Telstra Corporation Limited: Submission to the Minister for Communications, Information Technology and the Arts

Preventing Unexpectedly High Bills: Credit Management in the Telecommunications Industry

1. Introduction

Telstra welcomes the opportunity to provide further comment in response to the Australian Communications Authority report: *Preventing Unexpectedly High Bills: Credit Management in the Telecommunications Industry***.** Telstra is in broad agreement with the ACA across much of the scope of its report. It should be noted in particular that Telstra shares the ACA's view regarding the serious impacts of unexpectedly high bills on those customers who receive them.

Over a number of years Telstra has increased its focus on helping customers avoid unexpectedly high bills while at the same time offering greater flexibility and more options in products, services and payment systems. Telstra will continue to develop and implement customer focused initiatives that help customers better manage their usage and prevent unexpectedly high bills.

Telstra's commitment to helping customers manage their credit is evidenced by the great deal of time and resources invested in developing and improving credit management processes and tools. These initiatives continue to evolve in line with changing technologies, products and services and are reviewed on an ongoing basis to ensure customers have available tools to obtain the protection and understanding that the ACA report seeks.

Telstra remains committed to assisting vulnerable customers and will continue to offer targeted tools and options that meet their specific needs.

1.1 Recommendations

In recognition of the importance of this issue and its impacts across the industry, and in addition to Telstra's existing credit management initiatives, Telstra makes the following recommendations in relation to this issue. Telstra proposes an alternative course to that suggested by the ACA, being:

- revision of the ACIF Credit Management Code in order to establish an agreed range of effective consumer protection standards across the industry, incorporating a requirement for regular supplier statements of compliance to ACIF;
- Telstra has in place hardship policies to assist customers and would support the requirement for suppliers to have in place a hardship policy being incorporated into the revised Credit Management Code;
- more being done by the ACA to ensure industry wide compliance with the Code. Telstra believes that its customers are receiving benefits as a result of

its commitment to the Code and this is reflected in Telstra's credit control complaint trends.

Telstra is strongly of the view that whilst a minimum standard is appropriate to be observed by industry, individual suppliers must be able to shape targeted responses to assist their customers in the area of unexpectedly high bills which, in turn, promotes competition and differentiation, noting that a 'one size fits all' solution is not appropriate.

2. Executive Summary

The key points in relation to this submission are that Telstra:

- believes targeted strategies are more successful in dealing with unexpectedly high bills issues than 'one size fits all' solutions;
- recognises the potentially serious implications for customers arising from unexpectedly high bills and is committed to assisting customers manage their spending on telecommunications services;
- notes that, in addition to being an accepted social responsibility, it is in the commercial interests of carriers to help customers manage their spend, given the negative consequences of bad debts for the business;
- has developed a targeted range of initiatives to enable customers to select the most appropriate options for their specific situation and is the only telecommunications company to provide an extensive range of programs for low-income customers;
- continually reviews existing customer options in consultation with consumer representatives and seeks ways of further protecting vulnerable customers;
- suggests that more qualitative and quantitative research be undertaken to better assess the characteristics of the unexpected high bills problem so that this analysis can underpin appropriately targeted solutions;
- has identified a number of flaws in the proposed framework and has suggested a number of improvements;
- is investigating the potential for a monthly limit on 190 information services (as exists for premium SMS services);
- recognises that industry should observe a minimum standard in protecting its customers from unexpectedly high bills and their consequences and believes self-regulation via the Australian Communications Industry Forum is the most appropriate means by which to achieve this.

3. Internet Dumping

Telstra believes the conclusions reached by the ACA in relation to internet dumping are reasonable.

Telstra is of the view that regulators should take swift action against any service provider who abuses the system, just as industry is clearly endeavouring to do. Telstra would, however, caution against a regime that penalised the industry as a whole for individual service provider abuses.

In response to the report, Telstra is disappointed that the ACA has failed to acknowledge Telstra's efforts in exiting the 190 diallers and initiating the ACIF protocol, about which the ACA's forecast is unnecessarily pessimistic.

Given the decrease in industry complaints already, we recommend that an appropriate course would be to allow these initiatives to continue to take effect. The situation could appropriately be evaluated within 12 months of ACIF protocol implementation.

4. Credit Management Measures

Telstra has in place a large and detailed range of credit management services and products as well as policy development, customer awareness and community consultation initiatives and continues to refine these. A key objective of Telstra's credit management policy approach is to prevent customers receiving unexpectedly high bills in the first place.

This approach aims to achieve the optimum levels of protection without inconveniencing the vast majority of customers in their enjoyment of access to a wide range of product and service offerings. Telstra also seeks to avoid imposing requirements that would see increased costs without commensurate benefit.

4.1 Commentary on Data

The Minister has invited comment on the ACA's conclusions as well as its recommendations.

Telstra, while stressing that it is in no way dismissive of the unexpectedly high bills issue, has concerns as to the appropriateness of measures utilised and analysis undertaken by the ACA in arriving at various conclusions.

4.1.1 TIO Credit Control data

The TIO complaint data referenced by the ACA in their report is categorised as 'Credit Control'. This data includes the following categories:

- Barring
- Debt Recovery
- Disconnection
- Overcommitment
- Payment Arrangement

The most logical category for unexpectedly high bills is that of 'Overcommitment' (although Telstra understands and accepts some unexpectedly high bills matters may appear under the alternative headings). As an indication of the scope of the issue, Telstra incidents in the Overcommitment category average about 20 per month; this is relative to an average of 4,700,000 fixed and mobile accounts issued per month.

This relatively low level of incidence does not diminish the importance of the issue for those customers who are affected, but it does highlight the importance of focussing on that customer segment susceptible to overcommitment. Telstra believes solutions should be flexible and targeted.

Although TIO 'Billing' complaints are not referenced by the ACA in its report, Telstra acknowledges that unexpectedly high bills concerns may result in complaints under that category. Telstra will continue its dialogue with the TIO in relation to classification of complaints in order to clearly understand causes and issues.

Going forward, Telstra would support qualitative and quantitative research being undertaken in order to enable the industry, regulators and policy makers to better assess the characteristics of the problem and devise appropriate and targeted solutions.

The TIO records indicate that Telstra recorded 58.22% of total industry credit control complaints in the October - December 2003 quarter, a figure consistent with the 12 months preceding it. This indicator has shown a consistent downward trend since that time to the extent that the most recently reported quarter (October - December 2004) shows a 49.26% result.

4.1.2 Measures Affecting Telstra's Positive Trend

As indicated, Telstra has increased its consumer protection focus in relation to high bills. For example, the *Stay Connected with Telstra* program, which was launched in December 2003, included initiatives such as:

- Courtesy Call, under which customers are contacted when their bill is beyond that of their normal usage amounts and reaches a set threshold amount;
- various information brochures targeted at the youth segment;
- information packs distributed via the welfare industry; and
- the development of customer information websites.

Significantly, December 2003 was also the month in which Telstra became a signatory to the ACIF Credit Management Code. This followed a comprehensive internal governance process in order to ensure compliance with code requirements.

Telstra asserts therefore that, based on an analysis of 4.1.1 and 4.1.2:

- the TIO complaint data is inconclusive as to the scope of the unexpectedly high bills issue and more qualitative and quantitative research is required, and
- Telstra complaint trends are evidence that a demonstrated commitment to self-regulatory processes and proactive customer initiatives can provide significant consumer protection benefits.

4.1.3 Default Listing

The ACA report discusses default listing in some detail. Telstra maintains that unexpectedly high bills and default listing are not directly related but in light of the ACA comments, we have given further consideration to the issues of default listing raised by the ACA.

Since Telstra commenced default listing in May 2002, a number of credit management initiatives have been implemented which have contributed to reducing the number of accounts that are passed on to the credit bureau for default listing purposes. These initiatives include:

- revised customer notices which clearly explain the impact of default listing on the individual. These notices state impacts that default listing may have on the customer's future applications for credit and the customer's avenues for recourse and rectification;
- in October 2004 Telstra introduced an enhanced credit collection processes whereby outstanding accounts are escalated internally to a debt recovery team rather than to an outside collection agent. This new recovery model means fewer transfers of debt to a third party.

Telstra is of the view that the data on default listing in the ACA's report does not provide particularly useful perspective in relation to high bills issues. However, it is relevant to credit management overall and Telstra remains conscious of the need to provide customer service aimed at reducing defaults.

4.3 Credit Assessment

The report suggests that CSP's credit assessment processes provide little more than just a 'yes or no' answer. Telstra has dedicated much effort to developing effective, predictive credit scoring models and has recently implemented revised models which have been built using the latest industry techniques. This also included extensive research into our own customer payment behaviour. We believe that these tested models, in conjunction with other components of our standard credit assessment procedures, have been highly effective in aligning Telstra's new customers with appropriate products.

Telstra's credit assessment processes are such that rather than deny a customer a service where credit concerns are an issue, that customer may instead be offered alternative services. For example:

- a pre-paid service;
- a restricted service until a capacity to pay is established;
- more frequent billing.

Once a customer has established a good credit history on these services, it can provide the basis for obtaining access to other services. Telstra believes this is another excellent example of the actions it takes to help customers avoid getting themselves into high debt positions.

Further, for those products where hard cap limits are in place, any application for increased spending limits is assessed prior to the increase being provided.

Telstra is pleased to advise that further specific enhancements to credit assessment methodology and systems are among initiatives planned in the near future.

4.4 Commitment

In contrast with several of the ACA conclusions, Telstra does take the unexpectedly high bills situation seriously. Over a number of years Telstra has developed offerings and protocols that significantly increase consumer protection in this area and the company is committed to building on these offerings in the future.

As input into the ACA's report, Telstra provided comprehensive and detailed information to the ACA on the existing range of offerings. A list of these, as provided to the ACA in Telstra's submission, can be found in Attachment 1.

It is submitted that Telstra's suite of credit management solutions and offerings reflects a strong appreciation of the issues under review and a commitment on the part of the organisation to ongoing, targeted improvements.

It is worthwhile highlighting some of Telstra's key initiatives in the area of credit management.

4.4.1 Courtesy Call

Telstra's Courtesy Call initiative, whereby customers are alerted by personal phone contact to high unusual usage, has been an exceptional success with Telstra's customers. Telstra has regularly lowered the contact thresholds in relation to this service and has recently segmented it further, introducing a program for contacting young people at lower thresholds than other customer groups.

50,000 customers have now received a Courtesy Call. On average 250 calls are made every weekday.

Since the initial launch, Broadband customers have been added to the Courtesy Call worklist, the calling thresholds have been lowered to $700 for mobiles and $500 for young people aged between 18 and 23 years-of-age with a post-paid mobile service.

4.4.2 Hardship Policy Development

Telstra has recently reviewed its hardship policies and processes. Following extensive consultation with consumer groups, notably Kildonan Child & Family Services (Victoria), Telstra is currently piloting a program with a dedicated cell within Credit Management Services in order to administer product and service solutions to customers experiencing financial difficulty.

4.4.3 Access for Everyone

It is recognised that after-the-fact programs are no substitute for preventative education and awareness of risks and options for managing telephone services. Telstra, through programs such as the unique *Access for Everyone* initiative, provides a full range of options to prevent customers receiving unexpectedly high bills in the first instance.

4.4.4 Hard Caps

Telstra currently has in place hard caps (credit limits) for premium rate SMS services. The default value is $100/month and customers have the option of raising or lowering this limit.

In addition, Telstra is investigating the potential for a monthly limit on 190 information services. This initiative would also have a default limit which can be negotiated either up or down with Telstra. For both of the above services, an assessment of the customer's credit record shall be undertaken prior to increasing the credit limit.

A zero limit, in the form of total barring, remains an option to customers for these and most other call types.

4.4.5 Customer Service Charter

In addition to the above, Telstra's commitment to improved credit management performance is publicly reinforced in the company's Customer Service Charter. The following is an extract from the Telstra Charter Performance Review 2004, which is an important vehicle of accountability to Australian telecommunications consumers.

> 'We understand that sometimes customers require more time to pay for their services. In the past year, Telstra issued 56,033,668 bills and worked with customers to negotiate 3,866,854 payment arrangements. We are committed to talking to our customers about the many ways we can help them manage their accounts to stay connected.
>
> Telstra Credit Management Services launched its Stay Connected with Telstra™ Community Awareness campaign in December 2003 to highlight the many ways Telstra can help customers to manage their telecommunication services. This campaign included a range of initiatives including our Courtesy Call Program. Under this program, we attempt to contact customers to advise them of their usage if it is inconsistently high when compared to previous bills.
>
> We also produced information services including a brochure and Internet site to further help our new and existing customers stay connected. These services provide information about the options available to take control of telecommunication costs and the ability to make payment arrangements with Telstra if needed.'

These measures are further evidence of Telstra's ongoing commitment to assisting customers, specifically with regards to high bills, but also regarding credit management matters in general.

4.5 The Need for Targeted Information

Telstra has robust governance processes in place to ensure that all customer information requirements are met. As a result there is much information that is provided to customers at various stages during the relationship. A major challenge to Telstra, and all of industry, is to find the most effective way of providing all relevant information in a way that it reaches and registers with those affected. Telstra believes that, in the main, this is achieved satisfactorily, yet it continues to review and assess communications methods in order to best communicate with customers.

While it is important to provide detailed written information to customers, Telstra’s experience with customers and customer feedback indicates that most do not engage with very detailed service information until particular circumstances lead them to seek the relevant information. Telstra believes wherever possible the emphasis should be on simplifying communications while still ensuring the customer is aware of terms, conditions, costs and any risk factors, and knows how to contact their Service Provider to discuss their options in more detail.

It is Telstra’s experience that in the vast majority of cases where a customer does make contact to discuss credit management issues, a suitable arrangement can be made.

An example of Telstra's targeted approach to addressing specific customer credit management issues, including unexpectedly high bills, is the current development of new pre-paid telephone options for people living in remote Aboriginal communities. This is being undertaken in consultation with the Department and the ACA and a range of customer and community stakeholders. Telstra believes that this targeted approach is much more efficient and effective in meeting customer needs, based on sound research, customer knowledge and effective consultation.

Telstra is also of the view that maximum customer awareness regarding products, services and associated costs, is not achieved by suppliers alone. The company has over a long period of time worked closely with community and consumer agencies to target information about options available. This targeted information approach is highly successful and should be encouraged. For example, research among low income consumers indicates that after their phone company most would contact a welfare agency if they had financial difficulties setting up or maintaining a telephone service (cf. LIMAC report to Minister for Communications, Information Technology and the Arts, as at 31 December 2003).

4.6 ACIF Activity

The ACA’s report notes that no respondents expressed support for an enhancement to the ACIF (Prices, Terms and Conditions and Credit Management) Codes. Telstra notes that comment was not sought as to whether an enhancement would be supported, but rather whether stated goals were being met and whether there were any gaps.

The Prices, Terms and Conditions Code was revised and republished as recently as December 2004, but is yet to be registered by the ACA. It is therefore premature to be assessing impacts or seeking enhancements. The Credit Management Code is scheduled for review and Telstra, as always, will be a willing and active participant in the Code review.

During October, ACIF hosted a Public Meeting in relation to Bill Shock. The forum heard from the Chairman of the Consumer and Financial Literacy Taskforce, Paul Clitheroe, that bill shock is in no way an issue restricted to telecommunications, but that the industry is certainly affected and has a role to play. Telstra agrees with this assessment and the industry, via AMTA, has been very active in participating in the Task Force.

Telstra's commitment to the development of and compliance with industry obligations has been demonstrated on a consistent basis. This has recently been reinforced to both the ACA and TIO when Telstra has, on separate occasions, given presentations to them in relation to Telstra's compliance programs.

5. Comments on ACA Recommendations

Given its commitment, Telstra is concerned at ACA statements throughout the report suggesting the industry fails to appreciate the nature and scope of the credit management issues under discussion. At Telstra, we believe that the company's appreciation of the unexpectedly high bill issue is demonstrable. To assist the ACA's investigation, Telstra provided the ACA with data demonstrating that unexpectedly high bills affected only a very small number of customers and they are the customers who should be targeted with appropriate solutions; it would be regrettable if the statement of this fact was interpreted as diminishing the importance of the issue and the need to address it. Telstra would distinguish its commitment to action in the area of unexpectedly high bills from any view in the 'industry' diminishing the scope of the issue.

The Minister has sought comment in relation to the recommendations of the ACA, which are found within s3.7 of the report.

The ACA considers that any regulatory measures should ensure credit management tools are available that:

- protect consumers from unexpectedly high bills and provide them with the maximum practicable certainty about the cost of calls, the cost of products and services, and the overall level of their bill;
- achieve a reasonable understanding among consumers of the risks associated with particular products and services;
- avoid imposing an undue cost on consumers to gather and evaluate information about products and services, any financial risks associated with using those products and services, and means of managing their expenditure;
- protect consumers from unauthorised usage;
- protect consumers from adverse impacts of having a substantial line of credit and give consumers an amount of credit that is appropriate to their ability to pay; and
- protect consumers from excessively high bills or provide consumers with a means of modifying usage as a means of avoiding such bills.

Telstra believes it has a range of credit management tools in place or in development that achieve these outcomes (see Attachment 2 which identifies which Telstra initiatives/programs meets each criteria).

The ACA has given detailed consideration to a range of credit management tools and has rated the effectiveness of these tools. Telstra believes that by being prescriptive to the point of weighting various tools, the proposed regulation will not only stifle innovation, but as technology evolves there is a risk that the tools prescribed may become redundant or inadequate, resulting in a failure to protect the consumer as is the objective. As a result, Telstra recommends against the prescribed star rating system proposed by the ACA.

However, if the Government is inclined to adopt the star rating system, Telstra offers the following specific comments on flaws within the framework as it has been submitted:

- The ACA proposes that suppliers comply with appropriate credit management arrangements by providing specific numbers of credit management tools ranked by the ACA as three, four and five star. Telstra has noted that legitimate credit management tools classified as one or two star appear to have no place in the proposed management system Telstra believes that weight must be given to these measures and greater analytical consideration given to their effectiveness.

- A key concern for Telstra is the ACA's proposal in relation to Outcome One. Given the minimum performance levels proposed, there are no alternatives in Outcome One but to 'advise of the charge during the call or session'. In addition to exposing a flaw in the criteria, this raises serious issues for customers and suppliers. If mandated for all types of calls, Telstra would anticipate an extremely high degree of intolerance from consumers and if technically feasible, a high cost for industry. Telstra strongly opposes this being introduced as a mandatory requirement.

- It should be noted that mandated advices on call durations and costs already exist for some classes of calls. The TISSC Code of Practice outlines rules of advices for recorded and live 190 calls. While Telstra fully supports the code and the implementation of those advices, it disputes the ACA's assessment of their effectiveness. Advices during 190 calls do not prevent customers incurring further costs (continuing with a call) whereas capping, which the ACA regards as less effective, can better achieve that ends.

- The high regard the ACA gives to advice during individual calls appears inconsistent with the low regard it gives hard caps in Outcome Three, notwithstanding the different objectives of the outcomes. Similarly, the hard cap on selected services, which would place a ceiling on particular high risk services, receives a low assessment of effectiveness from the ACA even if specified by a customer.

- The ACA doubts the effectiveness of some credit management tools where the tools rely on the customer making accurate assessments of their maximum levels of expenditure. The ACA believes customers 'may' be incapable of such judgments. Telstra believes that the vast majority of Australian consumers are entirely capable of making adequate judgments regarding their household budgets and it would be both inappropriate and fraught with danger if industry were to substantially remove this discretion. Telstra recommends caution against one-size-fits-all regulation in this area. A better approach is one that does recognise the good sense of most customers while offering targeted and effective protections for those groups where problems arise.

Telstra prefers the suggested approach in Outcome Two targeting help for specific customer segments, in this instance, new and vulnerable customers. This is preferable to over-providing information to all customers of relevance to only a small group, possibly on multiple occasions for customers with multiple services, in an untargeted approach.

While disagreeing with the proposed ranking arrangement, Telstra nevertheless considers that it over-subscribes to the proposed tools in Outcomes Two and Three as they are currently rated. Telstra believes Outcome One is unworkable in its current form.

The flaws evident in the ratings system and minimum performance levels as proposed by the ACA must be addressed. Telstra believes the analysis and conclusions should be reviewed prior to any final decisions on the appropriateness of the framework.

6. Conclusion

Telstra appreciates the seriousness of the unexpectedly high bills issue for customers who are affected and agrees that effective credit management will help consumers to:

- understand the telecommunications products and services they use, the costs of those services, the associated risks and how much they spend on them;
- properly manage their spending on telecommunications services; and
- limit their spending in line with their preferences or their ability to pay.

Telstra believes the ACA has incorrectly assessed the level of appreciation of this issue. Telstra rejects any assertion that it fails to take the issue seriously or that it is not committed to protecting customers in relation to unexpectedly high bills.

The potentially serious nature upon those affected is not in dispute, however there remain opposing views as to the scope of the issue in numerical terms. Telstra believes the extent of problem is not clearly understood and that, while TIO complaint data does identify specific instances of unexpectedly high bills, they are inconclusive about the extent of the issue and the customer segments mainly affected. It is important that the scope be better understood and measurable objectives established before further regulation is introduced, as any regulation needs to be targeted at the problem rather than too broadly across a largely unaffected consumer base.

The ACA states that there is a high probability that new technologies will exacerbate problems associated with credit management practices. Suppliers counter that view by advising that new technologies are bringing further flexibilities with regards to consumer protection. For example some suppliers enable hard limits on particular premium services whilst others have various customer alerts. It is not appropriate to regulate on the basis of supposition. Self or other regulation ought be driven by customers' needs in relation to new and emerging products, services and technologies.

As a first step in addressing the unexpectedly high bills issue, Telstra recommends a revision of the ACIF Credit Management Code in order to establish more robust minimum standards and measures. The Code has not been revised for approximately two years and all parties agree that there has been change in the area of consumer protection in that time.

A Code review could include specified Terms of Reference and agreed objectives in relation to consumer protection, along with a requirement for regular self-attestation of compliance with these objectives in the form of reports submitted to ACIF.

This self-attestation approach currently works successfully for the following ACIF Codes:

- ACIF C:518 (2000) Call Charging and Billing Accuracy
- ACIF C:519 (2004) End to End Network Performance for the Standard Telephone Service
- ACIF C:523 (2001) Protection of Personal Information of Customers of Telecommunications Providers

The ACA has access to these submissions and reports results within its (s105) Telecommunications Performance Report.

Further, Telstra is of the view that the ACA could do more to ensure industry wide compliance with the Code. Telstra believes that its customers are receiving benefits as a result of its commitment to the Code and this is reflected in industry credit control complaint trends.

Telstra is strongly of the view that whilst a minimum standard is appropriate to be observed by industry, individual suppliers must be able to shape targeted responses to assist their customers in the area of unexpectedly high bills which, in turn, promotes competition and differentiation, noting that a 'one size fits all' solution is not appropriate.

Telstra believes it has an excellent record of consumer consultation and protection in the industry and would be disappointed at a regulatory approach that encourages no more than compliance with minimum standards, including standards we believe will not effectively address the issues.

Attachment 1

Telstra's approach to credit management

Products, services and programs:

1. A range of call barring options;

2. Billing frequency options, eg monthly/quarterly, for budgeting purposes;

3. A range of bill payment options, eg direct debit, Bpay, payment at a range of outlets;

4. Extensions of time to pay;

5. Pre-paid products for home, mobile and Internet;

6. Cappings on various call types, such as Premium SMS numbers;

7. Telstra 'Single Bill' facility, which incorporates all the customer's telecommunications charges on the one bill. This can result in discounts to the customer as well as enabling the customer to better understand and manage their total communications spend; and

8. Call Control - which enables customers to restrict certain call types by a customer controlled PIN. It is available from tone phones in most areas for a monthly fee (or free with Pensioner Concession).

9. Language assistance - to assist customers to find the solution that best meets their needs;

10. Telstra is the only telecommunications company to provide such an extensive range of programs for its low income customers. Known as "Access for Everyone", the package comprises programs covering different low income groups, including -

    - Telstra's Pensioner Concession Scheme which provides a monthly call concession and substantial discount on new or in-place telephone connections;

    - InContact® - a telephone service free of ongoing monthly access charges which allows incoming calls, with restricted outgoing access;

    - Telstra Bill Assistance Program (TBAP) providing short-term relief to Telstra customers (including farming families) who have difficulty paying their Telstra home phone bill;

    - MessageBox - a free message service for people who do not have access to a working or secure telephone service and who are homeless, transient or are in a crisis situation;

    - Homelink® 1800 which is a cashless calling service designed to help families maintain communication via a 1800 phone number linked to a fixed Telstra phone service;

    - HomeLine™ Budget phone plan which offers a lower monthly rental charge but higher than standard per-call costs, targeted to low income earners with low call usage;

    - HomeLine™ Low Income Health Care Card phone plan, to assist people who have a Low Income Health Care Card from Centrelink;

    - Sponsored Access offers an InContact® telephone service in Crisis Accommodation Program (CAP) properties;

    - Multiple Number (Sub-Account) provides the ability to have a split account on the one telephone line service by dialling a short account code. It enables different people in the household to take responsibility for their own calling costs.

- Centrepay - a service for Telstra fixed service customers, who are also Centrelink customers, which allows customers to nominate an amount to be regularly deducted from their Centrelink payment (minimum $20 a fortnight) to be credited to their Telstra account. Centrepay is provided at no cost;

Policy development initiatives and community consultation:

1. Consultation with the Low Income Measure Assessment Committee (LIMAC) to assist Telstra to provide services to customers on low incomes;

2. Consumer consultation via the Telstra Consumer Consultative Committees, in particular the Credit Management Working Group. The TCCC has been in operation since 1989 and brings together Telstra senior managers and community group leaders to address a wide range of issues, from concerns of specific customer groups to questions of industry-wide policy;

3. Review underway of Telstra's Hardship Policies to assist customers who, due to unforseen circumstances, are not reasonably able to meet their payment obligations due to illness, unemployment or other reasonable excuse; and

4. The Courtesy Call initiative which involves customers who generate significant fixed line, mobile and broadband usage being contacted by Telstra mid bill cycle.

Provision of information to promote customer awareness:

1. Commitment in Telstra's Customer Service Charter – 'working with you to negotiate tailored, flexible payment solutions;'

2. 'Welcome to Telstra' pack with a range of information, including credit management options;

3. A document; 'Telstra - Credit Management Fact Sheet', for community workers to assist in representing their clients;

4. Education via customer treatment notices; and

5. Information provided on telstra.com

Attachment 2

Objectives and outcomes of reform of industry credit management practices

The ACA states that, 'any regulatory measures should ensure credit management tools are available that:

- Protect consumers from unexpectedly high bills and provide them with the maximum practicable certainty about the cost of calls, the cost of products and services, and the overall level of their bill:
- Achieve a reasonable understanding among consumers of the risks associated with particular products and services:
- Avoid imposing an undue cost on consumers to gather and evaluate information about products and services, any financial risks associated with using those products and services, and means of managing their expenditure:
- Protect consumers from unauthorised usage:
- Protect consumers from adverse impacts of having a substantial line of credit and give consumers an amount of credit that is appropriate to their ability to pay:
- Protect consumers from excessively high bills or provide consumers with a means of modifying usage as a means of avoiding such bills.'

The following indicates the options Telstra currently provides in order to achieve these outcomes:

Protect consumers from unexpectedly high bills and provide them with the maximum practicable certainty about the cost of calls, the cost of products and services, and the overall level of their bill:

- Credit assessment, at application and service level increases;
- Barring to various services;
- Pre-paid services;
- InContact (incoming calls only);
- Personal Identification Numbers (PIN);
- Courtesy Call;
- Monthly billing;
- Internet sites, including 'Access for Everyone' and 'Stay Connected';
- A-Z (Customer Information) Guide;
- 190 costs advised pre-call;
- Call rates on internet;
- Single bill (captures all services);
- AMTA information documents;
- ACA & TIO sites.

Achieve a reasonable understanding among consumers of the risks associated with particular products and services:

- Welcome pack;
- Brochures targeted at specific risk segments;
- Internet sites, including Access for Everyone;
- Courtesy Call;
- ACA Premium Service Determinations;
- Telstra Consumer Consultative Committee – financial counsellor liaison/fact sheets;

- AMTA information docs;
- ACA & TIO sites;
- Customer letters;
- Proactive media statements – for eg, Courtesy Call media releases in December 2003 and June 2004;
- Stay Connected community awareness program.

Avoid imposing an undue cost on consumers to gather and evaluate information about products and services, any financial risks associated with using those products and services, and means of managing their expenditure:

- Information is available at no costs;
- Internet sites;
- Fulfillment brochures;
- Bill inserts
- ACA Premium Service Determinations.

Protect consumers from unauthorised usage:

- PIN;
- Pre-paid services;
- Barring to various services;
- AMTA information - stolen phones/other tips;
- IMEI blocking of stolen mobile phones.

Protect consumers from adverse impacts of having a substantial line of credit and give consumers an amount of credit that is appropriate to their ability to pay:

- Credit assessment;
- Barring;
- Pre-paid;
- PIN;
- Courtesy Call;
- Online pre-bill preview on Telstra.com;
- Letters sent to customers, warning that default listing will occur if payment is not received;
- Extensions of time to pay.

Protect consumers from excessively high bills or provide consumers with a means of modifying usage as a means of avoiding such bills:

- Courtesy Call;
- Usage meters;
- Credit assessment;
- More frequent billing;
- Barring;
- Pre-paid services;
- PIN;
- Hard caps on particular high risk products;
- Hardship policy and resource.