TIO Consultation Paper – Publishing Comparative Complaints Data

COMMUNICATIONS ALLIANCE SUBMISSION
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INTRODUCTION

Communications Alliance welcomes the opportunity to provide this submission in response to the TIO Consultation Paper – Publishing Comparative Complaints Data

About Communications Alliance

Communications Alliance is the primary telecommunications industry body in Australia. Its membership is drawn from a wide cross-section of the communications industry, including carriers, carriage and internet service providers, content providers, equipment vendors, IT companies, consultants and business 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.
SECTION 1 – EXECUTIVE SUMMARY

Communications Alliance has been a long-time advocate of the TIO providing greater context – at the whole of industry level – when reporting complaint numbers.

The TIO has not yet managed to complete this task – save for the example reports in the September 2013 Consultation Paper - although it has been exploring it, at the suggestion of Communications Alliance and its members, since early 2012.

Industry does not support the TIO proposal to attempt to expand its powers and undertake – ultimately at the expense of consumers – the task of generating contextualised data to produce service provider-specific reporting.

There are many reasons why industry does not support the TIO proposal, as detailed elsewhere in this submission.

In summary, these reasons include that:

- given the Federal Government focus on reducing the administrative and regulatory burden on industry, it is inappropriate to go down the path of ‘scope-creep’ by granting additional, coercive powers to the TIO – particularly when better, alternative options are available in the form of the industry proposal to generate provider-specific reporting;

- the task of preparing a provider-specific performance metrics framework was delegated to Communications Alliance Ltd and Communications Compliance Ltd in early 2012 as part of the revision of the Telecommunications Consumer Protections (TCP) Code – a process in which the TIO was heavily involved, along with consumer representatives, industry, DBCDE, the ACCC and the ACMA;

- a proposal for such an industry-based metrics framework was agreed with Communications Compliance and lodged with the ACMA before a similar scheme was proposed by the TIO;

- the TIO proposal is difficult if not impossible to achieve without the cooperation of industry members, many of whom have already agreed to support the alternative, industry-based process;

- the TIO proposal risks becoming the subject of lengthy negotiation with individual members and/or government departments and regulators, given the substantive structural changes already being worked through on the TIO Governance process;

- industry has concerns about the ability of the TIO to achieve any result in a timely manner, and is equally concerned about the resources that the TIO would need to dedicate to the task. This would entail costs that would be borne by industry and ultimately by Australian consumers – a direction that seems unwise when a workable and more cost-effective alternative proposal is already on the table;

- industry is better placed than the TIO to provide informed commentary around the trends and factors that would be highlighted by the publication of provider-specific contextualised data;

- industry would prefer to see the TIO focus on operational improvements and the cost-effective delivery of its core responsibilities, rather than focus efforts on expansionary aspirations.
Communications Alliance and its members remain willing to cooperate with the TIO to produce better outcomes for all stakeholders than will be achieved if the TIO continues to push for its current preferred option.

Recommendation

Industry recommends, therefore, that the TIO agree to work cooperatively with Communications Alliance and its members to create a Memorandum of Understanding (MoU) under which both the whole-of-industry and provider-specific contextualised data could be generated, published and made freely available to all stakeholders and consumers in a timely and cost-effective fashion.
SECTION 2 – BACKGROUND

In a meeting with the TIO in early 2012, Communications Alliance and member representatives suggested that the TIO provide greater context to its published whole-of-industry data by reporting new complaint numbers as a ratio of the growing number of services in operation across the industry.

Also in early 2012, the revision of the Communications Alliance Telecommunications Consumer Protections Code enshrined in the Code text, at Appendix A1.8, a requirement on Communications Compliance to:
“meet with Communications Alliance and endeavour to agree the scope of the Metrics within 6 months of the date of this Code”. (The Code was registered by the ACMA in September 2012.)

The Code also requires at Clause 9.7.1 (b) that Suppliers: “provide to the CC annually, or more frequently if required by the CC, a report............on the Metrics which relate to that Supplier’s compliance to this Code”.

In March 2013 an initial proposed Metrics framework was submitted to the ACMA for discussion. Following consultation with the ACMA a revised proposal was put to the ACMA on 8 May 2013 providing for Communications Alliance to coordinate the generation of service provider-specific contextualised data. This would involve Communications Alliance collecting from service providers the services-in-operation data needed – when measured against TIO new complaints data - to provide both current and trend-line comparative performance service performance reports on individual service providers.

In April 2013 Communications Alliance published its own whole-of-industry contextualised data – material we had prepared in the absence of any published whole-of-industry data from the TIO. A second ‘wave’ of whole-of-industry contextualised data was released by Communications Alliance in October 2013, along with the results of the latest Communications Alliance national quarterly customer satisfaction survey, referred to below (see Attachment 1).

In the Communications Alliance response to the first draft of the TIO Consultation Paper, in May 2013, we stated industry’s willingness to continue to discuss with the TIO how best to depict and report such whole-of-industry data.

As the final TIO Consultation Paper points out at Section 6.3.4, the TIO will face difficulties in terms of timing and categorisation of data if it relies on the annually available ACMA information on services in operation as the basis to generate whole-of-industry contextualised complaint reporting.

As explained in Section 3 of this submission, the TIO will also face significant hurdles to obtaining services-in-operation data directly from service providers – making a unilateral approach by the TIO to generating either whole-of-industry or provider-specific reporting an inadvisable route.

The cooperative approach proposed by Communications Alliance and detailed in Section 4 of this submission has numerous benefits because it will:

- avoid the creation of new regulatory burdens by the TIO – in line with Federal Government policy;
- avoid escalations in TIO operating costs (which would ultimately be borne by consumers);
- enable whole of industry contextualised complaint reporting to occur quarterly, rather than annually as proposed by the TIO;
- enable provider-specific contextualised complaint reporting to occur quarterly; and
- allow reporting to commence sooner than would be the case if the TIO sought to implement its proposal.

As part of the metrics package, Communications Alliance has also established a quarterly national survey of telecommunications customer satisfaction, undertaken by Roy Morgan Research. The research gathers trend-line information on overall customer satisfaction and specifically in relation to four key TCP-related customer ‘touch-points’.

Three quarterly waves of this research have already been undertaken and publicly released. This research is well on the way to providing an important body of data about how well the industry is complying with the TCP Code and performing from an overall customer service perspective.

This proposal is currently being considered by the ACMA Authority members and we hope to soon finalise an overall metrics and reporting package to be managed by Communications Alliance in cooperation with Communications Compliance.
SECTION 3 – PROBLEMS WITH THE TIO APPROACH

3.1 Cost-Effectiveness & Deliverability

The TIO Consultation Paper does not provide an estimate of what it would cost to implement its proposal, nor how quickly it could be implemented.

The industry-based proposal relies on the cooperation of Comms Alliance members and the use of existing Comms Alliance resources – and thus can be achieved without any additional cost to industry or consumers.

Based on experience and other factors, Communications Alliance believes the TIO proposal if it proceeded, would prove to be slow, problematic and expensive to implement.

As part of the consultative process, the TIO should provide to stakeholders a soundly-based projection of the costs and timeframes that would be involved in implementing its proposal.

The slow rate of progress by the TIO toward producing whole-of-industry contextualised reporting points to potentially long delays if the TIO also attempts the more complex task of generating provider-specific data.

3.2 Constitutional Change & Potential Damage to TIO Scheme

Adding to the challenge for the TIO is the fact that industry participants support the Communications Alliance proposal and have indicated they will not agree to provide commercially sensitive data to the TIO in circumstances where a better and more advanced approach is available. Further, there is no logical reason for two contextualised reporting schemes to function in parallel with one another. Again, this unnecessarily increases the regulatory burden on industry members.

This means that the TIO will - as flagged in the consultation paper – need to try to obtain approval for a change to the TIO Constitution or legislative amendment that would enable the TIO to require the provision of service-in-operation information from service providers.

Such a development is inadvisable on a number of levels, but not least because it will change and damage the dynamic of the TIO/service provider relationship – the cooperative nature of which has been the bedrock for the success of the TIO Scheme over a period of more than 20 years. This has far-reaching implications that should not be overlooked by the TIO, its Directors and Members.

The TIO is entering a long period of transition as its moves to implement a unitary governance structure. The existing TIO Board and Council will merge into a unified Board during the next 12 months. It would be reasonable to assume that any amendment to the Constitution of this nature would need to take place once the governance structure has been finalised. Then significant negotiations with industry members would need to commence, given the concerns highlighted above that the Communications Alliance members have already expressed.

By this point, Communications Alliance intends to have its own reporting scheme already up and running.
SECTION 4 – PROPOSED COOPERATIVE APPROACH BY TIO AND INDUSTRY

Communications Alliance firmly believes that the most effective approach to the task of generating contextualised complaint reporting is a cooperative one in which the TIO and Communications Alliance (and its members) would execute a Memorandum of Understanding (MoU), under which:

- the TIO would make available its complaint reporting data within an agreed timeframe on a monthly/quarterly basis to Communications Alliance;
- the TIO could provide commentary on the complaint data it gathers to assist published reporting to be transparent about any TIO activity across reporting periods (for example, where a focus on specific complaint types has led to higher volumes being reported for that period);
- Communications Alliance would publish whole-of-industry contextualised reporting and service provider-specific contextualised reporting;
- both sets of reporting would be published on a quarterly basis (not on an annual basis as proposed by the TIO); and
- both sets of reporting would be made available for other stakeholders to publish e.g. on the web-sites of regulators or consumer organisations wishing to communicate trend-line and/or specific data to their constituents.

Industry’s efforts to engage with the TIO in such a cooperative manner have so far been unsuccessful.

Industry believes the TIO should reconsider its approach and be willing to engage with industry in the interests of efficiency and the best interests of consumers and other stakeholders.

Communications Alliance believes that with energetic engagement on both sides an MoU could be finalised by the end of calendar 2013, with reporting to begin (at least on a beta-version basis for provider-specific reporting), by mid-2014.
SECTION 5 – Responses to Specific Questions in TIO Consultation Paper

(a) Proposed method to contextualise complaints data

(i) How is the TIO’s proposal to use services in operation information to contextualise its published complaints data useful for you?

CA Response: Whole-of-industry data provides a more accurate reflection of the trends in complaints received by the TIO. Industry does not support the TIO attempting to generate service provider-specific reporting, for the reasons outlined in this submission.

(iii) What concerns, if any, does the TIO’s proposal to publish contextualised complaints data raise for you?

CA Response: For service provider-specific reporting, concerns include:
- the proposal to expand the TIO’s powers and the regulatory burden on industry – both of which are out of keeping with the current national focus on reducing unnecessary regulation and “red tape”;
- the unwarranted duplication of existing industry efforts, bringing with it additional costs that will ultimately be borne by consumers if the TIO proposal proceeds;
- the practical obstacles that will confront the TIO and the likelihood that the plan will be held up until after the TIO’s new governance structure is finalised.

(b) Proposed method to obtain services in operation data

(i) What concerns, if any, does the proposal to collect data directly from providers raise for you?

CA Response: Constitutional change and expansion of the TIO powers represent unnecessary scope-creep and an undesirable precedent. As the TIO is well aware, industry can more efficiently organise for itself the collection of such data and the reporting of provider-specific metrics,

(f) Other

(i) What other challenges or risks should the TIO be aware about that are relevant to publication of contextualised complaints data?

CA Response: This submission has outlined challenges and risks including the inefficiencies and potential consumer detriment arising from the TIO embarking on its proposed path – particularly when there is an offer on the table to instead work cooperatively with industry to achieve a better outcome.

The additional risks include that focusing on attempting to create provider-specific reporting will divert the TIO from areas of necessary operational improvement within the TIO’s core responsibilities.
As just one example, Communications Alliance has been waiting since November 2012 for promised engagement by the TIO on the review of the TIO Position Statements, which can have a critical bearing on the way that the TIO adjudicates on complaints. Despite repeated requests by industry and assurances from the TIO that work will get underway, we continue to see zero progress. Meanwhile, there appears to be no shortage of TIO resources to deploy into non-core projects.
TELCO CUSTOMER SERVICE AND CUSTOMER SATISFACTION CONTINUE TO IMPROVE: LATEST RESEARCH

SYDNEY, 9 OCTOBER 2013 – Consumer satisfaction with the performance of Australian telecommunications providers improved in four out of five categories measured in the latest quarterly national survey released by Communications Alliance today.

Communications Alliance CEO John Stanton said the study, carried out by Roy Morgan Research during September 2013, showed an encouraging trend of improved service provider performance being reflected in high customer satisfaction scores during the past three quarters.

The national online research program was initiated by Communications Alliance as part of a package of performance metrics data in the wake of the industry-led revision of the Communications Alliance Telecommunications Consumer Protection (TCP) Code, which has contributed to a stronger focus on customer service and complaint handling in the telco sector.

Speaking at the CommsDay Congress industry event in Melbourne, Mr Stanton said highlights of the latest research included:

- Eighty six per cent of customers were very satisfied, satisfied or neutral on the ease of understanding telco bills (up from 82% in the first wave of research)
- Seventy seven per cent of customers were very satisfied, satisfied or neutral on the ease of contacting their service provider (up from 69% in the first wave of research)
- Seventy two per cent of customers were very satisfied, satisfied or neutral on their experience of complaint handling in the past 6 months (up from 66% in the first wave of research); and
- Eight three per cent of customers were very satisfied, satisfied or neutral on the overall customer service performance of their provider (up from 80% in the first wave of research)

In the fifth category – satisfaction with information provided when purchasing a telecommunications product, the result was 83% - consistent with the second wave result and down one percentage point on the first wave result.

Communications Alliance also released contextualised data showing complaint and compliance trends reflected against the growing number of telecommunications services in operation in Australia.

These data indicated that between 650 and 675 complaints were being received in recent quarters by the Telecommunications Industry Ombudsman (TIO) for every
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1,000,000 telecommunications services in operation – down from a high of more than 1,100 complaints per million services in 2010.

Confirmed breaches of the TCP Code had fallen to less than one breach per million services per quarter in the most recent measured period (Q3, 2012-13) – down from a high of 44 breaches in Q2, 2009-10.

"While the trends are encouraging and a credit to determined efforts by service providers, there is widespread recognition in the industry that even better performance is essential before Australia can lay claim to a world-class customer service record across the sector," Mr Stanton said.

ABOUT COMMUNICATIONS ALLIANCE

Communications Alliance is the primary telecommunications industry body in Australia. Its membership is drawn from a wide cross-section of the communications industry, including carriers, carriage and internet service providers, content providers, search engines, equipment vendors, IT companies, consultants and business groups.

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