \$240,621 (2010: \$284,666) during the year for complaint handling fees.
- (f) All of the above transactions with directors and director related entities were based on normal commercial terms and conditions.

Notes to Financial Statements continued

For the year ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| NOTE 19: CASH FLOW INFORMATION | | |
| (a) Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows: | | |
| Cash on hand | 1,100 | 1,100 |
| Cash at bank and on hand | 138,349 | 436,395 |
| At call deposits with financial institutions | 5,716,129 | 10,082,633 |
| | 5,855,578 | 10,520,128 |
| (b) Reconciliation of cash flow from operations with profit after income tax | | |
| Profit from ordinary activities | 961,819 | 347,897 |
| Adjustments and non cash items | | |
| Depreciation | 617,115 | 493,260 |
| Net loss on disposal of plant and equipment | - | 1,061 |
| Interest expense | 11,442 | - |
| Changes in assets and liabilities | | |
| (Increase) / decrease in receivables | (5,067,680) | (411,446) |
| (Increase) / decrease in other assets | 50,229 | (201,602) |
| (Increase) / decrease in inventories | (139,997) | - |
| Increase / (decrease) in payables | (86,998) | 97,122 |
| Increase / (decrease) in amounts due to members | (759,331) | 381,320 |
| Increase / (decrease) in provisions | 302,223 | 577,420 |
| Increase/ (decrease) in sundry creditors | (54,326) | - |
| | (5,127,323) | 937,135 |
| Cash flows from operating activities | (4,165,504) | 1,285,032 |
| (c) Credit standby arrangements with banks | | |
| Credit facility | 131,000 | 300,000 |
| Amount utilised | - | - |
| Unused credit facility | 131,000 | 300,000 |
| (d) Loan facilities | | |
| Loan facilities | 150,000 | 150,000 |
| Amount utilised | - | - |
| Unused loan facilities | 150,000 | 150,000 |

Notes to Financial Statements continued

For the year ended 30 June 2011

NOTE 20: FINANCIAL RISK MANAGEMENT

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

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

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

(a) Interest rate risk

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

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

| 2011 Financial instruments | Interest bearing \$ | Non interest bearing \$ | Total carrying amount \$ | Weighted average effective interest rate | |
|-------------------------------|------------------------------|----------------------------|-----------------------------|---------------------------------------------|----------|
| <i>Financial assets</i> | | | | | |
| Cash | 139,449 | - | 139,449 | 3.2% | Floating |
| Cash on deposit | 5,716,129 | - | 5,716,129 | 4.9% | Floating |
| Trade and other receivables | - | 3,300,775 | 3,300,775 | 0.0% | |
| | 5,855,578 | 3,300,775 | 9,156,353 | | |
| 2011 Financial instruments | Floating interest rate \$ | Non interest bearing \$ | Total carrying amount \$ | Weighted average effective interest rate | |
| <i>Financial liabilities</i> | | | | | |
| Trade creditors | - | 419,728 | 419,728 | 0.0% | |
| Leases | 1,816,132 | - | 1,816,132 | 11.3% | Fixed |
| Other payables | - | 1,613,480 | 1,613,480 | 0.0% | |
| | 1,816,132 | 2,033,208 | 3,849,340 | | |
| 2010 Financial instruments | Interest bearing \$ | Non interest bearing \$ | Total carrying amount \$ | Weighted average effective interest rate | |
| <i>Financial assets</i> | | | | | |
| Cash | 437,495 | - | 437,495 | 2.3% | Floating |
| Cash on deposit | 10,082,633 | - | 10,082,633 | 3.3% | Floating |
| Trade and other receivables | - | 512,994 | 512,994 | 0.0% | |
| | 10,520,128 | 512,994 | 11,033,122 | | |
| 2010 Financial instruments | Interest bearing \$ | Non interest bearing \$ | Total carrying amount \$ | Weighted average effective interest rate | |
| <i>Financial liabilities</i> | | | | | |
| Trade creditors | - | 506,726 | 506,726 | 0.0% | |
| Leases | 1,168,918 | - | 1,168,918 | 11.3% | Fixed |
| Amounts payable to members | - | 759,331 | 759,331 | 0.0% | |
| Other payables | - | 1,755,374 | 1,755,374 | 0.0% | |
| | 1,168,918 | 3,021,431 | 4,190,349 | | |

Notes to Financial Statements continued

For the year ended 30 June 2011

NOTE 20: FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity

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

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

(b) Credit risk

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

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

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

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

The company's debtors are concentrated in one industry.

(c) Liquidity risk

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

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

(d) Fair values

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

NOTE 21: COMPANY DETAILS

The registered office of the company is:

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

Directors' declaration

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

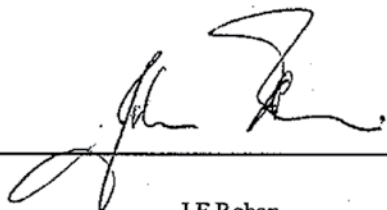
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 - 24, are in accordance with the *Corporations Act 2001*:
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and
 - (c) give a true and fair view of the financial position as at 30 June 2011 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director:



J F Rohan

Director:



J M Harvey

Dated this

28 day of September

2011

Independent Auditor's Report

to the members of Telecommunications Industry Ombudsman Limited



TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

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

We have audited the accompanying financial report of Telecommunications Industry Ombudsman Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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



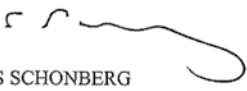
TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787

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

Opinion

In our opinion:


- (a) the financial report of Telecommunications Industry Ombudsman Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.


 S SCHONBERG
 Partner


 PITCHER PARTNERS
 Melbourne

Date 4/10/11

Liability limited by a scheme approved under Professional Standards Legislation


 Pitcher Partners, including Johnston Rorke, is an association of independent firms
 Melbourne | Sydney | Brisbane | Perth | Adelaide
 An independent member of Baker Tilly International

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN
2010–2011 ANNUAL REPORT
APPENDICES



APPENDIX 1

Systemic issues*

1 JULY 2010- 30 JUNE 2011

| Investigation | Outcome |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Slow internet speeds | Assessed complaints and liaised with provider and monitored until wholesale migration complete. |
| Unbundling charges | Assessed complaint and liaised with provider, monitored and closed. |
| Failure to negotiate payment arrangements | Assessed complaints, gathered information from provider, monitored and closed. |
| Disputed charges, billing accuracy, point of sale advice, customer service | Assessed complaints and investigated current ACCC enforcement actions and referred matter to ACCC. |
| Final migration of ADSL customers | Investigated complaint issues and raised them with provider who made a number of undertakings which satisfied the TIO that consumer detriment was being managed effectively, monitored and closed. |
| Unauthorised ADSL transfers | Gathered information and provided this to the ACMA as part of an active investigation of the issue by the regulator. |
| Point of sale advice | Assessed and investigated issue, notified the provider, who responded, liaised with ACCC and the ACMA. The provider sold its customer base so no further action could be taken. |
| Point of sale advice and unauthorised direct debits | Assessed and investigated issue, notified the provider, who responded, liaised with ACCC and the ACMA. The provider sold its customer base so no further action could be taken. |
| Unauthorised transfers/cooling off periods | Investigated a significant increase in complaints , raised issue with provider but was unable to formalise investigation with this provider as it sold customer base. |
| Marketing practices | Assessed complaints and contacted provider who indicated a third party issue was driving complaints and that it had been addressed, monitored and closed. |
| Continuation of credit management on disputed debts | Investigated complaints and raised issue with provider as part of Credit Management project. |
| CSG Waiver | Assessed complaints and escalation rate and referred issues to provider who undertook to make significant amendments to process. The investigation remains open and subject to active monitoring. |
| Discontinuation of Unlimited plan | Identified issue in media announcement, undertook assessment of complaints and contacted provider to ensure the unilateral change was made consistent with contract and terms and conditions. |
| Billing obligations as a result of customer transfer | Assessed complaints and liaised with provider and internally with legal counsel to form a response to these complaints. |
| Members charging for tethering feature | Assess complaint issue, researched relevant point of sale and marketing information and advised provider of issue. Investigation closed after TIO satisfied that issue has been addressed by provider. |
| Refusal to deal with authorised representative | Investigated complaints and sought information from provider, who provided information about its policies around authorised representatives. Made recommendations and closed complaint on the basis that satisfactory processes were in place. |
| Charging for calls made to and from ships in the 870/872 prefix zones | Assessed complaints and sourced relevant technical information and closed after satisfaction with the scheduled resolutions outlined by the provider |
| SIM memory product | Liaised with provider who provided detailed information about product and agreed to rectify information on website that was out of date and potentially confusing to consumers. |
| Blocking of third party numbers | Researched issue and liaised with provider and agreed to close investigation after being provided with information that issue related to an intra-industry dispute. |
| Failure to provide reasons for declining application for service | Investigation of issues, interaction with Provider resulting in changes being made to scripting and removal of three month re-application advice. |
| Point of sale advice | Investigation of issues, interaction with Provider resulting in several changes to website, standard form of agreement and marketing scripts. |
| Wholesale migration issues | Identification of issues, provision of advice to investigation staff, assistance provided to provider in identifying complaint drivers. |
| Unlimited internet plans being shaped | Investigated complaints and raised issue with provider who agreed to remove unlimited plans and address consumer detriment. |
| Hybrid plans and use of "bucket" charging | Investigated complaints, sought further information from provider and committed to monitoring issue for a designated period. |
| Saver plans | Assessed complaints, raised issues with provider, investigation ongoing. |
| Loss of mobile numbers | Liaised with provider, wholesaler and regulator to develop a case management approach. |
| Marketing practices | Assessed complaints and liaised with provider to ensure the correct information was being provided to customers about the identity of the provider in marketing tools such as scripting. |
| Telemarketing | Assessed complaints and liaised with provider. Changes were made to scripting and transfer processes to address complaint issues. |

*Systemic investigations include issues that we acted on formally or informally

Appendix 1: Systemic issues*

1 July 2010- 30 June 2011

| Investigation | Outcome |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disconnection from service due to lack of information | Investigated complaints and liaised with provider, appeared as though issue is being dealt with effectively by provider, monitored and closed. |
| Billing of mobile plans | Identified issues for consumers about the appearance of credits on mobile invoices, notified provider who indicated an ongoing project to address this issue. Investigation closed in July 2010 after provider made relevant amendments to their invoices. |
| Failure to action undertakings | Investigated complaints and raised the issue with the provider who agreed to a number of undertakings, monitored and closed. |
| Premium messages (unauthorised subscription services) | Reopened a systemic investigation after complaint data indicated the issue was ongoing or had recurred, currently subject of formal interaction with provider. |
| Premium weekly service | Assessed complaints and sought technical information, liaised internally and monitored complaints awaiting further development of issue. |
| Presentation of international data charges | Provider changed the presentation of the charges on the invoice to reflect the way in which they were being charged. |
| Double charging for ADSL | In response to TIO assessment, provider explained apparent double charging with respect to presentation to miscellaneous credit and legacy email accounts. Provider indicated a program of works aimed at addressing this issue. |
| SMS capacity of home phone/ internet product | Investigated complaints and liaised with provider to seek further information on the product which was forwarded to investigation staff to assist in the investigation of future complaints. |
| Time frame for recharge on mobile service | In response to TIO complaints assessment, provider took steps to amend the format of the recharge voucher to mark the separation between the "recharge" portion and the "other offers" portion of the voucher. |
| Mail-merge | Provider informed TIO of mail merge issue. TIO sought further information including sample letters and undertook to monitor complaints for three months and then closed. |
| Failure to apply bundle discounts | Provider demonstrated a program of works aimed at streamlining the bundling process. |
| Auxiliary line itemisation | Investigated complaints and liaised with provider, formed a view that the issue was not systemic and closed the investigation. |
| Pre-paid activation number not working | Identified issue and raised it with the provider who advised the error on the website was being attended to and outlined a number of other methods for activation available to consumer. TIO satisfied with response and closed. |
| Failure to escalate to manager on request | Assessed complaints and raised the issue with provider who outlined a course of works already being undertaken to address the issues, will monitor for a designated period to assess the effectiveness of these undertakings. |
| Billing increment change | Provider informed TIO of change to billing increment, liaised with provider and internal stakeholders including legal counsel to form a view on how to manage cases of this nature moving forward. |
| Online usage meter accuracy | Provider responded by advising that changes had been made to clarify the need to close a data session before data would appear on meter, that notification at 80% and 100% of usage would now warn of excess usage and that data meters would reflect closer to real time usage. |
| Marketing practices | Assessed complaint and liaised with provider to ensure the correct impression was being provided to customers about the identity of the provider in marketing tools such as scripting. |
| Cap saver plan: billing, point of sale and credit management | Formal investigation of the issues, including liaising with CEO, a number of resolutions agreed and reporting of the outcomes to the ACMA. |
| Agreement of Terms and Conditions | Investigated complaints and raised the issue with the provider, focusing on the presentation of terms and the content of verbal recordings, response received and further assessment ongoing. |
| Change of terms and conditions | Assessed complaints, liaised with provider who advised it was addressing consumer detriment, monitored and closed. |
| Restricting access to mobile numbers | Provider advised TIO of business decision to restrict access to certain numbers, monitored complaints and agreed to close investigation after being provided with information that issue related to intra-industry dispute. |
| Text restrictions | Provider advised TIO of changes to unlimited plan with respect to texting, TIO investigated complaints and noted few complaints on the issue, monitored and closed. |
| Sim swap problems | Provider advised TIO of issue with SIM cards and outlined a plan of works to address any detriment. TIO satisfied with the undertakings and monitored complaints for a designated period before closure. |
| Multiple billing SMS issue | Assessed complaints, analysed information given by provider, suggested resolutions, many of which were implemented by provider but the TIO continues to monitor this issue. |

*Systemic investigations include issues that we acted on formally or informally

Appendix 1: Systemic issues*

1 July 2010- 30 June 2011

| Investigation | Outcome |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Data roaming charges (domestic) | Assessed complaint data, raised the issue informally with the provider. |
| Bills not received | Provider informed TIO that there was a system error which meant that approximately 0.2% of customers were not receiving their bills each month. In addressing each complaint its staff had been instructed to take a soft approach on debt recovery, and a fix had been created which was to be deployed on 27 November 2010. The TIO monitored complaints and, noting no further complaints after a three month period, closed the investigation. |
| Coverage issues | Investigated complaints, sought technical information and raised the issue with the provider. Response from provider to ACCC, the ACMA and TIO considered to be reasonable at this time, ongoing monitoring of undertakings made by provider. |
| Charging for previously unbilled data | Provider informed TIO of previously unbilled data on a particular point of access. TIO ensured provider's response was reasonable and sought further information to ensure all consumer detriment had been addressed. Monitored and closed. |
| Multiple invoice charges | Investigated issue and raised it with provider who outlined a course of work designed to address the issue. TIO satisfied with provider's response, monitored and closed. |
| Transferring consumers with poor coverage from one network to another | Assessed complaint data, raised the issue informally with provider who is preparing a response. |
| Information about recharging prepaid vouchers | Liaised with provider who provided information about product, TIO closed investigation after being satisfied the issue was being sufficiently dealt with by provider. |
| Nature of reason for declining a service | Monitored complaints and clarified a number of issues with the providers, provided internal updates and advice to investigation staff on how to deal with complaints. |

*Systemic investigations include issues that we acted on informally or formally.

APPENDIX 2

List of public submissions made by the TIO 2010-11

Submissions to ACMA

1. June 2011. Numbering plan: Allocation and Charging of Numbers (Consultation Paper 3). This TIO submission to the ACMA primarily focussed on the potential impact on consumers of the proposed changes to Australia's telephone numbering plan.
2. February 2011. Inquiry Progress report: "Reconnecting the Customer." TIO submission for the ACMA's progress report on its public inquiry into customer service in the telecommunications industry.
3. February 2011. Review Telemarketing Standard. TIO submission to the ACMA's review of the Telemarketing Standard.
4. December 2010. Numbering Plan (Consultation Paper 1). TIO's comments on the first consultation paper about the structure of Australia's telephone numbering plan.
5. November 2010. Draft Fax Marketing Industry Standard. TIO's comments on the ACMA's discussion paper "Draft Telecommunications (Do Not Call Register) Fax Marketing Industry Standard."
6. September 2010. "Reconnecting the Customer." TIO's submission to the ACMA's public inquiry into customer service in the telecommunications industry.
7. August 2010. Fax Marketing Standard. TIO's comments on the ACMA discussion paper "Developing an industry standard for the fax marketing industry."
8. July 2010. TIO data for the ACMA Communications Report 2009-2010. TIO complaint data as requested by the ACMA, consisting of complaint issues, possible code issues, confirmed code breaches, with explanations of all data.

Submissions to Communications Alliance

9. July 2010. Review of the MPS Code. TIO's submission to the Communications Alliance with regard to the Review of the Mobile Premium Services Code.
10. July 2010. Review of the TCP Code. TIO's submission to the Communications Alliance with regard to the Review of the Telecommunications Consumer Protections Code.
11. July 2010. Review of the Customer Requested Barring Guideline. TIO's submission to Communications Alliance re the Review of the Customer Requested Barring Guideline (ACIF G612:2003).

Submissions to DBCDE

12. June 2011. Convergence Review Framing Paper. In this submission to DBCDE the TIO makes suggestions and comments in response to the proposed principles in the Framing Paper insofar as they relate to telecommunications. The TIO reiterates its view that it is critical for the Convergence Review to have as a key principle the appropriate regulatory, industry and policy settings for the protection of consumers in a converged world.
13. April 2011. Discussion paper on TIO Scheme. Submission to the Department of Broadband Communications and the Digital Economy on its discussion paper examining opportunities to reform the Telecommunications Industry Ombudsman (TIO) scheme.
14. March 2011. Draft Requirements and Circumstances (USO) Determination. Submission to the Department of Broadband Communications and the Digital Economy with regard to the draft Telecommunications Universal Service Obligation (Standard Telephone Service: Requirements and Circumstances) Determination (No.1) 2011.
15. January 2011. Draft Terms of Reference: Convergence Review. Submission to the Department of Broadband Communications and the Digital Economy with regard to terms of reference for its Convergence Review.
16. November 2010. USO Policy and NBN network. Submission to the Department of Broadband Communications and the Digital Economy with regard to Universal Service Policy for the transition to the National Broadband Network.

Other submissions

17. May 2011. Exposure Drafts of Australian Privacy Amendment Legislation (Part 2: Credit Reporting). TIO submission on draft credit reporting legislation to Senate Finance and Public Administration Committee.
18. February 2011. Study into Protecting Consumers, Business and the Community Online. TIO response to cybercrime study by the Federal Attorney General's department.
19. October 2010. Draft Regulations under the ACL. Submission to Treasury (Australian Consumer Law) regarding draft Regulations under new Australian Consumer Law.
20. October 2010. Draft Guides for the ACL. Submission to Consumer Affairs (Australian Consumer Law) regarding draft Guides for the new Australian Consumer Law.

APPENDIX 3

Calendar of outreach activities

| Subject | Date | Categories | Location |
|----------------------------------------------------------------------------------------------|------------|---------------------------------|-----------------------------------------------|
| National Small Business Summit | 7/07/2010 | Consumer | Brisbane, QLD |
| Business Educators Association of Queensland Conference | 15/07/2010 | Youth | Brisbane, QLD |
| National ADR Research forum | 16/07/2010 | Industry | Brisbane, QLD |
| Financial Counsellors Association of NSW annual conference | 3/08/2010 | Consumer | Bondi, NSW |
| Financial Counsellors Association of Queensland training day | 6/08/2010 | Consumer | Brisbane, QLD |
| SOCAP Symposium workshop | 24/08/2010 | Consumer | Melbourne, VIC |
| Ombudsman's visit to Western Australia | 27/08/2010 | Consumer | Perth, WA |
| ATUG Regional Roadshow | 6/09/2010 | Industry | Warnambool, Horsham, Bendigo, Shepparton, VIC |
| Financial and Consumer Rights Council Inc (Victorian financial counsellors) | 6/09/2010 | Financial Counsellors; Consumer | Geelong, VIC |
| Meeting with South Australian Commissioner for Consumer Affairs | 21/09/2010 | Consumer | Adelaide, SA |
| Community Consultation | 21/09/2010 | Financial counsellors | Adelaide, SA |
| Think Smart Seminar Department of Fair Trading New South Wales | 30/09/2010 | Consumer | Sydney, NSW |
| Knock Out Rugby league challenge | 2/10/2010 | Indigenous | Woy Woy, NSW |
| Bring Your Bill Clinic | 13/10/2010 | CALD | Preston, VIC |
| Meeting with Lifeline Community Care | 18/10/2010 | Consumer | Cairns, QLD |
| Meeting with the office of the Hon. Warren Entsch MP | 18/10/2010 | MPs | Cairns, QLD |
| Meeting with the office of Jason O'Brien MP | 18/10/2010 | MPs | Cairns, QLD |
| Indigenous Consumer Assitance Network | 18/10/2010 | Indigenous | Cairns, QLD |
| Meeting with the office of Mr Andrew Fraser MP (state) | 19/10/2010 | MPs | Coffs Harbour, NSW |
| Meeting with the office of Luke Hartsuyker MP | 19/10/2010 | MPs | Coffs Harbour, NSW |
| Utilities forum for community workers to coincide with Anti_poverty Week. Attended with EWON | 20/10/2010 | Consumer | Coffs Harbour, NSW |
| National Association of Community Legal Centres conference 2010 | 24/10/2010 | Consumer | Melbourne, VIC |
| Chief Customer Officer Forum | 27/10/2010 | Consumer | Melbourne, VIC |
| National Investigations Symposium | 3/11/2010 | TIO Internal | Sydney, NSW |
| ACCAN Research Linkage Forum 2010 | 10/11/2010 | Consumer;Industry | Sydney, NSW |
| Interview between Ombudsman and ABC Capricornia | 17/11/2010 | Outreach | |
| Interview with ABC Western Queensland (Longreach)with ABC Western Queensland (Longreach) | 17/11/2010 | Outreach;Media | |
| Interview with ABC Mount Isa | 17/11/2010 | Outreach | |
| ATUG Regional Roadshow | 22/11/2010 | Rural and regional | Mount Isa, QLD |
| ATUG Regional Roadshow | 23/11/2010 | Rural and regional | Longreach, QLD |
| ATUG Regional Roadshow | 24/11/2010 | Rural and regional | Emerald, QLD |
| ATUG Regional Roadshow | 25/11/2010 | Rural and regional | Roma, QLD |

APPENDIX 3

Calendar of outreach activities

| Subject | Date | Categories | Location |
|------------------------------------------------------------------------------------|------------|-----------------------------------------------------|-----------------|
| Indigenous workshop ASIC | 30/11/2010 | Indigenous | Melbourne, VIC |
| ComView conference (Victorian secondary teachers conference) | 7/12/2010 | Youth | Melbourne, VIC |
| Having a Say conference "You are the voice" | 9/02/2011 | People with Disabilities; People with Disability | Geelong, VIC |
| Mardi Gras Fair Day 2011 | 20/02/2011 | Consumer | Sydney, NSW |
| Simon Cohen to address Australian Mobile Telecommunications Association forum | 17/03/2011 | Industry | Sydney, NSW |
| Monthly meeting with financial counsellors | 18/03/2011 | Financial counsellors | Sydney NSW |
| Disability Professionals Victoria | 22/03/2011 | People with Disabilities | Melbourne, VIC |
| Financial Counsellors Association of Queensland annual conference | 23/03/2011 | Financial Counsellors; Consumer | Brisbane, QLD |
| Meeting with the electorate offices of Wayne Swan, Teresa Gambaro, and Grace Grace | 23/03/2011 | MPs | Brisbane, QLD |
| Latrobe Valley Community Service Providers | 29/03/2011 | Consumer | Morwell, VIC |
| Bring Your Bill | 29/03/2011 | Financial Counsellors | Melbourne, VIC |
| ATUG conference and 30th birthday celebrations | 31/03/2011 | Small Business | Sydney, NSW |
| AMES community guides briefing | 19/04/2011 | CALD | Melbourne, VIC |
| Royal Easter Show | 19/04/2011 | Outreach | Sydney, NSW |
| Bring Your Bill | 4/05/2011 | CALD | Melbourne, VIC |
| Agfest Field Day | 5/05/2011 | Rural and regional | Launceston, TAS |
| Deaf Australia conference | 13/05/2011 | People with Disabilities | Hobart, TAS |
| Danny Sherman to attend Indigenous Workers Day | 17/05/2011 | Indigenous | Sydney, NSW |
| AFFCRA/External Dispute Resolution conference | 17/05/2011 | ANZOA;Financial Counsellors | Sydney, NSW |
| Meeting with the Hills Holroyd and Parramatta Migrant Resource Centre | 19/05/2011 | CALD | Sydney, NSW |
| Meeting with Nepean Migrant Access | 19/05/2011 | CALD | Sydney, NSW |
| Meeting with Cabramatta Migrant Resource Centre | 19/05/2011 | CALD | Sydney, NSW |
| Meeting with the electorate office of David Bradbury MP | 19/05/2011 | Members of Parliament | Sydney, NSW |
| Presentation to Financial Counsellors | 24/05/2011 | Financial Counsellors | Melbourne, VIC |
| Consumers 2011: Australian consumer policy, law and practice | 7/06/2011 | Consumer conference | Sydney, NSW |
| Bring Your Bill | 8/06/2011 | CALD | Melbourne, VIC |
| Bring Your Bills Day | 28/06/2011 | CALD | Melbourne, VIC |

APPENDIX 4

Issues by Category

ISSUES FOR NEW COMPLAINTS – 2008-09, 2009-10, 2010-11

For every new complaint or case the TIO registers, we may record one or more issues to identify the types of issues that are presented in the new complaint.

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|
| BILLING AND PAYMENTS | Charges from a past billing period appearing on a recent bill received by the consumer | 394 | 430 | 343 |
| | Charges imposed for a telecommunications service that the consumer claims to have never requested or used | 1,150 | 1,185 | 1,239 |
| | Consumer billed on a different plan or at different rates to what they requested or agreed to at the point of sale | 5,531 | 4,932 | 5,130 |
| | Credits/adjustments that are incorrectly applied, or not applied at all | 8,990 | 8,353 | 7,385 |
| | Debts that have accrued on pre-paid telecommunications services, including charges for mobile premium services | 67 | 46 | 69 |
| | Direct debit arrangements, including direct debits not being activated, being taken without authorisation, being taken at the wrong time, not being cancelled upon request, or being taken prior to a bill being received by the consumer | 3,735 | 3,006 | 3,818 |
| | Disputed administrative charges associated with a mobile premium service, including charges imposed for double opt-in messages, error messages, expenditure/reminder notices, marketing messages, opt-out requests and charges for the provision of information about mobile premium services | 36 | 8 | 8 |
| | Disputed internet usage charges, including where the internet has been accessed via a mobile service | 7,115 | 8,701 | 7,215 |
| | Disputed usage charges relating to a mobile premium service, including charges imposed for MPS products that were never requested by the consumer, carriage fees for MPS, MPS products charged at the incorrect price, charges imposed for MPS after a customer has opted-out, and MPS products that were not supplied after a request for them was submitted | 15,210 | 4,117 | 2,021 |
| | MPS barring charges, including charges imposed for the barring itself, MPS charges incurred during a delay in activating barring, and charges incurred because a customer was not advised that MPS barring was available <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 155 |
| | Other types of disputed usage charges, such as those imposed for SMS/MMS, timed and untimed calls, operator assisted calls and dial-up internet calls | 4,863 | 5,025 | 4,355 |
| | Payments that have been incorrectly applied to a consumer's account, or not applied at all | 2,455 | 3,000 | 2,690 |
| | Premium or international charges resulting from an internet dialer, including where the consumer claims the website did not disclose such costs, or where the consumer denies all knowledge of having ever visited the website | 31 | 29 | 36 |
| | Recurring charges on a consumer's account, such as monthly access fees or equipment charges | 12,848 | 12,225 | 11,716 |
| | Roaming charges, including both international roaming and roaming within Australia on another provider's network | 873 | 1,770 | 2,584 |
| | The consolidation of all of a customer's services onto a single bill account, or the deconsolidation of such an arrangement so that the customer receives a different bill and account number for each service | 1,621 | 1,837 | 1,687 |
| | The format/readability of a provider's bills and the itemisation of billed charges | 3,003 | 2,620 | 2,586 |
| | The imposition or calculation of administrative charges billed to a consumer's account, such as late payment fees, connection fees, re-connection fees and termination fees | 13,167 | 16,338 | 13,499 |
| | The non-receipt of bills, at all or in a timely manner | 6,581 | 6,286 | 6,874 |
| | The specific form of a credit/refund provided to a consumer for disputed mobile premium service charges <i>New issue keyword introduced 1 July 2010</i> | N/A | 10 | 1 |
| Unusually high bills where the cause is not clear, where multiple aspects of the bill are in dispute, where the bill is from a provider other than the preferred provider, or where the consumer's call cap has been exceeded | 11,481 | 14,546 | 19,137 | |
| TOTAL | 99,151 | 94,464 | 92,548 | |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| COMPLAINT HANDLING | A provider charging a fee to itemise a bill that the consumer is disputing, or imposing a fee for the handling of the consumer's complaint | 44 | 60 | 33 |
| | Failure of a content supplier or a carriage service provider to assist a consumer with their mobile premium service complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 1,247 | 397 |
| | Failure of a content supplier or carriage service provider to deal with a consumer's mobile premium service complaint in a timely manner, or to keep the consumer updated on the progress of their complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 28 | 10 |
| | Failure of a content supplier to release evidence/information relevant to a consumer's mobile premium service complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 7 | 6 |
| | Failure of a provider to acknowledge a consumer's written complaint (including complaints about mobile premium service content suppliers) | 2,721 | 3,144 | 3,214 |
| | Failure of a provider to make or retain a record of a consumer's complaint (including complaints about mobile premium service content suppliers) | 1,774 | 2,161 | 1,279 |
| | Failure or refusal of a provider to advise the consumer about the TIO when it has been unable to satisfactorily resolve the complaint (including complaints about mobile premium service content suppliers)# | 6,296 | 4,507 | 36,530 |
| | Failure to action undertakings made to resolve a consumer's complaint (including complaints about mobile premium service content suppliers) | 24,722 | 32,881 | 42,259 |
| | Failure to advise a consumer about the outcome to their complaint (including complaints about mobile premium service content suppliers) | 6,111 | 6,351 | 5,838 |
| | Failure to escalate a complaint upon request or where the consumer is dissatisfied (including complaints about mobile premium service content suppliers) | 6,702 | 4,740 | 5,183 |
| | TOTAL | 48,370 | 55,126 | 94,749 |
| CONNECTIONS (FORMERLY PROVISIONING) | A supplier giving incorrect or inconsistent advice about the availability of a new telecommunications service at the customer's location | 408 | 412 | 456 |
| | Delay in connecting a telecommunications service that is CSG eligible, whether or not a connection at the property has existed before | 5,503 | 2,801 | 2,916 |
| | Delay in connecting a telecommunications service that is not CSG eligible, whether or not a connection at the property has existed before | 3,594 | 3,235 | 4,519 |
| | Delay in connection of a landline service resulting from the failure of a previous occupier to disconnect the line to the premises | 238 | 134 | 117 |
| | Delay in connection of a telecommunications service where the consumer is seeking compensation for loss resulting from the delay | 227 | 276 | 620 |
| | Delay in the connection of a landline service where the provider has said that the CSG Standard does not apply because of a natural disaster or bad weather | 1 | 1 | 3 |
| | Interim/alternative services provided to a consumer during a landline connection delay, including the failure/refusal of a provider to offer an interim/alternative service, delays in the connection of the interim/alternative service and the quality of an interim/alternative service | 219 | 75 | 58 |
| | Missed appointments in relation to the connection of a CSG eligible telecommunications service | 721 | 337 | 400 |
| | Missed appointments in relation to the connection of a non-CSG eligible telecommunications service | 103 | 138 | 203 |
| | Pre-provisioning of a telephone service, including the adequacy of advice about the process of obtaining a connection after pre-provisioning is complete. | 127 | 102 | 170 |
| | Temporary landline cabling, including associated infrastructure upgrade delays* <i>New issue keywords introduced 1 January 2010</i> | N/A | 142 | 155 |
| | The allocation of telephone numbers to consumers, including the loss and retrieval of telephone numbers from quarantine | 767 | 817 | 778 |
| | Delay in connecting an incoming calls only service, including the refusal of a provider to supply the service and the quality of the service itself | 35 | 14 | 18 |
| | Delay in connecting enhanced call features such as call waiting, call forwarding and calling number display | 68 | 42 | 39 |
| | TOTAL | 12,011 | 8,526 | 10,452 |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| CONTRACTS | A consumer being held to the terms of a contract despite having requested the cancellation of the contract within the cooling off period <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 1,061 |
| | A consumer being refused a mobile service because they want MPS barring, or where a consumer's access to other aspects of their mobile service is limited by the application of MPS barring <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 1 |
| | A contract that only allows the provider (and not the consumer) to renew or not renew the contract <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 307 |
| | A contract under which multiple services were offered as a bundled package <i>New issue keyword introduced 1 July 2010</i> | 345 | 307 | 641 |
| | A fixed term being imposed on a consumer's agreement to receive mobile premium services | 9 | 38 | 19 |
| | A provider attempting to enforce terms of a contract where the consumer believes that this is unfair in the circumstances | 3,814 | 4,957 | 5,327 |
| | A provider cancelling a contract at will (includes cancelling a contract for making a complaint to the TIO) <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 193 |
| | A provider's failure to advise a consumer at the point of sale about the name of the provider, the network used to provide the service or the supplier of any of the equipment under the contract | 138 | 145 | 170 |
| | A variation being made to the terms of a consumer's contract, whether or not notice to the affected consumer is supplied (includes complaints about the variation of mobile premium service subscription charges) | 2,828 | 2,444 | 2,233 |
| | Contract termination fees that appear to be a penalty rather than a genuine estimation of the provider's likely losses <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 335 |
| | Difficulties encountered when attempting to change the account holder for an existing service/contract | 619 | 699 | 732 |
| | Mobile premium service advertising being targeted at children under the age of 15, or mobile premium services being advertised without appropriate warnings where the advertisement could be seen by children under the age of 18 <i>New issue keyword introduced 1 July 2010</i> | N/A | 38 | 7 |
| | Complaint about a mobile premium service being accessed by a minor, including complaints where the minor has accessed content of an inappropriate nature because of incorrect classification and/or insufficient supplier controls <i>New issue keyword introduced 1 July 2010</i> | 70 | N/A | N/A |
| | Telecommunications equipment that is locked to a provider's network, including the calculation of unlocking fees and delays in unlocking <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 824 |
| | The adequacy of information provided to a consumer about their level of risk where they have contracted a service for somebody else, such as a child or spouse | 117 | 112 | 114 |
| | The adequacy/accuracy of advice provided at the point of sale about a product or terms associated with a contract | 17,934 | 21,088 | 22,937 |
| | The conduct of sales representatives when they attempt to elicit agreement from a consumer, including behaviour that is harassing or coercive | 1,184 | 841 | 852 |
| | The consumer denies having ever entered into the contract | 3,016 | 3,569 | 3,155 |
| | The legitimacy of a contract where the consumer's decision making ability was impaired at the time the contract was entered into, for example by mental illness, intoxication or inexperience | 659 | 837 | 700 |
| | The length of time taken to action a contract termination request, or the length of notice required under the contract before a termination request can be actioned | 3,057 | 3,013 | 3,353 |
| | The quality of advice given at the point of sale about the coverage/availability of the service at the consumer's chosen location | 2,494 | 3,084 | 4,758 |
| | The quality of advice provided at the point of sale about cooling off periods | 703 | 669 | 264 |
| | The quality of information a consumer has been given about how they can cancel a mobile premium service subscription, delays in the processing of MPS cancellation requests and the refusal of a provider to action a consumer's MPS cancellation request <i>New issue keyword introduced 1 July 2009</i> | N/A | 185 | 74 |
| | The quality of information provided to the consumer about contract termination fees, either at the point of sale, during the course of the contract or when contract termination is requested/imposed | 2,304 | 2,137 | 2,184 |
| | The quality of point of sale advice relating to mobile premium services and the quality of mobile premium services advertising, such as the failure of a supplier to offer double opt-in, the failure of a supplier to advise of service limitations, the provision of misleading/deceptive advice and lack of information provided about MPS barring | 649 | 281 | 203 |
| | The refusal or failure of a provider to give a consumer a copy of their contract, or about the legibility/clarity of the contract document itself | 1,015 | 1,096 | 966 |
| | TOTAL | 40,955 | 45,540 | 51,410 |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------|---------------|----------------|
| CREDIT MANAGEMENT | A mobile premium service provider's failure to issue End of Month Reminder notices or \$30 Expenditure Updates in accordance with their obligations under the MPS Code <i>New issue keyword introduced 1 July 2009</i> | N/A | 72 | 51 | |
| | A provider approving an application for service where the consumer is not in a financial position to afford the contract, or where the provider does not limit the consumer's access to the service in line with the findings of a credit assessment | 156 | 143 | 164 | |
| | A provider declining an application for service for credit reasons where it has not provided an adequate explanation for its decision, or where it only approves a service with restrictions | 243 | 372 | 532 | |
| | A provider failing to cease collections activity when a consumer has declared bankruptcy or the debt is very old (may or may not be outside of the Statute of Limitations threshold of 6 years) | 72 | 63 | 122 | |
| | A provider failing to suspend credit management activity whilst a payment arrangement is in place or while a payment arrangement is being negotiated with the consumer | 162 | 308 | 457 | |
| | A provider recording a credit default in relation to a debt that is in dispute | 2,178 | 2,895 | 3,688 | |
| | A telecommunications service being suspended or disconnected without prior or reasonable notification being given to the consumer | 4,492 | 5,224 | 5,834 | |
| | Collections agents continuing to pursue payment of a debt despite being advised it is in dispute | 3,988 | 5,315 | 5,430 | |
| | Collections agents using harsh, harassing or otherwise offensive methods to recover payment of a telecommunications debt | 338 | 346 | 494 | |
| | Consumer is unable to monitor their expenditure because the provider does not provide a mechanism to do this, or the mechanism provided is faulty or not up to date | 697 | 1,080 | 1,245 | |
| | Failure of a provider to make or retain a record of a consumer's payment arrangement | 483 | 756 | 774 | |
| | Failure of a provider to monitor consumer expenditure or take reasonable action to limit a consumer's exposure to debt, resulting in financial over-commitment | 3,208 | 6,278 | 10,469 | |
| | Failure of a provider to notify a consumer that they could or would be credit default listed | 2,106 | 2,836 | 3,217 | |
| | Failure of a provider to suspend credit management in relation to genuinely disputed charges whilst the provider or the TIO is investigating the consumer's complaint (including credit management on disputed mobile premium service charges) | 1,097 | 2,027 | 1,516 | |
| | Failure of a provider to update a credit default listing once payment of the debt has been made | 455 | 352 | 579 | |
| | Refusal of a provider to negotiate with a consumer about a payment arrangement, or refusing to renegotiate an existing payment arrangement when a consumer's financial circumstances change | 2,522 | 3,118 | 3,469 | |
| | The quality of advice a provider gives to a consumer about the availability of credit control tools and how they work | 1,085 | 1,166 | 1,063 | |
| | The suspension or disconnection of telecommunications services where the outstanding balance consists of genuinely disputed charges (includes complaints about disputed mobile premium service charges) | 3,354 | 3,784 | 4,035 | |
| | TOTAL | | 26,636 | 36,135 | 43,139 |
| | CUSTOMER SERVICE | A provider refusing to deal with an advocate nominated by the consumer or their authorised representative | 293 | 291 | 279 |
| A provider's representative being rude or discourteous towards a consumer | | 5,689 | 4,813 | 4,506 | |
| Customer service issues relating to mobile premium service barring, including information given to a consumer about barring, methods for requesting barring and how to get MPS barring removed <i>New issue keyword introduced 1 July 2010</i> | | N/A | N/A | 124 | |
| The adequacy of assistance that a consumer receives from a provider's customer service staff <i>New issue keyword introduced 1 July 2010</i> | | N/A | N/A | 35,810 | |
| The failure of a provider or mobile premium service content supplier to action a request made by a consumer | | 22,584 | 17,344 | 13,688 | |
| The failure of a provider to assist a consumer with their mobile premium service problem or query (now captured under the 'failure to provide adequate assistance' complaint issue category above) <i>Issue keyword removed 30 June 2009</i> | | 4,996 | N/A | N/A | |
| The length of time a consumer has had to wait on hold to speak to their telecommunications provider, or where a consumer is unable to contact their provider at all (includes mobile premium service complaints relating to content suppliers) | | 12,717 | 5,871 | 10,260 | |
| The quality of advice a provider has given to its consumer | | 29,928 | 44,301 | 50,928 | |
| TOTAL | | | 76,207 | 72,620 | 115,595 |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| DIRECTORIES | A consumer's telephone number not being made available via directory assistance | 9 | 8 | 1 |
| | A consumer's listing being omitted from the printed White Pages directory and/or the online White Pages directory | 118 | 137 | 103 |
| | A Yellow Pages listing | 211 | 409 | 389 |
| | An error made in the consumer's listing in the printed White Pages directory and/or the online White Pages directory | 331 | 375 | 309 |
| | Difficulties in accessing directory assistance services, including excessive wait times | 13 | 14 | 5 |
| | Directory assistance providing a consumer with the incorrect number | 25 | 31 | 16 |
| | Disputed White Pages directory listing charges, for example, being billed for an enhanced listing that was not requested | 393 | 460 | 566 |
| | TOTAL | 1,100 | 1,434 | 1,389 |
| DISABILITY | A provider's decision to reject a consumer's application for Priority Assistance status | 9 | 7 | 14 |
| | Delay in the connection of a service where the consumer or a member of their household suffers from a life threatening medical condition | 69 | 41 | 51 |
| | Delay in the repair of a faulty service where the consumer or a member of their household suffers from a life threatening medical condition | 64 | 89 | 101 |
| | Disability equipment related issues, including delays in delivery, errors in delivery, billing for the equipment, delays in connecting equipment and delays in repairing faulty equipment | 38 | 18 | 24 |
| | Failure of a provider to advise its customer that Priority Assistance is or is not available, as well as how a consumer might go about applying for Priority Assistance status | 17 | 25 | 15 |
| | Failure of a provider to ensure that sufficiently detailed and accurate information about disability equipment is readily available to its customers, either at the point of sale or on an ongoing basis <i>New issue keywords introduced 1 July 2009</i> | N/A | 12 | 15 |
| | TOTAL | 197 | 192 | 220 |
| FAULTS | A fault with an enhanced or add-on service, such as email or voicemail | 1,767 | 2,059 | 2,759 |
| | A technician failing to attend an appointment in relation to a fault on a CSG eligible telecommunications service | 448 | 385 | 448 |
| | A technician failing to attend an appointment in relation to a fault on a Non-CSG eligible telecommunications service | 134 | 179 | 222 |
| | Delay in rectifying call drop outs on a non-CSG eligible service | 3,778 | 4,075 | 10,113 |
| | Delay in the repair of a fault on a CSG eligible service where the provider has said that the CSG Standard does not apply because of a natural disaster or bad weather | 19 | 9 | 22 |
| | Faults affecting equipment purchased through the provider that is used to access a telecommunications service, including repair delays, disputes over appropriate remedies and equipment warranties and insurance issues | 10,540 | 12,921 | 17,091 |
| | Interim/alternative services provided to a consumer during a landline fault rectification delay, including the failure/refusal of a provider to offer an interim/alternative service, delays in the connection of the interim/alternative service and the quality of an interim/alternative service | 334 | 295 | 258 |
| | Poor coverage on mobile services and satellite/wireless internet services | 3,276 | 5,397 | 30,623 |
| | Telecommunications services which have been disconnected in error | 2,472 | 1,899 | 2,108 |
| | Temporary cabling installed to rectify a fault on a standard telephone service, delays in replacing faulty infrastructure once a temporary cable has been put in place, or faults within temporary cabling* <i>New issue keyword introduced 1 January 2010</i> | N/A | 212 | 290 |
| | Delay in rectifying a fault on a CSG eligible service, whether the fault cuts off the service completely or leaves it partially usable | 6,638 | 5,049 | 5,230 |
| | Delay in rectifying a fault on a service that is not CSG eligible and leaves the service completely unusable | 5,959 | 5,723 | 5,710 |
| | Delay in rectifying a network outage on a non-CSG eligible service, or the frequency of outages occurring on that service. | 527 | 518 | 799 |
| | Delay in rectifying a fault on a CSG eligible service where the fault is recurring or intermittent in nature | 1,644 | 1,505 | 1,511 |
| | Delay in repairing a service (both CSG eligible and non-CSG eligible services) where the consumer is seeking compensation for losses resulting from the delay | 785 | 1,019 | 1,685 |
| | Delay in rectifying faults with enhanced call features such as call waiting, call forwarding and calling number display | 375 | 325 | 253 |
| | Slow speed of data transfer on internet and mobile services | 2,714 | 3,369 | 4,965 |
| | TOTAL | 41,410 | 44,939 | 84,087 |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|
| LAND ACCESS | A provider claims that the consumer is liable for damage they have caused to a provider's cable or telecommunications facility | 123 | 232 | 181 |
| | A provider not giving notice prior to entering an owner's/occupier's land to install or carry out maintenance on cabling or a low impact telecommunications facility | 55 | 46 | 41 |
| | Access method/height restrictions related to installation of a subscriber connection, such as a cable installed too low across a driveway | 117 | 87 | 50 |
| | Objections made by owners/occupiers of land to a provider's proposal to install or carry out maintenance on low impact telecommunications facilities on that land (includes premature objections by the owner/occupier, and failure of the provider to give the owner/occupier the opportunity to formally object) | 54 | 26 | 21 |
| | Owner/occupier of land claims damage was caused to their property during the installation of cabling or low impact telecommunications facilities by a provider | 364 | 284 | 187 |
| | TOTAL | 713 | 675 | 480 |
| PAYPHONES | A payphone that is faulty, has been vandalised or has charged a customer incorrectly | 33 | 27 | 23 |
| | TOTAL | 33 | 27 | 23 |
| PHONECARDS | A consumer has not been provided with a copy of the terms and conditions applicable to the phonecard they have purchased | 25 | 9 | 6 |
| | A phonecard cannot be used by consumer because it has expired or is otherwise invalid | 82 | 53 | 29 |
| | A phonecard provider failing/refusing to advise a consumer about the existence of the TIO when it has been unable to satisfactorily resolve the complaint | 22 | 6 | 11 |
| | A phonecard provider's failure to action a consumer's request, at all or in a timely manner <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 13 |
| | A provider's failure to provide a promised/advertised credit or adjustment to a consumer's phonecard account | 85 | 35 | 15 |
| | A representative of a phone card provider being rude or discourteous towards a consumer | 42 | 15 | 2 |
| | Failure of a phonecard provider to acknowledge a consumer's written complaint | 12 | 15 | 3 |
| | Failure of a phonecard provider to action the undertakings it has made to resolve a consumer's complaint | 92 | 37 | 19 |
| | Failure of a provider to advise a consumer about the outcome to their phonecard related complaint | 33 | 4 | 5 |
| | Failure of a provider to escalate a consumer's phonecard related complaint upon request or when the consumer expresses dissatisfaction with the outcome to their complaint | 47 | 25 | 10 |
| | Failure of a provider to make and retain a record of a consumer's phonecard related complaint | 11 | 10 | 1 |
| | Phonecard advertising material does not disclose that there is a flagfall fee applying to each call made | 22 | 9 | 2 |
| | Rates or other terms advertised by a phonecard provider at point of sale being inaccurate, incomplete or out of date | 138 | 59 | 21 |
| | The amount of credit used up on consumer's phonecard based on the consumer's claimed use of the service | 348 | 141 | 69 |
| | The length of time a consumer has had to wait on hold before they can speak to their phonecard provider, or the inability of the consumer to get in contact with the phonecard provider at all | 100 | 56 | 24 |
| | The quality of advice provided to a consumer by a phonecard provider <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 22 |
| | The quality of calls or connections made via a phonecard | 58 | 29 | 26 |
| | TOTAL | 1,117 | 503 | 278 |

Appendix 4 Issues by Category

Issues for new complaints – 2008-09, 2009-10, 2010-11

| Category | Issues for New Complaints | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| PRIVACY | A provider not following correct procedure for dealing with life threatening communications | 39 | 26 | 38 |
| | A provider not following correct procedure for dealing with unwelcome communications | 762 | 792 | 676 |
| | A telecommunications provider has continued telemarketing the consumer or sending MPS marketing messages after being asked to stop | 433 | 441 | 355 |
| | Access to information being denied, or information held by the provider being inaccurate | 1,529 | 2,057 | 1,893 |
| | Complaint about information being collected, stored or disposed in a manner that is contrary to Australian privacy law | 198 | 220 | 214 |
| | Failure of a telecommunications provider to give adequate advice or assistance to a consumer in relation to spam prevention | 19 | 23 | 24 |
| | Failure of an MPS content supplier to warn a consumer about the danger of disclosing personal information via chat services <i>New issue keyword introduced 1 July 2009</i> | N/A | 3 | 1 |
| | Spam being received from a telecommunications service provider | 19 | 28 | 32 |
| | The disclosure of a consumer's silent telephone number | 241 | 216 | 228 |
| | The disclosure of personal information relating to a consumer's account, other than the disclosure of a silent telephone number | 618 | 465 | 787 |
| TOTAL | | 3,858 | 4,271 | 4,248 |
| TRANSFER | A salesperson's failure to properly disclose which provider they represent when attempting to elicit a transfer of service | 64 | 72 | 49 |
| | A service being transferred by a provider where the request for transfer was made by somebody other than the account holder, such as a spouse or child | 420 | 324 | 273 |
| | A service being transferred or a consumer being presented with a bill after having cancelled a transfer request within the cooling off period. | 447 | 396 | 233 |
| | Insufficient advice or unkept promises regarding any termination fees payable under an existing contract when a consumer authorises/requests a transfer | 47 | 78 | 60 |
| | The adequacy/accuracy of advice provided at the point of sale about the service transfer or the terms associated with the transfer contract | 457 | 484 | 351 |
| | The conduct of sales representatives when they attempt to elicit agreement to transfer a service, including behaviour that is harassing or coercive | 107 | 93 | 64 |
| | Delay in reversing an unauthorised transfer, the refusal of a provider to initiate a transfer reversal or a completed reversal that changes the nature of the service | 432 | 304 | 254 |
| | Delay in transferring a consumer's telecommunications service from one provider to another | 2,996 | 2,060 | 2,826 |
| | The quality of advice provided to a consumer about cooling off periods at the time they agree to a service transfer | 42 | 55 | 24 |
| | The transfer of a consumer's service where the consumer has not given informed consent to the transfer | 1,637 | 1,000 | 921 |
| | The transfer of a service where the transfer has been a result of an administrative error occurring during the authorised transfer of another service | 201 | 126 | 127 |
| TOTAL | | 6,850 | 4,992 | 5,182 |
| Total Issues for New Complaints | | 358,608 | 369,444 | 503,800 |

Footnotes:

- * The TIO began to record data relating to complaints about temporary cabling and network improvements from 1 January 2010 onwards
- # The significant growth in relation to this complaint issue in 2010-11 is because of a change in internal TIO procedures, where every consumer who approached the TIO for assistance was asked if their provider had referred them to the TIO when they expressed dissatisfaction about the outcome of their complaint

APPENDIX 4 CONTINUED

Issues by Category

ISSUES FOR INVESTIGATIONS – 2008-09, 2009-10, 2010-11

We record issues to identify the types of cases that require further TIO involvement. These issues reflect the initial issues recorded when the case is first recorded and are updated when conciliation or investigation by the TIO commences.

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|
| BILLING AND PAYMENTS | Charges from a past billing period appearing on a recent bill received by the consumer | 73 | 81 | 55 |
| | Charges imposed for a telecommunications service that the consumer claims to have never requested or used | 189 | 208 | 195 |
| | Consumer billed on a different plan or at different rates to what they requested or agreed to at the point of sale | 1,050 | 1,033 | 799 |
| | Credits/adjustments that are incorrectly applied, or not applied at all | 1,187 | 1,373 | 856 |
| | Debts that have accrued on pre-paid telecommunications services, including charges for mobile premium services | 4 | 10 | 9 |
| | Direct debit arrangements, including direct debits not being activated, being taken without authorisation, being taken at the wrong time, not being cancelled upon request, or being taken prior to a bill being received by the consumer | 536 | 717 | 600 |
| | Disputed administrative charges associated with a mobile premium service, including charges imposed for double opt-in messages, error messages, expenditure/reminder notices, marketing messages, opt-out requests and charges for the provision of information about mobile premium services | 3 | 0 | 2 |
| | Disputed internet usage charges, including where the internet has been accessed via a mobile service | 1,050 | 1,207 | 714 |
| | Disputed usage charges relating to a mobile premium service, including charges imposed for MPS products that were never requested by the consumer, carriage fees for MPS, MPS products charged at the incorrect price, charges imposed for MPS after a customer has opted-out, and MPS products that were not supplied after a request for them was submitted | 935 | 365 | 149 |
| | MPS barring charges, including charges imposed for the barring itself, MPS charges incurred during a delay in activating barring, and charges incurred because a customer was not advised that MPS barring was available <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 12 |
| | Other types of disputed usage charges, such as those imposed for SMS/MMS, timed and untimed calls, operator assisted calls and dial-up internet calls | 798 | 854 | 540 |
| | Payments that have been incorrectly applied to a consumer's account, or not applied at all | 321 | 490 | 325 |
| | Premium or international charges resulting from an internet dialer, including where the consumer claims the website did not disclose such costs, or where the consumer denies all knowledge of having ever visited the website | 4 | 3 | 2 |
| | Recurring charges on a consumer's account, such as monthly access fees or equipment charges | 2,020 | 2,327 | 1,624 |
| | Roaming charges, including both international roaming and roaming within Australia on another provider's network | 168 | 197 | 231 |
| | The consolidation of all of a customer's services onto a single bill account, or the deconsolidation of such an arrangement so that the customer receives a different bill and account number for each service | 358 | 438 | 347 |
| | The format/readability of a provider's bills and the itemisation of billed charges | 563 | 600 | 345 |
| | The imposition or calculation of administrative charges billed to a consumer's account, such as late payment fees, connection fees, re-connection fees and termination fees | 1,558 | 2,325 | 1,451 |
| | The non-receipt of bills, at all or in a timely manner | 1,008 | 1,380 | 1,055 |
| | Unusually high bills where the cause is not clear, where multiple aspects of the bill are in dispute, where the bill is from a provider other than the preferred provider, or where the consumer's call cap has been exceeded | 1,998 | 2,700 | 2,644 |
| TOTAL | 13,823 | 16,308 | 11,955 | |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|---------------|
| COMPLAINT HANDLING | A provider charging a fee to itemise a bill that the consumer is disputing, or imposing a fee for the handling of the consumer's complaint | 19 | 32 | 7 |
| | Failure of a content supplier or a carriage service provider to assist a consumer with their mobile premium service complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 124 | 25 |
| | Failure of a content supplier or carriage service provider to deal with a consumer's mobile premium service complaint in a timely manner, or to keep the consumer updated on the progress of their complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 9 | 0 |
| | Failure of a content supplier to release evidence/information relevant to a consumer's mobile premium service complaint <i>New issue keyword introduced 1 July 2009</i> | N/A | 1 | 0 |
| | Failure of a provider to acknowledge a consumer's written complaint (including complaints about mobile premium service content suppliers) | 635 | 844 | 487 |
| | Failure of a provider to make or retain a record of a consumer's complaint (including complaints about mobile premium service content suppliers) | 423 | 474 | 188 |
| | Failure or refusal of a provider to advise the consumer about the TIO when it has been unable to satisfactorily resolve the complaint (including complaints about mobile premium service content suppliers)# | 1,003 | 648 | 3,506 |
| | Failure to action undertakings made to resolve a consumer's complaint (including complaints about mobile premium service content suppliers) | 5,009 | 6,744 | 6,443 |
| | Failure to advise a consumer about the outcome to their complaint (including complaints about mobile premium service content suppliers) | 1,582 | 1,429 | 1,296 |
| | Failure to escalate a complaint upon request or where the consumer is dissatisfied (including complaints about mobile premium service content suppliers) | 1,026 | 854 | 682 |
| | TOTAL | 9,697 | 11,159 | 12,634 |
| CONNECTIONS (FORMERLY PROVISIONING) | A supplier giving incorrect or inconsistent advice about the availability of a new telecommunications service at the customer's location | 56 | 79 | 60 |
| | Delay in connecting a telecommunications service that is CSG eligible, whether or not a connection at the property has existed before | 1,479 | 784 | 628 |
| | Delay in connecting a telecommunications service that is not CSG eligible, whether or not a connection at the property has existed before | 335 | 409 | 475 |
| | Delay in connection of a landline service resulting from the failure of a previous occupier to disconnect the line to the premises | 47 | 21 | 18 |
| | Delay in connection of a telecommunications service where the consumer is seeking compensation for loss resulting from the delay | 109 | 86 | 149 |
| | Delay in the connection of a landline service where the provider has said that the CSG Standard does not apply because of a natural disaster or bad weather | 1 | 2 | 1 |
| | Interim/alternative services provided to a consumer during a landline connection delay, including the failure/refusal of a provider to offer an interim/alternative service, delays in the connection of the interim/alternative service and the quality of an interim/alternative service | 117 | 68 | 15 |
| | Missed appointments in relation to the connection of a CSG eligible telecommunications service | 241 | 97 | 88 |
| | Missed appointments in relation to the connection of a non-CSG eligible telecommunications service | 10 | 17 | 28 |
| | Pre-provisioning of a telephone service, including the adequacy of advice about the process of obtaining a connection after pre-provisioning is complete. | 74 | 40 | 44 |
| | Temporary landline cabling, including associated infrastructure upgrade delays* <i>New issue keywords introduced 1 January 2010</i> | N/A | 17 | 42 |
| | The allocation of telephone numbers to consumers, including the loss and retrieval of telephone numbers from quarantine | 202 | 164 | 135 |
| | Delay in connecting an incoming calls only service, including the refusal of a provider to supply the service and the quality of the service itself | 6 | 4 | 4 |
| | Delay in connecting enhanced call features such as call waiting, call forwarding and calling number display | 8 | 14 | 10 |
| | TOTAL | 2,685 | 1,802 | 1,697 |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| CONTRACTS | A consumer being held to the terms of a contract despite having requested the cancellation of the contract within the cooling off period <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 81 |
| | A contract that only allows the provider (and not the consumer) to renew or not renew the contract <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 31 |
| | A contract under which multiple services were offered as a bundled package | 57 | 81 | 113 |
| | A fixed term being imposed on a consumer's agreement to receive mobile premium services | 1 | 1 | 0 |
| | A provider attempting to enforce terms of a contract where the consumer believes that this is unfair in the circumstances | 417 | 619 | 457 |
| | A provider cancelling a contract at will (includes cancelling a contract for making a complaint to the TIO) <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 18 |
| | A provider's failure to advise a consumer at the point of sale about the name of the provider, the network used to provide the service or the supplier of any of the equipment under the contract | 14 | 32 | 21 |
| | A variation being made to the terms of a consumer's contract, whether or not notice to the affected consumer is supplied (includes complaints about the variation of mobile premium service subscription charges) | 357 | 428 | 240 |
| | Contract termination fees that appear to be a penalty rather than a genuine estimation of the provider's likely losses <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 27 |
| | Difficulties encountered when attempting to change the account holder for an existing service/contract | 116 | 137 | 105 |
| | Mobile premium service advertising being targeted at children under the age of 15, or mobile premium services being advertised without appropriate warnings where the advertisement could be seen by children under the age of 18 <i>New issue keyword introduced 1 July 2009</i> | N/A | 6 | 1 |
| | Complaint about a mobile premium service being accessed by a minor, including complaints where the minor has accessed content of an inappropriate nature because of incorrect classification and/or insufficient supplier controls <i>Issue keyword removed 30 June 2009</i> | 6 | N/A | N/A |
| | Telecommunications equipment that is locked to a provider's network, including the calculation of unlocking fees and delays in unlocking <i>New issue keyword introduced 1 July 2010</i> | N/A | N/A | 52 |
| | The adequacy of information provided to a consumer about their level of risk where they have contracted a service for somebody else, such as a child or spouse | 33 | 39 | 25 |
| | The adequacy/accuracy of advice provided at the point of sale about a product or terms associated with a contract | 2,927 | 3,396 | 2,680 |
| | The conduct of sales representatives when they attempt to elicit agreement from a consumer, including behaviour that is harassing or coercive | 164 | 169 | 108 |
| | The consumer denies having ever entered into the contract | 414 | 581 | 438 |
| | The legitimacy of a contract where the consumer's decision making ability was impaired at the time the contract was entered into, for example by mental illness, intoxication or inexperience | 151 | 146 | 103 |
| | The length of time taken to action a contract termination request, or the length of notice required under the contract before a termination request can be actioned | 408 | 444 | 361 |
| | The quality of advice given at the point of sale about the coverage/availability of the service at the consumer's chosen location | 339 | 422 | 459 |
| | The quality of advice provided at the point of sale about cooling off periods | 96 | 100 | 26 |
| | The quality of information a consumer has been given about how they can cancel a mobile premium service subscription, delays in the processing of MPS cancellation requests and the refusal of a provider to action a consumer's MPS cancellation request <i>New issue keyword introduced 1 July 2009</i> | N/A | 17 | 9 |
| | The quality of information provided to the consumer about contract termination fees, either at the point of sale, during the course of the contract or when contract termination is requested/imposed | 301 | 292 | 188 |
| | The quality of point of sale advice relating to mobile premium services and the quality of mobile premium services advertising, such as the failure of a supplier to offer double opt-in, the failure of a supplier to advise of service limitations, the provision of misleading/deceptive advice and lack of information provided about MPS barring | 30 | 26 | 6 |
| | The refusal or failure of a provider to give a consumer a copy of their contract, or about the legibility/clarity of the contract document itself | 232 | 211 | 167 |
| | TOTAL | 6,063 | 7,147 | 5,716 |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------|---------------|---------------|
| CREDIT MANAGEMENT | A mobile premium service provider's failure to issue End of Month Reminder notices or \$30 Expenditure Updates in accordance with their obligations under the MPS Code <i>New issue keyword introduced 1 July 2009</i> | N/A | 19 | 8 | |
| | A provider approving an application for service where the consumer is not in a financial position to afford the contract, or where the provider does not limit the consumer's access to the service in line with the findings of a credit assessment | 64 | 57 | 20 | |
| | A provider declining an application for service for credit reasons where it has not provided an adequate explanation for its decision, or where it only approves a service with restrictions | 47 | 77 | 85 | |
| | A provider failing to cease collections activity when a consumer has declared bankruptcy or the debt is very old (may or may not be outside of the Statute of Limitations threshold of 6 years) | 9 | 16 | 20 | |
| | A provider failing to suspend credit management activity whilst a payment arrangement is in place or while a payment arrangement is being negotiated with the consumer | 24 | 67 | 94 | |
| | A provider recording a credit default in relation to a debt that is in dispute | 648 | 692 | 737 | |
| | A telecommunications service being suspended or disconnected without prior or reasonable notification being given to the consumer | 812 | 990 | 901 | |
| | Collections agents continuing to pursue payment of a debt despite being advised it is in dispute | 711 | 1,027 | 860 | |
| | Collections agents using harsh, harassing or otherwise offensive methods to recover payment of a telecommunications debt | 44 | 68 | 71 | |
| | Consumer is unable to monitor their expenditure because the provider does not provide a mechanism to do this, or the mechanism provided is faulty or not up to date | 84 | 144 | 133 | |
| | Failure of a provider to make or retain a record of a consumer's payment arrangement | 75 | 126 | 93 | |
| | Failure of a provider to monitor consumer expenditure or take reasonable action to limit a consumer's exposure to debt, resulting in financial over-commitment | 836 | 1,116 | 1,280 | |
| | Failure of a provider to notify a consumer that they could or would be credit default listed | 569 | 695 | 649 | |
| | Failure of a provider to suspend credit management in relation to genuinely disputed charges whilst the provider or the TIO is investigating the consumer's complaint (including credit management on disputed mobile premium service charges) | 501 | 509 | 379 | |
| | Failure of a provider to update a credit default listing once payment of the debt has been made | 104 | 72 | 82 | |
| | Refusal of a provider to negotiate with a consumer about a payment arrangement, or refusing to renegotiate an existing payment arrangement when a consumer's financial circumstances change | 472 | 571 | 523 | |
| | The quality of advice a provider gives to a consumer about the availability of credit control tools and how they work | 252 | 250 | 134 | |
| | The suspension or disconnection of telecommunications services where the outstanding balance consists of genuinely disputed charges (includes complaints about disputed mobile premium service charges) | 832 | 845 | 725 | |
| | TOTAL | | 6,084 | 7,341 | 6,794 |
| | CUSTOMER SERVICE | A provider refusing to deal with an advocate nominated by the consumer or their authorised representative | 31 | 52 | 31 |
| A provider's representative being rude or discourteous towards a consumer | | 793 | 757 | 504 | |
| Customer service issues relating to mobile premium service barring, including information given to a consumer about barring, methods for requesting barring and how to get MPS barring removed <i>New issue keyword introduced 1 July 2010</i> | | N/A | N/A | 7 | |
| The adequacy of assistance that a consumer receives from a provider's customer service staff <i>New issue keyword introduced 1 July 2010</i> | | N/A | N/A | 3,158 | |
| The failure of a provider or mobile premium service content supplier to action a request made by a consumer | | 2,852 | 2,801 | 1,522 | |
| The failure of a provider to assist a consumer with their mobile premium service problem or query (now captured under the 'failure to provide adequate assistance' complaint issue category above) <i>Issue keyword removed 30 June 2009</i> | | 286 | N/A | N/A | |
| The length of time a consumer has had to wait on hold to speak to their telecommunications provider, or where a consumer is unable to contact their provider at all (includes mobile premium service complaints relating to content suppliers) | | 1,527 | 918 | 965 | |
| The quality of advice a provider has given to its consumer | | 3,513 | 5,969 | 5,089 | |
| TOTAL | | | 9,002 | 10,497 | 11,276 |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|------------|
| DIRECTORIES | A consumer's telephone number not being made available via directory assistance | 1 | 2 | 2 |
| | A consumer's listing being omitted from the printed White Pages directory and/or the online White Pages directory | 22 | 24 | 25 |
| | A Yellow Pages listing | 2 | 4 | 0 |
| | An error made in the consumer's listing in the printed White Pages directory and/or the online White Pages directory | 67 | 95 | 46 |
| | Difficulties in accessing directory assistance services, including excessive wait times | 1 | 1 | 0 |
| | Directory assistance providing a consumer with the incorrect number | 3 | 2 | 0 |
| | Disputed White Pages directory listing charges, for example, being billed for an enhanced listing that was not requested | 77 | 137 | 95 |
| | TOTAL | 173 | 265 | 168 |
| DISABILITY | A provider's decision to reject a consumer's application for Priority Assistance status | 8 | 0 | 4 |
| | Delay in the connection of a service where the consumer or a member of their household suffers from a life threatening medical condition | 30 | 13 | 13 |
| | Delay in the repair of a faulty service where the consumer or a member of their household suffers from a life threatening medical condition | 26 | 20 | 26 |
| | Disability equipment related issues, including delays in delivery, errors in delivery, billing for the equipment, delays in connecting equipment and delays in repairing faulty equipment | 7 | 3 | 1 |
| | Failure of a provider to advise its customer that Priority Assistance is or is not available, as well as how a consumer might go about applying for Priority Assistance status | 14 | 9 | 5 |
| | Failure of a provider to ensure that sufficiently detailed and accurate information about disability equipment is readily available to its customers, either at the point of sale or on an ongoing basis <i>New issue keywords introduced 1 July 2009</i> | N/A | 4 | 1 |
| | TOTAL | 85 | 49 | 50 |
| FAULTS | A fault with an enhanced or add-on service, such as email or voicemail | 223 | 326 | 282 |
| | A technician failing to attend an appointment in relation to a fault on a CSG eligible telecommunications service | 116 | 83 | 66 |
| | A technician failing to attend an appointment in relation to a fault on a Non-CSG eligible telecommunications service | 14 | 21 | 35 |
| | Delay in rectifying call drop outs on a non-CSG eligible service | 534 | 816 | 1,052 |
| | Delay in the repair of a fault on a CSG eligible service where the provider has said that the CSG Standard does not apply because of a natural disaster or bad weather | 10 | 4 | 4 |
| | Faults affecting equipment purchased through the provider that is used to access a telecommunications service, including repair delays, disputes over appropriate remedies and equipment warranties and insurance issues | 1,119 | 1,291 | 1,298 |
| | Interim/alternative services provided to a consumer during a landline fault rectification delay, including the failure/refusal of a provider to offer an interim/alternative service, delays in the connection of the interim/alternative service and the quality of an interim/alternative service | 132 | 126 | 76 |
| | Poor coverage on mobile services and satellite/wireless internet services | 344 | 591 | 2,184 |
| | Telecommunications services which have been disconnected in error | 327 | 329 | 280 |
| | Temporary cabling installed to rectify a fault on a standard telephone service, delays in replacing faulty infrastructure once a temporary cable has been put in place, or faults within temporary cabling* <i>New issue keywords introduced 1 January 2010</i> | N/A | 51 | 77 |
| | Delay in rectifying a fault on a CSG eligible service, whether the fault cuts off the service completely or leaves it partially usable | 1,248 | 1,007 | 855 |
| | Delay in rectifying a fault on a service that is not CSG eligible and leaves the service completely unusable | 497 | 728 | 609 |
| | Delay in rectifying a network outage on a non-CSG eligible service, or the frequency of outages occurring on that service. | 43 | 64 | 65 |
| | Delay in rectifying a fault on a CSG eligible service where the fault is recurring or intermittent in nature | 430 | 485 | 430 |
| | Delay in repairing a service (both CSG eligible and non-CSG eligible services) where the consumer is seeking compensation for losses resulting from the delay | 248 | 303 | 389 |
| | Delay in rectifying faults with enhanced call features such as call waiting, call forwarding and calling number display | 72 | 69 | 55 |
| | Slow speed of data transfer on internet and mobile services | 355 | 661 | 692 |
| TOTAL | 5,712 | 6,955 | 8,449 | |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|
| LAND ACCESS | A provider claims that the consumer is liable for damage they have caused to a provider's cable or telecommunications facility | 28 | 46 | 45 |
| | A provider not giving notice prior to entering an owner's/occupier's land to install or carry out maintenance on cabling or a low impact telecommunications facility | 15 | 21 | 12 |
| | Access method/height restrictions related to installation of a subscriber connection, such as a cable installed too low across a driveway | 50 | 26 | 14 |
| | Objections made by owners/occupiers of land to a provider's proposal to install or carry out maintenance on low impact telecommunications facilities on that land (includes premature objections by the owner/occupier, and failure of the provider to give the owner/occupier the opportunity to formally object) | 13 | 5 | 2 |
| | Owner/occupier of land claims damage was caused to their property during the installation of cabling or low impact telecommunications facilities by a provider | 143 | 103 | 53 |
| | TOTAL | 249 | 201 | 126 |
| PAYPHONES | A payphone that is faulty, has been vandalised or has charged a customer incorrectly | 2 | 3 | 2 |
| | TOTAL | 2 | 3 | 2 |
| PHONECARDS | A consumer has not been provided with a copy of the terms and conditions applicable to the phonecard they have purchased | 4 | 0 | 2 |
| | A phonecard cannot be used by consumer because it has expired or is otherwise invalid | 6 | 10 | 6 |
| | A phonecard provider failing/refusing to advise a consumer about the existence of the TIO when it has been unable to satisfactorily resolve the complaint | 4 | 1 | 2 |
| | A provider's failure to provide a promised/advertised credit or adjustment to a consumer's phonecard account | 13 | 4 | 3 |
| | A representative of a phone card provider being rude or discourteous towards a consumer | 1 | 4 | 1 |
| | Failure of a phonecard provider to acknowledge a consumer's written complaint | 5 | 10 | 1 |
| | Failure of a phonecard provider to action the undertakings it has made to resolve a consumer's complaint | 13 | 7 | 2 |
| | Failure of a provider to advise a consumer about the outcome to their phonecard related complaint | 5 | 2 | 0 |
| | Failure of a provider to escalate a consumer's phonecard related complaint upon request or when the consumer expresses dissatisfaction with the outcome to their complaint | 8 | 3 | 1 |
| | Failure of a provider to make and retain a record of a consumer's phonecard related complaint | 7 | 4 | 0 |
| | Phonecard advertising material does not disclose that there is a flagfall fee applying to each call made | 0 | 2 | 0 |
| | Rates or other terms advertised by a phonecard provider at point of sale being inaccurate, incomplete or out of date | 14 | 8 | 3 |
| | The amount of credit used up on consumer's phonecard based on the consumer's claimed use of the service | 67 | 34 | 10 |
| | The length of time a consumer has had to wait on hold before they can speak to their phonecard provider, or the inability of the consumer to get in contact with the phonecard provider at all | 16 | 8 | 4 |
| | The quality of calls or connections made via a phonecard | 10 | 7 | 4 |
| | TOTAL | 173 | 104 | 39 |
| PRIVACY | A provider not following correct procedure for dealing with life threatening communications | 2 | 1 | 2 |
| | A provider not following correct procedure for dealing with unwelcome communications | 54 | 65 | 52 |
| | A telecommunications provider has continued telemarketing the consumer or sending MPS marketing messages after being asked to stop | 27 | 30 | 21 |
| | Access to information being denied, or information held by the provider being inaccurate | 239 | 406 | 283 |
| | Complaint about information being collected, stored or disposed in a manner that is contrary to Australian privacy law | 17 | 29 | 23 |
| | Failure of a telecommunications provider to give adequate advice or assistance to a consumer in relation to spam prevention | 4 | 2 | 1 |
| | Spam being received from a telecommunications service provider | 3 | 4 | 3 |
| | The disclosure of a consumer's silent telephone number | 60 | 50 | 50 |
| | The disclosure of personal information relating to a consumer's account, other than the disclosure of a silent telephone number | 117 | 111 | 102 |
| | TOTAL | 523 | 698 | 537 |

Appendix 4 Issues by Category

Issues for investigations – 2008-09, 2009-10, 2010-11 *continued*

| Category | Issues for New investigations | FY 2008-09 | FY 2009-10 | FY 2010-11 |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| TRANSFER | A salesperson's failure to properly disclose which provider they represent when attempting to elicit a transfer of service | 11 | 19 | 5 |
| | A service being transferred by a provider where the request for transfer was made by somebody other than the account holder, such as a spouse or child | 94 | 83 | 43 |
| | A service being transferred or a consumer being presented with a bill after having cancelled a transfer request within the cooling off period. | 57 | 53 | 29 |
| | Insufficient advice or unkept promises regarding any termination fees payable under an existing contract when a consumer authorises/requests a transfer | 8 | 11 | 10 |
| | The adequacy/accuracy of advice provided at the point of sale about the service transfer or the terms associated with the transfer contract | 89 | 94 | 39 |
| | The conduct of sales representatives when they attempt to elicit agreement to transfer a service, including behaviour that is harassing or coercive | 13 | 21 | 7 |
| | Delay in reversing an unauthorised transfer, the refusal of a provider to initiate a transfer reversal or a completed reversal that changes the nature of the service | 91 | 66 | 41 |
| | Delay in transferring a consumer's telecommunications service from one provider to another | 448 | 375 | 381 |
| | The quality of advice provided to a consumer about cooling off periods at the time they agree to a service transfer | 16 | 7 | 6 |
| | The transfer of a consumer's service where the consumer has not given informed consent to the transfer | 284 | 209 | 139 |
| | The transfer of a service where the transfer has been a result of an administrative error occurring during the authorised transfer of another service | 48 | 32 | 15 |
| | TOTAL | | 1,159 | 970 |
| TOTAL ISSUES FOR INVESTIGATIONS | | 55,430 | 63,499 | 60,158 |

APPENDIX 5

Explanation of TIO data terms

Why we capture data

The TIO provides the telecommunications industry and the community with an independent perspective on the consumer experience in the context of landline, mobile, internet and mobile premium services. Through the thousands of contacts we receive each week and the many residential or small business consumers we help each year, we are able to identify complaint trends and their probable causes and to provide this valuable information to stakeholders.

We capture information about complaints for a variety of reasons including:

- monitoring of complaint trends
- identifying gaps in consumer protection as may be indicated by complaint trends
- identifying systemic problems within the industry
- measuring the impact of new technologies and changes in industry behaviour
- creating awareness and informing TIO Members about good industry practice as set out in Industry Codes
- reporting complaint trends and possible code compliance issues, to regulators and the industry
- allocating TIO resources in an efficient and effective manner
- reporting to the community on the work we do.

How we capture data

The TIO keeps a record of every telecommunications enquiry or complaint that is reported to us. Most consumer contacts are made through our free telephone number, with a smaller portion being lodged electronically via our website or by email. Each complaint is captured in our complaints management system and is categorised using a comprehensive list of 'keywords'. These keywords are divided into three tiers with the first tier categorising the general subject matter of the complaint and the second and third tiers identifying the precise nature of the complaint.

For example, a complaint about a credit or adjustment not having been applied to a bill would be recorded in our system as:

| Tier 1 | Tier 2 | Tier 3 |
|--------------------|-------------------|-------------|
| Billing & Payments | Credit/Adjustment | Not Applied |

Capturing complaints in this way means that we have a very rich source of data we can refer to for the purposes of giving information to stakeholders and undertaking our own analysis. We supply complaints data to TIO Members, industry groups and regulators. We publish quarterly and annual data on our website for public use. We see our data and its publication as important steps in helping to identify and address issues of concern for consumers.

New Complaints

The TIO records a 'new complaint' when it first receives an expression of grievance or dissatisfaction from a consumer where the telecommunications service provider has had an opportunity to consider the matter. A new complaint is initially classified at Level 1 of the TIO process, with a small number initially classified at Level 2 (and at Level 4 in limited circumstances such as Land Access Objections). Each new complaint has its own unique reference number.

Investigations (Escalated Cases)

Where a new complaint remains unresolved and requires conciliation or investigation by the TIO, it is escalated to a higher case level (usually, new complaints classified at Level 1 that remain unresolved are escalated to Level 2 for conciliation, and to Levels 3 and 4 for formal investigation/determination).

Cases

The TIO classifies cases at four case levels, namely Levels 1, 2, 3 and 4. Total cases recorded by the TIO each financial year include new complaints we receive and those escalated to higher case levels during the year. Each case level captures 'issues' that are relevant to that case level.

Issues

The TIO records 'issues' to capture the types of issues that are presented by each new complaint. Issues are selected from a choice of keywords that are aligned to industry codes or common complaint categories that the TIO has identified. These include connection and fault repair delays, credit management disputes, contractual disputes, customer service/complaint handling and billing disputes.

Every new complaint involves at least one complaint issue. Some complaints can involve multiple complaint issues – for example, a complaint about a faulty mobile service may also involve a concern over the lack of a response from the service provider about the fault. In such circumstances, the TIO would record one complaint comprising two issues – a faults issue and a customer service issue.

The TIO also updates the issues for unresolved complaints that are escalated to a higher case level.

Appendix 5

Explanation of TIO data terms *continued*

Enquiries

The TIO records an enquiry for any new contact that is not classified as a new complaint. These include, for example, where the consumer:

- is expressing a grievance but has not given the TIO Member an opportunity to consider the matter
- does not have sufficient interest in the matter
- is only requesting for information.

Enquiries can also include matters that:

- are outside the TIO's jurisdiction
- could be raised with a more appropriate organisation
- are under consideration or have already been considered by another body
- are frivolous or vexatious.

Code Data

We capture data about compliance with industry codes.

(a) Possible Code Issues

When we refer to a 'possible code issue', this relates to a clause of an industry code that appears to be relevant to the complaint based on the consumer's version of events or the available information. We record possible code issues at Levels 1 and 2 where the claims of the consumer indicate that a code compliance problem may exist. Possible code issues are rarely reported at Levels 3 and 4 (as possible code issues are assessed, confirmed or dismissed at Levels 3 and 4).

Possible code data is captured by the TIO in two different ways:

- When recording a specific complaint issue at Level 1, a TIO Officer may be prompted by the TIO's complaint management system to answer a series of questions requiring 'yes' or 'no' answers, based on information provided by the consumer. These questions relate to obligations set out in industry codes which are incorporated into the TIO's complaint management system. Depending on the information provided by the consumer and the answers to these questions, the system may automatically record possible code issues in relation to the complaint.
- Where a complaint requires investigation at Levels 2, 3 or 4 in order to resolve the complaint, the TIO Officer will consider the obligations set out in industry codes and raise these with the TIO Member to assist in resolving the complaint. These possible code issues are then manually added to the TIO's complaint management system.

Possible code issue data is only reported upon closure of a complaint.

(b) Confirmed Code Breaches

We also capture 'confirmed breaches' against industry codes where evidence gathered during a formal investigation indicates that a breach has taken place. Confirmed code breaches are recorded only at Levels 3 and 4 of our complaint handling process.

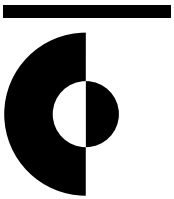
The TIO records a 'confirmed code breach' when:

- a possible code issue has been raised in writing with a TIO Member during formal investigation of a complaint at either Level 3 or Level 4
- the TIO Member has been invited to respond to the possible code issue and give supporting evidence, within a reasonable amount of time
- in light of all available evidence including the TIO Member's response to the possible code issue, the TIO Officer has come to the conclusion that a breach of the relevant code obligation has occurred.

Confirmed code breach data code is only reported upon closure of a complaint.

Quality Assurance

Each month, quarter and end of financial year, we undertake a range of quality assurance activities to ensure the accuracy of our data.



Telecommunications
Industry
Ombudsman

**Telecommunications Industry
Ombudsman Limited**

ACN 057 634 787

Telephone 03 8600 8700

Facsimile 03 8600 8797

Freecall™ 1800 062 058

Freefax™ 1800 630 614

TTY 1800 675 692

Translator & Interpreter
Service 131 450

Website www.tio.com.au

Postal Address

PO Box 276 COLLINS STREET WEST
Victoria 8007
Australia

Street Address

Level 3, 595 Collins Street,
Melbourne Victoria 3000
Australia