

2. Performance reporting

Under the first of the terms of reference, the ACA was asked by the Minister to consider:

- the effectiveness of Telstra's record-keeping rules and reporting regime including analysis of data received under Telstra's licence conditions;
- whether monitoring requirements requested through the quarterly data report are effective; and
- whether any changes are desirable as a result of these considerations.

Telstra's reporting requirements

Licence conditions

Under its licence conditions, Telstra was required, in conjunction with the ACA, develop a reporting regime addressing:

- (a) the number of applications for registration as a priority customer received by Telstra (in urban, rural and remote areas)¹; and
- (b) the proportion of applications accepted (in urban, rural and remote areas); and
- (c) the proportion of rejected applications successfully appealed by the customer within Telstra and the TIO; and
- (d) the number of customers levied a cost recovery charge after failing to meet the eligibility criteria; and
- (e) the number of requests for priority assistance connections in urban, rural and remote areas; and
- (f) the proportion of requests for priority assistance connections in urban, rural and remote areas meeting Telstra's priority assistance policy service connection objectives; and
- (g) the number of requests for priority assistance service fault repairs in urban, rural and remote areas; and
- (h) the proportion of requests for priority assistance service restorations in urban, rural and remote areas meeting the priority assistance policy service fault repair objectives; and
- (i) the proportion of requests for priority assistance satisfied with interim or alternative services (connections and fault repairs); and
- (j) the number of priority customers experiencing two or more faults in a three month period during which they were a priority assistance customer.

¹ Under the CSG these areas are defined as follows:

Urban – the population is equal to or more than 10,000 people

Rural – the population is between 200 and 10,000 people

Remote – the population is less than 200 people

Record-keeping rules and reporting regime

Telstra in conjunction with the ACA finalised a record-keeping regime for its priority assistance service in September 2002. It was based on the 10 requirements of the licence conditions (detailed above) and included an additional four requirements:

- the time taken to connect a priority assistance request beyond the 24/48 hour timeframe obligation (12, 24, 48 and greater than 48 hours); and
- the time taken to restore a priority request beyond the 24/48 hour timeframe obligation (12, 24, 48 and greater than 48 hours); and
- the number of priority service complaints received by Telstra; and
- exception reporting for all connection and fault repair cases whereby the 24/48 timeframe obligation is affected by circumstances beyond Telstra's control.

To be able to meet the specific quarterly reporting requirements Telstra instigated a program of work to enable extraction of data and tracking of priority assistance customers. Telstra extracts its data from various FuturEDGE systems including Axis, Connect and SIAM. These systems support Telstra's priority assistance service and this information is collated within the data reporting program known as SharpEdge. SharpEdge houses all data in table formats and stores 'event information' in a central location. Through SharpEdge, reports can be generated and data can be provided to the ACA.

The development of the record-keeping rules also led to the establishment of standard definitions for Telstra's priority assistance based on those definitions in the licence conditions. The most significant definition is as follows:

Term:	Meaning:
<i>Unworkable faults</i>	'unworkable' or 'inoperative' means: an absence of dial or ring tone; an inability to make or receive calls; or disruption to communications because of excessive noise levels; or repetition of service call off; or another condition that makes the service wholly or substantially unusable.

Analysis of Telstra's priority assistance data

Under the agreed performance reporting regime, the first quarterly report received from Telstra was for the December 2002 quarter. However, Telstra was unable to provide accurate data against a number of performance indicators for the December 2002 quarter. As a result, the ACA asked KPMG to conduct an audit of Telstra's priority assistance data. The KPMG review also included consideration of the priority assistance audit activities and conclusions of Telstra's auditors PwC. KPMG concluded that Telstra had implemented all key system changes, although Telstra's systems and processes for reporting required substantial improvement. It also found that:

- the methodology used by Telstra for manual extraction and drilldown of connections and fault repair data was appropriate;
- the manual drilldown records did not include information about whether customers agree to appointments outside the 24/48 timeframes; and

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- the absence of this information meant that KPMG could not provide assurance that Telstra's performance (particularly fault repairs) was accurate.

KPMG also noted that Telstra had advised that the introduction of SharpEdge would remedy many of the problems identified in the audit.

As a result of the audit, the ACA in its analysis of Telstra's priority assistance data below has not relied on any of the December 2002 quarter data. The ACA has relied on the six quarters of data from March 2003 till June 2004, to form the basis of its assessment of Telstra's current performance for priority assistance and record-keeping capabilities.

Number of priority assistance customers

As at 30 June 2004, Telstra had approximately 106,124 customers in its systems with priority assistance status. Of this figure, 55,545 are validated customers. A validated customer is a customer who has sent Telstra the appropriate application form (including medical certification or statutory declaration) which has been approved by Telstra. At 30 June 2004, only 52 per cent of customers were validated.

The remaining 50,579 customers (or 48 per cent) are tagged in Telstra's systems as having priority status and will remain this way until such time as the customer submits an application form to Telstra and it is either approved (validated) or rejected (and priority status removed). A customer with provisional priority status is given the same level of service as those customers who are validated.

Table 2.1 Number of Telstra priority assistance customers, September 2003 to June 2004

	Sep 2003	Dec 2003	Mar 2004	June 2004
Total number of priority assistance customers	150,000	107,000	124,453	106,124
Number of validated priority customers	49,817	46,263	46,515	55,545
Validated customers as a percentage of total customers	33%	43%	37%	52%

Table 2.1 shows the total number of Telstra priority assistance customers and the number of validated customers. On average over the last four quarters, 41 per cent of total priority assistance customers are validated customers. It was not until the June 2004 quarter that the number of validated customers in comparison with the total number of priority assistance customers increased to more than 50 per cent, with 52 per cent validated at June 2004.

Telstra does not report the total number of priority customers or the number of validated customers as a requirement under the record-keeping rules, but Telstra agreed to make some information available as part of the review (the number of validated customers before the September 2003 quarter is not available).

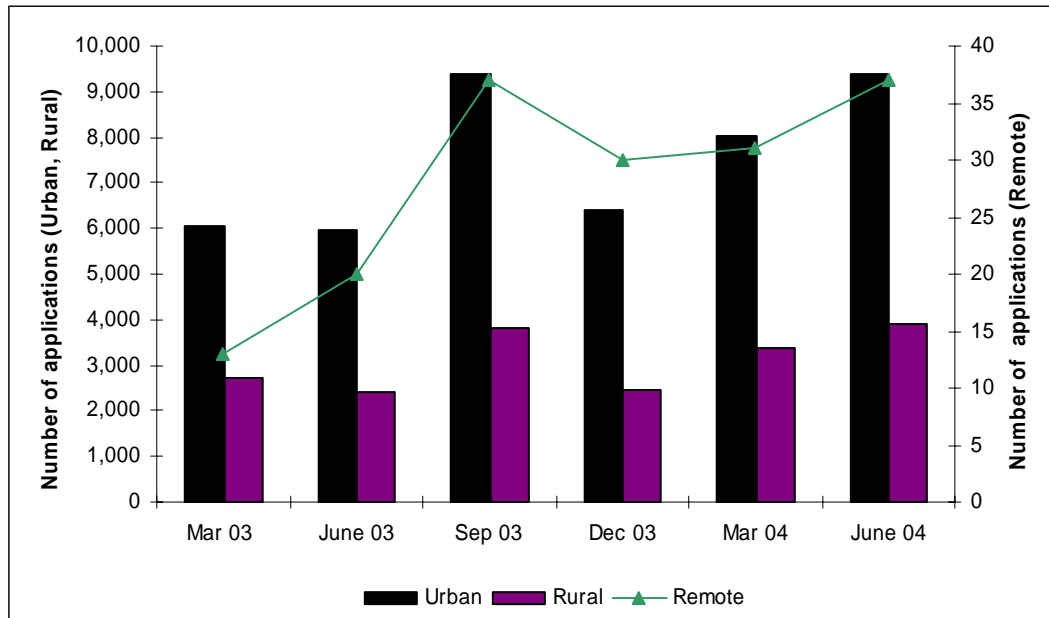
Priority assistance applications

Telstra reports number of priority assistance applications and the proportion of applications accepted under record-keeping rules (a) and (b).

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Figure 2.1 shows the total number of applications received by Telstra (on a disaggregated basis) for priority assistance on a quarterly basis. Under the record-keeping rules, this statistic captures all customers who have applied for priority assistance and are validated and registered and those who may be unsuccessful in their application.

Figure 2.1 Number of applications for priority assistance, March 2003 to June 2004



The trend in priority assistance applications over the last reporting year shows an initial peak in the September 2003 quarter followed by a marked drop and a steady increase over the next three quarters. Telstra advised the ACA that during the September 2003 quarter the increase in applications was due to work being undertaken to validate priority assistance customers who had not previously submitted an application form and to remove a backlog of applications from the system. There have been no significant increases in applications from remote regions over this time.

Telstra states in its application form that a customer applying to Telstra for priority assistance will initially be given priority assistance status. As a customer with priority status, they are afforded the same service continuity and connection and fault repair times as those customers who are priority assistance customers. A customer with priority status has 28 calendar days in which to submit an application to Telstra. Refer to **Appendix 2** for details of Telstra's processes.

While this requirement is set out in Telstra's policy and in the application form, there is no indication that a customer's priority status is removed by Telstra if the customer fails to return an application form by the required dates, as set out in the policy.

Accepted applications

Record-keeping rule (b) allows Telstra to report on the proportion of applications accepted by Telstra, disaggregated into urban, rural and remote areas. Currently, Telstra reports that 100 per cent of all applications are accepted. This figure has remained unchanged since priority assistance reporting commenced.

While there has been no reported change in the data, this record-keeping rule should be retained particularly if at some time in the future, Telstra rejects applications.

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Rejected applications

Record-keeping rule (c) is a measure of the proportion of rejected applications that are successfully appealed within Telstra and to the TIO. Since reporting commenced Telstra has advised that no applications have been rejected and there have been no appeals to Telstra or the TIO. Although it is a licence condition to provide this information, so far Telstra has not provided any reports against it.

There is some evidence from the TIO that some customers do seek redress from the TIO for a rejected application once the customer has tried to resolve their complaint through Telstra's formal complaint-handling system. In 2003–04, six complaints were recorded by the TIO about rejection of a customer's application for priority assistance by Telstra. In these cases, the TIO will not attempt to assess compliance on medical grounds. It can only assess a complaint in the context of whether Telstra has acted in accordance with its priority assistance policy.

While there is a discrepancy between data received from the TIO and Telstra, it should be noted that five of the six complaints to the TIO were Level I complaints (ie. all except one were referred back to Telstra). There is no apparent explanation for the discrepancy between Telstra data and TIO complaints data but it is possible that the customers who complained to the TIO may not have gone through the formal application process for priority assistance, but were advised they were ineligible by Telstra while having informally applied for or enquired about priority assistance.

Although the number of complaints is not significant compared with the total number of priority assistance customers, the ACA will continue to monitor the number of rejected applications received by the TIO. For more information about TIO complaints refer to Chapter 5 **Consumer and industry consultation**).

The ACA believes record-keeping rule (c) is unnecessary because the proportion of rejected applications can be determined from the information provided against record-keeping (b). The ACA also receives TIO data for the number of rejected applications that are successfully appealed by the customer within Telstra and to the TIO.

Costs levied

Record-keeping rule (d) relates to the number of customers levied a cost recovery charge. Under its priority assistance policy Telstra may charge a fee for customers claiming priority assistance status. To date Telstra has advised that it has not levied cost charges to any customers who have received priority assistance services while they were ineligible.

Although Telstra has not levied any customers so far, this is a useful measure because it could indicate to the ACA whether the application process or the priority assistance service is being inappropriately used by customers who are not entitled to the service.

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Findings

Given that Telstra supplies the total number of priority assistance customers and the proportion of those customers who are validated, reporting of this information should be formalised in record-keeping and reporting arrangements. The reporting of this measure will give the ACA a greater understanding of issues associated with customer validation.

Telstra should continue to report against record-keeping rules (b) and (d), although some modifications could be made to record-keeping rule (a) to improve the robustness of the data reported to the ACA.

Licence condition 19(10)(c) and record-keeping rule (c) could be removed because the ACA can access this information from other reliable sources. The ACA believes record-keeping rule (c) is unnecessary as the number of rejected applications can easily be determined from record-keeping rule (b).

Record-keeping (d) and licence condition 19(10)(d) should remain as they currently are. The ACA believes this is an important measure as it would provide some indication to the ACA as to whether the application process or the priority assistance service is being inappropriately used by customers who are not entitled to the service.

Recommendations

The ACA recommends:

Recommendation 1 — The record-keeping rule 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.

Priority assistance connections

Telstra reports disaggregated connections data under record-keeping rules (e) and (f). On average around 20,561 connection requests are made nationally per quarter by priority assistance customers. Figure 2.2 shows the number of applications by priority assistance customers for connections over the last six quarters.

The number of requests for connections remained steady in all regions leading up to September 2003 when a peak in requests was recorded, followed by a steady decline in the number of requests for connections in all regions

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Figure 2.2 Requests for connections meeting policy requirements, September 2003 to June 2004

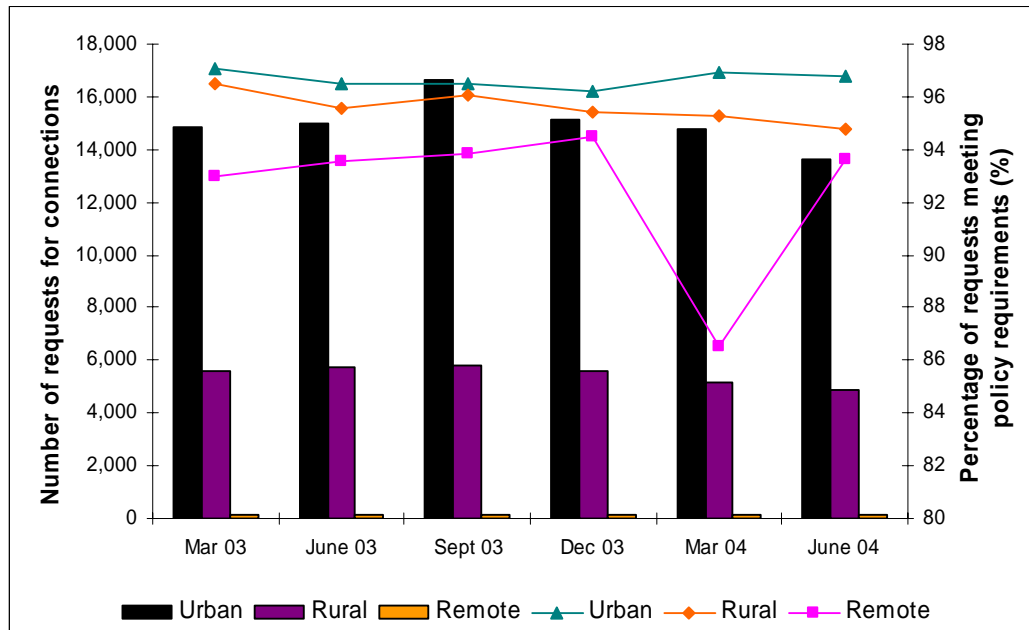


Figure 2.2 also shows the percentage of connections meeting the 24/48 hour licence timeframes. The graph shows little fluctuation in percentage of connections meeting the policy requirements except for the March 2004 quarter for connections in remote areas. While the graph suggests a dramatic drop in this quarter, it should be noted that the proportion of requests in remote areas for connections is relatively small (only 156 requests for the quarter) in comparison with requests in urban and rural areas (14,748 and 5,182 respectively). Changes to small numbers in remote areas can be more volatile and particular circumstances can affect performance in one quarter without indicating a trend.

Overall, Telstra has maintained a steady and satisfactory performance when connecting services for priority assistance customers.

The percentage of connection requests meeting the policy requirements on average for urban, rural and remote areas is 96.7 per cent, 95.6 per cent and 92.5 per cent respectively. It is important to note that the information provided under this record-keeping rule enables the ACA to monitor Telstra's performance closely in this area.

As part of record-keeping requirements, Telstra reports to the ACA on the time taken to connect a priority assistance customer outside of the required timeframes. Telstra reports data differently to the requirements of the record-keeping rule and provides the ACA with connections where the timeframes have been exceeded by 1 to 4 days. The reported data has provided greater visibility of tails of performance than the hourly data specified in the record-keeping rule. Figure 2.3 below shows the time taken to provide connections to priority customers outside of the required timeframes. This data is based on both customers that are validated and registered and those that are pending validation. Telstra provides the ACA with numerical data but the actual requirement under this record-keeping rule for the unit of measure is percentage.

Telstra's national performance in meeting the 24/48 hour priority connection timeframe was relatively stable with an average quarterly performance of 95.6 per cent.

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Figure 2.3 Distribution of connections that missed licence timeframes, March 2003 to June 2004

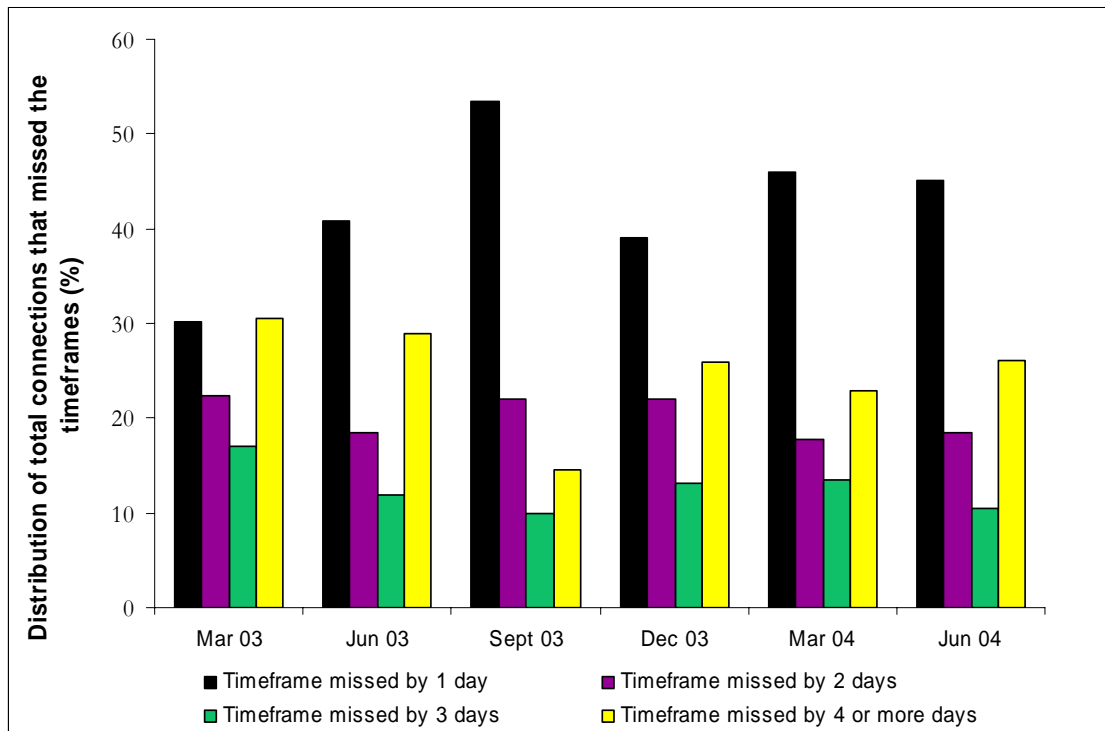


Figure 2.3 shows that the delays in connecting services beyond the 24/48 hour timeframes (tails of performance) also remained relatively unchanged. Of the connections that did not meet the timeframes, an average of 58 per cent of priority customers over the six quarters were connected two or more days outside the required timeframes.

Figures 2.2 and 2.3 indicate that Telstra recorded its best performance in the September 2003 quarter. Telstra advised that, during this period it was introducing a number of new initiatives to improve tails of performance data. Telstra advised that the main reasons it is unable to meet service connection objectives are as follows:

- incomplete in-place service difficulty or fault was detected at the time of automatic connection of the service;
- appointments revised by Telstra;
- exchange work completed late; and
- awaiting dependent order segment, for example, an outstanding disconnection issue for the previous customer at the same residence which is also known as 'connect outstanding').²

Telstra conducts a manual drilldown of its data and adjusts its reports for those priority assistance connections that its systems show as not meeting the 24/48 hour timeframes. Telstra's systems initially identify a much larger number of connections completed outside licence timeframes.

² For further information on connect outstanding refer to Chapter 3.

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Table 2.2 represents the number of connections meeting the timeframes after the manual drilldown process. On average, of those requiring a further drilldown, 51 per cent still do not meet the policy objectives.

Table 2.2 Number of connections meeting priority assistance policy objectives after drilldown, June 2003 to June 2004

	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04
Requests requiring further drilldown	1627	1782	1641	1258	1299
Connection requests reclassified as meeting timeframe	842	964	805	540	597

During the manual drilldown, Telstra examines whether:

- the customer was not in attendance (a new appointment time would have to be arranged);
- the customer does not have a firm date for connection and accepts a standard appointment time; or
- the customer requests a new connection date.

The KPMG audit of Telstra's priority assistance data analysed Telstra's drilldown process and methodology. KPMG advised during this audit that Telstra's systems were appropriate. However, manual drilldown was limited because of the automatic stripping of data from Telstra's systems after a period of 90 days for archiving purposes.

Findings

The reporting of priority assistance connections performance by Telstra (under licence conditions 19(10)(e) and (f) and record-keeping rule (e), (f) and (k) gives the ACA sufficient information about its performance and these should be maintained for future reporting.

Over the six quarter reporting period, Telstra has maintained a steady and satisfactory performance when connecting services for priority assistance customers.

While existing reporting measure have been effective, record-keeping rule (k) should be modified to reflect actual reporting by Telstra about the time taken to connect a customer after the 24/48 hour timeframes have been missed.

Following the KPMG audit findings, the ACA recognises it does not have complete information about Telstra's performance where a customer has agreed to an appointment time outside the 24/48 hour timeframes. Telstra counts these connections as met where it has connected the service at the time of the agreed appointment. The ACA needs to establish baseline monitoring of how many customers accept appointments outside the timeframes.

Recommendations

In relation to reporting of data on priority assistance connections, the ACA recommends:

Recommendation 5 — Record-keeping rules (e) and (f) remain unchanged.

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Recommendation 6 — Record-keeping rule (k) be modified to specify that Telstra must report on the number of connections that do not meet 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 and fault repairs where the customer has agreed to an appointment outside the 24/48 hour timeframes.

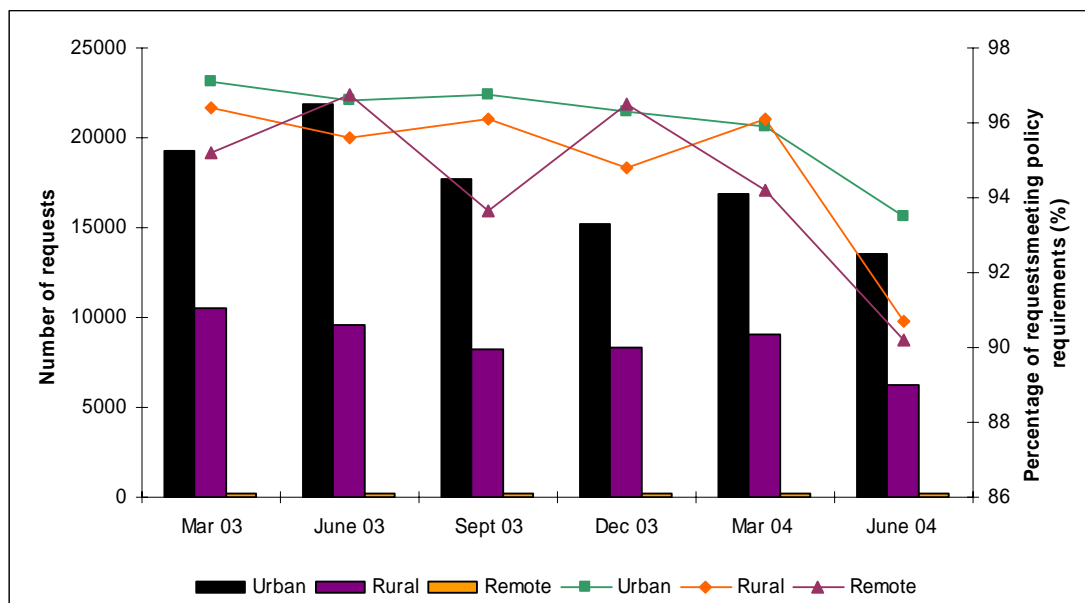
Priority assistance fault repairs

Telstra reports fault repairs under record-keeping rules (g) and (h). On average 26,260 fault repair requests are made nationally per quarter by validated customers and those with priority status. A fault is defined in Telstra's record-keeping and reporting regime as an inoperative service (see section **Telstra's record-keeping and reporting regime** above in this chapter). Telstra has met the priority assistance timeframes in better than 90 per cent of cases over the six quarters from March 2003.

Figure 2.4 shows that the percentage of fault repairs that met the timeframe in urban, rural and rural areas has declined over the past four quarters despite a declining trend in the number of fault repairs requested by priority assistance customers.

Telstra's fault repair performance started declining in the December 2003 quarter where it recorded a decrease of 0.8 percentage points compared to the previous quarter despite a 9.1 per cent decrease in the number of fault repair requests. In June 2004, Telstra's performance fell to its lowest level since reporting began. The number of faults repaired within specified timeframes declined by 2.8 percentage points compared with the March 2004 quarter despite a 24 per cent decrease in the total number of fault repairs. Moreover, performance in the June 2004 quarter compared with the same time last year (June 2003), declined by 3.7 percentage points in an environment where fault repair numbers have declined by 37 per cent.

Figure 2.4 Priority assistance fault repair requests meeting policy requirements, March 2003 to June 2004



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The ACA requested an explanation from Telstra about its declining fault repair performance. Telstra advised that factors affecting its performance including computer systems errors, priority assistance fault repairs not being fast tracked through Telstra's fault report system, incorrect information entered into the system or the technician was dispatched to the job too late.

Telstra also advised that it has taken steps to improve its performance, in particular, to overcome problems related to its FuturEDGE system that affected its performance in the June 2004 quarter.

Additional information provided by Telstra showed that for the June 2004 quarter, 51 per cent of faults repaired outside the 24/48 hour timeframes were repaired within three hours of licence condition timeframes being exceeded. Telstra advised the ACA that it had implemented initiatives to improve its performance including:

- a systems enhancement to provide Telstra field staff with sufficient time to carry out work;
- a strategy to monitor and improve compliance;
- a complete review of reporting to ensure that reasons for failure are highlighted and areas for improvement identified; and
- continued support of its Jeopardy Management Team³, so that Telstra workgroups are promptly advised and supported when carrying out priority service connections and fault repairs.

The volume of priority assistance faults will fluctuate between quarters due to seasonal factors and simple changes in the size of the priority assistance customer base. Although not likely to be a factor in June and September quarters, extreme weather events can also affect Telstra's ability to repair faults within licence condition timeframes. The volume of faults reported by priority assistance customers seems out of proportion to their share of the CSG customer base but there are some factors to be considered. For more discussion about fault repairs refer to the section on priority assistance arrangements under the NRF in Chapter 3 **Operation of Telstra's priority assistance service**.

Since reporting commenced, Telstra has reported data differently to that specified in the record-keeping rule and has provided the ACA with the time taken to repair faults where the licence timeframes has been exceeded by one to six days. This is an additional reporting requirement agreed by Telstra and is not a licence condition. The data that Telstra actually reports has proven to be more useful than what is specified in the record-keeping arrangements.

This data is based on both validated and provisional customers. Telstra provides the ACA with numerical data but the actual requirement in the record-keeping rule is to provide the data as a percentage of total fault repairs.

³ The Jeopardy Management Team in Telstra is located in Newcastle and is responsible for overseeing priority assistance commitments on a 24 hour seven day a week basis.

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Figure 2.5 Distribution of fault repairs that missed priority assistance licence condition timeframes, March 2003 to June 2004

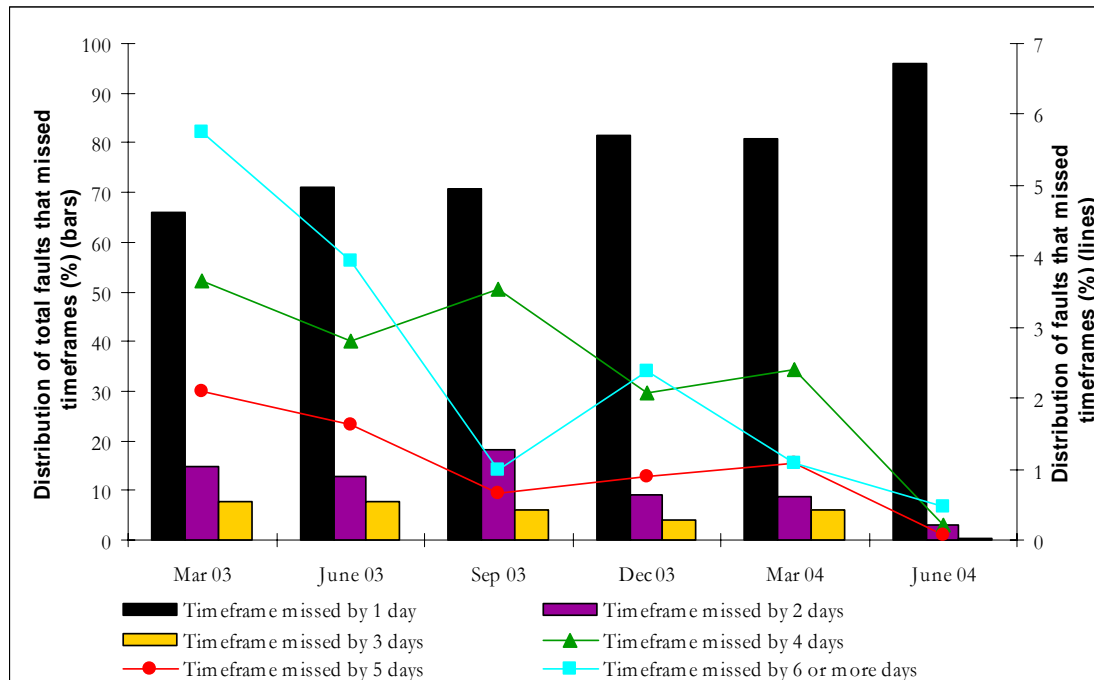


Figure 2.5 shows that over the past 18 months, Telstra is taking less time to repair faults outside the 24/48 hour timeframes. In the June 2004 quarter, fault repairs that missed timeframes by two or more days decreased from 19.3 per cent in the March 2004 quarter to 11 per cent in the current quarter. In the June quarter of 2003, fault repairs that missed the timeframes by two or more days were significantly higher at 29 per cent. The number of fault repairs missed by one day increased significantly in the June 2004 quarter compared to the last quarter. Telstra has advised that 39.6 per cent of these faults were repaired within two hours but 7.4 per cent were repaired between one and two days outside of the timeframes.

In Telstra's submission to the ACA's review of priority assistance it advised that Telstra would prefer to disaggregate fault repair misses into missed by hours rather than days. Telstra proposes to report fault repairs that miss the 24/48 hour timeframes in hours up until three plus days. While disaggregating fault data into an hourly frequency distribution would be useful, the level of detail proposed by Telstra may be excessive.

Telstra conducts a manual reassessment and adjusts its reports for those fault repairs that its systems show as not meeting the 24/48 hour timeframes. After this manual adjustment, Telstra revises the number of services that have met the timeframes.

In light of the KPMG audit findings mentioned earlier, Telstra agreed to report this information to the ACA on a quarterly basis to provide visibility on its automated and manual processes.

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Table 2.3 Priority customer fault repairs that do not meet licence timeframes, March 2003 to June 2004

Fault repair reassessment	Mar 03	June 03	Sept 03	Dec 03	Mar 04	June 04
Unadjusted – timeframes not met	7,740	8,897	9,473	8,242	9,240	4,854
Adjusted – timeframes met (reported)	6,785	7,725	8,570	7,230	8,038	3,390
Adjusted – licence timeframes not met	955	1,172	903	1,012	1,202	1,464
Manual drilldown re-categorisation*						
Customer initiated change	2,786	3,390	3,799	2,332	3,012	869
Service is workable	751	578	486	882	896	505
Interim service supplied	132	133	96	264	748	301
Alternative service supplied	1,711	2,464	2,991	2,637	2,375	869
Temporary solution provided	248	320	151	181	129	146
No life-threatening medical condition	418	347	403	610	527	160
Waiting callback ¹	147	36	52	25	9	5
Wrong clear date ²	101	133	102	66	139	354
Non-customer report ³	410	311	471	239	176	180
Extenuating circumstances ⁴	70	18	19	8	28	5
Total	6,773	7,731	8,568	7,245	8,039	3,393

¹ Fault repair is delayed and the customer is awaiting contact from the priority assistance customer team

² This relates to an incorrect fault restoration date is entered on Telstra's systems due to the fault being attended to overnight or after hours when the system interface is unavailable.

³ A fault order is created because of proactive testing on a working service.

⁴ Technicians are unable to gain access to a customer's premises (for example bush fires or floods).

* These numbers are calculated from percentages provided by Telstra and due to rounding the total may not reconcile with adjusted number above..

Table 2.3 gives some indication of the process that Telstra uses when manually extracting and reclassifying these records to determine whether it has met the repair timeframes. The table shows the unadjusted and adjusted fault repair numbers and also details the categories used by Telstra to adjust the data. The unadjusted figures for the June 2004 quarter was significantly lower than for previous quarters and was 52.5 per cent lower than the March 2004 quarterly number. On average for the six quarters, 15 per cent of unadjusted fault repairs that did not meet licence timeframes were confirmed as missing the target timeframes.

The KPMG audit found that the manual drilldown of fault repair records did not include a record of the customer's agreement to a changed appointment time outside the licence timeframes. In the absence of this information, KPMG could not provide assurance that Telstra's performance (particularly fault repairs) was accurate although it found no particular problems with the data. This is an important issue given that the majority of fault repairs that are manually re-assessed by Telstra as meeting timeframes

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are in circumstances where a customer has agreed to an appointment outside licence timeframes.

During the audit, Telstra advised that SharpEdge would resolve the problem identified by KPMG. To date, the ACA has not received specific data or confirmation from Telstra that in these cases, the customer agreed to the changed appointment time. Telstra advised the ACA that the manual process would only include fault repairs as meeting the timeframe where the customer had agreed to the appointment change and the fault was repaired at the new time. The ACA accepts Telstra's assurances but would like to ensure that its systems have auditable information about customer acceptance of appointment times outside the 24/48 hour timeframe. Also, the ACA needs to establish baseline monitoring of the total number of customers who request a fault repair appointment outside licence timeframes.

Findings

Overall, the information on Telstra's fault repair performance under Telstra's licence conditions 19(10)(g) and (h) and record-keeping rules (g), (h) and (l) collected by the ACA is useful and is 'fit for purpose' and Telstra should continue to provide performance reporting to the ACA. It provides sufficient detail for the ACA to make an informed assessment of Telstra's fault repair performance for priority assistance customers.

Telstra's fault repair performance against licence timeframes has steadily declined over the past four quarters despite a declining trend in the number of fault repairs requested by priority assistance customers. However, its performance in repairing faults outside the timeframes shows that Telstra is making efforts to minimise delays.

Despite the effectiveness of reporting measures, the record-keeping arrangements should be updated to reflect current reporting by Telstra. In light of Telstra's proposal in its submission, the ACA proposes to incorporate hours and days missed after the timeframes into the frequency distribution for fault repairs to reflect amalgamation of actual reporting and also partially accommodate Telstra's proposed reporting. See the discussion in Chapter 5 **Consumer and industry consultation**.

The ACA found the quarterly manual drilldown of fault repair data reported by Telstra to be highly valuable in assessing fault repair performance. It provides useful information about the number of priority customers who make alternative arrangements with Telstra or are provided with an interim or alternative service. The ACA would like Telstra to continue providing this data and it therefore should be formalised in the record-keeping arrangements.

As the ACA does not have information about agreed appointment times to repair faults (outside the 24/48 hour timeframes), the ACA has made two recommendations to establish baseline monitoring of this issue and ensure that Telstra has auditable information in its systems.

Finally, while the data on fault repair currently provided is useful, there is an argument for disaggregating the data into fault repair requests from validated and non-validated ('provisional') customers. This is discussed in Chapter 3 **The Operation of Telstra's priority assistance service**.

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Recommendations

In relation to reporting of data on priority assistance fault repairs, the ACA recommends:

Recommendation 8 — Record-keeping rules (g) and (h) 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 by 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 requirement be formalised in the record-keeping and reporting arrangements.

Recommendation 11 — Telstra's quarterly reporting 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.

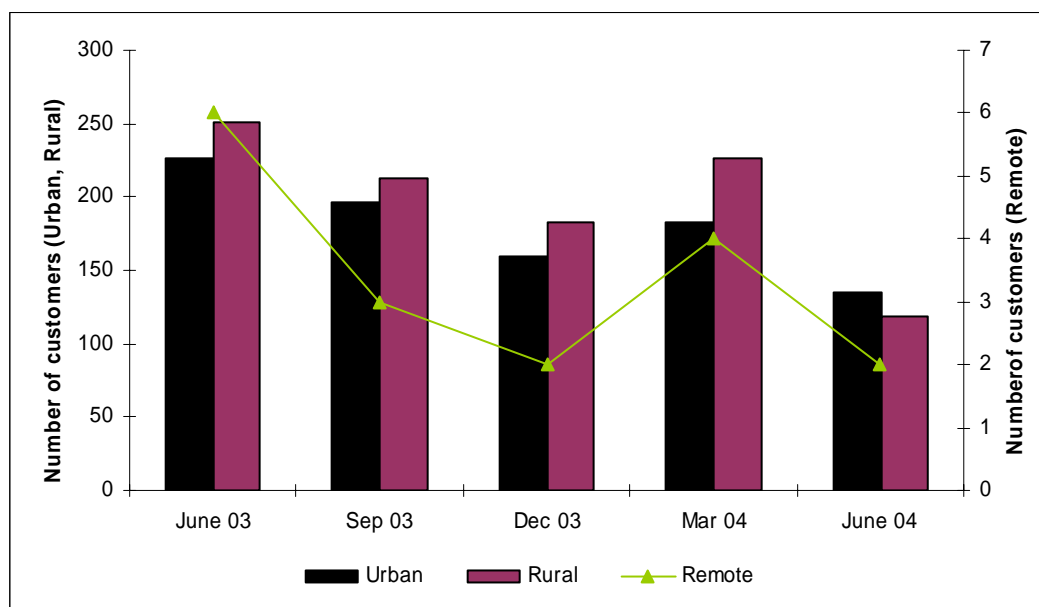
Recommendation 13 — Telstra disaggregate fault repair requests for validated and non-validated customers (refer to Chapter 3 **Operation of Telstra's priority assistance service**).

Repeat faults

Under record-keeping rule (j), Telstra reports the number of priority customers experiencing two or more faults in a three month period. The data is broken down into customers experiencing repeat faults in urban, rural and remote areas.

Telstra is required to provide 'enhanced service reliability' for all of its priority customers. However, priority services which experience multiple or repeat faults are, under Telstra's policy, entitled to receive additional attention, including a full investigation by a Level 2 Escalated Service Difficulty manager within Telstra.

Figure 2.6 Number of priority customers who experienced 2 or more faults in 3 months, June 2003 to June 2004



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Figure 2.6 shows that the number of repeat faults has fluctuated over the last five quarters and a quarterly trend is yet to emerge. However, the number of repeat fault numbers for priority assistance customers has also been relatively small when compared with total faults for priority assistance customers. For more discussion on repeat faults please refer to Chapter 3 **Operation of Telstra's priority assistance**.

Findings

In light of the Boulding investigation and the subsequent licence conditions imposed on Telstra, repeat faults are an important performance measure that should be part of future reporting to the ACA. Chapter 3 in this report recommends that an additional measure be introduced to allow the ACA to assess the information provided under indicator (j).

Recommendation

The ACA recommends:

Recommendation 14 — Telstra continue to report against performance indicator (j). (Refer to Chapter 3 **Operation of Telstra's priority assistance service**).

Interim and alternative services

Under Telstra's priority assistance arrangements and in accordance with Telstra's licence conditions, if a customer's fault is inoperative and cannot be rectified within the the 24/48 hour timeframes, Telstra must offer an interim priority service or the choice between an interim and alternative priority service.⁴ However, Telstra typically provides an interim service rather than an alternative service in connection situations.

Connections performance

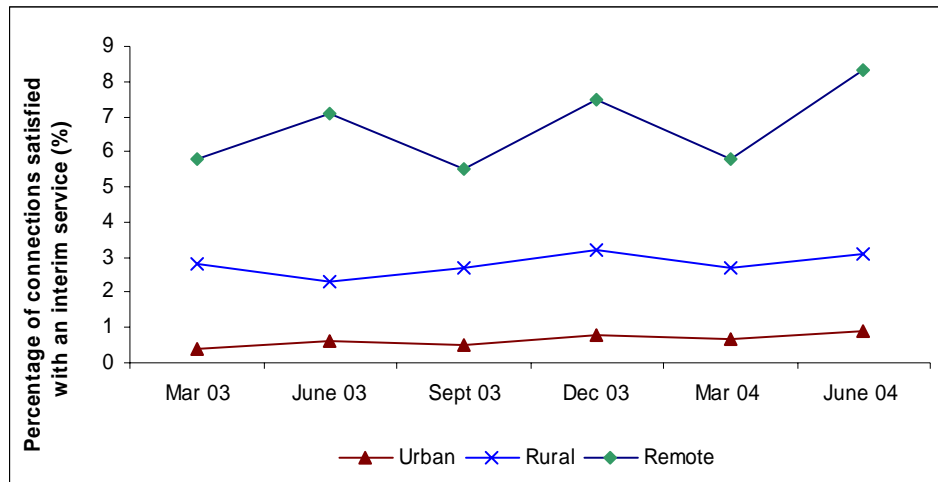
Under licence condition 19(10)(i) and record-keeping rule (i) Telstra reports to the ACA the percentage of interim services provided. However it has not reported any data on alternative service performance. Averaged nationally, Telstra offers an interim service for 1.23 per cent of connection requests.

Figure 2.7 shows that the percentage of interim services offered to priority customers has remained relatively stable over six quarters. The highest percentage of interim services offered is for priority customers in remote areas.

⁴ An interim service is typically a mobile or satellite voice telephone service that delivers features similar to that of a regular standard telephone service. An alternative service is a service that provides a customer with access to a telephone service such as a network call diversion to the customer's mobile service or a second fixed line service. More information about Telstra's offering of interim and alternative services is contained in section 2.6 of Telstra's SMP.

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Figure 2.7 Connection requests satisfied with an interim service, March 2003 to June 2004



Fault repairs

To date, Telstra has reported the percentage of interim services provided, but has not reported the number of alternative services. Nationally, Telstra reports that it offers an interim service on an average of 1.3 per cent of fault repair cases.

Figure 2.8 Fault requests satisfied with an interim service, March 2003 to June 2004

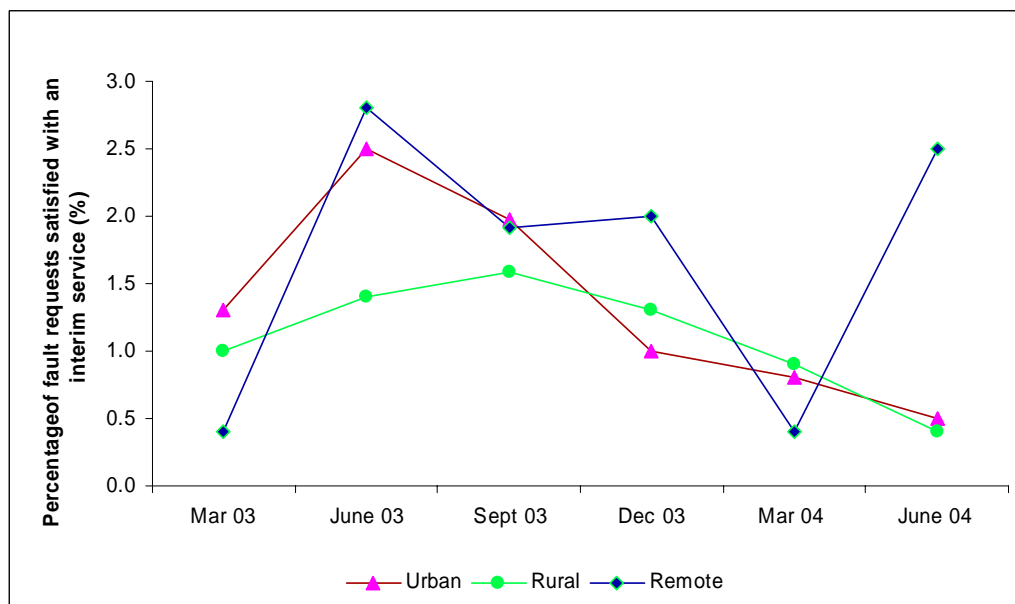


Figure 2.8 shows that the percentage of interim services offered to customers with a fault is low and has remained below three per cent of total faults for the last six quarters.

From the manual drilldown of fault repair data, the ACA is aware that the number of alternative services offered to customers experiencing a fault is much higher than for

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interim services. The lack of data about alternative service provided means that the ACA does not have a complete picture of service provision in fault repair cases.

Figure 2.9 Interim and alternative services provided where fault is reported (adjusted data), March 2003 to June 2004

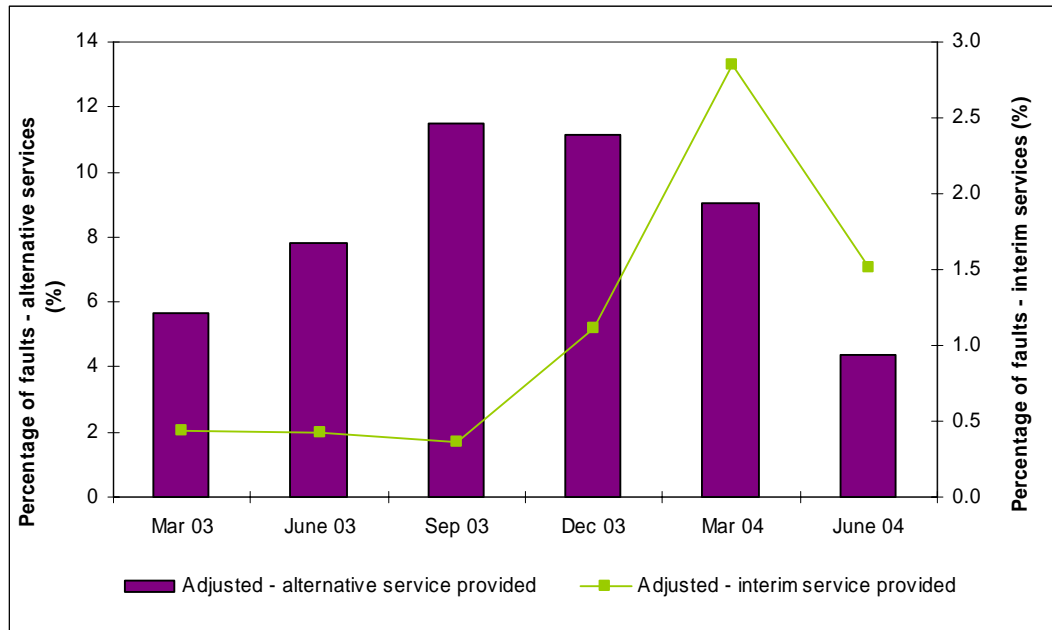


Figure 2.9 shows the percentage of total fault repairs where an interim or alternative service is provided. This information is derived from the manual drilldown process detailed in Table 2.3. It shows that, in some quarters, the percentage of customers experiencing a fault who are provided with an alternative service is more than 10 per cent of total fault repair requests met. However, in the most recent quarter (June 2004), the percentage of alternative services provided decreased to its lowest level.

Findings

The ACA regards the interim and alternative service performance measures as important and a necessary part of Telstra's ongoing performance reporting. However, the effectiveness of the measure has been negatively affected by Telstra's inability to report on alternative service performance. This particular issue was highlighted in the audit of interim and alternative services provided by Telstra under the USO.

Recommendation

Under record-keeping rule (i), the ACA recommends:

Recommendation 15 — Telstra report quarterly on the number of alternative services offered to priority assistance customers when requesting a connection or reporting a fault.

Priority assistance complaints

Under the record-keeping rules Telstra reports the number of complaints received

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about priority assistance service provision. The complaints cover a range of categories including complaints about priority assistance policy, service connection and fault repair. Complaint data is generated from Telstra's CICERO⁵ system on all complaints that are closed. A complaint is classified under the Industry Code *ACIF 547:2004 Complaint Handling Code* as:

"...an expression of dissatisfaction or grievance made to a supplier by a customer or member of the public with any telecommunications activity of that supplier but does not include a request for information".

Telstra is a signatory to the code and has advised the ACA that it records escalated complaints. When a complaint is received by a Telstra, customer service staff log the complaint in Telstra's CICERO system. If the complaint is not resolved on first contact the complaint will be transferred to a specialised complaint team which contacts the customer and ascertains more details about the complaint. If required, the complaint team engage the responsible work group to resolve the matter and follow up with the customer. Where the matter remains unresolved, the complaint is escalated to a complaints manager.

Record-keeping rule (o) does not specify the type of complaint categories although it does require Telstra to record complaints grouped by service connection and service restoration. The additional complaint categories for which Telstra provides data are based on categories within Telstra's CICERO system.

Table 2.4 Number of complaints to Telstra about priority assistance service, March 2003 to June 2004

Telstra Complaints	Mar 03	Jun 03	Sept 03	Dec 03	Mar 04	Jun 04
Policy	6	6	11	10	6	3
Connections	6	6	10	7	6	3
Fault restoration	8	19	13	7	10	7
Access to Telstra	1	5	0	2	1	0
Billing	0	0	2	0	0	0
Priority assistance changes	1	0	2	2	1	2
Damage ⁶	2	0	2	0	0	0
Privacy	5	0	2	1	1	0
Personnel	not provided	2	0	0	1	1
Products	not provided	1	0	1	0	2
Total	29	39	42	30	26	18

Table 2.4 shows the number of complaints received by Telstra from priority assistance customers. Telstra's complaints for priority assistance are relatively low compared with the number of priority assistance customers and are disproportionate to the number of

⁵ CICERO is Telstra's Complaints Management System that records escalated complaints within Telstra and manages the handling of those complaints by Telstra staff.

⁶ This relates to incidences where Telstra technicians have caused damage or made a mess on or near a customer's premises.

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complaints received by the TIO (see Chapter 5 **Consumer and industry consultation** for more information about TIO complaints).

Findings

The ACA considers that the current record-keeping rule (o) is appropriate and should remain as a permanent fixture within the priority assistance reporting regime. Complaint data is important in enabling the ACA to uncover systemic issues and closely monitor Telstra's performance. TIO complaint data and Telstra data provides the ACA with another source of information to monitor Telstra's performance.

Recommendation

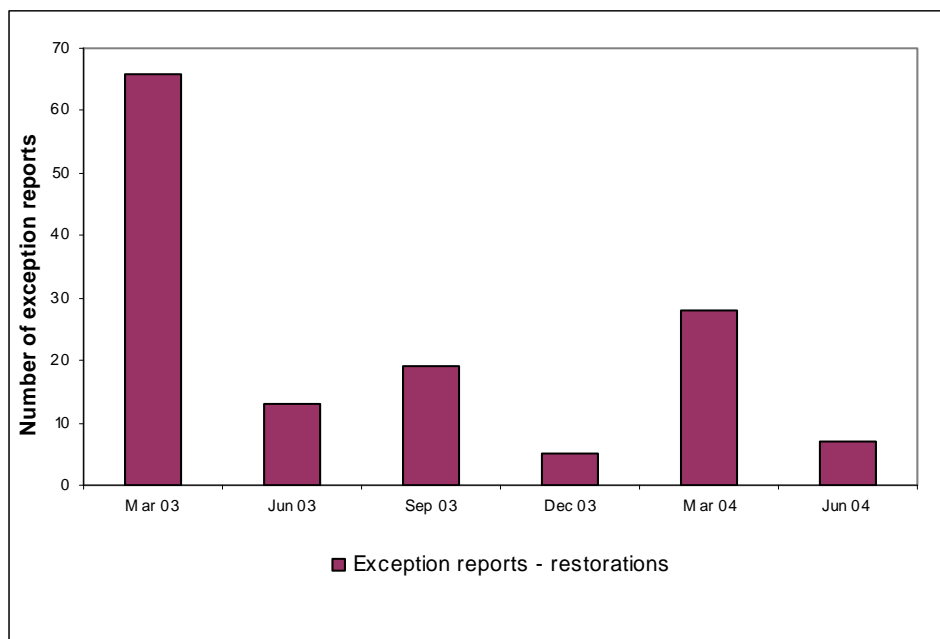
Recommendation 16 — In relation to priority assistance complaints under record-keeping rule (o), the ACA recommends there should be no change to the current reporting arrangements.

Exception reporting

Telstra provides data on exception reporting under record-keeping rule (p). This relates to all instances where a circumstance beyond Telstra's control causes connection and fault repairs for priority assistance to exceed the 24/48 hour timeframe commitment.

Figure 2.11 shows quarterly exception reporting over the period March 2003 to June 2004. In March 2003 the number of exemptions was very high but this number has fluctuated since then at much lower levels. An exception report is generated whenever a CSG exemption (MSD) has been claimed that affects priority assistance customers.

Figure 2.11 Number of exception reports for fault restorations, March 2003 to June 2004



Telstra provides information on exception reporting for restorations, but not for connections. The reporting parameters require exception reporting for both connection and fault restorations and also require Telstra to provide information and explanation of reasons why an exception report was raised.

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Findings

The ACA considers that the current record-keeping rule (p) is appropriate and that Telstra should report fully against it. In particular, Telstra should provide the ACA with explanations for its exception reporting (as specified in the current performance indicator) and should extend its reporting to include priority assistance connections.

Data about exception reporting is of little value without details such as the location, time and duration of the circumstances beyond Telstra's control that mean it cannot meet the timeframes for priority assistance connections and fault repair for priority assistance customers.

Recommendation

Recommendation 17 — In relation to priority assistance exception reporting under record-keeping rule (p), the ACA recommends that Telstra report fully on its reporting parameters and include explanations of reasons including the location, time and duration of the exception report.

Summary Findings

Telstra in its submission to the ACA states that it '*believes the current record-keeping and reporting regime is effective, relevant and meaningful*'. While the ACA shares this view, the suggested modifications to the existing record-keeping rules would enhance Telstra's reporting.

3. Operation of Telstra's priority assistance service

Under the third term of reference, the ACA was asked to consider the operation of Telstra's priority assistance service and in particular:

- the effect of interim service and alternative service arrangements on the requirement to provide the highest level of service practicably available;
- whether there are any other issues affecting Telstra's ability to meet the priority assistance performance timeframes; and
- the impact of the reliability of the network, including means to readily detect faults in priority assistance lines and remediate these.

Interim and alternative service arrangements

The ACA has carefully considered the effect of interim and alternative services on customers requesting connections and reporting faults. Performance issues have been discussed more generally in Chapter 2 **Performance reporting**.

Fault repairs – alternative services provided

The priority assistance licence conditions allow for provision of interim and alternative services to maximise service continuity and to provide for circumstances where Telstra is unable to meet the priority assistance timeframes.

For the purposes of reporting, where a customer accepts an interim or alternative service, Telstra counts these customers as meeting the objectives of the licence by providing these services. In other words, they are excluded from any fault repair performance data where the 24/48 hour timeframes are exceeded.

If fault repairs that are satisfied with an interim or alternative service were included in fault repair statistics (where timeframes are not met), the levels of performance would be significantly affected. Over the six quarters of reporting, an average of 8.25 per cent of total fault repairs was met with an alternative service. Over the same period, an average of 1.5 per cent of total fault repairs were met with an interim service.

As mentioned in Chapter 2, Figure 2.9 shows that the percentage of customers with a fault who are provided with an alternative service is significant. In May 2004, the ACA wrote to Telstra requesting actual fault repair times where an alternative service was offered in order to compare with the reported tails of performance reported quarterly by Telstra.

In July 2004, Telstra provided two months of performance data for the June 2004 quarter. The ACA requested a full three months of data for the June 2004 quarter as part of the priority assistance review. This was the first time this data had been requested by the ACA and due to the nature of the data (unadjusted versus adjusted), a full comparison could not be completed.

The ACA audit of USO interim and alternative services

In July-August 2004, a consultant engaged by the ACA, Acumen, conducted an audit of interim and alternative services offered by Telstra as part of its fulfilment of its USO obligations. As part of this audit an assessment was made of Telstra's provision of

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interim and alternative services to priority assistance customers. The audit concluded that Telstra is complying with the undertakings as set out in its licence condition for offering and supplying interim and alternative services for priority assistance. Telstra also has adequate procedures and processes in place to meet its licence reporting requirements for the provision of interim services (as can be seen in Figure 2.7).

The audit found that for alternative services supplied to priority assistance customers Telstra's systems did not specifically record and report on alternative services for faults. This was partly due to:

- the costs of enhancing its legacy systems;
- the rollout of its new system FuturEDGE; and
- the fact that an alternative service is a standard service that customers can initiate, independent of a request for priority assistance service fault repair or connection request environment.

The audit also found that Telstra was not fully complying with its licence conditions or record-keeping reporting policy because it was not reporting data for alternative services.

Findings

Based on available information the ACA has no reason to believe Telstra is making inappropriate use of the interim and alternative service provisions. The ACA sees merit in monitoring Telstra's performance in providing interim or alternative services quarterly to ensure that all priority assistance customers are receiving a high level of service. Where an interim or alternative service is provided, data should be provided on actual fault repair times to enable comparison with general fault repair times, which are currently reported quarterly.

Recommendations

The ACA recommends:

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).

Issues affecting the priority assistance performance timeframes

Connect outstanding

'Connect outstanding' refers to a situation where a customer requests a phone service to be connected when moving into residential or business premises and experiences a delay because the service provider of the previous customer has not released the line. In most cases, this is because the previous customer has not cancelled the service before vacating the premises. However, in some instances, the service provider of the previous customer will not release the line because there is outstanding debt.

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The circumstances where a priority assistance customers may experience delays in connection as a result of connect outstanding include:

- there is a delay in the customer providing proof of occupancy;
- the customer has provided incorrect address information;
- a service provider is not participating in voluntary connect outstanding processes;
- a service is permanently or temporarily disconnected as a result of non payment of service bills; and
- a customer cancels the original connection request with another service provider and requests a service from the releasing service provider.

In some situations, customers may experience significant delays as a result of connect outstanding. For priority assistance customers experiencing connect outstanding, the 24/48 hour timeframes for connection are unlikely to be met. The risk associated with extended delay is higher for customers with life-threatening medical conditions.

Connect outstanding is an industry-wide issue and has been the subject of complaints to the TIO over several years. As a result of an increasing number of complaints from consumers, the TIO decided in February 2003 to give the gaining service provider 10 days to connect the new service. If a delay occurred beyond the 10 days, the TIO deemed that compensation under the CSG Standard would be payable to these customers. Under the CSG Standard, customers are entitled to \$12 per working day (\$20 for business customers) for the first five days of delay, and \$40 for each day after that period.

As a result of the TIO's decision, most telecommunications providers agreed to a common procedure that aims to deal with connect outstanding problems. The procedure involves the gaining service provider obtaining proof of occupancy from the new customer, confirming that the previous occupant has left the premises and then notifying the releasing service provider that the line needs to be disconnected. The releasing service provider then has up to 12 business days to authorise the disconnection, leaving the way clear for the new customer to take over the service.

As a general rule, the TIO will not investigate complaints where service providers are operating within these agreed timeframe unless there are customer service issues involved. For example, if a customer insists they have provided proof of occupancy to the gaining provider but the provider denies receiving this information, the TIO will treat the matter as a complaint.

In cases where the voluntary timeframes lapse, the TIO's view is that the customer has experienced an unreasonable delay and compensation is payable. The gaining service provider must pay the customer compensation at the rates specified in the CSG Standard.

In response to the TIO's position on this issue, ACIF decided to develop an industry code for connect outstanding cases, which will specify consumer principles and operational processes that must be followed by gaining and releasing service providers. This industry code is still being developed and has yet to go out for public comment. During the code process there has been discussion by the working group about reducing the timeframes from the existing voluntary period of 12 business days.

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Telstra advised that the number of priority assistance customers who experience delays as a result of connect outstanding is relatively small. In September 2004, Telstra connected 4,997 in-place services for priority customers of which 280 were connect outstanding situations. Of the 280 customers affected by connect outstanding, 204 were connected on the date requested by the customer. The remaining 76 were not completed within the agreed appointment time and were managed on a case-by-case basis.

While the number of affected customers in the month of September 2004 was relatively small, the risk that a priority assistance customer may experience extensive delays in having a telephone service connected is unacceptable.

The ACA acknowledges that, to some extent, Telstra may be dependent on other service providers or customers to take prompt action or provide correct information. In many cases, a priority assistance customer moving into new premises is still able to access 000 even if there is a connect outstanding issue.

However, Telstra has a responsibility as either a gaining service provider or releasing service provider to ensure that priority assistance customers are connected as soon as possible and within agreed industry timeframes.

Telstra also has a licence condition to provide 24/48 hour connections for priority assistance customers and the 12 business day connect outstanding voluntary timeframe exposes them to the risk of an unacceptable delay. The priority assistance code, which applies to other service providers, also has the same timeframes and objectives as those in Telstra's licence conditions.

Findings

In view of the licence objectives for priority assistance customers to receive an enhanced level of service, any new code dealing with connect outstanding across the industry should take this into account. To ensure that they do receive an enhanced level of service, time limits for completion of in-place connections in connect outstanding cases should be significantly shorter for priority customers than for other customers. Ideally, the timeframes should be no more than three days to meet the government policy objective of providing an enhanced level of service to these customers. It is not clear to the ACA why connection of these customers should take no more than a few days.

While there is a priority assistance code, the ACA believes that the connect outstanding code is the appropriate place to include provisions for timeframes on connect outstanding cases for priority assistance customers as these provisions would apply to all carriers who offer priority assistance including Telstra. The priority assistance code does not apply to Telstra and Telstra's priority assistance service obligations stem from carrier licence conditions.

Recommendation

Recommendation 20 — The ACA recommends that ACIF be advised that any connect outstanding code should include a provision that agreed timeframes for gaining and releasing service providers to process connections for priority customers should be significantly lower than for other customers.

Impact of the reliability of the network

The ACA considered the operation of Telstra's priority assistance service in terms of the impact of the reliability of the network, including the availability of the means to readily detect faults in priority assistance lines and remediate them.

The NRF is a three-tiered compliance and reporting arrangement under which Telstra provides information on faults in its network. It was introduced on 1 January 2003 through a licence condition placed on Telstra by the *Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 (Amendment No. 4 of 2002)*.

The three levels of reporting are:

- Level 1: geographic areas, based on Telstra's field service areas (FSAs);
- Level 2: exchange service areas (ESA); and
- Level 3: individual services.

All Telstra services covered by the CSG are also covered by the NRF (that is, residential and small business customers with five lines or less). Telstra estimated that the number of CSG services is between 7.2 and 7.3 million. Where a priority assistance service also qualifies as a CSG service it falls within the scope of the NRF and therefore contributes to Telstra's performance at each of the three levels.

The reliability of the network

The ACA has less than two years of data under the NRF. However, on the broadest measure, Level 1, the network does appear to demonstrate a consistently high level of overall reliability. Telstra reports each month on the percentage of services without a fault—Level 1(a)—and the average percentage service availability—Level 1(b). The report covers the 44 FSAs and for the nation as a whole.

On average, in any month, around 99.06 per cent of CSG services do not experience a fault. To give an indication of the range, the highest monthly Level 1(a) performance was in July 2004, where 99.22 per cent of CSG services, nationally, did not report a fault during the month. The lowest monthly performance was 98.88 per cent in February 2004. Experience to date has shown that fluctuations in reliability are caused, to a large degree, by weather and seasonal factors.

At Level 2, Telstra reports each month on any ESAs where a specified number of services each had at least one fault per month for two consecutive months. The specified number of services varies between two and five according to the total number of services in operation in the ESA.

Level 2 of the NRF is an exception reporting arrangement designed to identify poorly performing ESAs, or poorly performing parts of ESAs. Around one in five of Telstra's ESAs have reached Level 2 performance thresholds. However this measure can be skewed by large one-off events (such as floods or bushfires) affecting many services. Such events can increase the chance of a routine number of faults in the following month, which may lead to the threshold being exceeded.

At the individual service level (Level 3) Telstra must take action to prevent a service from experiencing four or more faults in a rolling 60-day period (Level 3 (a)) or five or more faults in a rolling 365-day period (Level 3 (b)). Telstra must report to the ACA all services that reach these thresholds and give full details for each service, including a fault history and a description of both repair and, if appropriate, remediation strategies.

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In 2003–04 Telstra provided 1,793 Level 3 reports. The monthly volume of reports peaked in February 2004. In part, this peak was due to the end of the first 365 day period⁷ for Level 3(b) breaches being reached on 1 January 2004 and severe weather conditions on the east coast of Australia in early 2004.

Enhanced reliability for priority assistance

The government's overall priority assistance policy objective is to 'maximise service continuity to priority customers'. This is met only in part by entitling priority assistance customers to expeditious fault repair and service connection. Under clause 9 of Schedule 4 of Telstra's licence conditions the carrier is also expected to provide 'enhanced service reliability' to these customers.

'Enhanced service reliability' is not defined in Telstra's licence conditions and supporting documentation. However, it is clear from the requirements and subsequent procedures that a service with 'enhanced reliability' should experience fewer faults (particularly repeat or multiple faults) when compared with other, non-priority services. The emphasis is on preventing faults, not merely responding to them.

Telstra attempts to provide enhanced service reliability for priority assistance customers in two main ways—service reliability testing and investigations of cases where repeat faults are experienced.

Service reliability testing

According to Telstra's *Assurance Process for Priority Customers*, 'customers who have successfully applied for priority assistance will have a reliability test performed on their service'⁸. Telstra has previously advised the ACA of the range of technical tests that its staff are required to carry out. These technical tests were approved by the ACA and the present discussion makes no comment on their effectiveness.

Customers experiencing multiple faults

Telstra has a requirement to provide particular services for customers experiencing repeat faults. To meet this requirement, Telstra's *Assurance Process for Priority Customers* specifies that in the case of a priority customer experiencing 'two unworkable faults within a three month period or five unrelated faults', a Level 2 Escalated Service Difficulty manager would carry out a full investigation of the service. The document sets out the steps that Telstra staff are required to follow in conducting an investigation.

Level of service reliability for priority assistance customers compared with other customers

Telstra's network generally supports a high standard of reliability for the majority of customers. Beyond that, the data currently collected does not allow much insight into service reliability for priority assistance customers, as a group or relative to other customers.

The licence conditions require Telstra to provide data on fault restorations and repeat fault occurrences to provide information about the level of service reliability

⁷ The NRF began on 1 January 2003, so the first '365 day period' for Level 3(b) faults expired on 1 January 2004, 365 days from the commencement of the NRF.

⁸ This is a Telstra internal working document.

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experienced by priority assistance customers. A third source of information is the data reported under the NRF, which at Level 3 collects a limited amount of data on priority customers. These three information sources are discussed below.

Requests for priority fault restoration

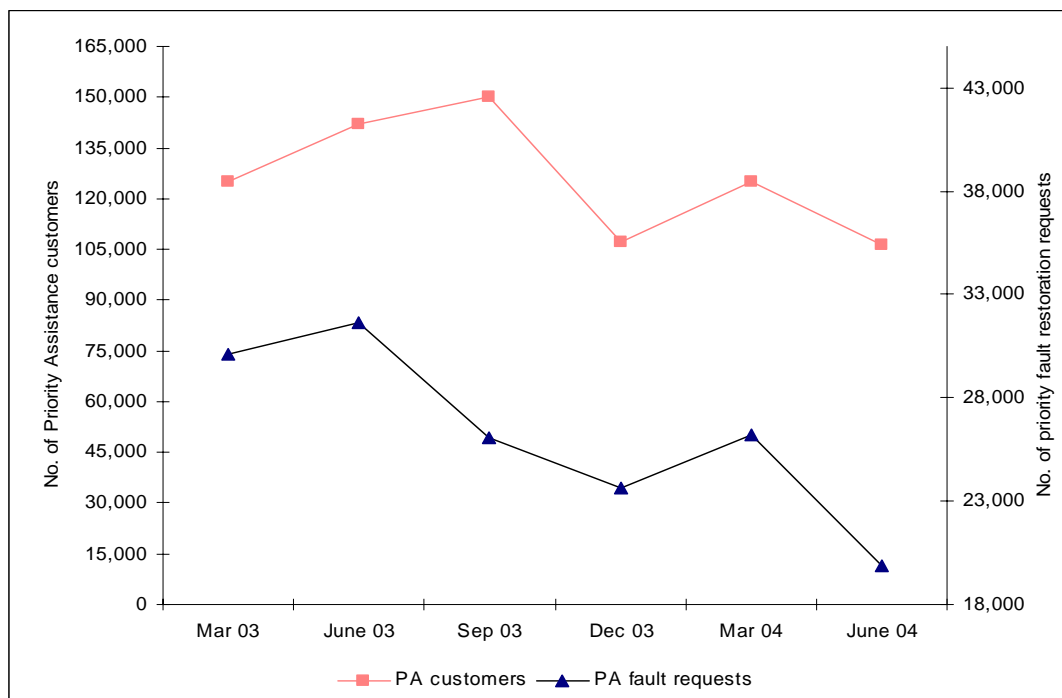
Each quarter Telstra reports the number of requests for priority assistance fault restoration in urban, rural and remote areas. The figure reported is equivalent to the number of faults reported by priority assistance customers during the quarter.

Figure 3.1 charts the number of priority restoration requests and the number of priority assistance customers. As might be expected, it shows that the number of faults reported is closely related to the size of Telstra’s priority assistance customer base.

Over time, it can be expected that seasonal factors will also cause fluctuations in the number of faults and the September 2003 quarter is notable for this. In that quarter the priority customer-base expanded, yet fewer fault restorations were requested. NRF data shows that the September 2003 quarter—which is also generally the period with the least rain and lightning—had significantly fewer services experiencing faults than other quarters.

In the December 2003 quarter, Telstra took action to reduce the number of non-validated priority assistance customers, with the result that the overall priority customer-base decreased by around 40,000 persons. The number of restoration requests also fell by 2,373.

Figure 3.1 Number of priority fault restoration requests compared to priority assistance customers, March 2003 to June 2004



Comparing reliability for priority assistance customers against all CSG customers

Table 3.1 below gives various points of comparison between priority assistance faults and customer numbers, and CSG faults and services.

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Table 3.1 Comparison of priority assistance faults and customer numbers, March 2003 to June 2004

	Mar 03	June 03	Sep 03	Dec 03	Mar 04	June 04
All priority customers	125,000	142,000	150,000	107,000	124,453	106,124
Priority assistance faults as % of priority assistance customers	24	22	17	22	21	19
CSG faults (est.) as % of CSG services (approx.)	2.9	2.8	2.5	2.8	3.1	2.5
Priority assistance customers as % of CSG services (approx.)	1.7	2.0	2.1	1.5	1.7	1.5
Priority assistance faults as % of CSG faults	14.0	15.4	14.1	11.5	11.6	10.8

In the June 2004 quarter, the priority assistance customer base was approximately 1.5 per cent of Telstra's total CSG services, but reported 10.8 per cent of the total number of CSG service faults.

However, these results should be interpreted cautiously. Many customers register for priority assistance at the same time as reporting a fault on their telephone service. Many of these do not follow up with an application to Telstra to become validated as a priority assistance customer. This factor may in effect inflate the number of priority assistance fault requests in any particular quarter.

The ACA accepts that Telstra cannot be expected to take action (over and above normal NRF work) for customers who have not previously registered as priority customers.

A second concern with this data is that a small proportion of priority customers in any quarter will have more than one fault on their service and will make more than one request for fault restoration. Put simply, 26,209 fault restoration requests does not mean that 26,209 priority services suffered a fault. This means that the monthly percentage of priority assistance customers who experienced faults with their telephone service will most likely be substantially less than the figure above.⁹

The measure of 'priority fault restorations' is useful at a macro-level for monitoring Telstra's overall fault repair performance. It gives a picture of Telstra's workload during a quarter and informs the ACA's analysis of the speed of fault repair.

However, as shown, it cannot contribute meaningful information about enhanced service reliability. To address this question, the ACA could examine the number of validated customers who have faults repaired during a quarter. Validated customers will have had a reliability test performed on their service. They are known to Telstra and have qualified for, in Telstra's words, 'the premium standard of service commanded by priority assistance'. This additional measure would allow Telstra to demonstrate the success of its policies for improving service reliability for validated priority customers. Equally, the ACA could use this as part of its monitoring to ensure that Telstra continues to provide all the benefits of priority assistance, which include enhanced

⁹ Priority assistance customers might also be more likely to report faults to Telstra than non-priority customers because they have a higher expectation of their telephone service or are more aware of the process for reporting faults.

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service reliability. The ACA may also wish to publish this information for priority assistance customers.

Recommendation

Recommendation 21 — The ACA recommends that Telstra be required to submit data on the number of validated customers who report a fault repair during the quarter.

Multiple and recurring faults

There are two points to note about the information provided on multiple and recurring faults:

- Telstra has confirmed that only **validated** customers who experience two or more faults in a three month period are reported; and
- the measure is reported quarterly, but the 'three months' period means some services will have faults across different quarters.

Table 3.2 shows that a very small number of validated customers (less than one per cent) have experienced sufficient faults to trip the threshold each quarter.

Table 3.2 Priority assistance customers and faults, September 2003 to June 2004

	Sep 2003	Dec 2003	Mar 2004	June 2004
Number of validated customers	49,817	46,263	46,515	55,545
Number of validated customers with 2 or more faults in 3 months	484	412	344	413
% of validated customers with 2 or more faults in 3 months	0.83%	0.74%	0.89%	0.46%

This record-keeping rule was intended to allow the ACA to monitor whether priority customers received enhanced service reliability. The ACA's third report to the Minister in May 2003 stated that the ACA intended to compare this data 'with other Telstra service reliability data relating to the services of non-priority customers'.

The ACA has not been able to carry out this comparison. In the first place, as discussed in Chapter 2 **Performance Reporting**, there has been no requirement for Telstra to provide data on the number of validated priority customers. With no reference point, the ACA would be unable to accurately assess the figures supplied by Telstra.

More importantly, the ACA does not have comparable reliability data relating to the services of non-priority customers. The data provided under the NRF is not sufficient because it has different timeframes for recording faults. The ACA can monitor changes in this statistic but it cannot derive a conclusion as to whether priority assistance customers do indeed receive a premium standard of service. This deficiency in the reporting framework has previously been remarked on: PwC noted in its April 2003 report into priority assistance that it had sought comparable data but that Telstra had been unable to provide it.

Recommendation

Recommendation 22 — The ACA recommends that 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

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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.

NRF Level 3 data and Priority Assistance

At Level 3 of the NRF all services are subject to the same performance thresholds. Fault reports provided by Telstra at Level 3 give information about fault causes, action taken to repair or remediate services and details of how services have been escalated in Telstra's internal processes. A fault report for a priority assistance service will also sometimes state that 'call diversion was offered' and indicate whether it was accepted by the customer.

With each batch of Level 3 reports, Telstra provides a list identifying which of the services belonged to priority assistance customers. To date, this has been provided by virtue of an agreement between Telstra and the ACA. It is not a requirement of either Telstra's NRF licence conditions or priority assistance licence conditions.

The ACA has recorded priority customers who experience multiple faults in its NRF database. Table 3.3 provides various points of comparison for Level 3 breaches during the period January 2003 to June 2004. It shows that, less than one per cent of priority services (however defined) breached the Level 3 thresholds. This is a small amount, though it is also proportionally more than for the general population. Priority assistance services appear to be over-represented in terms of multiple and recurring faults.

The most probable explanation for this disparity is that the NRF database (from which the above data is drawn) counts faults on a customer's service that occurred **before** they became a priority customer.

To illustrate this, a customer may experience four faults in 60 days—thereby qualifying as a Level 3(b) breach—and then choose to register with priority assistance. If they experience a fifth fault shortly after, they will be recorded in the database as a priority customer whose service has breached the Level 3(b) thresholds.

Table 3.3 Level 3 NRF breaches January 2003 – June 04

	Number of services in breach	% of customer group in breach*	% of all Level 3 breaches	Number of reports		Main causes of faults
				3(a)**	3(b)	
Priority CSG customers	244	0.23% (of entire priority assistance group) 0.52% (of validated group)	16%	51	246	Faulty pair gain system – 17% Fault in cable (where the cause is unclear) – 16% Loose connection – 13.6% Lightning – 13%
Non-priority CSG customers	1281	0.018%	84%	290	1399	Faulty pair gain system – 16% Fault in cable (where the cause is unclear) – 15% Loose connection – 14.5% Lightning – 14%

* Note: Priority assistance customer group June 2004 quarter; CSG customer group estimated at 7.2 million.

** Note: Some services will breach both 3(a) and 3(b) thresholds.

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While some customers may experience all qualifying faults as priority customers, it is likely that the figures in the table overstate the number of customers who have experienced multiple faults while eligible for priority assistance. Once again it is difficult to draw firm conclusions about enhanced service reliability for priority customers from NRF data.

Escalation

As noted above, Telstra's priority assistance policies require a higher level of escalation for a priority service that suffers two or more faults in 90 days.

The ACA has observed that a number of priority services reported at Level 3 of the NRF were not escalated to 'Level 2 escalation' and/or did not receive attention from a Level 2 fault manager (as Telstra's priority assistance policy stipulate) despite experiencing the required number of 'inoperable' faults. Subsequently, the services had further faults and went on to breach the NRF Level 3 thresholds.

Level 3 reports are 'exception reports'. The ACA does not see the faulty services that Telstra escalates to prevent NRF thresholds being breached. On the other hand, there is a compelling argument that this small group of priority services—experiencing fault levels above targets set in both the priority assistance and NRF licence conditions—are most in need of a higher level of service and remediation from Telstra.

Recommendation

Recommendation 23— As an administrative issue, the ACA and Telstra should examine the reporting of priority assistance information in NRF Level 3 reports with the view to improve the escalation of repairing a priority assistance service.

Rural and remote service reliability

Level 1 of the NRF has shown that service reliability for CSG customers is generally lower in rural and remote areas. This is confirmed by Level 3 NRF data. A greater proportion of Level 3 breaches occur on services in rural and remote areas.

An urban–rural disparity is also evident for priority assistance services reported under Level 3 of the NRF. While many more validated priority assistance customers live in urban areas (compared to rural or remote areas), between January 2003 and June 2004 around 83 per cent of priority assistance services reported under Level 3 of the NRF were located in non-capital city FSAs. The comparable figure for all CSG services is 75 per cent.

Breaking this data down further, priority services with multiple or recurring faults were particularly located in the FSAs of New England, South East New South Wales, and Mid Coast New South Wales. As measured by monthly percentage service availability and the monthly percentage of services without a fault, these FSAs consistently perform below other FSAs reported in the NRF.

A similar disparity is notable in the geographical classification of priority customers experiencing two or more faults in three months. This data is provided by Telstra as part of its priority assistance quarterly reporting to the ACA. As discussed in Chapter 2 **Performance reporting**, in each quarter except June 2004 a greater number of rural (validated) priority assistance services were reported by Telstra as having experienced two or more faults in a three month period.

ACA's Priority Assistance Survey

Findings

While there are areas where the ACA continues to seek improvement from Telstra, most Australians who are priority assistance customers receive a generally high standard of service reliability. There is no reason to suggest that priority assistance customers suffer poorer quality telephone services. However, priority assistance customers are entitled to a premium standard of service, which includes a premium standard of service reliability. As discussed, on the data currently available through the different reporting regimes it is not possible for the ACA to demonstrate whether Telstra is in fact succeeding in providing this key requirement. The ACA will, in consultation with Telstra, consider what can be done to better address this issue.