Australian Mobile Telecommunications Association (AMTA)

&

Communications Alliance

Response

to the

Australian Communications and Media Authority (ACMA)

Consultation Paper

"Reconnecting the Customer"

17th September 2010

INTRODUCTION

1   The Australian Mobile Telecommunications Association (AMTA) is the peak industry body representing Australia's mobile telecommunications industry. AMTA's mission is to promote an environmentally, socially and economically responsible and successful mobile telecommunications industry in Australia. AMTA members include mobile Carriage Service Providers, handset manufacturers, retail outlets, network equipment suppliers and other suppliers to the industry. For more details about AMTA, see http://www.amta.org.au.

2   Communications Alliance is the peak telecommunications industry body in Australia. Its membership is drawn from a wide cross-section of the communications industry, including service providers, vendors, consultants and suppliers as well as business and consumer groups. Its vision is to provide a unified voice for the telecommunications industry and to lead it into the next generation of converging networks, technologies and services. The prime mission of Communications Alliance is to promote the growth of the Australian communications industry and the protection of consumer interests by fostering the highest standards of business ethics and behaviour through industry self-governance. For more details about Communications Alliance, see http://www.commsalliance.com.au.

3   AMTA and Communications Alliance (the Associations) welcome the opportunity to respond to the Australian Communication and Media Authority (ACMA) Public Inquiry Consultation Paper "Reconnecting the Customer" (the Consultation Paper).

4   This submission explores customer service and complaint handling in the telecommunications industry at a high-level, with an analysis of the issues and commentary about appropriate responses in a rapidly changing communications environment. It does not seek to answer the individual questions raised in the Consultation Paper or to explore in detail individual organisations' activities with respect to customer service and complaint handling. Members of the Associations may choose to make individual submissions.

EXECUTIVE SUMMARY

5   The ACMA "Reconnecting the Customer" Inquiry has been welcomed by the telecommunications industry, which is keen to engage with the ACMA, the Inquiry process and other stakeholders as part of a wider effort to achieve improved customer service management and customer satisfaction – an outcome that will benefit consumers and retail service providers alike.

6   The ACMA Inquiry is timely for several reasons, including that it:

   a)   coincides with the emergence of increasing complexity in service offerings and supply chains, which pose challenges for service providers and which have contributed to the spike in customer complaints to the Telecommunications Industry Ombudsman (TIO) that occurred in the period to the end of the 2008-09 financial year;

   b)   takes place as non-traditional service providers – many with a content or internet background – increasingly enter the industry and blur the established definitions of 'service provider' and 'telecommunications' service;

   c)   coincides with the revision of the Communications Alliance Telecommunications Consumer Protection (TCP) Code (including the Code chapter covering complaint handling); an exercise that will have a bearing on the ability of the industry to further improve its customer service and complaint handling performance;

   d)   provides an opportunity to improve clarity around the roles and responsibilities of the various regulatory agencies in light of the TCP & Mobile

Premium Services (MPS) Code revisions, the new Australian Consumer Law and the development and roll-out of the National Broadband Network (NBN); and

e) can provide options for reduced regulatory complexity as an input to the planned 2011 Federal Government review of regulation in a Converged Digital Environment.

7 Complaints to the TIO have fallen by approximately 23 percent in the twelve months to end June 2010, in an environment where the number of services, service types and overall customers continues to grow. Nonetheless, reported complaint levels remain too high.

8 Industry is already working to develop an improved dialogue with the TIO that will help generate more meaningful information about underlying causes of customer dissatisfaction, along with more effective ways to achieve early resolution of complaints and potential complaints.

9 The communications sector is a vital one for the Australian economy. A vibrant and competitive market will be the key driver of new and innovative products and applications that will benefit all users.

10 Delivering those products and applications with good customer service is key to success in our market and it is often isolated instances of individual poor conduct that generate adverse perceptions of the broader industry.

11 The Associations believe, however, that there is now a widespread recognition by service providers that performance across the sector must be improved, and a stronger desire to take action to achieve this. Indeed, significant investments in upgraded customer service technology and systems, process improvement, compliance systems and improved practices have been and continue to be made across the industry.

12 The Associations' members believe that the industry itself is best-placed to deliver these improvements. There is widespread recognition, nonetheless, that if the industry participants cannot improve their performance within a co-regulatory framework, the result will invariably be the imposition of further direct telecommunications-specific regulation – a development that will not necessarily benefit consumers or providers.

13 The Associations' submission looks at the current market, industry activity and regulatory situation and canvasses existing and potential steps toward sustained improvement.

14 Industry is committed to the current self-regulatory and co-regulatory framework, and to the development of a more productive and collaborative engagement with regulators and consumers to advance the interests of consumers and industry players.

15 Ultimately this should result in a mature relationship in which self-regulatory and co-regulatory mechanisms are the dominant tools, but in which industry advocates and facilitates the use of direct regulation where this is the best means of addressing specific instances of demonstrable market failure.

BACKGROUND

16 As the Consultation Paper recognises, the communications industry has undergone significant change in the past decade, with significant technological advancement, convergence and a large increase in services in operation presenting the industry with both technical and consumer management challenges.

17 For example, changes have included:

a) A shift from traditional voice telephony over a fixed copper based network

to mobile telephony and voice over Internet Protocol (VoIP), both on PCs and, more recently, on mobile devices.

b) A move from dial-up internet access to high speed 'always on' broadband, accessing increasingly complex internet applications and content-focused networks.

c) The emergence and rapid uptake of mobile broadband capability, with a rapidly increasing number of applications available on increasingly intuitive mobile devices.

d) A large increase in the number and type of devices available, with convergence blurring the boundaries between devices (e.g. the emergence of interactive household appliances, TVs, etc.).

e) More complex supply chains with a move away from distinct services typically provided by the network owner, to integrated, converged and bundled services involving multiple providers and networks with a separation of network ownership and service provision.

18   These shifts have created challenges for consumers who may have limited understanding of essential parts of the technology they are using. They are also engaging with dramatically changed supply chains. Identifying and resolving some issues may therefore be more complex for consumers who are uncertain whom to contact for assistance.

19   These issues have also presented customer care challenges for industry. In addition, rapid technological advancements have necessitated industry developing systems, processes or procedures to support the explosion of new applications, services and associated service providers.

20   Simultaneously, consumer attitudes and expectations have changed markedly. Consumers increasingly demand greater control of the processes through 'real-time' means, e.g. web logging and live 'help-chats' through the provider's web site, internet forums, social network sites, etc.

21   Ironically, some of these challenges have been exacerbated by regulatory requirements that were intended to empower consumers. For example, no one would dispute that consumers should be provided with information prior to committing to a product or service to enable them to make informed purchase decisions. However, the Productivity Commission recently expressed concern that "It appears that the development of information requirements has occurred on a piecemeal basis. While each individual requirement may be reasonable by itself, the cumulative effect has been to create a web of uncoordinated requirements which is duplicative, burdensome to industry, and does not meet its objective of informing customers."[1] The Productivity Commission concluded that "to be effective, the information provided to consumers needs to be clear, easily located, and comprehensible. Providing too much information to consumers may be confusing."[2] The problems are aggravated when consumers are from non-English speaking backgrounds.

22   Irrespective of the underlying causes, industry has made and will continue to make a concerted effort to work constructively with all stakeholders to deliver a positive customer experience. Service providers value the relationship with their customers and recognise that meeting customer expectations in an efficient and effective way will be a key competitive differentiator as we move into an ever-more

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[1]P146, Productivity Commission, Research Report, "Annual Review of Regulatory Burdens on Business", August 2009

[2] P146, Productivity Commission, Research Report, "Annual Review of Regulatory Burdens on Business", August 2009

convergent future.

INDUSTRY PERFORMANCE IN CONTEXT

23 The Associations recognise that a tarnished reputation does not emerge entirely without reason and industry acknowledges that, at times, its customer care performance has fallen short of expectations. Complaints to the TIO peaked in the year 2008-09 and, despite a decrease in complaints of 23 percent since September 2009[3], complaint volumes remain too high.

24 Accordingly, in a recent joint statement Australian telecommunications consumer and industry representatives stated that they "will use this [Telecommunications Consumer Protections Code] Review to pursue an outcome that provides genuine and practical benefits for telecommunications consumers, including improved consumer protection.[4]"

25 In order to identify, understand and efficiently address the issues, the Associations contend that the debate must remain factual, measured and reasonable. This includes understanding industry's performance in the context of the wider market place. Failure to do so may result in regulatory responses that are disproportionate and inefficient.

26 The Consultation Paper recognises that most consumers – around 80 percent – are generally satisfied with both their fixed-line and mobile service[5] but that a significant minority are dissatisfied. It then goes on to cite TIO statistics about this significant minority.

27 The Consultation Paper quotes an increase of 72 percent in mobile customer service complaint issues to the TIO in 2008-09[6]. The increase is not welcome or desirable, but as a percentage of services in operation, it represents a very small number of complaint issues relative to the number of subscribers: 0.7 percent in 2008-09 (i.e. well under one percent), up from a rate of 0.38 percent in 2007-08[7].

28 Complaint issue rates for fixed-line services are slightly higher, at 1.5 percent in the 2008-09 financial year, but are still low as a percentage of services in operation[8].

29 The Associations note that complaints to the TIO are not the only measurement of customer satisfaction – or dissatisfaction. Like all metrics, the metric 'complaint' is very much dependent on an unambiguous and uniform definition within the industry as well as the TIO. As such, complaint metrics tend to capture only the subjective views of consumers whilst other metrics, e.g. confirmation of systemic Code breaches may more accurately reflect compliance with rules.

30 On this point, the Associations note that in February 2009 the ACMA's audit of 39 telecommunications providers found 37 providers compliant with the relevant Code rules on the provision of financial hardship policies (with one provider complying upon ACMA's formal direction and the other provider having ceased operations in Australia).[9] Similarly, in June 2008, 97.5 percent of the 118 audited providers (who were selected by reference to having triggered TIO complaints with

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[3] http://www.tio.com.au/statisticsQtr.htm

[4] Statement of Intent for the TCP Code review, 29 June 2010

[5] P3, ACMA Consultation Paper, "Reconnecting the Customer", June 2010

[6] P9, ACMA Consultation Paper, "Reconnecting the Customer", June 2010

[7] 2008-09 – SIOs: 24.22 million; complaint issues over all complaint categories, i.e. not just customer service: 178,019. Raw data obtained from:
http://www.acma.gov.au/webwr/_assets/main/lib311252/key_indicators_comms_report_08-09.pdf

[8] Raw data obtained from:
http://www.acma.gov.au/webwr/_assets/main/lib311252/key_indicators_comms_report_08-09.pdf

[9] P65, ACMA "Annual report 2008-09"

respect to billing matters and therefore did not represent an unbiased industry sample) were compliant with the direct debit provisions of the TCP Code.[10] Also, 98 percent of the 95 providers who provided information were compliant with the complaint handling requirements of the TCP Code (97 companies were audited, two did not provide information).[11]

31   In this context the Associations would also like to draw attention to the difference between perceived overall dissatisfaction and satisfaction as directly evidenced by consumers.

   a)   The ACMA's own research into consumer satisfaction with communications services found that:

        i)   household satisfaction with fixed-line services was high, with only five to six percent of respondents expressing dissatisfaction with their fixed line services (categorised as 'rarely met my expectations'). Notably, the same study found that a greater minority (between six and nine percent) of consumers actually reported that their expectations were exceeded[12].

        ii) mobile phone users' satisfaction results were even more skewed to the positive with ten percent reporting that their service provider had exceeded their expectations compared to only five to seven percent who reported that their expectations were rarely met[13].

   b)   The ACMA report *"Mobile capped plans: Consumer attitudes and behaviour"* revealed that "Users of mobile capped plans indicated high levels of satisfaction overall with their mobile service, at 81 per cent. Among the survey sample, reasons given for dissatisfaction across all mobile services included: reception/coverage issues 54 per cent; too expensive 18 per cent; bad customer service 17 per cent. Across the total sample of mobile phone users, 83 per cent stated they were satisfied with their mobile service." Not only does the study attest a generally positive image of capped plans (almost 40% of all mobile phone users have a capped plan) but also of mobile services in general. Moreover, it illustrates that customer service issues are far from the most important reason for dissatisfaction.[14]

32   The Consultation Paper also notes that most customer service and complaint handling issues are secondary[15], i.e. those two issues are not the reason why a consumer involved the TIO.

33   The low proportion of customers who complain to the TIO could suggest, as consumer groups propose, that dissatisfaction levels are actually higher but motivation to complain is low. Further research and analysis is necessary to investigate this matter in more detail. However, it is worth noting that the substantial increase in complaint numbers over the 2008-09 financial year is likely to be attributable at least in part to the concerted effort by the ACMA and TIO to raise consumer awareness about their rights to complain through the "Connect.Resolve" campaign.

34   A second interpretation of the statistics is that the relatively low number of complaints to the TIO as a percentage of subscribers suggests that most consumers

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[10] *P65, ACMA "Annual report 2008-09"*

[11] *P65, ACMA "Annual report 2008-09"*

[12] P9, ACMA Report 3, "Convergence and Communications: Australian consumer satisfaction with communication services", June 2009

[13] P17, ACMA Report 3, "Convergence and Communications: Australian consumer satisfaction with communication services", June 2009

[14] http://www.acma.gov.au/WEB/STANDARD/pc=PC_312157

[15] P15, ACMA Consultation Paper, "Reconnecting the Customer", June 2010

have no complaints, but that when they do, their complaints are generally effectively dealt with by their service provider in the first instance. Again, further research and analysis would provide more informed comment. However, the Associations note that one large carrier service provider averages approximately two million customer interactions per month via its call centre alone; in addition customers may interact through web interfaces such as the provider's website, Facebook, Twitter, and online forums such as Whirlpool. This suggests that questions and issues are frequently dealt with effectively before they escalate into complaints.

35   A third interpretation of the statistics is that consumers express their dissatisfaction by switching providers. The Associations refer to the ACMA Report 3, "Convergence and Communications: Australian consumer satisfaction with communication services" (June 2009) which concluded that most Australians were satisfied with their communications services. However, it also noted that they are becoming more likely to switch providers or make complaints if dissatisfied. [16]

36   The important point here is not that the different interpretations of the figures suggest the absence of problems - industry acknowledges the existence of customer service and complaint handling issues which it is acting to resolve – but that in order to develop appropriate and efficient solutions, the issues to be addressed must be properly understood and effective processes and relationships between stakeholders must be developed or reinforced.

PAVING THE WAY FOR IMPROVED PERFORMANCE

37   Industry recognises that the TIO scheme is valuable and that it can assist ensure Australian telecommunications customers are fairly treated. However, the Associations contend that the current metrics and information available about the root cause of complaints is limited in its usefulness in actually helping industry understand and address the issues. For example, whilst the TIO supplies data which relates to specific Codes or Code rules, industry believes that considerably more value can be gained from increasing the level of associated information about the specific industry practice that is either not covered at all, is given a different interpretation by the supplier and TIO, or is not adequately addressed by existing Code rules.

38   Notwithstanding that the TIO's function, scope and ongoing role is likely to be considered as part of the expected Federal Government review of regulation in a Converged Digital Environment in 2011, industry has begun to work with the Ombudsman to identify more relevant metrics that can assist industry identify and address customer service issues in a more meaningful way. Pleasingly, the Ombudsman has willingly engaged on these matters.

39   In understanding and measuring performance, it is important to recognise that every industry experiences a 'natural level of complaints', i.e. even exemplary customer care will not eliminate all complaints. The Associations suggest that it would be useful to explore where such levels are and what they imply for regulatory and enforcement practice.

40   The Associations emphasise the difficulty to conclusively comment on customer service and complaint handling related matters whilst both the TCP Code revision and the Mobile Premium Services (MPS) Code revision are under way as both Codes are key to this Inquiry. The Code revisions and the ACMA Inquiry constitute two processes that ought to inform each other to obtain optimal results for consumers and society as a whole. Hence and in accordance with the ACMA's request the TCP Code revision will commence its detailed analysis of the Complaint Handling chapter of the Code at a later stage in the revision process.

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[16] http://www.acma.gov.au/scripts/nc.dll?WEB/STANDARD/1001/pc=PC_311777

41 Public submissions to the TCP Code Issues Paper indicate that one or even the major area of concern lies in the compliance, enforcement and monitoring of the Code. It is important, however, that compliance, monitoring and enforcement issues are considered in a broader context rather than being considered for the TCP Code or any other Code in isolation. Any potential alterations to the current compliance, monitoring and enforcement scheme must be generic and viable in the foreseeable future.

42 With this aim in mind industry welcomes the inclusion of consumer representation bodies and of all regulatory stakeholders as well as the TIO in the revision processes from the very first stages. The participation of all stakeholders will assist in producing an enduring and practicable outcome that satisfies industry requirements and consumer needs alike. Industry has also begun to consider whether there would be value in the Working Committees' members' continued involvement after the completion of the Code revision, to review the complaints data associated with the Code and to consider the cause and possible solutions for high ranking issues.

43 It should be noted that whilst it is too early to comment on the outcomes of both Code revisions, it is already apparent that all stakeholders are striving to significantly shorten the Code by removing duplication with other pieces of legislation (e.g. the new Australian Consumer Law), and to simplify the Code and its language so as to improve consumer understanding. The production of a short consumer-focused summary document to accompany the TCP Code has also been agreed.

RESPONSES TO THE CHALLENGE

44 Once any issues are clearly identified and defined, targeted and efficient solutions can be designed and implemented. As the Consultation Paper recognises, there is a range of options available, including individual provider responses, industry initiatives, self-regulation, co-regulation or black-letter legislation.

45 In the recent past, consumer groups have sometimes advocated the use of black-letter regulation, i.e. explicit government regulation (legislation), to address an actual or perceived shortfall in customer service and complaint handling in the telecommunications industry.

46 Industry does not oppose black-letter regulation in all cases: if market failure is identified as the cause of a particular problem, a regulatory response might be the appropriate outcome so long as it is tightly targeted and its benefits outweigh its costs.

47 However, the Associations believe that whilst black-letter regulation may appear to be effective in achieving a particular aim, it is not generally an efficient means to do so and often causes unintended distortions in the marketplace. In the majority of cases, issues will be more appropriately and efficiently resolved by individual providers seeking to retain customers and compete on customer service issues in a way that best suits their individual business model.

48 Where necessary, self- or co-regulatory options can also be considered, with industry, consumers and the regulator working co-operatively and constructively together to address identified issues. The Associations submit, however, that it is not possible to regulate for 'good customer care' and that prescriptive and poorly targeted 'consumer protection' regulation will stifle industry dynamism and competition, reducing the industry's substantial contribution to the Australian economy.

49 Whilst this submission does not intend to set out the theoretical arguments underpinning the case for self or co-regulation, the Associations note several points relevant in this context:

   a) The pace of technological development and changing customer numbers and behaviour mandate a flexible and adaptable approach to regulation

which black-letter regulation is unlikely to be able to provide. For example, it is highly questionable whether black-letter regulation would have been able to achieve practical and efficient solutions to complex technical issues such as mobile number portability (MNP). Such Codes, together with associated Guidelines and an effective administration body involving all relevant stakeholders actually affected by the interaction, demonstrate the value of self and co-regulation.

b)   In a market as competitive and dynamic as Australian telecommunications, self and co-regulation are able to provide an effective and flexible framework which can promote competition via product and customer service differentiation and hence foster innovation while ensuring appropriate safeguards.

c)   The Australian telecommunications market is highly contestable and customers are able to 'vote with their feet' taking advantage of portability by churning to a provider who offers a service, including a relevant level of customer care, at a price level that best suits their needs. As the aforementioned ACMA research demonstrates, customers also make use of this possibility.[17]

d)   Good customer service is not only desirable or even necessary from a consumer's perspective but it is also key to long term business success. The commercial reasons to address customer service issues and ensure lasting customer relationships are compelling. Research reveals that:

(i)   acquiring new customers can cost five to seven times more than satisfying and retaining existing customers.

(ii)   increasing customer retention by two percent has the same effect on profits as cutting costs by ten percent.

(iii)   reducing the rate of customer defection by five percent can increase profits by as much as 125 percent.

(iv)   the customer profitability rate tends to increase over the life of a retained customer.[18]

The costs of sub-standard customer service can be difficult to quantify. Costs can include ombudsman compensation, re-work, cost of incorrect invoicing, commissions paid to sales people for services later cancelled or compensated, absenteeism and staff attrition, poor 'word of mouth' requiring increased defensive advertising resulting in higher customer acquisition costs, multiple contacts and hand-offs to deal with a single issue or complaint driving increased customer service staff costs, deliberately hidden activities to deal with poor service problems, lost sales due to lack of confidence in company service standards and ability to meet requirements etc.

e)   Customers must retain the freedom to choose 'cheap and cheerful' over more expensive but fully-supported services. The regulator must recognise this choice.

f)   Industry experts propose that innovation and R&D of the ICT industry underpins 70 percent of all economic sector growth. Limiting the ability of industry to differentiate and innovate through extensive (black-letter) regulation might, therefore, come at a much greater economic cost (for the Australian community as a whole) than anticipated.[19] This spill-over effect

[17] http://www.acma.gov.au/scripts/nc.dll?WEB/STANDARD/1001/pc=PC_311777

[18] http://www.churnforum.com/Event.aspx?id=262712

[19] http://tc106.metawerx.com.au/Rustreport/rustreport_aug13_10.pdf.

will become even more pronounced in an NBN environment.

g)   As the information provision requirements discussed earlier in this submission illustrate, the imposition of black-letter regulation and the requirements resulting from it can lead to increased complexity for industry and consumers alike. The telecommunications industry operates under a complex co-regulatory model with significant use of government delegated legislation, overlap and inconsistency between jurisdictional and agency responsibilities and numerous bodies responsible for developing policy without adequate reference to, or knowledge of, initiatives or regulatory responses being developed by other bodies or agencies. As the ACMA Public Inquiry "Reconnecting the Customer" renders clear, this raft of legislation does not solve the issues at hand.

h)   It is also worth noting that increasing convergence means that existing regulations are often not technology-neutral. For example, an application offered on one device is subject to different regulations to the same application offered on a different device. Introducing further telecommunications-specific black-letter regulation is likely to distort the picture of obligations even further. Particularly in view of the Federal Government review of regulation in a Converged Digital Environment in 2011 it appears that any telecommunications-specific action at this point in time seems premature and even potentially harmful.

INDUSTRY ACTIVITY

50   It is important that when the ACMA is considering customer care related issues in the Australian telecommunications industry, it gives due weight to the broader range of activities that service providers undertake which have significantly advanced the interest and welfare of the Australian community and economy. Fore example:

a)   Australia's world-leading MNP solution was created cooperatively by representatives of numerous mobile service providers and it allows Australians to fully exploit the competitive Australian mobile services market by switching their service from one mobile operator to another in a few minutes[20] – by far the best and most efficient system of its kind anywhere in the world.

b)   The telecommunications industry has proactively undertaken a range of initiatives to craft practicable solutions for the planned NBN. Whilst continuing with their day jobs, more than 200 people from 72 organisations have contributed to the Communications Alliance working groups since June 2009 to address the key areas of the NBN: the NBN reference model, wholesale services, end-user migration, technical, operational, end-user premises, and early stage deployments.

c)   Since 2003, AMTA has run a world-leading anti-theft and lost handset program at no cost to consumers. In an industry driven initiative, a scheme is run which allows sharing of a mobile phone's IMEI number with all mobile carriers in Australia to have it blocked across all networks if it is reported as lost or stolen. In addition to the lost and stolen phone scheme, AMTA runs a public awareness campaign 'Mind your mobile' (http://www.lost.amta. org.au) which provides useful security tips for consumers and allows them to check the status (blocked/unblocked) of their mobile.

d)   Industry also recognises its responsibility to minimise its impact on the

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[20] The Service Level Agreement stipulates 90 percent of portings to be completed within three hours which is by far exceeded in most cases.

environment. To this end, AMTA runs a world-leading recycling program which is also provided free of charge to the consumer. Introduced in 1998, the 'MobileMuster' campaign (http://www.mobilemuster.com.au) collects and recycles mobile handsets, batteries and accessories. To-date, 711 tonnes (almost 5 million handsets and batteries) has been collected at more than 3,500 collection points Australia-wide. The program is paid for by industry, with handset manufacturers and service providers funding the program by charging an advance recycling fee (or levy) to each participating member based on the number of handsets shipped into Australia. No revenue is raised through the sale of mobile phones and their components from recycling, refurbishment or resale. The program is run on a not for profit basis.

e)   In the same vein, industry has shown proactive leadership through the 'Design and Innovation Program' of AMTA's Mobile Carriers Forum (MCF). The program aims to identify techniques and guidelines which can be applied and supplement everyday mobile phone base station site design processes and assist mobile carriers and their consultants to determine opportunities when deploying infrastructure to achieve outcomes that are less visually obtrusive to the public.

f)   Industry has demonstrated its commitment to address customer management challenges and is spending significant time and resources on improving performance, including with respect customer service and complaint handling. For example, some providers have engaged in formal campaigns to 'listen to their customers' in a structured feedback program involving many thousands of households. Feedback results have then be used to review and adjust organisational processes. Similarly, some providers demonstrate their commitment to customer service and complaint handling by benchmarking their internal performance by reference to the standards required by the Net Promoter Score (NPS). The NPS does not measure customer satisfaction but rather asks the question in how far customers would be willing to promote a company. The results of these and other activities have been significant, with one organisation reporting a reduction in customer complaints of more than one third on a company level.

CONCLUSIONS AND RECOMMENDATIONS

51   Rapid technological advances, convergence, increasingly complex supply chains and significantly increased customer numbers have presented the telecommunication industry with both technical and consumer management challenges. This has contributed to a rise in complaints in recent years which industry is acting to remedy.

52   It is critical, however, that any response to the consumer management challenges faced by the telecommunications industry is proportionate, evidence-based and efficient.

53   In this context, it is important to acknowledge both the ACMA's own research on consumer satisfaction levels and the TIO figures in relation to other market figures. As described in this submission, customer complaint issues for both mobile and fixed line services represent only a very small number of complaint issues relative to the number of subscribers. Further, the ACMA's research revealed that more consumers reported that their service provider had exceeded their expectations than had not met their expectations.

54   Irrespective of the interpretation of statistics, industry has acknowledged that there are problems in areas of customer management. However, the Associations contend that the current metrics and information available about the root cause of complaints are limited in its usefulness in actually helping industry understand and address the issues. Notwithstanding that the TIO's function, scope and

ongoing role is likely to be considered in the upcoming Federal Government review of regulation in a Converged Digital Environment, industry considers that it would be valuable to continue discussions with the Ombudsman that aim to identify more relevant metrics that can better assist industry identify and address customer service issues.

55   Industry also suggests that discussions be facilitated between the industry, TIO, the ACMA and other relevant stakeholders to identify individual issues and design effective, efficient and targeted solutions. If market failure is identified as the cause of a particular problem, a regulatory solution might be the appropriate outcome. However, in the majority of cases, industry considers that issues will be more appropriately and efficiently resolved by individual providers seeking to retain customers and compete on customer service issues in a way that is tailored to their individual business model.

56   Where necessary, self- or co-regulatory options can also be considered, with industry, consumers and the regulator working co-operatively and constructively together to address identified issues. The Associations submit, however, that it is not possible to regulate for 'good customer care' and that prescriptive and poorly targeted 'consumer protection' regulation will stifle industry dynamism and competition, reducing the industry's substantial contribution to the Australian economy. The Associations also note the Productivity Commission's findings that information requirements that were intended to empower consumers actually exacerbated the problems, achieving confusion rather than clarity. On this point, industry re-iterates its support for the Productivity Commission's recommendation that the ACMA and DBCDE conduct a comprehensive joint review of all customer information requirements with the aim of streamlining requirements[21].

57   The Associations further submit that it is inefficient, confusing and undesirable to consider introducing any further telecommunication-specific regulation. The telecommunications industry operates under a complex co-regulatory model with significant use of government delegated legislation, overlap and inconsistency between jurisdictional and agency responsibilities and numerous bodies responsible for developing policy without adequate reference to, or knowledge of, initiatives or regulatory responses being developed by other bodies or agencies. Convergence exacerbates the issues, creating situations where, for example, an application offered on one device is subject to different regulations to the same application offered on a different device.

58   The Associations expect that these issues will be considered in the 2011 Federal Government review of regulation in a Converged Digital Environment and recommend that the ACMA considers the outcome of that review when analysing the issues raised in its "Reconnecting the Customer" Inquiry. Similarly, the ACMA should have regard for both the TCP and MPS Code reviews as these address many of the issues raised by the ACMA in its Consultation Paper.

59   The Associations thank the ACMA for the opportunity to comment and welcome the opportunity to discuss the issues further and to contribute to the ongoing work of the Inquiry.

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[21] P148, Productivity Commission, Research Report, "Annual Review of Regulatory Burdens on Business", August 2009