

# Chapter 3

## Overview of the NBN Customer Experience

### Introduction

3.1 A key focus of the committee during its first year of operation has been the experience of consumers in getting connected to the NBN and using these services. The committee has heard a broad range of evidence covering all aspects of the NBN consumer experience.

3.2 As the rate of the NBN rollout continues to rapidly increase, ensuring that customers are well informed about the implications and timing of the NBN rollout in their area, and have a hassle-free experience in transitioning to the NBN, will be critical to the overall success of the project.

3.3 This chapter examines the different aspects of the consumer experience, focusing in particular on common areas of complaint from consumers, as well as the current processes for resolving such complaints. Chapter 5 will then discuss possible improvements to enhance all aspects of the customer experience during the remainder of the NBN rollout.

3.4 The Department of Communications and the Arts (the Department) stated in evidence to the committee that it has four key areas of focus in relation to the NBN customer experience:

- Customers should have accurate information to make informed choices.
- Retailer and nbn systems and processes should be optimised to support consumers as they connect to a new NBN service.
- Consumers should receive a reliable service and get the plan they paid for.
- Clear processes should be in place to efficiently address consumer queries and complaints.<sup>1</sup>

3.5 The committee has heard significant evidence about shortcomings in each of these areas as customers migrate to the NBN from other broadband services. The Australian Communications Consumer Action Network (ACCAN) provided a broad summary of these difficulties as follows:

It is fair to say that for a number of consumers the rollout has not been 'seamless'... [C]onsumers have reported confusion and encountered problems at every stage. From understanding how and when they will be affected, to choosing providers and plans, arranging connection, overcoming difficulties of complex connections, using the service, to finding causes and solutions to faults and outages; the span of issues is vast. Most of the concerns are not standard complaints about services, which

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1 Department of Communications and the Arts, answers to questions on notice, 23 June 2017 (received 28 July 2017), question no. 9, p. 1.

would fall under the jurisdiction of the Telecommunications Industry Ombudsman. These are often problems that consumers are unsure who to go to for answers, or are unaware that there are answers. Consumers end up searching for answers from multiple sources or are passed between nbn, RSPs, local councils, federal and state parliamentarians, community groups and complaint handling bodies.<sup>2</sup>

3.6 These various issues are examined in turn in the remainder of this chapter.

### **Process of getting NBN services connected and established**

3.7 The committee heard a wide range of evidence in relation to the processes associated with the migration of customers to NBN services. Representatives of the Department noted in May 2017:

[T]he customer experience on connecting to the NBN involves myriad aspects, and there are a number of things that could happen in that process that could cause some sort of issue that leads a customer to make a complaint or to be unhappy around their service.<sup>3</sup>

3.8 The Telecommunications Industry Ombudsman (TIO) noted in its submission that complaints relating to connection issues were the most prominent category of NBN-related issues in 2016, with 5,548 complaints on connection issues lodged in the calendar year (representing 41.4% of all NBN complaints).<sup>4</sup>

3.9 The TIO noted that in its 'connections' complaint category, 90 per cent of these complaint issues related to delays in the connection process, with key issues contributing to these delays including missed technician appointments, infrastructure, and the complexity of some installations.<sup>5</sup>

3.10 Figure 3.1, provided by the TIO, shows the rate of complaints about connection delay issues on NBN services versus the overall number of NBN-activated premises over time, showing a slight decrease in the rate of complaints relative to the number of activated premises since early 2016.

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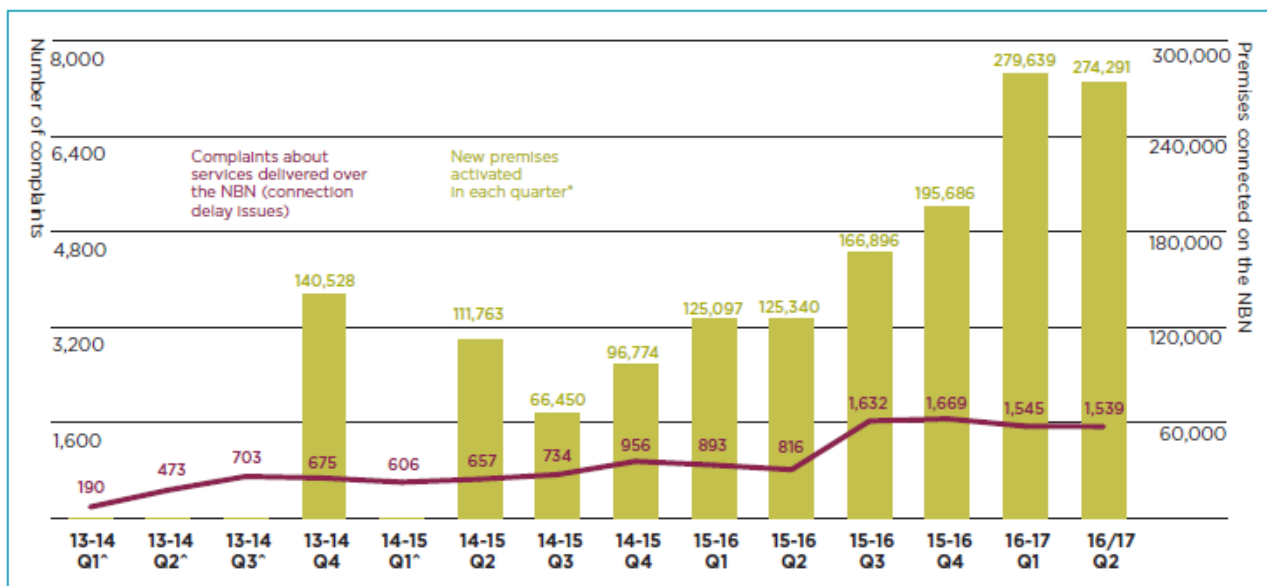
2 Australian Communications Consumer Action Network (ACCAN), *Submission 22*, p. 4.

3 Ms Mary Balzary, First Assistant Secretary, Infrastructure and Consumer Division, Department of Communications and the Arts, *Senate Environment and Communications Committee Estimates Transcript*, 24 May 2017, p. 13.

4 Telecommunications Industry Ombudsman, *Submission 115*, p. 10.

5 Telecommunications Industry Ombudsman, *Submission 115*, p. 11.

**Figure 3.1 Connection delay complaints vs. number of newly activated premises per quarter<sup>6</sup>**



### *Provision of information about the rollout and how to sign up to services*

3.11 Some submitters argued that when the NBN rollout is active in an area, many customers still have very little understanding about what the NBN network is, how to get connected, how their existing services will be affected, and what their new NBN services will provide. Better Internet for Regional, Rural and Remote Australia (BIRRR) submitted that the NBN 'is a very complex network and initially there is a considerable amount of customer confusion about how to get connected'.<sup>7</sup>

3.12 ACCAN noted that switching services to nbn is not automatic, and that consumers have a number of responsibilities placed upon them in the switch over, including: informing themselves of the need to migrate; identifying equipment needed to migrate; and arranging and covering costs associated with any additional upgrading of wiring or end user premises equipment that may be required.<sup>8</sup> ACCAN argued:

These can be near impossible tasks for some consumers. If a consumer does not understand these responsibilities they may be put in a vulnerable position. They may lose services altogether by failing to switch before the legacy network is switched off. Alternatively they may switch but their services may not work as they expected. Equipment such as handsets and medical alarms may not be updated, putting these services at risk.<sup>9</sup>

3.13 The Queensland Government noted in its submission that provision of clear information was particularly important for disadvantaged or vulnerable groups:

<sup>6</sup> Source: Telecommunications Industry Ombudsman, *Submission 115*, p. 11.

<sup>7</sup> Better Internet for Regional, Rural and Remote Australia, *Submission 101*, p. 28.

<sup>8</sup> ACCAN, *Submission 22*, p. 10.

<sup>9</sup> ACCAN, *Submission 22*, p. 10.

Information about how to sign up to the NBN in a range of formats such as easy English, Auslan, large print, and key languages, would greatly benefit people with a disability, people with literacy difficulties, people from culturally and linguistically diverse backgrounds, young people and older people.<sup>10</sup>

### ***Confusion around role of nbn, subcontractors and RSPs during installation and connection processes***

3.14 The committee heard evidence that the involvement of multiple parties during the installation and connection process (for example, nbn representatives, installers contracted by nbn or by contracted delivery partners, and RSP technicians and sales representatives) has the potential to cause considerable confusion among customers, particularly when there are delays or problems with the installation process. This is compounded by the fact that installation processes often vary depending on the technology type and location involved.

3.15 Ms Teresa Corbin, CEO of ACCAN, told the committee that these factors made it challenging for ACCAN to provide accurate advice to consumers who came to them with questions about the rollout process:

It makes it very, very difficult to explain it to the customer. We have had situations where people have reported to us that they had problems with their installation. They say that NBN Co came out with a few extra people who were from NBN Co, as well as the contractor. The contractor was wearing a vest that said 'NBN'. The report is that nothing can be done by the NBN; it is something that the retail service provider will have to solve. They went away, and later that day the same person with a different vest, a different van and a different logo rocked up and said, 'Okay, I'm the retail service provider for this half of the day. I've been contracted for that, and now I can fix the service.' For the customer, that is just so confusing.<sup>11</sup>

3.16 Ms Jo Shannon, a representative from Rural Councils Victoria, related to the committee an example of a family that has experienced significant difficulties establishing their NBN connection, involving multiple missed appointments from technicians, incorrectly working modems provided by the RSP, and various periods without a functional landline phone or internet service. Ms Shannon described the confusion about responsibility between nbn and the RSP during the latter stage of this experience:

...Four weeks later the NBN man arrived and did something to the external connection, and they were back to having no phone and no internet. The matter was again escalated to the Telstra regional manager. Telstra advised it was an NBN issue, and NBN advised it was a Telstra issue. The customer ended up calling Telstra to be told again it is an NBN issue. During that call, they put NBN on hold and called Telstra and connected them up so there was a three-way conversation between all the parties to resolve the

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10 Queensland Government, *Submission 12*, p. 7.

11 Ms Teresa Corbin, CEO, ACCAN, *Committee Hansard*, 19 April 2017, p. 5.

issue. There was still finger pointing about who is responsible—which party has responsibility for getting this service operational. That call was earlier this week and it is still not resolved...This is a simple connection to an NBN system, but now there is no internet and no phone.<sup>12</sup>

3.17 Ms Shannon argued that customers do not necessarily care who is involved in getting their service connected, but rather just want their service to work correctly:

When people commission a service they expect to get the service that was committed. When I connect to the electricity, I do not particularly care that there is an electricity generator, distributor and retailer; I just want electricity connected to my property. When I connect to water, I do not particularly care that there is a government water wholesaler and a separate retailer; I just want water to my property. It is the same with phone and internet. There needs to be a more seamless approach to providing what is now an essential utility for Australian families.<sup>13</sup>

3.18 Mr Andrew Connor, Spokesperson for Digital Tasmania, argued that at least in the initial connection phase, nbn had to take ultimate responsibility for getting services established:

There is, no doubt, a circle of blame that can exist between NBN and RSPs. They can be equally to blame. But, ultimately, the buck needs to stop with someone. The NBN Co is the one providing this network, ultimately, to the clients. The RSPs are not quite a dime a dozen, but there are 160 odd—at the last count that I saw. So the NBN does need to take this as the final stop. They need to make sure that connection works to the client—at least initially to get it going.<sup>14</sup>

### ***Delays and other problems with installations***

3.19 Various individuals and groups noted to the committee that significant delays and other problems can occur in a variety of circumstances during the NBN rollout to an area, causing significant impacts to individuals and businesses. Some individual examples are included in this section to illustrate the issues presented to the committee.

3.20 Mr Matthew Leggett, who operates a caravan park in Mansfield, Victoria, related his story to the committee attempting to get an NBN connection established at his business:

I made the biggest mistake in 15 years of operating my business in September, 2016, when I decided to contact my phone/ internet provider, Dodo, to ask about going to the NBN network.

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12 Ms Jo Shannon, Secretariat, Rural Councils Victoria, *Committee Hansard*, 20 April 2017, p. 48.

13 Ms Jo Shannon, Secretariat, Rural Councils Victoria, *Committee Hansard*, 20 April 2017, pp. 48-49.

14 Mr Andrew Connor, Spokesperson, Digital Tasmania, *Proof Committee Hansard*, 25 July 2017, p. 61.

2 weeks later on the 29th September, 2016, my land line was turned off leaving me with no phone or internet services the day before a long weekend. We were fully booked that weekend and had no access to our booking system.<sup>15</sup>

3.21 Mr Leggett stated that problems arose in relation to his RSP not coordinating with NBN to ensure that both the NBN household box and the RSP modem were at the premises, and the RSP refusing to recognise that there were multiple residents living at the caravan park who needed separate addresses and connection points. Mr Leggett continued:

Over the next few weeks I spent hundreds of hours on the phone trying to solve the problem. NBN corporation would not talk to me saying I had to go through my phone provider. Dodo kept insisting that I had a NBN box and should plug into that. The Ombudsman took up the complaint but dropped it as 'resolved' when Dodo moved the matter to their NBN complaints office.

... For the last six months we have been using the neighbours internet to conduct our business. For weeks I had no eftpos facility until I worked out a deal with my neighbour to use their phone line each night to process credit cards....we could not offer any eftpos transactions through savings or cheque accounts to our customers. This continued for nearly 3 months until we were able to get a landline reinstalled to our office.<sup>16</sup>

3.22 Mr Leggett was then forced to change service providers in order to be able to keep his existing landline number, which he had used for his business for over 15 years. Unable to revert to an ADSL service, Mr Leggett then had to transfer to a third RSP to establish an NBN service, with the same issues that had arisen during the initial attempt to get connected subsequently recurring, before a connection was finally established in April 2017.<sup>17</sup> Mr Leggett summarised his frustrations as follows:

I regret so much the initial phone call I made last September to enquire about this NBN thing. As a result I have had no phone line for 3 months, no eftpos facility for 3 months and no internet to my business for over 6 months.

It is impossible to work out how much business I have lost in that time due to lack of communications but my figures are down about 15% over that time.

I have had to spend hours every week on the phone (mobile) to resolve every issue as it has occurred. It would add up to well over 300 hours in the 6 months, which is 300 hours I could not spend operating the day to day needs of the business.<sup>18</sup>

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15 Mr Matthew Leggett, *Submission 99*, p. 1.

16 Mr Matthew Leggett, *Submission 99*, p. 2.

17 Mr Matthew Leggett, *Submission 99*, p. 3; Mr Matthew Leggett, *Committee Hansard*, 20 April 2017, p. 59.

18 Mr Matthew Leggett, *Submission 99*, p. 3.

3.23 Mr Damian Ivereigh, CEO of Launtel, an internet service provider based in Launceston, commented that the process of connecting business clients to the NBN was often particularly problematic:

We found, particularly in the business world, that the large carriers spectacularly mismanage it, often leading to significant outages and downtime and businesses unable to receive calls. There's no question that is a big problem.

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It's simply because...you have several different parts to the whole process. You have to think about phone systems. You have to think about IT systems. You have to think about alarm systems. You have to think about printing, faxing, photocopying and the like. All those integrate with the internet in some way or another. So there are easily three or four parties involved in this transition. It has to be carefully managed as to exactly what happens when, because if it's done in the wrong order then suddenly their phone won't work or whatever. Big telcos often are around saving costs. They try to do whatever they can not to engage with anybody else. They want to talk to the customer, and that's it, so they will come up with a solution that will work most of the time as long as the process is exactly followed and nothing goes wrong. We've had issues where NBN is scheduled to turn up for a particular date to do the install and they set the port date, which is the date that the telephone numbers get moved over from one network, on the same day. That makes sense, except that sometimes there are technical issues, NBN cannot complete, the port goes through and the number's now disconnected...[T]hat's a simple, obvious thing that we saw happening time and time again.<sup>19</sup>

*Service class zero premises and provision of service to new estates*

3.24 One issue discussed was nbn's practice of designating premises with complex or unusual installation features as Service Class 0 (or the related service classes 10 and 20)<sup>20</sup> and then leaving the installation at these premises until after other installations in the area have been completed, leading to delays of months or more for these premises to receive a service. Mr Mike Hendry, South West Independent NBN Adviser for Regional Development Australia-South West, argued at the committee's Perth public hearing that providing greater transparency about these premises would ameliorate some of the concern around this issue:

There is a need for greater transparency with service class 0 and service class 10 premises. Essentially with the rollout, for various reasons up to 10 per cent of each area does not go live when the rest of the community does so. The delay in getting these premises information and connection

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19 Mr Damian Ivereigh, Chief Executive Officer, Launtel, *Proof Committee Hansard*, 25 July 2017, pp. 13–14.

20 Service Class 0 (SC0) relates to premises due to receive a FTTP premises, while SC10 is the equivalent class for premises in FTTN/FTTB areas and Service Class 20 is the equivalent for premises in HFC areas.

causes great concern across the community with this 10 per cent greatly reflecting on the performance of NBN. A slight upgrade to the ability of the website that NBN have that would show what the problem is and the projected remediation date would be a great help.<sup>21</sup>

3.25 ACCAN highlighted a separate issue that has arisen in some newly constructed housing estates where nbn is responsible for providing internet services. ACCAN pointed to an example where, due to delays in nbn's local network build, residents in a new estate were left for months without any internet connection, services, or knowledge about what was occurring.<sup>22</sup>

#### *Missed and delayed appointments*

3.26 The committee heard evidence from individuals and groups about problems with technician appointments being missed, delayed or cancelled during the process of connecting NBN services, and when attempting to resolve faults in established services. Mr Andrew Conner of Digital Tasmania described situations 'where people book time off weeks in advance, stay home for the morning or afternoon, but see no-one rock up to install the NBN'.<sup>23</sup> The committee heard many examples of missed or cancelled appointments causing significant difficulties for individuals and businesses, in terms of lost time and money.<sup>24</sup>

3.27 Mr Kenneth Knight, an artist residing on the Central Coast of NSW, provided one such example at a public hearing of the committee. Mr Knight stated that he had been left without an internet service between early November and late December 2016, having been forced to take up an NBN service due to his copper service being decommissioned.<sup>25</sup> The gap in service cost Mr Knight an estimated \$60,000 to \$70,000 in business during the busy pre-Christmas period. Mr Knight then experienced continuous problems with his internet connection during January and February 2017, before the connection was lost completely for almost a month in March 2017 before being re-established. Mr Knight told the committee:

I have spent an estimated 28 hours on the phone. The ineptitude, indecision and inaction by Telstra and NBN, particularly relating to unreturned phone calls and cancelled appointments, has been exasperating. I have felt a significant sense of hopelessness and frustration. From my experience, the

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21 Mr Mike Hendry, South West Independent National Broadband Network Adviser, Regional Development Australia-South West, *Proof Committee Hansard*, 17 July 2017, p. 39.

22 ACCAN, *Submission 22*, p. 7.

23 Mr Andrew Connor, Spokesperson, Digital Tasmania, *Proof Committee Hansard*, 25 July 2017, p. 59.

24 See, for example: Mr John Banks, Chief Executive Officer, Port Augusta City Council, *Proof Committee Hansard*, 26 June 2017, pp. 1-2; Mr Andrew Cottrill, Team Leader Economic Development Team, Albury City, *Committee Hansard*, 20 April 2017, pp. 11-12; Mr Mike Hendry, South West Independent National Broadband Network Adviser, Regional Development Australia-South West, *Proof Committee Hansard*, 17 July 2017, p. 39; Mr Brett Smith, CEO, Cradle Coast Authority, *Proof Committee Hansard*, 26 July 2017, p. 5.

25 Mr Kenneth Knight, *Proof Committee Hansard*, 2 August 2017, p. 18.



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wrong team was frequently sent out. NBN appointments were cancelled without explanation and with very short notice.<sup>26</sup>

3.28 Mr Bill Morrow, Chief Executive Officer, nbn, stated publicly in June 2017 that 90 per cent of activated premises have the appointments met right the first time, leaving about 10 per cent of connections involving some form of missed appointment.<sup>27</sup> Mr Morrow advised that there were 82,552 missed appointments in total for the calendar year 2016.<sup>28</sup>

3.29 Providing apparently contradictory information, nbn noted further that, as at 14 June 2017, the average rate of missed appointments due to nbn rescheduling in the course of the 2017 calendar year is 1 per 100 activations.<sup>29</sup>

3.30 When asked about what requirements or guidelines are in place concerning how to deal with missed appointments, the Department stated:

Commercial agreements between NBN Co Limited (nbn) and retail service providers (RSPs) include processes and performance indicators relating to customer appointments.

nbn is working closely with RSPs on a strategic program of work to improve the quality of the consumer experience. This program includes working with delivery partners to increase the number of appointments where installation is completed on the first visit and a strategy to ensure timely communication with customers.<sup>30</sup>

3.31 As these commercial agreements between nbn and RSPs do not create any contractual rights or obligations that are of benefit to end-users, the solutions and remedies have been difficult for consumers to pursue and obtain. This is a systemic shortcoming that is only likely to be cured by effective regulation.

3.32 Mr Morrow advised at a public hearing of the committee in August 2017 that nbn is actively working with RSPs to improve installation processes and will continue to collaborate on these issues:

[There] is a vast amount of collaboration between us and the retailers around how we can each perfect our processes for a better installation experience—whether it is the time between when a consumer orders the service and when it actually gets installed, missed appointments or the

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26 Mr Kenneth Knight, *Proof Committee Hansard*, 2 August 2017, p. 18.

27 Mr Bill Morrow, Chief Executive Officer, nbn, *Senate Environment and Communications Committee Estimates Transcript*, 15 June 2017, p. 39.

28 Mr Bill Morrow, Chief Executive Officer, nbn, *Senate Environment and Communications Committee Estimates Transcript*, 15 June 2017, p. 39.

29 Budget Estimates 2017-18 Answers to questions on notice, provided to the Senate Environment and Communications Legislation Committee, Question 274, available at [http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/ecctte/estimates/bud1718/CommunicationsandtheArts/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/ecctte/estimates/bud1718/CommunicationsandtheArts/index).

30 Department of Communications and the Arts, answers to questions on notice, 1 August 2017 (received 16 August 2017), Question 13, p. 1.

length of time it takes to get that up and working. The issues are both related to NBN processes and retail processes. This is where we are saying we should collaborate and figure out new ways of doing things so we can make it better overall for the end-user.<sup>31</sup>

3.33 Mr John Stanton, Chief Executive Officer of the Communications Alliance, contended that the customer migration process is still working well overall, given the scale and complexity of the rollout:

Please try to recognise that creating a new network and migrating a nation to it is one of the most complex and disruptive activities you could hope to undertake in the telco space. The vast majority of times, that process is working well and is delivering a reasonable result to consumers—typically a much improved result. In an environment where you have got so many moving parts and so many potential points of failure—some of them within the control of NBN Co, some of them within the control of RSPs, some of them within the control of the consumer—there will always be points at which it is hard to diagnose the nature of a problem. I think everybody who is a stakeholder here recognises the need to get better at that and to minimise the number of instances in which those difficulties are occurring. But you will never eliminate them completely. Such is the nature of an operational rollout.<sup>32</sup>

#### *Installation standards*

3.34 Mr Michael Schuman, Chief Information Officer at Townsville City Council, said the quality of service appeared to be dependent on the subcontractor installing the last connection point. He gave evidence about the inconsistent and sometimes substandard quality of work by some NBN sub-contractors:

That last bit of connectivity from where it hits your premises to where it terminates at the box inside your home is all done by subcontractors. We have had reports that the quality of those subcontractors is shoddy. I personally had a couple of lovely young blokes come into my house and do an amazing job, very neat and very tidy, but then I can go to somebody else's house and see galvanised staples, where they have taken a piece of optical fibre and stapled it to the side of the house to get it in. Now, any time you are working with optical fibre, that is a delicate operation; stapling is not advised in the first instance, not to mention that it is very untidy and there are all kinds of opportunities for that to lead to quality issues.<sup>33</sup>

3.35 Mr Keith Green, the manager of Arid Land Communications, provided photographic evidence to demonstrate poor workmanship following weekend installations down his main street:

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31 Mr Bill Morrow, Chief Executive Officer, nbn, *Proof Committee Hansard*, 1 August 2017, p. 42.

32 Mr John Stanton, Chief Executive Officer, Communications Alliance, *Proof Committee Hansard*, 23 June 2017, p. 37.

33 Mr Michael Schuman, Chief Information Officer, Townsville City Council, *Committee Hansard*, 7 April 2017, p. 2.

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If you have a look there [at supplied photographs], you have exposed cables, you have conduit doing really weird things, you have penetrations of asbestos and you have a cable box mounted at chest height with the cables exposed where they can just be grabbed by anybody.<sup>34</sup>

3.36 Other witnesses mentioned that the location of the installation was sometimes problematic, with rushed installers opting for the easiest placement rather than the resident's preferred placement. For example, Mr John Banks, the CEO of Port Augusta City Council, said people "had boxes installed in areas that they thought were inappropriate—within their bedrooms".<sup>35</sup>

3.37 Poor organisation and time-management among sub-contractors also appeared to be an issue, leading to missed appointments or multiple visits to the same address to install a service.

3.38 Mrs Joanna Gibson from the Isolated Children's Parents' Association of Australia cited the case of a South Australian member, who had three different technicians visit her remote property over 10 months (following numerous cancellations) to have the service installed, followed by four technician visits when the dishes moved on a windy day:

Installers who do not know what they are doing or are incorrectly installing the equipment [means that] the next person who comes out has to fix it. Also installers are travelling huge amounts of kilometres to do one thing and then a couple of days later someone else comes to do the same thing—and it is the same property, just a different building.<sup>36</sup>

### *Alternate models for installation processes*

3.39 The committee heard evidence about the installation process utilised by Chorus NZ in its rollout of high speed broadband in New Zealand. Representatives from Chorus NZ informed the committee that, following a customer ordering a broadband service through an RSP, a three stage installation process occurs, involving two or more visits where the homeowner needs to be present:

- a scoping visit where a technician will meet with the householder to talk about what the installation will look like and where the customer would like to have the optical network terminal (ONT) placed inside the home (generally in the lounge behind the customer's TV);
- an external build process, connecting the fibre infrastructure from the street to an external termination point on the customer's property; and

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34 Mr Keith Green, Manager, Arid Land Communications, *Proof Committee Hansard*, 26 June 2017, p. 41.

35 Mr John Banks, Chief Executive Officer, Port Augusta City Council, *Proof Committee Hansard*, 26 June 2017, p. 7.

36 Mrs Joanna Gibson, Communications Portfolio Leader, Federal Council, Isolated Children's Parents' Association of Australia, *Proof Committee Hansard*, 26 June 2017, p. 22.

- an internal installation visit where the service is connected within the home to the ONT, and testing occurs to ensure the service is working properly.<sup>37</sup>

3.40 Mr Kurt Rodgers, Network Strategy Manager for Chorus NZ, explained that the final installation appointment ensures the customer's product is functioning properly before responsibility for the service is handed over to the RSP:

For some retail service providers, we actually stock their residential gateways. So our technician will install the ONT, plug in the residential gateway, plug in a laptop and then do a speed test and validate that it is all working. For other retail service providers, they send the wi-fi router to the consumer by courier. Again, we coordinate that and install it. In some cases we also install and connect set-top boxes. Our policy is not to leave until the consumer's internet is working awesomely.<sup>38</sup>

3.41 Mr Rodgers stated that the final step in this process is not overly complicated:

[A]ll our technician is doing is literally plugging their wi-fi router in and turning it on. We have worked over the years with retail service providers to ensure that is all plug-and-play. We have allocated a 15-minute timeslot there, once the ONT is installed, to ethernet plug the router in, plug a laptop in, do a speed test, and that is the commissioning bit at the end. In the first few years there were a few issues about getting that all working, but now in pretty much most cases that is just a plug-and-play activity.<sup>39</sup>

3.42 Associate Professor Mark Gregory suggested that nbn should investigate whether the installation process followed by Chorus in New Zealand could be applied in Australia:

All of the issues and complaints that NBN Co are suffering at the moment would be diminished if they adopted the Chorus approach—that is, that the installation team includes people that are specialists in connecting everything in the home to the broadband. They do not leave the premise until everything is connected all the way through. At that point, Chorus, the wholesaler, hands over to the retail service provider. It is a very, very positive approach that means that they are getting very few customer complaints in New Zealand, and it is something that NBN Co should look at in Australia.<sup>40</sup>

3.43 Associate Professor Gregory argued that this approach could ultimately be a more economical installation process:

I think that [the Chorus model] would be a much simpler situation, and I believe that it would actually save NBN Co money, because they would not

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37 Mr Kurt Rodgers, Network Strategy Manager and Ms Rosalie Nelson, Head of Insights, Chorus NZ, *Proof Committee Hansard*, 23 June 2017, pp. 3-4.

38 Mr Kurt Rodgers, Network Strategy Manager, Chorus NZ, *Proof Committee Hansard*, 23 June 2017, p. 4.

39 Mr Kurt Rodgers, Network Strategy Manager, Chorus NZ, *Proof Committee Hansard*, 23 June 2017, p. 7.

40 Associate Professor Mark Gregory, *Committee Hansard*, 19 April 2017, p. 15.

have all the follow-on call-outs, the truck rolls. I know people who have had trucks out to them five to 10 times. The cost of the remediation, the constant backwards and forwards, the time on the phone and the anguish is just impossible.

The actual cost of sending someone into a home to whack the modem in, connect it and then make sure that the local PC in the home and so forth is connected up to the new wi-fi modem takes no more than about half an hour. If that person is part of the installation team, you have solved all your problems. You then do an end-to-end test to make sure everything is working, and then you hand it over to the RSP.<sup>41</sup>

3.44 In June 2017, Mr Bill Morrow, nbn CEO, described possible changes to nbn's installation procedures that are under consideration to ensure customers have a better experience:

We want to move to, 'What is the end user experience like?' We are even starting to look at how we can measure whether that service is working before our technician leaves that home. In the past we would have done all of our work and left, but the service is not working, because the retailer still had a lot of work to do that they had not completed, and the end user feels like, 'The NBN technician just left, and I'm still without service; I don't feel satisfied.' That is why we are trying to readjust this.<sup>42</sup>

### ***Review of the Migration Assurance Framework***

3.45 As noted in Chapter 1, the Department is currently in the process of updating the Migration Assurance Framework, a document that sets out the different roles and responsibilities in the process of connecting customers to a new NBN service. On 30 June 2017 a new draft Migration Assurance Framework was released for public consultation, with the period for public comment finishing on 28 July 2017.<sup>43</sup>

3.46 A representative from the Department informed the committee at a public hearing on 1 August 2017 that the Department was currently considering the responses received from stakeholders, in order to provide advice to the Minister about the revised framework.<sup>44</sup> In a response provided on 16 August 2017 to a question taken on notice at the hearing, the Department stated further that consultations on the updated framework have been finalised and it 'is expected to be released shortly'.<sup>45</sup>

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41 Associate Professor Mark Gregory, *Committee Hansard*, 19 April 2017, p. 15.

42 Mr Bill Morrow, Chief Executive Officer, nbn, *Senate Environment and Communications Legislation Committee Estimates Transcript*, 15 June 2017, p. 25.

43 Department of Communications and the Arts, 'Migration Assurance Framework', <https://www.communications.gov.au/have-your-say/migration-assurance-framework>.

44 Mr Andrew Madsen, Assistant Secretary, Broadband Implementation Branch, Department of Communications and the Arts, *Proof Committee Hansard*, 1 August 2017, pp. 33.

45 Department of Communications and the Arts, answers to questions on notice, 1 August 2017, (received 16 August 2017). Question 13, p. 1.

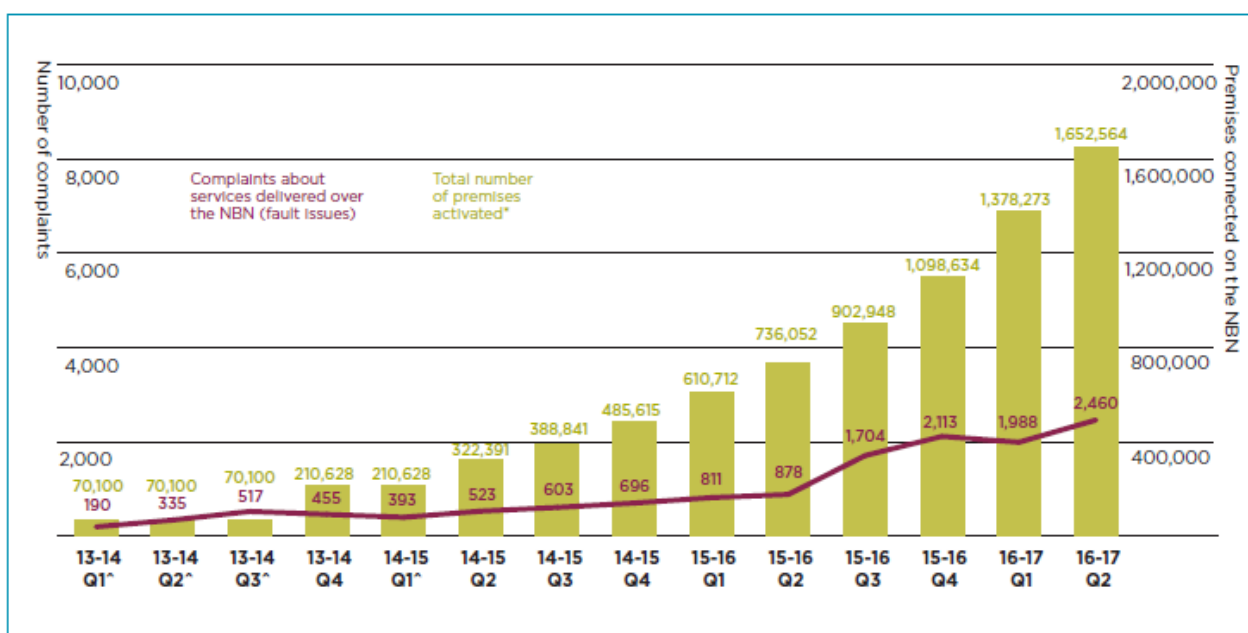
## Issues with NBN service speeds and performance faults

3.47 Various issues were discussed in evidence relating to the issues experienced by customers once their NBN services were installed and activated. The primary concern raised with the committee was in relation to the speed of services provided over the NBN, with many customers unhappy with the performance of their service in this regard. Other issues included the reliability of services and dropouts; and issues with the resolution of faults in the NBN network, including lack of clarity around fault resolution processes and long timeframes for the resolution of some faults.

3.48 The TIO provided the committee with statistics on the number of fault-related complaints it received between 2013 and the end of 2016, noting that in the 2016 calendar year 5,472 complaints relating to 'fault' issues were lodged.<sup>46</sup> Within the faults category, subcategories include issues relating to slow data speeds, connection drop outs, and fully unusable services.<sup>47</sup>

3.49 Figure 3.2, provided by the TIO, shows that the number of fault-related complaints has increased over time, but at a rate that appears to be slower than the rate of increase in the overall number of premises connected to the NBN.

**Figure 3.2 TIO fault complaints for NBN services vs number of premises activated over time**<sup>48</sup>



46 Telecommunications Industry Ombudsman, *Submission 115*, p. 10.

47 Telecommunications Industry Ombudsman, *Submission 115*, p. 10.

48 Source: Telecommunications Industry Ombudsman, *Submission 115*, p. 12.

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### *Issues relating to the speeds experienced by customers on the NBN*

3.50 Various individuals and consumer groups that gave evidence to the committee indicated that a significant number of customers on the NBN network are not receiving the speeds they were promised, and that their service is considerably poorer than they expected. One such example was presented to the committee by Mr Neil Keele at a public hearing in August 2017:

I had the NBN connected just over 12 months ago. My expectations were that I was going to have wonderful speed and everything. I paid for the highest package available. I am getting speeds like 42 and 70 kilobits per second instead of 100 megabits per second, and that is quite regular. With the speed tests you do through your provider, if it hits a high speed for a fraction of a second, that is the speed recorded as your speed, which is far from what is actually happening.<sup>49</sup>

3.51 The committee heard that there may be a number of reasons why some customers are having negative experiences in terms of the speed and performance of their NBN service. These issues include consumer knowledge and poor communication from RSPs, provisioning issues on the part of the RSPs and technical limitations of some NBN technologies.

#### *Factors affecting the speed and performance of NBN services*

3.52 nbn provided the committee with a diagram outlining the various factors that can affect internet speed and performance over the NBN (Figure 3.3). These include:

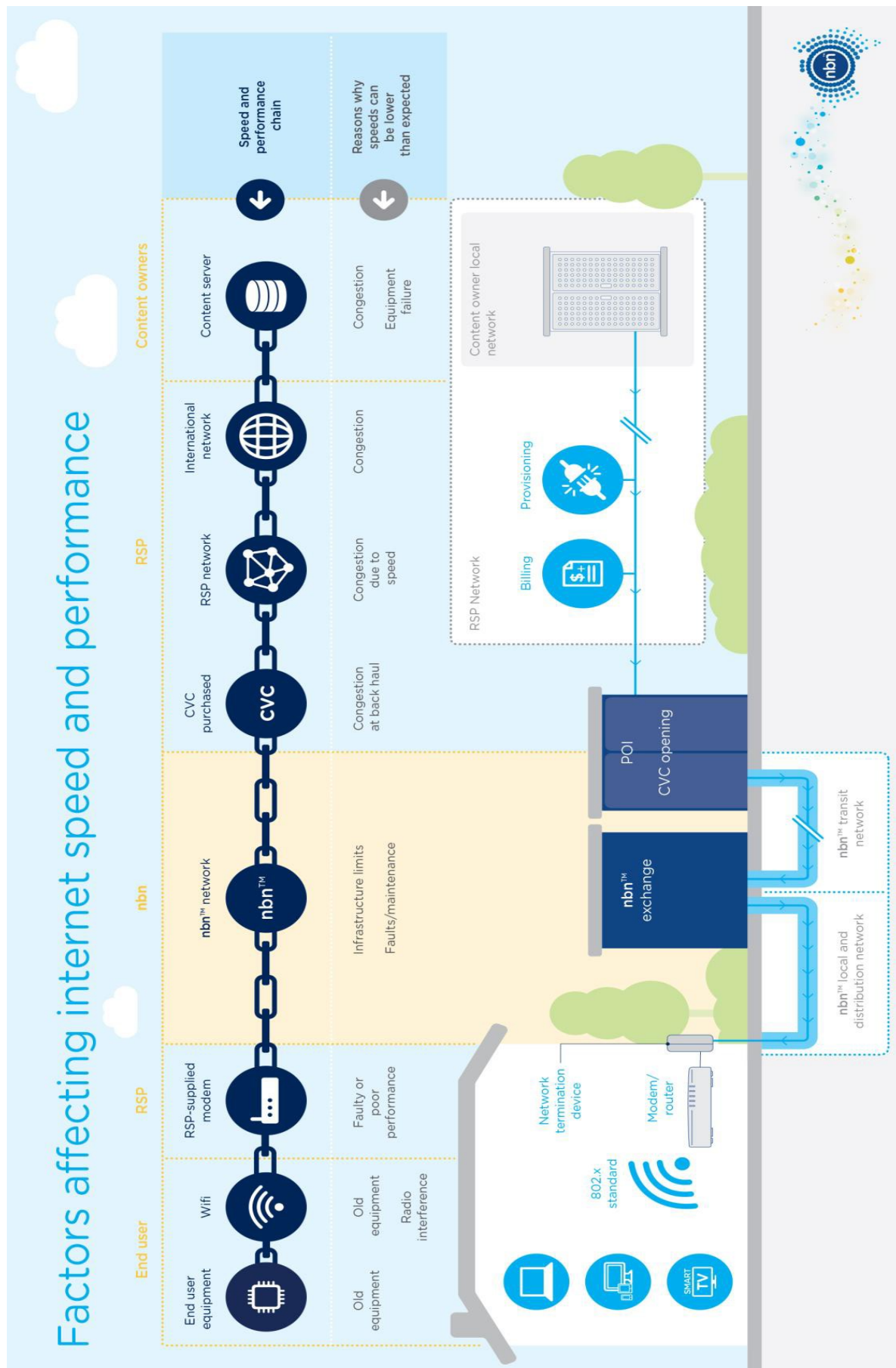
- factors in the home controlled by the end user (e.g. state and location of in home wi-fi equipment; number of devices in use simultaneously)
- modems or other in-home equipment supplied by the RSP;
- infrastructure limits, including both the length and quality of the legacy copper that is used for FTTN, and also faults in the NBN segment of the network;
- and faults in the NBN segment of the network;
- the amount of Connectivity Virtual Charge (CVC) purchased by the RSP, which determines the amount of congestion experienced by end users over the NBN network (this is discussed further in Chapter 7); and
- congestion in the RSP-operated backhaul network and international networks.<sup>50</sup>

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49 Mr Neil Keele, *Proof Committee Hansard*, 2 August 2017, p. 9. For other examples, see: Ms Lee Longmire, Narrandera Shire Council, *Committee Hansard*, 20 April 2017, p. 25; Mr Barry Egan, *Proof Committee Hansard*, 2 August 2017, p. 14; Mr Damian Ivereigh, Chief Executive Officer, Launtel, *Proof Committee Hansard*, 25 July 2017, p. 10.

50 Figure 3.3 also available at: Mr Bill Morrow, 'Understanding the nbn network model', <http://www.nbnco.com.au/blog/the-nbn-project/understanding-the-nbn-network-model.html>.

Figure 3.3 Factors affecting internet speed and performance





### *General approach to provisioning speeds on the NBN*

3.53 nbn's Chief Customer Officer, Mr John Simon, noted publicly in May 2017 that for broadband networks such as the NBN, RSPs generally provision their services to provide for customers to receive 90 per cent of their maximum attainable speed, 90 per cent of the time, with a worst case scenario of potentially 60 per cent of the speed level as the minimum floor during peak periods.<sup>51</sup> Mr Simon noted this means that on the NBN's 25Mbps download / 5Mbps upload speed tier, the absolute minimum the service should operate at would be rates of 15Mbps download and 3Mbps upload.<sup>52</sup>

3.54 Some of the individual stories described above indicate that this standard is not being adhered to in a significant number of instances.

### *Technical limitations and speed issues*

3.55 One issue raised specifically in relation to the FTTN areas of the NBN rollout was whether the technical limitations of the copper component meant that customers could be signed up to NBN plans at the 50Mbps or 100Mbps speed tiers when the maximum attainable download speed could not in fact reach those levels.

3.56 nbn stated in May 2017 that the average attainable line speed for premises on the FTTN network is 67.7 Mbps, though the basis of this measure was not explained to the committee, and it is clear that the 'attainable' line speed is not based on a measure of actual network speed on a tested premise-by-premise basis.<sup>53</sup> nbn provided further information in June 2017 about the distribution profile of speeds available over the FTTN network, as shown in Table 3.1.

**Table 3.1 Current attainable Rate Downstream (Mbps, Layer 2)<sup>54</sup>**

Range (Mbps)	Percentage of FTTN premises
12-25	6%
25-50	29%
50-75	33%
75-100	32%

51 Mr John Simon, Chief Customer Officer, nbn, *Senate Environment and Communications Committee Estimates Transcript*, 25 May 2017, p. 116.

52 Mr John Simon, Chief Customer Officer, nbn, *Senate Environment and Communications Committee Estimates Transcript*, 25 May 2017, p. 141.

53 Mr Bill Morrow, Chief Executive Officer, nbn, *Senate Environment and Communications Committee Estimates Transcript*, 25 May 2017, p. 154.

54 Budget Estimates 2017-18 Answers to questions on notice, provided to the Senate Environment and Communications Legislation Committee, Question 213, available at [http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/ecctte/estimates/bud1718/CommunicationsandtheArts/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/ecctte/estimates/bud1718/CommunicationsandtheArts/index). nbn noted that these speed distributions are as at 18 June 2017, based on all active FTTN services where data had been successfully collected.

3.57 nbn noted that FTTN current speed results are based on the measured attainable line rate for each FTTN service, and do not reflect actual speeds experienced by end users, which are also dependent on other factors including available CVC and network bandwidth of RSPs. However, it is not clear to the committee how 'measured attainable' speed is determined. It is noted that nbn further stated:

The results are also subject to co-existence profile settings, which reduces performance to prevent interference with legacy services during the 18 month migration window. Following switch-off of legacy copper services after this period, the Layer 2 attainable bitrate (speeds) will increase. The numbers also reflect the impact of other factors such as any in-home wiring issues, which can affect attainable speeds.

Where the network is not capable of providing the minimum wholesale download speeds after coexistence has ended, nbn will take action to rectify any issues so that minimum standards are met.<sup>55</sup>

3.58 It was reported in June 2017 that the ACCC has active investigations underway into claims that some NBN customers were paying for speeds of 100Mbps but only able to connect at less than 50Mbps, and was considering court action against some providers in relation to this issue.<sup>56</sup>

#### *Visibility of speed issues and provision of information to customers*

3.59 Both nbn and RSPs have visibility of the speed range attainable at each premise connected to the NBN network. Mr Simon explained at an Estimates hearing in May 2017 that RSPs can obtain the necessary information from nbn to help consumers choose a speed plan in line with any technical limitations:

[W]hen a user rings up an RSP they can do a service [qualification] and they can get an estimate of the line speed there and then. At that point they get an estimated range. They can have a dialogue with the RSP about what that estimated range is, and they can make a decision on which plan they want to take. Once the order has been completed and the installation has taken place, they can also reconfirm the actual performance of that line and they can then do either of two things with the right dialogue: stay on that plan or change plans.<sup>57</sup>

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55 Budget Estimates 2017-18 Answers to questions on notice, provided to the Senate Environment and Communications Legislation Committee, Question 213.

56 Patrick Hatch, 'ACCC expects to take NBN providers to court over slow broadband', *The Canberra Times*, 1 June 2017, <http://www.canberratimes.com.au/business/consumer-affairs/accc-expects-to-take-nbn-providers-to-court-over-slow-broadband-20170531-gwh99j.html>.

57 Mr John Simon, Chief Customer Officer, nbn, *Senate Environment and Communications Legislation Committee Estimates Transcript*, 25 May 2017, p. 154.

3.60 At the public hearing in Canberra, Mr John Stanton, Chief Executive Officer, Communications Alliance, advised that members of that organisation have access to this information from nbn.<sup>58</sup>

3.61 When questioned whether nbn should be required to give customers information on the maximum attainable line speed to their premises, rather than relying on the RSPs to deliver this information, officials from the Department maintained that it should be the role of the RSP to provide this information to the customer.<sup>59</sup>

3.62 Mr Simon explained that RSPs also have tools available to determine where speed faults are arising and communicate this with the customer:

What should happen is your retail service provider should tell you that speed. If there is a fault in our network they have the tools to be able to diagnose and they also work with our network operating centre to see if there is a fault. If there is a fault on our side, it is our responsibility to roll a truck or do whatever has to happen to fix it if it is in the access part of the network, that is our network, from the home to that point of interface. If the fault lies from the POI [Point of Interconnect] into the transmission network of the RSP or into international capacity or voice switches the RSP fixes that, but your RSP is your point of interface.<sup>60</sup>

#### *Lack of consumer knowledge about broadband speeds*

3.63 Several witnesses acknowledged that a significant problem in relation to NBN services not adequately meeting users' needs is that many consumers are unaware of the speed tier of their service, and more generally unaware of the factors that may affect their broadband performance. In evidence to the committee, Mr Bill Morrow cited recent survey data showing that 75 per cent of NBN customers were unaware of the speed tier for their service.<sup>61</sup>

3.64 The committee heard evidence that a significant reason customers are unaware of their speed plans and the service they should be expecting from their NBN is poor communication from RSPs in explaining the speed customers can realistically expect and how the various plans related to the data speeds offered.<sup>62</sup>

3.65 Mr Casey Farrell, Director of Tasmanian technology firm Takeflight, articulated this issue well at the committee's Hobart public hearing:

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58 Mr John Stanton, Chief Executive Officer, Communications Alliance, *Proof Committee Hansard*, 23 June 2017, p. 41.

59 Mr Andrew Madsen, Assistant Secretary, Broadband Implementation Branch, Department of Communications and the Arts, *Proof Committee Hansard*, 23 June 2017, p. 56.

60 Mr John Simon, Chief Customer Officer, nbn, *Senate Environment and Communications Legislation Committee Estimates Transcript*, 25 May 2017, p. 117.

61 Mr Bill Morrow, Chief Executive Officer, nbn, *Proof Committee Hansard*, 1 August 2017, p. 63.

62 See, for example: Mr Greg Williams, Business Development Manager, Regional Development Australia Far North, *Proof Committee Hansard*, 26 June 2017, p. 30.

There's also a real problem in the technology industry generally of talking about things in very technical terms. If you call up a standard person and you want to connect them to the NBN and you say to them, 'We can put you on 12 megabits a second,' that means nothing to them. You may as well say, 'We can connect you to a gherkin,' and they would probably think that that was a technological term. I think that there are a lot of problems at the moment where people are connecting to a 12-megabit connection on the NBN and then saying it's no different to how it was before, and therefore thinking, 'What's the capacity here?'<sup>63</sup>

3.66 Mr Morrow expressed the view that RSPs need to do more in their pre-sale conversations with potential customers to ensure that customers are aware of the different speed options and products available, and to ensure that consumers are aware that the speed plans represent maximum available speeds, not guaranteed speeds.<sup>64</sup> He noted that some RSPs have already changed their communications approach to inform customers about indicative speed ranges rather than just promoting the headline maximum speed:

[Some of the retailers] are starting to change that conversation out there and saying [to customers]: 'It will range. You'll peak at 25 megabits per second, but you may drop down to 15 megabits per second or maybe to 10 megabits per second. Is that good enough for you at this price point? If not, maybe I have an upgraded product where I can give you more certainty—call it the bottom end of my speed delivery—that that will be increased because you're going to pay \$5 more a month, \$10 more a month or whatever it is I have on offer.'<sup>65</sup>

3.67 Dr Craig Watkins argued that for customers experiencing lower than expected speeds on their NBN service, a tool to help identify which part of the network was primarily responsible would help assist consumers establish where the problem lies and how best to resolve it:

[Many], if not most, NBN users are somewhat illiterate when it comes to more detailed understanding of technology factors. Hence it would be ideal for an online tool to be able to interpret speed test results by the customer and advise if the likely cause is RSP provisioning factors. A sophisticated tool might even be able to look at where the user is attempting to stream their data from and provide insight into the likely contribution from network bottlenecks deeper into the internet.

...

From the customer perspective, it is likely that the most crucial information is what the shared access bottleneck part of the NBN is contributing (if at all) to their disappointing service, and what contribution comes from RSP

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63 Mr Casey Farrell, *Proof Committee Hansard*, 24 July 2017, p. 30.

64 Mr Bill Morrow, Chief Executive Officer, nbn, *Proof Committee Hansard*, 1 August 2017, pp. 62 and 64.

65 Mr Bill Morrow, Chief Executive Officer, nbn, *Proof Committee Hansard*, 1 August 2017, p. 62.

provisioning. A tool that provides basic information relevant to the part of the network that the customer is connected to should be able to satisfy the needs of a large proportion of end-user concerns (perhaps 90% or more).

For the remaining few percent of customer concerns, it should be possible to configure monitoring across network elements covering the NBN and RSP networks that will provide detailed information.<sup>66</sup>

3.68 The ACCC's Broadband Performance Monitoring and Reporting Program, which is seeking to enable customers to compare speeds via independent reporting of broadband speeds, is discussed in detail in Chapter 5 of the report.

### **Complaints processes and resolution**

3.69 In addition to highlighting the most common problems experienced by customers in establishing and using their NBN service, the question of how customers can go about lodging complaints and gaining resolution to these issues was also explored in evidence to the committee.

#### *Process of raising complaints and resolving issues for customers*

3.70 In the first instance, customers are supposed to try and resolve issues with their RSP, rather than contacting nbn directly in relation to issues with their service. The committee has heard that this delineation can be problematic in practice, particularly when it is unclear which part (or parts) of the network are responsible for the issue the customer is experiencing. If the situation is not resolved satisfactorily for the customer, they may lodge a complaint with the TIO, which then goes through a number of escalating processes if the dispute is not resolved.

#### *Determining the responsible party and 'blame shifting' between nbn and RSPs*

3.71 The committee heard that customers often face difficulties in determining who to contact about an NBN service issue, Ms Judi Jones, the current Telecommunications Industry Ombudsman, noted that some consumers are unsure which party is at fault when problems occur:

There is some confusion with some consumers about who to complain about. One example I have seen is where the problem in the connection turned out to be the fibre to the premises, which needed to be repaired. NBN Co referred the consumer back to their RSP, but the RSP cannot fix the fibre.<sup>67</sup>

3.72 Mr Robert Smallwood, Digital Economy Strategy Manager for the Mid West Development Commission, told the committee that nbn is often blamed by the customer, regardless of the root cause of an issue:

The end users tend to blame the NBN for the problems, no matter who or what is actually responsible. Very importantly, the customers still have no

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66 Dr Craig Watkins, answers to question on notice, 19 April 2017 (received 24 May 2017), p. 2.

67 Ms Judi Jones, Ombudsman, Telecommunications Industry Ombudsman, *Committee Hansard*, 24 March 2017, p. 13.

means of clearly identifying which organisation is accountable when outcomes at a user's premises fall below expectations.<sup>68</sup>

3.73 Mr Andrew Cann, Chief Technology Officer at the Western Australian Government's Office of the Government Chief Information Officer, commented:

[T]here appears to exist a disconnect between customers, the NBN Co and retail service providers as to who is ultimately accountable and responsible for service delivery and service management quality outcomes. The NBN continually points customers to the retail service providers, and the retail service providers blame the NBN. The customer sits in the middle, with no resolution to any of the issues that they experience.<sup>69</sup>

3.74 Mr Cann stated further:

Where customers have issues, they speak to NBN Co and then get referred to the retail service providers. In fact [NBN Co have said] that customers should speak to their retail service providers. That allows the retail service providers to then just blame the NBN.<sup>70</sup>

3.75 Ms Jones expressed the view that the ultimate responsibility to sort out problems lies with the RSPs, who have the direct contractual relationship with the customer. Ms Jones argued that it is the RSP who needs to advocate up and down the delivery chain to ensure customer issues are resolved.<sup>71</sup>

3.76 Mr Alex Green, Chief Executive Officer, Mansfield Shire Council, commented:

People are frustrated and do not necessarily get clear answers from their providers, and so they go looking to contact NBN Co. I understand that, as a consumer, your role is to go to your provider and the provider then goes to NBN. I understand that, but I do not think the community understand that process.<sup>72</sup>

3.77 When asked about the problem of blame shifting between nbn and the RSPs in resolving customer issues, Mr John Stanton, Chief Executive Officer of the Communications Alliance, took the view that 'the volume of blame shifting is

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68 Mr Robert Smallwood, Digital Economy Strategy Manager, Mid West Development Commission, *Proof Committee Hansard*, 17 July 2017, p. 33.

69 Mr Andrew Cann, Chief Technology Officer, Office of the Government Chief Information Officer, *Proof Committee Hansard*, 17 July 2017, p. 46. See also: Councillor Donald Thwaites, Mayor, Kentish Council, *Proof Committee Hansard*, 25 July 2017, p. 20.

70 Mr Andrew Cann, Chief Technology Officer, Office of the Government Chief Information Officer, *Proof Committee Hansard*, 17 July 2017, p. 53.

71 Ms Judi Jones, Ombudsman, Telecommunications Industry Ombudsman, *Committee Hansard*, 24 March 2017, p. 13.

72 Mr Alex Green, Chief Executive Officer, Mansfield Shire Council, *Committee Hansard*, 20 April 2017, p. 35.

anecdotal'.<sup>73</sup> This opinion was itself offered without evidence and is contradictory to the evidence before the committee.

3.78 Mr Rob Van der End, CEO of Clear Networks, an RSP offering services including NBN Sky Muster plans, told the committee that RSPs had no motivation for trying to sheet blame unnecessarily to the nbn for customer problems, and to do so would not ultimately be helpful for his business:

[A]s an RSP you want to deal with the customer because obviously you want to keep the customer. [There is] no point trying to blame shift and get no resolution because the customer just gets upset or goes to the TIO.<sup>74</sup>

### ***Work of the Telecommunications Industry Ombudsman in resolving complaints***

3.79 As noted in Chapter 1, the TIO is an independent dispute resolution service for the telecommunications industry. The TIO is an avenue for redress when consumers are unable to resolve their complaints with their service provider.<sup>75</sup>

3.80 As part of its remit the TIO deals with complaints from customers experiencing issues with their NBN services. In its submission to the committee, the TIO noted that in the 2015-16 financial year, 13,406 new complaints relating to NBN services were lodged with the TIO, approximately doubling from the previous year.<sup>76</sup> The TIO stated that the increase in NBN-related complaints reflects the acceleration of the rollout, and that the number of complaints is expected to continue to increase as the rate of the rollout accelerates further.<sup>77</sup>

3.81 The current Ombudsman, Ms Judi Jones, told the committee at a public hearing in March 2017 that based on the TIO's projections, it expected that the total number of NBN-related complaints for the 2016-17 financial year would be roughly double the number of 13,406 in the 2015-16 financial year.<sup>78</sup>

3.82 The TIO emphasised in its submission that the rate of the increase in complaints appears to be slower than the rate of new premises being connected to the NBN.<sup>79</sup> Ms Jones stated to the committee:

It is very easy to sensationalise what happened last year as 'complaints are doubling', when the number of premises connected had more than doubled.

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73 Mr John Stanton, Chief Executive Officer, Communications Alliance, *Proof Committee Hansard*, 23 June 2017, p. 34.

74 Mr Rob Van Der End, Chief Executive Officer, Clear Networks, *Committee Hansard*, 19 April 2017, p. 26.

75 Telecommunications Industry Ombudsman, *Submission 115*, p. 1.

76 Source: Telecommunications Industry Ombudsman, *Submission 115*, p. 9.

77 Telecommunications Industry Ombudsman, *Submission 115*, p. 9.

78 Ms Judi Jones, Ombudsman, Telecommunications Industry Ombudsman, *Committee Hansard*, 24 March 2017, p. 4.

79 Telecommunications Industry Ombudsman, *Submission 115*, p. 8.

So it was a good news story, I think, for NBN Co and the retail service providers.<sup>80</sup>

### *Complaints handling process used by the TIO*

3.83 The TIO outlined its process for handling complaints in its submission as follows:

The first stage of the TIO's complaint handling process is to refer complaints to members [most commonly the customer's retail service provider]. Members are given the opportunity to resolve complaints through their internal dispute resolution process.

Of the complaints referred to members, around 10% (approximately 11,000 in 2016) return to the TIO. These complaints are either resolved through conciliation or investigation, or by the TIO making an assessment on the merits of the case.<sup>81</sup>

3.84 The TIO has the power to issue binding determinations, including determinations about objections from land owners or occupiers to carriers entering on to land to inspect, install, or maintain low impact facilities.<sup>82</sup> It has the authority to decide the resolution of a complaint, and can make legally binding damages orders of up to \$50,000 and make recommendations for damages up to \$100,000.<sup>83</sup>

### *Awareness of the TIO scheme among consumers*

3.85 A point of discussion in relation to the TIO was the extent to which consumers are actually aware of the existence of the TIO scheme and their ability to lodge complaints.

3.86 Several witnesses argued that there is a lack of awareness among consumers about the existence of the TIO scheme, and that more needs to be done to ensure that the scheme is known to consumers and easily accessible. Mrs Judith Charlton, CEO of Narrandera Shire Council, expressed the view that there is 'a low level of understanding about what people's rights are with regard to complaints', and argued that more information that is easily accessible to consumers about how to raise complaints is required.<sup>84</sup>

3.87 Ms Corbin of ACCAN expressed the following view about the visibility of the TIO scheme:

[A] lot of people do not know about the TIO. Our level of knowledge in relation to the TIO awareness is that it is reasonably high and it has

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80 Ms Judi Jones, Ombudsman, Telecommunications Industry Ombudsman, *Committee Hansard*, 24 March 2017, p. 6.

81 Telecommunications Industry Ombudsman, *Submission 115*, p. 3.

82 Telecommunications Industry Ombudsman, *Submission 115*, p. 3.

83 Telecommunications Industry Ombudsman, 'About Us', <https://www.tio.com.au/about-us>.

84 Mrs Judith Charlton, Chief Executive Officer, Narrandera Shire Council, *Committee Hansard*, 20 April 2017, p. 25. See also: Mr Alex Green, Chief Executive Officer, Mansfield Shire Council, *Committee Hansard*, 20 April 2017, p. 35.



improved over the years. We think that it is high simply because of the high levels of complaint in the telecommunications industry previously.

...

I think a lot of people do know about the ombudsman but, unfortunately, it is usually people who have had problems that know about the ombudsman. It is not people who are experiencing new problems. The thing about awareness of the ombudsman's scheme is that you have to keep promoting it. People do not take notice of it unless they have a problem and then they start to look around to see where they can go.<sup>85</sup>

3.88 Ms Jones expressed the view that consumers are generally aware of the TIO scheme:

We certainly get a good result on Google, and we are pretty well known... [Our] last general awareness survey showed we are pretty well known in the community, and we do work on that. We work on outreach events and promotion of our service so that people do know to contact us when they have got a problem.<sup>86</sup>

#### ***Ability for customers to gain compensation for problems caused***

3.89 Some customers who have lost income and incurred other expense as a result of problems with their NBN service have attempted to seek financial compensation, either directly through their RSP or through the TIO process.

3.90 The committee heard that some individuals with complaints lodged through the TIO had been able to access some financial compensation.<sup>87</sup> For others, however, no financial compensation was available, either through the TIO or through their RSP.<sup>88</sup>

3.91 Mr Kenneth Knight told the committee that when faced with tens of thousands of dollars in lost business due to outages of his NBN service at a busy time of year, he was offered only \$50 as compensation from his RSP.<sup>89</sup> The committee heard from several other small business owners who also had lost similar amounts of money due to service issues with the NBN, who were unable to receive appropriate recompense.<sup>90</sup>

3.92 Mr Mark Beatson noted that while his RSP would consider providing some compensation for loss of business, there was no compensation offered for lost time,

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85 Ms Teresa Corbin, Chief Executive Officer, ACCAN, *Committee Hansard*, 19 April 2017, p. 6.

86 Ms Judi Jones, Ombudsman, Telecommunications Industry Ombudsman, *Committee Hansard*, 24 March 2017, p. 13.

87 See, for example: Mr Barry Egan and Mr Gary Jackson, *Proof Committee Hansard*, 2 August 2017, p. 11.

88 See, for example: Mr Neil Keele, *Proof Committee Hansard*, 2 August 2017, p. 11.

89 Mr Kenneth Knight, *Proof Committee Hansard*, 2 August 2017, p. 18.

90 Mr Laurie O'Brien and Mr Mark Beatson, *Proof Committee Hansard*, 2 August 2017, pp. 18 and 26.

which in his case represented up to 90 hours spent by him and the staff at his small business on the phone trying to resolve issues with their NBN service.<sup>91</sup>

3.93 Mr Laurie O'Brien, who owns a financial planning business on the NSW Central Coast, noted that the process for applying for compensation through his RSP was so convoluted as to act as a significant deterrent:

I made application to Telstra for a loss of income, which I estimated at about \$50,000. The forms to be completed and queries raised prompted me to conclude that I will never get compensation because of the ridiculous data that I would have had to extract. Just to fill out the evidence of a loss of income would take me several weeks away from my core business...

The forms are so convoluted. I think they are trickery. I think they are designed to make you give up. You really have to take a lot of time off to extract all the information and prove to them that you have lost income.<sup>92</sup>

3.94 Mrs Belinda Mabbott expressed similar concerns following her business's problems getting an NBN service established over a significant period of time:

I was advised by several people to put a compensation claim in, but we have not at this stage because I looked at that paperwork and thought, 'I just can't do it.' The stress of that 12 months and then that on top was too much.<sup>93</sup>

3.95 Mrs Mabbott advised the committee that lodging a formal compensation claim would require additional time spent to get an accountant to tally a report on lost time and earnings, and stated:

I do not know whether the actual time, effort and stress that causes when we are trying to run a six-day a week business is worth it. I will still think about doing it. I pull out the paper and look at it. I put it back in the folder and think, 'I don't think I can do this.' It just rehashes everything too. It was just really stressful[.]<sup>94</sup>

### **Committee view**

3.96 The evidence presented to the committee shows that for some customers, the experience of transitioning to services on the NBN has been extremely poor. Many problems have been experienced at every stage of the migration process, from installation issues through to speed and performance faults once services are established. When serious problems have occurred, customers have rarely had the information necessary to know how to go about resolving complaints, and some customers have also been unable to gain appropriate compensation for lost income and time.

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91 Mr Mark Beatson, *Proof Committee Hansard*, 2 August 2017, p. 20.

92 Mr Laurie O'Brien, *Proof Committee Hansard*, 2 August 2017, p. 21.

93 Mrs Belinda Mabbott, *Proof Committee Hansard*, 2 August 2017, p. 29.

94 Mrs Belinda Mabbott, *Proof Committee Hansard*, 2 August 2017, p. 32.

3.97 The committee is of the view that the quality and service issues identified in this report were foreseeable and should have been identified and addressed systemically a lot earlier.

3.98 In relation to the marginal improvement in the ratio of complaints to the number of services delivered, the committee believes the improvement should have been much more substantial considering the opportunity to identify and eliminate common issues.

3.99 The committee believes the contractual arrangements between nbn and the RSPs have not been effective in establishing rights and obligations that would protect consumers.

3.100 The failure to ensure end-users are in a position to navigate the NBN migration process when coupled with the quality and service issues has caused a lack of confidence in the NBN, which in turn has likely affected the public appetite for higher speed broadband packages.

3.101 One of the key shortcomings of the current approach is that consumers of fixed line broadband services are not informed, and cannot avail themselves, of the speed capacity of their NBN connection. A related shortcoming is that unlike Chorus NZ, nbn does not test the function and quality/capacity of the connection when a household or business is ready for service.

3.102 While these may represent a minority of customers overall, 1 in 10 is a significant and unacceptable ratio, and it is frustrating and disappointing for the committee to repeatedly hear of the poor treatment occurring in these individual cases. Also of particular concern is the significant impact delays in connections and missed appointments have had on small businesses attempting to use NBN services. Given the importance of the NBN as a national infrastructure project, and the great investment of taxpayer funds in this project, all customers should rightly be able to expect a basic level of service across all their interactions with the NBN.

3.103 Options for improving the consumer experience on the NBN are explored in greater detail in Chapter 5, along with recommendations to address the most common problems experienced in this area.

#### **Recommendation 4**

**3.104 The committee recommends the Government ensure by appropriate regulation that end users are informed of, or can easily access and are directed to, clear information about the maximum attainable layer 2 speed of their NBN infrastructure/service on a per premise basis.**

#### **Recommendation 5**

**3.105 The committee recommends that nbn develop and implement a framework that ensures best-practice installation as part of an 'active handover' model, with reference to the approach of Chorus NZ, so that each premise is assured of network capability at the point it is ready-for-service, and repeat visits and remedial costs are avoided.**

**Recommendation 6**

**3.106 The committee recommends that nbn review and provide advice to the committee on how it:**

- **takes into consideration the added complexity and time requirements of installations to Service Class 0 and Service Class 10 premises, or equivalent areas, when calculating its progress towards completion goals; and**
- **prioritises connections to areas that currently have no access to internet.**