

## **Check Out The Telcos**

TERESA CORBIN: OK, we might get seated, everyone.

Well, welcome back after morning tea. I'm very pleased that we have such a distinguished panel today. I'll let Lexi do all the introductions and I will introduce you to Lexy Weatherall in a minute but first of all I just want to mention something. It's actually very timely that today the telecommunications Ombudsman is announcing its annual statistics for the last financial year of complaint numbers and these results have been embargoed until 11:00 and I think it's 11:03. So I'm just checking if David is in the room! But I have been given permission I can mention what the results are and I'm very, very pleased to see that we have another massive reduction in complaint numbers that have gone to the Telecommunications Industry Ombudsman. I think it's another 12% reduction, in fact, and that is the third consecutive year that we have had a reduction in complaints to the Telecommunications Industry Ombudsman, the TIO. And that is extremely exciting, especially because, as you will see from the commentary and the information that comes out, is that a lot of it is attributed to the fact that the telecommunications consumer protection code, the TCP code, is working very, very well and also, of course, to some of the great initiatives that I'm sure our panels will talk about today in terms of the improvements in design and products of their services. Sadly design and data is up but that's something we will talk about today.

Now I will introduce you to Kimberlee Weatherall, from the ABC, thanks very much.

LEXI METHERELL: Thanks, Teresa. Welcome to the check out the telcos session, where we will be hearing directly from those responsible for customer service at the major companies. I'm Kimberlee Weatherall, I'm from the ABC, I report for The World Today on the radio and it's my pleasure to introduce the panel today. From the end of the table we have Matt Paterson, the general manager of care at Vodafone. Amanda Hutton, the head of customer experience at Optus, Karsten Wildberger from Telstra and next to me is Julian Ogrin from amaysim, the managing director.

So let's start off just by asking each of you just to briefly explain each of your roles. Matt, I might start off with you.

MATT PATERSON: Thanks, I look after the customer care function at Vodafone Australia, both onshore and offshore and we have large operations down in Tasmania that we're growing down in Tasmania. So I cover all of the service elements for all our consumer and business customers.

AMANDA HUTTON: My name is Amanda Hutton and I head up the consumer experience group at Optus. We champion our four customers and make sure we can identify the key pain points for customers and put in place measures to address those. But it's not only about fixing the bad things but also improving on the good things we have been doing and over the last two years, where I have been at Optus, we've made some pretty significant changes for the better.

KARSTEN WILDBERGER: So I'm responsible for the consumer segment at Telstra. That means that, together with many thousands of colleagues, we oversee more than 16 million consumers across all different product groups and in particular I'm responsible also for the frontline channels which is all our global contact centres in Australia and offshore, all our digital activities across Telstra and Telstra countrywide, which is our retail organisation, as well our community local organisation, being embedded in the communities. We're doing some – our colleagues are doing some exciting work in improving customer service, a long way to go still and much more to do but very exciting and very happy to be here.

LEXI METHERELL: And Julian?

JULIAN OGRIN: Good morning, everyone, I'm Julian Ogrin, managing director of amaysim Australia. A quick update on amaysim – we're Australia's largest mobile service provider, servicing over 600,000 customers now, and also we have been reported as being the fastest-growing mobile service provider in the country. Our model is very simple – we are one of the pioneers of the SI M-only, no contract segment, which is now becoming quite a significant growth segment in the Australian mobile sector and I guess, to put it simply, our model is about making sure that we always provide value leadership in the consumer sector, and we back that up with an e-commerce-led service platform, and that's about providing a low-cost model to the customer but backing it up with a low-cost operating model to be able to make it a sustainable proposition.

LEXI METHERELL: Thank you, all and thank you so much for joining us today. The hard work is really being done for me, because I have had a huge number of questions coming in from ACCAN members on the issues you are most concerned about. But I will also be taking questions from the audience. So if you have a question that is relevant to the topic that we're discussing, please put up your hand and we'll try to get to you.

There's also the conference hashtag, #ACCANconference, so please comment like crazy on that and any questions can come through on that as well. So we do have a half an hour and a half so hopefully we will get through a number of issues in that time and the key topics we will be covering off are customer service, data, which is a really big and increasing issue, pre-paid issues, coverage and accessibility.

So our first question today is pertinent, given the breaking news on those TIO stats, and this one does come from ACCAN. The question is: How do you think complaint trends are tracking since the registration of the telecommunications consumer protection code two years ago. And, further to that, how do you think customer service in telcos rates now? Matt, why don't I start with you?

MATT PATERSON: Thank you. It might be a theme, starting with me!

First of all, I think it has been a real positive trend in complaint reduction and I think, given the recent results that were just announced in the TIO only minutes ago, I think it's a real positive story in terms of reduction. I do think the industry and the organisations before you do have a lot more work to do and I think that is an absolute obsession for us at Vodafone Australia to make sure our complaint reduction is eradicated. I think I'm really pleased that complaints in our network at Vodafone have reduced 60% over the last twelve months and the investment in our network. We've invested around \$3 billion in our network and it has really paid off. I think our real focus at the moment now is complaints and issues in relation to data. Our red plans – Vodafone Red Plans – are something we're really proud of in the ability to cap people's data. So in any of our plans it's \$10 per gig as customers then go over their data, which is a real benefit where we don't have those customers anymore having bills in the thousands and thousands. I think, I guess, my summation of that is we're definitely moving in the right direction and I think the last two years has been a huge push, but a lot more to do to do both at Vodafone and, I think, across the industry.

LEXI METHERELL: So, Amanda, would you agree now. I guess you have been in your role as long as the TCP has been in place. Can we all agree that has been responsible for driving down these complaints?

AMANDA HUTTON: I think it is in part responsibility. It is also an acknowledgement of the organisations we work at that we need to do fundamentally different things as an industry and also organisations. For at Optus we have a relentless focus on customer experience and we've seen our complaints in the last twelve months decrease close to 47 per cent and

they are at 14-year low and that is a pretty significant reduction. That is due to tackling the big issues for customers front-on, so it is bill shock, so introducing plans last year that cap a lot of that bill shock. Focusing on an incredible amount of investment in our mobile network in particular and also a focus on customer service. Underpinned by many elements of the TCP code. So I think it is a holistic approach but also a whole business approach and now we're seeing it certainly industry-wide but at Optus we are very proud with the significant reduction of complaints.

LEXI METHERELL: And Karsten, as Telstra I think you have had a gradual growth in spurts. And that's seen an increase in complaints, hasn't it? A small one.

KARSTEN WILDBERGER: Well, first of all, any complaint is something we take very, very seriously, but, you know, if you look at the results last year, we grew by more than 1 million customers. The year before, even more than that. So there's huge underpinned growth. If you take that into account, we've made huge program in many, many areas. There's also a shift if you look at the complaint areas. If you take NBN, et cetera, which is a bit more challenging, so we look very, very carefully at the areas, and I think on the historic areas where we've made enormous program, if you look at the service improvements we have, we measure every single touchpoint with customer feedback, what's called net promoter score on an interaction basis, for instance, and we've seen improvements more than 20 points in our contact centre, which is now in the mid-40s, which is extremely high. And in retail, this has gone even higher. So what I'm saying is service improvements – also service innovation – which we feel we are very proud of is paying off. But having said that, there is always much, much more we need to do in that space. And one big example of service innovation, and I hope many of you have experienced that, is personalised service that we went live with in April, which means basically when you contact a contact centre, you get the name of the agent, and you can get back to that same agent until the issue is resolved. If you go to one of our stores, you will a personalised card from any of our staff members with the name of the personal – local looking after locals. We've dispatched more than 4,500 telephones to all our frontline staff. We welcome calls and check-ins and if you look since then the trending of the results is very, very encouraging. But more to do!

LEXI METHERELL: More to do. Julian, you are a re-seller of telecommunications services, so how does that affect your customer service?

JULIAN OGRIN: Obviously, as an MVNO or a mobile virtual network operator, our differentiation is front and centre, and it's all about service. As I said earlier, we are a no-contract, SIM-only business provider, so, you know, at any day, if a customer is not happy, or doesn't see value in your service, they can leave. So we have this mantra internally that every day we have to earn our customers' happiness, and it means it is very encouraging to see that the TIO complaints are coming down, but we've always taken a view that self-regulation is really fundamental at amaysim. Karsten mentioned the net promoter score and in amaysim it's probably the number one KPI that we look at, right up to the board level. One of the KPIs we have he a based it on in our NPS has been a 40% net promoter score. So at amaysim we rely on our customers recommending other customers and that word of mouth aspect is really important. So it's very encouraging.

LEXI METHERELL: The next question comes from Matt Schultz from Broadband Today. How is the use of customer service apps such as Telstra 24/7 and My Optus helping to streamline the customer service interface. Amanda?

AMANDA HUTTON: As you would expect, more and more of our customers are seeking to use digital channels, will it is through the website, through apps or our mobi site so we're seeing an exponential growth in customers choosing digital self-service. It makes customers – it enables them to solve their problems the first time and that's really our customer service

focus is about first contact resolution. So improving the functionality within our applications to enable customers to do more things themselves is absolutely increasing and we're getting very positive feedback from customers that they want to see more. So we're expecting that usage to dramatically grow.

LEXI METHERELL: Karsten, could you give an example where Telstra has heard complaints or picked up trends through its apps and has changed something as a result of that?

KARSTEN WILDBERGER: Look, we have lots of forums in terms of social media that we encourage and are an active part in, where we receive customer feedback. We have crowd support where a lot of issues get flagged. We have an internal app, a Snap App where if a customer has an issue and you hear about it, you would tell other people, and say "Can we help that customer to recover the customer" and these are many thousands a week where we use this. So very actively used. We have an internal social media platform, which is Yammer, we have 47,000 active users, all our Telstra people are on this platform and this is a platform where across the whole organisation customer issues get raised to CEO level, active customer communication, where we break down barriers and reach out to customers. So we embrace the digital space and the customer feedback in the moment to improve every single day.

On the 24/7 app, we have now more than 1.75 million active users, and we have more than tripled the functionality in the last three years. I'm proud to say that we want to lead in some parts, really, the industry around the globe. We are actually very engaged with other telcos in the world to make sure we bring the best breed of technology to Australia, and very important, the 24/7 app is not just for everyone who is technically very educated, it's very much about making it as easy as we can, and also to educate customers also in the segments that have an impairment, et cetera, to use that app to make it easier to interact with us. So it's a very important part of what we do.

Also, our service offers are more and more integrated. So if you look at the data packs that customers purchase now online, basically with one or two clicks, there is an exponential growing number and that's also the way we address many of the out of reach issues and there's a lot of education hang. So I'm very excited about that space. Also here, most are to come.

LEXI METHERELL: Did you have something to add, Julian?

JULIAN OGRIN: Yes, at amaysim we are an e-commerce-led service provider, and where the telco is in your pocket, where the customer takes full control – we go one step further in terms of the applications. Our first mantra to service is actually the DIY self-care and we've invested a lot of our resources into investments in making sure our web platforms are actually covered there where the customer can look after themselves and cover all the needs that they need to resolve at that point in time. In addition to that, we've incorporated Live Chat, as probably the second part of a priority to the service. So we're always there and available for customers to take their My Amaysim query and chat to someone in real-time and we now have over 70% of our customers either communicating to us via live chat or email. So calls are starting to reduce. Having said that, we also have our Australian-based call centre and that was something we launched with right from the start. Having our call centre based in our office allows us to really provide that personalised attention between management, the agents and the customer.

LEXI METHERELL: The next question comes from injured Brody, who is from the consumer action legal centre. Matt, I will start with you. Does Vodafone offer support for vulnerable or disadvantaged people who might not be able to see through a dispute to its end without additional assistance so people wouldn't have to go to a community legal centre to get help.

MATT PATERSON: Yes, so, first of all, Vodafone treat it very seriously around being able to support all members of the community. I think, you know, there is a TCP code provision around financial hardship which Vodafone supports. We offer payment plans to customers as well and we do treat each case, case by case, and we would look at that and that's something that we have a separate team set up within my area to look after that and that's something that we're very passionate about to make sure we can look after customers and offer them the best available financial outcome possible for them, depending on their circumstance.

LEXI METHERELL: So, Amanda, does Optus actually measure how many complainants actually get a resolution, rather than the customer just giving up in the end.

AMANDA HUTTON: Yes, in our service environment, one of the key KPIs that our service team has is resolution of a customer's issue. So that's one of their primary, I guess, things that they strive to achieve each day, week and month. We also have a dedicated team who will respond to feedback from a customer. So if a customer does give us feedback saying, actually, you haven't hit the mark and I'm still unhappy and my issue is not resolved. We will proactively contact that customer back through a dedicated team to resolve that customer's issue on the spot. So we take it very seriously, both on the call, but then proactively calling customers back if they've still indicate their issue is not resolved.

LEXI METHERELL: Karsten does Telstra do that as well?

KARSTEN WILDBERGER: So we have a standard process where at the end of an interaction or what we call an "Episode" we ask the customer if the issue has been resolved. That may not always coincide with, say, the technical delivery of an issue, hence we look into technically if something that was in the system was supposed to land, say, on an invoice is actually landing. And we are perfectionists at the moment also with measuring that, in each individual case, to make sure that we really deliver on our promise and the goal is always "Right first time". So I'm personally very obsessed with getting it right first time in the first place but in particular also measuring that we deliver on what the customer expects. So one thing is the customer feedback directly, which we then also act upon if the answer was no. But also technically, that we confirm that we've done everything we could to satisfy the customer and meet and hopefully exceed the expectation.

LEXI METHERELL: Do any of you ever write off debts if the customer has no hope of paying it back?

(LAUGHTER)

MATT PATERSON: In certain circumstances. Again, probably similar to my response to the last question. We definitely look at the financial hardship of customers. We do write off debt in particular circumstances and we really want to make sure that the customer has the ability to stay with us and to continue their service and continue to get their – I guess, an outcome in a positive way for them.

JULIAN OGRIN: I think the important thing that we should focus on here, and it's one of the things we do at amaysim, is focusing on the preventative maintenance and not allowing the debt to get into a position where you have to have that conversation with the customer. So it comes back to our offering and our plan. For example, we offer unlimited voice, text and 5 GB of data. This is about offering customers peace of mind. So if you allow them to get out of the bundle or there are no controls where the spend can exceed their wallet commitment, that's when you start to have those problems. So it's really about making sure that you are

providing the value that the customer can manage and give them peace of mind but also having the controls around it to stop that from happening in the first place.

LEXI METHERELL: The next question comes from John wood, from the ACCAN committee on consumer affairs. If you debit a customer's account incorrectly will you compensate the customer and will you identify other customers who may have been affected and inform and compensate them? Karsten?

KARSTEN WILDBERGER: Well, that is hopefully absolutely the exception. We take that very seriously, so we work very hard to make sure that, actually, it doesn't happen. If it happens, absolutely, we will pay the money back, ideally immediately, and then we have a very clear policy that everyone is trained on that we also monitor, and there is no shadow of a doubt that we do that. If you have any particular case in mind, please bring this to my attention and I will look into it!

LEXI METHERELL: How can it happen? I guess people just assume there is an automated payment in the system. Is it human error?

KARSTEN WILDBERGER: No, look, if you look at a billing system in a telco, which is the heart – the complexity of the billing process – so there are many, many things that can go wrong. Luckily, we have very strong IT and design in that, but there are many, many factors that can happen. The manual one is – there's a manual possibility that something can go wrong, because there are so many different areas, but we have a lot of checks in place to make sure that this doesn't happen. So there is a whole heap of controls in place as well.

LEXI METHERELL: OK. I might move on to the next question, which comes from Ian and Noelene Buttrose, ACCAN members in Adelaide. They ask about older Australians who suffer hearing impairments and can find heavy accents difficult to understand. He summed up – Ian Butterworth summed up how this point interacts his interaction with telco call centres. He says: "It is not customer service when you cannot make the people understand what we're saying firstly and secondly what the problem is". So what are telcos doing to ensure clear two-way communication between staff and customers when conversations take place over the phone? Who would like to answer this one?

MATT PATERSON: I will give it a go. I think, from a service perspective, Vodafone is very clear around we are wanting to give choice to our customers. Not only the ability to access over the phone, but obviously through a number of other means. So we talked earlier about the Telstra and Optus apps, and Vodafone has got the My Vodafone app, with a lot of service self-service. We have a lot of digital investment where we can focus our service. But in terms of heavy accents on the phone and things like that, one of the specific measures that Vodafone took a very pointed decision on in 2013 was to grow our Australian-based contact centre and we're moving a number of roles back from offshore, back onshore and into our Tassie-based call centres. We are growing hundreds of jobs down there and we're building a new building with really state-of-the-art fit-out, to not only help the employment proposition in Australia but obviously the customers as well. So we really feel that one of our strong points is really the ability to offer local service as well. That's something we're really proud of.

LEXI METHERELL: Kars?

KARSTEN WILDBERGER: So there are different layers how we try to approach – how we try and address the needs of that particular segment. So one is, as I said before, we promote and try and educate on the 24/7 app where this is appropriate and customers like it.

LEXI METHERELL: That might not be so good for people who are older.

KARSTEN WILDBERGER: That might not be for everyone but also we have a dedicated disability inquiry hotline where our people are specifically trained to deal with those cases.

Secondly, we train increasingly our people in all the contact centres to deal with special needs. We are also trying to get technically better, to take the customer and route the customer into the right place.

In terms of language and different accents, the reality is that also Australian contact centres can be quite diverse and sometimes it is actually hard to know if you are actually in an Australian or offshore contact centre. We apply the same standard and the same expectation regardless of location and the reality is, I was in the Philippines two weeks ago and my message was actually we apply maybe even higher standards offshore. If I look broadly across the results, that is actually paying off. So those standards. That doesn't mean we have, again, more work to do, because we want to do always a better job, but I think there are different paths for customers and there is also a space where we continue to think about what we can do more and how we can do it better because we take that very, very seriously.

JULIAN OGRIN: I think one of the things we do at amaysim around the call centre or the telephone service, we have one specific KPI in that centre which is around first call resolution. So we don't have first level support, second level support or third level support, which means the customer doesn't get handed over between specific topics. So all of our agents are trained to answer any problem end-to-end and what we've seen is that that has been the most powerful solution that we have had to all customers. Typically, when it customer comes into the call they are frustrated, and then if you actually hand them over to somewhere else, they are even more frustrated. And at the end of the every problem call we get, we see a very happy solution in terms of the customer. We also actually don't script our agents to work to a specific – in terms of a specific model in terms of how the call should be managed. So each agent is encouraged to actually be more flexible in how they deal with the situation. So in the case of the older person, they would basically understand that by nature of the call, and address it immediately and take the priority of dealing with what the situation is there.

LEXI METHERELL: Our next question is an important one about telecommunications services in the bush, and actually Karin Ness is here, I believe. Would you like to ask?

NEW SPEAKER: No, no.

LEXI METHERELL: Are you sure? It's quite a long one and Jubilom village is an Aboriginal community in northern NSW. The community is socially and geographically isolated with no households having internet connections. This is somewhat improved due to access to smartphones, how access to reception to utilise social media and internet services at home, requires a climb to the highest point of the 1 square kilometre land mass the community resides on. The lack of mobile service and adequate access to ADSL impacts heavily on the business, educational and social connectedness of this community. There are nine Aboriginal communities in the Northern Rivers region, experiencing similar telecommunications issue. They are not large enough to receive attention yet their experience is similar to that of those in remote communities. What can you do to improve the telecommunications services that most Australians take for granted? Is it too much to ask the telcos to provide better communications to these regions but perhaps entering into reconciliation Australian – sorry, reconciliation action plans that divert some of their profits to assisting Aboriginal communities to not get left behind in accessing the digital economy? Amanda, what's Optus's position on this?

AMANDA HUTTON: Certainly we are very focused on improving our network coverage across Australia. We are currently rolling out higher speed data and 4G services across the country, aiming to reach around 90% of the Australian population early next year. We're also improving the coverage of our basic 3G services as well, so we are constantly rolling out new nights across the country. I will have to take on notice that specific location and coverage but certainly our coverage maps will indicate future planned coverage in that area. But providing services in regional Australia is something obviously we are particularly focused on and building out a 4G network for higher data services.

LEXI METHERELL: Given that a lot of these remote and regional communities are Aboriginal communities, do you think that there is a point to the argument that it should be part of the reconciliation plan to actually focus on these areas to ensure that their disadvantage doesn't just increase further?

AMANDA HUTTON: Absolutely, I think all of us has an industry have a role to play to look at how we can provide better services to rural and remote areas and I think certainly, as you look at infrastructure like NBN rolling out, I mean, there will be a number of opportunities for services to be provided to communities. But it's definitely something that should be on all of our agendas.

LEXI METHERELL: And Matt, what is Vodafone's position on this? I think there were government subsidies, or they may even still be available, to improve network coverage. But I don't think they've been taken up. I mean, what is the commercial incentive to deliver to these remote places? Is there none?

MATT PATERSON: No, there's definitely something that Vodafone treats very seriously and I think we're really proud of the fact that 96% of the Australian population is now reached by the Vodafone network. We have invested heavily in the network, but we do have more work to do, I think, as an industry, particularly across rural and remote communities. I think we are limited at Vodafone in our ability to access the rural network, and I know, you know, I guess Vodafone's point would be also looking at limited by the lack of competition, I think in this space, and I think most of the audience would have been in the last panel session on the NBN, and I think that sort of covered a lot of that as well.

LEXI METHERELL: Karsten, given that Telstra does have the biggest coverage of any telco in Australia is it something where you have stopped expanding across the country?

KARSTEN WILDBERGER: I come back to that specific point, but I want to also make one point clear in terms of what Telstra does, and what we also do because of who we are. As a really proud Australian-based operator, every year we've spent 1.2 billion into our mobile network and, I mean, I come from overseas and I knew when I joined Telstra that Telstra is famous for great networks. But, as a matter of fact, and that is not because I work for Telstra, Telstra has one of the absolute leading networks on the globe and that position we want to maintain, and we want to expand further. \$1.2 billion every year. That translates into more than one square million kilometres more than any other network and four times the 4G coverage. That is a fact. And that requires ongoing investment and that also goes into rural areas and also cases where the commercial case is very, very hard. We also take cultural heritage very, very seriously. We work very much with Indigenous communities, and we look at every individual case. Now, we also partner with the government. If I take Western Australia, the government puts 39 million into the pot, and we add another \$109 million worth of value. And that will increase in Western Australia, the rural coverage – the whole coverage in Western Australia by 22%. If I go to the northern part of the country, we have similar situations. We just announced that we invested heavily into new spectrum, 700 megahertz spectrum, which has a different radio pattern, which means you can further reach into rural areas and more deep in-house coverage. Plus with the spectrum we have much



higher speeds. We announced the national wi-fi network we are building. So this is something who we are and which we pride ourselves in. And that's what why I really want to say that and we take every single case seriously. I think in your particular case, and I will follow-up on this one personally, my understanding is that at the moment there is no tower plan, but with outside antennas the situation should be able to be improved but I will follow-up personally on this one in this particular community.

co-build

megahertz

disincentivise

Session:

LEXI METHERELL: I don't think this applies to you as well, Julian. A common customer complaint is slow data speeds. What are carriers putting in place to ensure a smooth customer experience to minimise these complaints. Matt?

MATT PATERSON: Vodafone has a 5-star network rating. We take it importantly under the TCP code, when a customer connects with us either in store or on the phone, we need to make sure that rating is applicable and three stars or above. We do a lot of analysis with the customer, either on the phone or in store with the coverage maps. We will drill down to a particular house – you look at the location of where they actually live. We will make sure that we obviously give the best access to individuals based on the coverage, and walk them through that so they really understand. We also have a network guarantee, which is a 30-day network guarantee, where if people, or customers, are not happy with the coverage, they can then move out without payment. Something that we're again really offering and really confident in our network, particularly given the investment. It is something that we treat very seriously when we look at coverage, particularly when you get to remote areas as well, and we really want to work with the customers on that.

LEXI METHERELL: Amanda, what about Optus? I guess with data, the faster your speeds are, the more people demand? Is that right?

AMANDA HUTTON: We've certainly seen consumers exponentially consume more data. More customers are having more devices. We were talking about watches. More and more things are being connected and require data connection. Similar to Telstra, we're investing billions of dollars and have done over the last number of years, and will continue a very significant investment in our mobile network. We've also acquired, like Telstra, spectrum in this low band of 700 megahertz, which allows us to provide 4G data services, particularly in-building. But we also have other spectrum for higher capacity, so the more people who get on, they can use more data more often. I think it's a very significant investment, particularly for us. And with the new spectrum coming on at the beginning of next year when the government releases it, customers will enjoy a much broader coverage, but a much better quality coverage as well. As we start seeing new devices coming out, being able to use that, it will be real and tangible in people's hands, not theoretical stuff in telco press releases, but actually real experience for customers in their lounge rooms.

LEXI METHERELL: Karsten, with the Apple Watch and various new devices, are you keeping up with that?

KARSTEN WILDBERGER: I haven't used the Apple Watch because it will only appear, probably, at the beginning of next year, but I'm actually really excited about all these new devices coming. I think our network is absolutely geared up to the demand that we are

seeing, which is exponential. The expectation, also, of Telstra is incredibly high. We already have, today, deep in-house 4G coverage in places where normally you wouldn't expect it, and the 700 megahertz spectrum will just increase this even further. On data speeds, just a general comment – first, our coverage maps are very accurate, also, in terms of speeds that we expect. But as a matter of fact, in any map and in reality, a specific building, et cetera – even a tree – can change a little bit in the local environment the pattern, so that has to be looked at in the particular environment. What is also very important is to use, actually, the maximum speed in the network – the devices. We invest in every single device, before we launch it, a lot of money. We have our blue-tick devices, which a lot of customers enjoy, particularly made for rural areas, optimised on the network. That makes a big difference. In the fixed space, with our top-hat program, we have invested a lot of money last year, and improved the speeds of hundreds of thousands of customers. In the fixed space, there might be different reasons – how far do you live away from the exchange, et cetera? – that all influences speed. Sometimes it's hard to predict. What we also do in the fixed space that's very, very encouraging, is we have new modems that are already enabled for the new wi-fi technology, and they also provide much, much better speeds – I use it at home, on ADSL2 where I live. The speed went up from 7 megabits per second to 12 megabits per second, just due to the device, which is great. We also have in-home solutions because, in different rooms, you may also have a different signal, and we have the devices that are connection-enhanced, including software to optimise it. There is a lot of innovation we bring. If you take other technology – cable, of course, you will have 50-100 megabit per second today, depending on the technology.

JULIAN OGRIN: I'd just like to add to Amanda's comments. As amaysim is an Optus customer, we have seen, through Optus's investment also in its 3G network, significant performance improvements – 3G network, significant performance improvements. While there's discussion around 4G and its exciting future, we still have, I guess, the majority of Australians are still on the 3G network. I think with the ingest. Of around 42 megabits per second in the urban area, and 21 megabits per second outside the urban area, average speeds have either doubled or trebled that we've seen in the last six months. It's very encouraging.

LEXI METHERELL: So the 3G network is getting faster – is that because more people are moving to 4G?

JULIAN OGRIN: It's a combination of the networks upgrading their 3G investment, as well as off-loading to early adopters to 4G.

LEXI METHERELL: And 4G got faster, or is it plateauing? Slower?

JULIAN OGRIN: Probably ask Karsten.

KARSTEN WILDBERGER: We get speeds up to 60 megabit per second, but under-usage – that's not when the highway is free. But we have cars on the highway, and that what we measure, and that's what we look at, and that's how we invest in our network. That's very, very important.

AMANDA HUTTON: I think you'll find as you invest in networks who build more towers, you'll have more spectrum to use. So that will improve coverage and capacity. It's also a function of the handsets that people have. Depending on what your mobile phone does and how it operates on the different networks, that will also dramatically impact the speed. There was a significant investment my all of us in 4G, but also that means there'll also be improvements in our 3G networks too.

LEXI METHERELL: Another data question from Matt Schulz. Are carriers considering the implementation of a high-volume, data-only mobile plan to cater for SME or residential access to high-capacity upload over LTE speeds not supported by fixed-line infrastructure such as ADSL2? He's talking about, you know, high-volume in the range of 25-50 gigabytes a month. Is that something any of you are considering?

AMANDA HUTTON: At Optus, yes, we're looking constantly at customer and consumer needs, and the exponential growth in data, as we've mentioned, is clear for all of us to see. Certainly our products teams are looking at how we can better service those customers who have really high data needs and how we can best utilise those on our mobile network. But that's definitely something that is being looked at.

LEXI METHERELL: Is Vodafone looking at that as well, Matt?

MATT PATERSON: Vodafone see this as a real, viable alternative. We've got a mobile broadband 25 gig for \$90 a month. We're really seeing that as a real alternative. Personally, I've spoken to my family and friends, and they're really excited to be able to use this as well, but I think from a Vodafone perspective, our 4G network will cover 95% of the population by the end of the year. We're only investing more and more, and we're seeing – we're really responding to the trends in the industry and what consumers are asking for, and small businesses particularly, around alternatives to the ADSL. That's something that we've got in place today.

LEXI METHERELL: What about Telstra?

KARSTEN WILDBERGER: As the other operators, we are constantly reviewing our commercial approach and our commercial offer. First of all, in those areas, you need to have an alternative as a strong network, which in many cases we have. We have a mobile broadband network and we recently enhanced with extra gigabyte our offer, where customers can choose how to use it. We also have to factor, when NBN rolls out, the idea is that those remote places also will have access to high-speed fixed broadband internet, and that's something we also need to factor in, of course, because that's what we're doing with the NBN also.

LEXI METHERELL: Julian, are customers now looking at the data packs first, when they decide what plan they want to go to? Is that increasingly the most important thing?

JULIAN OGRIN: Yeah, absolutely. I think we've seen that change in the last 6-12 months. We've seen this really growing trend in data. I think it's really – just to answer that and understand the Tata phenomenon right now – analysts are forecasting that data utilisation will grow 60% year on year over the next three years. Even in the last 12 months, I think it's grown over 80%, I think it was, just in 12 months. We've seen, on our customers, average usage almost double. It's something that, on an exciting aspect – customers are embracing data. It's not just browsing anymore – they want music streaming, social media, and OTT services around Snapchat, Instagram. It's not just "I want this" or "that" – they want all of it. The customer has embraced it. That's the exciting part of it. I guess the worrying part, then – it really comes back to managing your bill. And the bill-shock elements that are coming out of that. I think it was Galaxy Research that estimated over \$400 million was spent on bill shock in the last 12 months, and half of the instances related to bill shock complaints were related to data. It really does come down to making sure that this has to be addressed and, we all have to be responsible for this.

LEXI METHERELL: We're just about to get to that. Do you offer those big data plans – 25-50 gigs?

JULIAN OGRIN: Not that high, no. We're very much focused on the domestic consumer market.

LEXI METHERELL: The next question is from ACCAN, about those data-usage complaints. "With those complaints on the increase, do telcos have any idea if data alerts are working? What are the other strategies might be available to consumers?" Amanda?

AMANDA HUTTON: As I mentioned before, we're seeing our TIO complaints coming down across the board. Close to 46% reduction, 47% reduction, in 12 months, across the board. A big volume of those are data-related complaints. Certainly, usage alerts have improved for customers, to give customers an indication of how much data they're consuming. Probably one of the bigger changes have been the plans, and just changing how our plans work, so customers are very clear on how much they spend and when they go over, it's actually a very, very small amount of \$10 for each gig. It gives customers greater certainty. In addition, we've obviously got applications to help customers check their usage. So if it's an app or through the MyAccount on the website, or even through SMS codes, you can also check where you are, particularly in relation to data usage. I think it's a combination of proactive alerts to customers, better plans to service their needs, and then also our complaint-handling processes, I think, have dramatically improved. We're actually seeing complaints going in the right direction in this space.

LEXI METHERELL: Matt, also at Vodafone, I think, like Optus, you have that similar kind of data plan, don't you, where you bump a consumer up to the next level?

MATT PATERSON: We do, and we do have the capped extra gig as well. We've seen data packs increase 40% in the last year in terms of purchasing, so customers are able to really control their data. I think the MyVodafone app is something where we give people access, and nice visual dials to see their usage throughout a month, and really control that. Our new red plans, which were launched in July, have a nice little feature called Data Workout. We give unlimited data for the first two months for free, and then consumers can actually work out how much data they'd want. We then proactively, at the end of that 2-month period, contact them and talk them through what this data usage and pack would be available for them. Building on the theme that Amanda talked about, we're really seeing, from Vodafone's perspective, that we're really pushing proactively and working with customers, rather than waiting for them to complain and come to us. I think that's proving a positive way.

LEXI METHERELL: Karsten, is something that Telstra is considering as well?

KARSTEN WILDBERGER: We have been working on this, now, for quite a while. That's an area that we continue to invest in and look into. We have data alerts for quite some time, and they were actually working very well, which reminds customers at 50%, 75% and 100%. One can monitor the usage with the 24/7 app. We have seen exponential growth in the take-up of data packs. In that context, because we are moving to a multiscreen world, we also want to make that easy. We brought, also, the first to market with shared data, where we also used those alerts and data packs to enhance further. And also very important is what we found, particularly in the first month, when customers set up their new device, this is when you download pictures, et cetera, or you set it up. This is when the data use is particularly high. So we reacted to this and offer customers a 25-gigabyte allowance in the first month. This has had an enormous impact on customer satisfaction, because it basically means everyone can worry-free, set up the device any way customers want to. That's the space we keep innovating in and look at.

LEXI METHERELL: At Telstra, if you go over your data limit, you're charged – how much is it per megabyte?

KARSTEN WILDBERGER: We have different overage concepts, and we also look at the pricing. We've recently introduced new pricing regimes. As I said, the future, in my view, is about managing your allowance with data packs. When customers call, we also have trained many of our front-line people to have that conversation of making sure we have that conversation with the customer – is that the right plan, et cetera?

If you look at our customer numbers, we see the increasing demand, and you can only have that success by working together with customers and also do what they want. We want customers to enjoy our network and not worry about it, so being worry-free is very important. Peace of mind sits very strongly with us.

LEXI METHERELL: Julian, I've read that the average use is two gigabytes per month for data, but more than half of mobile customers are on one-gigabyte plans. Should telcos be reacting to this by offering bigger data packs to begin with?

JULIAN OGRIN: Yeah, as I said earlier – sorry, I jumped into the question earlier. One of the key messages there was that the forecast for data utilisation is going to be 60% per annum for the next three years. Building plans with one or two gigabytes of our inclusions is really going to be good for the customer for the next, maybe, 6-12 months. Canstar actually just awarded us, recently, with the only 5-star rating on our unlimited plan with the five gigabytes of data, because it's all about designing the plan for the future. We think that, if you take the research of utilisation growth and the peace of mind and comfort that customers need, we think that the bucket should be at a point where the customer is not going to be subjected to having to pay extra for gigabytes. We see that, in terms of our reports, it's not just one gigabyte that customers are going to have to buy – it may be two or three. We're not there yet, in terms of the pricing strategies to support the growth and the appetite of the customers. I'd also like to add, it's not just that the appetite of the consumer – they are embracing data – but we are selling, as an industry, faster network speeds. A greater network performance. What comes with that is fuelling the appetite even further. So it's about bringing the pricing strategies to support the demand and investments going with it.

LEXI METHERELL: I wanted to briefly ask about the data alerts. They're still about 48 hours old. Is there going to be any movement on that – getting more real-time alerts? Anyone?

AMANDA HUTTON: They're typically a lot quicker than 48 hours.

LEXI METHERELL: Are they? OK.

KARSTEN WILDBERGER: They are, but you will also see more innovation coming in that space. So, yeah.

LEXI METHERELL: OK. When?

(SILENCE)

OK.

(LAUGHTER)

MATT PATERSON: Vodafone is looking at real-time charging in the next 12 months.

LEXI METHERELL: OK. The next question is from Matt Schulz. How are carriers ensuring there is a mix of affordable options for both pre-paid and post-paid plans there new devices, such as the Samsung Galaxy S5 and iPhone 6? I think there's a bit of a war at the moment going on in this space. Karsten, I might ask you to kick off on that one.

KARSTEN WILDBERGER: Well, first of all, we have, in pre-paid, a very strong handset range. We don't range the Galaxy as 5 and the iPhone 6. But what's possible is to bring your phone and to either take a no-lock-in plan, which is a contract where they have no commitment, which a lot of customers choose because they prefer the ease of use, but it's actually, you know, not contract length. Or you put it on pre-paid. So that opportunity does exist. But we look at the range very, very carefully, and I would say that we have a very attractive range, but not always the latest devices straight onto pre-paid.

LEXI METHERELL: Amanda, I know Optus is targeting the iPhone 6 customers pretty aggressively. Do you think customers will be better off because of these new products coming out?

AMANDA HUTTON: Certainly there's a lot of excitement and enthusiasm for the iPhone 6 and 6+, to be launched very, very soon, as we've all seen through, I guess, the pre-orders coming through early from customers in the last few days. But certainly, we look at providing customers with a range of different options. So pre-paid – you can buy your iPhone 6 outright, once you can get one, and you can use it with pre-paid from as little as \$1 a day. You pay for the days that you use. From as little as that, or \$30 a month for post-paid if you bring your device, or we can package up iPhones and Galaxys on other plans from \$35. So we try and cater for customers at many ends of the spectrum, giving freedom of pre-paid, month-to-month contracts, or 24-month contracts if they want to bundle in a handset. I think we're trying to cater for many different flexible options for customers.

LEXI METHERELL: OK. The next question comes from the Centre for Appropriate Technology in Alice Springs, Andrew Crouch. It's about the difficulty in some remote Indigenous communities of using post-paid accounts. Satellite broadband is seen as a potentially helpful technology in this space, but there aren't that many pre-paid options at the moment. With the NBN Long Term Satellite Service coming soon, are NBN Co and the satellite RSPs working at offering more flexible pre-paid services? Matt, do you have anything to offer on this?

MATT PATERSON: Vodafone don't actually currently offer any NBN services. I know the previous panel discussed this, so I'd probably pass it over to the others.

LEXI METHERELL: Sure. I'm not sure – did you cover this in the last session, Karsten?

KARSTEN WILDBERGER: Actually, I think this particular question is a question that only the NBN, in my view, can really answer.

LEXI METHERELL: OK. Alright, then.

ACCAN goes on to ask whether pre-paid could be extended to a greater range of services. Is that something that Telstra is looking at?

KARSTEN WILDBERGER: Look, we offer pre-paid – take broadband, if you look at mobility – very, very strong position in pre-paid. We love pre-paid. We love pre-paid. Also, if you look at fixed broadband, we have our brand Belong, which is a no-lock-in plan, also quite innovative. Very close to pre-paid solution. That's very successful as well. So yes, we absolutely believe in pre-paid. And we will always offer what customers like – absolutely, yes.

AMANDA HUTTON: Optus offer similar for pre-paid mobile phones and broadband services – we have no lock-in contracts, so customers can join us for month to month with home broadband, as well as our mobile services. Pre-paid is just a payment mechanism – you pay

in advance, you can pay at the end of the month. We are looking at how you can bring those sort of different payment regimes across all of our product suites.

LEXI METHERELL: And you'll begin pre-paid?

JULIAN OGRIN: We are big fans of pre-paid. Particularly when we talked about data, what we see is that customers are actually choosing pre-paid because it allows them to opt in and have better control of their data consumption. Whether it's BYO/pre-paid plans, they're the plans that are on the rise.

LEXI METHERELL: Turning to the issue of coverage now – this is another question from ICAT in Alice Springs. The Web-based coverage provided by the three main mobile network operators vary in content and format. For example, not all operators show the coverage of tamed when using an external antenna. Also, the amount of information for mapped coverage varies, and maps are not always updated. Could these things be standard across all the networks? Do you think that would be possible, Karsten?

KARSTEN WILDBERGER: I think that our coverage maps, because we continuously also invest in that – we use this very, very actively also internally – are actually very accurate. That's what we think. We also think that, in most cases, they can be used to decide on an antenna. If that's, in a particular case, not the case, I personally would love to get feedback and touch base with you, and then investigate that. Because we want to make this as accurate as possible, and we keep also investing in that space. It's very valuable, too, and very important, including the speed that you get. As I said, in the mobile coverage, sometimes there might be particular situations which are based on certain buildings, type of material, which is normal in wave propagation where the local environment can influence – very local. That has to be looked at. But generally, I think our maps should be very accurate. But I'm very happy to take any other feedback.

LEXI METHERELL: And the maps that you use as a company – are they the ones that are publicly available?

KARSTEN WILDBERGER: Yeah, we use that also, in our stores, et cetera – across the board, front line, absolutely, yes.

LEXI METHERELL: What about Optus?

AMANDA: It's the same for us. We've recently invested a significant amount of time, effort and money into our coverage maps, and have dramatically improved them pretty much based on customer feedback. Customers wanted to have a better understanding of the experience they're likely to receive in particular areas, including in their homes. "Where are you doing planned works? Where can I expect the 4G coverage to be rolling out, and more 3G coverage?" We've redesigned our maps with a very customer-centric approach to doing so. We update them monthly. Because we're doing so much work in the network, we're constantly updating them. I don't know if you will ever get a standardisation across the board, but we certainly aim to address those key things that customers have fed back – that they need to see in maps. Certainly to Telstra, the maps that we use internally are exactly the same as the maps – it's the same tool for our people as our customers.

LEXI METHERELL: Matt, if a customer calls and says, "Your map says this, but I don't get any reception here," do you listen to that?

MATT PATERSON: We sure do, and I think it's a very similar theme across Telstra, Optus and ourselves. At Vodafone, we treat every case individually, case by case, and really hone in on them from a coverage perspective. We, again, have the coverage maps available for

customers on the website, and we work through it with them on the phone and in store. We'll try and resolve their problem specifically for every single last customer. I think, echoing Amanda's comments again, limited in our ability to standardise across the industry, but from Vodafone's perspective, the investment and the focus in the accuracy of our maps is critical, because I think that's something that we've seen our customers want more of, and they're self-serving more of that as well.

LEXI METHERELL: OK. You obviously rely on Optus maps.

JULIAN OGRIN: We agree with Amanda's comments.

LEXI METHERELL: OK. Just on accessibility now, from Cindy Dickman, a financial counsellor at Jerowa Health Services in Victoria – it's directed at Telstra. "Why can the NBN ignore its own rules when it comes to priority-assist customers and new connections? Time frames aren't fitting the short wait times that are promoted." It's more a question for NBN. You have priority-assist customers, don't you, Karsten?

KARSTEN WILDBERGER: Absolutely. On NBN, there is a lot to say in that area. When we have a disconnect area, we ensure, together with the NBN, that every customer is looked after and we don't disconnect them – we just had that experience when the first disconnects

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LEXI METHERELL: Sorry to interrupt. Priority-assist customers rely on -

KARSTEN WILDBERGER: I'll get to that. In our areas, priority-assist customers will get case management. We look after those customers with a case management. We have dedicated teams looking after those customers, together with the NBN, to ensure we do the best job possible. We also have extra training in place to make sure, if there are any alarm systems, medical systems, et cetera, involved, then we also make sure the NBN supports any technology. That's something we work very, very hard on. Again, if there is a case of particular concern, then I will immediately, of course, look into it. But that's an area we work very, very hard on.

LEXI METHERELL: OK. Another question – actually, we'll move to the area now of accessibility. This question comes from Scott Hollier, a project manager at Media Access Australia in Perth. He asks, with accessibility features such as screen readers evolving so quickly in mobile devices, how do you ensure that your staff is able to help customers with disabilities in making decisions? Amanda, do you specially train people – do you have special areas of your customer service to deal with these issues?

AMANDA HUTTON: Certainly in our front-line sales and service teams, we basically undertake regular training. We did a recent significant round of training in this area in August, and further training will happen before the end of the year. It's something that we constantly educate our people on. Also, as technology changes, we need to make sure our front-line teams are equipped with the latest information about the latest applications that would potentially work with people's devices to provide the best service. So it's certainly something that we constantly have to look at.

LEXI METHERELL: Matt, is that something that you are focused on as well?

MATT PATERSON: Yeah, definitely focused on. Firstly, from a technology perspective, we have a testing lab that's a secure lab in our technology team that actually really works out every single device that we sell, and really tries to break and understand every technical detail of it. From a service perspective, more importantly, I think what we do is regular device training days. The life of a contact centre agent can sometimes be a bit monotonous, so



these training days are actually something that they love. They really get to understand the device technically, from a service perspective. We walk through with them, in detail – it's something that the staff get quite passionate about. And they will bring their personal side to it. Again, moving back from what we offer from a service perspective, it's very much around choice for the customer, and we really want to be giving accessibility to customers who need it in all manners, so whether it's using screen readers, whether it's voice-to-text or whether it's just contacting our Australian-based centre, often it's giving back the customers that choice.

LEXI METHERELL: And Telstra just announced a few initiatives yesterday, I think?

KARSTEN WILDBERGER: Yesterday, we announced that we went live with the Telstra Accessibility Portal, which is a portal where customers can actually explore the features of phones based on their particular segment needs, and that would be any feature, and that was done in cooperation with a global body, the MMF, which sets the standards in that field, and we are first to market, actually, from any telco in the world. That's something, again, we want to evolve before we continue to have those features always in our databases, how we train our people. But now we bring that a step further, closer to customers, so they can actually do the search, and actually our people will use the same tools. So I think that's the future. But again, let's see how this works and how we can do better here and evolve even further. It's quite exciting.

LEXI METHERELL: And customers with disabilities at point of sale, do you require them to have drivers' licences or identification at points of sale?

JULIAN OGRIN: We are working on the compliance elements of registration, but you will be able to do it with your Medicare card, for example, so moving around the issues of drivers' licences and so on, we can start to look at consumers using other methods to get activated to a service.

LEXI METHERELL: Is that something the rest of you do as well? Medicare cards and other points of ID?

KARSTEN WILDBERGER: So, we have a lot of documents that we accept instead. Either for customers with a vision impairment, a blind citizen, those with a Medicare card. We have pensioner documents and of course we take identification at the point of sale very seriously, at the same time, but we have long list of alternatives we work on and our staff is trained to do that, so absolutely, yes.

AMANDA HUTTON: Similar to that, we have a lot of ID options, including the blind citizen's ID.

MATT PATERSON: We are not dissimilar. I think it's important we obviously comply with the legislation as well, so we also offer a parent or guardian – they can also use their ID as well but we also have those other alternative measures.

LEXI METHERELL: And what about the cancellation of contracts? If someone with a disability finds that they've bought a product that doesn't actually fit what they're after, or if their situation has changed as a result of their disability, what allowances do telcos make for those circumstances?

AMANDA HUTTON: We will work with customers on a case by case basis, particularly for customers looking at financial hardship, we have dedicated teams looking at financial hardship, so to the extent of disability – or just all customers who are having challenges with paying and those sorts of things, we are happy to discuss those matters with customers.

JULIAN OGRIN: I think this comes back to what we're seeing in the growth of SIM-only and no contract products, basically it is giving the customer the freedom to be able to manage the situation therein, and we're seeing a real growing trend and appetite for that.

LEXI METHERELL: Just on the issue of 1300 and 1800 numbers, where are the telcos at in providing cost-effective 1300 calls from mobile phones that everyone can access and when the 1800 calls from mobile phones become free in 2015, will the cost be shifted to the owner of the service? Is that an industry-wide issue? Or do you each have individual responses to that?

MATT PATERSON: I'll start and I think from Vodafone's perspective our flagship Red products have infinite 1-300 and 1-800 numbers to call and that's something we are proud of. I think we're committed as an industry, though, across all the plans regardless of pre-paid, post-or SIM-only to work on the 1-300 numbers and I think that's something as an industry we're committed to. We've already absorbed the costs for the 1-800 numbers, though.

AMANDAA: It is similar for us, as we look at some of the newer market plans it's infinite local number calling including 1-300 and 1-800. So that's already captured for those customers today.

LEXI METHERELL: So community services who provide 1-800 numbers, will they have to pay for those numbers?

KARSTEN WILDBERGER: We have constant dialogue with different customer bodies in that space. If I go back to the original 1-300 number. We've exempted since 2011, actually, major numbers like the SES, Hopeline, Family Drug Support, a whole heap of numbers we work on. On pre-paid we introduced on the main tariff, it's 15 cents per minute, so like what you have on a landline, often. So this is an area we look at and definitely the 1-800 space, as you know, is also being looked at and the realities with the 1-800 numbers is it actually becomes a – the flow-on cost is a question then to the service provider. And, of course, we also try to work with the service provider to make sure that this happens, but at the end of the day, this is also a service provider topic. But this is an area where we are in constant dialogue with the representative consumer and customer bodies, and I think we are constantly find also different ways of addressing that.

JULIAN OGRIN: At amaysim, just to answer, the 1-300, just to mention we were one of the pioneers in the country to incorporate it into our unlimited plan so for nearly three years now we have been offering that number included within the plans. On the 1-800 numbers, our view is that the sooner we can get these down to party costs as per a national call, the better. I think if the costs are being reduced at the network's side, it should be passed on to the customer.

LEXI METHERELL: We have you a just got a couple more questions here before we throw to the audience. So if you do have some questions, get ready to ask them. But just on late fees, ACCAN says many of its members are concerned about the high cost of late fees and a class action on this matter has recently been launched against Telstra from the law firm ACA. So bearing this in mind, are any of you able to make any comments about the issue of late fees? I a man da, I note that in a similar sort of vein, Optus recently got rid of direct debit dishonour fees. Are you looking at doing the same for late fees?

AMANDA HUTTON: Some of the things we've looked at – obviously we want to help our customers pay their bills, so we now send reminders to customers, so we remind them before their bill is due, we send them two SMS reminders after their bill is due, before we

apply a late fee. So we've seen a reduction in late fees by 50% over the last twelve months. So actually we're trying to really help customers pay their bills. If customers have a problem we also encourage them to contact us to make arrangements for those ways of paying their bills. We obviously removed the fees associated with direct debit to credit card, otherwise to encourage customers to pay their bills.

LEXI METHERELL: Does it have a material impact on your profits doing that? Getting rid of those sorts of fees?

AMANDA HUTTON: Making your revenue out of fees is not where you want to earn money, so it does hit a revenue line potentially over here but that is not a bad thing, actually. We don't necessarily want to make these bad profits. We want to encourage our customers to use our services, to use more data. We don't want to make the money from late fees, necessarily. So we want to put in place as many things as possible to encourage people to use our services and pay their bills. Not necessarily generate lots of money from it.

LEXI METHERELL: Dirty revenue?

AMANDA HUTTON: Yes.

LEXI METHERELL: Matt, does Vodafone find those kinds of alerts – do you send out the alerts when bills are due as well?

MATT PATERSON: We do send out the alerts at 50, 75 and 100 and again it's critical for us to focus on the preventative measures here so that customers don't have late fees. We really work with the customer from the time they even walk into a store or call us and talk them through the whole end-to-end process. We're seeing a reduction in the late payment of fees and that's something where we really want to work with customers, because from a reactive point of view I don't think anybody wants to be in that situation but we definitely work with payment plans and encourage customers to contact us ahead of time as early as possible as well.

LEXI METHERELL: Can you say how much late fees are reducing by.

MATT PATERSON: I don't know off the top of my head.

LEXI METHERELL: Sorry to put you on the spot there. Karsten now all these apps are available and it is being easier and easier, do you find that helps with late fees?

KARSTEN WILDBERGER: Yes, that helps. First of all it's about late payment prevention, working with the customer and making sure they are on the right plan and all of that and make sure that is happening. But I want to make something absolutely clear: Late payment, in my book, is not something that I count as revenue. The reality is, if I take a broader view on late payments, that is a cost – a big, big cost to us, a huge cost to us. And the late payment fee is trying to avoid those extra costs. That's the intent, to remind the customers of that. I think, generally, that is a fair statement. Now, of course in individual cases we have also catered for very – quite a few exemptions on that because we do understand that there are particular customer segments where this is more of a struggle and we want to work with those segments in particular. And so those are exempted. So we take that very, very seriously. It can also be the case that a late payment situation becomes a case-by-case situation where we eventually also waive it. But broadly, we also have to hold our line here, to make sure that we basically try to avoid the extra cost and that is a major cost to us.

LEXI METHERELL: So, Julian, late fees?

JULIAN OGRIN: I think if you take amaysim as a case study of the growing consumer trend we now have over 600,000 customers and we're reported as the fastest growing in Australia. 70% of our customers are direct debit customers, and this comes back to people – it's driving a preventative strategy to stop this happening. And for the customers it's about taking control and them saying, "Actually, if I know what I'm paying for and it's automated month in, month out", then it's peace of mind.

LEXI METHERELL: On another hated thing, the termination fee. This is another question from ACCAN asking, "Recently we've seen a new campaign announced a \$400,000 credit to be paid out towards any termination fees incurred by customers if they switch their mobile services to Optus" and within days of this, Telstra has also pledged to match the offer. They want to know why these fees even exist at all. Karsten, would you care to comment on?

KARSTEN WILDBERGER: Look, the fact is, we are and we will always be competitive. It is a competitive market, so that is my first statement. So that is very important.

The second point is, on the terms fee, just to explain a little bit the background. The background is that, in this industry, in the mobile industry, usually there is handset subsidy involved, so actually subsidise the handset device. So the MRO that customers pay today is much less than what the actual handset costs. So there is a substantial amount of subsidy going into every handset. And that handset subsidy is linked to a contract. That's usually a 24-month contract. So basically, at the end of the 24-month contract, this obligation of – or the handset subsidy – is kind of earned, if you like. But with that contract comes the handset subsidy obligation, and the termination charge is actually gradually adjusted according to the remaining value of that subsidy. And that is a huge cost in this industry. In Australia, it is not only one of the highest-penetrated smartphone countries in the world, which is also due to the fact of the network quality, largely, but also because it is one of the highest subsidy markets in the world. So that is the reason behind it.

The \$450 value now, if you strip that down, there is \$200 worth of credit given to the customer as part of the \$450, and the other \$250 is actually a value in redeeming a trade-in – the old handset. If you trade in your old handset you can redeem up to \$250. This is how the \$450 works. That is aimed then at making sure the customer – it's easier for them if they want to make the choice to switch. But as I said, who is first and who is second, et cetera, we will always be competitive.

LEXI METHERELL: Matt, do you think like the energy sector, the telco sector should also cap termination fees?

MATT PATERSON: I think the industry obviously needs to work together in some respects on this. However, from a competitive point of view, and in terms of what Karsten said, I think at Vodafone we are very focused on the value for the customer. So we really try to – you know, if customers upgrade to the red plans or move from their older plans, we will absorb the last three months of their contract and I think the inclusions within our plans themselves will provide the value. So I think Karsten has sort of explained the end-to-end process from the impact of the handset subsidy all the way through. So I think, you know, we're seeing a trend moving away from some of the longer contracts, as well, and moving to SIM-only as well, and I think giving the choice to the customer is probably the most important part.

LEXI METHERELL: OK, well, are there any questions from the floor? One hand up early, that's good. If you could just introduce yourself first and try to keep it brief, we have a few minutes.

NEW SPEAKER: I might precede my question with a comment. I first raised the issue of the high cost of 1-300 calls at a CTN conference seven years ago. Even though it looked quite

promising, I'm quite disappointed by the way the industry has approached this. Basically it has included calls for the wealthy customers who can afford it and the disadvantaged aren't. But my real question gets down to, why do the carriers then have their fault reporting systems on 1-300. I'm particularly referring to Optus. I have a fixed phone, so I can call Optus, but when it breaks I have to use a mobile and call them and they keep you on the phone for hours and it costs a fortune. The networks I have built, yes, they use 1-300 for customer care numbers but the calls were free, at least on net.

AMANDA HUTTON: So the 1-300 and 1-800 are treated like a landline call, and any customer on a plan, it's unlimited and included, so the 1-300 calls are treated the as any other call in those packages.

NEW SPEAKER: My question is why do you use that number for your fault reporting?

AMANDA HUTTON: To be honest, I don't know the origins of why that particular range was chosen years ago. So I suppose I would need to come back to you on that specific point. But as we start looking forward and ensuring that all of our customers, as we move on to these new plans, actually they are included and customers don't have to pay more for them.

LEXI METHERELL: Anyone else?

NEW SPEAKER: Hi, my name is Justine Humphrey, I've just recently completed some research on people who are homeless and their use of mobile phones and internet services. I have a just got a question to all of the telcos about whether or not you have considered some more proactive approaches to dealing with issues of debt and hardship in relation to identifying customers who may not be in a position to call, or who are not able to call service centres, to discuss debt issues or financial difficulties before they get too high. So I understand you've developed a lot of really good services for dealing with customers who can self-service and monitor their own usage, but what about those customers who can't and, very quickly, those debts spiral out of control and it relies on contact to telcos to actually address those concerns and those issues?

LEXI METHERELL: Matt, let's start with you on that one.

MATT PATERSON: I think it is a really good question. I think it's probably a difficult one. We don't necessarily know the details of those customers, necessarily, and the location, et cetera. I think at Vodafone we've definitely had a focus on our ability to contact more proactively and, rather than wait for the customer, no matter of their situation, for people with a disability or people who are homeless or regardless of the situation. So that's something that I think we're grappling with ourselves in terms of the best way to approach that. But it's definitely a theme that is discussed. We have the Vodafone Foundation that does a lot of work with underprivileged people across Australia and that's something that we would partner with organisations and welcome more conversation on that, definitely.

LEXI METHERELL: Amanda?

AMANDA HUTTON: Certainly, again, I echo the comments of Vodafone. It is challenging being proactive to identify individual customers and individual customers' circumstances. We would encourage customers in those sorts of circumstances to look at some of our pre-paid products where customers pay for the day that they use to try and be more accommodating of their usage and put more control and to put longer expiry periods so they are not worried about their credits evaporating over time. So some of those measures. The proactive contacts to customers is obviously a challenge. As we see customers missing bill payments we will be proactive, I go he is, in terms of contacting them after the event, if they are on a post-paid, but it's probably more about trying to educate customers up front that if they are in

those sorts of situations, actually some of our pre-paid products might be better for them in the medium to longer term.

LEXI METHERELL: Is that something that Telstra does as well?

KARSTEN WILDBERGER: We do a lot of – generally, in hardship cases, et cetera, we're trying to do a lot of work, and, yes, we can do better. In this particular case, in terms of being proactive, I have to say, I would like to understand a little bit more and would like us to think about it a bit more. Maybe there is a chance to catch up on this and to see if there is a way also to work with other bodies that can help us, because we have products in those cases. The question is, how do you reach out to those customers and to those people in that moment and maybe there's something actually we can do. So I'll need to think more about that. But thanks for the question.

LEXI METHERELL: Julian?

JULIAN OGRIN: I think we are the best-placed or most attractive for people who are in difficult situations. We do talk a lot about our unlimited product, but not everyone can afford that product as well, if you are in a difficult financial situation. So we actually have quite a popular product around "As you go" where you can literally pay for what you need, as low as \$5, and you can take it upwards. It comes back to our person-to-person support and our personal support that we take to these customers as well. So having this first call resolution means that customers directly can get help and we endeavour to resolve that situation in first call resolution. So, I think, yeah, we are in a good position.

But we are also looking at our corporate and social responsibilities and we are a new company, only over 3 years old, so as we've now evolved, it is about looking at where can we start to put attention into the corporate responsibility.

LEXI METHERELL: I'm sure ACCAN will be more than happy to help you there!

JULIAN OGRIN: And it was this very topic that Teresa discussed with us, which is interesting.

LEXI METHERELL: We have five minutes, we're going to go over time by five minutes if that's alright. So one or two questions more, maybe? Penny did you have one over here?

NEW SPEAKER: I will ask a question. My name is Liz Simpson and I work with a community legal centre providing civil law advice to recently arrived migrants and in particular asylum-seekers, as well, and we've had a number of clients who have difficulties with post-paid mobile phone contracts and I had two specific issues that I wanted any feedback that you would provide. One was actually touched on a little bit, and it was about the different IDs that people use. Our clients often have immigration cards that they produce and are provided and one of the questions I want to know is, how well are frontline staff trained around things like temporary Medicare cards and immigration cards which would indicate limited status to stay in the country and yet they are being then signed up to two-year post-paid contracts. That is a question I have. The other is around, they are vulnerable consumers, particularly when it is readily apparent they don't speak English and there never seems to be interpreters and I wondered how often interpreters are used at the entry into the contract so these clients understand what they are being signed up to. Because when they come to us they have no idea and they are already in significant debt and we're trying to help them unravel it. So I was interested in that point of sale what happens when there is clearly a client who doesn't understand English.

JULIAN OGRIN: I can answer that. We have a really great example of, you know, when I have been talking a lot about today, about empowering the agent to actually deal with situations, live chat has been quite a popular channel for people with language barriers, because they don't want to talk in English to the person, because, you know, they feel uncomfortable with it. So we had a Korean customer example where they came into live chat, spoke about three words of English, and then proceeded to speak in their language, in written form. And we quickly adapted – or the agent quickly adapted to that, took the words off on to Google Translate, came back, tried to engage with the customer to get the conversation started, and over the course of about 5-7 minutes they got them onboarded with amaysim and they resolved the query. I think the customer was very amazed that, you know, behind the scenes, that we could adapt very quickly to actually just use technology and the personal experience to come together and actually resolve the language barrier. It was very – it was encouraging internally, as well, when we saw that. It was good initiatives.

LEXI METHERELL: What does Telstra do to make sure if a customer comes in and they clearly don't understand everything about what they're buying, how front-footed are your people trained to be to make sure that they do understand?

KARSTEN WILDBERGER: So we actually have a program where we hire our staff in our retail stores also based on language skills, to match also migrant segments in different communities. We are trying to also make sure that we understand the local community well enough to be present in the moment. Equally in the contact centres we also take advantage of the huge diversity we have in Australia and outside Australia in terms of languages, so that's one area, I think, which is big, where we also have a lot of material in the native language of communities. Is that enough? I don't think it is enough, and I think we can do more and we have to do more in that space. But it is a good starting point. But to your point, do we train our people, yes we do train our people but we can never invest enough and train our people enough and I'm sure that there will be cases you can bring forward where we could do a better job. I have also examples where we've done a great job, but, as I said, every single customer and we do take that seriously. So more to come and more to do and any other experience from your side, seriously, we would love your input. Thank you.

LEXI METHERELL: OK, look, I think we might leave it there – just one more question? OK, thank you.

NEW SPEAKER: Hi, my name is Phil Harper and I'm from Conexu. I would just like to – I actually provide workshops around Australia and I have been doing that for deaf people and hard of hearing people in the community. I just want to – the workshops actually talk about accessible technology and just to make sure that, you know, we ensure that people are partnered up with the best service solutions for them and their needs, but people obviously have a lot of frustrations with various areas in terms of actually gaining access to information. So in terms of getting access to information for broadband services, mobile services, whether it be online – various services. So it doesn't really matter which organisation we're talking about, which carrier, but people sometimes try to access the website to actually go there as a first port of call to actually get some information, but then, as they navigate their way into the website, they realise that it actually gets really difficult and it is actually a little bit too hard to access that information and sometimes people actually make errors. So I guess the question is, is it possible to perhaps have a plain English version or something like that, so if people are trying to navigate their way through the website, maybe it's clearer on the front page or something like that. So, for example, deaf people who use Auslan, they may potentially want to access someone who can sign or they could possibly use the NRS and use video relay service as part of their service to actually talk to people. But you need to have high speed internet and good broadband to be able to do that. So to be able to access the service you need to have good speeds. So, I think, unfortunately, that's a little bit unfair for deaf people, because they are then having to pay

more to try to actually gain the equivalent of service. So I guess my question is, you know, how can you potentially make it more equitable for people in relation to the access of information and also deaf people who are using Auslan need that high speed for their broadband services, so they're potentially having to pay more for their plans to be able to get an equitable service?

LEXI METHERELL: Julian?

JULIAN OGRIN: It is quite interesting, when I was briefed on today and the questions that were coming up from the consumers, and to be honest, being a new organisation at amaysim we don't have all the answers to all of this and we don't have the solutions right now. But one of the things I come back to is, what we have identified in this conference in the last two weeks and talking with Teresa and ACCAN and now being here today and listening to the customers, is that we really do need to put some attention into this area. I think, from amaysim, all I can say is, well, I don't have the answer to the question today. What we will be taking out of this is that there is some real solutions that we need to look for in these specific – in these specific channels.

LEXI METHERELL: What about an alder company like Telstra, Karsten?

KARSTEN WILDBERGER: So, we have a big program which I call the digital inclusion program, which is very much anchored around making sure there is no digital divide and everyone can participate in the new world of technology. So we do a lot of work as part of the Telstra Foundation, and we do a lot of work as Telstra in general. Is there something specifically we could pick up on here and see what we can do in that particular – and in particular some examples? For sure, yes. But again, I would love to actually have those conversations as part also of the work we do with the Telstra Foundation, so particularly our digital team actually does a lot of work with segments, not just the launch yesterday of an accessibility portal, but there's more we can do and I'm very, very happy for input. But it is important that all this work we're doing has also the scale and the reach that every one of you can feel that. But definitely, that's something that's very close to the heart of Telstra.

LEXI METHERELL: Is this something that Optus thinks it should focus more on?

AMANDA HUTTON: I think we've invested some, I guess, energy over the last twelve months on improving our website for all consumers. We've invested in making large components of it really accessible for people with disabilities, but the job – there is a lot more still to do. I take the comment on plain English. I think, you know, we all have a lot more work to do in simplifying our language for consumers and particularly for those with disabilities. So I think all of us up here on the panel have heard a lot of very frank and useful feedback that we can take back and use, and it is an issue that we are looking at, but we're certainly not there yet.

LEXI METHERELL: What about Vodafone, Matt? I'm sure Elise Davidson has had a few words with you on this issue?

MATT PATERSON: I guess responding to the question we have an accessibility section of our website. I think we do need to do more work. I think in terms of additional cost for people with a vision impairment or hearing impairment, et cetera, Vodafone would never incur additional cost to the customer. So we definitely would work with the individuals and offer that choice and I think we need to do more. One thing we are doing is opening more retail stores, as well, and that's something that we really see our ability to help our customers face-to-face, regardless of their situation, and to be able to be flexible and train our staff appropriately and bring in the most appropriately trained staff to be able to deal with and



communicate in the most effective ways. So it's something we treat exceptionally seriously and something we need to continue to focus on.

LEXI METHERELL: OK, I'm really sorry, we will have to cut it off there. I know there are a few more questions but we are eating into morning tea time – lunch! Thank you so much to our panel and thanks for being really open and engaging with your answers.

(APPLAUSE)

TERESA CORBIN: Just quickly, lunch is being served, but I just wanted to especially thank the panel because we really have very senior representatives from each company and it is not just today but throughout the whole year, you always make yourselves and others from your companies very available to ACCAN and your time is really appreciated because we do believe we get some really good outcomes from those dialogues. So I want to thank you publicly for your time and I hope that, you know, we continue to have such a good dialogue and thank you, Lexi as well. We have a small present for you.

(APPLAUSE)