



Are you connected? Telecommunications availability in Rural and Regional Communities

Submission by the Australian Communications Consumer Action Network
to the Standing Committee on Broadband in Rural and Regional Services



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

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

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Introduction

“All this time, I was trying to run a business that relies heavily on the Internet, which would only sometimes work between 11pm and 6am, then mysteriously deteriorate...When urgent deadlines had to be met I would drive atop the Great Dividing Range and climb onto the bonnet of the four-wheel drive with a borrowed laptop and plug in the NextG device looking for a strong enough signal to download my stories and photos”

Maria Cameron, grazing enterprise owner from Merriwa, NSW¹

The struggle to access adequate communications services in rural and remote areas of Australia is an ongoing concern, often leading to lengthy disputes between consumers and service providers. Twice in the past 12 months the Federal Minister for Broadband, Communications and the Digital Economy has issued the Australian telecommunications industry with stern warnings to get their act together. Most recently in October 2009 the Minister made his intentions perfectly clear when responding to record-high industry complaints, stating; "all of the companies in the sector are guilty of treating their customers cavalierly... if we don't see a significant improvement in these sorts of reports and the trend starts heading down, we will legislate."²

Response to telecommunications availability in rural and remote areas

The Australian Communications Consumer Action Network (ACCAN) thanks the Standing Committee on Broadband in Rural and Regional Services for the opportunity to respond to the inquiry *‘Are you connected? Telecommunications availability in Rural and Regional Communities’*. We note the inquiry has three broad areas for comment, including;

- Differences between advertised service availability and consumer experiences of service levels
- Gaps in service provision in particular regions
- Options for improving service availability

ACCAN is pleased to present our views on the major telecommunication concerns facing consumers, many of which are exacerbated for rural, regional and remote consumers by geographic distance. ACCAN believes that the telecommunications industry is struggling across the full range of the customer experience, including price, quality and the provision of essential services in the public interest. Regulatory structures, industry codes, complaint handling processes and even the Universal Service Obligation are passed their used-by dates.

¹ Maria Cameron, ‘Operator...Please’ in *The Land*, 04/02/2010, p.19.

² Dan Harrison ‘Conroy threat to rein in telcos’ in *The Age*, 26/10/2009, accessed at <http://www.theage.com.au/national/conroy-threat-to-rein-in-telcos-20091025-heqq.html>

1. Payphones

A particular concern for rural and remote consumers in NSW is the steady decline of payphones. On a national scale, from the period of 2008 to 2009, the rate of Telstra-operated payphones decreased by 6.7% or 1,494 leaving 20,683 payphones left. In 2008/2009, 1,573 payphones were in operation in rural NSW.³

The removal of payphones, which are essential service in many rural and remote communities of NSW, is continually problematic. Local residents know where they can find local public payphones, and this is often necessary for reporting faults and for back up (for example a generator for a phone runs out generally after half an hour, which is limited time in the case of black outs). Public payphones are important for regular users, low-income consumers and pre-paid mobile phone users who can be reliant on access to public phones to make calls. Public phones are critical in emergencies and are especially also vital where mobile phone coverage is non-existent or unreliable.

Of the public payphones that do remain, the issue of payphone repair timing requires attention. Timely repair of payphone faults is a component of the provision of payphone services under the Universal Services Obligation (USO). Once Telstra has received notification of a fault, it must use 'reasonable' endeavours to repair its unusable payphones within the timeframe of two working days in rural areas and three working days in remote areas. During the period of 2008 to 2009, 85.9% of payphone faults in rural areas and 65.9% of payphone fault repairs in remote areas were addressed by Telstra in accordance with the USO. In urban areas 92.5% of payphone fault repairs were addressed to within a day, as required by the USO⁴.

ACCAN has called for reforms in the criteria used to remove payphones and the process by which payphones can be removed. Of relevance to the NSW Parliament is the potential involvement of local government in the consultation process of the removal of payphones. We have proposed that the service provider must undertake a public consultation which is inclusive of discussion with the relevant local government on the removal of a payphone and where a dispute arises the matter should be referred to the Australian Communications and Media Authority for determination.

2. Quality of Service

Many consumers have contacted ACCAN frustrated with the quality of service of their fixed lines and payphones. To add insult to injury, when these consumers have contacted customer service to address the issue, their phone connection is unreliable and may drop out. This catch 22 leaves little option and deprives people in rural and remote areas of communications services that are vital in relation to their livelihood, such as running a business, and in emergencies.

In 2009 the Telecommunications Industry Ombudsman (TIO) reported a 60% increase in business.⁵ During the 2008/09 financial year the TIO logged an astounding 481,418

³ ACMA, *Communications Report 2008 -2009*, p.123.

⁴ ACMA, *Communications Report 2008 -2009*, pp.125-126.

⁵ TIO, 2009, *Annual Report*, p40



complaint issues from over 260, 000 telecommunications customer complaints. Complaints to the scheme increased across the full suite of internet, mobile and landline services. These figures were continuing a pattern of poor performance that has been getting worse in the years since the TIO was established. But the 2008/09 complaint rates are unprecedented and evidence of a major breakdown in the quality of services provided by Australian telecommunication providers.

The quality of service provided by Australian telecommunications companies in relative terms is bad, and in absolute terms the quality of service is getting worse. But why is this happening? An interesting insight is provided by the United Kingdom's Office of the Telecommunications Ombudsman (OTELO), who observes;

*"Changes in technology have changed the precise nature of complaints but the essentials of them remain familiar. Failures in meeting customer expectations are at the heart of any complaint. We see misunderstandings about the package purchased, raised expectations about what can be provided (particularly in relation to broadband speed and reliability), but above all we see examples of poor communications with customers."*⁶

Data from the TIO would appear to support a similar case in Australia. While technologies have developed, basic customer service has not. Product complexity has been associated with weak competition, poor consumer information and the expanded use of agents. Product complexity can also help explain why consent issues remain a persistent feature of the industry. A 2009 study by the Australian Communications Consumer Action Network identified significant concerns regarding consent among indigenous consumers, young people and culturally and linguistically diverse consumers.⁷

3. Cost of Service

ACCAN has been strongly critical of the hidden fees and charges that now permeate the industry. Of particular concern is the appearance of fees just to pay bills. After overwhelming public pressure in 2009 Telstra was forced to withdraw its \$2.20 charge for paying a bill in cash, at a post office or by cheque. In making the decision, Telstra CEO David Thodey said,

*"I have listened to the community debate and believe that the way we introduced the fee did not align with our commitment to put customers back at the heart of our business,"*⁸

But while public pressure on the largest Telco has had a real impact, pay-to-pay fees of \$0.50 to \$2.50 remain in place on most service contracts. Pay-to-pay fees affect all customers but are particularly bad news for people on low incomes and fixed incomes and those with limited digital literacy. People on low incomes are also more vulnerable to being charged a late payment fee – another type of fee with a very poor underlying justification. Additionally, the pay-to-pay fees are a demonstrated hindrance to the lives of rural and

⁶ OTELO, 2009, Annual Report

⁷ ACCAN, 2009, *Informed Consent: Research Report*

⁸ Telstra Media release, 'Telstra boss drops bill payment fee after customer feedback', 4 November 2009 accessed at http://www.telstra.com.au/abouttelstra/media/announcements_article.cfm?ObjectID=45884



remote consumers, who must drive to their nearest post offices in nearby towns to pay their bills instead of online, due to the inconsistent nature of their broadband connections.

ACCAN has also been highly critical of “capped plans” which look and feel very little like a customer would normally understand a ‘cap’. They do not offer a ceiling on a bill but rather a floor on the minimum amount payable. They cause confusion from the number and types of services that are excluded from the ‘cap’. They are nearly impossible to manage because real time information about usage is seldom available. The rise of capped plans has been accompanied by the rise of “bill shock”, where customers are hit with significantly higher bills than expected. Often because when customers exceed the capped figure a penalty escalation applies to the price.

4. Regional Telecommunications Independent Review (2008)

In 2007 ACCAN’s predecessor, the Consumers’ Telecommunications Network (CTN), contributed to the inquiry into the Regional Telecommunications Independent Review. Matters relating to the availability of telecommunications in rural and regional communities were comprehensively covered in review, released in 2008. It is important to note that consultation with stakeholders from regional and remote community organisations formed the basis of CTN’s submission. ACCAN encourages the Committee to consider the following issues that were raised in CTN’s submission to that inquiry. Addressing these matters will allow for a more inclusive society in rural and remote areas of NSW.

4.1 Mobile coverage

Inadequate mobile coverage has consistently remained at the forefront of concerns in telecommunications availability for rural and remote consumers. Consumers have reported complaints that mobile coverage accessed in reality does not meet the claims made by service providers. Coverage maps are indicative only and there are no guarantees that coverage exists where service providers claim. There is a need for greater accuracy and accountability of coverage claims made by providers, and more importantly, greater mobile coverage is needed. CTN urged the Committee to recommend an audit of mobile coverage across especially in rural and remote areas.

4.2 Landline services

Generally speaking, there appears to be broad satisfaction with the quality of landline services. However faults are not uncommon, which impacts on access to basic communications (particularly in remote areas, where there may be no mobile service). Feedback received by CTN suggests that the queuing system does not allow repairs in remote areas to be conducted by area, which delayed repairs due to inefficiencies in travel arrangements by technicians. Stakeholders had also advised that access to fax services remained a very high priority for them, as it is a reliable data transmission service.

Conclusion

Telecommunications are an essential service, providing a means of effective communications– with family, friends, business, government, and the wider community, regardless of location. The telecommunications industry is too important to be failing consumers. Yet its rules, regulations and complaints handling processes are groaning under the weight of the 21st century. We need accessible, affordable and available communications services and that demands major regulatory reform, structural change and fairer products.

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