



Australian Government

Australian Communications Authority

Priority Assistance Review

A report to the Minister for Communications,
Information Technology and the Arts

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Executive summary

On 29 June 2004, the Minister for Communications, Information Technology and the Arts requested that the Australian Communications Authority (ACA) conduct a review of Telstra's priority assistance arrangements and in particular, determine whether they are meeting the government's policy objectives.

Priority assistance is an enhanced telephone connection and repair service for people with a diagnosed life-threatening medical condition and who are at risk of suffering a rapid, life-threatening deterioration in their condition. The service is offered by Telstra to ensure residential customers have access to a reliable, fully operational home telephone service to call for assistance.

Review scope

The priority assistance review examined the existing administrative and reporting arrangements to determine whether they are 'fit for purpose'. It also considered whether Telstra's procedures and practices are effectively delivering priority assistance to customers, in a manner consistent with the government's priority assistance objectives.

The review focuses on four key terms of reference:

1. performance reporting;
2. consumer experience;
3. operations; and
4. consultation.

Further details of the review scope can be found in Appendix I.

Conclusions

Based on the available information, the ACA has concluded that the priority assistance arrangements offered by Telstra are largely meeting the government's policy objectives and there appears to be a high level of customer satisfaction with Telstra's provision of the service.

The information collected by the ACA during the review combined with consumer and industry feedback, has provided the ACA with adequate information about Telstra's performance in meeting licence requirements and the effectiveness of current administrative arrangements for priority assistance.

While the existing administrative arrangements are effective, there is a number of refinements to Telstra's priority assistance policy and reporting arrangements that would improve the service offered by Telstra and provide the ACA with clearer information about Telstra's performance against its carrier licence requirements.

The proposed changes are not major matters and they would build on the existing administrative and reporting arrangements to ensure that priority assistance customers continue to receive an enhanced level of service.

Review findings and recommendations are contained in each chapter of the report. This summary focuses on the main findings and recommendations.

Key findings

Reporting

Most of the performance measures that Telstra currently reports are 'fit for purpose' and will continue to provide the ACA with relevant information to assess Telstra's compliance with its licence condition. This assessment is based on information obtained by the ACA on a quarterly basis, data obtained from Telstra during the review and comments and feedback received from consumer and industry stakeholders during the review.

The quarterly reporting results show that Telstra has achieved adequate levels of performance against licence requirements, with one exception. Fault repair performance over the reporting period has tapered off despite a continuing decline in the number of faults reported by priority assistance customers. Fault repair performance has been the subject of discussions between the ACA and Telstra during the last 12 months. Telstra advised the ACA that it had implemented a number of initiatives to improve its performance including system enhancements and implementation of a strategy to monitor and improve compliance.

While current reporting is generally effective, there are some changes recommended to the reporting arrangements that would enhance the ACA's capacity to assess Telstra's performance in meeting its priority assistance obligations. Of the findings and recommendations related to reporting, three significant issues have emerged as follows:

- (1) Telstra currently reports on the amount of time taken to connect a service or repair a fault outside the 24/48 hour licence timeframes for provision of priority assistance, but in a different way to that specified in the record-keeping arrangements. However, the ACA finds the information provided about 'tails of performance' more useful in assessing performance than the information to be provided against these specified performance indicators. The ACA will seek a change to the record-keeping arrangements to include the tails of performance information.
- (2) In May 2003, KPMG (who conducted an audit on behalf of the ACA) found that Telstra's manual 'drill-down' of fault repair records did not include clear information about whether customers agreed to appointments outside the 24/48 hour timeframes. In the absence of this information, KPMG could not provide assurance that Telstra's performance information was accurate.

While the introduction of new Telstra systems FuturEDGE and SharpEdge were to remedy this problem, the ACA has been unable to verify this data and is seeking quarterly reporting of the number of customers who request a connection or fault repair and agree to appointments outside the licence timeframes. The ACA would also like to ensure that Telstra's systems include auditable information to confirm this.

- (3) Telstra has not reported fully against all performance measures, in particular the proportion of priority assistance connections and fault repairs that have been met with an interim or alternative service. Telstra's reporting of the number of priority assistance customers who are provided with an interim or alternative service is less effective because of the absence of this information. This issue was highlighted in the recent Acumen audit of interim and alternative services (reported to the ACA) provided by Telstra under the Universal Service Obligation (USO). An interim service is typically a mobile or satellite voice grade telephone that delivers similar features to a standard fixed line service. An alternative service is usually a diversion to a customer's mobile service or a second fixed line.

Operational issues

With regard to operational issues, three significant issues emerged as follows:

- (1) Data provided during the review by Telstra shows that customers are experiencing greater delays in having their faults repaired when they have an alternative service. The provision of an interim or alternative service is an important and useful mechanism to provide continuity of service but should not result in customers experiencing unnecessarily lengthy delays in restoration of their service. In light of these results, the ACA would like to receive quarterly data from Telstra about actual fault repair times for customers who are provided with an interim or alternative service.
- (2) The second issue relates to customers who experience repeat faults. Telstra provides data each quarter on the number of validated priority customers who experience two or more faults in a three month period. However, by itself this statistic does not indicate whether priority customers are receiving an enhanced level of service because the ACA does not receive comparable data for non-priority customers. The Network Reliability Framework (NRF) does not capture comparable information because the performance timeframes are different. The ACA is requesting that Telstra consider and report back on ways in which appropriate data can be provided to allow this analysis to occur.
- (3) The other significant operational issue relates to 'connect outstanding'. Given that the objectives of priority assistance are to ensure service continuity for priority customers, the ACA has concluded that delays caused by connect outstanding (see Chapter 3 **Operation of Telstra's priority assistance service** for more details) should not adversely affect these customers. In particular, any timeframes in the proposed Australian Communications Industry Forum (ACIF) *Connect Outstanding Code* should be significantly reduced for priority customers.

Consumer and Industry Consultation

A number of issues emerged during the consumer and industry consultation. Apart from the results of the ACA's consumer satisfaction survey and complaints received by the Telecommunications Industry Ombudsman (TIO), the ACA considered a submission by Telstra that included a number of proposed changes to its policy. Some of these are supported and others are not supported.

- (1) The ACA supports a proposed policy change to the application process that aligns it with the requirements of the ACIF *Priority Assistance for Life Threatening Medical Conditions Code* (the Priority Assistance Code).
- (2) The major issues arising out of consumer consultation involved the application and renewal process. Many customers believed that the application form was too difficult to understand and the renewal process of 12 months was too onerous particularly if the customer is the person with the life-threatening medical condition. The ACA agrees that 12 months is too short a period for renewals. The ACA notes Telstra's proposals to extend it to two years but recommends a period of three years.
- (3) Some customers also felt that it was unnecessary for them to renew their application when they moved house. The ACA agrees with this view because eligibility for priority assistance is based on the medical status of the priority customer rather than the

customer's physical location. If the customer's status has not changed, he or she should not be required to go through a separate renewal process.

- (4) Telstra proposes to apply limits on a customer who has an interim service where delays in connecting the new service are caused by the customer. Time limits on interim services for priority assistance customers are not supported by the ACA given the lack of evidence that priority assistance customers are delaying connections because they have an interim service.
- (5) During the consultation phase consumers raised two significant issues that were outside the scope of this review. Several stakeholders suggested that other carriers should be required to offer priority assistance under the ACIF Priority Assistance Code which currently has a voluntary application and only applies to carriers and CSPs who choose to offer priority assistance. The other suggestion by consumers and stakeholders was for an extension of the eligibility criteria to include elderly people living alone and with disabilities.
- (6) Both issues involve significant changes in policy and would have potentially profound implications for the operation of priority assistance services. The merits of expanding the eligibility criteria would need thorough consideration given its implications for the delivery of these services.

Key recommendations

With regard to performance reporting, the ACA recommends that:

- Telstra report quarterly on the number of alternative services offered to priority assistance customers when requesting a connection or reporting a fault. (Recommendation 15)
- Telstra quarterly reporting to include the number of connections and fault repairs where the customer has agreed to an appointment outside the 24/48 hour timeframes. (Recommendation 7 and 11)
- Telstra's systems include auditable information to confirm that priority assistance customers have agreed (where applicable) to an appointment outside the 24/48 timeframes when requesting a connection or fault repair. (Recommendation 12)

With regard to operational issues, the ACA recommends that:

- Telstra report quarterly on time taken to repair a fault when an alternative service is offered and where the fault was repaired outside the 24/48 hour timeframes. (Recommendation 18)
- ACIF be advised any connect outstanding code should include a provision that any agreed timeframes for gaining and releasing service providers to process connections should be significantly lower than for other customers. Ideally, the timeframes should be no more than three days to meet the government's policy objective of providing an enhanced level of service to these customers. (Recommendation 20)
- Telstra be asked to consider and report back on ways in which it might provide data on the number of non-priority CSG customers who experience two or more faults in a three-month period, to enable comparison with service reliability for priority customers. Depending on Telstra's response to this request, the ACA does not recommend formally altering the record keeping rules. (Recommendation 22)

In light of consumer and industry consultation, the ACA recommends that:

- the renewal process for priority assistance should be extended to a period of at least three years (up to five years) and the ACA will consult with Telstra about an agreed renewal period that takes account of consumer feedback. (Recommendation 27)
- Telstra's policy should be amended so that customers do not need to renew an application for priority assistance when moving premises and their circumstances have not changed. All customers would still be required to go through the normal renewal process at the specified time interval and Telstra customer service staff should verify over the phone that the customer's circumstances have not changed. (Recommendation 29)
- the application process be changed by:
 - removing the requirement for Telstra to contact a customer by telephone after seven days from when the priority assistance application is due (28 days after the customer's initial contact with Telstra); and
 - extending the timeframe for customers to respond to the reminder letter from seven days to 14 days. (Recommendation 26)
- the ACA does not support the addition of time limits for interim services in the priority assistance policy (Telstra's intention to place a limit on the amount of time in which an interim service will be supplied where a customer caused delay prevents connection of the permanent service). (Recommendation 31)

A full list of all the ACA recommendations is outlined on page 10.

List of **ACA** recommendations

- Recommendation 1** The record-keeping rules be amended to include quarterly reporting of the total number of priority assistance customers and the proportion of those that have been validated.
- Recommendation 2** Licence condition 19(10)(a) and record-keeping rule (a) to be amended to include the number of renewal applications.
- Recommendation 3** Licence condition 19(10)(c) and record-keeping rule (c) be deleted as this information is available to the **ACA** via other reporting mechanisms.
- Recommendation 4** Record-keeping rules (b) and (d) to remain unchanged.
- Recommendation 5** Record-keeping rule (e) and (f) to remain unchanged.
- Recommendation 6** Record-keeping rule (k) be modified to specify that Telstra must report the number of connections that exceed the **24/48** timeframes exceeding 12 hours, one day, two days, three days and more than four days.
- Recommendation 7** Telstra's quarterly reporting to include the number of connections where the customer has agreed to an appointment outside the **24/48** hour timeframes.
- Recommendation 8** Record-keeping rule (g) and (h) to remain unchanged.
- Recommendation 9** Record-keeping rule (l) be modified to specify that Telstra must report the number of fault repairs that do not meet the **24/48** timeframes exceeding six, 12 hours, one day, two days, three days, four days, five days and greater than six days.
- Recommendation 10** Telstra continue to report manual drilldown of fault repairs and this be formalised in the record-keeping and reporting arrangements.
- Recommendation 11** Telstra's quarterly reporting to include the number of fault repairs where the customer has agreed to an appointment outside the **24/48** hour timeframes.
- Recommendation 12** Telstra's systems include auditable information to confirm that priority assistance customers have agreed (where applicable) to an appointment outside the **24/48** timeframes when requesting a connection or fault repair.
- Recommendation 13** Telstra disaggregate fault repair requests for validated and non-validated customers.
- Recommendation 14** Telstra continue to report against performance indicator (j).
- Recommendation 15** Telstra report quarterly on the number of alternative services offered to priority assistance customers when requesting a connection or reporting a fault (rule (i)).
- Recommendation 16** In relation to priority assistance complaints under record-keeping rule (o) there should be no change to the current reporting arrangements.

- Recommendation 17** In relation to priority assistance exception reporting under record-keeping rule (p), Telstra report fully on its reporting parameters and include explanations for reasons including the location, time and duration of the exception report.
- Recommendation 18** Telstra report quarterly on time taken to repair a fault when an alternative service is offered and where the fault was repaired outside the 24/48 hour timeframes.
- Recommendation 19** This new reporting requirement be formalised in the record-keeping and reporting arrangements and be based on the revised timeframes of the fault repair measure (where licence timeframes are not met).
- Recommendation 20** ACIF be advised that any connect outstanding code should include a provision that agreed timeframes for gaining and releasing service providers to process connections should be significantly lower than for other customers.
- Recommendation 21** Telstra be required to submit data on the number of validated customers who report a fault repair during the quarter.
- Recommendation 22** Telstra be asked to consider and report back on ways in which it might provide data on the number of non-priority CSG customers who experience two or more faults in a three-month period, to enable comparison with service reliability for priority customers. Depending on Telstra's response to this request, the ACA does not recommend formally altering the record keeping rules.
- Recommendation 23** As an administrative issue, the ACA and Telstra should examine the current reporting of priority assistance information in NRF Level 3 with the view to improve the escalation of repairing a priority assistance service.
- Recommendation 24** Telstra's priority assistance application form should be removed from the SMP. Any changes or amendments to the application form or brochure must be shown to the ACA before publication as part of an informal review process.
- Recommendation 25** The current application form should be amended to improve readability. It is suggested that after Telstra makes changes to its form, it should test the new form with existing priority assistance customers and groups representing elderly people and people with disabilities.
- Recommendation 26** The ACA supports Telstra's proposal to change requirements of the priority assistance application process by:
- removing the requirement for Telstra to contact a customer by telephone after seven days from when the priority assistance application is due (28 days after the customer's initial contact with Telstra); and
 - extending the timeframe for customers to respond to the reminder letter from seven days to 14 days.
- Recommendation 27** The renewal process for priority assistance should be extended to a period of at least three years (up to five years) and the ACA will consult

with Telstra about an agreed renewal period that takes account of consumer feedback.

Recommendation 28 The ACA supports Telstra's proposed policy change to indicate that medical certification to support an application for priority assistance is preferred.

Recommendation 29 Telstra's policy should be amended so that customers do not need to renew an application for priority assistance when moving premises and their circumstances have not changed. All customers would still be required to go through the normal renewal process at the specified time interval and Telstra customer service staff should verify over the phone that the customer's circumstances have not changed.

Recommendation 30 The ACA has recommended different reporting requirements for fault repairs but would not object to Telstra providing additional information as proposed. Changes to the record-keeping requirements will enhance the provision of Telstra's data provided to the ACA and will allow for a more robust analysis of the performance of Telstra's priority assistance service.

Recommendation 31 The ACA does not support the addition of time limits for interim services in the priority assistance policy (Telstra's intention to place a limit on the amount of time in which an interim service will be supplied where a customer caused delay prevents connection of the permanent service).

Recommendation 32 Telstra in its submission stated that it also intends to include a reference in its priority assistance policy that an alternative service will always be offered at the time of receiving a fault report. The ACA has no objections to this addition to the policy.

I. Introduction

Background

In February 2002 the ACA, at the request of the Minister for Communications, Information Technology and the Arts, conducted an investigation into the circumstances surrounding the inoperability of telephone services supplied to the Boulding family in Kergunyah in north-eastern Victoria. A member of the Boulding family died as a result of an asthma attack.

The ACA submitted a report to the Minister in March 2002 that made nine recommendations relating specifically to Telstra's systems and processes and three recommendations relevant to the wider telecommunications community. The Minister introduced new requirements on Telstra through a licence condition as a mechanism for ensuring that people with a life-threatening medical condition are given a higher level of service when requiring a phone connection or experiencing a fault. The new licence condition was introduced on 15 May 2002. The introduction of connection and fault repair timeframes of 24 hours (in urban and rural areas) and 48 hours (in remote areas) known as the 24/48 timeframes, was a recognition that service levels needed to improve for these customers.

Legislative requirements and licence conditions

Section 52 of the *Telecommunications Act 1997* (the Act) provides for the ACA to issue carrier licences for the supply of telecommunications services to the public. Section 63 of the Act enables the Minister to impose licence conditions on telecommunications carriers.

Licence conditions have been imposed on Telstra since 1997 in the form of the *Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997* (the licence conditions). The licence conditions have been amended several times since this period with amendments relating to priority assistance arrangements introduced in May 2002.¹

The amendment to Telstra's licence conditions require Telstra to:

- develop and maintain an effective priority assistance policy that meets comprehensive objectives;
- review, and as necessary, reform its customer management and other systems to ensure that important customer information is widely available within Telstra; and
- tighten its processes for assessing, declaring and notifying mass service disruptions (MSD) and notifying exemptions from the *Telecommunications (Customer Service Guarantee) Standard 2000 (No. 2)* (the CSG).²

¹ *Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 (Amendment No.1 of 2002)* (available from the web at <http://scaleplus.law.gov.au/html/instruments/0/30/0/2003101601.htm>)

² The CSG Standard provides for financial compensation to customers where requirements set out in the standard for connection and fault repairs are not met.

ACA's Priority Assistance Survey

The objectives of priority assistance as set out in Telstra's licence conditions are to:

- effectively identify priority customers;
- connect services at the highest level of service practicably available, that is, within 24 hours in urban and rural areas and 48 hours in remote areas;
- repair faults at the highest level of service practicably available, that is, within 24 hours in urban and rural areas and 48 hours in remote areas;
- ensure that customers receive enhanced service reliability and fault rectification and in particular, customers with two or more faults over a three-month period have their service thoroughly tested and where necessary, repaired as soon as practicable to a high level of reliability;
- offer priority customers the option of an interim or alternative service where a connection or fault repair cannot be met within the 24/48 hour timeframes;
- reduce the chances of disconnection, where such persons may otherwise face this possibility;
- ensure people eligible for this service are fully informed of it;
- ensure there are adequate processes and systems to support these arrangements; and
- ensure MSDs are assessed, declared and notified to consumers more quickly.

The licence conditions confer other responsibilities on the ACA including monitoring and reporting on Telstra's compliance with its priority assistance policy and arrangements. Under subclause 19(10) of the licence conditions, Telstra, in conjunction with the ACA must develop a record-keeping and reporting regime for its priority assistance arrangements and provide information quarterly to the ACA. For more information about Telstra's reporting to the ACA refer to Chapter 2 of this report (**Performance reporting**).

Telstra's priority assistance policy

Telstra is required to develop a priority assistance policy which includes:

- the development of eligibility criteria for priority customers;
- putting in place systems and processes to ensure that priority customers are identified;
- 24 hour and 48 hour performance objectives for priority service connection and fault repair;
- ensuring that priority customers receive enhanced service reliability, including but not limited to the testing and repair of faults for customers who experience two or more faults within a three-month period;
- the provision of interim or alternative services in specified circumstances; and
- a detailed communications strategy for providing information to customers regarding the priority assistance arrangements.

The policy was developed in consultation with the Department, the ACA, the Royal Australian College of General Practitioners and the Rural Doctors Association of Australia.

ACA's Priority Assistance Survey

On 17 June 2002, the Minister approved Telstra's *Priority Assistance for Individuals Policy* (the priority assistance policy). A variation to the policy, allowing customers to verify their eligibility for priority assistance by means of a statutory declaration was approved by the Minister on 16 September 2002.

The regulatory arrangements to support Telstra's policy were finalised by the Minister on 16 September 2002 by approving variations to Telstra's USO policy statement and standard marketing plan (SMP) under section 12W of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. Telstra's SMP has been varied to include as an appendix, a copy of the policy.

For more information about Telstra's priority assistance policy refer to **Appendix 2** or Telstra's website at:

www.telstra.com.au/accessforeveryone/docs/priority_assistance_policy.pdf.

Since the final implementation of Telstra's priority assistance arrangements, the ACA has convened regular meetings (usually every two months) between the Department, Telstra and the ACA to discuss performance and licence compliance issues. Special purpose meetings between the ACA and Telstra have also been held to discuss compliance and other issues and quarterly performance.

Monitoring of Telstra's priority assistance

Since the introduction of Telstra's priority assistance arrangements, the ACA has monitored Telstra's compliance with its licence conditions and has received quarterly reports of its performance against key indicators. A requirement of Telstra's licence conditions (subclause 19(10)) is to provide the ACA with data and information on a quarterly basis or such other times as requested by the ACA. A record-keeping and reporting regime was subsequently developed and Telstra reports regularly to the ACA in accordance with these requirements. An analysis of Telstra's data reporting in accordance with the Minister's first term of reference is available in Chapter 2

Performance reporting.

As part of the ACA's initial Boulding Report and the government's response, the ACA also submitted a number of reports to the government on Telstra's compliance with its licence conditions. These reports were submitted in July 2002, October 2002 and May 2003 (including an audit conducted by KPMG).

In the (May 2003) final report to the Minister the ACA concluded that Telstra had met the majority of the requirements of its priority assistance carrier licence conditions and that Telstra's performance in delivering priority assistance was of a reasonably high standard. The report recommended that Telstra needed to refine its priority assistance procedures (in particular, the priority assistance validation process) and ensure that they were followed. A number of specific aspects of the KPMG audit were raised with Telstra who advised the ACA of improvements in practices to meet the audit shortcomings.

Priority Assistance Industry Code

In addition to Telstra's priority assistance policy, an industry code was established in October 2003 and registered by the ACA. The Priority Assistance Code puts in place consistent industry-wide arrangements for the provision of priority assistance for a residential customer (or an individual in their household) who has a diagnosed life-

ACA's Priority Assistance Survey

threatening medical condition.³ The code does not place an obligation on suppliers to offer priority assistance to customers. However, should a supplier offer a priority assistance service, it must comply with the provisions of the code.

This code sets the minimum standards for the provision of priority assistance and information provided to customers. The code mirrors requirements currently applying to Telstra and extends them to all suppliers who choose to offer priority assistance. It is sufficiently flexible to not deter providers from offering priority assistance services and clarifies the responsibility and processes for reselling priority assistance services. The code also sets out minimum standards for suppliers who choose not to offer priority assistance and a requirement to inform customers of this fact.

At present, the only service providers to offer priority assistance under the code are AAPT and Primus. It is expected that these providers will begin reporting to the ACA on their priority assistance service performance in December 2004.

The ACA's Priority Assistance Review

Priority Assistance Review – the process

The Minister for Communications, Information Technology and the Arts requested that the ACA consider and report on or before 29 October 2004 on whether the current arrangements in place give effect to the government's priority assistance objectives and are being delivered in an adequate, efficient and effective manner. This date was extended to the end of November 2004 to allow the ACA to consider Telstra's submission which was provided to the ACA on 18 October 2004. The terms of reference is set out in **Appendix I**.

The ACA announced commencement of the review by media release on 2 August 2004. An ACA project team was established and information on the review, including contact details were published on the priority assistance page on the ACA website. The ACA sought submissions and comments from the public.

The ACA indicated that it would contact existing priority assistance customers and other key stakeholders including community interest groups, the medical profession and the TIO. Details of those contacted are in Chapter 5.

The review was advertised in all major metropolitan newspapers (*The Daily Telegraph*, the *Herald Sun*, the *Brisbane Courier Mail*, Adelaide's *The Advertiser*, *The West Australian*, Hobart's *The Mercury*, the *Northern Territory News* and *The Australian*) on 20 August 2004.

The consultation phase primarily consisted of a survey of priority assistance customers. The ACA arranged with Telstra to mail the survey to 2,000 randomly selected priority assistance customers. A copy of the survey is at **Appendix 4** and analysis of the survey results is provided in Chapter 4 **Consumer experience**.

The ACA also wrote to Telstra advising that it would undertake a review of Telstra's priority assistance service. The ACA sought additional information and clarification of data already received by the ACA as part of Telstra's quarterly reporting under the

³ The Code is available from the ACA's website at www.aca.gov.au/telcomm/industry_codes/register_of_codes/codint.htm.

ACA's Priority Assistance Survey

record-keeping rules (refer to Chapter 2 **Performance reporting** for more information on the record-keeping regime).