

The Parliament of the Commonwealth of Australia

Telecom's
Handling of Customer Complaints

Report from the House of Representatives
Standing Committee on Transport,
Communications and Infrastructure

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'A satisfied customer tells a friend

A dissatisfied customer tells the world'

- Old Saying -

ABBREVIATIONS

AUSTEL	-	Australian Telecommunications Authority
APTU	-	Australian Postal and Telecommunications Union
CLC	-	Communications Law Centre
CTN	-	Consumers' Telecommunications Network
FBCA	-	Federal Bureau of Consumer Affairs
TACC	-	Telecom Australia Consumer Council
TAG	-	Telecom Action Group
TELECOM	-	Australian Telecommunications Corporation
Telcats	-	Telecom Customer Service Surveys
TQM	-	Total Quality Management

PREFACE

This inquiry into Telecom's handling of customer complaints has taken longer than was envisaged when the inquiry commenced.

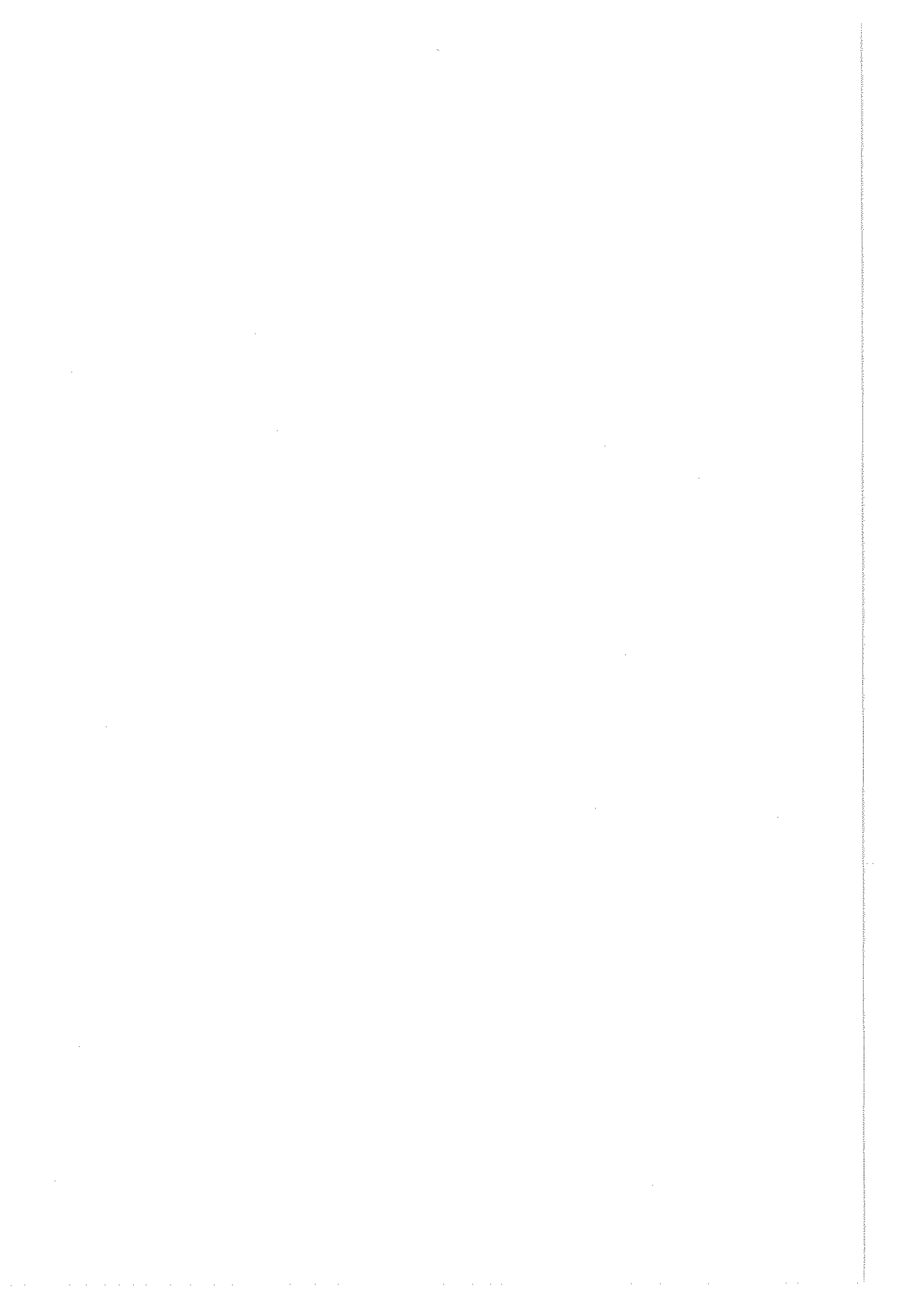
About 70 submissions were received and evidence was taken at 5 public hearings. I thank my fellow subcommittee Members, Mr Ewen Cameron, MP and Mr Paul Elliott, MP who were responsible largely for the collection of the evidence and who participated keenly in the preparation of the subcommittee report to the Committee.

I also thank those that made submissions and in particular Telecom Australia which made 12 submissions, the majority being responses for information requested by the subcommittee.

The effective handling of customer complaints is an integral part of quality of service. Telecom has introduced a number of measures to improve service quality. The inquiry and this report highlight several deficiencies in the way that customer complaints are handled. To its credit Telecom is adopting a positive attitude to the inquiry which should result in a significant improvement in the way Telecom handles complaints from its customers.

Needless to say a satisfied customer is the best advertisement for Telecom.

PETER MORRIS MHR
Chairman



CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. There are 4 essential parts to Telecom's effective handling of customer complaints.

These are:

- . improved quality of service measures that attack the causes of complaints;
- . a first class system that handles complaints at the first point of contact;
- . close monitoring of why complaints escalate past the first point; and
- . the deterrent of the telecommunications carriers meeting the costs of external review.

2. The effective handling of customer complaints is an integral part of the quality of service. In a competitive environment quality of service could very well give a carrier the competitive edge.

3. Telecom has introduced a number of measures designed to improve quality of service. Its Telcats surveys and internal performance indicators, which cover quality of service improvements on installation, repair, billing, operator assisted services, etcetera are evidence of this.

4. There is probably a strong correlation between improvements in the quality of service and reductions in the number of complaints. But it would be dangerous to treat complaints as a by-product of quality of service improvements. Complaints sometimes cover more than the subject matter of the complaint. They also include perceptions about the way customers feel they are being treated.
5. In a competitive environment, the number of complaints can rarely be insignificant. Attention is drawn to the old saying that 'a satisfied customer tells a friend, a dissatisfied customer tells the world'. Lack of customer satisfaction and consumer choice from competition could reduce significantly Telecom's market share over the years.
6. This is why complaints should be used as a positive tool of good management. An effective complaints system should be driven by a strong belief that complaints, and the way they are handled, are an important component of quality of service which merits separate treatment.
7. To its credit, Telecom recognised and accepted the benefits of an effective complaints handling system towards the end of the inquiry.
8. During the course of the inquiry the subcommittee came to the conclusion that the most effective way of resolving complaints is at the first point of contact, that is the grass roots level. (see paragraphs 6.13 to 6.16)
9. Several Committee proposals are aimed directly at improving significantly the quality of complaints procedures used at the first point of contact. Other proposals, for example better management information systems, impact indirectly on improving complaints handling at the first point of contact.
10. Telecom says it is going to be very 'positive' about the Committee inquiry and this augurs well for the implementation of the Committee's proposals to improve the complaints handling system.

11. The third essential part to an effective complaints handling system is close monitoring of why complaints escalate.

12. Until very recently monitoring of why complaints escalate past the first point has been conspicuous by its absence. For example, Telecom does nothing about complaints that escalate to the Ombudsman. However one of the major functions of the newly established Customer Help Centres is to evaluate higher order customer complaints.

13. Customer Help Centres are a new, consumer friendly term for the older Customer Liaison Units which were never established on a national basis. They are a safety net for complaints handling at the regional level. The reasoning behind them is not convincing. It ignores the potential for these centres to create conflict and represents a preference for new organisational structures rather than a critical and comprehensive examination of the effectiveness of existing procedures.

14. The fourth essential part of an effective complaints handling system, requiring the carriers to meet the costs of external review, is a policy matter for Government. The Committee sees no reason why the taxpayer should meet the costs of external review, particularly when the organisation complained of is a government business enterprise and more particularly when its competitors would be private enterprise companies.

15. A second and more important reason is the deterrent effect of requiring the carrier to meet the costs of external review. Telecom does not find out why complaints escalate to the Ombudsman. If it had to pay over \$600,000 which is a very rough estimate of what taxpayers pay for the Ombudsman to investigate Telecom complaints, then it would want to find out quickly whether anything can be done to reduce the number of complaints reaching the Ombudsman, AUSTEL or the Telecommunications Ombudsman.

Recommendations

The Committee calls on Telecom Australia to:

- (1) include in its Corporate Plan the development of an effective customer complaints handling mechanism as a sub-objective of the key objective on quality of service; and
(paragraph 4.10)
- (2) establish objectives for effective complaints handling which are capable of being measured or assessed.
(paragraph 4.10)
- (3) include information on Customer Complaints Procedures with the next telephone account of those customers who would otherwise not receive this information until the 1992 telephone directories are available.
(paragraph 4.19)
- (4) immediately introduce procedures which require staff to log details of complaints which thus obviate the need for customers to repeat their complaint if they have to contact another officer.
(paragraph 4.23)
- (5) use the information from Telcats surveys or incorporate into these surveys information which can be used to show separately the percentage level of customer satisfaction with the attitude of Telecom staff; and include this measure in its annual reports.
(paragraph 4.27)
- (6) provide its staff with adequate guidelines on how to handle the various categories of customer complaints.
(paragraph 4.34)

- (7) give special consideration to any report from the Ombudsman, AUSTEL or the proposed Telecommunications Ombudsman which is critical of intimidatory tactics used by Telecom staff in debt recovery.
(paragraph 4.38)
- (8) develop with AUSTEL, Standards Australia and the National Standards Commission standards for telephone meters and related equipment which can be verified by an independent authority.
(paragraph 4.53)
- (9) include in all relevant staff manuals and guidelines the need for staff to inform the customer of the internal and external review processes, if staff are unable to satisfy the customers.
(paragraph 4.57)
- (10) nominate a very senior officer in Telecom's management structure as the person responsible for developing and maintaining an effective complaints handling system.
(paragraph 4.62)
- (11) undertake a pilot study which collects statistics on complaints at the local Telecom office level.
(paragraph 4.76)
- (12) compile and publish in its annual report as part of Telecom's other performance indicators, appropriate statistics on the number and nature of complaints received, the number and proportion resolved to the satisfaction of the customer and the number and proportion referred to the external review agencies.
(paragraph 4.80)

(13) have a central point which collects and disseminates innovative practices of complaints handling.
(paragraph 4.83)

(14) nominate an officer in each local Telecom office to be responsible for complaints in that office; and
(paragraph 6.33)

(15) establish an experimental task force in several local Telecom offices to review the handling of complaints in those offices.
(paragraph 6.33)

The Committee calls on the Australian Telecommunications Authority to:

(16) include in its 1991-92 Annual Report, explanations on the relevance of the types of quality service indicators Telecom should have and explain whether there should be standards of performance for these indicators.
(paragraph 6.77)

The Committee recommends that:

(17) the new telecommunications industry ombudsman be located within the Australian Telecommunications Authority.
(paragraph 5.42)

(18) a scheme be introduced to require that the costs of the operations of the telecommunications industry ombudsman be met by industry rather than the taxpayer.
(paragraph 5.58)

1: INTRODUCTION

The reference

1.1 The reference has the following two parts:

- **the handling of customer complaints within Telecom and, in particular the desirability of Telecom establishing an organisational unit within each of its District Offices with a specific responsibility for handling such complaints.**

- **the appropriateness of the current system for handling customer complaints against Telecom Australia by the external review agencies.**

1.2 The first part was referred to the Committee by the Minister for Transport and Communications on 3 July 1990 and the second part on 10 October 1990. The latter was requested by the Committee which advised the Minister that the original terms of reference 'are not comprehensive in terms of the avenues available for dealing with customer complaints because they do not cover the work of the external review agencies'.

Conduct of the inquiry

1.3 Details on the conduct of the inquiry are at Appendix 1. There are several aspects of the inquiry worth noting. The first is the publication in December 1990 of a Discussion Paper which dealt almost exclusively with the construction of an analytical framework which could be used to evaluate how good Telecom is in handling customer complaints.

1.4 The criteria put forward in the Paper were based mostly on the submissions received. Comments on the Discussion Paper were used in the formulation of Preliminary Conclusions which were sent to Telecom and those that made major submissions. In addition, the Chairman made a lengthy statement on the inquiry at the April 4 1991 public hearing.

1.5 The Discussion Paper, the Preliminary Conclusions and the 4 April 1991 statement provided focus and allowed for feedback on the inquiry. This has assisted significantly in report preparation.

1.6 Paragraphs 1.3 to 1.5 deal only with the first part of the reference. The second part deals with the appropriateness of the current system of external review. Here the Committee has been assisted by the Communications Law Centre's Options Paper, *The Handling of Telecommunications Complaints*. This paper provided the background information which the Committee would otherwise have had to collect.

1.7 Comments were sought on the CLC options paper from those that made major submissions (including AUSTEL), the Trade Practices Commission and the Commonwealth Ombudsman. These comments were taken into consideration in the preparation of this part of the report.

Structure of the report

1.8 The effective handling of customer complaints should be seen as a quality of service matter. Chapter 2 outlines the various measures introduced by Telecom to improve service quality. The third chapter describes the procedures used for handling complaints. *It tells the reader what customers complain about, how Telecom handles those complaints and what are the processes for escalating a complaint, both within and outside Telecom.*

1.9 The last three chapters are the key ones. Chapter 4 evaluates Telecom's procedures for handling customer complaints. It defines complaints, proposes objectives against which performance can be measured or assessed and then uses criteria to evaluate Telecom's procedures. Appropriate recommendations are made.

1.10 Chapter 5 reviews the way Telecom complaints are handled by the external review agencies - the Commonwealth Ombudsman and AUSTEL. The Government has announced the establishment of a telecommunications industry ombudsman. This is an in-principle decision which gives the Committee the opportunity to influence the location of the ombudsman and the funding of its operations.

1.11 In the last chapter, Conclusions, the Committee brings together material in the previous chapters by looking at the report as a whole. It places complaints in their broader context and then examines critically other aspects of complaint handling, for example, the need for Customer Help Centres and the need for how to complain brochures.

Confidential Documents

1.12 The Committee received certain documents from Telecom which requested that they be kept confidential. These were Call Metering and Charging National Procedures Manual issued in 1989 and two internal reports of 7 November 1988 and 10 March 1989 which dealt with customer complaints. The subcommittee agreed to both requests.

1.13 Although conscious of this undertaking the Committee is of the view that it is permissible to use some of this material in its report. The material has been used to explain better various facets of Telecom's procedures and practices in handling customer complaints. For example, the section on what do customers complain about (paragraphs 3.2 to 3.11) is based in part on the 7 November 1988 report. There is nothing confidential about this material and one would have expected Telecom to incorporate it in submissions rather than leave the task of discovery to the subcommittee.

2: QUALITY OF SERVICE CHANGES

Introduction

2.1 The effective handling of customer complaints is an integral part of the quality of service. In a competitive environment quality of service as perceived by the customer could very well give an organisation a competitive edge which promotes growth, increases market share and results in larger profits.

2.2 Telecom has introduced a number of measures designed to improve quality of service. A brief description of each of these measures should provide the background against which Telecom's complaint handling procedures can be assessed.

Organisation structure

2.3 Telecom says that over the past two or three years there have been major cultural and organisational changes introduced into Telecom with a prime objective of being more responsive to customers needs. From mid-1988 the organisational structure has been based on customer type.

2.4 Telecom has four customer divisions (Corporate Customer, Business Services, Residential and Network Services, and Country) and one product division (Special Business Products).

2.5 More recently, as a response to impending increased competition Telecom has established a National Operations Unit. This unit will be responsible for quality management and productivity as well as providing input to the restructuring for a competitive environment.

Telcats - Telecom Customer Attitude Surveys

2.6 Introduced as a national system in 1987, Telcats is an ongoing program of customer service surveys carried out for Telecom mostly by Reark Research Pty Ltd. Telcats is used by Telecom to continuously monitor customer perceptions of the service delivery process in relation to a number of key service areas including order handling, service installation, fault repair, four operator assisted services (directory assistance, fault reporting, and international and national booked trunk calls), network call quality (local, STD and mobile calls) and billing. Customer perceptions of the payphone service and an independent audit of the operability of the payphones are also monitored by the Telcats program.

2.7 Telcats is used by Telecom to provide an authoritative yardstick for customer satisfaction levels and other key service parameters for each of the service areas. Reasons for satisfaction and dissatisfaction and customer expectations are also established by the surveys. Telcats therefore independently measures customer satisfaction, signposts problems by telling Telecom when and why customers are dissatisfied and indicates where action should be taken to improve service. The results show trends on which longer-term management decisions may be based, whilst at the same time they provide feedback on the effectiveness of initiatives undertaken to improve service.

2.8 A typical Telcats report will show at a glance how a particular District, Region or Division has performed in a given reporting period. The results can be compared readily with a set target figure, or against performance at each of the management levels. Thus the Telcats survey results are used in conjunction with the results of internal measurement systems. The internal systems measure the efficiency of the service delivery processes and Telcats provides the customer assessment of the effectiveness of the service delivery. Together they provide monitoring tools which are used deliberately to increase customer satisfaction. (Paragraphs 2.6 to 2.8 based on Submission 38)

2.9 Doubts have been raised over the validity of these surveys. The Federal Bureau of Consumer Affairs 'understands there are doubts about the validity of the survey results based on the belief that the survey population is not selected at random, but is composed of consumers who have recently had a service complaint attended to'. (Submission 34, p.2) Telecom says that Telcats surveys are based on statistically valid sampling techniques, designed and administrated by expert contracting organisations external to Telecom. (Submission 60, p.6)

2.10 Telecom has advised that the sample for each of the surveys is selected at random. Further, because the surveys are continuous tracking studies, monitoring trends and changes in performance over time, it is therefore necessary to survey customers that have recently experienced the service. Therefore, the sample for each of the surveys is randomly selected from all customers that have recently experienced the service, irrespective of their being satisfied or dissatisfied. At interview the customer is then asked if they are satisfied or dissatisfied and the reasons for their answer.

2.11 In most cases the sample is selected automatically and at random on a daily basis from the population of work flowing through Telecom's customer service systems. The survey contractor, Rearth, is supplied with three times the sample needed for interview quotas and Rearth then randomly selects one in three customers for interview.

2.12 In the remaining cases (network call quality and directory assistance surveys) because there are no appropriate records of service events, customers are automatically selected at random from Telecom's automated directory listings and are interviewed if they have experienced the service recently.

2.13 Customers encountered during survey who are particularly dissatisfied are invited by the research company to provide their name and telephone number so that it may be passed back to Telecom for follow up.

Performance reviews

2.14 Business performance reviews take place every month and each head of division is accountable to the Deputy Managing Director for the level of service that division provides. Each division has to provide a very detailed report of its operations.

2.15 The reports and reviews enable the Deputy Managing Director to monitor performance by, for example, identifying the reasons for any decline in performance and the subsequent corrective action needed.

Internal performance indicators

2.16 In addition to Telcats, Telecom also has its own internal performance measures which cover among other things installation, repair, operator assisted services, telephone calls, pay phones and billing. The indicators mentioned were published for the first time in Telecom's 1990 annual report and are shown at page 8 of this Committee report.

2.17 AUSTEL 'is monitoring the development by Telecom and other carriers of a set of quality of service standards against which their performance may be objectively measured'. (Annual Report, 1989-90, p.20)

TABLE 1
TELECOM'S SERVICE QUALITY ACHIEVEMENTS
(1989-90)

CUSTOMER ASSESSMENT		TELECOM PERFORMANCE	
<p>Note: Telecom employs an independent market research firm to monitor and assess various aspects of customer satisfaction with Telecom's service.</p>		<p>Telecom is committed to delivering service quality that is of world parity and meets our customers' expectations.</p>	
<p>Installation (Provision of Service) Level of customer satisfaction with:</p> <ul style="list-style-type: none"> • handling of orders 89% • new & miscellaneous service connections 89% • in place connections 93%* <p><small>* May/June 1990 survey</small></p>		<p>Installation (Provision of Service) Total Services required and connected within 10 working days. 92%*</p> <p>New Services required and connected within 10 working days. 74%*</p> <p>In place connections required and provided within 3 working days. 98%*</p> <p><small>* March to June 1990 measure</small></p>	
<p>Repair (Restoration of Service) Level of customer satisfaction with overall fault repair service. 79%</p>		<p>Repair (Restoration of Service)</p> <ul style="list-style-type: none"> • Faults cleared by end of next working day after notification. 74% • Faults cleared by end of second working day after notification. 90% 	
<p>Operator Assisted Services Level of customer satisfaction with:</p> <ul style="list-style-type: none"> • Directory Assistance 85% • International Operator Assisted Calls 93% • National Operator Assisted Calls 94% • Service Difficulties & Faults 85% 		<p>Operator Assisted Services Calls answered:</p> <ul style="list-style-type: none"> • Directory Assistance 83% • International Operator Assisted Calls 87% • National Operator Assisted Calls 89% • Service Difficulties & Faults 92% 	
<p>Telephone Calls Level of customer satisfaction with:</p> <ul style="list-style-type: none"> • Local calls 88% • STD calls 86% • Mobile calls 76% 		<p>Telephone Calls Calls not connected due to network loss:</p> <ul style="list-style-type: none"> • Local Calls 1.5% • STD Calls 3.0% • Mobile Calls 2.7% Mobile calls prematurely disconnected 4.6%* <p><small>* International generally accepted standard - 5%</small></p>	
<p>Payphones Level of customer satisfaction with payphone services:</p> <ul style="list-style-type: none"> • general public 66%* • recent users 72%* <p><small>* April 1990 survey</small></p>		<p>Payphones Proportion of payphones operating at any one time (June 1990) 92%</p>	
<p>Billing Level of customer satisfaction with:</p> <ul style="list-style-type: none"> • overall billing service 84%* • handling of billing enquiries 79%* • payment facilities 97%* <p><small>* April 1990 survey</small></p>		<p>Billing Telecom has commenced a general programme of including STD call summaries in all bills, and has introduced a new easier-to-read bill format. Details appear at page 31.</p>	
<p><small>Unless specified, all figures are 12 month averages July 1989 to June 1990</small></p>			

Source: Telecom Annual Report, 1990,p.29

Total quality management

2.18 Total Quality Management, or TQM, is a management philosophy that provides the means to meet and then exceed customer expectations. TQM makes it possible to achieve a consistently high quality product and service for each and every customer by focussing on the production, delivery and service processes to eliminate inefficiencies, variations and costly mistakes.

2.19 TQM promotes the concept of the customer as the sole arbiter of quality and of effective service being the responsibility of not only direct customer-contact staff but of all staff.

2.20 Telecom says that TQM has to be driven from the top down and that it is in the process of doing that. In evidence Telecom used pie charts and bar charts to demonstrate how TQM works in practice. (Exhibit 8)

Skills and training

2.21 More than \$200m was spent by Telecom in 1989-90 on the training of staff. Several programs were designed to develop the culture of the importance of service in the organisation. One of these programs covered some 2000 middle managers and supervisors in the front line of customer liaison, and provided techniques for improving service quality, team leadership and customer relations. In addition, TQM courses were conducted extensively as part of a continuing drive to improve skills in the provision of customer service. (Annual Report, p.40)

The Telecom Australia Consumer Council

2.22 This Council was established in June 1989 with a mandate to deal with issues affecting residential consumers across Australia. It is supported by Telecom Regional Consumer Councils in all States and Territories.

2.23 The Council has 15 members. Nine are from consumer based bodies and six from Telecom. TACC members are accountable to their own organisations and to a newly established network of consumer organisations concerned about telecommunications issues.

2.24 The development of TACC is said to be a significant step towards improved customer relations and increased consumer participation in developing telecommunications policies and improving services.

2.25 Telecom says the Councils have achieved significant impact in the development of a Telecom Consumer Pricing Accord and the introduction of a Pastoral Telephone Call Rate for remote consumers. The Consumers Councils have also given attention to Telecom's credit management procedures, directory production, 0055 charging information, content monitoring and disability services.

2.26 The TACC does not deal with individual complaints but can and does deal with complaints which when aggregated suggest a problem which requires a policy response.

3: TELECOM'S PROCEDURES FOR HANDLING CUSTOMER COMPLAINTS

Introduction

3.1 Before these procedures are described it is useful to detail what customers are complaining about. Their complaints cover a wide variety of matters.

What do customers complain about?

3.2 Customer complaints can be divided into three categories:

- . complaints on quality of service;
- . complaints on Telecom's treatment of customers; and
- . policy complaints.

3.3 There are no comprehensive statistics on complaints but it appears that complaints about quality of service are the biggest category. The most significant type of complaint is on bills - called billing disputes, metered call disputes or calls overcharge.

3.4 Complaints on billing constituted over 35 per cent of all the written complaints on Telecom received by the Commonwealth Ombudsman in 1989-90. (Submission 66)

3.5 Billing complaints cover the amount of the bill, notices of final demand and disconnections being sent after the bill was paid and Telecom's reluctance to grant time for customers to pay their accounts. One representation to the Minister says that the account was due on 13 September 1989 was paid on 21 September, not recorded on

Telecom's system until 28 September 1989 when the telephone was disconnected. Complaints on charges also account for a significant proportion of representations on Telecom made to the Minister.

3.6 Two other types of complaint are installation and service difficulties. Here the complaints are about installation delays and inefficiencies, delays in fault restoration and unrectified faults.

3.7 Complaints on operator assisted services cover operator rudeness, lack of assistance and difficulties in getting through to the operator.

3.8 Customers also complain about incorrect or missing entries in directories. One representation to the Minister said that for three consecutive years Telecom failed to list its business in the Yellow Pages. Telecom was contacted each year but with no result. Telecom apologised and said the next issue would list the business correctly and give free bold type for the Yellow Page entry.

3.9 The second category of complaint is Telecom's treatment of customers. This covers discourtesy, misconduct and unanswered letters.

3.10 Unanswered letters are referred to in several submissions from individuals. In one the writer, who claims his service was partially disconnected after his telephone bill was paid, says his letter of complaint of 29 November 1990 to the Telecom Manager in Victoria has not been acknowledged or answered. He wrote to the Committee on 12 April 1991. (Submission 61)

3.11 The third category of complaint is policy matters and these require Telecom management or even its Board of Directors to make or change decisions. They include increased charges for new telephone services, requests for reductions in charges for pensioners or disabled persons, security deposits and timed local calls.

How complaints are handled

3.12 The terms of reference mention District Offices and until recently these offices were the basic unit for residential and other customers. When responding to the Discussion Paper Telecom said (8 February 1991) that a recent restructuring has resulted in District Offices evolving into customer service areas. Now, the customer's first point of contact will usually be at a local Telecom office within a region. (Submission 49, p.1)

3.13 Telecom foresaw continuing organisational change flowing from the changing telecommunications environment. As a consequence it has used general terms to explain its complaints handling process.

3.14 Based on information Telecom has provided, the Committee has constructed a table which gives certain basic and necessary information on the handling of customer complaints.

TABLE 2

INITIAL CONTACT POINT FOR COMPLAINING

TYPE	INITIAL ENQUIRY TO:
1. Billing matters	Local Telecom office
2. Service difficulties	Local Telecom office
3. Installation delays	Local Telecom office
4. Nuisance calls	Local Telecom office
5. Charges and costs	Local Telecom office
6. Operator assisted services	Local Telecom office (State capital)
7. Directories	Local Telecom office (State capital)
8. Payphones	Local Telecom office (State capital)
9. Mobile telephones	Local Telecom office (State capital)
10. Policy issues	Local Telecom office

3.15 Table 2 lists the local Telecom office (State capital) as the first point of contact for items 6 to 9. Telecom called these local offices but it was clear from the narrative that the organisation was referring to the offices in State capitals. There are different regional offices for different products and services. For example, in New South Wales there are separate regional offices for directories, payphones, mobile telephone services and operator assisted services.

3.16 All accounts issued by Telecom contain a Telecom contact telephone number. It is Telecom's experience that many enquiries about accounts are resolved at the initial contact point where the staff concerned are able to call up on screen-based equipment a customer's service history, including level of metered calls over the accounting period. Detailed statistics of such contacts are not maintained.

3.17 Where a customer's account enquiry is not resolved at the initial contact point tests are undertaken and the results discussed with the customer. In cases where the customer still cannot be satisfied and more detailed investigations are necessary, the complaint would be recorded on a formal basis and a written response forwarded on the outcome of the investigations. This is called a metered call dispute.

3.18 A good explanation of how inquiries or complaints are processed is contained in a letter Telecom sent a customer in October 1990 which, minus name, address and references, is at Appendix 2.

3.19 Other than nuisance calls and disputed accounts there is little information on how other types of complaints are handled and processed within Telecom. The information provided shows where these enquiries/complaints are handled, the avenues for reporting complaints and, in respect of operator assisted services, what people are complaining about. But there is very little information on processes, on what happens to a complaint after it is received and how it is dealt with.

Escalation of complaints

Within Telecom

(a) Regional management

3.20 There appear to be three levels of complaint review after the first point of contact. The first is review by the area supervisor at the local Telecom office and then, if necessary, by senior management within the region, and would apply to complaints made at residential, business and country offices. (Submission 49, p.2)

(b) Customer Help Centres

3.21 Customers who are not satisfied with the review are informed of the role of the Customer Help Centres. Staff at these centres will receive complaints/enquiries, answer them, or refer them to the appropriate customer division for investigation and resolution. The centres will also monitor progress to ensure that the customer receives a timely reply. (Submission 14, p.17)

(c) Representation to Senior Management

3.22 Representations to Telecom's senior management appear to be the third and final level of complaint review within the organisation. Apart from the wide variety of matters handled by the customer divisions, representations are also made to Telecom's senior management on policy and service issues.

3.23 The correspondence on general operational matters is referred for attention and reply direct by the area concerned. For policy issues and matters already represented to the local area and still unresolved, the replies are signed by senior management.

3.24 The main matters referred to the Managing Director during 1989-90 included metered call disputes, increased charges, delays in provision of telephone services, delays in repair of faults and disconnections for non-payment of accounts. (Submission 14, pp.8,9)

Outside Telecom

(a) Representations to the Minister

3.25 Telecom customers also make representations to the Minister for Transport and Communications. These representations could be said to be an adjunct to those made to Telecom's senior management. Representations to the Minister are handled centrally within Telecom's Corporate Secretariat. The current practice is for the Managing Director, the Corporate Secretary or the Manager, External Relations of Telecom to reply directly on behalf of Telecom. A monthly reporting system ensures that divisions and other areas are aware of the type and number of representations being received.

3.26 The main matters represented to the Minister are service difficulties, disputes concerning accounts, charges and directories.

(b) the Ombudsman

3.27 Complaints against quality of service and related matters can be made by Telecom customers to the Commonwealth Ombudsman, AUSTEL and the Trade Practices Commission.

3.28 In essence, the Ombudsman Act 1976 requires the Ombudsman to investigate complaints made about administrative actions of government departments and prescribed authorities. The latter includes Telecom.

3.29 The annual reports of the Ombudsman contain statistics on the number of Telecom complaints handled, case studies and comments on issues - eg. telephone disconnection, charging for metered calls and security deposits.

3.30 Table 3 shows the number of complaints made to the Ombudsman about Telecom in the three years to 30 June 1990.

TABLE 2
NUMBER OF COMPLAINTS MADE TO OMBUDSMAN
(1987-88 TO 1989-90)

1987-88	2717
1988-89	2522
1989-90	1958

Notes:

1. Figures are for written and oral complaints.
2. The written are the total of complaints received.
3. The oral are the total of complaints finalised.

Source: Derived from annual reports of the Ombudsman

3.31 Telecom supplied statistics on complaints made to the Ombudsman. The totals were lower than those in the table and the differences can be explained by the fact that whereas the Ombudsman counts all written complaints Telecom counts only those that require a detailed investigation and a written reply or report. (Submissions 14, p.10 and 39, p.2)

(c) AUSTEL

3.32 Under section 21 of the *Telecommunications Act 1989* one of the functions of AUSTEL is to protect consumers from unfair practices. In carrying out this function AUSTEL can receive and investigate complaints, and, in appropriate cases refer consumer complaints to the Commonwealth Ombudsman or the Trade Practices Commission.

3.33 AUSTEL and the Commonwealth Ombudsman's Office have developed guidelines for the handling of complaints and for the referral of complaints between the two agencies. It was generally agreed that the main focus of AUSTEL should be on the regulatory and policy issues raised by a complainant, rather than the investigation or resolution of the complaint which should be the province of the Ombudsman. (AUSTEL Annual Report 1989-90, p.19 and the 1989-90 annual report of the Ombudsman, p.46).

3.34 During 1989-90 AUSTEL received 288 complaints, dealt with 198 itself and referred 73 to the Ombudsman's office, 16 to the Trade Practices Commission and 1 to the Federal Bureau of Consumer Affairs. (Annual Report, p.81)

(d) Privacy Commissioner, Freedom of Information

3.35 Since the Privacy Act came into operation Telecom has received about a dozen formal complaints from the Privacy Commissioner on behalf of persons who consider that Telecom has infringed on their privacy. Responses to these complaints are coordinated in Telecom by the Corporate Secretary.

3.36 Many requests under the Freedom of Information Act are made against the background of a complaint or grievance. These matters are handled in the Corporate Secretariat. (Submission 14, pp.11,12)

4: EVALUATION OF TELECOM'S PROCEDURES FOR HANDLING CUSTOMER COMPLAINTS

Introduction

4.1 The evaluation of Telecom's procedures attempts to assess how well Telecom handles customer complaints. This evaluation is made in two parts. The first part requires construction of an effective complaints handling system and then an assessment of the Telecom performance against this system. The second part puts complaints into their quality of service context and then assesses what Telecom is doing to improve the way it handles complaints it receives from customers.

4.2 The first part of the evaluation is undertaken in this chapter, the second part in the concluding chapter. Before this evaluation is undertaken it is necessary to consider what should be the objectives for an effective complaints handling system.

Objectives for Telecom's complaint handling procedures

4.3 The objectives of any complaint system should give direction and purpose to the processes that are established. Objectives enable staff to identify with purpose. Finally, measurement or assessment of the extent to which objectives are achieved provide the rationale for retaining or changing the system of complaints handling.

4.4 AUSTEL and the Government of Western Australia made comments on the broad purposes of a complaints handling system. AUSTEL said that complaints should be dealt with efficiently, promptly and fairly. The WA Government said there should be three elements to the handling of complaints, namely, to resolve them as far as possible to the satisfaction of the customer, to identify trends and to minimise future complaints by changing procedures. (Submissions 18 and 28)

4.5 No one has suggested that these comments be converted into objectives and indeed it would be difficult to construct performance indicators for such objectives. Telecom implies that it would be difficult to know whether these objectives are being met. (Transcript, pp.242,243)

4.6 Keavney makes some very interesting comments on the quality of a telephone service. These include having the latest technology quickly after the order is placed, getting through on first dialling, faults repaired speedily, accurate billing and minimum delays with operator assisted services. But as he acknowledges one has to measure quality and this requires the construction of quantifiable measures. (Keavney, Telecommunications: The Time for Truth, p.67)

4.7 Prior to this inquiry there was no public recognition of the value of an effective complaints handling system to improve quality of service or increase customer satisfaction. Following subcommittee questioning Telecom detailed an objective of complaint handling, namely that its 'primary objective for an appropriate complaints handling process is to improve customer service in all areas, and in so doing reduce the number of first order complaints'. (Submission 49, p.5)

4.8 This is a good objective which is capable of measurement. If Telecom knows the number of complaints made at the first point of contact it can measure the variations in the number of complaints over time.

4.9 A limitation of this objective is that it does not give sufficient information about what a complaints system should achieve. After careful consideration the Committee defines the objectives of an effective complaints handling system in the following way:

Accepting that the primary objectives of an effective complaints handling system are to satisfy the customer as far as possible and to reduce the number of first order complaints by improving quality of service, the other objectives of an effective complaints system should be to:

- . minimise the causes and numbers of complaints;
- . resolve the majority of complaints at the first point of contact;
- . integrate information on complaints into other quality of service improvements;
- . monitor complaint escalation within Telecom; and
- . reduce the number of complaints made to the external review agencies.

4.10

The Committee calls on Telecom Australia to:

- . **include in its Corporate Plan the development of an effective customer complaints handling mechanism as a sub-objective of the key objective on quality of service; and**
- . **establish objectives for effective complaints handling which are capable of being measured or assessed.**

Application of criteria to Telecom's procedures

4.11 The criteria used by the Committee can be divided into two parts. The first is criteria which are used to assess the effectiveness of procedures used to handle individual complaints. Here the Committee is looking at the complaints process from the customer's point of view.

4.12 The second type of criteria deal with management information and performance. They are designed to give Telecom's management relevant and timely information and to provide a checklist to improve performance in handling complaints.

4.13 The succeeding paragraphs will list the criteria the Committee uses to assess performance and include relevant comment under each criterion.

Criteria to assess handling of complaints

Criterion 1: The customer should be able to easily locate in the telephone directory the contact number for the enquiry be it billing, service difficulties, nuisance calls, operator assisted services, etcetera.

4.14 The contribution to this criterion came from the Consumers' Telecommunications Network. This is an important criterion because it could be very frustrating if it is difficult to find the contact number or if the telephone directory does not contain this number. One submission says that perhaps the greatest obstacle in registering complaints has been the impossible task of finding to whom complaints should be directed. (Submission 41) AUSTEL says that '(a)ccess to information is an extremely important issue, and it will be simple to make assessments against this criterion'. (Submission 47 p.3)

4.15 Telecom said that the 'Information Section of the White Pages is currently under review with the objective of making it more "user friendly" ... The revised information section will include easy to find contact numbers for Telecom offices'. (Submission 49, p.6)

4.16 Later, Telecom advised the Committee that the review has been completed and that the revised information pages will first appear in the Sydney White Pages which is scheduled for distribution in July 1991. Relevant information including customer help centres and referral to the Ombudsman will appear in a section called 'Customer Complaints Procedure'. This information will appear in the next issue of all published directories. The capital city directory of Brisbane is scheduled for August 1991, Adelaide and Perth in September and Hobart in early 1992. (Transcript, p.245)

4.17 The Melbourne directory is being distributed and contains a statement about complaints and the customer help centres.

4.18 Accurate information on where to lodge a complaint is essential to consumers. They should not have to wait for the 1992 telephone directories to get this basic information. Telecom sends out material with its telephone bills and the Committee sees no reason why information on complaints procedures could not be provided in this way.

4.19 **The Committee calls on Telecom Australia:**

to include information on Customer Complaints Procedure with the next telephone account of those customers who would otherwise not receive this information until the 1992 telephone directories are available.

Criterion 2: The customer should be able to deal promptly with the responsible officer or be contacted by that officer and be confident that through that contact their complaint will be dealt with.

4.20 The contribution to this criterion came from Consumers' Telecommunications Network. This criterion places the responsibility for prompt dealings with customers on relevant officers. It has been supported by observations in submissions. Auburn Antiques says that 'it is rarely possible to speak to the same person twice; resulting in having to reiterate the whole history of an ongoing problem on every call'. (Submission 7) The Australian Postal and Telecommunications Union says that 'no one individual is responsible for receiving and following through complaints' with the result that '(c)ustomers are likely to find that they are dealing with an ever changing contact person'. (Submission 40, p.4)

4.21 Telecom agrees with the criterion (Submission 49, p.10) but the APTU and AUSTEL go further. The union suggests a logging or reference number for each complaint (Transcript, p.191) and AUSTEL says that 'it should not matter so much that the individual changes as long as the officer dealing with the complaint has a full record of the complaint, action to date, information already given to and requested from the customer'. (Submission 47, p.3)

4.22 This is another basic matter. Maximum effort should be put into getting these procedures right at the beginning. If a customer has to deal with several different people, repeat the complaint and waste time no amount of corporate advertising will change that person's impression of Telecom.

4.23 **The Committee calls on Telecom Australia:**

to immediately introduce procedures which require staff to log details of complaints which thus obviate the need for customers to repeat their complaint if they have to contact another officer.

Criterion 3: The Telecom contact officer be polite, courteous and show tact and understanding in dealings with customers.

4.24 The contribution to this criterion came from the Telecom Action Group. The need for such a criterion could be questioned because politeness and courtesy are necessities for the success of most businesses. The TAG refers to 'an almost universal impolite attitude on the part of Telecom officers over the phone' (Submission 30, p.2), a view disputed by the APTU. (Transcript, p.188)

4.25 Telecom has accepted that politeness and courtesy of complaints handling staff should be an element in a consistent and responsive complaints handling process. One way of finding out whether staff are good at handling customers is to monitor and assess customer satisfaction through surveys. There is no need for special surveys. Information which permits such assessments can be incorporated into Telcats surveys.

4.26 Telecom says that staff politeness and courtesy are covered in all of the main Telcats surveys, for example, service order, service installation, fault repair and operator assisted services. For example, satisfaction with repair service is measured under four distinct categories, and one of them is the courtesy and conduct of the repairer. (Submissions 59 and 60) While this may be so, the Committee believes that politeness and courtesy should be treated as a separate measure of customer satisfaction, like installation, repair, operator assisted services and that this measure also to be shown in the annual report.

4.27 **The Committee calls on Telecom Australia:**

- **to use the information from Telcats surveys or incorporate into these surveys information which can be used to show separately the percentage level of customer satisfaction with the attitude of Telecom staff; and**
- **to include this measure in its annual reports.**

Criterion 4: Guidelines be developed for staff to use in the handling of customer complaints.

4.28 There have been calls for a standardised complaints procedures. The TAG says there is no written information on any complaints procedures and calls for consistent uniform criteria to be used in dispute resolution. The CTN wants a standardised complaints procedure to ensure that all consumers are dealt with equally and fairly. The CTN also wants complaints handling procedures to be put in writing and to be accessible to staff and customers. (Submissions 33, pp.2,8 and 48, p.2)

4.29 AUSTEL warns that standardisation of complaints procedures could result in inflexibility and that differing services may require different approaches. Telecom says something similar adding that '(w)ithin many complaints categories, there are guidelines for dispute resolution followed by customer interface staff'. (Submissions 47, p.3 and 49, p.6)

4.30 The Committee asked for and received Telecom's Call Metering and Charging National Procedures Manual. The aims of the manual are to reduce the number of complaints and the response time 'by maintaining the integrity of Telecom's metering and charging systems in a professional and competent manner'.

4.31 The manual is a very comprehensive document which details the various stages for resolving a complaint. At the end of what appears to be a comprehensive investigatory process three positions are outlined: charges to stand, rebate allowed or a mutually acceptable solution is negotiated with the customer. This solution is called a business judgement decision.

4.32 Telecom was asked whether it had manuals, guidelines, used by staff in handling complaints other than the manual for call metering and charging. (Transcript, p.20) The only relevant document that Telecom gave the Committee was an instruction which provides guidelines for customer service staff handling enquiries and complaints regarding nuisance calls.

4.33 It is clear that Telecom needs to do more in providing its staff with guidelines to handle various categories of complaints. Although the Committee understands the views of various consumer organisations it does not think it desirable for these guidelines to be standardised. There are dangers in standardisation of procedures. Flexible procedures allow staff to meet new situations or to interpret guidelines to meet changing situations.

4.34 **The Committee calls on Telecom Australia:**

- to provide its staff with adequate guidelines on how to handle the various categories of customer complaints.**

Criterion 5: While recognising the need for Telecom to adopt sound commercial practices in recovering outstanding debts, it should exclude threats, intimidation and unfair practices from this process.

4.35 The purpose of this criterion is to prompt Telecom into using greater tact in its dealings with customers **without** compromising recovery of outstanding debts. One submission said that recovery of the unpaid account was handed over to a debt collection agency which 'threatened' a report to the Credit Reference Association of Australia with the comment that this '... may affect your ability to gain credit in the future'. (Submission 16, p.3) The APTU also refers to 'some instances (of) threats of debt collectors and "credit rating" reference occurring'. (Submissions 16, p.3 and 40, p.4)

4.36 At the 7 November 1990 public hearing the TAG submitted case studies (Exhibit 16) some of which appear to be stand-over tactics used by Telecom to get bills paid. Unfortunately TAG was not prepared to identify the customers in these studies and therefore it is not possible to test their accuracy but the Ombudsman's experience is not dissimilar to some of the case studies. In his 1987-88 Annual Reports (pp.44,45) the Ombudsman referred to a case where the receiver-manager was 'threatened ... with disconnection of its own business telephones unless the bill for the company in receivership were paid'.

4.37 Perhaps the only way compliance with this criterion can be checked is the presence or absence of complaints to external review agencies such as the Ombudsman.

4.38 **The Committee calls on Telecom Australia:**

to give special consideration to any report from the Ombudsman, AUSTEL or the proposed Telecommunications Ombudsman which is critical of intimidatory tactics used by Telecom staff in debt recovery.

Criterion 6: In respect of billing, meters should be assessed for accuracy periodically by persons/organisations outside Telecom.

4.39 The largest group of complaints made to or about Telecom are disputes over the size of bills. A view put to the Committee is that Telecom believes it can never be wrong on matters relating to the technical quality of its equipment. One submission says Telecom holds no records on the testing and age of meters. (Submission 17, p.26)

4.40 The APTU says there is some evidence to show that Telecom assumes a position of infallibility on the question of account errors, that it works on the basis that its equipment is never in error and that in most instances no evidence is provided to the customer of technical testing of equipment. Telecom cannot tell customers when their metering equipment was last checked. (Submission 40, p.3)

4.41 Telecom has considerable doubts about the value of an assessment of meter accuracy by a person or organisation outside Telecom. It says it uses surveillance and monitoring equipment in exchanges and the network to detect conditions which could cause incorrect metering.

4.42 Within the network, AXE technology is progressively replacing electro-mechanical exchanges. AXE meters are incorporated in software and controlled by common exchange programs. Failure or corruption of these programs is detected and reported by the exchange facilities. (Submission 49, p.8)

4.43 The view of the Ombudsman is that mechanical and electronic systems rarely correct themselves once a fault has occurred so that any fault would be expected to persist and be readily detected by appropriate special tests (Call Charge Analysis Equipment) or by Telecom's regular maintenance procedures. (Annual Reports, 1987-88, p.50)

4.44 Telecom did not agree with this criterion when it became a preliminary conclusion. As an alternative, Telecom proposed that a suitable standard for meter testing be established, possibly through Standards Australia, and that Telecom would test its meters in accordance with such a standard. (Transcript p.216 and Submission 59)

4.45 In making this proposal Telecom was not accepting any deficiency in its testing methods. It considered that the setting of standards through those outside Telecom would give the process a visibility and accountability it lacks at present. It did not think that independent assessment was possible because the 'problem is that no such people exist or will exist'. (Transcript, pp.266, 267)

4.46 There is an alternative to Standards Australia and that is the National Standards Commission, a Commonwealth statutory body which was established in 1950 and operates under the *National Measurement Act 1960*.

4.47 The Commission has a broad responsibility for coordinating the national measurement system and specific responsibilities for legal measurement, pattern approval of trade measurement instruments and metrication.

4.48 The National Standards Commission gives five essential requirements for a fair and accurate trade measurement system. The first four are on measurement and are pattern approval¹ to national or international standards, pattern assurance to ensure that production instruments comply with that pattern, verification of the instrument before initial use and reverification of the instrument on a regular basis. The fifth essential requirement is that the tasks of the first four be undertaken by an independent organisation which is not party to the transaction.

¹ Pattern approval ensures that the instrument will provide accurate measurements and will not be unduly affected by environmental conditions (eg. temperature, humidity, electromagnetic interference).

4.49 The Commission submission says that telephone meters are one of a group of trade measuring instruments that include water, gas and electricity meters which for historical reasons have not been covered by the trade measurement system in the United Kingdom or Australia. However, a ministerial agreement between the Commonwealth, State and Territory governments requires telephone meters to be monitored to find out whether they should be covered by the uniform weights and measures legislation which is being introduced. (Submission 63 for paragraphs 4.58 to 4.61)

4.50 Ideally, testing should be carried out by an independent authority according to established and accepted standards. This would give the process the visibility and accountability it lacks at the moment.

4.51 The advantages for good customer relations speak for themselves. This is also the view of AUSTEL which says that independent testing 'would help dampen the antagonism caused by the "our equipment is perfect - you must be wrong" stand by Telecom staff and encouraged by senior management'. (Submission 47, p.3)

4.52 The Committee is not in a position to chose between Standards Australia and the National Standards Commission. The testing that is required is not only of individual meters but would include the pulse generating equipment, the computerised switching equipment and the software.

4.53 **The Committee calls on Telecom Australia:**

to develop with AUSTEL, Standards Australia and the National Standards Commission standards for telephone meters and related equipment which can be verified by an independent authority.

Criterion 7: If the Telecom officer handling the complaint is unable to satisfy the customer, both the internal review processes and customer access to external review agencies (e.g. Ombudsman, AUSTEL) be spelt out to the customer at that time.

4.54 The manuals provided to the Committee do not provide for this type of information to be given to customers. Telecom says it has not formally advised staff to inform customers dissatisfied with the Telecom decision to contact the Ombudsman. (Transcript, p.21)

4.55 AUSTEL sees the need for customers to be informed of review processes as 'critically important'. Telecom believes that the 'responsibility for escalation of the complaint lies with the customer service staff'. One would have thought that this responsibility lies solely with the customer who needs to have the review processes spelt out at the first point of contact. (Submissions 47, p.3 and 49, p.3)

4.56 In the later evidence Telecom said it was preparing a 'communications package' for staff on the handling of complaints and the existence and role of the Customer Help Centres. The package will include information on internal and external review processes which can be given to customers not satisfied with decisions at the first point of contact. (Transcript, p.261)

4.57 **The Committee calls on Telecom Australia:**

to include in all relevant staff manuals and guidelines the need for staff to inform the customer of the internal and external review processes, if staff are unable to satisfy the customers.

Criterion 8: A very senior Telecom officer should be made responsible for developing and maintaining an effective complaints handling system.

4.58 There was disagreement with the original conclusion which proposed that the Deputy Managing Director be responsible for complaints procedures - see preliminary conclusion 10, (transcript, p.216) submission 59, point 10 and transcript pages 262-265.

4.59 What the Committee was calling for was leadership. For Telecom to have a first class complaints handling system somebody at the top has to care. Somebody at the top has to drive the system with a very clear idea of what the achievements should be.

4.60 At the moment no specific person carries final responsibility for complaints. The Corporate Secretary signs letters, in a day-to-day operational sense the Deputy Managing Director has responsibility for complaints, the General Manager of the new National Operations Unit has carriage for the Customer Help Centres and ultimately it is the Managing Director who may make final decisions.

4.61 The Committee appreciates that complaints on policy matters may require decisions by the Managing Director or the Telecom Board. But other complaints are about quality of service and responsibility should lie at the highest level possible. To do otherwise is to belittle the importance of complaints.

4.62 **The Committee calls on Telecom Australia:**

to nominate a very senior officer in Telecom's management structure as the person responsible for developing and maintaining an effective complaints handling system.

Criterion 9: Complaints handling staff should be provided with appropriate training

4.63 This criterion was proposed by Telecom which has introduced a comprehensive range of training programs to embed the customer driven philosophy into the organisation from Managing Director down. Telecom operators have been put through training programs on how to handle customers and attend to their needs. (Transcript, pp.46,51)

4.64 Training should be driven by a commitment to service excellence. The customer should be treated as an asset and each dealing with the customer should be seen as an attempt to increase that asset.

4.65 The Committee acknowledges the importance of staff training. Telecom should be able to measure or assess the results of training. The proposal to include customer attitudes to Telecom staff as a separate indicator from Telcats surveys would be an effective means of assessing results.

4.66 The key elements may lie outside training per se. For example, it is crucial to give staff the authority to resolve complaints at the first point of contact.

Management information and performance criteria

4.67 The nine criteria discussed in the preceding paragraphs relate to individual complaints. They are customer oriented. The remaining criteria are tools for *management to use in improving complaints procedures with the objective of reducing the number of complaints and thereby improving quality of service, increasing efficiency and reducing costs.*

Criterion 10: The need for sound management information systems that give timely and accurate information on:

the number of first level complaints;

what customers are complaining about;

the time taken to resolve the complaint; and

the number of complaints appealed to a higher level.

4.68 At present Telecom has very little statistical information on complaints. It said that all Districts do not keep statistics on a regular basis. (Transcript, p.24) Attempts by the Committee to get statistics on the number and type of complaints proved to be inconclusive.

4.69 At the request of the Committee, Telecom provided estimates of complaints collected from different sources. One national estimate was based on the sample of a district in each mainland State. Leaving aside the accuracy of the statistical method, the figures are not reliable because of the acknowledged significant differences between Districts with regard to what is being counted. (Submission 39)

4.70 Telecom says that the Customer Help Centres will keep information for higher order complaints that will include the number of complaints, what customers are complaining about and time taken to respond. Based on this experience an evaluation will be made as to the usefulness of expanding similar reporting procedures to the divisional level for lower order complaints.

4.71 The purpose of collecting statistics on complaints made at the first level (the local office) was questioned by Telecom. (Transcript, p.274) Such statistics could serve several purposes.

4.72 First, they would be a very clear measure of performance. Telecom would be able to tell its customers that it handles very successfully a large proportion of the complaints it receives, that only a very few are escalated within Telecom and even fewer get to the Ombudsman or AUSTEL. The customer would get the total picture and there is a public recognition value for this information.

4.73 Second, even the number resolved at the local office could be useful because questions can be asked as to why these numbers are increasing (if they are) or why one office attracts a much larger number than others.

4.74 Third, statistics on complaints recorded at the local level upwards could be used as a diagnostic tool as noted by the Consumers Telecommunications Network and emphasised by the Chairman in his opening statement on the inquiry. (Submission 33, p.9 and Transcript, p.4) This information could identify problem areas and differences, for example that a particular local office handles some types of complaints better than others or is quicker than others.

4.75 The Committee doubts whether the experience gained from the operation of the Customer Help Centres will make a useful contribution to a decision on the need for sound management information systems that give timely and accurate information outlined in criterion 9. Nevertheless, there could be clear advantages in Telecom assessing the value of such information by undertaking a pilot study in two or more local offices. Such a study could help clarify what Telecom sees as a fundamental problem in defining what is a complaint. (Transcript, pp.238-244) The results of the study could be used to introduce a management information system into the rest of Telecom.

4.76 **The Committee calls on Telecom Australia:**

to undertake a pilot study which collects statistics on complaints at the local Telecom office level.

Criterion 11: The number and nature of complaints received, the number resolved to the satisfaction of the customer and the number referred to the external review agencies should be used as quality of service indicators.

4.77 Quality of service has several dimensions and complaints made by customers is one of these. A complaint is an expression of customer dissatisfaction about the service provided by Telecom.

4.78 Apparently AUSTEL does not see it this way. It says that the frequency of complaints is of limited value in objectively assessing quality of service and is more an indication of the level of customer satisfaction/education. (Submission 47, p.4) Telecom says that complaint frequency is only one factor in the measurement of the quality of service. Other measures are required to fully define the level of service provided. (Submission 49, p.9)

4.79 Statistics on complaints may have to be interpreted. They are a useful partial indicator of the quality of service and should be included with other Telecom performance indicators in its annual report.

4.80 **The Committee calls on Telecom Australia:**

- **to compile and publish in its annual report as part of Telecom's other performance indicators, appropriate statistics on the number and nature of complaints received, the number and proportion resolved to the satisfaction of the customer and the number and proportion referred to the external review agencies.**

Criterion 12: The need to have a central point within Telecom to collect innovative practices of complaints handling used in one area and pass these on to other areas thus avoiding lack of consistency between areas.

4.81 This criterion was worded differently in the Discussion Paper and misunderstood. The origins of the criterion can be traced to TAG which found inconsistencies between District Offices in willingness to *negotiate with financial* counsellors on behalf of customers and inconsistencies in requiring security deposits - *some districts do, others do not.* (Submission 30, p.5)

4.82 While supporting the need for staff to be provided with guidelines on how to handle various categories of complaints the Committee does not believe that such guidelines should be standardised. The resulting flexibility could result in innovative practices and the criterion allows for the dissemination of these practices throughout the organisation.

4.83 **The Committee calls on Telecom Australia:**

to have a central point which collects and disseminates innovative practices of complaint handling.

Conclusions

4.84 The criteria used in this chapter to evaluate Telecom's complaints system include those which are applied to individual complaints. Here the emphasis has been on improving procedures used at the first point of contact.

4.85 The Committee places emphasis on Telecom resolving complaints at this first point or at the grass roots level. Telecom is doing things itself, for example, it has established very recently Customer Help Centres. These and other matters are examined critically in the last chapter of this report.

5: REVIEW OF TELECOM COMPLAINTS BY THE EXTERNAL REVIEW AGENCIES

Background

5.1 The second part of the terms of reference asks the Committee to examine 'the appropriateness of the current system for handling customer complaints against Telecom Australia by the external review agencies'. This part was requested by the Committee which advised the Minister for Transport and Communications that the original reference was not comprehensive.

5.2 In the December 1990 Discussion Paper the subcommittee outlined the way it proposed to handle this part of the reference. It said the Communications Law Centre is undertaking a research project funded by Telecom called 'The Handling of Consumer Telecommunications Complaints'. The CLC report was expected to be finalised in February 1991. The subcommittee said it would ask for a copy of this report and then take evidence on it.

5.3 The Communications Law Centre gave the subcommittee a copy of its paper, The Handling of Telecommunications Complaints, Options Paper. The Committee records its appreciation to the CLC for making its report available. This paper can be divided into two parts. The first deals with the inter-relationships between AUSTEL, the Ombudsman and the Trade Practices Commission in the handling of telecommunications complaints.

5.4 The second part discusses the need for a new complaints mechanism within the context of a more open, competitive environment. The paper evaluates four options against eight criteria - the options of the joint handling of complaints by the

Ombudsman/AUSTEL, of all telecommunications complaints being handled by AUSTEL, the option of State/Territory Consumer Affairs Agencies handling complaints and the option of a telecommunications industry ombudsman.

5.5 The subcommittee distributed this paper to Telecom, the Trade Practices Commission, AUSTEL, the Ombudsman and others. The subcommittee took evidence on the paper and related issues from the CLC on 4 April 1991 and AUSTEL and the Office of the Commonwealth Ombudsman on 17 April 1991.

5.6 In the context of competition in telecommunications the Minister for Transport and Communications announced on 17 April that Telecom/OTC will remain subject to the Commonwealth Ombudsman pending the introduction of a telecommunications industry ombudsman planned for 1 January 1993 or earlier. (Media Release, 17 April 1991, Key Decisions Made on Competition in Telecommunications)

5.7 The Government decision virtually precludes the examination of options to the current Ombudsman/AUSTEL system of handling complaints. However, the decision is an in-principle one and this gives the Committee the opportunity to influence subsequent policy decisions which will have to be made in the coming months.

The telecommunications industry ombudsman: location

5.8 Calls to establish a telecommunications industry ombudsman were made by the Consumers' Telecommunications Network. The CTN says that given that the second carrier will not be in the public sector, 'a strong argument exists for establishing a telecommunications industry ombudsman with special powers to investigate telecommunications complaints across the entire sector'. (Submission 33, p.7)

5.9 The CTN also proposed that the telecommunications industry ombudsman be established under AUSTEL. Two reasons were advanced. One was the overlap and confusion between the two review agencies, the second that inter-carrier competition could initially lead to confusion. (Submission 33, p.9)

5.10 There are several important matters that need to be resolved on the establishment of a telecommunications industry ombudsman. One is on location and there are three options. The ombudsman can be an independent statutory authority, be a part of AUSTEL or be located within the Office of the Commonwealth Ombudsman.

5.11 There would be insufficient work to justify a telecommunications industry ombudsman established as a separate statutory authority. The number of complaints made to the Ombudsman has fallen in the period 1987-88 to 1989-90 (see Table 2, p.18) and this holds even after allowance is made for complaints made to AUSTEL in 1989-90.

5.12 The CTN says that inter-carriage competition will result initially in increased complaints due to initial confusion between carriers. The Communications Law Centre says that overseas experience shows that with competition there could be dispute over the responsibility of each carrier. (Transcript, p.308)

5.13 An effective complaints handling system is a quality of service matter where the objective should be to reduce the causes and numbers of complaints. The Committee is confident that its recommendations will introduce an effective mechanism and the number of Telecom complaints made to the Ombudsman or the telecommunications industry ombudsman should fall from existing levels.

5.14 Even if initial inter-carrier competition does generate a special category of complaint, the Committee does not believe that this would warrant the establishment of a separate statutory body. In 1989-90 the Office of the Ombudsman received 1958 Telecom complaints and these amounted to less than one-fifth of total complaints received in that year.

5.15 Before the other options are discussed it is necessary to assess the current division of responsibility between the Ombudsman and AUSTEL in the handling of telecommunications complaints. This assessment could indicate whether it will be effective to have a telecommunications industry ombudsman located in the Office of the Commonwealth Ombudsman while allowing AUSTEL also to operate in the area.

5.16 Representatives of both the Ombudsman and AUSTEL say there is potential for overlap because their respective legislation gives them the authority to investigate individual complaints, and, to look beyond them into policy or procedural matters. There have been no problems however because guidelines have been developed as to respective responsibilities, each organisation knows what the other can provide and Telecom has not complained that they have different approaches to the same problem. (Transcript, pp.337,345,355,356 and 359)

5.17 AUSTEL found the system 'a bit bizarre' though it made this comment after selecting probably the worst example - the Ombudsman's office, in full knowledge of AUSTEL's powers to direct Telecom over payphones, would nevertheless investigate a complaint on payphones and finally refer the matter to AUSTEL. (Transcript, pp.345,346)

5.18 The CLC paper refers to the lack of co-ordination between the Ombudsman and AUSTEL and gives as an example at page 61 references to security deposits in both annual reports for 1989-90. In the former, the Ombudsman expresses concern that Telecom is not advising new customers about options open to them and concludes that he will pursue the matter with Telecom. (Annual Report, p.45)

5.19 AUSTEL is also 'investigating Telecom's procedures and criteria for imposing security deposits and available alternatives'. Telecom is reviewing its existing policies and procedures in this area and AUSTEL is awaiting the results 'to see whether ... it will need to take further action'. (Annual Report, pp.79,20,21)

5.20 Individual complaints, including those on metered call disputes are examined by the Ombudsman. Yet, as noted in the CLC paper at page 61, AUSTEL had 'commenced an investigation into the efficiency, effectiveness and fairness of Telecom's mechanisms for handling metered call disputes'. (Annual Report, p.81) Given its experience, detailed knowledge of what consumers are complaining about and the ways in which Telecom responds it would have been more appropriate if the Ombudsman rather than AUSTEL had undertaken such an investigation.

5.21 The review of customer complaints against Telecom by two agencies is both messy and unnecessary. There is overlap, duplication and the potential for this to continue. Whatever the reasons for the division of responsibility advanced to support the present system some years ago, one must question whether there is a case for this situation continuing into the future with the appointment of a telecommunications industry ombudsman.

5.22 In his 1987-88 annual report the Ombudsman advanced several reasons for his office being retained to deal with Telecom customer complaints rather than any new organisation (ie. AUSTEL). These arguments could be used to support the location of the telecommunications industry ombudsman in the Office of the Ombudsman rather than within AUSTEL.

5.23 The claimed advantages of the Ombudsman were an established reputation for impartiality, a valuable body of expertise, accessibility of a regional network, a central focus on subscriber complaints, and, obviously referring to AUSTEL, 'a well-established phenomenon that bodies of this kind come to be "captured" by the agency that they are established to review'. (Annual Report, 1987-88, p.27)

5.24 Taken together the Ombudsman's arguments are a case for Telecom complaints **always** falling within the jurisdiction of the Ombudsman, or, an ombudsman located within the Ombudsman's office.

5.25 The advantages spelt out in the 1987-88 Annual Report were considered to be relevant today by representatives of the Ombudsman. The 'capture theory' argument was said to be a general theoretical view and that it 'was never intended to suggest that AUSTEL would automatically fall into that category'. (Transcript, pp.360,361)

5.26 If this is so, it is difficult to fathom why the argument was used in the first place. At a theoretical level one may well ask how good is 'capture theory' and whether it applies to generalist review bodies such as the Ombudsman as well as to the specialist review bodies like the Austels it is claimed to cover.

5.27 The impartiality argument is tied to capture theory. Although it could be said that impartiality would be preserved by locating the telecommunications ombudsman in the Office of the Ombudsman there is no argument to show the loss of this impartiality because of a different location.

5.28 Expertise in the handling of Telecom complaints is another reason that could be advanced for locating the telecommunications ombudsman in the Office of the Ombudsman. Representatives of the Ombudsman said there is no reason why another agency could not develop that expertise but it would take time - the Ombudsman has been investigating complaints for 14 years. (Transcript, pp.363,364)

5.29 This is probably correct but there are three points to make. The first is that Telecom complaints are declining and should continue to decline. The second is that experienced staff can be attracted to other agencies, or may even have to transfer if the Ombudsman has to give up resources following loss of a function. The third point is that inter-carrier complaints would be a new type about which the Ombudsman does not have any experience.

5.30 Another argument for locating the telecommunications ombudsman in the Office of the Ombudsman could be the central focus on complaints. Representatives of the Ombudsman said that the office is a one-focus organisation which has developed not only an expertise in relation to Telecom and various other agencies but has developed a general expertise in complaint handling and investigation. (Transcript, p.60)

5.31 This argument is similar to the one on expertise in handling complaints. An agency like AUSTEL which is multi-purpose may not have a central focus on complaints but this is not a handicap. On the contrary, a broader interest in quality of service matters may make it the more appropriate body to house the telecommunications industry ombudsman.

5.32 The Ombudsman has regional and State offices in all the State capitals except Tasmania and a free 008 line in all the capital city offices for those outside the capital city to use. (Transcript, p.354) It could be argued that a telecommunications ombudsman, located in the Office of the Ombudsman, would have access to this essential network.

5.33 However, there is no reason why this regional network should not be available to the telecommunications ombudsman irrespective of location and that for the short term at any rate the regional offices could act as agents of the telecommunications ombudsman in the same way as the Tasmanian and Northern Territory Ombudsmen now act as agents for their Commonwealth counterpart.

5.34 The Committee has argued that there will be insufficient work to warrant the establishment of a telecommunications industry ombudsman as a separate statutory body. The conclusion has also been drawn that the continuation of the present system of dual responsibility between the Ombudsman and AUSTEL into the new environment would be both messy and unnecessary.

5.35 The arguments advanced by the Ombudsman for his office continuing to deal with Telecom complaints have been applied to locating the new telecommunications industry ombudsman within the Office of the Ombudsman. The arguments do not constitute a convincing case. They are not relevant (capture theory), not exclusive (impartiality, regional networks) or limited (expertise, central focus) in their application.

5.36 All this does not necessarily mean that the telecommunications industry ombudsman should be located within AUSTEL. For such a recommendation to be made it should be shown that such a location would result in a positive contribution to complaints handling that would not be forthcoming from the Ombudsman location.

5.37 Both the Ombudsman and AUSTEL have the authority to look beyond individual complaints and address their causes. But whereas with the Ombudsman the matter ends with the resolution of a particular issue mentioned in an annual report, AUSTEL has a wider charter which allows it to place these particular issues into a broader perspective.

5.38 One of the objectives of AUSTEL's Industry Facilitation Division is 'to minimise the causes of customer complaints'. AUSTEL gives effect to this objective by investigating the way in which Telecom handles particular types of complaint - eg. metered calls, security deposits. (Annual Report, pp.18,20)

5.39 AUSTEL is monitoring the development of quality of service standards against which performance can be measured. The Committee's comments and conclusions on Telecom's performance indicators are made in the next chapter. AUSTEL is showing an interest in carriers entering into performance agreements with their customers as is the case in the United Kingdom.

5.40 These are examples of the broader interest of a specialist body which assists in increasing industry performance, protects the interests of telecommunications customers and improves the accountability of carriers to customers in a way that no ombudsman can.

5.41 Complaints are a quality of service matter. The way they are handled are a sign of corporate health. There are strong connections between complaints and quality of service. Knowledge and experience gained from handling complaints should feed directly into all quality of service issues.

5.42 In short, there is a clear and convincing case for the new ombudsman to be located within AUSTEL. **The Committee recommends that:**

the new telecommunications industry ombudsman be located within the Australian Telecommunications Authority.

5.43 It has been said that a Ombudsman has no power to overturn a decision of an agency. It is central to the idea of the institution of Ombudsman that matters are to be resolved by persuasion and recommendation rather than by reversal or substitution of a decision. The role of the Ombudsman is positioned on persuasion with the only sanction being political intervention and the threat of adverse publicity. (Dennis Pearce, *The Commonwealth Ombudsman and the Communications Consumer*)

5.44 AUSTEL has powers to direct. Under 68.(2) of the *Telecommunications Act 1989* AUSTEL can direct Telecom to supply a standard telephone service or provide a public payphone. These powers have been widened to cover all AUSTEL's general functions in the *Telecommunications Bill 1991* - see 46.(1). The Explanatory Memorandum to the bill says the clause is important in providing a mechanism whereby AUSTEL can ensure that decisions made in the exercise of its functions are carried out by the carriers. (p.32)

5.45 These powers could include the power to give directions on complaints. The result could be one body that has to persuade, the other to direct. Some of the possible tensions could be reduced by locating the telecommunications ombudsman within AUSTEL.

The telecommunications ombudsman: cost recovery

5.46 The establishment of a telecommunications industry ombudsman raises the question of funding and why the taxpayer should pay for complaints made against private sector operators. At present the taxpayer meets the costs of the Ombudsman and AUSTEL.

5.47 The Committee sought and obtained cost information on complaints from the Ombudsman's office. In 1989-90 the approximate unit cost of dealing with complaints which were subject to some degree of investigative action was about \$700. This figure does not take into account the substantial number of approaches, calculated at just over 18,800, which the office receives and which consume a significant proportion of resources. (Submission 66)

5.48 The figure would also not include the resources used by agencies like Telecom or the consumers themselves.

5.49 Obviously the figure supplied by the Ombudsman's office is indicative. When it is applied to the number of Telecom complaints, both written and oral, that were subject to some degree of investigation in 1989-90 (recorded as being finalised substantially or partially in favour of the complainant or in favour of the agency), the taxpayer is paying \$616,000 (880x\$700) for customer complaints against Telecom to be investigated by the Ombudsman.

5.50 In his 1988-89 report the Ombudsman said that the benefits of his review 'cannot and should not be assessed solely in monetary terms, although savings to complainants represent a useful indicator of complaint outcomes in the Telecom jurisdiction. Generally such savings are around \$25,000 a year'. In his 1987-88 report he said there were direct savings of at least \$25,000 to those who have complained about Telecom. These savings were mainly made up of many small individual amounts, ranging from a few cents to more than \$2,000. (Annual Report, 1988-89, p.57, Annual Reports 1987-88, p.42)

5.51 Even if the monetary benefits of complaint resolution were significantly greater than \$25,000 a year the question that should be answered is why the taxpayer should pay for the costs of complaints made against a business enterprise. Telecom was asked what it does when the Ombudsman finds substantially in favour of a complainant.

5.52 In response Telecom said that '(t)hese outcomes often represent a way of resolving differing views on a particular case or a Telecom decision to settle an issue from a business judgement point of view'. (Submission 39, p.2) This of course raises the question of why business judgement was exercised only when the complaint reached the Ombudsman. For example, why does Telecom waive the application of a security deposit which appears to have been based on erroneous, conflicting or incomplete information (Submission 39, p.3) after a complaint has reached the Ombudsman and not before?

5.53 There is no discipline for Telecom, or other carriers once they are established, to think carefully before allowing a complaint to escalate to an external review agency. Requiring telecommunications carriers to meet the costs incurred by the external review agency provides that discipline. It could act as an 'enormous incentive to reduce the number of complaints'. (CLC, Transcript, p.309)

5.54 The Communications Law Centre supplied information on the newly established Banking Industry Ombudsman. The scheme was initially funded by each of the 17 participating banks based on market share. In future, the costs of operating the Banking Ombudsman will be apportioned between the participating banks according to the number of complaints made against each bank. (CLC Options Paper, p.83)

5.55 A telecommunications industry ombudsman could be funded along similar lines to a Banking Industry Ombudsman. It would be necessary to require service providers to participate by making this a condition of their licence.

5.56 The CLC was concerned that a myriad of service providers who are not licensed separately would be used by the ordinary, domestic consumer; and it would be virtually impossible to bring them into an ombudsman scheme

(CLC Options Paper, p.86). The Committee does not believe there will be a large number of competitors for the domestic consumer to choose from, at least in the short to medium term. Strong competition for business customers should be a good antidote for complaints.

5.57 The Ombudsman's office was asked to comment on the proposal that Telecom and private carriers meet the costs incurred by external review bodies that investigate these complaints. Two points were made. The first was that the servicing of any such funding arrangement could have significant resource implications for the Ombudsman's office. The second was that because of the nature of the complaints handling function it may be difficult to arrive at a charging formula for individual agencies. (Submission 66)

5.58 The comments made by the Ombudsman's office apply to an organisation reviewing complaints across the public sector. These comments would be less relevant for an industry ombudsman scheme particularly because there is a system in place in the banking industry. The Committee recommends that:

a scheme be introduced to require that the costs of the operations of the telecommunications industry ombudsman be met by industry rather than by the taxpayer.

6: CONCLUSIONS

Complaints and quality of service

6.1 In this final chapter the Committee brings together the material in the previous chapters by looking at the report as a whole. The starting point is to put complaints handling into the broader context of Telecom adapting to change, particularly in respect of quality of service matters.

6.2 Telecom is going through a process of massive change designed to equip it to meet the challenges of the future. Since emerging from a division of the old Postmaster-General's Department in 1975 Telecom has been progressively evolving into a dynamic organisation which sees the need to be driven by a marketing culture based on customer satisfaction.

6.3 Several factors explain this change. They include Telecom's own Vision 2000, the Government's re-shaping of what are now called government business enterprises, the opening up of the market to competition (economists call this the contestability of the market) and the establishment of the industry watchdog, AUSTEL.

6.4 **'Our customers come first'** is the initial highlighted point of the Mission Statement of Telecom's corporate plan. Telecom has introduced a number of measures in recent years aimed at making the organisation more responsive to the needs of the customer. These have included:

- . the creation of customer and product divisions in the organisation structure;
- . Telcats - surveys of customer attitudes to service;

- . Telecoms own internal performance indicators on installation, etc;
- . TQM (total quality management);
- . monthly business performance reviews; and
- . the establishment of the Telecom Australia Consumer Council.

6.5 Telecom is adapting to change in its external environment. It is placing increasing emphasis on the importance of quality of service and is monitoring and measuring improvements in quality. Its Telcats surveys and internal performance indicators, which cover quality of service improvements on installation, repair, billing, operator assisted services are evidence of this.

6.6 The APTU estimates that complaints constitute 0.05 per cent of the number of operating services. (Submission 40, p.1) The figures do not cover all complaints and one could quibble about the relevance of measuring complaints against the number of operating services. Be that as it may, it is difficult to envisage total complaints as being 'significant'.

6.7 The Committee concedes readily the probability of a strong correlation between improvements in the quality of service and reductions in the number of complaints. However, it gives no indication of how well Telecom handles customer complaints, a point emphasized from the first public hearing on 29 August 1990.

6.8 Complaints should not be seen primarily as a by-product of quality of service improvements covering installation, repair, billing, proportion of payphones in operation and so forth. A complaint covers more than the subject matter. It also includes customer perceptions as to how they are being treated. This emphasizes the need to treat complaints as a separate part of quality of service.

6.9 A former Telecom executive told the Committee that for a monopoly poor treatment of complaints by a monopoly is inexcusable; in a competitive situation it can be downright foolish. (Submission 13, p.2) In a competitive context the number of complaints can rarely be insignificant. Lack of consumer satisfaction and consumer choice from competition could reduce significantly Telecom's market share over the years.

6.10 To its credit, Telecom recognised and accepted the benefits of an effective complaints handling system towards the end of the inquiry. At the 4 April 1991 hearing Telecom reaffirmed how 'positive' its management is to change, 'positive' about the inquiry, 'positive' about the possibilities of developing a more effective complaint handling processes and 'positive' about the benefits of taking messages from complaints and better feeding them into the organisation's strategies and procedures. (Submission 60, p.2, Transcript, p.235)

6.11 The Committee welcomes this constructive approach adopted by Telecom. That became evident in the organisation's response to the Preliminary Conclusions (Submission 59) and particularly to the proposal for persons/organisations outside Telecom to test the accuracy of its meters.

Basic ingredients of complaints handling

6.12 The inquiry has covered both the way Telecom handles complaints and the work of the external review agencies. This has given the Committee the opportunity to examine the complaints process as a whole and from this examination to extract four basic requirements for that process to operate effectively. These requirements are:

- . improved quality of service measures that attack the causes of complaints;
- . a system that deals effectively with complaints at first point of contact;

- . close monitoring of why complaints escalate;
and
- . the carrier meeting the costs of external
review.

6.13 The approach of the Committee is to place primary emphasis on Telecom dealing effectively with complaints at the first point of contact or the grass roots level as Members of the subcommittee called it during the course of the inquiry.

6.14 It is also the view of the NRMA which says that front line staff of an organisation have the best knowledge of the business processes that affect the customer, and they have the best opportunity to resolve the customer's complaints. (Submission 53, p.2)

6.15 This is also the Telecom view. The management of Telecom encourages the customer enquiry/complaint being owned and dealt with effectively at the first point of contact. (Submission 14, p.1) Unfortunately, there was little evidence to show this happens. In some cases such as policy issues the enquiry/complaint cannot be satisfied at the first contact point - the local Telecom office. In other cases such as disputes over accounts, the size of the amount disputed could prevent the complaint being resolved at the first point of contact because of the limits imposed on frontline staff.

6.16 The Committee's proposal for change in Chapter 4 which it calls on Telecom to implement should result in a considerable improvement in the resolution of complaints at the first point of contact. The proposals either assist the customer, improve the quality of the process or increase customer confidence.

Organisational units in District Offices

6.17 The first part of the reference emphasized the desirability of Telecom establishing an organisational unit in each of its District Offices with the specific responsibility for handling customer complaints. A similar but more centralised method was recommended by the former House of Representatives Standing Committee on Expenditure in 1984 and 1986.

6.18 In its 1984 report, on Telecom's zonal charging policies, the committee recommended that Telecom should establish a Complaints Bureau in each State to handle customer problems with charging policies and difficulties with the provision of telecommunications services. (Ringling in the Changes, 1984) Two years later in another report, on Telecom's zonal and charging policies in rural and remote areas, the Expenditure Committee asked Telecom to act urgently on the earlier recommendation. (Poles Apart, 1986)

6.19 The Government response of August 1988 endorsed the committee's concerns in this area and pointed to four major initiatives Telecom had introduced. One was the investigation of a potentially new complaints handling system in which any Telecom customer dissatisfied with the initial Telecom response could use a dedicated 008 number to escalate the complaint to a complaints bureau.

6.20 Telecom established Customer Liaison Units in New South Wales, Victoria and Queensland. A 008 (free call) contact number was provided for assistance with special or unresolved problems. These units were never established on a national basis and have been replaced by Customer Help Centres. (Submission 14, pp.8,17)

6.21 There was little support for the establishment of an organisational unit in each District Office. A former Telecom executive supported the proposal. He said it would provide a clear and direct pipeline for the customer to lodge a complaint, improve

Telecom's capacity to deal with it and provide a better idea of service deficiencies. To be effective the unit should report directly to the District Manager and be given sufficient authority to resolve complaints on the spot. (Submission 13, p.3)

6.22 Telecom and others opposed the establishment of such an unit. The Telecom opposition is based on the view that 'the handling of customer enquiries and complaints should be undertaken as an integral part of the normal day to day operations of staff'. (Submission 14, p.18)

6.23 The NRMA also opposed these units saying that they will add to the bureaucracy of an already over regulated provider of telecommunications services. That organisation has a 'deeply rooted service ethic' in which complaints should be received and handled by staff that have control of the processes the complaints target. In order to achieve this control staff must feel they own the process and be able to change it to improve it. Management must be receptive to staff ideas.

6.24 The NRMA submission goes on to say that external departments acting as receivers and handlers of complaints promote a 'watchdog' environment. Frontline staff will lack the initiative to improve processes and, as 'outsiders', complaints department staff will not integrate with general staff over whom their watchdog role applies. (Submission 24, pp.3,4)

6.25 A management consultant said that special units go against all current international trends in relation to improving customer service. What has been shown frequently is that special units encourage an attitude among other staff that 'it has got nothing to do with me'. The submission said that the energy and resources of Telecom should go into front end prevention rather than back handling of complaints. (Submission 8)

6.26 There is a strong case against establishing an organisational unit in each District Office or local office. Further, organisational change within Telecom and the establishment of Customer Help Centres may not make the creation of these units either possible or necessary.

6.27 There is an alternative. Nomination of a person in each local office as proposed by the Public Sector Union of New South Wales would provide a point for coordinating complaints handling in that office. (Submission 19) This officer would be responsible for liaison with others, offering advice, encouragement, and direction as required. This officer could handle the more complex complaints and would be responsible for explaining why complaints escalate to areas outside the local Telecom office.

6.28 Associated with such a proposal is the task force. The ongoing job of a task force would be to review complaints processes and to put forward suggestions to management. The task force should be a small team well represented by frontline staff. The subcommittee spoke to some of them at Telecom's North Sydney Regional Office on 5 November 1990 and came away convinced they had a contribution to make. Task forces could be established on an experimental basis in several local Telecom offices.

6.29 **The Committee calls on Telecom Australia:**

- . **to nominate an officer in each local Telecom office to be responsible for complaints in that office; and**

- . **to establish an experimental task force in a several local Telecom offices to review the handling of complaints in those offices.**

6.30 Several submitters want an organisational structure established outside Telecom to handle complaints - a Telecom users council, independent tribunals or bodies to review the handling of complaints. (Submission 20, 16,22) These suggestions for change may have been prompted by a poor perception of Telecom and a belief that internal reform will not work. Unfortunately, there is little elaboration as to why these measures should be adopted. Given the nature and extent of complaints the creation of additional organisational structures outside Telecom to handle complaints seems to be an inefficient and ineffective way of improving procedures.

6.31 The Government of Western Australia wanted Telecom to establish in each State an organisational unit with a specific responsibility for handling customer complaints. (Submission 28, p.9) In a later submission it proposed that Telecom set up in each State a central reference point for complaints initially not handled to the satisfaction of the customer. (Submission 68)

6.32 Although the Committee can appreciate the reasons for these proposals its own suggestion for containing complaints at the first point of contact, and other measures outlined in the report, are a more effective way of handling such complaints. In addition, the Customer Help Centres should go some way of meeting the needs of customers particular those who live in rural or remote areas.

6.33 The Federal Bureau of Consumer Affairs suggests that Telecom develop closer consumer relations by helping the formation of a user based group, a Consumer Service Board. Its function would be to liaise with Telecom management and advocate on behalf of Telecom customers. The Board would provide customers with funds and expertise to represent their group interest as well as help in the resolution of individual complaints.

6.34 The Customer Service Board would be financed by consumers and the telecommunications carrier's system of payment would be used to collect funds for the board. (Submissions 45 and 62)

6.35 The Bureau was not examined on this part of its submission but establishing new structures to 'represent' the consumer of telecommunications services goes against the grain of the Committee objective of establishing effective procedures that will minimise the number of complaints. Complaints are only a part of this Bureau proposal, and the rest is outside the Committee's terms of reference. The proposal is based on the assumption that the telecommunications consumer is not represented adequately. This needs to be tested. Perhaps a statistically valid sample survey could tell the Federal Bureau of Consumer Affairs whether the telephone user will be prepared to pay say \$1 or \$5 a year to be 'represented' by a Consumer Service Board.

Complaints escalation and Customer Help Centres

6.36 There is little information on escalation of complaints within Telecom and little of this is known to the customer. However, this should change with the recent establishment of Customer Help Centres.

6.37 Telecom has identified three major reasons for establishing these centres. The reasons are:

- . to assist customers who for one reason or another still may have difficulty in contacting the correct area in Telecom to deal with their enquiry or complaint;
- . to escalate the complaint to a higher Telecom management level for review and to monitor progress; and
- . to provide an avenue for monitoring and evaluating higher order customer complaints, allowing trends to be identified and any policy, procedure and/or service inadequacies to be highlighted and rectified. (Submissions 14, p.17 and 49 p.4)

6.38 The first reason, to help customers who cannot find the correct area to contact, is hardly convincing. One would have thought that trained and knowledgeable operators, with or without a general inquiries number , would be more than adequate.

6.39 An important feature of the centres is complaint escalation to higher levels within Telecom. Staff are to be advised of the internal and external review processes and will therefore be able to advise customers.

6.40 Escalation via these centres is an unnecessary additional step in complaint handling. Review of complaints should be the job of management at regional and higher levels, and this should be made clear to customers. This is made very clear in a Canadian telephone directory and the relevant page is at Attachment 3.

6.41 The third major reason for establishing these centres is to monitor and evaluate higher order complaints, identify trends and link them to the need to change policy or improve service.

6.42 There is a need for statistics on higher order complaints to be collected, collated and analysed at a national level. The centres do not do this; they facilitate it. It will still be necessary to aggregate the information collected at each centre.

6.43 Evaluation of higher order complaints should include a thorough analysis of why they escalate. This is probably the most important function of the centres. Such analysis could lead to improvements in complaints handling.

6.44 Once again, however, the Committee makes the point that the statistical and analytical work of the centres should be the responsibility of management at regional and higher levels, supported by strong leadership at the top. Making these offices responsible and accountable to top management is a simpler and more coordinated way of making the complaints handling more effective rather than creating new structures.

6.45 Finally there is the danger of conflict between the centres and the local Telecom offices. Their monitoring and follow-up of complaints could require staff at other offices to accept the priorities set by the Centres rather than those required by local needs. By the nature of their tasks these Centres could become elitist. Customer Help Centres could promote what the NRMA calls a 'watchdog' environment.

6.46 Customer Help Centres are a new, consumer friendly term for the older Customer Liaison Units which were never established on a national basis. They are a safety net for complaints handling at the regional level. The reasoning behind them is not convincing. It ignores the potential for these centres to create conflict and represents a preference for new organisational structures rather than a critical and comprehensive examination of the effectiveness of existing procedures.

Telecom alertness

6.47 However good Telecom's system of complaints handling is, however well embedded into corporate thinking is the philosophy of customer satisfaction, on some occasions it is alertness that improves the quality of service. The subcommittee raised with Telecom the need to advise customers of the delays of their accounts being credited when paying at post offices. The question was based on information in an internal report which said that '(e)stimates are that up to 85 per cent of disconnections/reminders were used after a bill was paid'. The report said this reflected a lack of communication between Telecom and the post office.

6.48 This was reported in the newspapers on 5 April 1991 - The Age, Daily Telegraph Mirror, Courier Mail, The Advertiser and the Illawarra Mercury. Since then Telecom has responded to these comments by providing additional information some of which was requested by the subcommittee.

6.49 Telecom says that its practices and procedures provide appropriate safeguards to ensure that customers are not disconnected in error when the bill has been paid. Disconnection takes place over a month after the bill is issued and customers

receive their bill generally 13 to 15 days prior to due date. Telecom is introducing progressively its Electronic Counter Service (ECS) to all post offices. This has improved significantly the communications between Telecom and the post offices. Customers are advised to inform Telecom by telephone if they pay their bill after they receive the disconnection notice. (Submissions 60 and 67)

6.50 Telecom has introduced a number of measures that deal with the various circumstances of late payments. The Committee recognises that it may not be possible for Telecom to cover every type and instance of late payment. There would be cases of disconnection after the customer has paid the bill by, for example, mailing a cheque well after receipt of the final notice.

6.51 Telecom is considering whether it should publish its payment conditions. The Committee encourages Telecom to do this and to make it clear that the responsibility for paying a bill in time must always be with the customer.

6.52 Another matter the subcommittee pursued at the 4 April hearing was incorrect entries in directories. The error rate for directories could be a fraction of a percentage but it is a serious problem for the individual or business concerned which could incur substantial losses. Telecom was asked to respond to a witness suggestion - to have the wrong number directed to a machine which would give the correct number. (Transcript p.96)

6.53 Telecom said that the Recorded Voice Announcement (RVA) service is an exchange based recorded message placed on the incorrect phone number to advise callers of either the correct number or to contact a central operator. Due to the limited nature of the RVA service, priority is given to its use for incorrect business numbers.

6.54 Telecom also said that when errors occur there is no single action that can be used. It is a case of reviewing each case separately. For residential customers the options include free phone calls and reimbursement of expenses on stationery, stamps. (Submission 69)

6.55 In Canada, the telephone company is required by the industry regulator, the Canadian Radio-television and Telecommunications Commission, to provide reference of call service free of charge when there are cases of errors in telephone directory numbers, unless central office facilities are not available. British Telecom uses a variety of measures. These may include supplying printed cards, paying for a notice in the local or trade press or redirecting telephone calls. In special cases British Telecom may allow an ex gratia payment of up to a year's rental for the relevant line or group of lines. (Submission 65)

6.56 Representatives of the Ombudsman, not Telecom, said that Telecom could use business cards, a mail drop in the local area or some advertising as well. (Transcript p.305)

6.57 Both cases of the time given to pay accounts and errors in directories raise questions of the adequacy of the information Telecom customers receive.

How to complain brochures

6.58 The Consumers' Telecommunications Network says that there is no single piece of paper that tells consumers how to complain. (Transcript, p.119) AUSTEL is working on this. It is preparing a how to complain brochure and says that given that there is more than one party, Telecom, the Ombudsman, the Trade Practices Commission and AUSTEL, the broad purposes should be described to the consumer. (Transcript, pp.144,145)

6.59 In its annual report AUSTEL says it is preparing a series of brochures designed to inform consumers of their rights and obligations when dealing with carriers generally and Telecom in particular. AUSTEL is preparing two brochures which will assist customers in pursuing with Telecom complaints about metered call charges. (Annual Report, p.21)

6.60 Telecom is working in this area as well. The Telecom Australia Consumer Council has established a customer information working group which is examining ways to contact the appropriate point within Telecom. In association with consumer representatives Telecom wants to develop a specific document. (Transcript, p.280)

6.61 British Telecom puts out a Code of Practice for Consumers. This document covers provision of service, phone books, bills, operator services, complaints procedures and arbitration. It details the complaints procedures and the processes of arbitration. (Submission 65)

6.62 AUSTEL should see that things are done rather than do them itself. It should explore with Telecom the need to bring out a customer code of practice which would include a description of complaints procedures and their escalation.

Comments on performance indicators

6.63 The Canadian Radio-Television and Telecommunications Commission (CRTC) has commented on the types of performance indicators and the levels at which standards should be set. The CRTC says that indicators of service quality must provide quantitative measures of all significant aspects of interaction between a telephone company and its customers that can be examined over time. Standards should be set at a level which will ensure satisfaction to the overwhelming majority of customers or approximately ninety per cent. (Exhibit 19)

6.64 Several comments are made on Telecom's service quality achievements as shown at page 29 of its 1990 annual report. The first is the huge difference between the Telecom performance indicator and the Telcats customer satisfaction indicator in respect of payphones. Although 92 per cent of payphones are in operation the level of customer satisfaction ranges from 66 per cent to 72 per cent.

6.65 It may be that the significantly lower level of customer satisfaction is related to factors other than the number of payphones operating at any one time. If so, this could highlight the relevance of the indicator selected by Telecom.

6.66 Second, although billing is listed under the column 'Telecom Performances' there is no measure of performance for billing. All that the entry says is that Telecom has commenced a general program of including all STD call summaries in all bills.

6.67 At page 31 of its 1990 annual report Telecom says that itemisation of STD calls will become an increasingly standard feature on bills from late 1990. There is a timetable for itemisation for residential customers with national coverage being projected for July 1997 - in line with Telecom's network modernisation program.

6.68 Telecom should introduce an interim performance measure for billing which shows for the year concluded the percentage of residential customers that received bills with the itemised STD calls.

6.69 Given that the largest group of customer complaints concern disputes over bills and that billing is undoubtedly a significant aspect of interaction between Telecom and its customers, it follows that there should be a performance indicator for billing. The level of customer satisfaction (Telcats) with handling of billing inquiries is 79 per cent. In other words, over a fifth of Telecom's customers are not satisfied with the way their enquiries about bills are handled.

6.70 There could be a number of possible indicators from which to choose. The number of enquiries on bills, expressed as a percentage of the total number of bills, could be one such indicator.

6.71 There are a number of matters that need to be resolved on quality of service indicators. They include the relevance of the indicator and the standard required. For example, is a 79 per cent level of customer satisfaction a satisfactory performance or not? Then again in respect of directory assistance which is the more relevant indicator - the percentage number of calls answered or the speed of operator response?

6.72 AUSTEL is monitoring the development of Telecom's quality of service indicators. Under clause 40.(b) of the Telecommunications Bill 1990 AUSTEL is required to report to the Minister on 'carrier performance, with particular reference to consumer satisfaction, consumer benefits and quality of service'. As industry watchdog AUSTEL is probably in the best position to examine both the relevance of the indicators and the need for standards of performance for these indicators.

6.73 But reporting only to the Minister is not enough. It leaves the Parliament, and the accountability of AUSTEL to the Parliament, out in the cold. **The Committee calls on the Australian Telecommunications Authority:**

to include in its 1991-92 Annual Report, explanations on the relevance of the types of quality service indicators Telecom should have and explain whether there should be standards of performance for these indicators.

Supplementary report

6.74 The Government responded to the Committee report, The Stamp of Approval a review of Australia Post's administration of its philatelic services, within the three month period for response. The response gave the Government's views of the report rather than those of Australia Post.

6.75 Telecom told the subcommittee that the Minister would respond to the report and that the Telecom Board would be responsible for the final input to the Minister.

6.76 Telecom has agreed to several of the preliminary conclusions (See submission 59) but the Committee has not incorporated these responses in its report. If Telecom changes its position on these conclusions the Committee would expect the response to detail the reasons for this change.

6.77 The operations of the Customer Help Centres will be reviewed by Telecom in September 1991. Telecom has indicated that some of the Committee's proposals for change would be examined in the context of that review. (Transcript, p.242) In these circumstances, the Committee proposes to examine Telecom's review of its Customer Help Centres and to report to the House in a supplementary report.

6.78 That report could also contain comment on the progress Telecom is making in implementing Committee proposals. The Committee has spent considerable time and effort on this inquiry. It believes its report should make a significant contribution to improve complaints handling by Telecom. Checking progress on report implementation then becomes the final and the most important stage of the inquiry.

Peter Morris MHR

Chairman

29 May 1991

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CONDUCT OF THE INQUIRY, EVIDENCE AND WITNESSES

Conduct of the inquiry

1. The House of Representatives Standing Committee on Transport, Communications and Infrastructure was appointed under Sessional Order 28B on 8 May 1990. The Committee is empowered to inquire into and report on any matter referred to it by either the House or a Minister.
2. On 3 July 1990 the Minister for Transport and Communications, the Hon Kim C Beazley MP sent the Committee the first part of the reference, namely the handling of customer complaints within Telecom. On 22 August 1990, the Chairman wrote to the Minister on behalf of the Committee advising that the original terms of reference are not comprehensive because they do not cover the work of the external review agencies. The Minister's response of 10 October 1990 accepted the proposed extension to the terms of reference.
3. The Committee appointed a subcommittee comprising the Hon P F Morris (Chairman), Mr Cameron and Mr Elliott on 27 June 1990 to inquire and report on the reference.
4. The reference was advertised in the metropolitan daily newspapers on 14 July 1990. The advertisement asked for submissions to be lodged by 17 August 1990. Although several submissions were lodged after this date, no submission was rejected because of this.
5. The advertisement stated that the inquiry is not a mechanism for investigating individual complaints but rather a vehicle for assessing the quality and effectiveness of the processes and procedures used by Telecom.

6. However, several submissions were received from individuals complaining about the way Telecom had handled their enquiry. These submissions were forwarded to Telecom for direct reply.

7. A feature of this inquiry was the publication of the subcommittee's Discussion Paper in December 1990, the formulation of Preliminary Conclusions which were sent to those that made major submissions and a lengthy opening statement by the Chairman at the 4 April hearing.

8. *These processes are detailed at paragraphs 1.3 to 1.5 of the report.* The Discussion Paper and the Preliminary Conclusions were incorporated in the transcript of 4 April 1991.

9. The handling of the second part of the reference is described at paragraphs 1.6 and 1.7 of this report.

10. The subcommittee took evidence at five public hearings and inspected Telecom's Regional Office in North Sydney and its District Office in Surry Hills on 5 November 1990. The subcommittee also met privately on eight occasions. Its report was presented to the Committee on 29 May 1991 and adopted without dissent.

Evidence

11. The evidence consists mostly of written submissions made to the Committee, oral evidence taken by the subcommittee at public hearings and documents received in the course of the inquiry which have been treated as exhibits.

12. Over 60 written submissions were received. Twelve of these were from Telecom which, for most of the time, was responding to requests for information sought by the subcommittee. The written submissions which have been authorised for publication will be bound in two or more volumes. Separate sets will be sent to the National Library and the Parliamentary Library. A set will be retained in the committee secretariat.

13. Submissions can be divided into two groups, those made by organisations and those made by individuals. The submissions made by organisations are arranged according to alphabetical order and are as follows:

Submission No.(s)	Organisations
7	Auburn Antiques
29	Australian Deafness Society
40	Australian Postal and Telecommunications Union
18,47,55	A u s t r a l i a n Telecommunications Authority
22	A u s t r a l i a n Telecommunications Users Group
20	Canberra Consumers Inc.
65	Communications Law Centre
54,66	The Commonwealth Ombudsman

33,48	C o n s u m e r s ' Telecommunications Network
25	The County Shire Councils Association of Western Australia
21	D e p a r t m e n t o f Transport and Communications
34,45,62	Federal Bureau of Consumer Affairs
28,68	The Government of Western Australia
8	Lynne Wenig & Associates
64	Micro Sales
24,53	National Roads and Motorists Association
63	National Standards Association
19	Public Sector Union NSW Branch

44	Social and Environmental Protection Group of Western Australia
35	Southern Cross Postcards
30,50	Telecom Action Group
14,36,38,39,41,46 49,57,58,59,60,67	Telecom Australia
52	Trades Practices Commission

14. The remaining submissions were received from individuals. The majority of these were complaints against Telecom.

15. Oral evidence was taken at five public hearings as follows:

Canberra: 29 August and 7 November 1990, 4 and 17 April 1991

Sydney: 5 November 1990

16. Copies of proof transcripts were sent to witnesses. The corrected proofs will be bound and sets sent to the National Library and the Parliamentary Library. One set will be retained in the committee secretariat.

17. The following documents were accepted as exhibits and form part of the Committee's records:

EXHIBIT NO	DOCUMENT
1	Department of Transport and Communications, sample of representations to Minister
2	Department of Transport and Communications sample of representations to Minister
3	Call Metering and Charging National Manual Issued 1989*
4	Booklet (Issue No 2 - 1990) Telecom contact points for Federal Members of Parliament
5	Background information on the PAL system used by the Corporate Services Division
6	Breakdown of types of complaints, Ministerial and senior management
7	Booklet on Total Quality Management
8	Pie charts on Total Quality Management

9	Telcats figures on customer satisfaction
10	Documents on the Telecom Australia Advisory Council
11	Letter dated 24 April 1990 from Telecom Australia to Communications Law Centre
12	Case studies of complaints (Telecom Action Group)
13	Call metering and charging complaint procedure - Overview*
14	Call metering and charging - national procedures manual, Ombudsman and Ministerial Representation
15	Privacy of Customer Information
16	Customer Service Instruction Nuisance Calls*
17	Freedom of Information Guidelines
18	Guidelines on Access to and Disclosure of Information

* Kept confidential at the request of Telecom.

18. These exhibits, other than the ones marked confidential, are available for inspection at the committee secretariat.

Witnesses

19. The following witnesses appeared before the subcommittee and were examined:

Organisation/Witness	Date(s) of Appearance
Australian Postal and Telecommunications Union	
Mr John Saunderson Research Officer	7.11.90
Australian Telecommunications Authority	
Ms Joanne Plante Member	7.11.90
Ms Amanda Davies Manager Carrier Affairs Branch	17. 4.91

**Australian Telecommunications
Users Group**

Mr Walter Ernest Rothwell
Executive Director 5.11.90

Mr John Allan Robertson
Issues Manager 5.11.90

Canberra Consumers Inc.

Mr William Spencer Howitt
Chairman 7.11.90

Mr Ray Lehrer
Member 7.11.90

Communications Law Centre

Ms Holly Raiche 4. 4.91

**Consumers' Telecommunications
Network**

Mr Adam Smith
Coordinator 5.11.90

Ms Edwina Deakin
Project Officer 5.11.90

**Federal Bureau of Consumer
Affairs**

Mr John Wood 7.11.90
Director

Mr Colin William Lewis
Section Head
General Policy Section 7.11.90

Ms Jacqueline McRae
Research Officer 7.11.90

**Office of the Commonwealth
Ombudsman**

Ms Lindsay Anne Shaw
Deputy Commonwealth Ombudsman 17. 4.91

Ms Ellen Jill Cardiff
Senior Assistant Ombudsman 17. 4.91

**National Roads and Motorists
Association**

Mr John Robert Woolford
Assistant General Manager
Communications 5.11.90

Telecom Action Group

Ms Eloisa Costoso
Chairperson 7.11.90

Ms Jacinta Anne Ermacora
Secretary 7.11.90

Telecom Australia

Mr Stanley Charles Moon
Corporate Secretary 28. 8.90

Mr James Robert Holmes
Corporate Secretary 4. 4.91

Mr Edward John Benjamin
Director
Corporate Affairs 29. 8.90

Mr Alan Lyell Cook
Divisional Secretary
Telecom Business Services 29. 8.90

Mr Stanley Maurice Fish
Manager 29. 8.90
External Relations 4. 4.91

Mr Brian Fuller
General Manager
National Operations 4. 4.91

Mr John Philip Burke
Manager
Consumer Liaison and Policy
Research
Corporate Strategy Directorate 4. 4.91

Mr John Richards
District Manager
Southern District
Residential and Network Services 4. 4.91

Individuals

Mr Stephen John Coates 5.11.90

Mr William Thomas Schmidt 5.11.90

TELECOM AUSTRALIA

Office of the
Corporate Secretary

199 William Street
Melbourne Vic 3000

16 Oct 1990

APPENDIX 2

TELECOM LETTER TO CUSTOMER ON BILLING COMPLAINTS

Dear

I refer to your letter of 14 August 1990 to the House of Representatives Standing Committee on Transport, Communications and Infrastructure concerning Telecom's handling of customer complaints. Telecom has been asked to respond to the matters raised in your letter.

Telecom currently has well established and detailed guidelines to be followed by its staff when investigating complaints from customers into the accuracy of metered call charges. These procedures cover the various steps to be taken during an investigation into metered call charges and the rigid criteria to be used in determining whether a reduction of charges may be considered.

In investigation of metered call complaints, all clerical aspects of the accounts are examined and the record of meter registrations is checked. In addition, all faults records and exchange records of metering activity are reviewed to establish if any possibility exists of a technical fault having occurred which may have affected the metering of calls. Depending on the nature of the complaint, Call Charge Analysis Equipment (CCAЕ) can also be utilised. This equipment is essentially a separate metering system connected in tandem with a customer's own meter and is used to check the exchange based metering system in operation. This system is able to obtain comprehensive data in relation to the performance of the exchange data in relation to the performance of the exchange based meter. Should the CCAЕ equipment indicate the possibility of a discrepancy, then all equipment associated with a customer's service, including the meter itself, can be physically checked by technical staff.

A certain percentage of metered call disputes are in fact resolved in the customer's favour, although the majority of these are 'business judgements'. Any reductions to an account resulting from a genuine technical fault or faulty meter is extremely rare.

Telecom staff involved in the investigation of customer complaints are not able to resolve a dispute in the customer's favour unless there is substantiated proof that either a technical or clerical error has occurred. If, in the opinion of the investigating officer there are reasonable grounds to question the accuracy of charges, then any reduction or concession is subject to approval by a senior manager and is granted only after a careful review of the facts.

Telecom considers that it would be inappropriate to publicise the criteria by which reductions may be considered as this would only lead to an increase in the number of disputes lodged. Unfortunately, many disputes are raised by customers solely to obtain an extension of time to pay an account or by customers who are unaware of the usage of their service by members of family or staff. Incidentally, this also makes it extremely difficult to readily identify those cases where the customer may have a genuine case that warrants investigation.

For those customers that are dissatisfied with the result of an investigation by Telecom, the Commonwealth Ombudsman is able to independently investigate the matter. Staff at Telecom District Offices should make customers aware of this option should they wish to have a decision reviewed.

Meters are installed in the exchange for cost efficiency in maintenance and the collection of monthly meter readings as well as security from possible tampering or interference. The meter is isolated from any line voltage fluctuation that, while having no appreciable effect on conversation, may adversely affect the accuracy of a meter installed remotely from the exchange.

Telemeters are intended for use only as a guide and, consequently, in any dispute that may arise over registrations recorded, Telecom considers that the accuracy of an exchange based meter is superior to any meter installed at a customer's premises.

I trust tha the points you raised have been adequately addressed.

Yours sincerely



S C Moon
CORPORATE SECRETARY



4 How to Reach Us

Customer Complaints

We're here to help if you are having difficulty in resolving a problem with such telephone company matters as:

- installation service
- long distance service
- public telephone service
- repair service
- your telephone bill
- the telephone directory.

How to resolve your problem

REPAIR SERVICE	DIAL 611
BUSINESS COMMUNICATIONS — REPAIR SERVICE	688-0181
BUSINESS TELECOM EQUIPMENT — REPAIR SERVICE	430-4242

Call our **CUSTOMER SERVICE OFFICE** where a **SERVICE REPRESENTATIVE** has a record of your telephone service and is able to assist you. Your **CUSTOMER SERVICE OFFICE** can be reached as follows:

For Telephone Numbers Beginning With	Residence Customers Please Call	For Telephone Numbers Beginning With	Business Customers Please Call
22, 25, 26, 27, 321-2-4-5-7, 631, 64, 65, 66, 68, 73, 87, 92, 943-6-7, 97 or 98	643-4242	22, 25, 26, 27, 321-2-4-5-7, 443-4, 490, 631, 64, 65, 66, 68, 691, 73, 844, 87, 940-3-6-7, 97 or 98	643-4141
29, 328, 42, 43, 444, 46, 52, 53, 57, 58, 59, 882-8, 931-6-7-9 or 941-2-4	432-9455	29, 328, 42, 43, 444, 46, 52, 53, 57, 58, 59, 882-8, 931-6-7-9 or 941-2-4	430-7070

If your **Service Representative** is unable to resolve the problem to your satisfaction, ask for the **Service Office Supervisor** responsible for your service.

IF, AFTER SPEAKING TO A SUPERVISOR, YOU ARE STILL NOT SATISFIED, CALL THE CUSTOMER SERVICE MANAGER RESPONSIBLE AS OUTLINED BELOW:

If your telephone number starts with:	Residence Customers Call	Business Customers Call
22, 25, 26, 27, 321-2-4-5-7, 443-4, 490, 631, 64, 65, 66, 68, 691, 73, 844, 87, 92, 940-3-6-7, 97 or 98	643-4420	643-4422
29, 328, 42, 43, 444, 46, 52, 53, 57, 58, 59, 882-8, 931-6-7-9 or 941-2-4	430-4488	430-4488

After calling the Manager above, if you feel that you have not received satisfaction, please call the **Customer Service Manager — Headquarters** at 432-3751 or (toll-free) 1-800-663-6587. You may also write to the: **Customer Service Manager — Headquarters**, B.C. Tel., 18th floor, 3777 Kingsway, Burnaby, B.C. V5H 3Z7

If you are not satisfied after having dealt with the company's management, you should write to:

The Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario K1A 0N2

OR

Canadian Radio-television and
Telecommunications Commission
Suite 1500-800 Burrard
Box 1580, Vancouver, B.C. V6Z 2G7
Telephone number 666-2111

The Canadian Radio-television and Telecommunications Commission is an independent agency of the Government of Canada and is responsible for regulating the activities of telecommunications companies under federal jurisdiction.

The company requests that you send a copy of your letter to **Customer Service Manager—Headquarters**, B.C. Tel., 18th Floor, 3777 Kingsway, Burnaby B.C. V5H 3Z7

Telecom Centre for People with Special Needs (Disabilities)

By phone Greater Vancouver Area 430-6378 or (toll-free) 1 + 800 + 242-8643
 TDD TTY user call Greater Vancouver Area 430-6044 or (toll-free) 1 + 800 + 663-1264
 Operator Assistance for TDD TTY Customer (toll-free) 1 + 800 + 855-1155
 Customer Service Manager — Headquarters for TDD TTY Customers only 432-3958
 For additional information and Message Relay Centre numbers, see **Services for People with Special Needs**, page 19

