



TELSTRA CORPORATION LIMITED

Submission to the Department of Infrastructure, Transport, Regional Development and Communications: consultation on the *Telecommunications (Carrier Licence Conditions – Telstra Corporation Limited) Amendment (Regional Service Information) Instrument 2021 Exposure Draft*

Public version

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01 Executive Summary

Telstra has a long history of investing in and supporting regional Australia. We take this responsibility seriously and have an absolute commitment to delivering high quality services to our customers in regional Australia. This includes our investments to improve telecommunications coverage, capacity, and performance in regional Australia, as well as service and fault restorations.

We appreciate the reliance of rural and regional Australia on communications and how important these services are in keeping these communities connected. Telstra customers benefit from access to some of the best mobile and fixed networks in the world. However, we understand that some customers in regional Australia are not receiving the experience they expect and that there is concern that services are not being maintained to a desired level in parts of regional Australia.

Although we do invest in maintenance, the copper and radio networks used to service customers outside the nbn fixed footprint are ageing, and there have been (and will continue to be) faults experienced by some customers. We respond to these issues promptly and meet our universal service/customer service guarantee obligations.

We understand why the Government is proposing to introduce the *Telecommunications (Carrier Licence Conditions – Telstra Corporation Limited) Amendment (Regional Service Information) Instrument 2021 (the Proposed CLC)* and we support regional communities having improved access to information about their telecommunication services.

We would like to propose some enhancements to the Proposed CLC, which we believe will provide customers with more helpful and comparable data to assess their telecommunications services and our performance in delivering the Universal Service Obligation (**USO**). We have included our suggested changes to the Proposed CLC in this submission, together with a summary of our investments in our regional fixed networks and our performance against the current reporting obligations.

We would also welcome continued engagement with the Government on how the USO for basic telephony services could be reformed to focus on outcomes for customers and not be constrained by the technology used to deliver those outcomes. This would support the transition off an ageing copper network and other technologies such as high-capacity radio concentrator (**HCRC**) networks to alternative new technologies and to expand the range, and improve the performance, of communications options available to regional communities.

02 Telstra's commitment to improving the customer service experience and maintaining our network performance

Telstra is committed to continually improving the customer service experience of all our customers, including those in regional areas. We have invested more than \$1.3 billion in our regional fixed networks over the five years to June 2021. This investment has been across more than 4,000 Exchange Service Areas (**ESAs**) that are within regional areas, including a mix of wideband, fibre and fibre capacity extensions, inter-exchange connectivity upgrades, improvement works to buildings and our equipment, resilience measures such as battery life-cycle upgrades and other maintenance adding to or improving network assets.

Some of our investment in regional fixed networks is directed towards landline maintenance, particularly for long lines and other specific areas not transferable to NBN Co. This investment has been undertaken to ensure we meet our Customer Service Guarantee (**CSG**) benchmarks and comply with our Network Reliability Framework (**NRF**) obligations, on which we report to the ACMA.

Across regional Australia we have been exceeding service level restoration targets established under the *Telecommunications (Customer Service Guarantee) Standard 2011 (the CSG Standard)* and intend to



continue doing so. We are proactive in our overall life cycle management of the copper access network, from exchanges to customer premises, to increase the resilience of the copper network and support the ongoing delivery of the voice services delivered over it.

Notwithstanding these improvements, copper and HCRC networks are ageing technologies that are increasingly difficult to maintain to a level that meets community expectations. We know fault rates will continue to increase due to the age of the network equipment, and where replacement parts cannot be obtained there is a risk of extended outages. In this context, migration to newer technologies will be necessary to continue delivering high quality services to regional Australians into the future.

Where there is no fixed NBN technology available and the copper network remains, we use network insights, fault data and customer feedback to target initiatives to strengthen our network and improve the customer experience. Our technicians regularly review cable pathways and identify remediation and improvement activities. They replace copper cables, fix aerial cable, replace, and remake joints and remove network elements where simplification will improve the customer experience. We expect these programs to prevent 18,000 faults across our fixed network from July 2021 to June 2022.

We use multiple data sources to target remediation of our legacy fixed network as individual fault data alone does not provide an accurate reflection of network performance.

03 Current reporting and benchmarks – our network performance

Telstra currently provides ongoing reporting on its network performance in accordance with established regulatory obligations, including the CSG and the NRF.

3.1. Customer Service Guarantee

The CSG Standard was designed to encourage service improvement and guard against poor service. The CSG Standard sets out performance standards relating to the supply and repair of standard telephone service and appointments associated with those activities. In turn, it requires us to provide compensation to our customers when the standards are not met.

In 2011, the ACMA made:

- the *Telecommunications (Customer Service Guarantee – Retail Performance Benchmarks) Instrument (No. 1) 2011 (CSG Benchmarks)* which set minimum performance benchmarks regarding compliance with the CSG Standard; and
- the *Telecommunications (Customer Service Guarantee) Record-Keeping Rules 2011 (the RKR)* which require us to keep and retain records in relation to compliance with the CSG Standard and the CSG Benchmarks. The RKR prescribes the frequency and form of reports that relevant CSPs must provide to the ACMA.

The ACMA has the power to take enforcement action if we fail to meet the benchmarks. The range of enforcement options for non-compliance with benchmarks and standards include formal warnings, infringement notices, remedial directions and commencing civil penalty proceedings.

3.1.1. Telstra's CSG Performance

Telstra's operational performance reports are prepared each year in accordance with the RKR and CSG Benchmarks and demonstrate performance as a percentage of total number of connections, fault rectifications and appointment keeping across geographic areas. Telstra continues to meet (and exceed) its performance benchmarks and report on these to the ACMA.



Table 1: Telstra's Annual CSG Operational Performance Percentages for FY2021

CSG Benchmarks	Target	Percentage achieved (%)
In-place connections	90%	93.4%
New connections		
Urban	90%	99.7%
Major Rural	90%	99.7%
Minor Rural	90%	98.9%
Remote	90%	94.1%
Faults Rectification		
Urban	90%	94.7%
Rural	90%	92.4%
Remote	90%	91.6%
Appointment Keeping	90%	97.3%

3.2. Network Reliability Framework

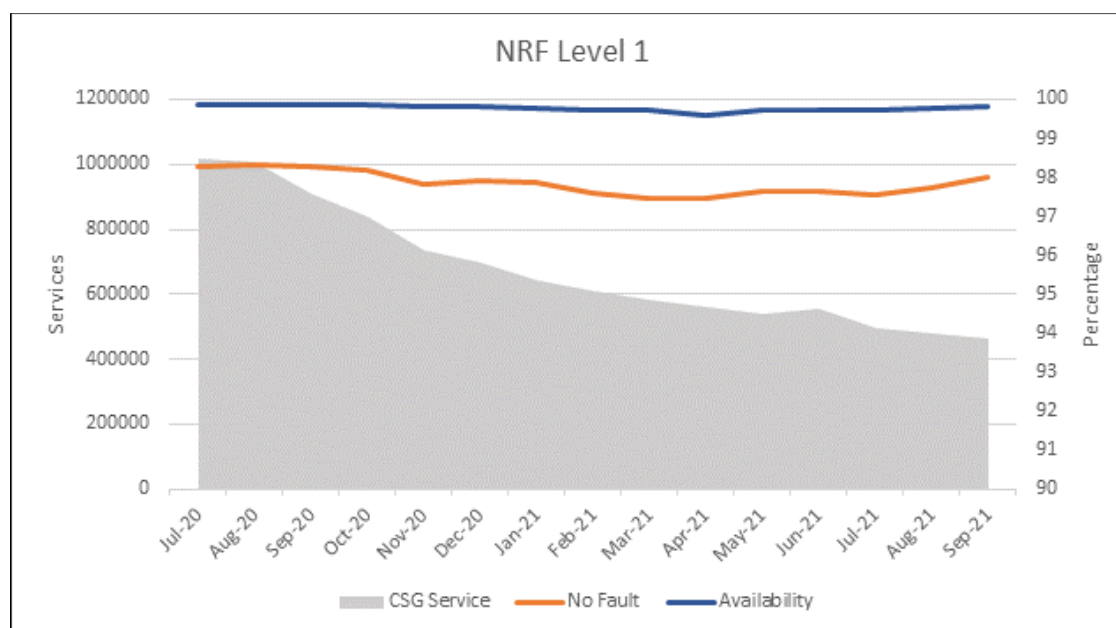
The Network Reliability Framework (**NRF**) supplements the CSG regulatory reporting as a monitoring and remediation framework which is intended to improve the reliability of Telstra's fixed voice services at both the network and individual service levels. The NRF commenced in 2002 following findings of the Telecommunications Service Inquiry in 2000.

The NRF has three levels of operation. The first level examines the general reliability of fixed telephone services in different regions of Australia, while the other two levels are concerned with identifying localised areas and individual services that do not meet minimum levels of reliability.

NRF reporting supplements the abovementioned CSG reporting, in that it provides information on the reliability of our network, rather than reporting on service standard timeframes.

3.2.1. Telstra's NRF Performance

Figure 1 – Telstra's NRF Level 1 performance, July 2020 – September 2021





Telstra also provides monthly reporting to the ACMA on: (a) our NRF Level 2 obligations – identifying the 40 worst performing cable runs and timeframes for remediation; and (b) our NRF Level 3 obligations – reports on individual services which have experienced more than 3 faults in any 60-day period or more than 4 faults in any 365-day period.

04 Analysis of the Proposed CLC requirements

We understand that the Government is proposing to introduce the Proposed CLC to provide more granular information about the telecommunications services regional communities are receiving. We support this objective.

The Proposed CLC would require Telstra to report on our performance at the local ESA level against key indicators, including service availability, connection timeframes, faults and outages, repair timeframes, appointment timeframes, complaints, and customer contact handling.

We understand this approach but consider the Proposed CLC could be enhanced to provide communities with additional benefits from our reporting. We believe that these enhancements would provide regional communities with more meaningful and comparable data to assess our performance in delivering the USO.

4.1. Reporting on areas larger than ESAs could provide more useful data

We understand that what is most important to customers is their own individual experience with telecommunications services and we are committed to provide customers with the appropriate level of personalised service to support that. But where customers seek to understand where there are more systemic issues in their area, we think it would be more helpful to demonstrate performance in a more like for like comparison.

In our view, the large variances in the number of services across ESAs means that the data may be less meaningful than if it was aggregated by grouping a number of ESAs. On Telstra's analysis, there are 4,655 ESAs with reportable services as defined under the Proposed CLC. There is a large variance in the number of services in each of these ESAs and a very long "tail" of ESAs with relatively few services. For example, there are 1,211 ESAs with 20 or fewer services. This variance will only increase over time as service numbers decline.

Moreover, as the likelihood of a fault occurring is not distributed evenly across the network due to the diverse geography and topography of Australia, there is natural variability in the reliability of reportable services within each ESA. At the ESA level we therefore see both variable distribution in terms of the reliability of services, and variable sample sizes.

Communities can often be served by multiple ESAs, meaning that to get a clear view of the performance of our network in a community, aggregating ESAs provides a more robust data set. For example, within Telstra, we aggregate ESAs to understand how best to target remediation. We believe that aggregating the data for the purposes of reporting may also benefit communities seeking information about our performance or for those who would like to compare our performance across different areas.

Recommendation: If the Department considers reporting by ESA is appropriate, we will report in the way set out in the Proposed CLC. However, if the Department is amenable to considering an alternative approach to provide more granular information to regional communities about our network performance, we would welcome discussions about the best way to aggregate and report on this data.

4.2. The ESAs in scope should be determined by the existing regulatory framework

If reporting is to be done at ESA level, we suggest the selection of "regional" ESAs to be reported on should be based on the existing framework for fixed services regulated by the ACCC, which has the



great advantage of being constructed to deal with ESAs as its basic unit. Under this construct ESAs are divided into four bands based on remoteness. Bands 3 and 4 are a proxy for rural and regional services.

One issue with the current approach is the large number of ESAs that straddle the NBN fixed line footprint (FLF), and the fact that the NBN footprint boundaries are subject to constant change. Including ESAs that straddle the NBN FLF will result in many of the individual services covered being provided in suburban areas adjacent to our largest cities.

We estimate there are 4,284 ESAs in Bands 3 and 4, which is a number not dissimilar from our estimate of 4,665 ESAs that straddle or are outside the current NBN FLF boundary, but the Band 3 and 4 groupings are stable. The Ministers' stated intention for the Proposed CLC is to "improve transparency in the delivery of voice services in regional and remote areas".¹ In our view this is best achieved by using the regulatory framework built for legacy services in regional and rural Australia.

Recommendation: The existing regulatory framework should be used so that only ESAs that cover regional and remote areas are captured.

4.3. Historical Reporting in the way required by the Proposed CLC is not possible

We are unable to provide the full set of historical information on performance in the format set out in the Proposed CLC. Changes in network boundaries and service boundaries, customer churn and the fact that we have not reported in this way in the past, mean that we no longer have access to some of the proposed data. We are unable to retrofit a reporting obligation when we have not recorded information historically in the way required by the Proposed CLC.

What we could provide is the historical NRF Level 1 data (see 3.2.1) by ESA or any other geographic segmentation constructed of ESAs, to demonstrate performance trends over recent years. We acknowledge this would not allow direct comparison between this historical reporting and the forward reporting required by the Proposed CLC, but it would reveal the trend in our historical performance, which we understand to be the primary aim of this element.

Recommendation: The historical reporting requirement in the Proposed CLC should be replaced with a requirement to publish monthly NRF Level 1 data covering every month for the last three years, at ESA level or a geographic segmentation constructed of ESAs.

4.4. The scope of information required should be narrowed to capture complaints from customers who have experienced a CSG event in the month

The Proposed CLC requires Telstra to report on all complaints relating to a reportable service, whether the complaint relates to a CSG event or not. We suggest the scope of this requirement should be narrowed to complaints from customers who have experienced a CSG event in that month.

Clause 13(D)(15) sets out the information Telstra must provide in relation to complaints made by customers or reportable customers. The Proposed CLC requires Telstra to report "*for each complaint made by a customer or proposed customer of a reportable service in relation to the service...*". If a customer with a reportable service has any issue with Telstra, regardless of whether it is either related to either network or its CSG performance, Telstra will still be required to report on this complaint based on the current drafting. We believe this is too broad in scope and would suggest that the reporting requirement only relate to complaints from customers who have experienced a CSG event. This can be

¹ [Increasing transparency in the delivery of the Universal Service Obligation | Ministers for the Department of Infrastructure](#)



achieved through amendment to the definitions of both “complaint” and “complaint category” in the Proposed CLC.

We also note that the unique service identifier for the same customer (or service) varies across Telstra’s internal assurance and complaint handling systems. For activation and assurance events we may use the telephone number to manage tickets of work. For complaints, customers may use several channels to interact with Telstra’s representatives. As a result, the unique identifier for a complaint may be, for example, a customer account number (which may be linked to multiple services) or a mobile telephone number.

4.5. Telstra data for contacts that were ‘substantively engaged with’

Telstra does not differentiate the level of customer service provided to customers based on the location of their services. Accordingly, Telstra measures and records the timeliness of engaging with our customers at an aggregate, not individual level. Clause 13(C)(1)(p) and (q) require us to provide – by ESA – the proportion of contacts that were ‘substantially engaged with’ within specific timeframes, depending on the method of contact. As we do not differentiate the way we interact with customers based on their location, we can provide data which provides information about timeliness at a monthly aggregate level, rather than at an ESA level.

In terms of the timeframe for substantially engaging with a customer under clause 13(C)(1)(p)(i), Telstra considers that the “start of the contact” for a call centre commences once the customer responds to the interactive voice response prompt or for an online chat/message from the point after the customer has specified the nature of the query/interaction with our Telstra assistant bot. Telstra can measure engagement time from this point.

For interactions via email, Telstra recommends that the requirement to measure the proportion of emails that were ‘substantially engaged with’ within specific timeframes be only applied in instances where email is provided as a primary point of contact. Telstra does not presently offer email as primary point of contact, and if email communications are used, these are primarily used for ongoing customer management in resolving a customer’s enquiry or matter. If Telstra does offer email as a primary point of contact in the future, Telstra would be able to measure this.

Recommendation: We believe the scope of the complaints reported on should be narrowed to only include complaints from customers who have experienced a CSG event.

4.6. Public Reporting and Reporting to the ACMA/Department is more meaningful by quarter

Clause 13C of the Proposed CLC sets out the information Telstra must publish publicly, on a quarterly basis, within 28 days of the end of each quarter. Clause 13D sets out the information Telstra must provide to the ACMA and the Department at the end of each quarter, by *calendar month*.

We believe it would be more useful if the requirement to provide quarterly data and provide this to the ACMA and the Department be on a quarterly basis. The reasons for this are that:

- (a) the number of days per calendar month varies, and the data would need to be normalised to allow for any comparison; mass service disruptions and CSG exemptions can often affect an area for longer than a calendar month; and
- (b) quarterly data provides a more useful way to analyse any performance trends.

For example, CSG events generally take several days to resolve, which is a higher percentage of a monthly report than a quarterly report. That is, each event has a higher likelihood of existing across two reporting periods when the reporting period is monthly. We encountered a similar problem when providing data to the ACMA on Level 3 NRF Reporting, where the cut-off for reports mean we have had to split the reporting into a contravention report and a supplementary report for each month.



Recommendation: The reporting requirement in clause 13D of the Proposed CLC should be replaced with a requirement for Telstra to provide the information to the ACMA and the Department at the end of each quarter, by calendar month.

4.7. The implementation timeframe is not feasible

The Proposed CLC will commence the day after the instrument is registered and Clause 13(D)(1) requires Telstra to provide its first report within 3 months of the commencement of the Section. To provide the information requested, we will need to set up the reporting capability which will include IT builds. Given the timing, it is likely that any IT build will be required during Telstra's annual IT embargo from mid-December to the end of January, during which time major changes to systems are suspended. We request that we are given sufficient time to implement the changes required to meet our obligations.

05 Place of the CLC in the broader policy context

As the current USO provider for the basic telephone service, we encourage reform of the USO arrangements to facilitate the rollout of new technologies in regional areas. Under the existing contract with the Commonwealth, we are required to deliver standard telephone services using the copper fixed line network and associated infrastructure in most cases, which is holding back our ability to invest in new technologies for fixed voice services.

The copper network is ageing and based on equipment that is increasingly unsupported by vendors. The migration to the NBN within the NBN FLF has resulted in the average length of copper lines from the exchange to the premises increasing substantially, resulting in more complexity and potential points of failure as a proportion of the total network. Nonetheless Telstra will continue to invest to meet its regulated performance benchmarks.

Finally, we encourage the Government to ensure that the proposed performance reporting regime be applied to other relevant regulated suppliers of services in regional Australia to provide full transparency to customers. Requiring reporting only of Telstra will provide just part of the picture.

Recommendation: If the proposed reporting regime is to proceed, we recommend it is applied equally to all providers in regional Australia of Universal Service Guarantee, and CSG services, together with all Statutory Infrastructure Providers.