



Proposed measures for the Telecommunications Deregulation Bill No.1 2014

Supplementary Submission on Customer Service Guarantee by the
Australian Communications Consumer Action Network

19 May 2014

About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards availability, accessibility and affordability of communications services for all Australians.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will represent the views of its broad and diverse membership base to policy makers, government and industry to get better outcomes for all communications consumers.

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Introduction

ACCAN appreciates the opportunity to make a supplementary submission to the Government consultation on proposed measures for the Telecommunications Deregulation Bill. The focus of this submission is proposals for reform of the Customer Service Guarantee (CSG).

Continued importance of CSG arrangements for consumers and small business

Timely connection and fault repair are significant issues for telecommunications customers. The TIO submission¹ to this consultation has noted that there has been a proportional increase in connection and fault repair issues raised in complaints in the last two years to the end of December 2013. More specifically, the number of fault and connection delay issues identified in complaints about CSG services has remained steady over this period (hovering between 3,000 to 5,000 per quarter), with a recent increase in the second quarter of 2013-14. This is despite an overall decline in landline complaints. While TIO figures usefully show that delays in connections and fault repair for landlines remain a live issue, it should be noted that they represent only the customers sufficiently dissatisfied and assertive to take a complaint to the TIO. The figures do not capture the larger number of customers raising connection and fault repair delays directly with their provider. More insights can be gained from ACMA figures², showing that at June 2013 there were 6.68 million services subject to the CSG, with 174,976 compensation payments made to customers in 2012-13 for failure by their provider to meet CSG timeframes for connection, repair or appointments. This is an increase of approximately 9,000 over the previous year. It should be noted that there is some evidence of low customer awareness of CSG rights resulting in eligible customers not receiving compensation payments, so ACMA figures may not represent the full extent of issues with CSG services³.

As identified by the National Farmers Federation, the importance of timely connections and repairs for fixed line services is heightened in rural and remote areas, which are highly dependent on fixed line services due to patchy or non-existent mobile coverage, and where Telstra is predominantly the monopoly provider⁴. As previously indicated, these are key issues for rural and remote consumers and for small businesses, and have been identified many times⁵.

The CSG is also essential to support small businesses more broadly – business stops when the phone is not connected. Even in areas where mobile is a stop gap alternative, timely connections and repairs are needed to ensure minimum disruption to small business profitability and lost opportunity costs.

Limitations of current arrangements

ACCAN acknowledges the limitations of current CSG arrangements. The absence of a wholesale service provider obligation to meet timeframes means that retail providers are forced to rely on

¹ http://www.tio.com.au/_data/assets/pdf_file/0020/154433/May-2014-Proposed-measures-for-Telecommunications-Deregulation-Bill.pdf

² Communications Report 2012-13, p.68

³ Raised in consumer contacts with ACCAN and see <http://www.smh.com.au/it-pro/government-it/telstra-fined-500k-for-urban-phone-line-delays-20140110-hv7yy.html>

⁴ See NFF submission www.forum.communications.gov.au

⁵ See ACCAN submission

<https://accan.org.au/files/Submissions/Proposed%20measures%20for%20the%20Telecommunications%20Deregulation%20Bill%20No%201.pdf>

waiver and customer agreement provisions in the Standard to extend connection and repair times, and at times are held liable for delays that are beyond their control. This is not in the best interest of customers, who are experiencing delays in connection in excess of CSG timeframes, and miss out on any compensation for subsequent loss and inconvenience by agreeing to a waiver. Evidence suggests that at least some consumers have little understanding of the meaning of the waiver, and do not appreciate what they are agreeing to⁶. Current arrangements also undermine competition by favouring Telstra's interests over that of other retailers, and will present significant challenges for all RSPs when NBN is the predominant wholesale provider. While compensation agreements between wholesaler and retailer where the delay on a CSG service is caused at a wholesale level are welcome, they are not adequate drivers to deliver timely connection and fault repair⁷.

Short term vs longer term reform

We are also mindful of the challenges and complexities in trying to design a new CSG (or replacement arrangements) that address the problems of today, are sustainable in the transition to NBN, and remain effective once the NBN is the wholesale provider. Further complications arise as FTTN arrangements are still under negotiation, projections for completion of the NBN roll out extend many years ahead, and reasonable timeframes for connection and repair by NBN Co are still evolving⁸. We suggest that a cautious approach should be taken to reforms in the short term, in favour of longer term review to rationalise overall requirements for the provision of reliable infrastructure in an NBN environment.

A new approach

Wholesale

Discussion at the recent Deregulation Forum indicated support for the introduction of a wholesale service provider obligation that is reflected in retail timeframes for connections and fault repair. We are in favour of this approach, as it would address the inherent difficulties currently experienced by retail providers, which will continue under the NBN. A wholesale service provider obligation would create a level playing field for retailers, and provide for fair competition in the market.

Retail

ACCAN is supportive of proposals to develop a broad level baseline of retail timeframes for repair and connection, appointments and compensation. Baseline timeframes would need to be aligned with wholesale default obligations, so there is only one set of transparent timeframes. They should be sufficiently broad to allow scope for retail providers to negotiate tighter timeframes, subject to customer agreement, allowing for market differentiation where appropriate. However, ACCAN cautions against an approach that would result in customers paying a premium for baseline timely connections, fault repair and punctual service appointments, as this would potentially put shorter timeframes out of reach for those with lower incomes.

⁶ TIO submission (ibid)

⁷ For example, NBN Wholesale Broadband Agreement

⁸ As noted by Communications Alliance at the ACMA Consumer Consultative Forum, 16.5.14

Benchmarks and compensation

Performance benchmarks and compensation to customers should be considered as part of new arrangements, to drive compliance with underlying broad timeframes. In ACCAN's view, it is unlikely that the market will be able to deliver this alone. This is due to reduced competition in regional, rural and remote areas, and possible challenges in marketing a product as being subject to fault (and quick repair times) as a point of differentiation in more competitive areas.

Waiver

If a wholesale service provider obligation were to be introduced, with accompanying broad level retail timeframes, the underlying rationale for a waiver would be removed. Removing the waiver would put all retail providers on an equal footing and at the same time would be in the best interests of customers. The TIO has indicated that current arrangements are confusing and poorly understood by retail providers and customers⁹, so ACCAN would welcome a review of these arrangements.

Conclusion

ACCAN supports initiatives to introduce regulatory efficiency as well as effectiveness, and introduce greater fairness into arrangements for a new CSG that support a competitive market, where appropriate. We note the longstanding commitment by government to timeframes for connection and repair of the standard telephone service, and acknowledge the limitations of the current CSG since the introduction of deregulation in the telecommunications sector. In an environment where the structure of the industry is in transition, there is an opportunity to devise a single set of transparent benchmarks to address the inadequacies of existing arrangements, while giving consumers the assurance that they will not be disadvantaged in a more competitive environment.

We look forward to engaging further with all stakeholders on this significant area for telecommunications consumers.

⁹ http://www.tio.com.au/_data/assets/pdf_file/0020/154433/May-2014-Proposed-measures-for-Telecommunications-Deregulation-Bill.pdf, p.12.