



TELECOMMUNICATION
**DISPUTE
RESOLUTION**

2011 – 2012

Annual Report



Report from the Chair

The year has been one of consolidation. The result is that consumers can feel very confident there is a scheme available that gives them a prompt and fair process to resolve complaints against their telecommunications provider. A customer satisfaction survey has shown good reason for that confidence.

I'm delighted to report that there has been a drop in the number of complaints being investigated by the scheme agent. This is a credit to the scheme members. Of course there was a cost incentive for the companies to resolve disputes with their customers because the scheme, until earlier this year, was funded largely on fees based on the number of complaints the scheme agent handled against individual companies.

While this funding formula provided a strong drive for companies to resolve complaints without involving the Telecommunications Dispute Resolution Scheme (TDRS), it also placed a very heavy financial burden on a small number of companies who had the misfortune to have complaints go through the formal dispute resolution process. In the worst case it saw one company footing the scheme's full complaint fees for a month.

During the year this anomaly was addressed by changing the fee structure to one where membership is tiered and the bulk of funding comes from an annual subscription, based on customer numbers and position in the four tier structure.

It is important to keep in perspective the fall in the number of complaints being handled by the scheme agent. A minority within the industry is suggesting the low volume of complaints provides evidence that the industry doesn't need a pan-industry complaints scheme; the assumption is that the companies can look after their customers without the independent backstop of the TDRS.

My view is that it is because the scheme is in place that companies have improved the service they provide their customers – remove the influence of the scheme and there is a strong probability that old habits will re-emerge. In the worst instance, a move to close the scheme could well lead to a mandatory complaints scheme being imposed by the government. If this happened the running costs of the scheme would dramatically increase.

The TDRS costs the least, by a very big margin, of all industry based consumer dispute resolution schemes. Over the past year it has committed to amending its code of practice to provide better coverage for consumers and its sponsoring industry body, the New Zealand Telecommunications Forum (TCF), has amended its rules to make participation in the TDRS a condition of TCF membership. The scheme has a bright future.

My thanks to my fellow council members for their work and support; thanks also to DRSL for its very professional handling of complaints and additional demands placed on them during the year; and finally, thanks to the TCF for its support and commitment to the scheme.



David Russell
Chair TDRS Council





Executive Summary

The TDRS service is 4½ years old and still evolving. 2011 was another year of improvement. The amended Customer Complaints Code (the new Code) took effect on 1 August 2011, bringing with it a revised complaint resolution process. Most notably, the amendments resulted in simpler, more flexible procedures. We implemented a hybrid mediation/adjudication process for disputes, and are pleased that most complaints are settled by agreement with the assistance of a Complaint Resolution Practitioner, and without the need for an imposed decision.

We have also been able to refine our processes with experience and in consultation with users. Another feature of the new Code is the provision for Position Statements, which sets out the position TDRS is likely to take on common complaints so that the parties can better assess the merits of their case.

At the same time, the TCF changed the scheme's fee structure in consultation with scheme members, to more fairly distribute the scheme cost. The bulk of the cost is now collected through an annual subscription. There is also a small scheme member "user-pays" component for disputes that are accepted into the Investigation and Resolution phase.

These changes addressed the concerns of several providers. Four new members joined the scheme during the year: Woosh, 2degrees, Compass and Farmside. We were also pleased to welcome back Orcon and Slingshot/CallPlus. The new fee structure did not suit all members, however, and we regret the departure of Digital Island and Communitel but look forward to welcoming them back soon.

We are pleased to note that the scheme is now available to the vast majority of end-users of telecommunications services. We acknowledge the commitment to their customers that our members demonstrate by belonging to a voluntary scheme. We also acknowledge their commitment and cooperation in helping to make the TDRS process work so effectively for their customers.

TDRS introduced bi-monthly operations meetings with members during the year, to discuss enhancements to the process for the benefit of all parties. These have led to joint recommendations to the TDRS council to consider further minor amendments to the new Code. One such proposal enables the scheme agent to extend timeframes when required in the circumstances of the particular dispute and in the interest of fairness. We will continue to evaluate the effectiveness of the new process and propose amendments where improvement opportunities are identified.

We received a total of 3002 calls during the year, of which 1386 were registered as enquiries under the Code. This is a drop from the previous year, and goes against the growth trend since the TDR Scheme began. A notable factor has been a decline in the number of enquiries from Canterbury since the earthquakes. While enquiry volumes from the other major regions have either been steady or shown an increase, those from Canterbury have fallen by over 25%. Canterbury also had the lowest number of enquiries per 10,000 capita from all the major regions.



The new process appears to have met with the approval of the scheme's customers. A recent customer satisfaction survey reported excellent results, among them a Net Promoter Score of 85. When asked about ways in which the TDRS service could be improved, the most frequent suggestion was to increase marketing and promote awareness of the service. Scheme members are an important link in raising the profile of the TDRS service by providing their customers with information on the scheme.

Separate research confirms low awareness amongst the general public: unprompted awareness stands at 3% while prompted awareness rises to an uninspiring 13%. This area remains a challenge for the scheme.

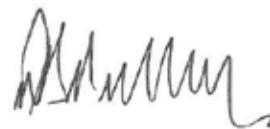
We wish to acknowledge the wisdom and guidance provided by the TDRS council, and the behind-the-scenes effort and support of the TCF. We value and appreciate the positive and productive relationships we have with both.

Finally, we wish to thank the TDRS team, which has maintained outstanding service to customers and scheme members alike while implementing new processes and systems in sometimes trying circumstances. Their dedication and commitment are appreciated.



Neil McKellar

Chief Executive, DRSL



Derek Pullen

Manager, TDRS





Customer Complaints Code

The New Zealand Telecommunication Forum (TCF) has established a self-regulatory regime for the management of complaints, as found in the Customer Complaints Code. The regime includes the formation and operation of the Telecommunication Disputes Resolution scheme (TDR).

The Code and the TDRS are collectively referred to as the "Scheme".

The Scheme sets out the rights and obligations of Scheme Members and their customers with regard to the handling of Complaints. The primary purpose of the Scheme is three-fold:

- To encourage Scheme Members to resolve Complaints effectively themselves;
- To provide prompt, independent resolution of disputes, having regard to the Code and the service standards it sets out, as well as relevant legal requirements; and
- To educate the industry about systemic issues arising from disputes and determinations.

Overview of Scheme Structure

The Scheme reports to a governing council with fifty percent consumer representation. The Council's role is to provide independent oversight and ensure industry and public confidence in the Scheme.

The Scheme has been developed in line with the following international dispute resolution principles:

- Accessibility;
- Independence;
- Fairness;
- Accountability;
- Efficiency; and
- Effectiveness.

The purpose of this Scheme is:

- To improve Scheme Members' internal Complaints resolution processes to assist with early resolution of Complaints.
- To increase Customer confidence in the industry by establishing appropriate standards of practice that apply consistently across the industry.
- To ensure that Customers have access to an effective independent dispute resolution mechanism to address issues where the Customer is not satisfied with the outcome from their Scheme Member's internal Complaints handling or dispute resolution process in relation to a Complaint.
- To facilitate the resolution of Complaints relating to Telecommunications Services in New Zealand through practices that are fair and equitable and are consistent with the purposes and provisions of the Telecommunications Act (2001) and any of its current or future amendments.

Customers and Scheme Members must follow the processes set out in the Code for resolution of a Complaint before a Customer can take a Complaint to the Scheme Agent.



TDR Scheme Members

 AspireTel

 CallPlus

 compass
communications

 2

 farmside
connecting rural nz

 kordia®
people & technology as one

 Now
broadband | calling | mobile

 orcon®

 slingshot

 snap!

 telecom^{nz}
 TelstraClear

 Inz
TNZ GROUP LIMITED

 vodafone

 Woosh


Complaints

Since 1 August 2011, under the amended Customer Complaints Code, the dispute resolution process has consisted of only two phases.

Phase I – Enquiry and registration

TDRS receives an enquiry, and gathers information from the parties in order to determine whether the complaint:

- Is relevant (is about a scheme member and their telecommunication service)
- Has previously been made to the Scheme Member and is at deadlock
- Is within the jurisdiction of the Scheme to consider.

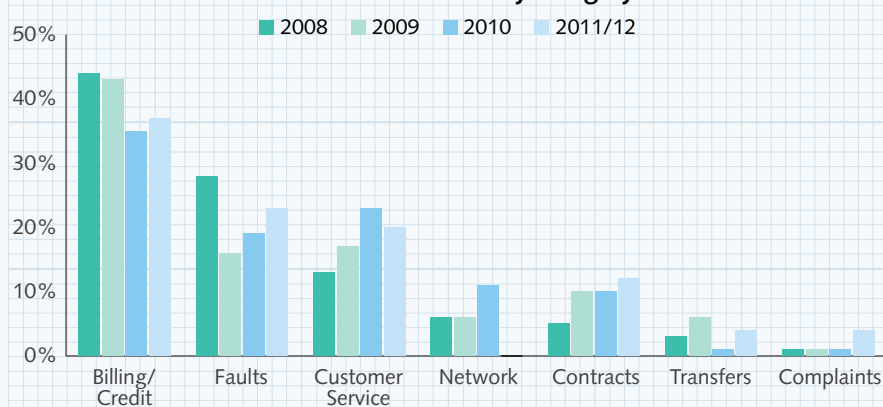
Phase II – Investigation and resolution

If the complaint is in jurisdiction, the parties exchange statements of position. TDRS then assists the parties to reach a negotiated settlement, using whatever process it considers appropriate. If settlement cannot be reached, TDRS issues a final determination.

When a complaint is in “phase II”, the process is managed by a single Complaint Resolution Practitioner.

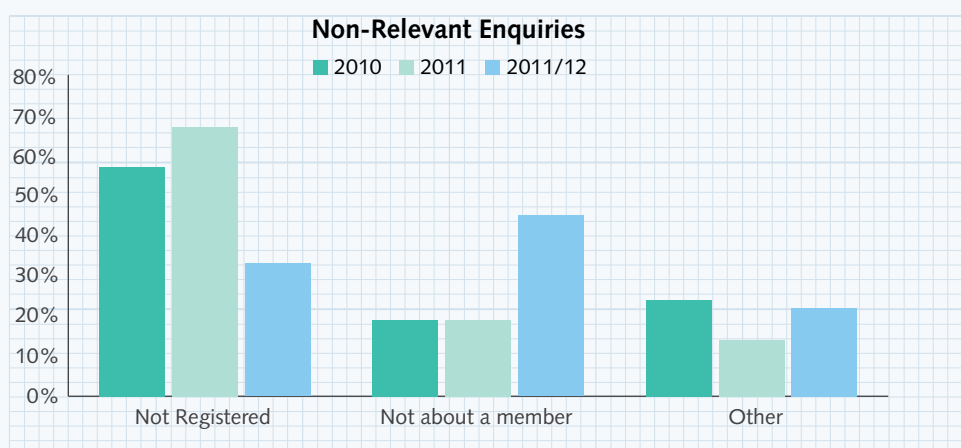
A total of 1386 enquiries were registered in Phase I and another 27 issues were moved into phase II during the reporting period.

TDR issues resolved by category



Non-Relevant Enquiries

Two key findings from the analysis of the non-relevant enquiries are worth noting. First, the 2011/12 year has seen a significant reduction in the percentage of enquiries that were from customers who had not previously registered the complaint with the Scheme Member. Secondly TDRS has seen a significant increase in the percentage of enquiries from non-scheme member customers.



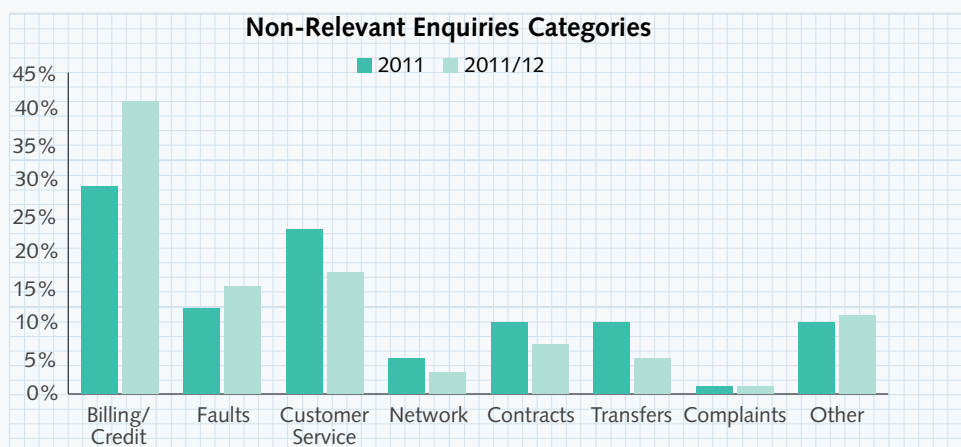
The 2010 figures are for the calendar year

Figures for 2011 are only taken from the 6 month period 1 January to 30 June

The 2011/12 figures are for the year, 1 July to 30 June.

Non-Relevant Enquiry Categories

The biggest change in categories has been the increase from 29% to 41% for billing/credit complaints.



Figures for 2011 are only taken from the 6 month period 1 January to 30 June

The 2011/12 figures are for the year 1 July to 30 June.





Case Studies

These case studies highlight some of the issues TDRS covers in any given year. All identifying material has been removed.

Case study 1

While the customer was away overseas, Company X came to her house selling telephone and internet plans. The customer's husband was at home, so he spoke to the sales representative. He told him that the plan looked good but that he would have to come back the following week once his wife had returned, because the account was in her name.

When the customer returned from her trip, she discovered that her services had been disconnected. She called her provider, Company A, and was told that her services had been transferred to Company X, in the name of her husband. The Customer requested Company A to immediately restore her services, but was advised that she would have to first settle the early termination and reconnection fees. The customer's husband received an account from Company X, despite never agreeing to the transfer or using their services.

The customer called Company X to complain about what had happened and was told that they would call her back, but they never did. She then contacted TDRS.

TDRS sent the complaint through to Company X. They investigated the matter and conceded that the new account was in the name of the customer's husband, and that he was not the original account holder. Company X agreed that, on that basis, they should not have taken over the services from the customer. Company X accordingly agreed to waive all costs and reimburse the customer's losses.

Case study 2

In August 2011, the customer moved house and lost his broadband and telephone services. He contacted Company Q to find out when his services would be restored, and was told it would take 7 days. Unhappy with this, he demanded immediate reconnection. After the frustration of being without his services for 10 days, the customer switched to another provider.

Company Q billed the customer, including the 10 days in which he had no services, and also imposed a penalty charge for failure to give a month's notice before switching. The customer refused to pay.

Company Q then transferred the debt to a collection agency, which added collection costs. This brought the total bill to \$300.

When he was approached by the collection agency to make payment, the customer contacted TDRS.

TDRS sought Company Q's view as part of the facilitation process. They advised that they had reviewed the account and that the charges would stand.

TDRS then obtained a settlement proposal from the customer. He agreed that he was liable to pay for the services he did receive from Company Q during August, but not for the period when no service was provided. He also disputed the penalty for not giving the required notice.

After further exchanges, the parties finally agreed that Company Q would credit the customer's account in the amount of \$160, and that the customer would pay the remaining \$140. In addition, Company Q agreed to remove the debt from the collection agency.



TDRS Service Level Report

Telephony Service Level Indicator

	% Answered within Target	Target
Answered Calls	95.4%	80% within 20 seconds
Abandoned Calls	1.5%	

The TDRS service received a total of 3002 calls in the 12 month period, a total of 2865 were answered within the target time of 20 seconds.

Effectiveness/Quality

Effectiveness/Quality	Target %	Achieved %
Jurisdiction Checks	95%	92.2%
Enquiry & Registration Phase	95%	99.4%
Investigation & Resolution Phase	95%	94.3%
Final Determination Phase	100%	100%

Jurisdiction Checks – Scheme member replying to Scheme Agent within 3 hours of jurisdiction check

Enquiry & Registration Phase – Receiving complaint and completing summary of dispute within 24 business days

Investigation & Resolution Phase – Issuing final determination or mediated agreement within 27 days of receiving summary of dispute

Final Determination Phase – From issuing final determination to closing dispute within 30 business days.

Customer satisfaction research

Customers expressed their agreement/satisfaction with TDRS staff as follows:

They are very friendly, kind and they get to the bottom of it all and [they are] non judgemental.

They served me perfectly and they gave me what I wanted. They are a good service.

Just that the facilitator I was dealing with was exceptional.

My experience with them, the lady I dealt with was really good



To get a better understanding as to what customers felt TDRS staff's strengths and/or weaknesses were, customers were asked to rate the service they had received from TDRS staff in relation to six key service attributes. The vast majority of customers agreed or strongly agreed that each of these attributes applied to TDRS staff. In fact, at least two-thirds of customers gave each attribute the highest possible rating (a rating of '5 out of 5').

The TDRS Customer Satisfaction Survey results are very positive, not only in relation to the high standard of service received from individual staff members but also with regard to the dispute resolution process in general. This is reflected in the following results:

- **Professionalism** – 99% of customers agreed that TDRS staff acted professionally when dealing with their complaint (89% strongly agreed)
- **Being listened to** – 96% of customers agreed that TDRS staff listened well to what they had to say (84% strongly agreed)
- **Accessibility** – 94% of customers agreed that TDRS staff were available when needed (73% strongly agreed)
- **Efficiency** – 92% of customers agreed that TDRS staff dealt with their complaint promptly (82% strongly agreed)
- **Knowledge** – 90% agreed that TDRS staff were knowledgeable about the dispute resolution process (74% strongly agreed)
- The majority (91%) of customers reported being satisfied with the **TDRS dispute resolution process** including 73% who provided the highest possible rating in this regard (by rating the experience as a '5' out of '5')
- Customers also **commended the service** received by TDRS staff, as 97% reported being satisfied with the way in which TDRS staff handled their complaint. In fact, 82% gave TDRS staff the highest rating possible rating in this regard (a '5' out of '5').

Those who offered suggestions as to how the service might be

improved largely focused on communications. This included increased promotion of the TDRS service to better inform the public that the service is available and clearer communication with customers of the steps involved in the resolution process.

Scheme Member Research

As found previously TDR Scheme Members are generally satisfied with the operation of the Scheme and are likely to continue supporting it. This is reflected in the following results:

- **Staff are effective and efficient in dealing with complaints** – Eight out of 13 agreed with this statement, including seven who strongly agreed
- **Staff get on with the job promptly** – Nine out of 13 agreed with this statement, including six who strongly agreed
- **Staff are fair and impartial in dealing with complaints** – 10 out of 13 agreed with this statement, including eight who strongly agreed
- **Staff are professional in everything they do** – 11 out



of 13 agreed with this statement, including nine who strongly agreed

- **Staff are responsive to your requests** – 11 out of 13 agreed with this statement, including eight who strongly agreed
- **You are satisfied with the relationship you have with TDRS** – 13 out of 13 agreed with this statement, including 10 who strongly agreed
- **I have trust and confidence in the TDR Scheme** – Nine out of 13 agreed with this statement, including five who strongly agreed
- **I am satisfied with the way the Scheme works** – Nine out of 13 agreed with this statement, including five who strongly agreed
- **You will continue to support the Scheme in the future** – 11 out of 13 agreed with the statement, including six who strongly agreed.

Scheme Members expressed their agreement/satisfaction with the

Scheme as follows:

We had a workshop with TDRS which I found positive. The workshop is a good networking tool and I would like to have more of these.

So far so good. I am quite happy with any communications I have had with them. I am a happy customer.

We are quite satisfied. They are open to feedback anyway and we have been in contact with them.



Feedback

TDRS receives a lot of unsolicited feedback, praising staff and providing thoughts on how the process went. A number of comments continue to be received about the lack of knowledge of TDRS before customers became engaged in the dispute process.

I really appreciate their services. But nobody is aware of TDR, they should introduce to people that they are out there. The telecommunication provider or the company should inform if there are any issues that TDRS is available.

I was actually impressed, I guess you guys needed to do it in that timeframe. I was really impressed, you guys were sorted. It was great service, great people on the line.

I thought it was fantastic really. I was battling away for a few months with the telecommunications provider and my case was settled after a few days of contacting TDRS. I got a new phone the day after in the mail.

I found their services great I wish I had that type of service for everything we have to deal with. It was easy, it was efficient, it wasn't time wasting.

Marketing, as I did not know anything about them at all. I found out about them when I went to the government website. I did not know they existed.

When I was going through the process, it was simple and straightforward. I just had to fill in a box with my complaint.



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.

Since 1 August 2011, under the amended Customer Complaints Code, the dispute resolution process has consisted of only two phases.

Phase I – Enquiry and Registration

TDRS receives an enquiry, and gathers information from the parties in order to determine whether the complaint is within scope of the scheme

Phase II – Investigation and Resolution

If the complaint is in jurisdiction, the parties exchange statements of position. TDRS then assists the parties to reach a negotiated settlement, using whatever process it considers appropriate. If settlement cannot be reached, TDRS issues a final determination.

Complaint Resolution Practitioner

A skilled conciliator, mediator or adjudicator who resolves disputes at the Investigation and Resolution phase.

New Zealand Telecommunications Forum

The New Zealand Telecommunications Forum (TCF) is the telecommunications industry body that resolves regulatory, technical and policy issues and develops industry standards and codes of practice for the benefit of the industry and its customers.

TDR Council

The TDR Council governs the TDRS. The Council consists of fifty percent consumer, and fifty percent industry representation. Three of the consumer representatives on the Council are appointed by a selection panel comprised of representatives from the Consumers' Institute and TUANZ, with the fourth Consumer Representative appointed by the Ministry of Business, Innovation and Education.

Final Determination

A written decision issued by a Complaint Resolution Practitioner in respect of a complaint, which is binding on both the scheme member and the customer if the customer accepts the final determination.

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:

2degrees: 0800 022 022
or 200 from your mobile

AspireTel: 0800 897 427

CallPlus: 0800 89 5000

Farmside: 0800 32 76 74

Kordia: 0800 KORDIA

NOW: 0800 GET NOW

Orcon: 0800 13 14 15

Slingshot: 0800 89 2000

Snap: 0800 276 232

Telecom: Call 123
or *123 (mobile)

TelstraClear: 0508 888 800

TNZ Group: 09 929 3000

Vodafone: 0800 800 021

Woosh: 0800 496 674





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