

Telecommunications
Industry
Ombudsman

TIO submission to the Joint
Standing Committee on the
National Broadband Network:
Inquiry into the business case
for the NBN and experience of
small businesses

January 2020

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Introduction from Ombudsman, Judi Jones

I welcome the opportunity to comment on the Joint Standing Committee on the National Broadband Network Inquiry (Inquiry) into the business case for the National Broadband Network (NBN) and the experiences of small businesses. My office previously made a submission to the Joint Standing Committee on 1 May 2017.

This submission contains complaints data, insights and case studies informed by complaints received by my office about the experiences of consumers and small businesses with services delivered over the NBN. These insights relate broadly to the following Inquiry terms of reference:

- current pricing structures, particularly as they relate to the uptake of services by low-income customers
- network coverage issues, and
- the experiences of small and medium business owners in relation to the utilisation, accessibility and affordability of the NBN.

We have grouped the themes in our submission into the following categories:

- a) the evolving complaints landscape
- b) access to a reliable NBN service (including the experience of vulnerable and regional Australians), and
- c) the experience of small businesses.

The Committee may also be assisted by our insights on the experiences of residential and small business consumers in our:

- [submission](#) to the ACMA's post-implementation review of the NBN consumer experience rules in September 2019, and
- forthcoming Systemic Issues publication on the telecommunications experiences of Australian small businesses (to be released in March 2020).

As the NBN rollout moves into final stages, my office continues to work with the sector and regulators on industry improvement. We identify emerging issues and work closely with phone and internet providers and NBN Co to ensure complaints about services delivered over the NBN are resolved in a timely way, and that causes of complaints are addressed.

To respond to escalating NBN fault and connection complaints over the last year, we have also formed specialist dispute resolution teams to handle escalated complaints involving small businesses and technical issues. Complaints with those characteristics are among the most difficult to resolve due to their complexity.

In the complaints we receive we have observed that regional and rural consumers often rely more heavily on fewer services and, because of this, may have different needs to metropolitan consumers. The increased service reliance means these consumers need a suitably reliable technology type for their location. When issues impact regional and rural consumer services, there may be a need for a tailored response if there is no mobile coverage or alternate service option available.

There are also unique challenges facing vulnerable consumers and small businesses connecting to the NBN – these are explored in further detail below. In the case of vulnerable consumers and small businesses, access to an adequate interim service is particularly important while providers and NBN Co work on a solution to fix any NBN service fault or connection issue.

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We hope the insights we have provided in this submission assist the Committee and the Inquiry.

1. The evolving complaints landscape

As the number of services delivered over the NBN increases, the number of complaints about those services as a proportion of all internet and landline complaints will continue to increase.

1.1 Complaints about services delivered over the NBN

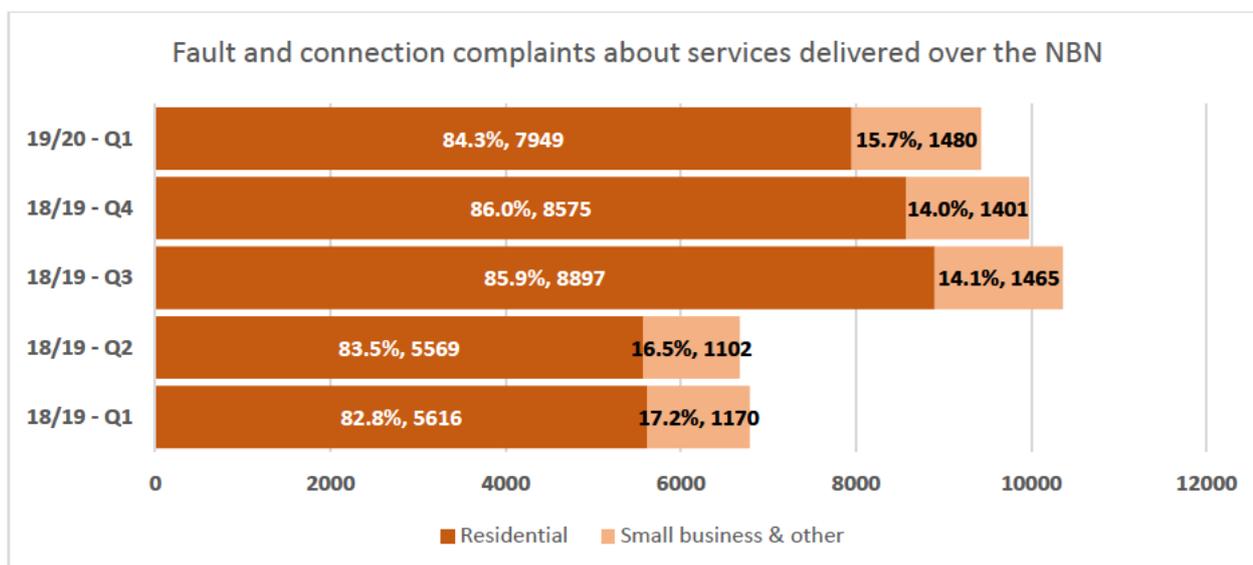
In Financial Year 2019, we received 132,387 complaints from residential and small business consumers. For services delivered over the NBN, we received 11,635 complaints about connection or changing a provider and 23,362 complaints about service quality.¹

Quarter 1 for Financial Year 2020 provides the most recent snapshot of complaints from consumers about services delivered over the NBN and other networks². We refer to these as ‘fault and connection’ complaints. This category includes issues about establishing an NBN service and service delivery.

The chart below provides a consolidated view of the volume of fault and connection complaints for internet, landline and multiple services delivered over the NBN since July 2018³. Included in the chart is a breakdown of complaints from residential consumers and small businesses.⁴

The proportion of complaints from small businesses has varied since July 2018. In the most recent quarter, the proportion of fault and connection complaints from small businesses increased from 14% to 15.7% of total fault and connection complaints for services delivered over the NBN.

Chart 1 – Fault and connection complaints about services delivered over the NBN



¹ For more details, please see the Telecommunications Industry Ombudsman’s [Annual Report FY19](#).

² For details on the proportion of complaints about services delivered over the NBN, please see the Telecommunications Industry Ombudsman’s [Quarterly report for Quarter 1 FY20](#).

³ This is a consolidated chart which contains information contained on pages 6-8 of [Quarterly report for Quarter 1 FY20](#). Information on the Top 10 issues for each service type, and the volume of complaints for services delivered over other networks, is also included in [Quarterly report for Quarter 1 FY20](#).

⁴ The ‘small business’ category includes not-for-profits and charities.

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1.2 Responding to complex complaints

In Financial Year 2019 we reported internet services had replaced mobile services as the dominant type in complaints, and 50.7% of all complaints had a connection, changing provider or service quality issue⁵.

In Quarter 1 Financial Year 2020, the proportion of unresolved and escalated complaints reflected an emerging picture of complexity⁶.

In response, we formed specialist teams to handle these escalated complaints and continued to work closely with phone and internet providers to better understand the barriers to resolving these issues, and how to prevent the issues occurring.

We have also worked closely with NBN Co and service providers to address complex complaints and improve industry practices in relation to fault and connection complaints.

As the NBN rollout moves into its later stages we are seeing, and expect to continue to see, more complaints about connections that have been postponed due to their complexity. Complex connections often take additional time to complete and may require one or more of the following:

- a specific skillset or technician
- removal of other infrastructure
- liaison with external parties such as strata management, or
- a fix or workaround that falls outside the scope of a standard installation.

Issues involving these connections, once escalated to us, take longer to resolve than other complaints.

In September 2019 we made a [submission](#) to the ACMA's post-implementation review of the NBN consumer experience rules. This submission described the key themes we see in complaints about NBN migration, which included the limited number of available technicians and the diagnosis and rectification of troublesome connections.

Industry has responded, and continues to respond, to the challenges involved with complex connection issues. Providers are offering interim services earlier and we are seeing fewer complaints about missed appointments. We also see providers working more closely with NBN Co to rectify issues on complex complaints. However, our complaint data shows⁷ further work is needed to improve how parties work together to resolve a fault or connection issue with a consumer.

2. Reliable access to the NBN for all consumers

Some consumers rely on a fixed voice line (voice-only service) as their only means of communication and may not need or want an internet connection.

As these consumers have a higher reliance on their voice-only service, it is important their NBN service is reliable, they are connected to the right technology type, and receive prompt assistance if an issue occurs.

⁵ See [Annual Report FY19](#) at page 10.

⁶ See page 10 [Quarterly report for Quarter 1 FY20](#).

⁷ See pages 6-8 [Quarterly report for Quarter 1 FY20](#).

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2.1 Consumers with a voice-only service can be vulnerable

Some of the most vulnerable consumers we see use a voice-only service as their only means of contact.

For these consumers, particularly elderly consumers or those with a disability who may have a smaller social network or be less physically mobile, a voice-only service is an important link to the world. If the service is interrupted, such as when problems occur during migration to the NBN, consumers tell us they feel disconnected and isolated.⁸

Mobile interim solutions may be unsuitable

When migration issues occur for voice-only consumers, a mobile service is often unsuitable as an interim solution as the consumer may be uncomfortable using a different service type, or simply not be able to do so. The complaints we see about these cases are usually not resolved until their service is restored.

Case Study A – Migration error leaves elderly consumer cut off from family

Eric has his home phone with TelcoTwo and has used the same phone number for many years. Eric also has a mobile service but is not comfortable using it and usually leaves it uncharged. His family do not live nearby and call him often to stay in touch.

While transferring to Eric's service to the NBN, the phone number was accidentally cancelled. TelcoTwo gave him a new number.

When Eric's family was not able to get in touch with him, they called the police and asked them to check on him.

Eric's daughter complained to the Telecommunications Industry Ombudsman, saying Eric could not remember the new number. She wanted TelcoTwo to refund all charges until the original number was reconnected.

Eric's original number was eventually reconnected after several months during which he experienced periods of no service. TelcoTwo paid Eric around \$600, which included compensation for time without a service and a refund of service charges.

Voice-only consumers should be able to access the most suitable service class

We consider it reasonable that any consumer who connects a voice-only service over the NBN should receive an equal quality of service as in the pre-NBN environment, at an affordable cost.

When NBN Co connects services, it uses one of four traffic classes. The classes include Traffic Class 1, which is described as 'primarily for voice services,' and Traffic Class 4, which is for 'general internet data'.⁹

In its *Inquiry into NBN access pricing*,¹⁰ the Australian Competition and Consumer Commission (ACCC) discussed whether Traffic Class 4 services should be regulated. If Traffic Class 4 is

⁸ [Submission](#) to the ACMA's post-implementation review of the NBN consumer experience rules in September 2019

⁹ <https://www.nbnco.com.au/business/product-and-technical-information/wholesale-traffic-classes>

¹⁰ <https://www.accc.gov.au/system/files/Discussion%20Paper%20-%20ACCC%20inquiry%20into%20NBN%20access%20pricing.pdf>

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regulated and Traffic Class 1 is not, we may see providers pass Traffic Class 1 price increases onto consumers who are migrating to the NBN. This may lead to an environment where some consumers cannot afford to pay for the most suitable service type and must connect a lesser quality service.

2.2 Connecting consumers to a suitable technology type

We receive complaints from consumers living in metropolitan suburbs who have been told the only NBN technology type available to them is a satellite service. Some of these consumers tell us there is existing legacy telecommunications infrastructure installed to their premises and they are seeking a fixed service option that uses this.

A practice of connecting satellite services to metropolitan premises over other connection types may impact regional and rural consumers if it results in a satellite being over-subscribed. This may impact the quality of a service or reduce the number of regional and rural premises able to connect to a satellite NBN service in future.

Case Study B – Satellite the NBN technology type for consumer in suburban Sydney

Kailyn lives in a suburb of Sydney. She has poor mobile reception and unreliable wireless internet at her home. There is cabling to the pit at her address as part of the legacy network.

In early 2019, Kailyn applied to migrate her landline and internet service to the NBN. Her request was delayed several times, so Kailyn complained to the Telecommunications Industry Ombudsman.

During the complaint, Kailyn's provider confirmed her address was marked for satellite technology. We explained Kailyn could apply for a change of service technology, which would cost \$330, or she could consider installing a smart antenna. Kailyn was not satisfied with these options and withdrew her complaint.

It can be more difficult to identify the right technology type for individual consumers in regional Australia. We see complaints where a consumer has been earmarked for an incorrect technology type and this can, at times, lead to service disruption for the consumer.

Case study C – Service marked for unsuitable technology type in rural area

Jasmine lives in a rural area and had a wireless landline service connected with AgriTelco. Jasmine said AgriTelco had previously told her it would cost her more than \$40,000 to connect a fixed line service to her home.

NBN Co's records showed Jasmine's address was marked for the NBN technology, Fibre to the Node (FTTN). When AgriTelco contacted Jasmine about migrating to the NBN, she explained it could not connect a FTTN service as there was no cabling to the house.

AgriTelco tried to migrate Jasmine's service to FTTN multiple times during 2019, and each time her service was disconnected. Following the final disconnection, AgriTelco did not reconnect her service and she complained to the Telecommunications Industry Ombudsman, saying AgriTelco told her she would need to dig a trench to install cabling, but this was more than 1km and she did not wish to do this.

During the complaint, the technology type for Jasmine's home was changed to Wireless technology and her connection appointment was scheduled.

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3. Experience of small businesses with NBN services

Complaints about small business issues tend to remain open for longer than residential complaints and often need a higher level of involvement from our office before reaching resolution.

3.1 Impact of service interruption on small businesses

The consequences of service interruption can greatly impact small businesses. Connection or transfer delays and service faults can significantly affect day-to-day business functions like receiving calls on an advertised business number, taking payments, or backing up files. Service interruption can often lead to reduced income until services are restored.

We receive complaints from small businesses who lost their advertised number during the NBN migration process and incurred costs to update their advertising materials with a new phone number. In 2018, we published a [Systemic Issues report](#) on potential number loss issues experienced by residential consumers and small businesses during migration to the NBN.

3.2 Issues that can affect small business NBN services

We see certain NBN service issues appear more frequently in complaints from small businesses.

Connecting multiple services onto the NBN is complex

Connecting multiple services onto the NBN becomes more complex with each additional service type included in the request. Transferring a landline, internet and a fax line, for example, is a more involved process and will often take more time than transferring a landline and internet service.

We see complaints where small business services are disrupted because consumers with different service types have not allowed enough time for a transfer to occur. This can result in situations such as a consumer moving to new premises before their services are transferred, or services are disconnected because the mandatory disconnection date arrives before a transfer to the NBN is completed.

Misaligned information about a small business

A connection or transfer can only complete if the information held on NBN Co's systems aligns with the information the provider holds.

We see two main issues arise because of a mismatch of information, which both can interrupt services or delay connection:

(a) No business address

NBN Co assigns a unique location identification (Location ID) number to each address that can connect to its network. When a consumer applies for an NBN service, NBN Co uses the Location ID to identify where the service is located. In the pre-NBN environment, one phone line could supply multiple services with different providers to several nearby locations. These are often to businesses operating in small shopping strips or office buildings. To successfully connect each business to the NBN, an individual Location ID must be created for each separate business premise.

Many small businesses become aware of a Location ID problem when they lose their services after another business sharing the line applies to transfer onto the NBN.

We receive complaints that include Location ID as a factor. Based on a review of our complaints received since July 2018, the number of new complaints about Location ID appears to be

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relatively stable across each quarter. Recent complaints show Location ID is generally identified earlier as the cause of service disruption, reducing the length of time services are impacted.

(b) Mismatched address information

Problems occur when a small business address is recorded on NBN Co's database in a slightly different form to the address the business uses, and the address used for the legacy connection.

For example, a postal address of Shop 1, 12 High Street could be recorded on NBN Co's database as 1A/12 High Street. If the business applies to connect a service at Shop 1, 12 High Street, this will not match the address on NBN Co's systems. The address must be updated before the connection can complete.

Case study D - Location ID issues cause delays for a small business transferring onto the NBN

Akira owns a small hairdressing business and used a mobile service and wireless internet for communication. In 2018, the business premises were divided, and a second business moved into the new space.

The new business connected its business services to the NBN. In late 2018, Akira applied to connect landline and internet business services to the NBN with TelcoA. When the connection order did not complete, TelcoA submitted it again, and again it did not complete.

Akira spoke with TelcoA and NBN Co several times, but they were not able to identify the cause of the issue. When Akira contacted us to complain, he said he wanted TelcoA to connect the services and did not want to not pay any charges until then.

NBN Co later found there was only one Location ID for both business premises. It created a new Location ID for Akira's business address and TelcoA successfully connected the services.

TelcoA credited around \$700 to Akira for charges it had billed before the services were working.