

15 July 2015

Ms Sylvia Spaseski  
2015 Regional Telecommunications Review Secretariat  
Department of Communications  
GPO Box 2154  
CANBERRA ACT 2601  
email: [secretariat@rtirc.gov.au](mailto:secretariat@rtirc.gov.au)

Dear Ms Spaseski

### **2015 Regional Telecommunications Review - Issues Paper**

Thank you for the opportunity to respond to the Issues Paper released by the 2015 Regional Telecommunications Independent Review Committee (the Review Committee) on the review into telecommunications services in regional, rural and remote parts of Australia.

Our submission in response to the Issues Paper is enclosed. We set out in this submission:

- an overview of Telecommunications Industry Ombudsman (TIO) complaint statistics and issues, received from consumers in regional, rural and remote areas of Australia, and
- our comments and more detailed statistics relevant to the specific issues and associated questions outlined in the Issues Paper, namely:
  - demand for telecommunication services in regional and remote Australia
  - delivery of telecommunication services in regional and remote Australia
  - use of telecommunication services in regional and remote Australia, and
  - consumer safeguards.

We have also included in our submission where relevant, case studies and consumer voices to provide context and to clarify our comments on particular issues.

We trust that our comments, complaint statistics and case studies will be of assistance to the Review Committee's consideration of telecommunications services in regional and remote Australia.

**Telecommunications Industry Ombudsman Ltd** ABN 46 057 634 787

PO Box 276 Collins Street West  
Vic 8007  
Level 3, 595 Collins Street  
Melbourne 3000

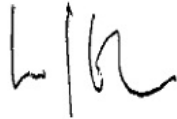
Tel freecall\* 1800 062 058  
Fax freecall\* 1800 630 614  
Telephone 03 8600 8700  
Fax 03 8600 8797

TTY 1800 675 692  
Email [tio@tio.com.au](mailto:tio@tio.com.au)  
Web [www.tio.com.au](http://www.tio.com.au)

\* calls from mobile phones may incur charges

If you require further information, please contact David Brockman, the TIO Executive Director – Industry, Community and Government on 03 8600 8700 or by email ([david.brockman@tio.com.au](mailto:david.brockman@tio.com.au)).

Yours sincerely



Simon Cohen  
**OMBUDSMAN**

# **2015 Regional Telecommunications Review**

**Submission to the 2015 Regional  
Telecommunications Review**

**July 2015**

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## About the TIO

The Telecommunications Industry Ombudsman (TIO) is authorised under Part 6 of the Telecommunications (Consumer Protection and Service Standards) Act 1999 to provide an independent alternative dispute resolution service for small business and residential consumers in Australia who have a complaint about their telecommunications services.

We aim to resolve these complaints quickly in a fair, independent and informal way, having regard not only to the law and to good industry practice, but also to what is fair and reasonable in all the circumstances. Before the TIO becomes involved in a complaint, the service provider is given an opportunity to resolve the complaint with its customer.

We are independent of telecommunications companies, consumer groups and government.

For most complaints we receive, we establish the issues in dispute and the resolution sought, and then refer the consumer or small business to a designated point of contact at the relevant telephone or internet service provider. The provider is given a final opportunity to resolve the matter directly with the consumer, without the TIO's direct involvement. Around 90 per cent of complaints we receive each year are resolved at this stage of the process.

Where the consumer and service provider do not reach an agreement at this early stage, the TIO becomes more directly involved by seeking to conciliate an agreed resolution between the parties. Around seven per cent of complaints are resolved using this conciliation process.

Complaints that cannot be resolved by conciliation are progressed for formal investigation by the TIO. If the complaint remains unresolved after formal investigation and the TIO is of the view that it would be fair and reasonable to do so, the TIO can make binding decision up to a value of \$50,000 and non-binding recommendations up to a value of \$100,000 in respect of each complaint.

We record complaints according to service types – internet, mobile and landline services, and by the types of issues that these complaints present. These issues include connection delays and fault repair, credit management disputes, contractual disputes, customer service/complaint handling and billing disputes. Every complaint involves at least one issue. Some complaints can involve multiple issues – for example, a complaint about a delay in rectifying a faulty landline service may also involve a claim that the consumer's complaint about this fault was not acknowledged or progressed (a complaint handling issue).

Further information about the TIO is available at [www.tio.com.au](http://www.tio.com.au).

## Regional Telecommunications Review 2015 Issues Paper

The TIO welcomes the opportunity to provide our response to the Regional Telecommunications Review 2015 Issues Paper (the Issues Paper).

Since the last Regional Telecommunications Review (the Sinclair Review) in 2011-12, much has changed within the telecommunications industry – changes to telecommunications policy, regulation and legislation; improved customer service and complaint handling practices by providers; a wider range of new technology, smart devices and over the top services available to consumers; as well as changed consumer preferences and behaviours. The national broadband network (the NBN) and its rollout have already started to have an impact on consumers who live and work in regional, rural and remote Australia.

In providing our response to the Issues Paper, we have drawn on our experience in handling and resolving complaints from consumers about their telecommunications services. We have focussed our comments in this submission on the range of complaints and issues that we have received from consumers living in regional, rural and remote areas in Australia. We have also included where relevant, complaint statistics and case studies from the complaints we receive from these consumers, to provide context and to clarify our comments on particular issues.

We set out in this submission:

- an overview of TIO complaint statistics over the past few years, including new complaints from regional and remote Australia<sup>1</sup>, and
- our comments, statistics and case studies relevant to the specific issues and associated questions outlined in the Issues Paper, namely:
  - demand for telecommunication services in regional and remote Australia
  - delivery of telecommunication services in regional and remote Australia
  - use of telecommunication services in regional and remote Australia, and
  - consumer safeguards.

We trust that our comments, complaint statistics and case studies will be of assistance to the Review Committee's consideration of telecommunications services in regional and remote Australia.

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<sup>1</sup> We have used the term 'regional and remote Australia' to collectively reference regional, rural and remote areas in Australia. We have grouped our complaints data to cover regional and remote Australia using the Australian Standard Geographical Standard (ASGS) classification. For more information about the ASGS visit <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1270.0.55.005Main+Features1July%202011?OpenDocument>. See below for a further explanation of our complaints data from consumers in regional and remote Australia.

## Complaints to the TIO

### Overview of complaint trends

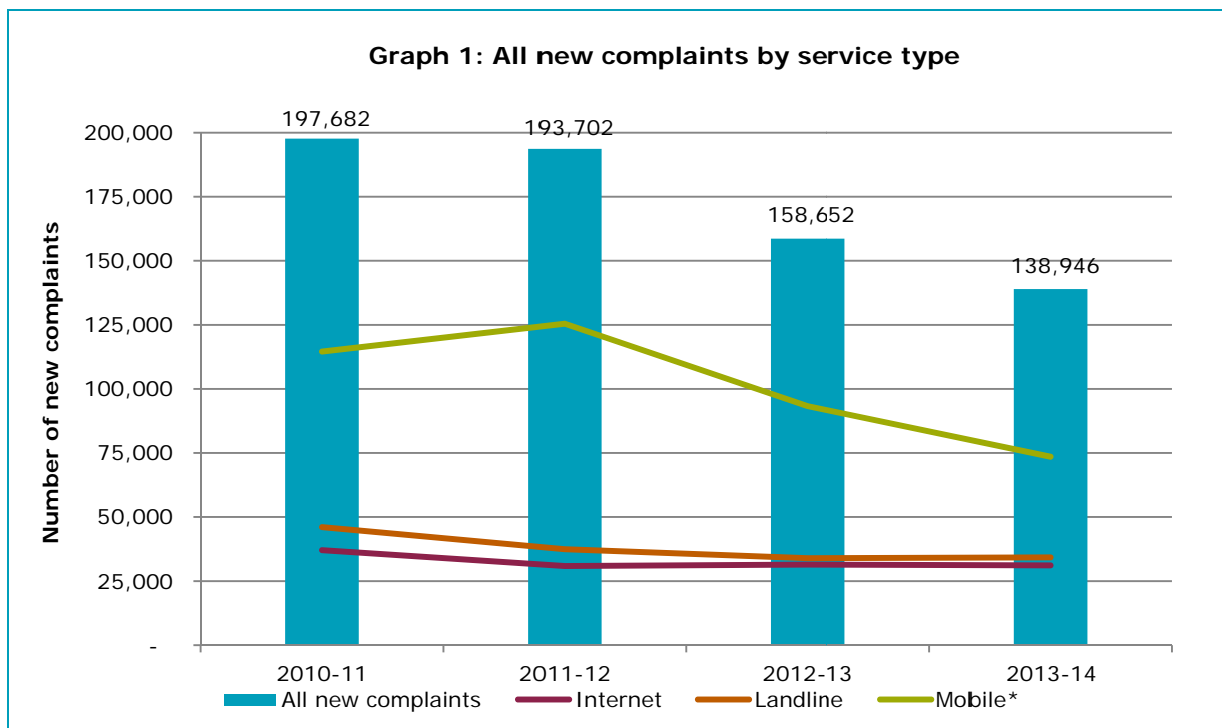
When a consumer – residential or small business – contacts us about an expression of grievance or dissatisfaction about a matter within the TIO’s jurisdiction that the service provider has had an opportunity to consider, we record this as a ‘new complaint’.

Detailed information about understanding TIO complaints data is attached at *Appendix A*.

In 2013-14, we recorded and handled 138,946 new complaints from small business and residential consumers across Australia. This is a 29.7 per cent reduction compared to 197,682 new complaints recorded in 2010-11 just before the last Regional Telecommunications Review in 2011-12. The year on year gradual decrease in new complaints over the past four years is in sharp contrast to the previous year on year increases in TIO new complaints from 2007-08 through to 2010-11.

The reduction in TIO new complaints – particularly over the past three years – is primarily due to the reduction in new complaints about mobile services. These complaints dropped by 41.4 per cent in 2013-14 compared to 2011-12, mainly because of reduced complaints about mobile faults and poor coverage. Although new complaints about landline and internet services reduced by 18.7 per cent and 16.8 per cent in 2011-12 compared to 2010-11, new complaint numbers have remained steady from 2011-12 to 2013-14.

**Graph 1** shows the breakdown of new complaints over the past four years by service type – internet, landline and mobile services.



\* New complaints about mobile premium services have been incorporated under the category of Mobile

We recorded around 93,000 new complaints in the first three quarters of 2014-15. While mobile new complaints have continued to reduce, new complaints about landline and internet services have increased slightly over the first three quarters of 2014-15.

### New complaints from regional and remote Australia

#### Geographical classification

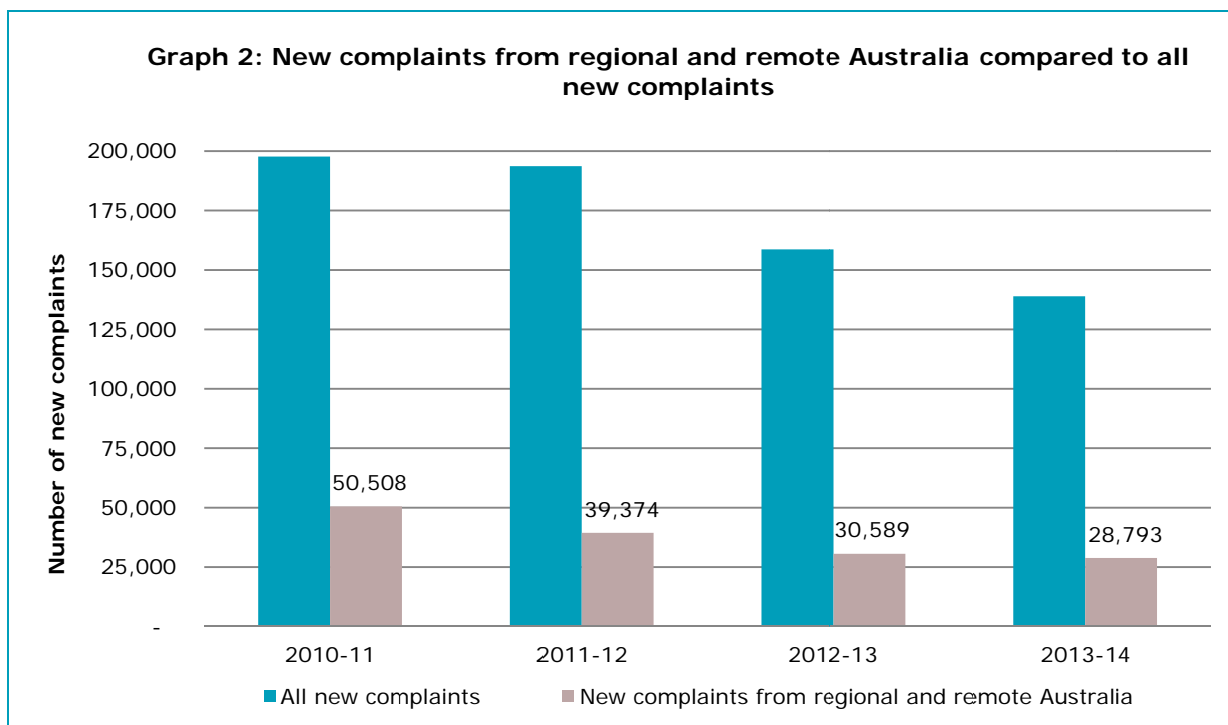
We capture consumers' postcode details each time we record a new complaint.<sup>2</sup> We use this information to identify the geographical location of complaints. We use the most recent issue of the Australian Standard Geographical Standard (ASGS) classification to categorise geographical locations in Australia into five region types: major cities, inner regional Australia, outer regional Australia, remote Australia and very remote Australia.

For simplicity of analysis in this submission, we have grouped TIO complaints data into the following sectors: major cities, regional Australia, and remote Australia. We have separately referenced TIO complaints data by regional Australia or by remote Australia if there are different discernible trends, or grouped the data into regional and remote Australia if both sectors have similar trends.

#### New complaints from regional and remote Australia

We recorded 28,793 new complaints from consumers in regional and remote Australia (comprising inner regional, outer regional, remote and very remote Australia) in 2013-14, or 20.7 per cent of all new complaints received by the TIO in 2013-14. This is a 43.0 per cent reduction from the 50,508 new complaints recorded in 2010-11 from consumers in regional and remote Australia.

**Graph 2** shows the number of new complaints from regional and remote Australia compared to all new complaints over the past four years.



<sup>2</sup> The TIO captures most consumers' residential postcodes or their place of business when we record a new complaint. While we capture postcode information in most cases, we are not always able to record a consumer's postcode. For example where a complaint is submitted online, postcode information may not be provided.



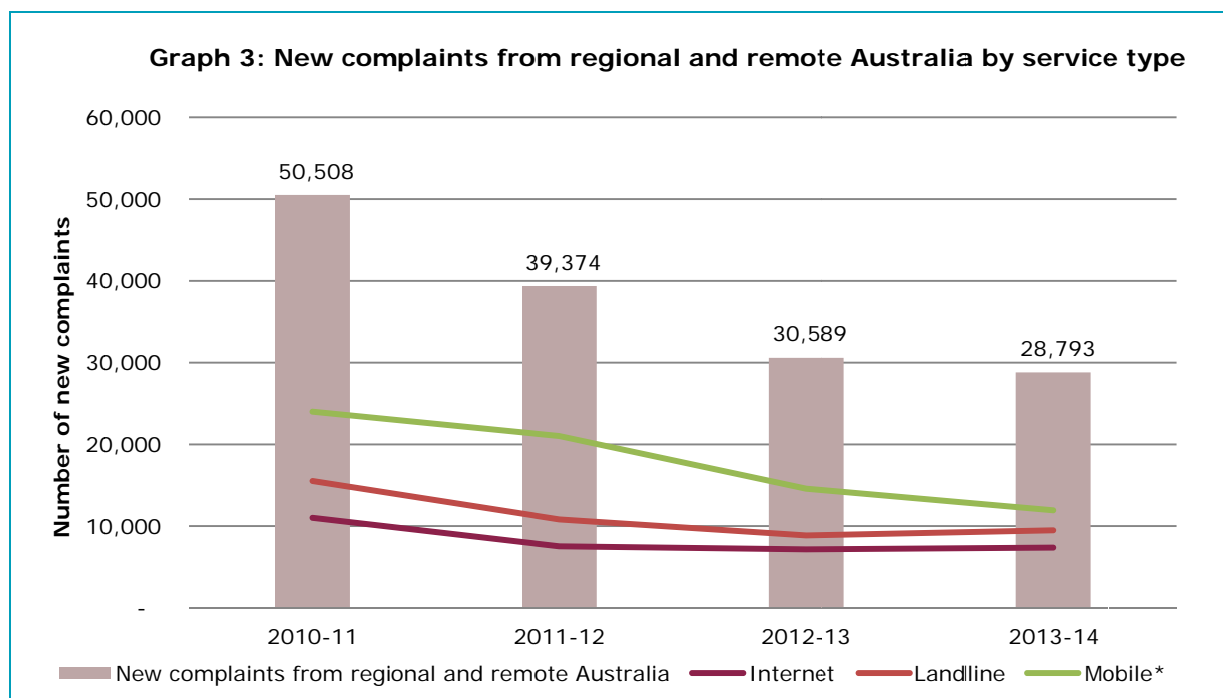
We recorded close to 20,000 new complaints from regional and remote Australia in the first three quarters of 2014-15. The proportion of new complaints from regional and remote Australia increased slightly to 21.3 per cent of all new complaints received by the TIO during this period. Year on year, the number of new complaints from consumers in regional Australia and remote Australia reduced by 7.7 per cent and 6.4 per cent respectively. In contrast, new complaints from consumers in major cities reduced by 16.5 per cent over the same period.

### *New complaints from regional and remote Australia by service type*

Since 2011-12, the number of new complaints about fixed services (that is, landline and internet services taken together) from regional and remote Australia outnumbered the number of mobile new complaints. New complaints in major Australia cities across the same period were more likely to be about mobile services.

In 2013-14, the number of internet and landline new complaints from regional and remote Australia was significantly lower than in 2010-11, by 33.0 per cent and 38.8 per cent respectively. However, these new complaints increased by 3.0 per cent and 7.1 per cent respectively in 2013-14 compared to 2012-13. Mobile new complaints reduced by 18.1 per cent over this same period, and more than halved when compared to 2010-11.

**Graph 3** below shows the breakdown of new complaints from regional and remote Australia over the past four years by service type – internet, landline and mobile services.



\* New complaints about mobile premium services have been incorporated under the category of Mobile

In the first three quarters of 2014-15, the TIO recorded fewer new complaints about mobile services from regional and remote Australia compared to the same period in 2013-14. In contrast, new complaints about landline services increased by 2.9 per cent in regional Australia and 12.3 per cent in remote Australia.

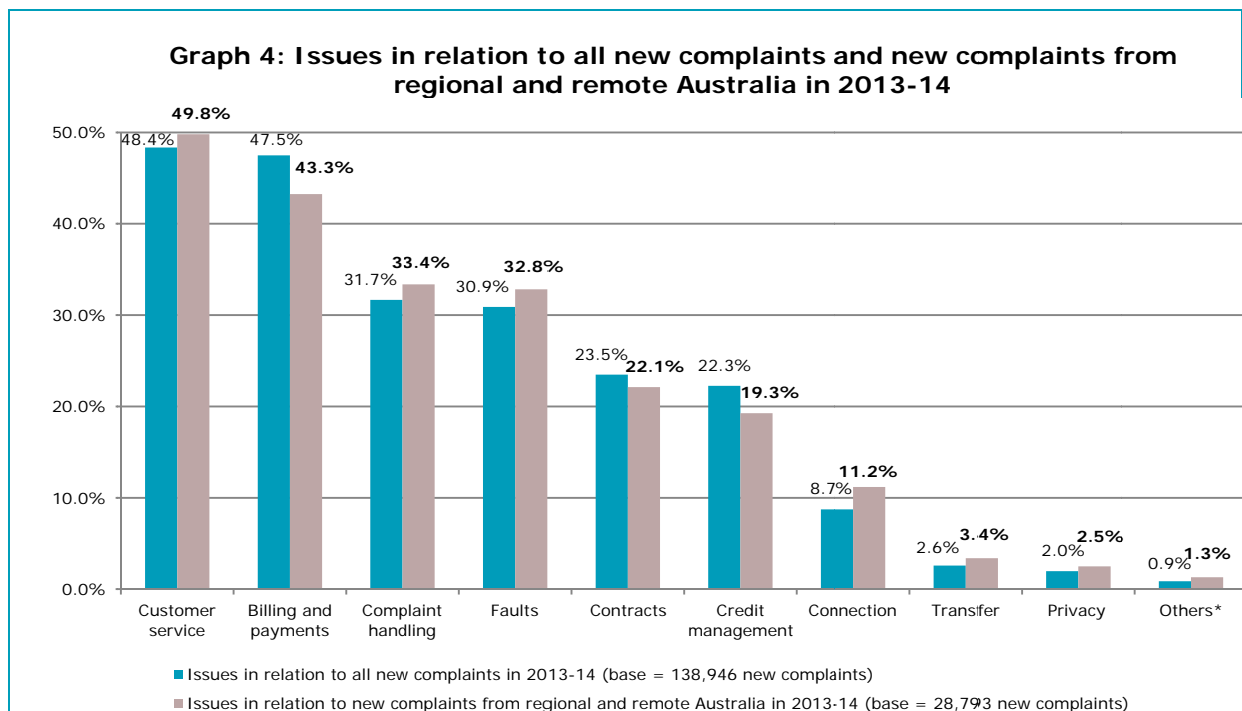
Internet new complaints recorded an increase of 5.1 per cent in remote Australia, but saw a reduction of 8.3 per cent in regional Australia.

### Issues in new complaints from regional and remote Australia

We categorise new complaints by the types of issues that these complaints present. These issues include connection or fault repair delays, credit management disputes, contractual or billing disputes, as well as customer service or complaint handling issues.

In 2013-14, the main issues in new complaints from regional and remote Australia reflect similar issues in new complaints across all areas. However, substantive issues about faults and connections in addition to secondary issues of customer service and complaint handling are somewhat higher in new complaints from regional and remote Australia when compared to all new complaints received by the TIO in 2013-14.

**Graph 4** shows the proportion of issues in relation to all new complaints compared to new complaints from regional and remote Australia in 2013-14.



\*Others includes Directories, Land access, Disability, Phonecards and Payphones

### Key issue trends in regional and remote Australia

In 2013-14, disputed or unexpectedly high bills was the most common substantive issue in new complaints from consumers in regional Australia. During the same period poor mobile coverage featured as the most substantive issue in new complaints from consumers in remote Australia.

Over the first three quarters of 2014-15, unexpectedly high or disputed bills continued to feature as the most common substantive issue in new complaints from consumers in regional Australia. Poor contract information, disputed recurring charges, and disputed excess data charges made up the top four new complaint issues for consumers in regional Australia, followed by faulty internet services.

The top three issues in new complaints from consumers from remote Australia over the first three quarters of 2014-15 are similar to those from regional Australia, with complaints about unexpectedly high bills, poor contract information, and disputed recurring charges commonly reported. These were followed by delays in connecting landline services and excess data charges.

Poor mobile coverage complaints have dropped out of the top five issues for both regional and remote new complaints for the first time since 2011-12.

**Table 1** sets out the most common issues in new complaints from major cities, regional and remote Australia, by state for 2013-14 and the first three quarters of 2014-15.

<b>Table 1: Most common issues in new complaints in 2013-14 and the first three quarters of 2014-15</b>		
<b>State / Region</b>	<b>2013-14</b>	<b>First three quarters of 2014-15</b>
<b>Australian Capital Territory</b>		
Major cities	Disputed bills	Disputed bills
<b>New South Wales</b>		
Major cities	Excess data charges	Poor contract information
Regional	Disputed bills	Disputed bills
Remote	Disputed bills	Faulty landline service
<b>Northern Territory</b>		
Regional	Disputed bills	Poor mobile coverage
Remote	Poor mobile coverage	Disputed bills
<b>Queensland</b>		
Major cities	Poor contract information	Poor contract information
Regional	Disputed bills	Poor contract information
Remote	Disputed bills	Disputed bills
<b>South Australia</b>		
Major cities	Poor contract information	Poor contract information
Regional	Disputed bills	Disputed bills
Remote	Poor contract information	Disputed bills
<b>Tasmania</b>		
Regional	Disputed bills	Disputed bills
Remote	Contract termination fees	Disputed bills
<b>Victoria</b>		
Major cities	Excess data charges	Poor contract information
Regional	Disputed bills	Disputed bills
Remote	Disputed bills	Disputed bills
<b>Western Australia</b>		
Major cities	Disputed bills	Poor contract information
Regional	Disputed bills	Disputed bills
Remote	Poor mobile coverage	Landline connection delay

Our data also indicates a relatively high number of enquiries<sup>3</sup> about the unavailability or performance limitations of landline and internet services due to lack of infrastructure. In the first three quarters of 2014-15, around four out of every ten enquiries of this type

<sup>3</sup> We record a contact from a consumer about a matter we cannot handle or help with, as an 'enquiry'. We obtain some limited information about the issues in these enquiries. Enquiries are reported separately from the TIO's new complaints data.

were reported by consumers from regional and remote Australia, in particular in New South Wales and Queensland.<sup>4</sup>

## TIO response to specific issues in the Issues Paper

### Demand for telecommunications in regional and remote Australia

#### Question 1

Do people in regional Australia believe their reliance on telecommunications differs from those in urban areas? How does it differ and can you provide examples?

Increasing demand for telecommunications services in Australia, in particular for data services, has been widely publicised in recent years. Consequently, the use of smartphones and other mobile internet devices is becoming increasingly important to consumers in regional and remote Australia. Recent research by the Australian Communications and Media Authority revealed that Australians living in regional and remote Australia are more likely to have mobile internet and telephone connections but no fixed-line telephone at home.<sup>5</sup> This research also revealed that thirty per cent of Australians living in regional and remote areas used a mobile phone only and did not have a fixed-line service.<sup>6</sup>

In our experience, consumers (both residential and small businesses) in regional and remote Australia use and rely on telecommunications services in ways that are both similar and different to their counterparts in major cities. The similarities revolve around billing, credit management, customer service and complaint handling issues. The differences lie in the seriousness that no or poor quality services can have on the lives, livelihood and personal safety of consumers in regional and remote Australia.

The following 'consumer voices' or excerpts<sup>7</sup> from written complaints to the TIO in recent months highlight some of the serious telecommunications issues experienced by consumers in regional and remote Australia.

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<sup>4</sup> From 1 July 2014 until 31 March 2015, we recorded 1,134 enquiries about the unavailability of ADSL or interim satellite services due to a lack of infrastructure. Of these, 433 or 38.2 per cent were from consumers in regional and remote Australia. This is the fourth most common enquiry issues from regional and remote Australia.

<sup>5</sup> See the recent ACMA Research (June 2015), [Australians get mobile](#): "Australians living outside the major cities were more likely to be exclusively mobile. Of those living in capital cities, 10 per cent were exclusively mobile, while 15 per cent of those from regional areas were exclusively mobile."

<sup>6</sup> See the recent ACMA Research (June 2015), [Australians get mobile](#).

<sup>7</sup> The consumer names, locations and other identifiable information in these complaints have been changed or modified. The details in these complaints have not been changed.

### Consumer voices

*"Dear Ombudsman, I need urgent help as [provider] has disconnected my landline service. As of yesterday, I have made regular payments to this account including \$800 last month and a balance of \$410 yesterday, all paid in full. I have my terminally ill mother at this address. She is on her own during the day and is extremely ill with nil communications at present... I spoke with [provider] yesterday to have them reconnect as I explained the situation and urgency but to no avail, today they tell me that the order for the reconnection has been cancelled."*

AB, regional town, VIC, 2014

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*"I signed up for a home internet bundle..., a service that I require for my work with [Health Agency] as well as for private use. I phoned them at 11am and was told that the technician was on his way, which was not true. I was then advised of another rescheduling and again asked to be at the house from 8-12. Despite the service not yet operating, I was sent a bill for the service... I have just spent one hour on the phone with still no resolution. I cannot afford to miss more work. Three weeks on, I still have no internet or home phone... It is difficult enough living remotely without this."*

EF, remote town, QLD, 2015

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*"There have been problems with both internet and phone line connection as we have a temporary line because the underground line was damaged by works on an adjoining property. This has been ongoing and has been reported several times... This is the third time I have now reported this fault. I am an operator of a small business and it has been impossible to conduct business for the past four weeks... The provider has stated that it would be 14 days before they check the problem... This will take it to five weeks - how do I conduct business in this manner?"*

GH, regional town, VIC, 2015

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*"About 70% of my inbound calls go directly to voicemail. About 70% of my outbound calls display as 'call failed'. I have 4-5 (full) bars of signal at all times. I can be indoors or outdoors, anywhere in [town] NSW. I have raised this with [provider] numerous times with no action."*

IJ, regional town, NSW, 2015

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*"My daughter and I spent endless hours on the phone every week for five months trying to deal with this matter, it got to the point where my provider had no answers, thus we decided to move as internet and phone line connections were of high importance due to my disability and daughter's schooling. They cut my service off without my knowledge."*

KL, regional town, VIC, 2015

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*"The issue that I would like to raise is that this provider is supposedly providing internet and telephone service to people over 55 and people with disabilities. This would imply that their customers are at the age where they are more likely to need urgent access to emergency medical services. In our case for example, we live in a country area and are about 11km from the nearest hospital and ambulance service and if we did not have a working mobile phone we would have to rely on our neighbours to contact emergency services."*

MN, regional town, VIC, 2014

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*"We have an ongoing problem with static and drop outs where our provider has changed batteries and unit but still no resolution. On many occasions technicians have attended but were unable to rectify problem. Most recently the attending technician was unable to undivert our home phone to mobile due to technical problems. He was to re-attend the property and we had confirmation of the appointment, but then within 2 hrs, we received notice that due to localised high work load, he was unable to attend until Christmas Eve. We have a wireless link and not a landline and being approximately 200km from a capital city this is most unsatisfactory due to the fact we are on a rural property and approaching the fire season. We are very, very frustrated."*

OP, regional town, WA, 2014

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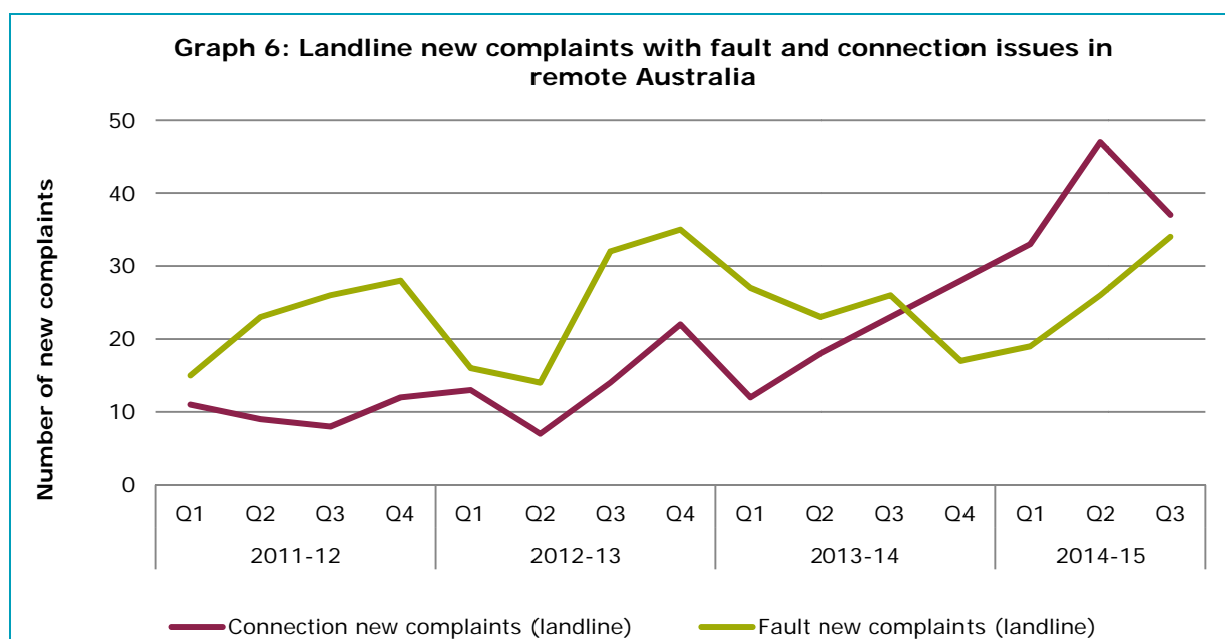
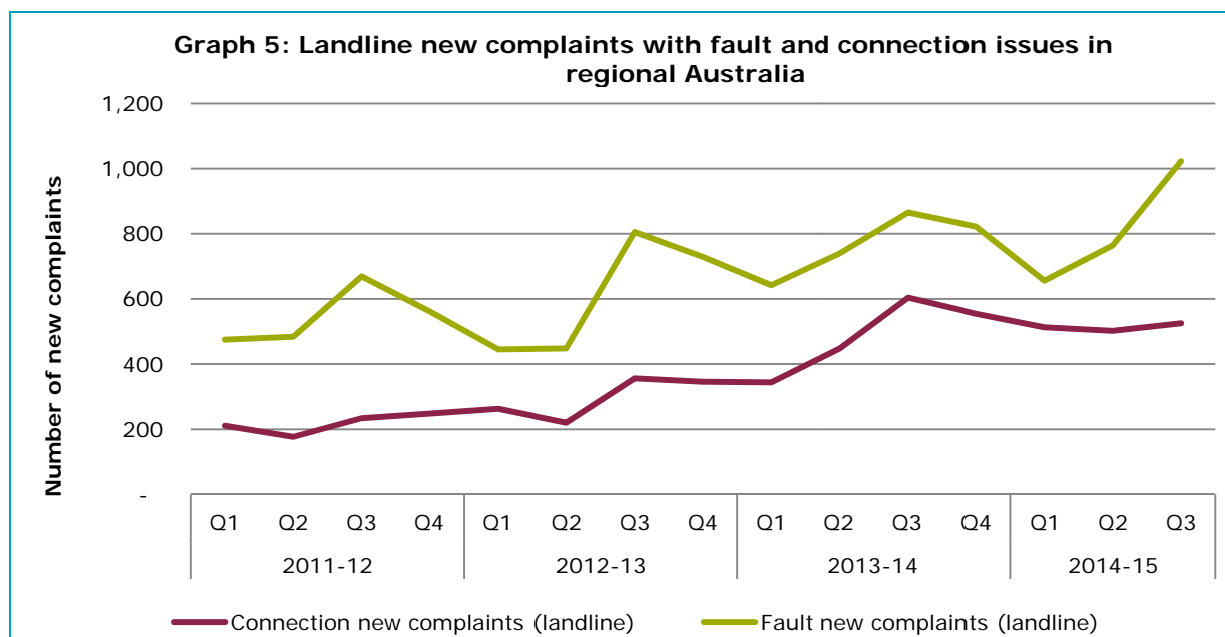
## Delivery of telecommunication services in regional and remote Australia

### Fixed networks

#### Landline services

**Graph 5** and **Graph 6** show respectively, the number of new complaints about landline connection and fault issues in regional Australia and in remote Australia. These types of new complaints have more than doubled in the third quarter of 2014-15 compared to the number recorded in the first quarter of 2011-12.

Tasmania and Western Australia recorded the highest state-wide increases during this period. The key regions with the highest increases in complaints about landline faults and connections were Toowoomba and Cairns in Queensland and Coffs Harbour in New South Wales.<sup>8</sup>

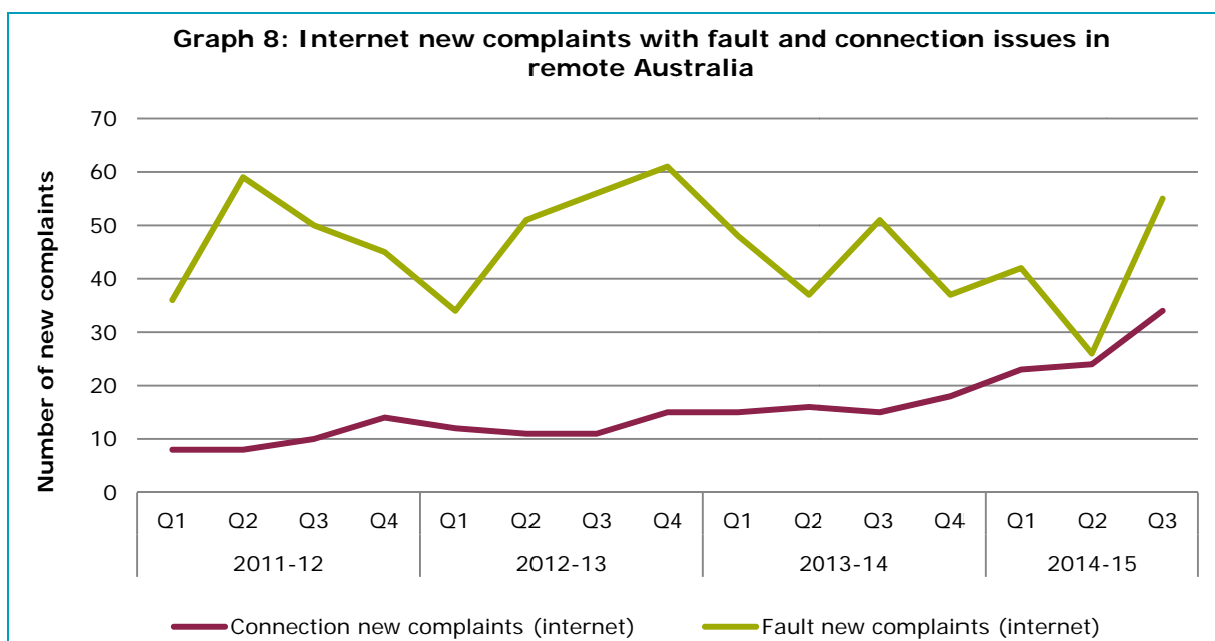
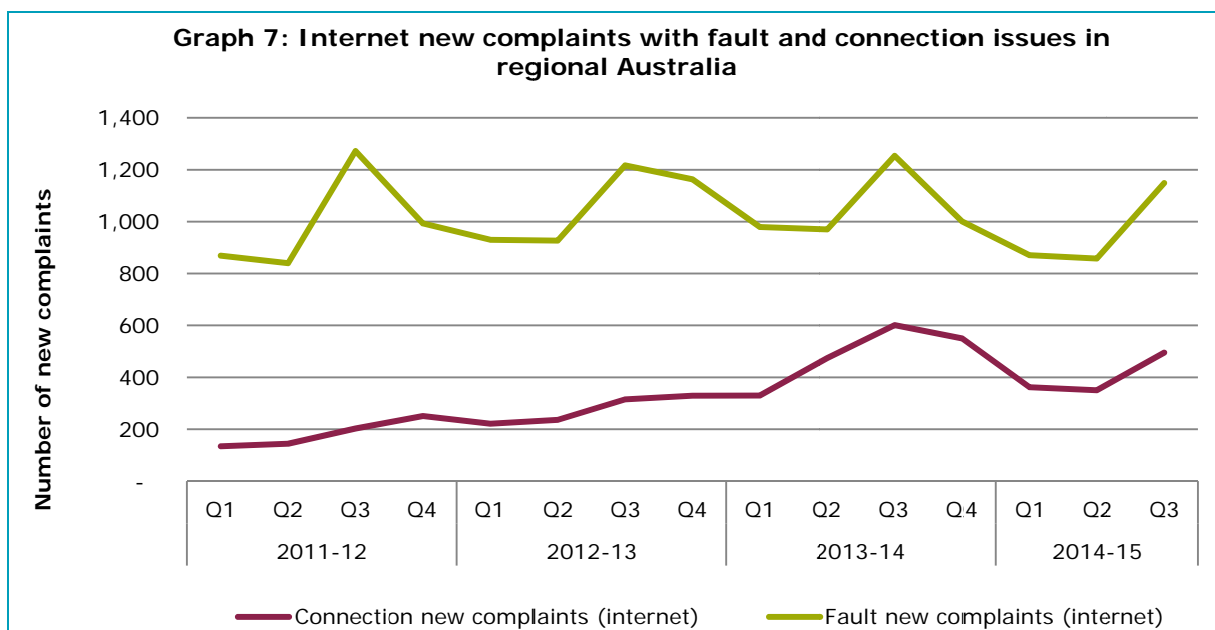


<sup>8</sup> These are regions where the National Broadband Network has been or is being rolled out.

### Internet services

**Graph 7** and **Graph 8** show respectively, the number of new complaints about internet connection and fault issues in regional Australia and remote Australia. The data shows that complaints about internet connections have increased since 2011/12 for both regional and remote consumers. Complaints about internet faults have not trended smoothly and reflect the seasonal trends where telecommunications services are affected by summer weather events.

Northern Territory, Tasmania and Western Australia recorded the highest state-wide increases during this period. The key regions with the highest increases in complaints about internet connections were Coffs Harbour in New South Wales and Launceston in Tasmania.<sup>9</sup>



<sup>9</sup> These are regions where the National Broadband Network has been or is being rolled out.

## NBN services

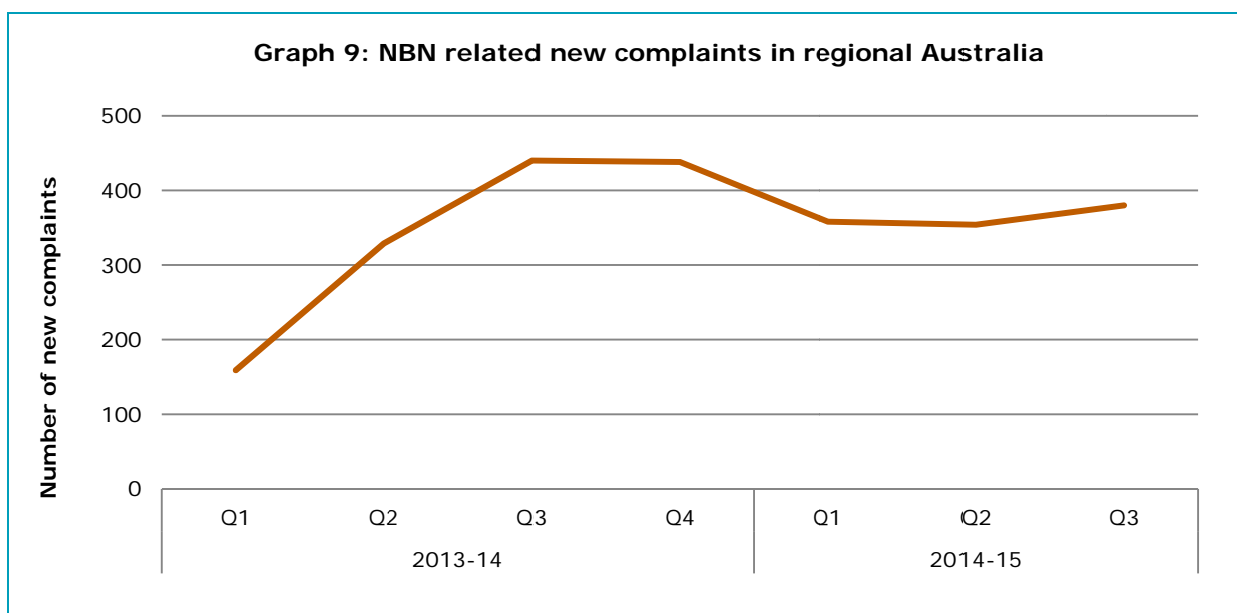
### Question 2

For those users already connected to an nbn network service, has the service met your expectations?

The TIO recorded around 1,870 national broadband network (NBN) related new complaints<sup>10</sup> from consumers in regional and remote Australia in 2013-14, or 46.9 per cent of all NBN related new complaints. This is significantly higher than the proportion of new complaints from regional and remote Australia about other types of services.<sup>11</sup>

The proportion of NBN related new complaints from regional and remote Australia has reduced to around 35.2 per cent in the first three quarters of 2014-15. The number of NBN related new complaints in remote Australia has increased during the same period, however the numbers are comparatively low. In regional Australia, NBN related new complaints are tracking at between 300 and 400 per quarter during the current financial year.

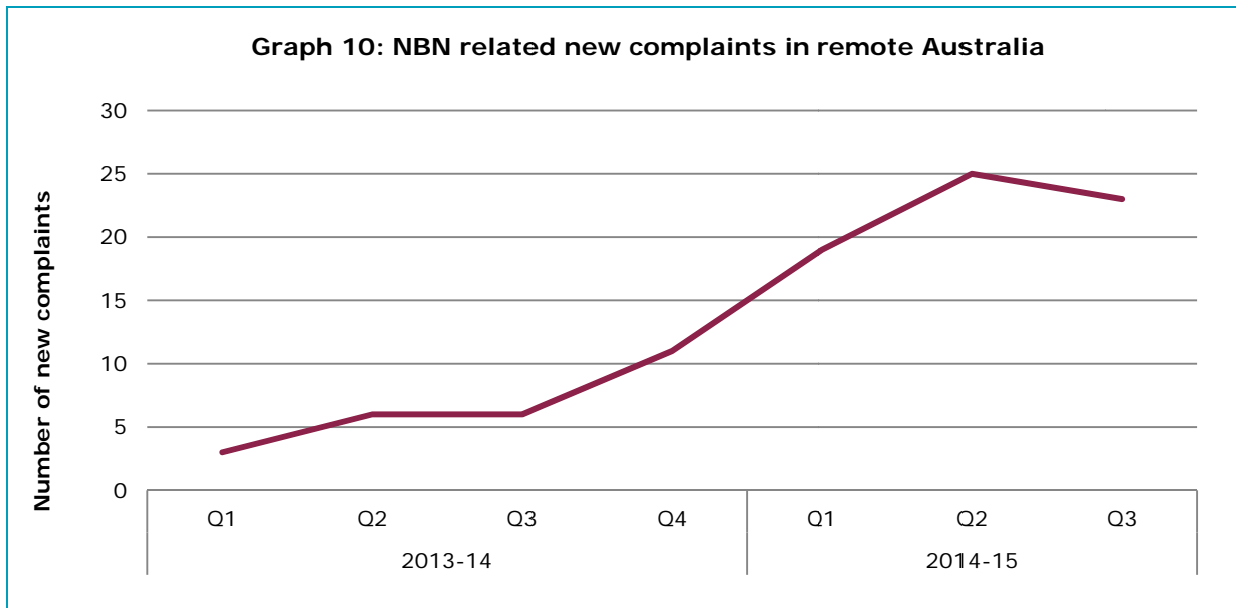
These trends are set out in **Graph 9** for regional Australia and **Graph 10** for remote Australia.



<sup>10</sup> NBN-related matters can include: cases registered to retail service providers (RSPs) where the consumer has advised that the complaint relates to a service over the NBN, and cases registered to nbn co ltd (nbn). While a matter is identified as NBN-related and arises in relation to services provided over the NBN, this does not necessarily mean that the matter has been caused by either the network or by nbn. The TIO commenced capturing data and reporting on NBN related new complaints from 1 July 2013 onwards.

<sup>11</sup> See graph 2 above.





Consumers from regional and remote New South Wales reported the highest proportion of NBN related new complaints, in particular consumers in Coffs Harbour and Armidale. Other key regions with substantial numbers of NBN related new complaints are Toowoomba in Queensland and Ballarat in Victoria.

The distribution of NBN related new complaints in Australia is set out in **Table 2**.

**Table 2: Distribution of NBN related new complaints across Australia in 2013-14 and the first three quarters of 2014-15**

State	2013-14	First three quarters of 2014-15
<b>New South Wales</b>	28.7%	26.2%
<b>Queensland</b>	23.4%	19.8%
<b>Tasmania</b>	18.6%	19.5%
<b>Victoria</b>	22.6%	20.3%
<b>Western Australia</b>	3.1%	7.7%
<b>Northern Territory</b>	2.0%	5.0%
<b>South Australia</b>	1.6%	1.4%

**Table 3** sets out the most common issues in NBN related new complaints by state or territory. These include connection delays, fully unusable services, and disputed service charges.

<b>Table 3: Most common issues in NBN-related new complaints in 2013-14 and the first three quarters of 2014-15</b>		
<b>State</b>	<b>2013-14</b>	<b>First three quarters of 2014-15</b>
<b>New South Wales</b>	Connection delay	Connection delay
	Fully unusable service	Disputed service charges
	Disputed service charges	Fully unusable service
<b>Queensland</b>	Connection delay	Connection delay
	Fully unusable service	Disputed service charges
	Slow internet speed	Fully unusable service
<b>Tasmania</b>	Connection delay	Connection delay
	Fully unusable service	Fully unusable service
	Missed technician appointment	Disputed bills
<b>Victoria</b>	Connection delay	Connection delay
	Fully unusable service	Fully unusable service
	Disputed service charges	Disputed service charges

Case study 1 illustrates the impact of a delayed NBN connection on consumers in regional and remote Australia.

#### **Case study 1: NBN connection delay**

The consumer applied for an NBN service (telephone and internet) at her house in regional Northern Territory. nbn installed its equipment, and the consumer made an appointment with her service provider to connect a service.

The consumer's copper service was disconnected, however, the service provider missed multiple appointments to connect the NBN service which was not connected until eight weeks later. The service was not fully functional, and the consumer could not receive incoming calls. The consumer's husband was terminally ill, and required regular hospital appointments. These were difficult to arrange with an unworkable service, and the consumer incurred high bills because she needed to rely on her mobile service instead.

The service provider continued to miss appointments to fix the service, and did not offer an interim service for the consumer to use in the meantime, although it did offer her some credits to offset her high mobile bills.

After the TIO conciliated the complaint the service provider fixed the fault on the service, applied credits to the consumer's account to cover the costs of using her mobile, and compensated her approximately \$2,000 for failing to meet the Customer Guarantee Standard.

*Mobile networks*

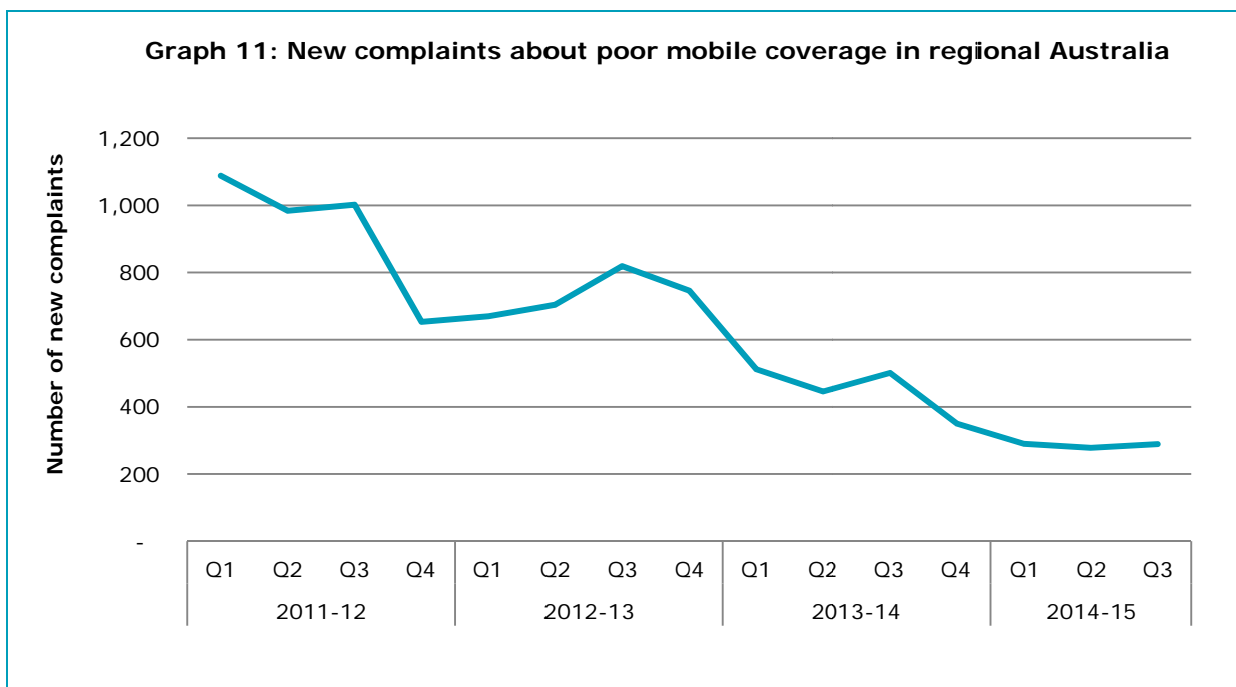
*Mobile services*

**Question 5**

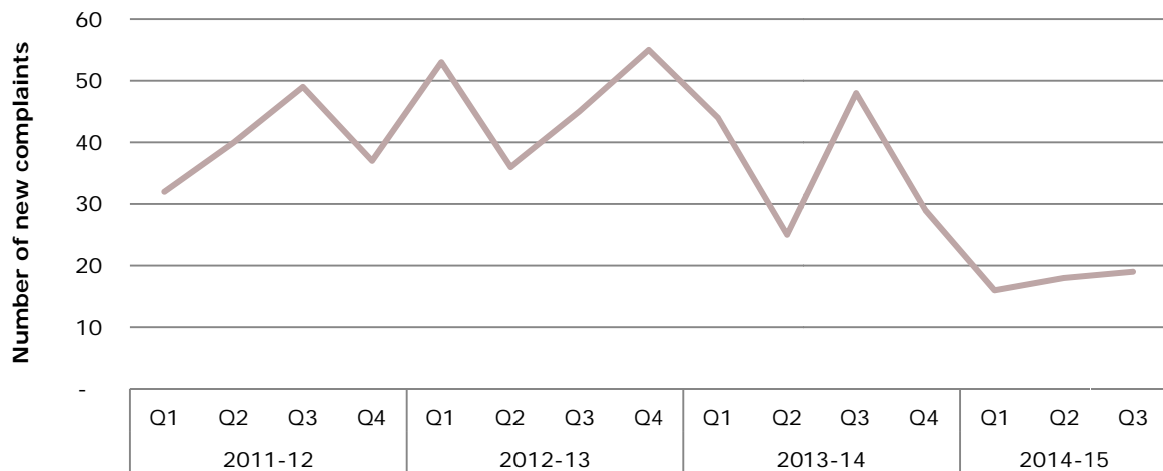
For users living in areas without mobile coverage, what priorities, other than specific locations, do you consider should be recognised in future efforts to improve coverage?

Our complaint statistics reflect a significant improvement in mobile coverage and reliability of mobile services across Australia.

Since 2011-12 the TIO has recorded a series of substantial reductions in the number of new complaints about poor mobile coverage and other mobile fault issues, such as slow data speeds or drop outs. This decrease is across all new complaints including those from regional and remote Australia. The reduction in mobile coverage new complaints in regional Australia and remote Australia is illustrated in **Graph 11** and **Graph 12** respectively.



**Graph 12: New complaints about poor mobile coverage in remote Australia**



While reductions in mobile coverage complaints across regional and remote Australia are evident in our complaint statistics, we still receive some complaints and enquiries from consumers in these areas about having no or poor mobile coverage. The lack of or poor mobile coverage can result in inconvenience, loss of business (for small business consumers), low use of their service or early termination fees should they want to cancel their mobile contract.

Case study 2 illustrates issues faced by consumers in areas with no or poor mobile coverage.

### Case study 2: Poor mobile coverage and cancellation of contract

The consumer was having mobile coverage problems where she worked in regional Victoria. The coverage problems caused dropouts and missed calls that affected her business. When her contract was up her service provider told her it was upgrading the mobile towers in her area which would improve the service coverage. Based on this advice, she re-signed the contract.

The service did not improve. After six more months of coverage problems the consumer asked the service provider to cancel the contract. The service provider told her she would have to pay a contract termination fee and payout fees for her mobile handsets. The consumer did not think this was a reasonable outcome since she had only re-signed because the service provider had promised that coverage would get better.

After the TIO conciliated the complaint the service provider waived the termination fee, and reduced the payout fees for the handsets so the consumer could keep them.

## Use of services in regional and remote Australia

### Question 9

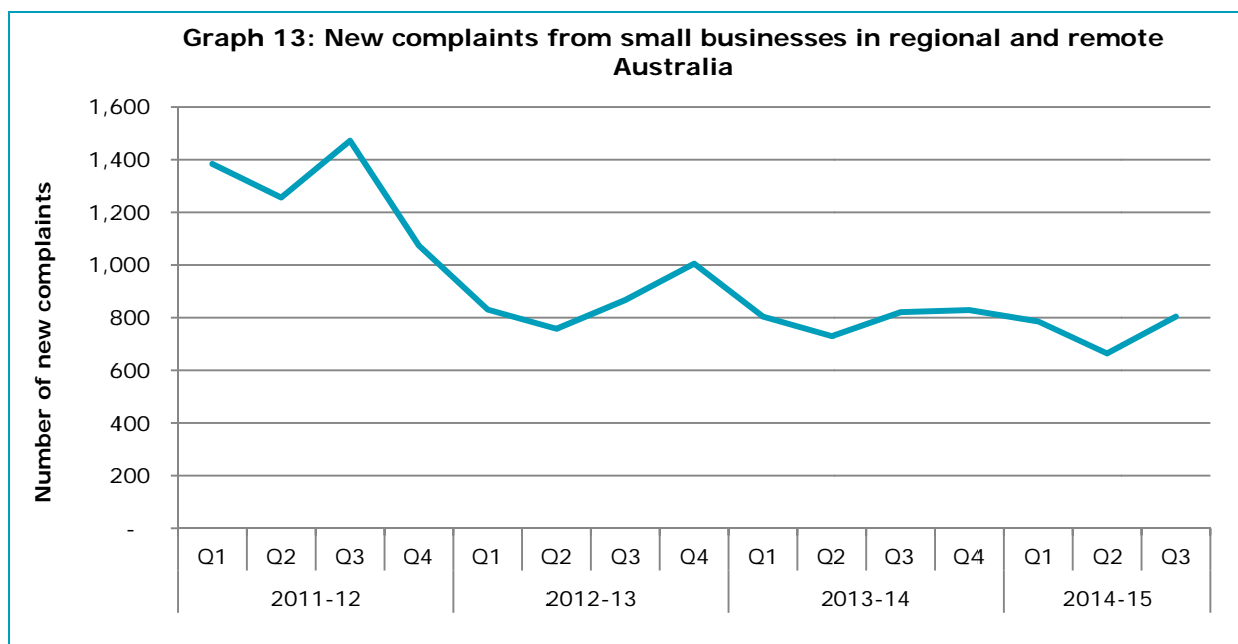
What communications barriers have you experienced in expanding or operating your business or providing services, such as health or education? Have you been able to overcome these barriers and if so, how?

#### *Small businesses and community organisations*

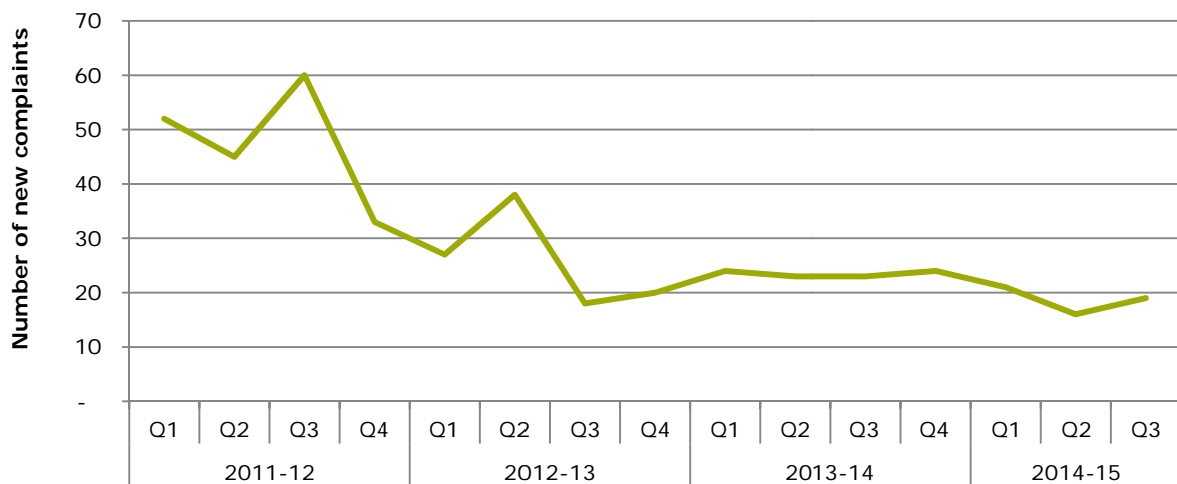
The TIO deals with complaints from small businesses about a range of issues, including the supply and connection of standard telephone services, mobile services and internet services, the billing of these services and the repair of faulty services. We also receive a very small number of complaints from community organisations or local/regional agencies.

In 2013-14, the TIO recorded 3,372 new complaints from regional and remote Australian small businesses, community organisations, and local/regional agencies. This equates to 11.7 per cent of all new complaints received from regional and remote Australia. The proportion has remained unchanged in the first three quarters of 2014-15.

**Graph 13** and **Graph 14** show the number of new complaints received from small businesses, community organisations and local/regional agencies in regional and remote Australia.



**Graph 14: New complaints from community organisations and local/regional agencies in regional and remote Australia**



Disputed service charges, poor contract information, and faulty landline services are some of the key issues reported in small business new complaints from regional and remote Australia.

**Case study 3** illustrates some of the telecommunications challenges faced by small businesses operating in regional or remote Australia. See also **Case study 5**.

### Case study 3: Small business connecting an NBN service

A small business from regional Victoria contacted us to say it was having problems connecting an NBN service on which to operate the Health Industry Claims and Payments Service (HICAPS).

The business's service provider had been told by nbn that the delay was because the previous tenant at the business premises had applied for an NBN service a year earlier, but had not cancelled the order when they vacated the premises. This order was still active, meaning the business's order could not be accepted.

nbn had advised the service provider that to cancel the original order the business needed to contact the real estate agent for the previous tenant, to ask the previous tenant to contact nbn to cancel the order.

In the meantime, the business's service provider offered the business a voice and data service, however this was inadequate as the business needed to provide a HICAPS service to its customers.

After the TIO conciliated the complaint, the service provider worked with nbn to clear the previous order, install NBN equipment, and connect the service. The service provider also sent the small business information about how it could make a compensation claim for loss of business.

## Consumer safeguards

### Protections afforded by the Customer Service Guarantee

#### Question 11

Do we need to continue to guarantee the standard telephone service for all (or only some) consumers, and if so, to what extent?

As highlighted in **Graph 5** and **Graph 6** above, the number of new complaints about landline connection and fault issues in regional and remote Australia has increased over the past three years since the last Regional Review. This is despite a decrease of 12.4 per cent in overall landline new complaints in regional and remote Australia in 2013-14 compared to 2011-12.

The proportions of landline connection and fault new complaints compared to all landline new complaints are higher in regional and remote Australia when compared to these proportions in major cities. In 2013-14, close to **one** in every **five** landline new complaints from regional and remote Australia involved a connection delay, and at least **one** in every **four** landline new complaints from regional and remote Australia was about a faulty service. **Table 4** and **Table 5** set out these proportions.

**Table 4: Landline connection new complaints as a proportion of all landline new complaints in 2013-14 and the first three quarters of 2014-15**

Landline connection new complaints as a proportion of all landline new complaints	2013-14	First three quarters of 2014-15
Major cities of Australia	15.3%	16.2%
Regional and remote Australia	17.7%	18.9%

**Table 5: Landline fault new complaints as a proportion of all landline new complaints in 2013-14 and the first three quarters of 2014-15**

Landline fault new complaints as a proportion of all landline new complaints	2013-14	First three quarters of 2014-15
Major cities of Australia	23.2%	23.2%
Regional and remote Australia	27.6%	28.7%

There can be a number of obstacles in place for providers to expeditiously help consumers in regional and remote areas who need a landline service connected or who are experiencing ongoing or intermittent faults and difficulties. These obstacles include distance, environmental and geographical barriers, liaising with land owners and occupiers, and the costs of provisioning services in some areas.

The level of detriment experienced by consumers when these types of complaints occur is substantial. The suitability of alternative options available to consumers such as mobile services – while repairs or infrastructure works for the landline service are being undertaken – is more limited than for metropolitan consumers. Even when alternative options are provided, some complaints may take many months or even years to fully resolve.

The impact of protections afforded by the CSG, both in respect of legislated timeframes and compensation, is demonstrated in **Case study 4**.

#### Case study 4: Faulty landline service

In late 2013 the consumer's landline in remote Western Australia became noisy during calls. In early 2014 it became fully unworkable, and the consumer reported the fault to the service provider. The service provider advised it needed to lay 40 metres of cable in the area to restore the landline service.

Three months later no work had begun on laying the cable. The service provider advised it was waiting for the wholesaler to undertake the work.

After referral by the TIO, the service provider offered the consumer a mobile phone as an interim service, but the consumer had problems with mobile coverage.

After the TIO conciliated the complaint, the service was restored, the service provider waived all landline service fees for the period the consumer did not have a service, and the consumer received compensation under the Customer Service Guarantee.

TIO complaints data demonstrates a consistent upward trend over the past several years in landline connection and fault complaints from regional and remote Australia. The existing timeframes and compensation rates in the CSG Standard for these communities remain important consumer protection measures.

It may therefore be appropriate, in this context, to retain the CSG benchmarks for these areas, consistent with the 2011-12 Regional Telecommunications Review recommendations<sup>12</sup>.

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<sup>12</sup> Regional Telecommunications Independent Review Committee (2011-12), [Report on the Regional Telecommunications Review 2011-12](#) (the Sinclair Report), at page 14 (Recommendation 2.1).



## Communications as an essential service

### Question 12

Are there new or other services, the availability of which should be underpinned by consumer safeguards?

### Question 13

What standards should apply to your services? How might they best be enforced?

Australian consumers are increasingly taking up mobile and broadband services, with landline services remaining static, if not on the decline, over the past few years.<sup>13</sup> We note that this pattern is not necessarily reflected in TIO new complaints, as there appears to be a steady number of complaints relating to landline and internet services each year since 2011-12 despite overall reductions in TIO new complaints (see **Graph 1**).

Internet in particular is a major mode of communications in Australia. The NBN is or will be a prominent enabler for the delivery of fast broadband in most parts of Australia, through a various mix of technologies.

As highlighted in **Graph 7** and **Graph 8** above, the number of internet new complaints about connection and fault issues in regional Australia and in remote Australia has increased since 2011-12. This is despite a decrease of 2.0 per cent in overall internet new complaints in regional and remote Australia in 2013-14 compared to 2011-12.

The proportions of internet connection and fault new complaints compared to all internet new complaints are higher in regional and remote Australia than in major cities. In 2013-14, close to one in every four internet new complaints from regional and remote Australia involved a connection delay, and one in every two internet new complaints from regional and remote Australia was about a faulty service. **Table 6** and **Table 7** set out these proportions.

**Table 6: Internet connection new complaints as a proportion of all internet new complaints in 2013-14 and the first three quarters of 2014-15**

Internet connection new complaints as a proportion of all internet new complaints	2013-14	First three quarters of 2014-15
Major cities of Australia	18.3%	17.9%
Regional and remote Australia	24.4%	23.0%

<sup>13</sup> As at 30 June 2014, there were 9.19 million landline services in Australia compared to 9.42 million services as at 30 June 2013; Australian Communications and Media Authority (2013-14), Communications Report 2013-14, at page 14. As at December 2014 there were 12.69 million active internet subscribers in Australia compared to 12.48 million as at June 2014) - Australian Bureau of Statistics (Dec 2014), Internet Activity Australia Report, at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8153.0>. As at 30 June 2014 there were over 31.01 million mobile services in Australia - Australian Communications and Media Authority (2013-14), Communications Report 2013-14, at page 17.

**Table 7: Internet fault new complaints as a proportion of all internet new complaints in 2013-14 and the first three quarters of 2014-15**

<b>Internet fault new complaints as a proportion of all internet new complaints</b>	<b>2013-14</b>	<b>First three quarters of 2014-15</b>
Major cities of Australia	43.3%	43.4%
Regional and remote Australia	51.6%	51.3%

The importance of internet services to consumers in regional and remote Australia is evident in the complaints the TIO receives. **Case study 5** illustrates the initiatives taken by some of these communities to ensure dependable and working internet services to support their communications and business needs.

### Case study 5: Faulty internet service

The consumer signed up on a contract for satellite internet with his service provider. The consumer uses the internet in the day to day operation of his business on a remote island off the coast of New South Wales.

After two weeks the internet service degraded to the point where the internet speed was too slow to use. The service provider advised that the problem was a combination of congestion on the satellite and the consumer reaching his plan usage limit. The service provider suggested the consumer could pay for some additional data blocks, or could leave the contract with no exit fee.

The consumer could not leave the contract because there was no other service provider supplying services in the area. The consumer also did not believe he had reached his usage limit. The TIO's research indicated that the same problem affected other consumers in the same area.

The service provider did not respond to the TIO while we were considering the complaint. However, the consumer advised us that the problem had been somewhat resolved – the local museum had undertaken fundraising in the community, on behalf of the local businesses, to purchase its own satellite dish to access services supplied by other providers. The consumer advised that he would change to another service provider as soon as a better option was available.

The Productivity Commission in its 2008 Report on the Review of Australia's Consumer Policy Framework<sup>14</sup> commented on the essential nature of telecommunications services where this has warranted a national consumer protection regime. Telecommunications services are vital to consumers' communications needs and to the way in which they interact with each other or do business. Telecommunications affect almost every aspect of society – from health services and education, to banking and employment, and relationships with family and friends. This is clearly no longer limited to landline services, as mobile and internet usage continues to expand exponentially.

<sup>14</sup> Productivity Commission (April 2008), [Review of Australia's Consumer Policy Framework, Final Report, Volume 2](#) at page 7 and 108.

With increasing numbers of consumers favouring internet, mobile and other technologies over the standard telephone service to meet their telecommunications needs, it is appropriate to consider whether there should be minimum performance standards that go beyond the current CSG Standard. In particular, consideration might be given to improved consumer safeguards for connection and repair timeframes for internet services in regional and remote Australia.

One possible model for this is the Communications Service Standard (CSS) proposed in the 2008 Regional Telecommunications Review (the Glasson Report)<sup>15</sup>. A CSS that encompasses voice and data services in a technology neutral manner with appropriate standards for each service may provide an effective and useful framework for safeguarding consumer interests particularly in regional and remote Australia.

### *Other consumer safeguards*

#### ***Indigenous consumers***

The TIO undertakes a number of outreach activities each year to reach consumers who may lack awareness or understanding of what the TIO does or who may encounter barriers such as a lack of internet access, financial, cultural or language difficulties.

We participated in a number of outreach activities specifically targeting regional and remote Indigenous communities over the course of the past few years and in recent months.

During these outreach activities, we were informed of the following matters:

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<sup>15</sup> Regional Telecommunications Independent Review Committee (2008), [Report on the Regional Telecommunications Review 2008](#) (the Glasson Report), at page 268 (Recommendation 3.1.1).

1. There has been a rapid uptake of mobile services among Indigenous communities. A study by Charles Darwin University in 2012 of three remote Indigenous communities in the Northern Territory<sup>16</sup>, found that between 60 and 80 per cent of people over ten years of age in each community owned or had access to a mobile phone.
2. Some service providers telemarket Indigenous consumers who do not speak English and have poor education, limited financial means, and no understanding of contracts. Other providers offer mobile services in areas they know do not have mobile coverage. Indigenous consumers may respond to telemarketers with gratuitous concurrence, by agreeing to questions in order to build a positive relationship.
3. Sometimes providers sell expensive post-paid plans to people in Indigenous communities without undertaking credit assessments. This leaves Indigenous consumers stuck in expensive contracts they cannot afford. The consequences are serious – credit defaults and disconnected services leaving consumers with health problems unable to access emergency services. Indigenous consumers and the support staff who work with them, such as financial counsellors, are often unaware of the availability of incoming-calls-only services.
4. Little or no internet access and low literacy present significant difficulties for Indigenous consumers to join the Do Not Call Register.
5. In the APY Lands we have been told that there are long delays in the connection of landline services because of delays in digging trenches to install infrastructure. This is commonly because of a lack of contractors and inability on the part of residents to pay them. If the area also has no mobile coverage this may leave residents with no services at all for extended periods.
6. Very few Indigenous people, if any, in the community are aware of their rights under the Customer Service Guarantee Standard.

Some potential measures to address the issues raised by Indigenous communities through our outreach activities, could be:

- simplifying the Do Not Call Register sign-up process, including by allowing bulk sign up by community advocates, or putting a community on the Register by default
- increasing awareness of the Customer Service Guarantee Standard and other consumer protections
- increasing awareness of the existence and purpose of the TIO among community workers and consumers, and
- strengthening relevant telecommunication legislation and industry codes to ensure service providers conduct credit assessments and deal with all consumers in good faith.

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<sup>16</sup> "Information Communication Technologies and New Indigenous Mobilities? Insights From Remote Northern Territory Communities", *Journal of Rural and Community Development* 7, 1 (2012) 59-73, Charles Darwin University, at page 62.

## Appendix A - Understanding TIO complaints data

### *Why we capture data*

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

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

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

### *New Complaints*

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

### *Conciliations/Investigations*

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

### *Enquiries*

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

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

Enquiries can also include matters that:

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

### ***Service types***

The TIO captures 'service type' information in each new complaint:

- **Internet** complaints include data delivered via devices such as modems, dongles or data cards. A small proportion (0.1 per cent) of TIO internet complaints involves land access.
- **Landline** complaints include fixed line and voice over internet protocol (VOIP) services, mostly covered by the CSG Standard. A small proportion (around 1 per cent in 2013-14) of TIO landline complaints involves payphones, phone cards and land access.
- **Mobile** complaints include voice, data accessed via mobile devices such as handsets and tablets, and mobile premium services. A small proportion (around 0.01 per cent 2013-14) of TIO mobile complaints involves land access.

### ***Issues***

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

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

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