

11 August 2016

Ms Tracey Horsfall
Productivity Commission
Level 2, 15 Moore St, Canberra ACT
Email: telecommunications@pc.gov.au

Dear Ms Horsfall

Review of the Universal Service Obligation 2016

The Telecommunications Industry Ombudsman (TIO) welcomes the opportunity to respond to the Productivity Commission's Inquiry into the future direction of the Universal Service Obligation (USO).

The TIO's submission to the USO Inquiry sets out:

1. Our recommendations and observations on the current universal service obligation.
2. Our recommendations and observations about access to 'essential' communications services for voice and data.
3. Our recommendations and comments on safeguards for vulnerable consumers, especially payphones and priority assistance.
4. Our recommendations about service continuity, and how this could be maintained by implementing a provider (or providers) of last resort.
5. Our recommendations and observations about internal and external dispute resolution.

In providing our response to the USO inquiry, we have drawn on our experience in handling and resolving thousands of complaints each year from consumers and small businesses about their telecommunications services.

We trust this submission will assist the Productivity Commission's Inquiry.

Further information

If you require further information, please contact the TIO's Executive Director – Industry, Community & Government, David Brockman,

Yours sincerely

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Telecommunications Universal Service Obligation

**Submission to the Productivity Commission
August 2016**

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 providers, 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. On average, 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 a 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, contractual and transfer disputes, credit management 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 internet 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.

Contents

About the TIO	ii
Overview of submission	1
Recommendations	2
1. The current universal service obligation	3
1.1 Standard telephone services remain important to consumers	3
1.2 Delays in connecting landlines or repairing landline faults	4
2. Access to 'essential' communications services	19
2.1 A universal communications obligation for essential services	19
2.2 Wholesaler and reseller responsibilities	43
3. Safeguards for vulnerable consumers	45
3.1 Voice services remain important to vulnerable consumers	45
3.2 Retain the current payphones universal service obligation	47
3.3 Improve priority assistance safeguards	49
4. Provider of last resort and service continuity	53
5. Internal and external dispute resolution	57
5.1 Internal dispute resolution processes	57
5.2 The role of the TIO	58
Appendix A: Complaints to the TIO	60
A.1 Overview of TIO complaint trends	60
A.2 TIO complaint issues relevant to the USO	61

Overview of submission

The Telecommunications Industry Ombudsman (TIO) welcomes the opportunity to provide our submission to Productivity Commission's 2016 Inquiry into the Universal Service Obligation (USO).

We set out in this submission:

1. Our recommendations and observations on the current universal service obligation.
2. Our recommendations and observations about access to 'essential' communications services for voice and data.
3. Our recommendations and comments on safeguards for vulnerable consumers, especially payphones and priority assistance.
4. Our recommendations about service continuity, and how this could be maintained by implementing a provider (or providers) of last resort.
5. Our recommendations and observations about internal and external dispute resolution.

Since the USO was introduced in 1997, much has changed within the telecommunications landscape – changes to telecommunications policy, regulation and legislation; a wider range of new technology, smart devices and over the top services available to consumers; improved customer service and complaint handling practices by providers; and changed consumer preferences and behaviours. The National Broadband Network and its rollout have already started to have an impact on consumers and businesses in Australia.

In providing our response to the USO Inquiry, we have drawn on our experience in handling and resolving thousands of complaints each year from consumers and small businesses about their telecommunications services. We have included, where relevant, complaint statistics, case studies and 'consumer voices' from the complaints we receive, to provide context and to clarify our observations and recommendations on particular issues.

We also set out in Appendix A an overview of TIO complaint trends and the complaint issues analysed in this submission relevant to the USO.

We trust that our observations, recommendations, complaint statistics, 'consumer voices' and case studies will be of assistance to the Productivity Commission's consideration of the USO.

Recommendations

The current universal service obligation

1. Retain the current universal service obligation and improve performance benchmarks for connections and fault rectifications.

A universal communications obligation for essential services

2. Extend the universal service obligation to a wider range of essential communication services for voice and data (a Universal Communications Obligation).
3. Introduce benchmarks and timeframes for the connection and fault rectification of essential communications services.
4. Clarify the responsibilities of the wholesaler(s) and other participants in the telecommunications supply chain when providing access to essential communications services.

Safeguards for vulnerable consumers

5. Improve safeguards such as clearer information about the universal service obligation or suitable alternative options, so that vulnerable consumers have equitable access to essential voice services.
6. Retain the current payphones universal service obligation and improve performance benchmarks for payphone fault rectifications.
7. Improve priority assistance safeguards for vulnerable consumers during the transition to the NBN.

Provider of last resort and service continuity

8. Implement a designated provider (or providers) of last resort to maintain service continuity for essential communications services.

Internal and external dispute resolution

9. Require the universal service provider(s) (or equivalent) to have comprehensive internal dispute resolution processes to respond to and resolve complaints about essential communications services.
10. Retain the TIO as the external dispute resolution scheme for disputes about access to, and supply or repair of, essential communications services.

1. The current universal service obligation

Recommendation 1:

Retain the current universal service obligation and improve performance benchmarks for connections and fault rectifications.

We recommend retaining the current universal service obligation for standard telephone services and improving benchmarks for connections and fault rectifications, so that each person in Australia, no matter where they carry out business or reside, has reasonable and reliable access to a standard telephone or equivalent service because:

1. standard telephone services (landline services) remain important to consumers for their communications needs, and
2. delays in connecting landlines or repairing landline faults deprive consumers of reasonable and reliable access to voice services.

1.1 Standard telephone services remain important to consumers

Consumers continue to rely on standard telephone services (landline services), even if they also use other complementary technologies for their communications needs.¹

The number of landline services in Australia has decreased over the past few years, with 9.08 million services in operation as at 30 June 2015 compared to 9.19 million services in operation as at 30 June 2014.² With improvements in mobile networks and better mobile plans, consumers are increasingly shifting from landline services to mobile only services. Recent research by the Australian Communications and Media Authority (ACMA) estimates the number of adult Australians with a mobile phone and no landline telephone at home reached 29 per cent of the adult population in 2014-15.³

However, the trend towards mobile only households has slowed. Over 70 per cent of the adult population retain a landline service at home.⁴ Older Australians, particularly those aged 65 and over, continue to rely on and use landline services, with only nine per cent of this demographic going mobile only.⁵

The importance of reasonable and reliable access to landline services for consumers is reflected in complaints to the TIO about delays in connecting landlines and delays in repairing faulty landlines. This is outlined in more detail in section 1.2.

¹ Australian Competition and Consumer Commission (ACCC), [Telecommunications Report 2014-15](#), page 15.

² Australian Communications and Media Authority (ACMA), [Communications Report 2014-15](#), at page 14.

³ ACMA, [Communications Report 2014-15](#), at page 52; ACMA Research (June 2015), [Australians get mobile](#).

⁴ ACMA Research (June 2015), [Australians get mobile](#); ACCC, [Telecommunications Report 2014-15](#), page 15.

⁵ ACMA, [Communications Report 2014-15](#), at page 52.

1.2 Delays in connecting landlines or repairing landline faults

Delays in connecting landlines or repairing landline faults deprive consumers of reasonable and reliable access to voice services. TIO complaints about delays in connecting landlines or repairing landline faults indicate consumers still need access to and rely on landline services, even after they transition to the National Broadband Network (NBN). Our complaints data also indicates small businesses and consumers in regional and remote Australia are particularly impacted by delays in connecting landlines or repairing landline faults.

The following sections explain in more detail the impacts of delays in connecting or repairing landline services on consumers:

- Section 1.2.1 – delays in connecting landline services
- Section 1.2.2 – delays in repairing landline services
- Section 1.2.3 – delays in connecting or repairing NBN landline services, and
- Section 1.2.4 – impacts on small businesses and consumers in regional and remote Australia.

1.2.1 Delays in connecting landline services

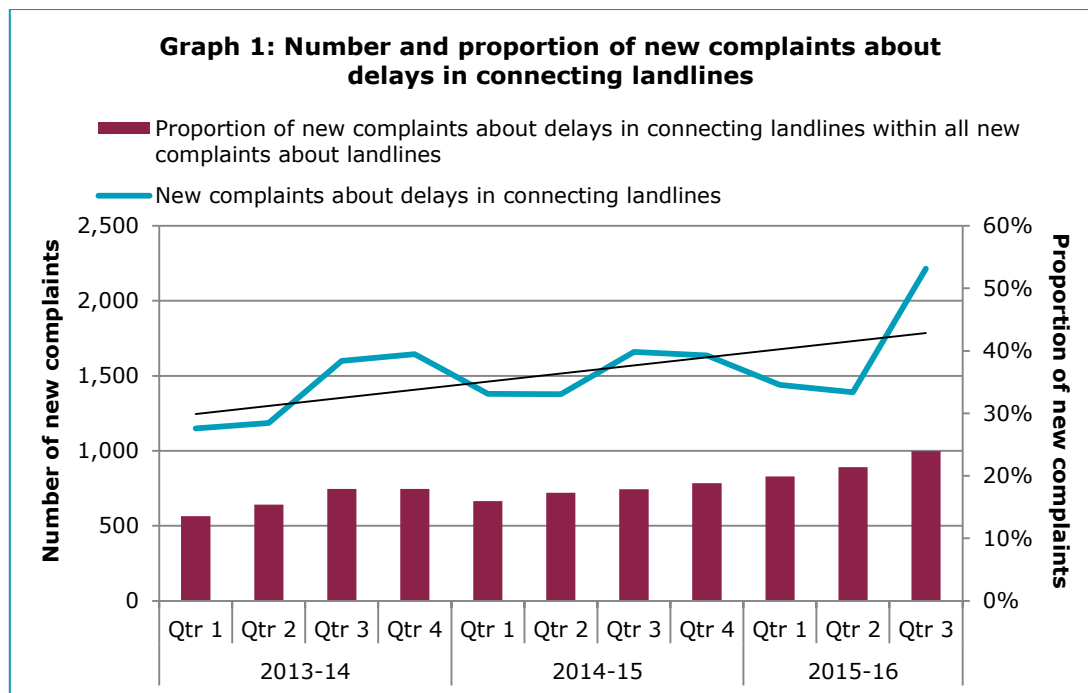
Our analysis of TIO complaints indicates a gradual increase in the number and proportion of complaints about delays in connecting landlines over the past three years. Consumers who complain to us about the delays in connecting their landlines express frustration, and concerns about additional charges incurred, risks to their health, or potential loss of business because of the delays.

New complaints about delays in connecting landlines (a subset of new complaints about landlines⁶) made up five per cent of all TIO new complaints over the past three years. In the first three quarters of 2015-16, new complaints about delays in connecting landlines made up 6.2 per cent of all TIO new complaints.

On average over the past three years, one in every six new complaints made to the TIO about landline services is about a delay in connecting a landline service.

As highlighted in **Graph 1**, over the past three years, new complaints about delays in connecting landlines made up 18.2 per cent of all new complaints about landlines. In the first three quarters of 2015-16, we received approximately 1,300 to 2,200 new complaints each quarter about delays in connecting landlines. **Graph 1** also shows a gradual increase over the past three years in the proportion of complaints about delays in connecting landlines.

⁶ The number of new complaints to the TIO about landlines has remained relatively steady over the past three years (see Graph A-1 in Appendix A). With overall numbers of new complaints to the TIO decreasing, the proportion of new complaints about landlines has increased over the same period. New complaints about landlines formed 27.8 per cent of all TIO new complaints in 2014-15 compared to 24.7 per cent in 2013-14. In the first three quarters of 2015-16, new complaints about landlines were 28.3 per cent of all new complaints.



The 'consumer voices' or excerpts from written complaints to the TIO set out on the next page provide an insight into consumer experiences when they do not have reasonable or reliable access to landline services because of a connection delay.

Consumer voices – delays in connecting landlines

1 "We have been waiting 7 weeks for connection of our phone line. We have spent over 16 hours over 3 appointments waiting for technicians to arrive ...only for them to not show up or leave without completing the work. We have spent over 17 hours on calls to my provider. We have had three provider staff tell us they have escalated our case only for subsequent operators to tell us this has not been done..."

The lack of home phone has caused us considerable inconvenience and safety risk and has involved my husband taking 2 full days of leave to be home for technicians that have not shown up and an extraordinary amount of wasted time on hold including calls in excess of 2 hours. We would like our phone and internet service connected urgently and to be compensated for our time and inconvenience."

BN, ACT, 2015

2 "5 weeks ago we requested a connection to the new premises we were moving to. We have now been in our new building for a week and don't have landline connections or the internet. We are receiving complaints everyday from our clients who cannot contact us. We do have a redirection to a mobile but this is proving quite unsuccessful. My provider is refusing to connect us to copper and insisting we have to be connected to the NBN. The NBN has been connected to inside our building but after repeated calls no one will tell me when our phone lines and internet will be connected. They say they will ring me back but don't."

We are losing business daily without our phones and all they say is they understand its a problem but they can't do anything about it and blame the NBN for the problem.

Every time I call they tell me they will get back to me to tell me when the phones can be connected but it never happens. The frustration of no honest communication is extremely stressful. I just want our phones and internet connected so we can run our business as efficiently as possible, surely that's not impossible. I'm sure we will still receive a bill for services that haven't been provided.

TJ, SA, 2016

3 "As we are not able to get mobile reception where I reside I have asked my provider to connect a landline. My provider has been telling me that they will install the line "next week", this response has been ongoing for 12 weeks.

I get seizures and require a phone service, I also live on a farm and need the phone in case of emergencies. The provider's excuse each week for not providing me a phone service is that they can't contact me, they are aware that there is no mobile service where I reside. If I were to have a seizure there is a possibility I could be seriously injured and unable to get medical help as we can't call anyone.

I would like some kind of phone service. Considering I live 30 km from the nearest town I wouldn't think this is difficult to do."

RL, WA, 2015

4 "I have opened a new business and contacted the provider on 10 December for connection of an existing phone line. The provider advised that as we had NBN on the premises we had to connect to this. Since this date we have had multiple cancellations during Feb and March with the technician not being able to make the appointment. We have been re scheduled for another 4 weeks for technicians to come and connect the service.

Having to wait 4 months for a simple phone connection on a brand new business has had serious financial repercussions on the business. I just need a phone connected ASAP, I have been waiting long enough and the longer this drags on the more the business suffers."

CM, NSW, 2015

5 "My mother is 82 years old and moved into a retirement village on 15 January, when the provider was supposed to connect her landline and internet. The landline is essential for her Medical Alert device which is a requirement of the village. Since that date the provider and the wholesaler have treated my mother appallingly with delays. They didn't even post her a priority form as was promised.

We have spoken to more than 30 people at the provider and the wholesaler. The wholesaler even took it upon themselves to cancel her order and told her to physically go into the provider's store and complete an application form.

Three months later, Mum is still without a landline and internet service. Only after I lodged complaints online with both the provider and the wholesaler did they both contact my mother and I. However, they only said they would keep us updated which seems to be a feeble attempt to appease us. There has been no commitment from either organisation on connecting the services."

DA, NSW, 2016

We analysed a random sample of 50 new complaints about delays in connecting landline or internet services, to draw out some of the issues that present in these types of complaints.⁷ While a small data set⁸, we believe these issues are indicative of some of the common problems in these types of complaints. From this analysis, we found:

- (a) *Delays in connecting landlines:* 36 of the 50 new complaints (72.0 per cent) involved delays in connecting a landline service, with six complaints involving a delay in connecting only a landline while 30 complaints involved delays in connecting both a landline and internet service.
- (b) *Length of delays:* The consumers in 29 of the 36 complaints about delays in connecting a landline service (80.5 per cent) experienced delays ranging from one week to four months before contacting the TIO.⁹
- (c) *NBN related connection delays:* Of the 36 complaints about delays in connecting a landline service, 12 involved the NBN (one third). These delays were caused by system or administrative errors such as the order being 'dropped off' (four complaints), issues with the infrastructure or with NBN Co (three complaints), and the incorrect disconnection of the landline service after migration to the NBN (one complaint).¹⁰
- (d) *Consumer and small business experiences:* 32 of the 36 complaints about delays in connecting a landline service involved residential consumers (88.9 per cent) who experienced frustration over the delays or waiting for appointments with technicians that did not turn up, paying for services they had yet to receive, and having to incur additional charges to use their mobile services. The other four complaints (11.1 per cent) involved small businesses that experienced loss of business or inability to offer particular services to their customers (eg EFTPOS), or could not proceed with business expansion plans.
- (e) *Vulnerable consumers:* In six of the 36 complaints about delays in connecting a landline service (16.7 per cent), the consumers were vulnerable in some way – three consumers were elderly or had life threatening medical conditions, while another three lived or ran a business in regional or remote areas. Of those six consumers, five required access to their landline services especially for emergency purposes and to stay connected to family and support networks, while one was dependent on the landline service to run their business in a rural area. The issues faced by these consumers from the lack of access to a landline and/or internet service were compounded by living in areas where the mobile coverage is poor and could not be fully relied on as an alternative.

Case studies 1 and 2 highlight examples of issues faced by consumers or small businesses when they experience delays in connecting a landline service.

⁷ For more information about how the TIO records complaints about multiple services, see Appendix A. In this sample, we reviewed a combination of landline and internet connection delay complaints.

⁸ This analysis is limited given these complaints reflect what consumers tell us, as we do not collect information from the relevant provider at the referral stage of new complaints.

⁹ In seven complaints, the consumers did not tell us the length of delay.

¹⁰ The causes of the delay were not disclosed in four complaints.

Case study 1: Delay in connecting a landline service in a bushfire prone area

Consumer A lives in a designated bushfire prone area. There are two houses on his property, approximately 200 metres apart: the Manager's house, which has a fixed wireless NBN connection, and a new main residence which in January 2016 was not yet connected. There was no copper infrastructure at the property, and no mobile coverage for several kilometres. Consumer A's family required voice and internet access for business and study.

In January 2016 Consumer A asked Provider N to connect a voice and internet service at the main residence. Provider N refused because it believed Consumer A couldn't have more than one fixed wireless connection per property. Despite NBN Co confirming this was not correct, Provider N refused to submit a connection request until Consumer A asked his local MP to advocate for him. A second address was generated in Provider N and NBN Co's systems, and a connection appointment was made for the end of March 2016.

In February 2016, at the peak of bushfire season, and before the new connection was active, Consumer A discovered the existing fixed wireless service at the Manager's house had been cut off. This left Consumer A unable to receive bushfire warnings or communicate in an emergency. When Consumer A contacted Provider N he was told someone would call him to arrange an interim service, but no one called as promised.

Consumer A contacted the TIO. He told us he wanted an interim service supplied urgently, the fixed line connected as soon as possible, and a refund of excess data charges his wife and daughter had incurred on their mobile services because they had no other internet access.

We escalated the complaint according to our urgent complaint procedures. In response, Provider N gave Consumer A an interim satellite voice service and a mobile broadband dongle which it would recharge with pre-paid credit as he needed it. The connection to the main residence was finally completed in May 2016. Consumer A was reimbursed \$424 for his family's mobile data charges. Consumer A was also compensated \$1911.80 under the Customer Service Guarantee Standard.

Consumer A accepted the resolution and we closed the complaint.

Case study 2: Delay in connecting an NBN landline service for a small business

Consumer B told us they represented a small medical business that was about to move to new premises. Before the move Consumer B asked Provider O to connect NBN landline and internet services at the new premises. Consumer B told us Provider O advised that the NBN was available in their area and gave them a connection date, which was subsequently missed. Provider O gave another connection date a month later which was also missed.

Consumer B told us the connection delay was causing a loss of business income and affecting their ability to properly treat their patients.

After trying to resolve the problem with Provider O without success, Consumer B complained to the TIO.

The complaint was still unresolved after we referred it to Provider O, so we contacted Provider O to start conciliation.

During conciliation Provider O told us it had realised the new premises was not NBN-ready, and it couldn't supply NBN services until more work was done by Consumer B's property developer. Consumer B would also need to contact their previous provider to reactivate their landline number, because Provider O couldn't offer interim services at the premises due to a lack of infrastructure.

We helped Provider O assess Consumer B's eligibility for compensation under the Customer Service Guarantee Standard, starting from when Provider O agreed to connect an NBN service up to the date it told Consumer B it could not supply a service.

Consumer B accepted the compensation assessment and agreed to follow Provider O's process to make a claim for loss of business income. We closed the complaint.

1.2.2 Delays in repairing landline faults

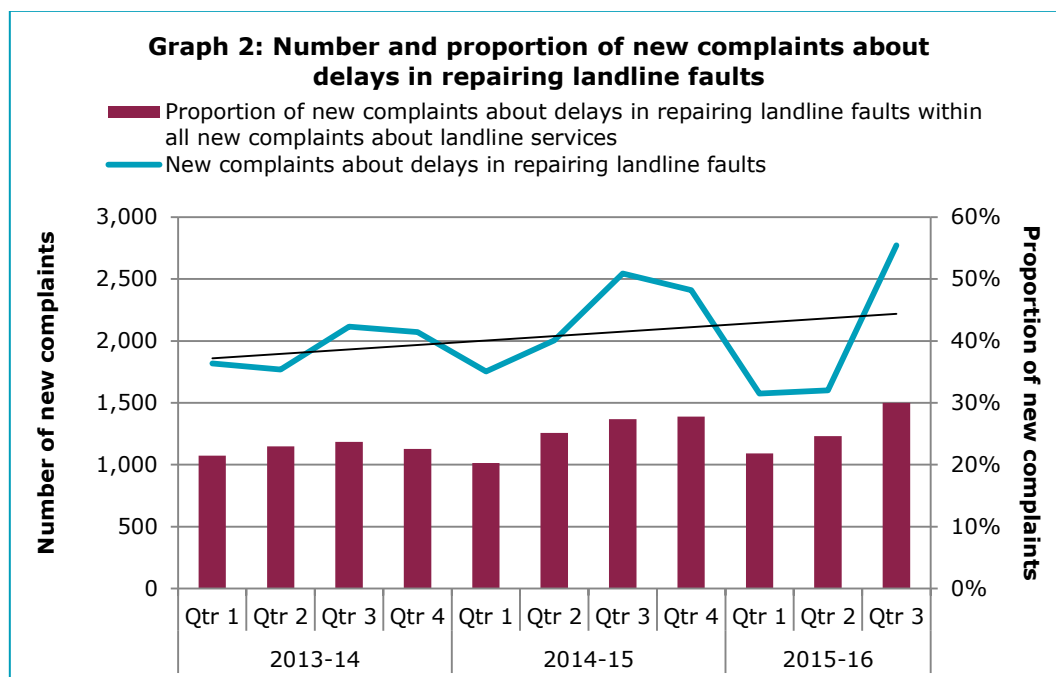
Our analysis of TIO complaints indicates a gradual increase in the number and proportion of complaints about delays in repairing landline faults over the past three years.

Consumers who complain to us about the delays in repairing their faulty landlines express frustration over time wasted trying to contact their provider to coordinate repairs, concerns about access to emergency services and risks to their health, or potential loss of business because of the delays.

New complaints about delays in repairing landline faults (a subset of landline new complaints¹¹) made up 6.5 per cent of all TIO new complaints over the past three years. In the first three quarters of 2015-16, new complaints about delays in repairing landline faults made up 7.2 per cent of all TIO new complaints.

On average over the past three years, one in every four new complaints made to the TIO about landline services is about a delay in repairing landline faults.

As highlighted in **Graph 2**, over the past three years new complaints to the TIO about delays in repairing landline faults made up 24.8 per cent of all new complaints about landlines. In the first three quarters of 2015-16, we received between 1,500 to 2,700 new complaints each quarter about delays in repairing landline faults. **Graph 2** also shows a gradual increase over the past three years in the proportion of complaints about delays in repairing landline faults.



The 'consumer voices' or excerpts from written complaints to the TIO set out on the next page provide an insight into consumer experiences when they do not have reasonable or reliable access to landline services because of a delay in repairing a fault.

¹¹ See footnote 7.

Consumer voices – delays in repairing landline faults

6 "We have very slow internet speeds as well as a very noisy telephone line that is constantly dropping out. This makes business calls impossible and is costing us a lot of money.

We have had a temporary lead-in line installed that is constantly being damaged as it comes in through our front gate from the foot path. This has been a problem for months and it has been impossible to get anyone to address the issue.

It is also a major safety hazard as we have had many visitors including my 94 year old grandfather trip over the cable that is just lying across our path. Our provider keeps referring it to the wholesaler who will not do anything."

GW, WA, 2016

7 "When it rains my landline does not function... after three or four complaints to my provider followed by three or four visits from the wholesaler's technicians (always in fine weather when the landline works) the problem still exists and my frustration is huge! Our mobile coverage here is almost non-existent and I am unable to communicate, sometimes for urgent matters. With winter approaching I am extremely concerned for what may occur.

Each wholesaler technician has commented on the poor quality of the outside road-side cable and the age of the 'pits'. But still nothing is done to rectify the situation. My provider has tried to help, but being a third party, by the time the fault is reported and the technicians arrive, the weather is fine and the landline works. This has gone on for months."

MJ, WA, 2016

8 "We are a small business dependent on our phones and internet and we need help! We placed an order to have NBN installed. Within 10 days we started to experience problems with our landline, which were not resolved in a timely manner. To date, we still experience intermittent problems with our landline (customers can't call but e-mail works).

Because of the difficulties experienced we are now hesitant to lodge another complaint. However, our provider has called to "check our phone lines" so they must know there is a problem. Nothing has been communicated to us. NBN hasn't been installed yet either and our provider blames NBN Co and NBN Co blames our provider. 2.5 months later our issues still have not been resolved."

SO, QLD, 2015

9 "Since NBN Co put the lines in I have had nothing but trouble with my landline and internet. I have very bad static on the line and a broadband that is more off than on.

For the last 9 months they've been saying its a wholesaler problem. The wholesaler says it's my provider's problem. I get told "it's under investigation" yet nothing seems to be getting done to fix the problem. I have reported the problem on average, at least twice a month for the last 9 months.

I am now suffering from headaches from the loud and constant static on my landline. I am beyond stressed by all of this and now it is affecting my health.

My provider no longer offers me any kind of refund on the loss of service, nor do they care that every time they want me to be at home for them, I lose a day's pay. I want them to start treating their clients as human beings. 9 months is too long for a problem to go on for."

WK, QLD, 2016

10 "Our landline starts off fine but after a short time crackles so loudly you cannot hear at all. Our internet frequently drops out for up to 30 seconds at a time. If we have paid to download a movie we lose the movie or it doesn't even load up. I need the phone and internet as I work from home and have to take conference calls. My husband does not have good health and a phone is essential to us.

I have contacted my provider many times. After running assorted tests from their base, a technician was sent... All the tech can do is re-tape the lines and then we get a text from the provider saying our service is fixed even though I keep complaining that it is not so.

On Friday I made an online complaint to my provider and today an internet technician came and replaced the wall socket and also did a repair to the lines. Today the internet still keeps dropping out and tonight the phone crackles so loudly it is unusable.

The lines should be replaced instead of sending people to tape them up all the time. Apparently this is a priority, but could still take months as no date is set for commencement. It is a waste of time and resources sending technicians on a daily basis. We have to wait at home for technicians to come and I have spent literally hours on the phone trying to have this fixed."

GK, TAS, 2016

We analysed a random sample of 50 new complaints about delays in repairing landline faults to draw out some of the issues that present in these types of complaints.¹² While a small data set, we believe these issues are indicative of the common problems in these types of complaints. From this analysis, we found:

- (a) *Length of delays:* the consumers in 30 of the 50 new complaints about delays in repairing landline faults (60 per cent) experienced faults that had occurred less than three months before they made a complaint with the TIO. In five complaints (10 per cent), the faults had occurred three to six months before TIO contact, and in eight complaints (16 per cent), the faults had occurred more than six months before TIO contact.¹³
- (b) *Repeated faults:* the consumers in 17 of the 50 new complaints about delays in repairing landline faults (34 per cent) reported their fault occurred repeatedly, even though their provider had attempted to repair the service (e.g. by sending a technician).
- (c) *NBN related delays in repairing faults:* Five of the 50 consumers (10 per cent) told the TIO their faulty landline service was an NBN service. In the remaining 45 complaints, the consumer did not state if their faulty landline service was an NBN service. The five consumers with faulty NBN landline services described line drop-outs or fully unusable lines.
- (d) *Consumer and small business experiences:* 40 of the 50 new complaints about delays in repairing landline faults (80 per cent) involved residential consumers and ten complaints involved small businesses (20 per cent). Small business complaints featured faults relating to landline services as well as other services such as EFTPOS. Of the ten business consumers, seven told the TIO that they were experiencing business loss because of the fault. These residential and small business consumers complained about general inconvenience, increased stress and wasted time trying to contact their provider to coordinate repairs with a wholesaler, associated issues such as repeatedly missed or changed technician appointments, and poor communication with their provider.
- (e) *Vulnerable consumers:* In 25 of the 50 new complaints about delays in repairing landline faults (50 per cent), the consumers were vulnerable in some way and their landline service appeared particularly important. Of these 25 vulnerable consumers, five lived in rural or regional locations, who might have less choice about service providers or alternative services. Ten other complaints involved issues relating to poor health or advanced age, with reported life threatening medical conditions and priority assistance status present in seven of those complaints. The ability to access emergency services was a particular concern for these consumers.

Case study 3 and **4** highlight examples of issues faced by consumers when they experience delays in repairing faulty (or disconnected) landline services.

¹² This analysis is limited given these complaints reflect what consumers tell us, as we do not collect information from the relevant provider at the referral stage of new complaints.

¹³ In seven complaints, the consumers did not tell us the length of the delay to repair their faulty landline service.

Case study 3: Delay in repairing a faulty landline service in a rural area

Consumer C told us he lives on a rural property and has had a copper landline service with Provider P. Provider P installed the landline cable in 2008 by running it through a creek. In 2010 Consumer C's landline service became faulty. Consumer C noticed the cable's casing had been washed away by the creek and the cable was exposed. Provider P sent out a technician, who told Consumer C the cable needed to be encased in concrete.

Faults on Consumer C's landline continued. After heavy rain the line was unusable for up to a week. Provider P sent technicians two or three times a year. Each technician told Consumer C that the line needed significant remedial work. Provider P put cement bags down over the cable, but they were washed away in a flood. Provider P also tried wrapping the line in plastic bags at the point where it crossed the creek, but this didn't stop the faults.

Sometimes Provider P would give Consumer C a temporary diversion from his landline to his mobile phone. Provider P did not give Consumer C any credits or Customer Service Guarantee compensation. When the landline wasn't working Consumer C relied on his mobile phone service. For several years, he had no mobile reception, and when the landline was not working, he was isolated. Even after his nearest cell tower was upgraded, he had coverage issues with his mobile phone and wireless internet.

Provider P offered to hang the landline cable on poles. However, Consumer C thought poles would restrict his freedom of movement when spraying his crops.

In January 2016 Consumer C contacted the TIO to complain, and we referred his complaint to Provider P. Provider P did not contact Consumer C until March, when it told him it was looking into the fault. Late in March 2016, Provider P contacted Consumer C again to say its vehicles were too heavy to cross a bridge near to his property. Consumer C's local council reinforced the bridge to allow heavy vehicles to cross.

A technician from Provider P visited the property in May 2016, but did not fix the fault. When Consumer C called Provider P to report this, Provider P told him it had closed his complaint. Consumer C contacted us again and we began conciliation.

In June 2016, technicians from Provider P arrived to install telephone poles, even though Consumer C had initially objected to an aerial solution. The technicians told him they could bury the cable instead, but Provider P had not authorised them to do this.

We considered Consumer C's objections and found they were not enough to challenge Provider P's decision to provide an aerial solution. We also asked Provider P to consider the consumer's eligibility for compensation under the Customer Service Guarantee Standard.

Provider P told us Consumer C was not entitled to compensation because it had met its Customer Service Guarantee obligations by offering him an interim service, which he had declined. To resolve the complaint Provider P eventually offered a goodwill gesture of \$1,330, representing the consumer's landline charges for over 21 months. We considered the offer was fair and reasonable, and closed the complaint.

Case study 4: Disconnection of a landline service before an NBN service is connected

Consumer D told us he had an active copper landline service with Provider Q. He had a medical condition and depended on a reliable landline service. When Consumer D asked Provider Q to move his service to the NBN he was told it would happen after a technician visit in four weeks.

Less than a week later Consumer D's copper landline service was disconnected without notice. All calls to the landline number went straight to voicemail. Consumer D asked Provider Q to reconnect the landline service as soon as possible and kept paying his monthly service charges. After several complaints to Provider Q, the landline was still not reconnected so Consumer D complained to the TIO.

We referred the matter to Provider Q. After referral, Consumer D told us he had received no contact from Provider Q apart from an SMS message saying it would contact him soon. We contacted Provider Q and started conciliation.

During conciliation Provider Q reconnected Consumer D's copper service. It acknowledged Consumer D's service had been disconnected by mistake. Provider Q committed to monitoring Consumer D's service to make sure there would be no more interruptions.

Consumer D's NBN service was eventually connected. Provider Q offered Consumer D compensation of \$1,100 under the Customer Service Guarantee Standard. We assessed this matched what Consumer D was entitled to under the Standard.

Consumer D was satisfied with the outcome, and we closed the complaint.

1.2.3 Delays in connecting or repairing NBN landline services

As the rollout of the NBN progresses, TIO complaints indicate consumers who transition to the NBN continue to rely on voice services, and experience detriment if there are delays in connecting or repairing their NBN landline services.

As noted in **Graphs 1** and **2** above, the increase in complaints about delays in connecting landlines and delays in repairing landline faults, particularly in the third quarter of 2015-16 is larger than previous seasonal trends. This increase is driven in part, by complaints about delays in connecting or repairing NBN landline services.

As highlighted in **Table 1**, in the first three quarters of 2015-16, the proportion of new complaints about delays in connecting NBN landline services increased to six per cent, up from 2.3 per cent of all new complaints about landlines in 2013-14. In first three quarters of 2015-16, new complaints about delays in connecting NBN landline services made up 27.5 per cent of all new complaints about delays in connecting landline services, double the proportion in 2013-14.

In the first three quarters of 2015-16, we received between 350 to 690 new complaints each quarter about delays in connecting NBN landline services.

Table 1: Delays in connecting NBN landlines	2013-14	2014-15	First three quarters of 2015-16
Complaints about delays in connecting NBN landlines	794	1,372	1,418
Complaints about delays in connecting NBN landlines as a proportion of all new complaints about landlines	2.3%	4.0%	6.0%
Complaints about delays in connecting NBN landlines as a proportion of all new complaints about delays in connecting landlines	13.8%	22.7%	27.5%

As highlighted in **Table 2**, in the first three quarters of 2015-16, the proportion of new complaints to the TIO about delays in repairing NBN landline services increased to 3.5 per cent, up from 1.2 per cent of all new complaints about landlines in 2013-14. In first three quarters of 2015-16, new complaints about delays in repairing NBN landline services made up 13.4 per cent of all new complaints about delays in repairing faulty landlines, more than double the proportion in 2013-14.

In the first three quarters of 2015-16, we received between 150 to 450 new complaints each quarter about delays in repairing faulty NBN landline services.

Table 2: Delays in repairing faulty NBN landlines	2013-14	2014-15	First three quarters of 2015-16
Complaints about delays in repairing faulty NBN landlines	429	599	831
Complaints about delays in repairing faulty NBN landlines as a proportion of all new complaints about landlines	1.2%	1.7%	3.5%
Complaints about delays in repairing faulty NBN landlines as a proportion of all new complaints about delays in repairing landline faults	5.4%	6.9%	13.4%

The increase in new complaints about delays in connecting or repairing NBN landline services is associated with the NBN rollout, a major project where landline and internet services go through a process of installation and migration. The number of activated premises across the NBN increased in the third quarter of 2015-16 to 902,948, more than double the activated premises at the same time the previous year.¹⁴ Complaints to the TIO about delays in connecting or repairing faulty NBN landline services are likely to continue with the progressive rollout of the NBN.

Case studies 2 and **4** above highlight examples of issues faced by consumers when they experience delays in connecting or repairing faulty NBN landline services.

¹⁴ See the [NBN Weekly Progress Report](#) 21 July 2016, which contains NBN rollout information.

1.2.4 Impacts on small businesses and consumers in regional and remote Australia

Delays in connecting landlines and repairing faulty landlines deprive consumers of access to reliable voice services, with small businesses and consumers in regional and remote Australia particularly impacted.

On average over the past three years, small businesses featured in 19.8 per cent of all new complaints about landline services. As highlighted in **Table 3**, in the first three quarters of 2015-16, new complaints to the TIO from small businesses about delays in connecting landlines as a proportion of all complaints about delays in connecting landlines decreased slightly to 15.9 per cent from 16.2 per cent in 2013-14. Conversely, in the first three quarters of 2015-16, new complaints from small businesses about delays in repairing faulty landlines as a proportion of all complaints about delays in repairing faulty landlines increased to 21.5 per cent, up from 19.3 per cent in 2013-14.

In the first three quarters of 2015-16, we received between 250 to 300 new complaints each quarter about delays in connecting landlines and between 300 to 550 new complaints each quarter about delays in repairing faulty landlines, from small businesses.

Table 3: Complaints from small businesses about delays in connecting landlines and repairing faulty landlines	2013-14	2014-15	First three quarters of 2015-16
Complaints from small business about landlines as a proportion of all new complaints about landlines	19.2%	19.6%	21.1%
Complaints from small businesses about delays in connecting landlines as a proportion of all complaints about delays in connecting landlines	16.2%	15.6%	15.9%
Complaints from small businesses about delays in repairing faulty landlines as a proportion of all complaints about delays in repairing faulty landlines	19.3%	20.7%	21.5%

On average over the past three years, complaints from consumers in regional and remote Australia feature in 26.3 per cent of all new complaints about landlines.

As highlighted in **Table 4**, in the first three quarters of 2015-16, new complaints about delays in connecting landlines as a proportion of all new complaints about landlines from consumers in regional and remote Australia increased to 23.2 per cent, up from 16.5 per cent in 2013-14.

Similarly, in the first three quarters of 2015-16, new complaints about delays in repairing faulty landlines as a proportion of all new complaints about landlines from consumers in regional and remote Australia increased to 25.2 per cent, up from 23.2 per

cent in 2013-14. This means one in every four new complaints about landline services from consumers in regional and remote Australia is about a landline fault.

In the first three quarters of 2015-16, consumers in regional and remote Australia made between 300 to 500 new complaints each quarter about delays in connecting landlines and between 400 to 650 new complaints each quarter about delays in repairing faulty landlines.

Table 4: Complaints from consumers in regional and remote Australia about delays in connecting and repairing faulty landlines	2013-14	2014-15	First three quarters of 2015-16
Complaints from consumers in regional and remote Australia about landlines as a proportion of all new complaints about landlines	27.4%	26.5%	24.6%
Complaints about delays in connecting landlines as a proportion of all new complaints about landlines, from consumers in regional and remote Australia	16.5%	17.9%	23.2%
Complaints about delays in repairing faulty landlines as a proportion of all new complaints about landlines, from consumers in regional and remote Australia	23.2%	24.9%	25.2%

Case studies 1, 2, 3 and 4 above highlight examples of issues faced by small businesses and consumers in regional and remote Australia when they experience delays in connecting landlines or repairing landline faults.

2. Access to 'essential' communications services

The TIO recommends:

- Extending the universal service obligation to a wider range of essential communication services for voice and data (a Universal Communications Obligation).
- Introducing benchmarks and timeframes for the connection and fault rectification of essential communications services.
- Clarifying the responsibilities of the wholesaler(s) and other participants in the telecommunications supply chain when providing access to essential communications services.

2.1 A universal communications obligation for essential services

Recommendation 2:

Extend the universal service obligation to a wider range of essential communication services for voice and data (a Universal Communications Obligation).

Recommendation 3:

Introduce benchmarks and timeframes for the connection and fault rectification of essential communications services.

We recommend extending the universal service obligation to a wider range of essential communications services and including benchmarks and timeframes for the connection and fault rectification of these services because:

1. communications services, especially internet services, are increasingly essential to consumers
2. there is currently a lack of availability of internet services for consumers in some areas, pending the rollout of the National Broadband Network, and
3. delays in connecting internet services and repairing internet faults adversely impact consumers who rely on the internet to carry out their daily lives, work and communicate with each other.

2.1.1 Communications services – especially internet services – are increasingly essential to consumers

Consumers need access to a wider range of communications services, especially internet services, because these are increasingly essential to their communications needs.

The Productivity Commission in its 2008 Report on the Review of Australia's Consumer Policy Framework¹⁵ commented that the essential nature of telecommunications services has warranted both generic and specific consumer protection measures. The current universal service obligation is one such measure. What has changed markedly since the inception of the universal service obligation is consumer perception about what is an 'essential' communications service.

Communications services – extending beyond the traditional standard telephone service – are becoming more and more 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, banking and employment, accessing government services and relationships with family and friends. The rapid and ongoing proliferation of digital services means that communications services will be increasingly important in the future.

Today, Australian consumers are increasingly taking up mobile services (31.77 million services as at 30 June 2015) and broadband services (12.95 million services as at 31 December 2015), with landline services remaining relatively static over the past few years (9.08 million services as at 30 June 2015).¹⁶ The National Broadband Network (NBN) is or will be a prominent enabler for the delivery of fast broadband in most parts of Australia, thus driving further demand for innovative, fast and reliable internet services.

Increasing demand for telecommunications services in Australia, in particular for data services, has been widely publicised in recent years. From December 2014 to December 2015, the number of subscribers that accessed the internet at an advertised download speed of 8Mbps or greater increased by 16.8 per cent to 10.6 million subscribers.¹⁷ Over this period, the volume of data downloaded by fixed line broadband showed a 50.4 per cent increase.¹⁸ As for mobile data, the volume of data downloaded by mobile handsets increased by 27 per cent from December 2014 to December 2015.¹⁹ A significant contributor to this growth, particularly for fixed line services, is the increasing popularity

¹⁵ Productivity Commission (April 2008), [Review of Australia's Consumer Policy Framework, Final Report, Volume 2](#), at page 7 and 109.

¹⁶ As at 30 June 2015 there were 31.77 million mobile voice and data services in Australia compared to 31.01 million as at 30 June 2014: ACMA, [Communications Report 2014-15](#), at pages 17-18. As at December 2015 there were 12.95 million active internet subscribers in Australia compared to 12.69 million as at December 2014: Australian Bureau of Statistics (ABS), [Internet Activity Australia Report December 2015](#). As at 30 June 2015 there were 9.08 million landline services in Australia compared to 9.19 million landline services as at 30 June 2014: ACMA, [Communications Report 2014-15](#), at page 14.

¹⁷ Australian Bureau of Statistics (ABS), [Internet Activity Australia Report December 2015](#).

¹⁸ ABS, [Internet Activity Australia Report December 2015](#).

¹⁹ ABS, [Internet Activity Australia Report December 2015](#). For the 21.3 million mobile handset subscribers, this equates to 1.4 GB of data downloaded per subscriber per month.

of audio-visual streaming services, with the introduction of subscription video on demand services such as Netflix, Presto and Stan.²⁰

The use of smartphones and other mobile internet devices is also becoming increasingly important, particularly in regional and remote Australia. Recent research by the ACMA revealed that 30 per cent of those living in regional and remote Australia are mobile-only phone users for voice services compared to 28 per cent of those living in major cities.²¹ The ACMA research also revealed that 26 per cent of those living in regional and remote Australia are mobile-only internet users compared to 19 per cent of those living in major cities.²²

In our experience, consumers who approach the TIO are likely to see different communications services as being essential, depending on their circumstances, where they live or work, and their communications needs.

²⁰ ACCC, [Telecommunications Report 2014-15](#), page 18.

²¹ 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."

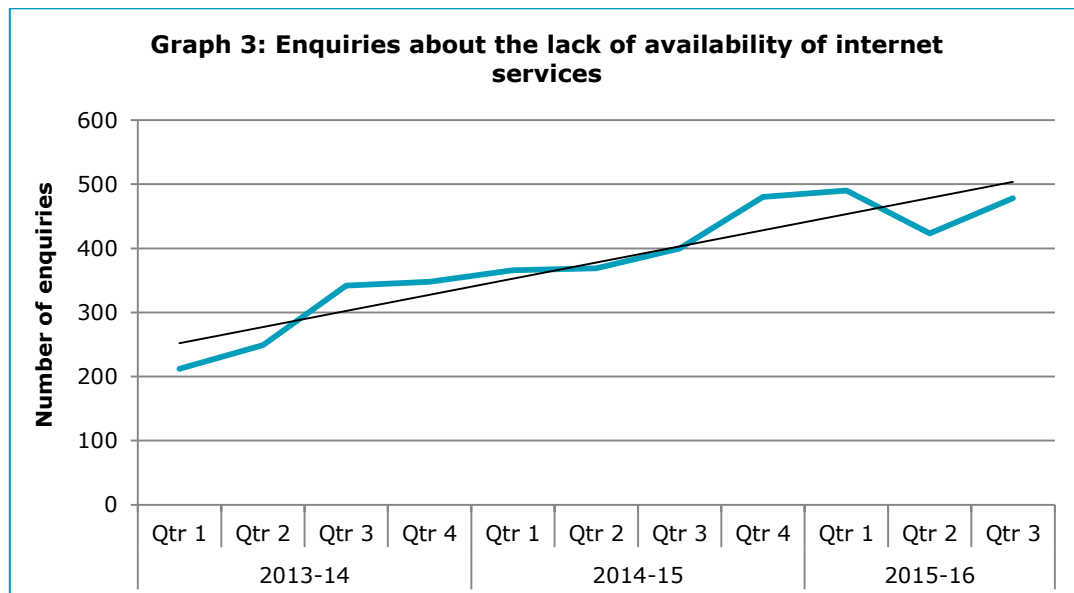
²² ACMA Research (June 2015), [Australians get mobile](#).

2.1.2 Lack of availability of internet services pending the NBN rollout

The TIO's complaints data indicates there is currently a lack of availability of internet services for consumers in some areas, pending the completion of the NBN rollout in 2020.

Each year, around 1,200 to 1,500 consumers complain to the TIO about the lack of availability of internet services where they live or run their business. We are unable to resolve these complaints because internet services are not a universal service and we cannot compel providers to build additional infrastructure in a particular area to offer these services.²³ We can handle these types of matters if a consumer is held to a contract for, or misled at point of sale about, the availability of internet services.

As highlighted in **Graph 3**, over the last three years, the number of enquiries to the TIO about the lack of availability of internet services has increased. Enquiries about this issue increased by 19.5 per cent in the third quarter of 2015-16 compared to the same period in 2014-15, and by 39.8 per cent compared to the same period in 2013-14. In the first three quarters of 2015-16, we received approximately 1,300 enquiries about this issue.



²³ We record these types of complaints as enquiries because we do not have the ability to compel providers to make these services available to the affected consumers.

We analysed a random sample of 55 enquiries from consumers who were facing difficulties in obtaining an internet service, to draw out some of the issues that present in these types of enquiries. While a small data set²⁴, we believe these consumer experiences are indicative of the issues in these types of enquiries. These issues are as follows:

- *No ports available:* Consumers in 16 enquiries within the sample of 55 enquiries (29.1 per cent) told us the provider initially agreed to provide an internet service but then told the consumer, after some delays, there were no ports available for an internet connection.
- *Long wait times to get an internet service:* In 15 of the 55 enquiries (27.3 per cent), the consumers told us they had been trying to get an internet service for up to one year, while another 12 consumers (21.8 per cent) said they had been waiting for more than a year to get an internet service.
- *No ports available after moving premises:* In 12 of the 55 enquiries (21.8 per cent), the consumers told us that after moving to a new premise, they were not able to access an internet service because of a lack of available ports at their local telecommunications exchange.
- *Told to wait for the NBN:* In nine of the 55 enquiries (16.4 per cent), the consumers told us their provider said it would not upgrade the existing infrastructure and the consumer had to wait for the NBN (even in circumstances where it was unclear when the NBN would be rolling out to their area).
- *Increased use of mobile broadband:* In 17 of the 55 enquiries (30.9 per cent), the consumers told us they had to use mobile broadband services which can be more expensive, because they could not get a fixed internet service or they faced delays in getting an internet service.
- *Internet is essential for a range of reasons:* In ten of the 55 enquiries (18.2 per cent), the consumers expressly told us the internet was an essential service they needed for activities such as study, employment or to run a business. The remaining enquiries did not contain sufficient information about this issue.

Case study 5 sets out some of the issues consumers face about the lack of availability of internet services and the impact this may have on them.

²⁴ This analysis is limited as we do not collect detailed information from consumers or the relevant provider for enquiries.

Case study 5: Lack of availability of internet services

"The provider has ceased installation of ADSL infrastructure due to the rollout of the NBN. However, there are many towns which aren't expected to have NBN for two to five years, which have now run out of available ADSL ports. This means no new customers can connect to the internet.

I arranged to move my ADSL services from Town A in Queensland to Town B. The provider confirmed the service was available and would be active on 10 September 2015. Before this, I also checked with the provider to ensure the address was serviced as I run a small business from home. I am currently on a 500GB plan for \$90 a month. With everything confirmed my partner and I leased the property and he resigned from his job in Town A and took on a new job in Town B.

This week when following up on my order I was told my order couldn't be completed. Over the following days I have learnt the issue of there being no available ports left in the entire town. Hundreds of people are on a waiting list for ADSL, some have been waiting since 2011, and the NBN is two to five years away.

The provider has assigned me several case managers who have been following up with me most days. They were to arrange a technician to install a phone line at the property and then let me know today if there was any way they could arrange a manual assignment of a port.

However, I just received a call from my case manager who has informed me the technician didn't attend. The appointment has been rescheduled to today with an outcome tomorrow (Friday evening). I am meant to be moving in on Saturday morning. If I move there and there is no internet I can't run my business or earn an income. My partner may need to resign from his new job now and we will have to stay in Town A - but he won't have work as his previous role is filled.

I want the provider to urgently resume the installation of ADSL ports in all towns with exhausted ADSL capacity, that are also more than 12 months from connection to the NBN.

The NBN Co has confirmed construction is not due to commence in Town B until late 2016, with competition not guaranteed until at least 2020."

AG, QLD, 2015

2.1.3 Delays in connecting internet services or repairing internet faults impact significantly on consumers

The increasing reliance that consumers place on internet services as an essential communications tool means there are significant consequences to consumers if they do not have reasonable and reliable access to these services. TIO complaints about delays in connecting internet services and repairing internet faults indicate these delays impact significantly on consumers, particularly small businesses, and those living in regional or remote areas.

The following sections explain in more detail the impacts of delays in connecting internet services or repairing internet faults on consumers:

- Section 2.1.3.1 – delays in connecting internet services
- Section 2.1.3.2 – delays in repairing internet faults
- Section 2.1.3.3 – delays in connecting or repairing NBN internet services, and
- Section 2.1.3.4 – impacts on small businesses and consumers in regional and remote Australia.

2.1.3.1 Delays in connecting internet services

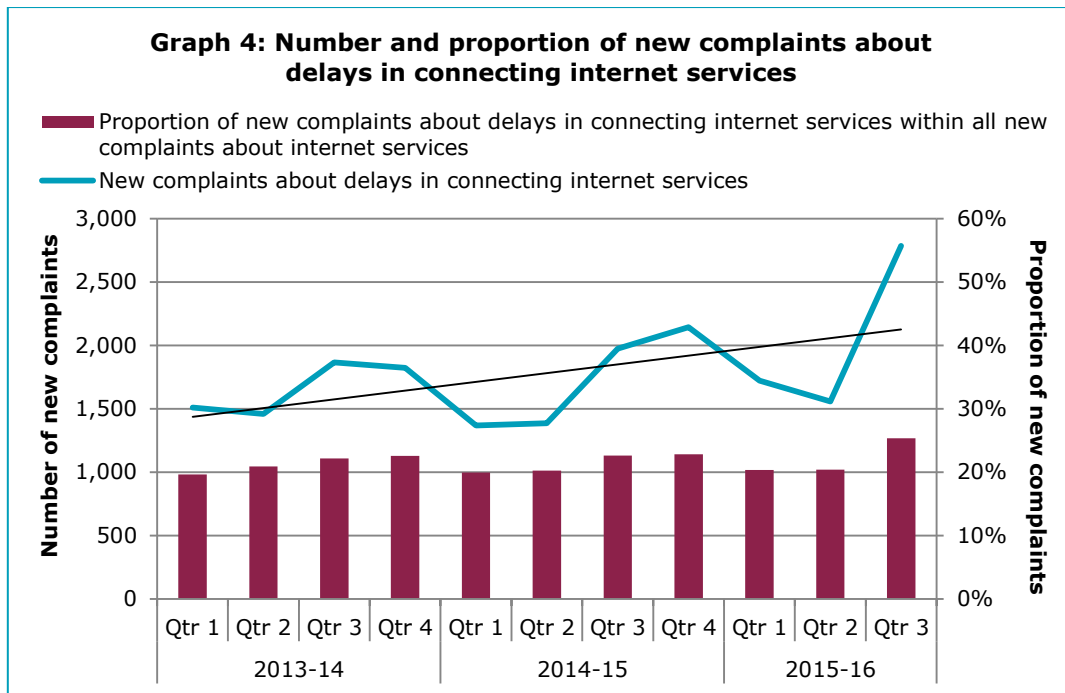
Our analysis of TIO complaints indicates a gradual increase in the number and proportion of complaints about delays in connecting internet services over the past three years. Consumers who complain to us about the delays in connecting their internet services express frustration and distress over the consequences of the delays, such as loss of business or employment opportunities, isolation or exclusion from social participation, and lack of access to government and medical services, or to family and friends.

On average, 5.8 per cent of all TIO new complaints over the past three years were about delays in connecting internet services (a subset of new complaints about internet services²⁵). In the first three quarters of 2015-16, new complaints about delays in connecting internet services made up 7.4 per cent of all TIO new complaints.

On average over the past three years, one in every five new complaints made to the TIO about internet services is about a delay in connecting an internet service.

As highlighted in **Graph 4**, over the past three years, new complaints to the TIO about delays in connecting internet services made up 21.5 per cent of TIO new complaints about internet services. In the first three quarters of 2015-16, we received approximately 1,500 to 2,700 new complaints each quarter about delays in connecting internet services. **Graph 4** also shows a slight increase over the past three years in the proportion of complaints about delays in connecting internet services.

²⁵ The number of new complaints to the TIO about internet services has increased steadily over the past three years, with the proportion of these complaints also increasing over the same period (see Graph A-1 in Appendix A). New complaints about internet services formed 25.5 per cent of all TIO new complaints in 2014-15 compared to 22.4 per cent in 2013-14. In the first three quarters of 2015-16, new complaints about internet services made up 33.3 per cent of all new complaints.



The 'consumer voices' or excerpts from written complaints to the TIO set out on the next page provide an insight into consumer experiences when they do not have reasonable or reliable access to internet services because of a connection delay.

Consumer voices – delays in connecting internet services

11 "We ordered our internet for our new house on January 20, 2016. We were told it would be installed on February 18, 2016. This did not happen, and now the provider is saying the earliest they can install our internet is March 18. This is unacceptable. We have already paid and need to wait two months for the service to be installed.

No refund or expedience of service installation was offered. They said it is due to NBN rolling out, but we don't care about NBN right now, we need internet! My partner is a stock trader and unable to do her job from home. This is a BIG problem and we have been more than patient with the provider."

JK, NSW, 2016

12 "I contacted the provider to check that my landline and internet connection would be available 6 weeks before I moved. I was told that landline was a definite yes and the internet a maybe. I suffer ill health, anaphylactic shock and severe deafness, so having a landline is important.

Moved in on 11 March and was informed that there was a problem with cable from street box to exchange. It is now April and we still don't have a phone or internet, despite numerous calls which are usually over an hour long. Case manager never returns calls. It is costing me a fortune on a mobile phone as I am going over my data all the time now.

Enough is enough. My life could be put at risk here by not being able to reach emergency services. I have asked over and over again for my case to be escalated...

When I first rang the provider to check things, I was rudely told that they couldn't guarantee internet and that it wasn't their fault I was moving. Then to find out that that person had actually cancelled my order for relocation of phone services.

I would like the phone line connected and internet connected as it is also very important to me being hearing impaired. I can't access subscriptions I am paying for with other companies on the internet. I think the provider should be liable for compensation of our out of pocket expenses and get our phone line and internet up and running ASAP as well as return phone calls when messages are left on their voice mail. Something needs to be done."

BT, NSW 2016

13 "Before accepting a rental property in April, I contacted my provider to ensure I would have ADSL access for my business internet needs. After accepting the property, I contacted my provider almost daily for 2 weeks to discuss arrangements and confirming that ADSL was available. It has now been 8 weeks and I am being denied ADSL. My business has almost entirely collapsed without ADSL connection.

My provider has refused to assist, refused to discuss possible alternative options, uncaring that internet was guaranteed and now is not delivered.... First my provider told me there was internet, then told me there has never been internet in my street, then told me my neighbours with an ADSL connection and a shared wall have it because they are on a different exchange... This has cost me my business and only income.

I would like internet to be immediately connected at my address, as promised. I do not care if that is in the form of ADSL, Cable, or mobile internet of the SAME data cost ratio as the ADSL I was initially promised. I want to work, and I am being denied the right to work."

NP, QLD, 2016

14 "My partner and I have recently purchased and moved out to a block in a rural area. Once we moved in, we tried to arrange phone and internet and it has been nothing short of a nightmare.

Originally providers advised we could get fibre optic, then the NBN came out and advised we need satellite. I have contacted a provider that was a preferred provider of satellite and I have now been told it could be 2-3 months before we get services. This is very concerning to me given that we live in a high fire zoned area with very little mobile service, as well as the fact that I have a medical condition.

I have even tried to just get the old fashioned landline and ADSL but I have been told there are no ports available. How can this be in this day and age that we are unable to get phone or internet? Why has this area been classified as 'NBN ready' yet we have to go on a 3 month waiting list??

The service provider basically told me it is an NBN issue. NBN tells me it is a provider issue. The left hand doesn't seem to know what the right hand is doing and in the mean time we are without vital services."

SL, VIC, 2016

We analysed a random sample of 50 new complaints about delays in connecting landline or internet services, and 15 conciliations (a total of 65 cases) about delays in connecting landline or internet services, to draw out some of the issues that present in these types of complaints.²⁶ While a small data set,²⁷ we believe these issues are indicative of the common problems in these types of complaints. From this analysis, we found:

- (a) *Bundled services:* Of the 65 cases about delays in connecting landline or internet services, 42 cases (64.6 per cent) involved a bundled service arrangement with delays in connecting both landline and internet services. Another 14 cases (21.5 per cent) were exclusively about delays in connecting internet services while a further nine cases (13.8 per cent) involved delays in connecting landlines. From our observations, consumers with bundled services (42 of the 65 cases) were more likely to see both services as being essential, with a higher degree of detriment if the connection of both landline and internet services were delayed at the same time.
- (b) *Length of delays:* The length of delay experienced²⁸ ranged from one week to 16 months. Across the 65 cases about delays in connecting landline or internet services, seven cases (10.8 per cent) involved delays of more than six months, 15 cases (23.1 per cent) involved delays from three to six months, and 32 cases involved delays of up to three months (49.2 per cent).²⁹
- (c) *Reasons for the delays:* In the sample of 50 new complaints about delays in connecting landline or internet services, consumers told us the reasons their provider had given for the delays included³⁰:
 - infrastructure damaged or missing, or further work was required in 17 new complaints (34.0 per cent) (e.g. lead-in cable or conduit not installed or damaged, or asbestos in the pit)
 - an administrative or system error in eight new complaints (16.0 per cent) (e.g. a provider not being able to locate the consumer's address in its systems or the order has 'dropped off'), and
 - lack of service availability in six new complaints (12.0 per cent) (e.g. no ports at the local exchange or lack of satellite capacity).

We obtained the provider's view of the cause of the delay in the 15 conciliations about delays in connecting landline or internet services:

- six cases (40 per cent) involved easily avoidable delays caused by human error or system or administrative errors (e.g. a system repeatedly cancelling the connection order because of an outstanding debt that was subject to a payment arrangement, or the input of an incorrect address at point of sale)

²⁶ For more information about how the TIO records complaints about multiple services, see Appendix A.

²⁷ This analysis is limited for new complaints as we do not collect information from the relevant provider at the referral stage of new complaints. More information is obtained from the relevant providers during conciliation.

²⁸ This was calculated as follows: for new complaints – from the connection order date to the date the complaint was made to the TIO, and for the conciliated cases – from the connection order date to the connection active date.

²⁹ In 11 of the 65 cases (16.9 per cent) the full duration of the delay could not be ascertained from the information we had available.

³⁰ In 15 of the 50 new complaints about delays in connecting landline or internet services (36.0 per cent) the consumer was not told the cause of the problem, and in four new complaints (8.0 per cent) the issues were not related to the provider (e.g. faulty internal wiring).

- in six cases (40 per cent), technicians discovered the lead in cabling or its conduit was damaged when they went to supply the connection
- in two cases (13.3 per cent), issues during the NBN rollout appeared to be the cause (e.g. installation not complete or premises skipped in the rollout)
- in another two cases (13.3 per cent), the delays were impacted by the need to employ specialists or machinery to cut through rock or to remove asbestos, and
- in one case (6.7 per cent), the provider cited its high workload as a contributing factor.

(d) *NBN related connection delays*: 13 new complaints and nine conciliated cases involved delays in connecting internet services on the NBN (one third of the total 65 cases).

(e) *Consumer and small business experiences*: Of the 65 cases about delays in connecting landline or internet services, 55 cases were complaints from residential consumers (85 per cent) and 10 cases were complaints from small businesses (15 per cent). The small businesses said they experienced business and reputational loss as a result of the delay, or wasted expenses to pay for a lease at a new business site that could not be used. Similar sentiments were expressed by residential consumers in nine cases who worked from home using their internet and landline services.

(f) *Other types of financial detriment*: In 24 of the 65 cases about delays in connecting landline or internet services (36.9 per cent), the consumers told us they experienced financial detriment (other than business loss), because they utilised alternative services during the delay and incurred excess usage charges or had to pay higher usage rates. This was a particular problem for consumers who needed to connect to the internet, and who had incurred costs by purchasing mobile broadband dongles or used their mobile services more than they otherwise would.

Other types of financial detriment included being billed for services not yet connected, the cost of equipment or contracts purchased at the same time as the delayed service(s), the cost of moving to premises with an internet connection, the cost of obtaining specialist technical or contractor assistance, or the cost of services not wanted or needed (e.g. the consumer connects a landline service solely to get internet and then finds out they cannot get internet at all).

(g) *Frustration and inconvenience*: Consumers in the 65 cases about delays in connecting landline or internet services also complained of the general inconvenience, increased stress and wasted time associated with their connection delay, being unable to access education materials or complete schoolwork, and associated issues such as repeatedly missed or changed appointments, and poor communication from their provider.

(h) *Outcomes of conciliated cases*: Connection was ultimately achieved in all the 15 conciliations about delays in connecting landline or internet services. In three of the 15 cases, the connection was the only remedy provided. In seven of the 15 cases the consumer was entitled to compensation under the Customer Service Guarantee (CSG) Standard for delays in connecting the landline service, with compensation awarded amounting to a total of \$6,891.16. The largest amount to a single consumer was \$2,008.60. In six of the 15 cases, the consumers were not entitled to compensation under the CSG Standard because the consumer had agreed to a waiver at the point of sale, they had applied for a CSG ineligible service, had declined the

offer of an interim service or an exemption applied for extreme weather conditions. In six of the 15 cases, consumers received other financial rebates or goodwill credits to compensate them for costs incurred, or had their fixed term contracts cancelled without having to pay a termination fee.³¹

- (i) *Vulnerable consumers:* In 12 of the 65 cases (18.5 per cent), the consumers were vulnerable in some way – six consumers were elderly or had a life threatening medical condition or a disability, while another six consumers lived or ran a business in regional or remote areas. The issues faced by these consumers because of the lack of access to an internet or landline service were compounded by living in areas where mobile coverage is poor and could not be fully relied on as an alternative, or where there was limited or no options for alternative internet services.³²

Case studies 6 and 7 highlight examples of issues faced by consumers or small businesses when they experience delays in connecting an internet service.

³¹ The remedies in these 15 conciliated cases overlap as more than one remedy can be obtained in each case.

³² See analysis on this issue for delays in connecting landlines in section 1.2.1 above.

Case study 6: Delay in connecting an internet service in a rural area

Consumer E built a house on a large, rural property in a remote part of Queensland and needed to get internet connected for her daughter's studies. She came to the TIO because she'd been told she couldn't have an ADSL internet service connected, despite having paid a contractor \$7,150 to install a fixed line at the property.

Consumer E told us when she'd asked Provider R to connect the internet in November 2014 she was told it could be done once a fixed line was connected. However, once the cabling work was complete, Provider R told her she could actually only access internet via satellite. Consumer E said she didn't need a voice service, and had not had one for two and a half years. She wanted Provider R to reimburse her for the cost of the contractor works, Provider R's connection fee of \$299 and monthly line rental fees totalling \$395.66.

Referring the complaint back to Provider R didn't resolve the problem, so we began conciliation. During conciliation Provider R told us the transmission loss on the line was too significant to carry ADSL because the property was too far from the nearest exchange, and it could not have known this before the landline was connected. It also said its system notes and call recordings from when the order was placed in February 2015 didn't show any promises about internet were ever made to Consumer E. Provider R offered to reimburse Consumer E's connection and monthly access fees, but not the contractor costs.

Consumer E turned down this offer, so we started an investigation. To support her position Consumer E gave us her mobile phone records from November 2014, showing she definitely called Provider R at this time. She also gave us a page of her diary from November 2014, containing information she was unlikely to have gotten from anyone but Provider R, such as the phone number for Provider R's service pre-provisioning department.

Provider R conceded Consumer E had spoken to it back in November 2014, but told us it had no detailed notes or recordings of those conversations. Although the notes for those conversations were limited, we noted they contained notations such as 'BroadBandOrder' and 'RequestOrderStatusInternet', indicating that internet was being discussed at that time. We also considered Consumer E's landline usage records, which showed she only made one call after the line was connected.

Recognising that the property now had a fixed line connection, which could provide a voice service and might one day be capable of providing internet, we suggested a 50 per cent reimbursement of the contractor's fee as an appropriate resolution. Provider R agreed as long as Consumer E signed a deed of release.

Consumer E accepted this resolution, and signed and returned the deed of release. We closed the investigation. Consumer E later told us she had now been able to connect an NBN service at her home.

Case study 7: Delay in connecting NBN services and premature disconnections of existing services

Consumer F had a landline and ADSL internet service with Provider S which he used to run his gardening business from home.

Consumer F signed up for an NBN service with Provider S. After Consumer F received his NBN modem his pre-existing landline and internet services were disconnected without notice.

Consumer F contacted Provider S to activate his NBN services, but was told he would not be connected for another week. He asked for an interim service to mitigate any loss of business income, but Provider S declined, saying that the NBN service would be connected soon.

After repeated attempts to resolve the matter directly with Provider S, Consumer F complained to the TIO. We referred the complaint to Provider S. In response, Provider S agreed to divert Consumer F's business phone number to his mobile phone. Provider S also gave Consumer F a temporary mobile broadband service. However Consumer F experienced regular dropouts and coverage issues at his address.

After the interim services were received Provider S missed its service connection commitment date, and gave no new timeframe on when the NBN services would be connected.

Consumer F returned to us, and we began conciliating the complaint. During conciliation Provider S sent a technician to Consumer F's premises. The technician found a fault at Consumer F's node. According to Provider S this would take approximately 20 days to repair. Two weeks later, the NBN services were connected.

Provider S agreed to cover out-of-pocket expenses related to the service downtime. Provider S assessed Consumer F's eligibility for compensation under the Customer Service Guarantee Standard and offered a payment under this scheme. Provider S also offered to cover excess data charges incurred on Consumer F's mobile bill because he hadn't been able to use the mobile broadband service. Consumer F agreed to send through a completed business loss compensation form for further assessment.

Consumer F was satisfied with resolution and we closed the complaint.

2.1.3.2 Delays in repairing internet faults

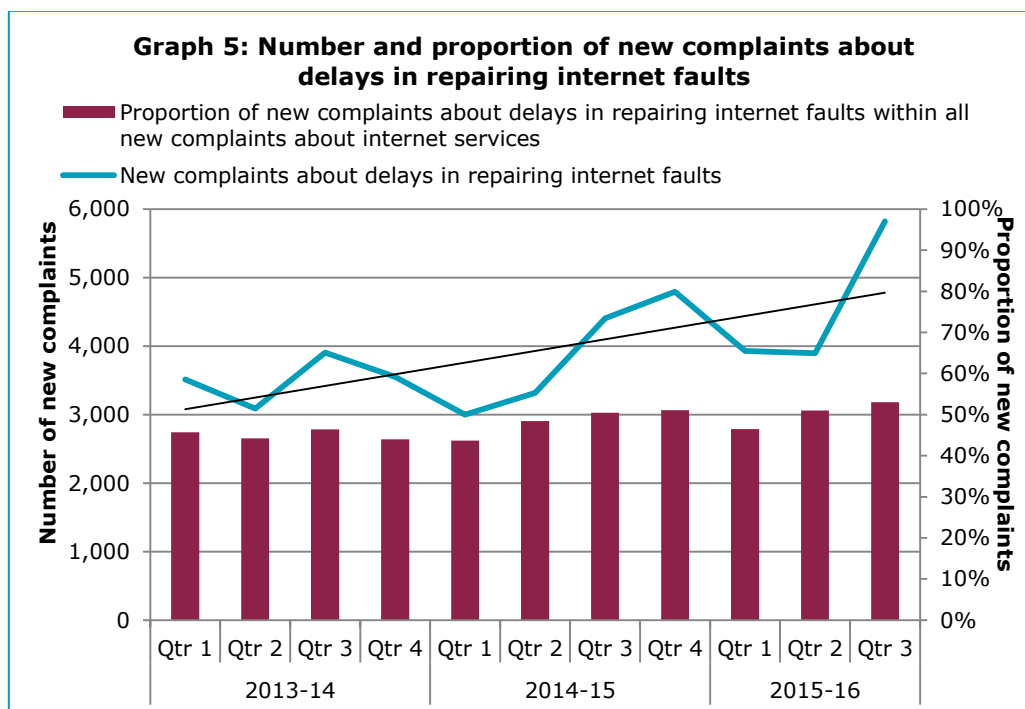
Our analysis of TIO complaints indicates a gradual increase in the number and proportion of complaints about delays in repairing internet faults over the past three years.

Consumers who complain to us about the delays in repairing their internet services express frustration and distress over the length of delay, the reasons or lack of reasons for the delays, and the consequences of not being able to use their internet services.

On average, 12.8 per cent of all TIO new complaints over the past three years were about delays in repairing internet faults (a subset of internet new complaints³³). In the first three quarters of 2015-16, new complaints about delays in repairing internet faults formed 16.7 per cent of all TIO new complaints.

On average over the past three years, one in every two new complaints made to the TIO about internet services is about a delay in repairing internet faults including fully unusable services, slow data speeds, drop outs and poor coverage.

As highlighted in **Graph 5**, over the past three years, new complaints to the TIO about delays in repairing internet faults made up on average, 47.7 per cent of all new complaints about internet services. In the first three quarters of 2015-16, we received approximately 3,900 to 5,800 new complaints each quarter about delays in repairing internet faults. **Graph 5** also shows a gradual increase over the past three years in the proportion of complaints about delays in repairing internet faults.



The 'consumer voices' or excerpts from written complaints to the TIO set out on the next page provide an insight into consumer experiences when they do not have reasonable or reliable access to internet services because of delays in repairing internet faults.

³³ See footnote 25.

Consumer voices – delays in repairing internet faults

15 "I have had problems with our internet dropping out constantly for months now. I have contacted my provider on at least 7 separate occasions. Each time I contact them, we go through the same scenario of me having to unplug everything from the wall sockets whilst they do testing, it seems to fix it for a short period of time but then the same problem keeps re-occurring.

I want a technician to come to the house and find out what the problem is and repair whatever is causing the internet to constantly drop out. I work from home every so often, so this is extremely inconvenient and I am essentially paying for a service which is sub-standard."

ON, NSW, 2015

16 "I am paying for an NBN speed plan of 100/40Mbps. We are lucky to be achieving 20Mbps downloads. My provider tells us that it is because we are using our internet in peak times. When else would I be expected to be using my internet? The whole idea that we are paying top dollar is so we can achieve speeds of a half decent level and not that of a 3rd world country.

They have taken 6 weeks, and are still yet to resolve the issue. They have had me run a series of tests yet no resolution seems in sight.

I want my connection speeds to be corrected. I want the charges to only apply once the speed issue has been resolved, as at present they have charged me for 2 months of turbo-charging my speed yet we can't even receive the standard NBN speed, let alone the turbo speed."

PM, VIC, 2015

17 "We have called numerous times to get them to fix the internet issue – always being palmed off to the next person. It is affecting our business livelihood as some days the internet will not even operate at all. We have wasted many days where we have told staff to go home as they couldn't work without internet. Thousands of dollars in lost revenue.

We have called hundreds of times and each time they tell us 'it will be the last time' but it never is, no one has bothered to fix the problem in months."

DB, NSW, 2016

18 "I joined my provider under the guarantee of receiving 'up to 20Mbps'. I have since had super slow speed. I have called over and over with guarantees in 24 hours that it will be rectified, and promised call-backs I've never received.

I have had no assistance yet been charged each month for an unusable service. I pay for Foxtel and Netflix and a Smart TV that doesn't work with the internet as it's so slow."

RM, VIC, 2015

19 "It has been 10 days without internet in our community, which we are still paying access for. I work and study from home, and rely heavily on the internet. I have had to use my employer's mobile phone to hotspot to gain access, and have now had to purchase a pocket Wi-Fi to continue access. I cannot afford this. My provider will not consider compensation until the issue is resolved. I am expected to pay access, and additional full retail prices for prepaid data top ups!

After many conversations and diagnostic testing, they finally agreed to send a technician after 2 weeks! Then they advised the appointment had been cancelled.

I would like my internet restored and compensation for the lack of access... the internet is essential."

GH, QLD, 2015

20 "This is my third attempt to write a complaint. I put so much effort into writing the complaint but as I was submitting my complaint the internet froze. I had to disconnect my Wi-Fi and reconnect it again.

This happens 10-15 times a day. I will be watching a video and it suddenly stops. During the peak time things are even worse.

I am not living on a remote island but in a major city in the 21st century.

I have complained so many times to my provider but it's like complaints are falling on deaf ears.

They told me that they are upgrading their service. It has been 9 months that they are saying the same thing. The service is getting worse and worse as more people have internet in the area."

AB, VIC, 2016

We analysed a random sample of 50 new complaints about delays in repairing internet faults to draw out some of the issues that present in these types of complaints. While a small data set³⁴, we believe these issues are indicative of the common problems in these types of complaints. From this analysis, we found:

- (a) *Length of delays*: the consumers in 19 of the 50 new complaints about delays in repairing internet faults (38.0 per cent) told us the faults had occurred less than three months before the consumer made a complaint with the TIO. Eight of the 50 new complaints (16.0 per cent) involved faults that had occurred three to six months before TIO contact, and 15 new complaints (30.0 per cent) involved faults that had occurred more than six months before TIO contact.³⁵
- (b) *Reasons for the delays*: In the 50 new complaints about delays in repairing internet faults, consumers told us the reasons their provider had given for the delays:
- in seven complaints (14.0 per cent), the providers attempted to resolve the problem with consumers using a variety of solutions, but the fault remained unresolved
 - in six complaints (12.0 per cent), the providers promised call backs or fixes that were not fulfilled
 - in another six complaints (12.0 per cent), the provider either could not identify the problem, or was unwilling to assist the consumer
 - in five complaints (10.0 per cent), the provider identified faulty infrastructure as the cause of the fault which it said it could not fix
 - in three complaints the provider acknowledged congestion or applied credits without offering to fix the fault
 - in one complaint, the consumer's distance from the exchange was reported as the key issue, and
 - in another complaint, the consumer told us a technician found his cable had been removed from a multiport in order to activate another service.

In 21 of the 50 new complaints about delays in repairing internet faults (42.0 per cent), the consumer was not told the cause of the problem.

- (c) *NBN related fault repair delays*: In five of the 50 new complaints about delays in repairing internet faults (10 per cent), the consumers told the TIO their internet faults related to an NBN service. In the remaining 45 new complaints, the consumer did not state the type of connection they had. The consumers with faulty NBN services described drop-outs on hot days, slow speeds, and congestion.
- (d) *Consumer and small business experiences*: 46 of the 50 new complaints about delays in repairing internet faults (92.0 per cent) involved residential consumers and four complaints (8.0 per cent) involved small businesses. Two small business consumers told us that they were experiencing business loss as a result of the fault, while another told us that the business needed internet access to pay wages and submit permits.

³⁴ This analysis is limited given these complaints reflect what consumers tell us, as we do not collect information from the relevant provider at the referral stage of new complaints.

³⁵ The consumers in eight of the 50 new complaints about delays in repairing internet faults (16.0 per cent) did not tell us how long the fault had been occurring.

(e) *Vulnerable consumers*: 11 of the 50 new complaints about delays in repairing internet faults (22.0 per cent) involved consumers that could be considered vulnerable, for example, for medical or safety reasons. Of these 11 vulnerable consumers, ten lived in rural or regional locations, who might have less choice about service providers or alternative services. One complaint was from a pensioner. Vulnerable consumers generally expressed their frustration at multiple attempts to resolve their complaints with their faulty services remaining unresolved.

Case studies 8 and **9** are examples of issues faced by consumers or small businesses when they experience internet connection or fault repair delays.

Case study 8: Delay in repairing internet service with drop outs

Consumer G told us that in November 2014 his ADSL internet service began dropping out daily. Sometimes the service would drop out three to four times within ten minutes, and sometimes he would be without internet for ten hours.

Consumer G reported the fault to Provider T many times. Provider T performed troubleshooting over the phone, and sent technicians to his house four times, with no result. After each visit Consumer G would contact Provider T again, who would do more troubleshooting, confirm the fault was still present, and organise another technician visit.

In March 2015, Consumer G complained to the TIO. After we referred the complaint to Provider T it offered to send a 'premium' technician to his home to confirm the fault was not in the consumer's equipment. However, Provider T took back its offer within an hour of making it, saying that Consumer G did not qualify for this service because he lived in a rural area.

Consumer G disputed this, as he does not live in a rural area, but rather lives 15 minutes from an Australian capital city. Provider T told Consumer G there was nothing else it could do to resolve the fault. Consumer G mistakenly believed Provider T's customer service officer represented the TIO, and he believed there was nothing more he could do about his service.

For months Consumer G's service quality continued to decline. In January 2016, Consumer G contacted the TIO again. By this time his service was disconnecting every five minutes. We contacted Provider T to begin conciliating the complaint.

During conciliation Provider T sent another technician to the property. The technician found there was a Customer Network Improvement order for the consumer's area, because of a fault at the pillar at the end of his street. There was no estimated date of completion for this work, but Provider T told Consumer G it would be done before the NBN was rolled out to the area.

Provider T offered a credit of \$480 to resolve Consumer G's complaint. Consumer G was not in contract so Provider T told Consumer G he could leave Provider T at any time. Consumer G told us he had no choice in service provider, as Provider T was the only service provider to offer an internet service in his area.

We told Consumer G we had no power to compel Provider T to complete the Customer Network Improvement. We also considered the credit Provider T had offered, and found it offset the amounts Consumer G had paid for his service while it was faulty. We decided no further investigation was appropriate as the credit offered was reasonable, and we closed the complaint.

As of July 2016, construction of the NBN has begun in Consumer G's area, which will take approximately 12 months to complete.

Case study 9: Delay in repairing a faulty NBN service with slow internet speeds for a small business

Consumer H is a sole trader who uses his NBN connection to transfer large files for his business. During the first few weeks with Provider U his internet service performed as expected. However the internet started to slow down during peak hours. Sometimes the service was unusable.

Consumer H contacted Provider U a number of times to report the slow speed. Provider U told him the issue related to network congestion which affected all consumers in the area. Provider U told him it was working on network improvements, and made a commitment that these would be completed in two weeks. However, after two weeks the service was still very slow during peak hours. Consumer H asked for a refund of service charges for the time he was not able to use the service, but Provider U refused.

Consumer H contacted the TIO to make a complaint. We referred the complaint to Provider U. The complaint was still unresolved after the referral, so we began conciliation.

During conciliation Provider U moved Consumer H to a different NBN Connectivity Virtual Circuit to relieve the congestion. This provided a marginal improvement to Consumer H's service, but there were still significant issues during peak hours.

Provider U then offered a credit to offset service charges for the months that Consumer H was not able to fully use the service. Provider U told us it was still working on improving network congestion-related issues in the area, but it couldn't give a specific time when this would be completed.

Provider U also offered the consumer a release from contract without early termination fees. Consumer H accepted the credit, and chose to remain on the same contract with Provider U because Provider U had undertaken to make further improvements to the network. We closed the complaint.

2.1.3.3 Delays in connecting or repairing NBN internet services

As the rollout of the NBN progresses, TIO complaints indicate consumers who transition to the NBN experience detriment if there are delays in connecting or repairing NBN internet services.

As noted in **Graphs 4** and **5** above, the increase in complaints about delays in connecting internet services and delays in repairing internet faults, particularly in the third quarter of 2015-16, is larger than previous seasonal trends. This increase is driven in part, by complaints about delays in connecting or repairing NBN internet services.

As highlighted in **Table 5**, in the first three quarters of 2015-16, the proportion of new complaints to the TIO about delays in connecting NBN internet services increased to 6.6 per cent, up from 3.5 per cent of all new complaints about internet services in 2013-14. In first three quarters of 2015-16, new complaints about delays in connecting NBN internet services made up 29.5 per cent of all new complaints about delays in connecting internet services, close to double the proportion in 2013-14.

In the first three quarters of 2015-16, we received between 400 to 900 new complaints each quarter about delays in connecting NBN internet services.

Table 5: Delays in connecting NBN internet services	2013-14	2014-15	First three quarters of 2015-16
Complaints about delays in connecting NBN internet services	1,105	1,541	1,835
Complaints about delays in connecting NBN internet services as a proportion of all new complaints about internet services	3.5%	4.8%	6.6%
Complaints about delays in connecting NBN internet services as a proportion of all new complaints about delays in connecting internet services	16.3%	22.3%	29.5%

As highlighted in **Table 6**, in the first three quarters of 2015-16, the proportion of new complaints to the TIO about delays in repairing NBN internet faults increased to 6.3 per cent, up from 2.1 per cent of all internet new complaints in 2013-14. In first three quarters of 2015-16, new complaints about delays in repairing NBN internet faults formed 12.4 per cent of all new complaints about delays in repairing internet faults, three times the proportion in 2013-14.

In the first three quarters of 2015-16, we received 400 to 900 new complaints each quarter about delays in repairing NBN internet faults.

Table 6: Delays in repairing NBN internet faults	2013-14	2014-15	First three quarters of 2015-16
Complaints about delays in repairing NBN internet faults	644	1,048	1,763
Complaints about delays in repairing NBN internet faults as a proportion of all new complaints about internet services	2.1%	3.2%	6.3%
Complaints about delays in repairing NBN internet faults as a proportion of all new complaints about delays in repairing internet faults	4.6%	6.7%	12.4%

The increase in new complaints about delays in connecting or repairing NBN internet services is associated with the NBN rollout, a major project where landline and internet services go through a process of installation and migration. As mentioned above, the number of activated premises across the NBN increased in the third quarter of 2015-16 to 902,948, more than double the activated premises at the same time the previous year.³⁶ Complaints to the TIO about delays in connecting or repairing NBN internet services are likely to continue with the progressive rollout of the NBN.

Case studies 7 and **9** above highlight examples of issues faced by consumers when they experience delays in connecting or repairing NBN internet services.

³⁶ See the [NBN Weekly Progress Report](#) 21 July 2016, which contains NBN rollout information.

2.1.3.4 Small businesses and consumers in regional and remote Australia

Delays in connecting internet services and repairing faults deprive consumers of access to reliable internet services, with small businesses and consumers in regional and remote Australia particularly impacted.

On average over the past three years, small businesses featured in 9.7 per cent of all new complaints about internet services. As highlighted in **Table 7**, in the first three quarters of 2015-16, new complaints to the TIO from small businesses about delays in connecting internet services as a proportion of all complaints about delays in connecting internet services increased slightly to 9.1 per cent, up from 8.9 per cent in 2013-14. Conversely, in the first three quarters of 2015-16, new complaints from small businesses about delays in repairing internet faults as a proportion of all complaints about delays in repairing internet faults decreased slightly to 10.6 per cent from 11.0 per cent in 2013-14.

The numbers of complaints about delays in connecting internet services and repairing internet faults from small businesses have increased over this period. In the first three quarters of 2015-16, we received between 150 to 200 new complaints each quarter about delays in connecting internet services and between 400 to 600 new complaints each quarter about delays in repairing internet faults, from small businesses.

Table 7: Complaints from small businesses about delays in connecting internet services and repairing faults	2013-14	2014-15	First three quarters of 2015-16
Complaints from small businesses about internet services as a proportion of all new complaints about internet services	10.1%	9.5%	9.5%
Complaints from small businesses about delays in connecting internet services as a proportion of all complaints about delays in connecting internet services	8.9%	10.7%	9.1%
Complaints from small businesses about delays in repairing internet faults as a proportion of all complaints about delays in repairing internet faults	11.0%	11.1%	10.6%

On average over the past three years, complaints from consumers in regional and remote Australia feature in 22.2 per cent of all new complaints about internet services. As highlighted in **Table 8**, in the first three quarters of 2015-16, new complaints about delays in connecting internet services as a proportion of all new complaints about internet services from consumers in regional and remote Australia increased to 24.8 per cent, up from 24.0 per cent in 2013-14.

Similarly, in the first three quarters of 2015-16, new complaints about delays in repairing internet faults as a proportion of all new complaints about internet services from consumers in regional and remote Australia increased to 48.7 per cent, up from 45.7 per cent in 2013-14. This means that one in every two new complaints about

internet services from consumers in regional and remote Australia was about a delay in repairing an internet fault.

In the first three quarters of 2015-16, consumers in regional and remote Australia made between 350 to 600 new complaints each quarter about delays in connecting internet services and between 750 to 1,100 new complaints about delays in repairing internet faults.

Table 8: Complaints from consumers in regional and remote Australia about delays in connecting and repairing faulty internet services	2013-14	2014-15	First three quarters of 2015-16
Complaints from consumers in regional and remote Australia about internet services as a proportion of all new complaints about internet services	23.4%	21.7%	21.3%
Complaints about delays in connecting internet services as a proportion of all new complaints about internet services, from consumers in regional and remote Australia	24.0%	22.9%	24.8%
Complaints about delays in repairing internet faults as a proportion of all new complaints about internet services, from consumers in regional and remote Australia	45.7%	47.3%	48.7%

Case studies 6, 7 and 9 above highlight examples of issues faced by small businesses and consumers in regional and remote Australia when they experience delays in connecting internet services or repairing internet faults.

2.2 Wholesaler and reseller responsibilities

Recommendation 4:

Clarify the responsibilities of the wholesaler(s) and other participants in the telecommunications supply chain when providing access to essential communications services.

We believe clarifying the responsibilities of the wholesaler(s) and other participants in the telecommunications supply chain within a revised universal communications obligation framework would improve access to essential communications services.

A common theme in the complaints we analysed about delays in connecting or repairing faulty internet or landline services was poor communication between the wholesaler and the reselling provider, and the passing of blame between those parties.

In our analysis of 50 new complaints and 15 conciliations about delays in connecting landline or internet services (a total of 65 cases), 24 of the 65 cases (37 per cent) were related to the NBN and nine of the 65 cases (18 per cent) related to another wholesaler. A common theme across the 33 cases was poor communication between the wholesaler and the reselling provider, and the passing of blame between those parties. In these cases, the providers told the consumer to wait for a wholesaler to resolve the issue, or withdrew service requests due to infrastructure issues.

In our analysis of 50 new complaints about delays in repairing landline faults, we found the reason given to consumers in eight new complaints about delays in repairing landline faults (16 per cent) was damaged infrastructure (e.g. faulty or deteriorated lines). The consumers in six of these eight complaints said they were told the responsibility for the faults lay with the wholesaler, rather than their provider. In these eight complaints, the coordination of a fault repair between the parties was time-consuming and a cause of frustration for the consumers. Complaint issues included:

- the reseller blaming the wholesaler for a damaged pole
- a repeated fault that was never repaired by the wholesaler
- a statement from the reseller that the wholesaler would not be repairing lines in the area
- repeated wholesaler technician visits, without fixing the fault
- being told by the wholesaler no fault could be found, only for the fault to be identified in the wholesaler's infrastructure after the consumer paid for a private technician.

In our analysis of 50 new complaints about delays in repairing internet faults, five complaints (10 per cent) involved wholesaler and reseller interaction issues. Of the five complaints, two related to NBN services. In both cases, consumers reported technician visits that did not resolve the problem. The remaining three cases were about non-NBN wholesalers, and involved the following issues:

- the reseller told the consumer that the network provider was laying cables in the area, but later attributed the consumer's fault to congestion

- the reseller reported the fault to wholesaler, the wholesaler found no fault and marked the case closed, but the consumer's fault continued, and
- repeated wholesaler technician visits, but the fault remained unresolved.

The current universal service obligation framework does not regulate the relationships between wholesalers and resellers nor does it outline the allocation of responsibilities for the connection of services or repairs of faulty services. Commercial arrangements between the parties currently regulate these responsibilities.

Improved clarity around the roles and responsibilities of the wholesaler(s) for the connection and fault repairs of landline and internet services – if included in a revised universal service obligation framework – is likely to prevent delayed access to these essential services and drive improved outcomes for consumers.

3. Safeguards for vulnerable consumers

The TIO recommends:

- Improving safeguards such as clearer information about the universal service obligation or suitable alternative options, so that vulnerable consumers have equitable access to essential voice services.
- Retaining the current payphones universal service obligation and improving performance benchmarks for payphone fault rectifications.
- Improving priority assistance safeguards for vulnerable consumers during the transition to the NBN.

3.1 Voice services remain important to vulnerable consumers

Recommendation 5:

Improve safeguards such as clearer information about the universal service obligation or suitable alternative options, so that vulnerable consumers have equitable access to essential voice services.

We recommend improving safeguards for vulnerable consumers because they are likely to experience barriers when trying to access essential communications services. These consumers also may not have alternative options when their services do not work or are faulty. Safeguards should include clearer information about the universal service obligation and suitable alternative options to meet these consumers' needs.

Voice services remain important to consumers, especially those who are vulnerable, those who live in regional and remote areas, and small businesses, as shown in the analysis of TIO complaints in section 1 above. Although consumers may have multiple types of telecommunications options available to them, this is not true for all consumers.

From our engagement with financial counsellors across the country, we understand very low income earners are less likely to have alternative services available to them, and are less likely to have telecommunications products tailored to their needs. This is particularly true for homeless individuals, as noted in research undertaken by the University of Sydney in 2014.³⁷ This study found that homeless individuals find mobile services to be essential because of lack of access to fixed services, and also find it very difficult to stay connected, because of shortage of credits, service and power restrictions, and handset loss or damage.³⁸ This group faces significant impacts as a result of connectivity limitations, such as "not being able to contact essential support and emergency services, being at physical risk without the ability to reach help and not meeting basic eligibility requirements of some government services."³⁹

³⁷ Humphry, J. (Dr), University of Sydney, [Homeless and Connected: Mobile phones and the Internet in the lives of homeless Australians](#), August 2014.

³⁸ Ibid page 3.

³⁹ Ibid page 3.

Similar difficulties are experienced by consumers living in remote locations, where they are:

- less likely to have access to a wide range of communications service options⁴⁰
- more likely to rely on mobile services than fixed line services⁴¹, and
- more likely to find access to be unreliable due to lack of mobile coverage.⁴²

For consumers living in these areas, access to a telecommunications services is arguably even more important than in urban areas because of physical distance from essential public services.⁴³ See for example, **Case studies 1** and **3** above.

Remotely located indigenous communities are at even greater risk, as they can be impacted by multiple indicators of disadvantage and vulnerability, including low income, poor health, lack of education, lack of housing, and lack of access to support services.⁴⁴ As noted by the ACMA in 2008, "Indigenous Australians living in remote communities face distinct challenges in accessing and using basic telecommunications services. Vast geographic distances, small and remote populations, the cost of deploying telecommunications infrastructure and harsh environmental conditions present difficulties for the provision of telecommunications services to these communities. These difficulties are compounded by the socioeconomic disadvantages faced by many individuals within remote Indigenous communities."⁴⁵

An extended universal communications obligation, which retains the obligation for access to essential voice services, is required to meet the needs of vulnerable consumers.

⁴⁰ The Australian Communications Consumer Action Network has said that "Consumers in more remote areas may only have one communication service; if this fails there may be no reliable back up. In urban areas there are often multiple fall back options. Due to the remoteness and small populations consumers are often more reliant on having a working telecommunication services in case of emergencies.": [ACCAN submission to the 2015 Regional Telecommunications Review](#), page 9.

⁴¹ Such difficulties were highlighted in the [2015 Regional Telecommunications Review Report](#): "Regional Australians have a higher dependency on mobiles than their urban counterparts because of the broader geographic range within which many conduct their working and everyday lives", at page ix.

⁴² The [2015 Regional Telecommunications Review Report](#) noted that up to 70 per cent of Australia's land mass has no mobile coverage, and that where coverage is present in regional areas, it may be of poor quality, at page ix.

⁴³ As noted in the [Indigenous Remote Communications Association submission](#) to the 2015 Regional Telecommunications Review, "Remote Australia is increasingly reliant on telecommunications and ICT for accessing essential services that are physically accessible and taken for granted in other parts of Australia. Typically, people in remote communities do not have access to many key services (hospitals, specialists, post office, banking, secondary and tertiary education), retail and entertainment (movies, concerts etc) due to remoteness and small populations. Market failure limits their choice of telecommunications services and providers, especially due to lack of mobile network coverage. As more government services move online (health, education, training etc), quality internet becomes more critical to enable access.", at page 5.

⁴⁴ The [Indigenous Remote Communications Association submission](#) to the 2015 Regional Telecommunications Review sets out the unique challenges faced by remote indigenous communities, at page 12.

⁴⁵ ACMA, [Telecommunications in Remote Indigenous Communities](#), September 2008, page 5.

3.2 Retain the current payphones universal service obligation

Recommendation 6:

Retain the current payphones universal service obligation and improve performance benchmarks for payphone fault rectifications.

We recommend retaining the current payphones universal service obligation and improving benchmarks for payphone fault rectifications, because payphones remain an important safeguard for consumers who are vulnerable and have limited access to other telecommunications services.

Complaints to the TIO about payphones are small in number, with fewer than 10 complaints received each year. These complaints, however, highlight the important role that payphones play in providing an essential communications service, especially for consumers who live in remote locations or who have little or no access to alternative communications services.

The following examples, based on what consumers have told us when making a complaint, highlight the essential role played by payphones:

1. In September 2015, we received three separate complaints from representatives of an Indigenous community that lived on a reserve in NSW. These complaints involved problems with landline and payphone access on the reserve. The representatives told the TIO that there are five houses within the reserve, all without access to landline services after the main line to the reserve was cut during water works in the area. The only payphone available to the community was also not working, and because of this, the community members had been unable to report the problems with their landline services. The representatives told the TIO that some members of the community had life threatening medical conditions and needed access to working landline phones and the payphone for support and medical assistance.
2. In January 2016, the TIO was contacted by MH who told us he had been camping in a remote area of Tasmania when a bushfire hit. MH found himself trapped in a town where there was no mobile coverage and no public payphone within 100 kilometres. The only other telephone he could have used to let family and friends know he was safe was at the local hotel, use of which had been taken over by the Tasmanian fire service.
3. In February 2016, KT of South Australia told the TIO that her disabled mother, who lives in a house without mobile or internet, had a faulty landline service. KT told us her provider (who does not offer priority assistance) was taking an unreasonably long time to repair the landline service. During the fault, the only means of communication for KT's mother was to use the local payphone.
4. BW of Queensland relied on his local payphone as a last resort to ask the TIO for help in February 2016. BW told the TIO that his landline had been cut off without warning or reason, and that he had no other form of communication available to him. BW told the TIO that he is elderly, has cancer, and has suffered three heart attacks and a

stroke. He thought he was a priority assistance customer, but his landline service was with a provider that did not offer priority assistance.

5. In March 2016, the TIO was contacted by BM, a member of a remotely located community in the Northern Territory. BM told us their community payphone would stop working every time it rained. BM said he had reported the issue repeatedly over the last two years, however efforts made by attending technicians had failed to fix the problem.

The current universal service obligation for payphones plays an important role in ensuring consumers in remote and regional Australia or who have limited or no alternative options continue to have access to voice services that help connect them to other essential services.

3.3 Improve priority assistance safeguards

Recommendation 7:

Improve priority assistance safeguards for vulnerable consumers during the transition to the NBN.

We believe priority assistance safeguards for standard telephone services should be improved for vulnerable consumers especially during the transition to the NBN. Our analysis of TIO complaints about priority assistance indicates consumers who are vulnerable are likely to be disproportionately impacted by the lack of access to a standard telephone service.

Priority assistance is a level of service offered to residential consumers when someone in the household has a diagnosed life threatening medical condition, and that person's life may be at risk without access to a working voice telephone service. Priority assistance is intended to ensure faster connection, greater reliability, and faster fault rectification of a standard telephone service. Priority assistance is offered by the USO provider under its [carrier licence conditions](#).

We analysed a sample of 50 new complaints received in 2015-16 about priority assistance to draw out some of the issues that present in these types of complaints. While a small data set⁴⁶, we believe these issues are indicative of some of the common problems in these types of complaints.

NBN services emerged as a driver for priority assistance complaints that involved connections and disconnections. 21 of the 50 new complaints analysed were about an NBN service (42 per cent). From our analysis, we identified the following issues⁴⁷:

- (a) 29 complaints of the 50 new complaints about priority assistance (58 per cent) featured connection or disconnection issues. Of these 29 complaints, 18 complaints (62 per cent) were about NBN services. Ten complaints (20 per cent) were about a priority assistance consumer's landline being disconnected before an NBN connection was completed.
- (b) 18 complaints of the 50 new complaints about priority assistance (36.0 per cent) were about delays in repairing faults. Of these 18 complaints, four were about faulty NBN services. Faulty services included noise (such as crackling or static) on lines (five cases), intermittent inability to use the line (five cases). In four cases, consumers complained that an interim service was not reliable, or there was a delay in the delivery of a satellite phone during a fault.

⁴⁶ This analysis is limited given these complaints reflect what consumers tell us, as we do not collect information from the relevant provider at the referral stage of new complaints.

⁴⁷ The TIO categorises complaints about priority assistance into four issue types. Complaints may feature more than one these issues. For this reason, the number of issues reported below is greater than the number of cases considered (50).

- (c) 10 complaints of the 50 new complaints about priority assistance (20 per cent) featured consumers who told us that their provider either did not advise them appropriately about the existence of the priority assistance program, or how they may apply for priority assistance. In four cases, forms were delayed in being sent to the consumer, but were sent after TIO involvement with the complaint. One consumer told us that the provider undertook to provide priority assistance forms on three occasions, the last being two weeks before TIO involvement in the case. In another complaint, the consumer took a completed priority assistance application form into several provider stores, but told us that the provider's staff did not have knowledge of priority assistance at any of its stores.
- (d) One complaint was about the rejection of a consumer's application for priority assistance. In this case, the consumer told us she had completed a priority assistance application three weeks ago, however, the provider told her that some re-wiring needed to be completed at her home before priority assistance status could be added to her account. In this complaint, the consumer also told us the provider was waiting on NBN Co to approve her priority assistance application, and no time frame had been provided for this assessment.

The 'consumer voices' or excerpts from written complaints to the TIO set out on the next page and **Case study 10** provide an insight into some of the problems priority assistance consumers experience with delays in connecting landlines or repairing landline faults.

Consumer voices – priority assistance

21 "Our phone has been out of order for over a week. We are priority assistance customers, due to my husband having in excess of 5 strokes. My provider has promised to fix and give us a satellite phone. Several times this was to be delivered, and it did not happen.

We have no mobile phone service in this valley, we rely on the phone in case of an emergency. We are country folk, who grow your food. We are angry. God help us if someone has a farm accident, as we can't call for help. This is not the first time this problem has arisen with our provider, it is a reoccurring problem."

TV, QLD, 2016

22 "I have elderly parents, both with mobility issues and dad with the onset of dementia. Their landline stopped working, and I contacted my provider on their behalf on Monday to try and find out what was going on. I was told that there was an outage and the service would not be restored for another 4 days.

On several occasions I tried to explain that the provider was leaving an elderly couple without any means of being able to call for help in an emergency. After many, many heated phone calls I finally got them to deliver a mobile which my parents could use. If I hadn't been so strident they would never have acted.

My issue is how could the provider leave a vulnerable couple without any phone access for a week and think that's OK? They live in the metropolitan area only 20kms from the CBD and it doesn't appear that fixing the issue was very high on their list of priorities if it was going to take a week to do.

I just followed up to be told that someone in their customer complaint area had "closed" the complaint and no-one told me. They did not address any of the issues I raised and it's unacceptable."

*The consumer's parents obtained priority assistance status with the TIO's assistance.

BM, VIC, 2016

23 "My provider, when connecting the NBN to the front flat, has disconnected the phone line to the back flat. The person in the back flat (my mother) is 85 years old, and her phone line is dead. She cannot even call 000. She has had no phone service for 10 days now.

My provider blames NBN Co, who blames my provider. It keeps going around in circles. A technician was supposed to attend today but never arrived. Neither my provider nor NBN Co have a record of this appointment. None of them can tell me when the problem will be resolved. They have now stopped giving me job reference numbers.

I am afraid my mother is going to need emergency assistance, or dial 000 in the middle of the night, and there is no phone service to do this. I simply want her phone line restored to normal working order."

TP, NSW, 2016

24 "We signed up to have a new phone line installed by the 1st of December. It has been several weeks already and the line is still not connected. Today we were told that the line would not be connected until 16 Feb 2016 at the earliest and possibly even later.

This is despite me advising the provider that our daughter is epileptic and we need to phone operational for emergency purposes when we move into the premises on 16 Dec 15.

The provider has stated that nothing can be done until 16 Feb 16. They have not asked us to provide any further information about our epileptic daughter and seem to be ignoring us every time we mention her condition.

LO, VIC, 2015

Case study 10: Delay in connecting a landline service for a priority assistance customer

Consumer I contacted the TIO because a landline connection to his home was delayed. Even though Consumer I was a priority assistance customer of Provider V, he told us numerous phone calls to Provider V had failed to resolve the issue.

Consumer I's wife had previously had a stroke and was at risk of having another stroke, so it was imperative that they could contact emergency services. Consumer I's wife was wheelchair bound, and needed an elevator to move between floors of their house. Under Australian standards this elevator could not operate without a working landline installed. Consumer I was unable to carry his wife up and down stairs because he has arthritis. Consumer I had a letter from a medical practitioner confirming this was a matter of medical urgency.

Consumer I told us when he contacted Provider V in late November 2015 to ask for his existing services to be relocated to a new property, Provider V told him this would be done without a problem. When Consumer I and his wife moved to the new property in December 2015 it was discovered that no cabling had been installed from the street to the house. Provider V told Consumer I a contractor would need to install the cabling, and this could take up to two months.

We followed our urgent escalation procedure and started conciliation. Provider V told us the connection was initially delayed because the necessary pre-provisioning had not been done by the property developer until the end of December 2015, and it was delayed further because the network needed to be extended.

We liaised with Provider V to fast track the connection as much as possible, and the service was connected in mid-February 2016. Consumer I was not compensated under the Customer Service Guarantee Standard because he had been offered a call diversion to his mobile as an alternative service, which he had accepted.

4. Provider of last resort and service continuity

Recommendation 8:

Implement a designated provider (or providers) of last resort to maintain service continuity for essential communications services.

We recommend implementing a provider (or providers) of last resort within a revised universal service obligation framework so that service continuity and reliable access to essential communications services can be ensured.

Service continuity can be disrupted when a provider ceases trading because of financial or other factors, or is unable to supply the service because of a dispute with their wholesaler. The complexity within the telecommunications supply chain makes it difficult for consumers, providers, wholesalers and regulators to know what to do when a provider ceases trading unexpectedly and service disruptions occur. The absence of effective licensing and registration arrangements in the telecommunications industry also makes it difficult for effective regulatory oversight over the supply chains within the telecommunications industry.

Implementing a designated provider of last resort, like that in the Australian energy industry, would preserve service continuity in the telecommunications industry.

In early May 2014, two wholesale providers (One Telecom and Conec2) and associated entities went into administration as a result of ongoing commercial disputes. In the lead up to this collapse, the wholesalers for One Telecom and Conec2 restricted, suspended or disconnected the supply of landline, internet and mobile services for around 60,000 customers of these providers. The reconnection time for these customers' services varied from close to immediate, to some months later.

In quarter four of 2013-14, over 1,500 customers of One Telecom and Conec2 contacted the TIO. These formed 13.4 per cent of our enquiries over this period. Consumers told us their services were suspended or disconnected, causing significant detriment, especially for consumers running small businesses and those using over the top services such as medical alert devices, security systems, and EFTPOS machines. Consumers also complained about the prospect of losing their long-held phone numbers, difficulties in reconnecting their services and general confusion about the service restoration options available to them. A number of these consumers were vulnerable, which meant the service disruptions were particularly concerning.

Two of the wholesalers engaged with the TIO and actively sought to facilitate outcomes for affected consumers, including quickly reconnecting the services of those consumers with medical alerts or life threatening medical conditions. Other wholesalers did not engage with the TIO or were unable to provide appropriate information in a timely manner. This meant consumers received conflicting advice from different sources about the status of their services or how these could be reconnected and their phone numbers retained.

The lack of clarity and visibility of the parties within the telecommunications supply chain and wholesalers' responsibilities also contributed to unnecessary confusion for consumers and increased the difficulties in resolving consumer disputes.

The following 'consumer voices' or excerpts from written complaints to the TIO set out on the next page provide an insight into consumer experiences in April and May 2014 when their providers (One Telecom, Conec2 and associated entities) stopped supplying landline, mobile and internet services.

Consumer voices – service continuity

25 "I wish to make a complaint about my provider. This is the second time I have lost all phone lines and I run a business and this has greatly impacted it. At Easter the phone lines were down for 6 days but thankfully I still had Eftpos and was still able to trade. Now 2 weeks later I have nothing and its only getting worse.

When people ring my phone a message says it is disconnected. And now it's Monday and still nothing."

CR, WA, 2014

26 "I am a pensioner and have no way of contacting anyone for help as the area I am in has no mobile service even though I am only 5 mins from the CBD. I am very concerned because I am 76 years of age. If you need to contact me, please ring my son."

PL, VIC, 2014

27 "The issue that I would like to raise is that since my 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."

JR, VIC, 2014

28 "We are in a disastrous situation at the moment. Our office, home phone, fax and our shop are all with the provider. Our accounts are all paid up to date but have all been disconnected. I have had communication through email that my provider is having trouble with their upstream provider. The office/home phone was off all day yesterday and the shop is off today the 3 May.

Another provider we contacted said as they were not the prime provider they could do nothing.

In this climate this is just disastrous for our business and the stress created by this is enormous and it is causing stress induced angina pain."

LW, VIC, 2014

29 "We live in regional WA and have had our phone disconnected by our provider. We have tried to reconnect through another provider but they tell us our number is quarantined and they can only provide a new line with a different number in a period of 8 to 10 working days.

We have had this number for 40 years and that period of time is unsatisfactory as we run a farming business and have very limited mobile coverage on our property. It is our busy time and we need to contact our workers and each other frequently.

I am hoping you can give us some help in getting reconnected."

RF, WA, 2014

30 "I am with this provider and today my internet and landline have closed down. I got on their site and it said they had folded. I now have no phone and as I have a heart complaint and can't move too well I need the phone. My husband and I are old.

I can't afford to ring you for long on my mobile so I am hoping you can help me."

OB, Not stated, 2014

31 "I do not want to lose my home phone number for a host of reasons.

Apart from that I seek advice of what is going to happen with my provider and what steps should I take most importantly regarding our land line as we are in our late seventies and need this service."

SE, NSW, 2014

32 "I have contacted my provider. I have also contacted the wholesaler, and they stated I can't have my numbers as they aren't released as yet. My provider says my numbers have been released, so I don't know who to believe.

It [service disruption] doesn't help me not being able to receive or make calls, other business people have emailed saying we haven't paid our account. It's not very business-like."

TR, WA, 2014

The One Telecom and Conec2 collapse highlighted the absence of appropriate arrangements to prevent significant disruption to consumer services in circumstances where the supply of their services is restricted or terminated. A designated provider of last resort, that could step in to preserve continuity of service for affected consumers, is an important consideration in the review of the USO. While events of the scale of the One Telecom/Conec2 collapse are not very frequent, when they do occur, they can cause significant detriment to those affected.

The Australian energy sector has identified the need to ensure service continuity for energy consumers in its Retailer of Last Resort scheme.⁴⁸ The scheme implements arrangements to ensure service continuity in circumstances where a retailer ceases operation. Affected electricity and gas consumers are automatically transferred to, and receive, services from a designated retailer of last resort (or multiple retailers of last resort), depending on their location and service affected.

Implementing a similar approach in the telecommunications sector by designating a provider(s) of last resort for essential communications services would contribute to protecting service continuity.

⁴⁸ The national energy sector *Retailer of Last Resort* scheme currently applies to consumers in Queensland, New South Wales, the Australian Capital Territory, South Australia, and Tasmania. See Australian Energy Regulator, [Retailer of Last Resort Plan](#), July 2015.

5. Internal and external dispute resolution

The TIO recommends:

- Requiring the universal service provider(s) (or equivalent) to have comprehensive processes to respond to and resolve complaints about essential communications services.
- Retaining the TIO as the external dispute resolution scheme for disputes about access to, and supply or repair of, essential communications services.

5.1 Internal dispute resolution processes

Recommendation 9:

Require the universal service provider(s) (or equivalent) to have comprehensive internal dispute resolution processes to respond to and resolve complaints about essential communications services.

We recommend requiring the universal service provider(s) (or equivalent) to have comprehensive internal dispute resolution processes under a revised or expanded universal communications obligation. This would ensure timely and fair resolution of complaints about, and hence improved access to, essential communications services.

A feature of the complaints we receive (see sections 1, 2 and 3 above) is consumers may only bring their complaint to the TIO after protracted interactions with their providers and after weeks or months of delay. The increase in the number and proportions of complaints we receive about delays in connecting or repairing landline and internet services in the past three years (**Graphs 1, 2, 4 and 5**), highlight the need for improved internal dispute resolution processes to resolve consumer complaints about their communications services.

To reduce the risk of protracted disputes, the universal service provider(s) (or equivalent) needs effective and fair internal dispute resolution processes to handle consumer requests and complaints. Further, if the universal service provider(s) (or equivalent) decides it cannot supply an essential service under an expanded universal communications obligation,⁴⁹ that provider should:

- clearly communicate its reasons to the consumer within a reasonable timeframe, and
- if the consumer indicates that they are not satisfied:
 - offer to record a complaint
 - offer to review the decision, and
 - tell the consumer that they can ask an external dispute resolution body (the TIO) to resolve a dispute about the decision.

⁴⁹ At present, the universal service provider does not have an obligation to supply the universal service in the specific circumstances set out in the [Telecommunications Universal Service Obligation \(Standard Telephone Service—Requirements and Circumstances\) Determination \(No. 1\) 2011](#). If the universal provider cannot supply the universal service, it must comply with the requirements in the Determination, including timeframes for telling the consumer of its decision and how the consumer can dispute this decision through the TIO.

These requirements should be expressly included in any revised or expanded universal communications arrangements.

5.2 The role of the TIO

Recommendation 10:

Retain the TIO as the external dispute resolution scheme for disputes about access to, and supply or repair of, essential communications services.

We recommend retaining the role of the TIO as the external dispute resolution scheme under a revised or expanded universal communications obligation. This would ensure timely and fair resolution of complaints about, and hence improved access to, essential communications services.

Established in 1993, the TIO has proven to be an essential component of the consumer protection regime within the telecommunications industry. We have helped resolve thousands of disputes between consumers and their service providers each year. We have also helped many service providers who are members of the TIO Scheme improve their complaint handling skills and procedures and provide better outcomes for their customers.

The TIO has significant experience and expertise handling complaints about the current universal service obligation (USO) and other essential communications services, and is well placed to resolve consumer complaints under any revised or expanded universal communications arrangements.

Since the TIO scheme began operating in 1993, the TIO has handled complaints about supply of services under the early 'community service obligations' (the precursor to the universal service obligation) and other consumer protection safeguards. We handle these complaints in our general role of investigating complaints about carriage services by end-users of those services under Part 6 of the Telecommunications (Consumer Protection and Service Standards) Act 1999.⁵⁰

When we handle complaints about USO services we also assess if the universal service provider has met other obligations it may have:

- to meet the performance standards in the Telecommunications (Customer Service Guarantee) Standard 2011 for repairing and connecting eligible standard telephone services. If the universal service provider does not meet these standards, it may have to pay compensation for periods where the consumer did not have a working service.
- to identify if the consumer is a priority customer who should be given priority assistance, e.g. because they have a life threatening medical condition. This is currently a requirement of the universal service provider's carrier licence conditions.

⁵⁰ Under clause 2.10(a) of the TIO Terms of Reference, the TIO does not handle complaints about the policy the government makes about universal service arrangements.

Since 2010, the TIO has also had an express role in handling complaints about decisions by the universal service provider not to supply USO services. This role is set out in the Telecommunications Universal Service Obligation (Standard Telephone Service—Requirements and Circumstances) Determination (No. 1) 2011.

Whatever form safety net arrangements take in the future for essential communications services, consumers should be able to continue to turn to the TIO as an independent external dispute resolution body for help with complaints about access to, and supply or repair of, essential communications services.

Appendix A: Complaints to the TIO

This Appendix contains the following information:

- an overview of TIO complaint trends, and
- complaint issues relevant to the USO.

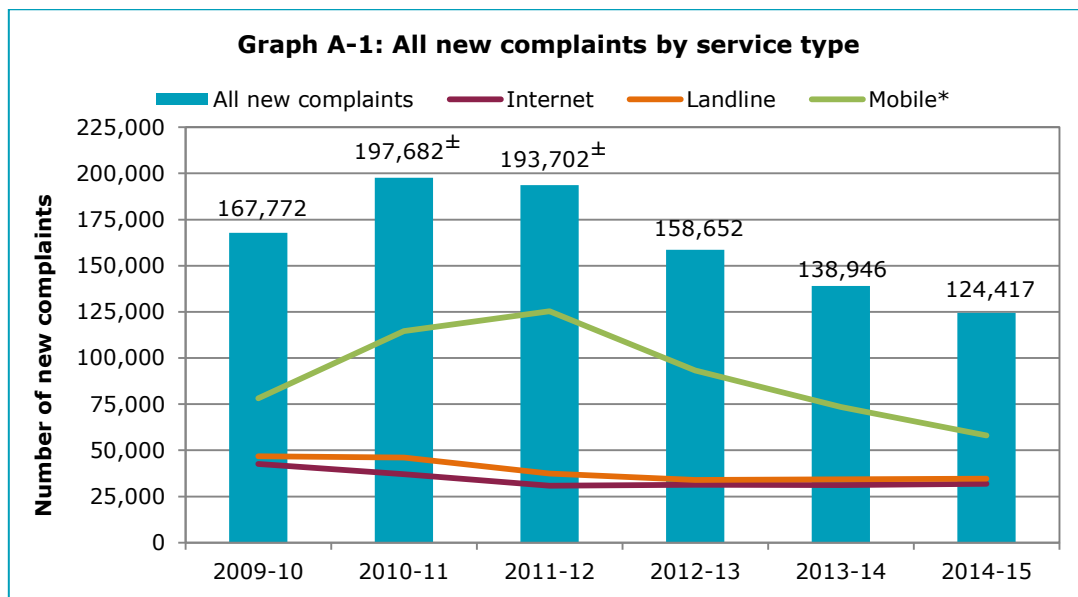
A.1 Overview of TIO complaint trends

Although new complaints to the TIO have reduced over the past four years, we continue to receive over one hundred thousand complaints about telecommunications services each year.

In 2014-15 we recorded and handled 124,417 new complaints from small business and residential consumers across Australia.⁵¹ This is a 37.1 per cent reduction compared to 197,682 new complaints recorded in 2010-11. The year on year gradual decreases in new complaints since 2011-12 is in sharp contrast to the previous year on year increases in new complaints from 2007-08 through to 2010-11.

The reduction in TIO new complaints – particularly over the past four years – is primarily due to the reduction in new complaints about mobile services. These complaints have dropped by 53.8 per cent in 2014-15 compared to 2011-12 when mobile complaints peaked. The reduction is due to a drop in mobile new complaints about poor coverage, excess data charges and slow data speeds or drop outs.

Graph A-1 shows the breakdown of new complaints over the past six years by service type – internet, landline and mobile services (including mobile premium services).



* New complaints about mobile premium services and similar third party purchases are included in mobile new complaints.

± The sharp increase in mobile complaints from 2010 to 2012 was driven by complaints about Vodafone's network issues.

⁵¹ 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'.

We recorded around 80,000 new complaints in the first three quarters of 2015-16. Landline and mobile new complaints have reduced over this period compared to the same period last year. New complaints about internet services have increased by about 20 per cent over the first three quarters of 2015-16 compared to the same period last year.

A.2 TIO complaint issues relevant to the USO

We have identified a number of complaint categories relevant to our observations and recommendations in this submission about the USO. These categories are landline and internet faults and connections, priority assistance and payphones.

When a consumer contacts the TIO to make a complaint, we use 'issues' to categorise the complaint by service type: landline, internet, and mobile (including mobile premium services). These issues also capture the different grievances that are presented in 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 contractual and transfer disputes, connection and fault repair delays, credit management disputes, customer service/complaint handling and billing disputes.

When a consumer is complaining about a bundled service, and the complaint is about several service types provided to the same consumer, we record multiple service type issues to describe the complaint in full. For example, a complaint about a faulty landline and internet bundle would be recorded as both a landline and an internet complaint.

Consumers do not always tell the TIO whether their service is bundled or not.⁵² This means, for example, our analysis of landline complaints may feature complaints from consumers who also have a complaint about their internet service. Conversely, our analysis of internet complaints may also include complaints about landline services.

Specific issues in the categories identified as relevant to the USO are outlined in **Table A-1**. Details of the number and proportions of new complaints about these categories are set out in **Sections 1, 2 and 3** of this submission (see **Graphs 1 to 5** in this submission).

⁵² We analysed a random sample of 50 new complaints about faulty landline services, and 50 new complaints about faulty internet services. Of the 50 new complaints identified as primarily landline complaints, 31 (62 per cent) were bundled with an internet service, and in 19 new complaints (38 per cent) the consumer did not explicitly state whether their services were bundled. Of the 50 new complaints identified as primarily internet complaints, 13 (26 per cent) were bundled with a landline service, and in 37 new complaints (74 per cent) the consumer did not explicitly state whether their services were bundled.

Table A-1: Complaint categories in this submission relevant to the USO

Broad category	Specific issues
Connections	Complaint about a delay in connecting a landline standard telephone service, either an in-place or new service.
	Complaint about a delay in connecting an internet or mobile service.
	Complaint about a technician failing to attend an appointment in relation to a connection.
Faults	Complaint about the length of time taken to repair a landline standard telephone service, where the fault may be intermittent, or renders the service fully or partly unusable.
	Complaint about the length of time taken to repair an internet or mobile service, where the fault may be intermittent, or renders the service fully or partly unusable.
	Complaint about a technician failing to attend an appointment in relation to a fault.
Disability (priority assistance)	Complaint about the timeframe for connection of a service where the consumer or member of their household suffers from a life threatening medical condition.
	Complaint about the timeframe taken to rectify a fault where the consumer or member of their household suffers from a life threatening medical condition.
	Complaint about the provider not advising the consumer of the existence of the Priority Assistance program and/or how they may apply for Priority Assistance, or rejecting an application for Priority Assistance status.
Payphones	Complaint about a payphone that may be faulty or vandalised, or the consumer may not have been connected when making a call.