

27 March 2023

2023 CSG Thematic Review
Universal Services Branch
Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
GPO Box 594
Canberra ACT 2601

By email: usb@communications.gov.au

Dear Universal Services Branch,

Thematic Review of the Customer Service Guarantee (CSG)

Thank you for the opportunity to comment on the Department's *Thematic Review of the Customer Service Guarantee*.

We welcome the renewed focus on the Customer Service Guarantee (CSG), which serves as an important consumer protection for landline customers. We offer feedback and practical observations on the operation of the current CSG scheme based on our complaint handling. We also raise considerations about the future of the CSG scheme, or its equivalent scheme, to better reflect the way consumers use telecommunications (telco) services today.

1. The CSG scheme is an important safeguard for vulnerable consumers

We regularly handle complaints from consumers who experience delays in the connection or repair of their telco services. For example, our [Q2 FY23](#) report featured the following in our top 10 complaint issues: No phone or internet service (9% of complaints); Intermittent service or drop outs (8%); Delay establishing a service (6%); and Inadequate fault testing (5%).¹

From these complaints, we understand compensation under the CSG scheme can motivate telco providers to complete the connection or repair of landline services in a timely manner, and to offer interim mobile services to minimise detriment to consumers. This is particularly important for consumers experiencing vulnerability, and for rural and remote consumers, as they may rely solely on their landline for safety or business purposes.

The CSG scheme also assists our office to find fair and reasonable outcomes when handling complaints about delays. We refer to the CSG Standard to resolve complaints whenever there may be a question of whether:

- the consumer is eligible for CSG compensation
- the telco provider has miscalculated the amount of compensation, or

¹ Please note these issues may relate to delays in the connection or repair of all service types, and are not necessarily limited to delays in the connection or repair of a CSG-eligible telephone service.

- the telco provider has not provided the compensation as required.

Given these important safeguards for consumers, we recommend the Department continues the existence of a scheme (CSG or otherwise) which helps minimise the impact of delays, and compensates consumers for these delays.

2. The CSG scheme should be updated to reflect contemporary views on essential telco services

We support the expansion of the CSG scheme (or its replacement scheme) to incentivise the delivery of faster and more reliable internet services.

In the evolving telco landscape, the internet has become an increasingly essential service, which consumers rely on for access to work, study, healthcare, social services, and banking. We understand many consumers expect their fixed-line internet services will be connected or repaired within a timely manner, or to be compensated if this does not occur. However, the CSG scheme has not been updated to reflect these modern telco usages or expectations, and does not incentivise the expedient connection or repair of the newer technology types available to consumers.

Currently, consumers who experience internet faults or connection delays can only seek remedies under the *Australian Consumer Law (ACL)* or through internal dispute resolution or external dispute resolution processes. This limits the remedies available to consumers experiencing such issues, as the ACL remedies often encourage consumers to leave their telco provider. The current remedies do not provide strong enough incentives to improve the internet service quality or deliver faster connection or reconnection timeframes.

We recommend that a modernised CSG scheme would enable consumers to receive appropriate compensation for both internet and landline service delivery delays.

3. A future CSG scheme should include key minimum protections for consumers

The Discussion Paper explored several different possibilities for the remaking or replacement of the CSG scheme. We recommend that, regardless of which option is selected, the new or updated scheme should incorporate several key minimum protections for consumers.

As a minimum, we encourage the Department to consider including these key protections:

- (1) the automatic application of the scheme, with no onus on consumers to know it exists or to expressly request compensation from their provider
- (2) transparent and clear benchmarks that can be easily applied by both telco providers and our office
- (3) incentives for wholesalers to meet these benchmarks (such as compensation which is passed through to consumers when relevant timeframes are not met)
- (4) the ability for consumers to seek redress about delays through internal and external complaint channels, and
- (5) regular reporting obligations for wholesalers (e.g. regular reporting to the Australian Communications and Media Authority (ACMA) whether they are meeting timeframes or not, and outlining any compensation paid to consumers under the scheme).

Additionally, it would be helpful for the CSG scheme to include minimum service quality requirements which could be used to determine whether, for example, low-level noise distortions qualify as a fault that would need to be addressed under the scheme.

Case study – Frank* was affected by lengthy delays in the repair of his landline service

Frank has a landline service with his telco provider. One day, he experienced a total service outage, which was quickly restored. However, after his service was restored, he noticed ongoing issues with the quality of his service. His calls would randomly drop out, and he would begin to hear heavy static on the line during longer calls.

Frank reported the landline fault to his telco provider, who worked with him and then nbn co ltd to attempt to repair the service. They tested and replaced Frank's handset and parts of the network without success, and the quality of Frank's service worsened over time. Frank then approached our office for assistance. We helped coordinate responses between Frank, his provider, and the NBN technicians.

The landline service was eventually repaired over six months after Frank first reported the issue to his provider. As no exemptions applied to Frank's circumstances, the provider agreed to pay over \$7,000 in CSG compensation.

* Names of all parties have been changed.

4. Changes to these rules should reconsider contractual waivers and offers of interim services

4.1 We support tighter measures around the use of CSG contractual waivers

Under the current CSG scheme, most telco providers can invite consumers to waive the protection and rights afforded by the scheme. Consumers often agree to CSG waivers as a default part of entering into a contract for a new service, and our complaints suggest they may have limited understanding of what they are agreeing to waive. Additionally, consumers often have limited bargaining power to disagree with these waivers. When considering the future of this scheme, we encourage the Department to consider whether these waivers should continue to be offered to consumers, and in what circumstances they may be offered.

If CSG waivers do apply, we support the inclusion of clear, transparent contractual terms to avoid any confusion on the consumer's behalf and to prevent unfair contract terms. Where CSG waivers do or will apply, we support increased obligations on telco providers to actively educate consumers to understand the rights they are forfeiting.

4.2 We support further clarification about interim service rules

The CSG scheme (or its replacement) should provide clearer guidance around the interim service and alternate service rules, which can currently be used by telco providers to pause the timeframes under the scheme.

The Department should consider clarifying such rules, as there are scenarios where the terms 'reasonable offer' or even 'connection' can be unclear in practice. For instance, the offer of a smart modem with a 4G backup service may fulfil the definition of a 'reasonable offer', but it may not adequately support a landline service.

Some consumers can be disadvantaged when offered inappropriate interim services, for example, when offered an interim mobile service, but the consumer lives in an area with no mobile reception.

These examples highlight that further clarification is needed to ensure the 'reasonable offer' and 'connection' benchmarks support appropriate interim measures being offered to consumers.

Case study – Ellie's* family was at risk with no landline service

Ellie lives in a regional area with no mobile or satellite reception. Her landline service is her only way to communicate externally when at home. Ellie lives with her mother, who has a serious medical condition and needs reliable access to a landline service at all times.

One day, Ellie's landline service stopped working entirely. Her provider made multiple attempts to repair the service, but could not find a permanent solution for the outage. Ellie then contacted our office for help.

During our complaints process, Ellie's provider offered her an interim satellite phone service. Ellie declined the offer as it was not suitable for her mother and it would not get reception in her location.

After several months and multiple fault reports, Ellie's provider restored her landline service. As a result of the delays, Ellie's provider found she was entitled to over \$1,000 in CSG compensation, and offered a further credit to her account.

* Names of all parties have been changed.

We look forward to the outcome of this consultation.

Yours faithfully

Cynthia Gebert
Telecommunications Industry Ombudsman
