



TELECOMMUNICATION
**DISPUTE
RESOLUTION**

January to December 2010

Annual Report

Report from the Chair

Telecommunication Dispute Resolution (TDR) has become a trusted and well-used consumer dispute resolution service. This confidence in the Scheme is demonstrated by an increase in the complaints handled; in 2010 1,968 new jobs were recorded compared with 1,621 in 2009.

This greater awareness and use of TDR has been supported by a higher profile of the service in the news media over the past twelve months. We are now recognised as the organisation to whom to turn when radio, print and TV media are looking for comment on telecommunication issues.

However, this increase in public awareness of the Scheme has brought into sharp focus the fact that not all telecommunication companies participate in the TDR Scheme. In 2010, 12.4% of the calls received were about companies outside TDR.

This exclusion of dissatisfied customers from the service offered by TDR is an issue being discussed by the telecommunication industry. There is a clear need for more companies to belong to the Scheme and, should the efforts to recruit those who remain outside fail, there is a real possibility of the government stepping in with a regulated regime. We as a Council have been working hard to avoid this happening, but if the industry can't put its own house in order then we will be forced to invite the Minister for Communications and Information Technology to intervene on behalf of disadvantaged consumers.

During the year the first independent review of the Scheme was undertaken. The general conclusion of the review was that, for those New Zealanders whose telecommunications companies were members of TDR, overall the Scheme was independent, effective and efficient. However the review did raise concerns about the fee structure and escalation process used to progress complaints through the system. The Council is very pleased that both issues are being addressed by the industry.

Finally, my thanks to my fellow Council members for their support and work in shaping the future direction of the Scheme. My thanks also to Dispute Resolution Services Ltd. (DRSL), the Scheme's operational agent; complainant surveys show the telecommunication consumers of New Zealand are receiving a quality service.



David Russell
Chair TDR Council

Executive Summary

This annual report marks three years of operation for the Telecommunication Dispute Resolution service (TDR). During 2010 complaints to the Scheme increased by 20%. In part, this is likely due to increased customer awareness of an independent disputes resolution body they can turn to, should they be unable to resolve problems directly with their telecommunications provider.

The TDR Scheme is a voluntary one. Because of this, and ongoing issues with the funding model and some industry dissatisfaction with TDR's process, not all telecommunications providers are members. The Telecommunications Carriers' Forum (TCF) and Government remain keen for the Scheme to cover customers of all telecommunications providers. TDR and its governing Council have been active, this past year, in their attempts to bring the remaining providers on board.

Consumers accessing the service express very high levels of satisfaction. This is excellent news for the Scheme Members who gain significantly from the customer loyalty generated and the reduction in churn costs that far exceed the resolution costs. The Scheme will continue to grow in value to the industry as consumer awareness continues to grow, and more use is made of the TDR Scheme.

By belonging to the Scheme, TDR's Scheme Members demonstrate their commitment to customer service. One of TDR's objectives is to help improve Scheme Members' internal complaints resolution processes and, throughout 2010, we have been pleased to see significant improvements in this area.

While TDR has received increasing numbers of complaints, an alteration in process during 2010 has affected the number of jobs registered at Level 1. Because of Scheme Member dissatisfaction with the Scheme's 'user pays' funding model, TDR has allowed greater opportunity for Scheme Members to try to resolve the disputes directly with their customers, before the complaint is registered at Level 1. Of the 1,968 complaints we received in 2010, 453 were referred back to the Scheme Member for resolution, thus bypassing our usual processes.

By belonging to the Scheme, TDR's Scheme Members demonstrate their commitment to customer service.

As will be seen throughout this Annual Report, the number of complaints recorded as 'non-relevant enquiries' increased in 2010 as a consequence of how we have been recording the cases referred back to Scheme Members.

Such an approach has not been without its difficulties, however. Most significantly, Scheme Members who have received complaints, registered at Level 1, have faced disproportionately higher fees than they would otherwise have done. This issue will be addressed in 2011 when amendments to the Code are implemented.

We expect the coming year to present some continuing, and some fresh, challenges. In 2011 TDR will actively endeavour to sign up those telecommunications providers that do not currently belong to the Scheme. We also intend to take a more proactive approach to helping Scheme Members improve their complaints management processes. This relates, in particular, to customer service issues and efficiency when dealing with complaints. Otherwise, TDR will continue to provide residential and small business telecommunications customers with an independent and free service to address disputes with their telecommunications providers.



This annual report marks three years of operation for the TDR Service.

Neil McKellar
Chief Executive, DRSL

Derek Pullen
Manager, TDR

Statement of purpose /Governance

The Telecommunication Dispute Resolution (TDR) Scheme has been in operation since 30 November 2007. Over that time the Scheme's statement of purpose, and governance, has not changed.

Statement of purpose

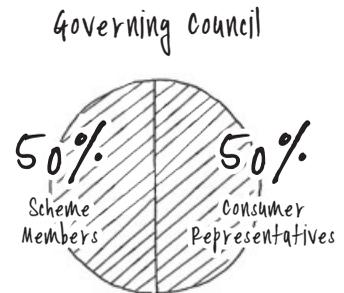
When the TDR Scheme was developed it adopted and applied the six benchmarks established in 1997 by the Australian Department of Industry, Science and Tourism, in its publication 'Benchmarks for Industry-Based Consumer Dispute Resolution Schemes'. These benchmarks, below, are accepted as Australasian industry best practice.

Benchmarks for Industry-Based Consumer Dispute Resolution Schemes:

1. Accessibility
2. Independence
3. Fairness
4. Accountability
5. Efficiency
6. Effectiveness

Applying these benchmarks, TDR's vision is:

- To be recognised by telecommunications customers as the preferred external option in helping to resolve disputes with their telecommunications service provider.
- To be recognised as fair and independent.
- To be well known by, and accessible and responsive to, the needs of telecommunications customers in New Zealand.
- To encourage Scheme Members to resolve customer complaints effectively themselves.
- To educate the industry about systemic issues arising from disputes and determinations.



Governance

The TDR Scheme was set up by the Telecommunications Carriers' Forum (TCF). This is a collective of telecommunication companies operating in New Zealand. The Forum developed the Customer Complaints Code and Terms of Reference that are the basis of the TDR Scheme. The TCF set up the TDR service as an independent body for the prompt, unbiased resolution of disputes.

The Scheme reports to a governing Council. 50% of the Council is made up of Scheme Members and 50% consumer representatives.

The Scheme sets out the rights of customers, and the obligations of Scheme Members, regarding the handling of disputes or complaints that have not been resolved through the Members' usual complaints processes. Scheme Members agree to be bound by the terms of the Scheme and Code, and only customers of Scheme Members can lodge disputes with TDR.

TDR Scheme Members

January to December 2010



Withdrawn from Scheme 21-04-2010



Joined 01-09-2010



Withdrawn from Scheme 21-04-2010



Types and causes of complaints

The types and fundamental causes of complaints remain largely the same as in previous years, suggesting that no particular issues are becoming more prevalent than others.

Resolved complaints	2009	2010
Billing	241	46
Customer Service	105	33
Faults	88	27
Network performance	34	16
Contracts	52	15
Credit management	31	5
Complaints handling	9	1
Transfer	34	1
Other	10	1
Total	604	145

The difference in resolved complaints, between 2009 and 2010, is primarily the result of a process change which is explained in greater detail on page 8.*

Generally, customers who raise a complaint with TDR have only one substantive complaint (e.g. billing). It is not uncommon, however, that in attempting to raise that complaint with the Scheme Member the customer encounters issues regarding customer service, such as waiting for their call to be answered and waiting excessively long periods on hold. TDR usually focuses on the substantive issue. In 2011, however, TDR will put a greater focus on identifying and addressing customer service issues arising in the course of a complaint.

Billing

Billing was the single most prevalent issue in 2010, as in 2009, making up almost a third of all complaints. Typically billing disputes arise when customers consider they have been overcharged for telecommunication services. A common type of complaint in this group is from customers disputing the amount of broadband usage for which they have been charged.

Customer service

The actual number of complaints relating to customer service is likely to be higher than represented in TDR's statistics. Customer service issues frequently arise in the course of attempting to resolve other complaints. A common type of customer service complaint relates to excessive time waiting for service providers to answer or follow-up calls, or alleged failures on the part of the Scheme Member to provide services or remedy any faults that arise.

Faults

TDR continues to receive complaints from customers whose mobile handsets become faulty, and the Scheme Member considers the damage to be caused by moisture. Customers usually deny that their handsets have come into contact with liquid.

TDR has also noted an increase in complaints regarding transfers of service between properties, with delays in getting services up and running.

Resolved complaints 2010



Billing was the single most prevalent issue in 2010, as in 2009, making up almost a third of all complaints.

Network performance

A common complaint to TDR is customer dissatisfaction with the broadband speed received in home internet services, particularly at times of peak usage. For mobile phone customers, a common issue relates to coverage. While TDR cannot consider complaints relating to network coverage, the Scheme does consider complaints relating to representations made at the time of sale. Some of these complaints relate to misrepresentations regarding broadband speeds and network coverage.

Contracts

Issues have arisen where customers were unaware of their obligations under contracts with their service providers. One example is when charges are applied if the contract is terminated early. TDR has also received a number of complaints regarding aggressive sales tactics by door-to-door sellers, or telemarketers.

Credit management

Several complaints have been received regarding the inaccuracy of data usage monitoring tools. This has resulted in customers being misled about their data usage and consequently incurring higher than anticipated charges which then lead to credit management issues. Other credit management disputes arise when the parties are unable to agree on reasonable terms for payment of outstanding accounts.

Complaints handling

Lack of complaint-recording limits customers' ability to bring a complaint to TDR, as all complaints must first be raised with the Scheme Member.

Customers have been concerned that they have contacted their provider with a complaint, but the provider later has no record of the complaint being raised.

Customers also experienced excessive waiting times before calls were answered by Scheme Members. In some instances, once they began to explain their issues to their service provider, their calls were disconnected. Customers have also complained to TDR that the Scheme Member will only accept complaints via their website.

Transfer

Complaints regarding the unauthorised transfer of services, to a new telecommunications service provider, were more prevalent than in 2009. Customers complained to TDR that they encountered difficulties having services returned to their original provider. In some cases their broadband port at the exchange was lost, at times requiring up to six months for another port to become available.

Process for how TDR considers complaints

The Telecommunications Carriers' Forum's Customer Complaints Code sets out the process for how TDR considers complaints, and has five broad levels:

Non-Relevant Enquiry

An almost universal feature of dispute resolution schemes worldwide is a focus on complaints being resolved directly, and early, between the parties. TDR is no different, with the initial focus being on the parties attempting to resolve the complaint directly. To allow that resolution to occur, certain criteria must be met before TDR can consider a complaint. When those criteria are not met, the complaint is termed a 'non-relevant enquiry' (NRE).

NREs include complaints regarding non-Scheme Members, and complaints which have not yet been lodged directly with the Scheme Member. The Scheme Member must be allowed six weeks to try to resolve the complaint, directly with its customer, before TDR can accept the complaint for resolution (earlier if the dispute is deadlocked).

**NB – A significant process change was implemented in 2010, relating to classification of complaints, which affected complaint registration into the Scheme. Due to dissatisfaction with the fee structure from existing Scheme Members, TDR allowed greater opportunity for Scheme Members to attempt to resolve the dispute directly with the customer before the complaint would be formally registered at Level 1. Work that would previously have been undertaken, and recorded, at Level 1 in 2009 was therefore undertaken in 2010 at the NRE level. Subsequently,*

although TDR received more complaints in 2010 than previous years, the statistics recorded in this report may not reflect this.

Level 1 (Complaint Registration)

When a complaint meets the Code's criteria for acceptance by TDR, it is registered at Level 1. At this level the customer's complaint, including their ideal outcome, is obtained in writing. Where the customer is unable to provide the complaint in writing TDR assists with documenting the complaint, and this is then confirmed by the customer.

Level 2 (Facilitated Negotiation)

The customer's written complaint is provided to the Scheme Member. The Scheme Member provides a written response which is then forwarded to the customer. At this stage the Scheme Member will often provide an offer of settlement. The customer then elects to either accept or decline the offer.

Systemic issues

In the 2009 Annual Report, Internet data and roaming charges, service transfers and connection delays, unauthorised subscriptions and contractual terms and conditions, were identified as systemic issues – and remained so in 2010.

Customer service issues were increasingly common in 2010, and TDR will work with the industry to improve performance in this area.

Level 3 (Conciliation)

If the dispute is not resolved at Level 2 it may proceed to Level 3. At this level a conciliator is appointed to work with both parties, by telephone, to negotiate a mutually satisfactory outcome for the dispute. If the parties cannot agree the conciliator will provide them with his/her assessment of the dispute, along with a recommendation for resolution. The parties then decide to accept or decline the conciliator's recommendation.

Level 4 (Adjudication)

If the dispute is not resolved at Level 3, and either or both parties decline to accept the conciliator's recommendation, the dispute may proceed to the next level. At Level 4 an adjudicator will consider the entirety of the information, held in the complaint file, and issue a written determination. If the customer accepts the adjudicator's determination, it becomes binding on the Scheme Member.

“Welcome to TDR.
How can I help?”



Key indicators

January to December 2010

Complaints started in period

	2009	2010
Number of non-relevant complaints received	1,000	1,833
Number of Level 1 complaints received	621	135
Total new jobs received	1,621	1,968

Note: NREs referred back to Scheme Member in 2010 453

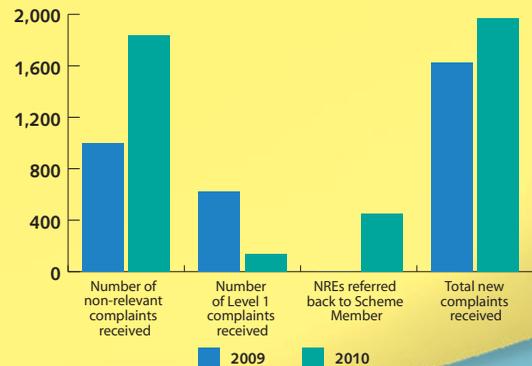
Complaints on hand (as at 31 December 2010)

Number of complaints at level 1	17	12
Number of complaints at level 2	7	8
Number of complaints at level 3	3	1
Number of complaints at level 4	4	0
Total number of complaints on hand	31	21

Resolved complaints by issues category

Billings	46
Customer service	33
Faults	27
Network performance	16
Contracts	15
Credit management	5
Complaints handling	1
Transfer	1
Other	1
Total number of complaints completed	145

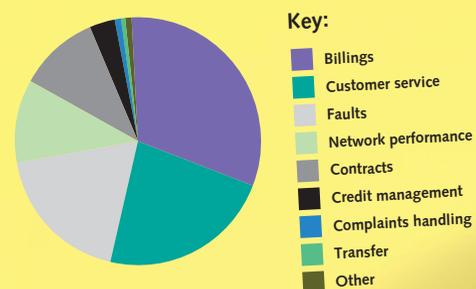
Complaints started in period



The number of complaints received by TDR increased in the 2010 year.

The number of 'non-relevant enquiries' has significantly increased, coinciding with a significant decrease in complaints registered at level 1. As explained earlier in the Annual Report, this is predominantly because of a change in process, where TDR has allowed greater opportunity for the Scheme Member to resolve the complaint before the complaint was registered. This process change was largely in response to Scheme Members' issues with the funding structure.

Resolved complaints by issues category (2010)



Because this information has been recorded in a different way in 2010, compared with previous years, it is not possible to accurately compare against previous years' data.

TDR, however, considers that the above chart would be broadly representative of all complaints (those resolved at the NRE stage, and after complaints were registered at Level 1).

TDR Service Level report (2010)

Achievement targets relating to the speed of response to customers' complaints, the speed of resolution and the type of resolution have been agreed as measures of TDR's performance. The following tables and charts detail the actual performance against the targets.

Early resolution Service Level Indicator

Dispute resolved	Number resolved	% resolved	Target
Level 1	100	69%	75%
Level 2	15	10%	18%
Level 3	14	10%	6%
Level 4	16	10%	1%
Total	145		

Timeliness Service Level Indicator

Dispute resolved	Number resolved	Number resolved within target	% resolved	Target
Level 1	100	96	96%	100% in 8 business hours
Level 2	15	14	93%	75% in 32 working days
Level 3	14	14	100%	75% in 50 working days
Level 4	16	13	81%	100% in 16 working days
Total	145	137		

Telephony Service Level Indicator

	% answered within target	Target
Answered calls	90%	80% within 20 seconds
Abandoned calls	8%	

Total number of calls received was 2,839, of which 2,545 were answered within 20 seconds.

Reasons for NRE* and no jurisdiction

* Non-relevant enquiries

NRE reasons (2010)

No complaint registered*	1041
Not a Scheme Member	353
Other	276
Complaint not relevant to their telecommunication services	143
Event occurred pre code	20
Total	1833

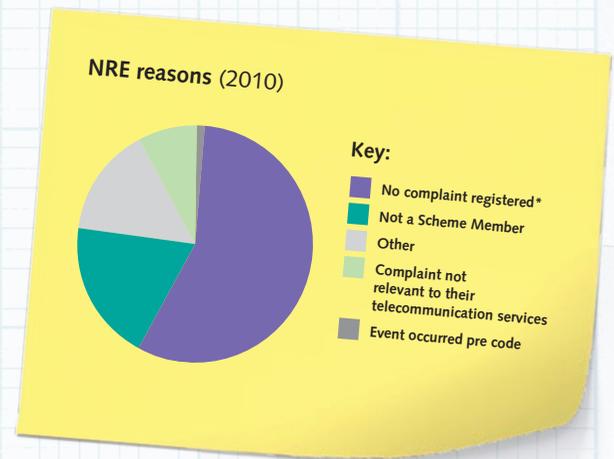
*Includes TDR referrals back to the Scheme Member.

No jurisdiction* (2010)

Privacy	0
Pricing	0
Frivolous/Vexatious/Trivial	1
Timed out (past 12 mths from initial contact with Scheme Member)	1
Scheme Member Pre Compliance	2
Non supported service/equipment	0
Network coverage	0
Outside Scheme Member legal responsibility	0
Domain names	0
Compensation > \$12k	0
Information request	0
No deadlock	74
Other	1
Sub Totals	79
No authority to act	1
Total	80

* Excluded under the Customer Complaints Code

It is not possible to compare this data with previous years, given the change in how complaints were registered and recorded.



Glossary

Non-relevant enquiry (NRE) – an enquiry that is not attributable to a Scheme Member, does not relate to a customer's telecommunication service or relates to an event that occurred before the commencement of the Scheme on 30 November 2007

Level 1 – TDR establishes whether deadlock has been reached (deadlock = when the end of the company's internal complaints procedure has been reached, or six weeks have passed since the customer made a complaint, and there is no resolution)

Level 2 – TDR facilitates negotiation between the customer and the company through exchange of documents

Level 3 – conciliation – a TDR conciliator works with both parties to achieve a mutually acceptable outcome

Level 4 – adjudication – a TDR adjudicator considers all the information available and delivers a fully reasoned written decision that is binding on the company if accepted by the customer

If you have any questions or concerns about your current services and would like to discuss them with your service provider, or you would like to sign up with one of the companies that belong to this Scheme, please see their contact details below:

Airnet	0508 247 638
AspireTel	0800 897 427
Communitel	0508 266 686
Digital Island	0800 999 010
Kordia	09 916 6400
Snap	0800 500 638
Telecom	Call 123 or *123 (mobile)
TelstraClear	0508 888 800
TNZ Group	09 929 3000
Vodafone	0800 800 021

“I was more than
happy with TDR’s
services - would give
them a 10 out of 10”

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