



**Australian Communications
Consumer Action Network (ACCAN)
Customer Service Research Report**

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1. Executive Summary

Objectives

This project provides advice and an opinion on mechanisms to enhance customer service in the Australian communications sector, including:

- the efficacy of a proposed customer service charter for the telecommunications industry with enforcement provisions; and
- the effectiveness of the current consumer codes, and the current code development and review process.

Key findings

This research project made a number of key findings regarding the efficacy of customer service charters in the communications sector:

- Voluntary stand-alone service charters (one per organisation, with no common template or guideline) have not proved useful to Australian consumers in the communications sector to date. Enhanced Data Rate (EDR) schemes do not appear to receive complaints based on charter breaches, the presence of a charter does not necessarily indicate good customer service, and there are very few current charters in the sector.
- Industry and consumer interest in charters appears to have peaked in the late 1990s and then waned. The current profile of private sector customer service charters (both in Australia and overseas) is low. It may be difficult to reinvigorate the charter movement – skills and expertise in those areas have moved on to focus on the development of codes of conduct and other regulatory tools.
- The content of customer service charters is inconsistent and very poor from a consumer perspective. It is unlikely that there is anything in a charter that would help to address current consumer issues in the communications sector. A large proportion of consumer complaints (e.g. to the TIO) involve product and service issues that fall outside the content of charters.
- There is a considerable disconnect between consumer expectations of the content of service charters and business expectations of the content of service charters (as evidenced by examples of private sector charters in Australia). Key consumer issues such as affordability are not even mentioned in service charters.
- For those consumer issues that might be covered by a charter (e.g. timely response to an inquiry), the content of charters is written at such a high level that they are unlikely to provide any additional consumer rights. Where service charters merely restate existing requirements, their value is limited.
- Service charters do not generally include arrangements for enforcement, sanctions, remedies or compensation. They will have little impact amongst organisations which are currently causing consumer concerns, unless backed up by considerable enforcement powers.

Key recommendations

The clear conclusion from this research is that customer service charters are not an appropriate regulatory option for the communications sector in Australia at this time.

In particular, customer service charters compare unfavourably with other regulatory tools such as codes of conduct. Although codes of conduct have not been working effectively in the Australian communications sector in recent years, there are significant initiatives underway to improve the code development and approval process, and to reinvigorate code monitoring and enforcement. Those initiatives would appear to offer significantly more promise than diverting efforts to the development of service charters.

Methodology

The research project included a detailed review of literature and of policy/best practice guidance in Australia and internationally, backed by the collection and analysis of current examples of customer service charters.

Participants

- **Australian Communications Consumer Action Network (ACCAN)**
The project was commissioned by ACCAN, the new peak body for consumers and consumer organisations on issues including telecommunications and the Internet.
- **Galexia**
The project research and writing tasks were undertaken by Galexia. Galexia is an independent consultancy specialising in law and technology.
- **Advisory Committee**
The research project was guided by input from an Advisory Committee consisting of experts in consumer protection and communications regulatory issues. Members included:
 - Catriona Lowe, ACCAN Board (Chair)
 - Keith Besgrove, Department of Broadband, Communications and the Digital Economy (DBCDE)
 - Kathleen Sillieri, Australian Communications and Media Authority (ACMA)
 - Simon Cleary, Telecommunications Industry Ombudsman
 - Gerard Goggin, UNSW, ACCAN Board.

Acknowledgment

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2. The role of service charters

2.1. Defining service charters

Service charters generally operate in an unregulated environment, with no definitions and only limited guidelines or standards for their development or operation.

The general community understanding of a service charter is that it is a short document outlining an organisation's commitment to customer service and containing specific promises regarding standards and services.

However, when the content of service charters is examined, there is such a broad and diverse range of promises and approaches that a single definition struggles to cover the entire range. Some charters target retail consumers, while others target business and professional clients. Some charters include high-level commitments, while others contain specific detailed promises.

There is a temptation to avoid definitions and say that anything that is *labelled* by an organisation as a service charter is therefore a service charter. However, there may be dangers in allowing service charters to continue to develop free from definitions, guidelines or regulations. One service charter examined in this study (Origin Gas) is labelled as a service charter, but is written as a standard set of legal terms and conditions. It does not actually contain any consumer promises and should not be categorised as a customer service charter.

Some useful definitions of customer service charters are available:

Economic Regulation Authority Western Australia, Customer Service Charter Guidelines:

A charter can be broadly defined as a published statement containing:

- a list of customer entitlements;
- details regarding a licensee's services; and
- information relevant to the relationship between the customer and the licensee.¹

Australian Public Service Commission:

A service charter is a short publication that informs the client about the agency's services, outlines relevant avenues of communication, details relevant service standards, and outlines clients' rights and responsibilities, including feedback and available complaint mechanisms.²

¹ Economic Regulation Authority, *Customer Service Charter Guidelines*, ERA Western Australia, August 2006, <<http://www.era.wa.gov.au/cproot/2518/2/Customer%20Service%20Charter%20Guidelines.pdf>>.

² Australian Public Service Commission, *The Australian Experience of Public Sector Reform*, APSC Australian Government, Canberra, 3 July 2004, <<http://www.apsc.gov.au/about/expssreform10.htm>>.

It is important to note that there are also examples of ‘charters’ developed by consumer representative organisations. These are very different instruments that set out consumer rights as a tool for advocacy and reform. Examples include:

- Draft Australian Charter of Communications Rights
Consumers Telecommunications Network (CTN);
- Charter of Consumer Rights in the Digital World
Trans Atlantic Consumer Dialogue;³
- Draft Charter of Consumer Digital Rights
Choice;⁴
- Charter of Health Consumer Rights
Consumers Health Forum of Australia Inc (CHF);⁵
- Consumer Charter for Global Business
Consumers International.⁶

There is a significant difference between the standards contained in these consumer-driven charters and the customer service charters developed by organisations.

2.2. Comparison with other regulatory tools

This section compares service charters with other common regulatory tools. A wide variety of regulatory tools is available in the communications sector, and these tools are typically ranked by descending strength (tested by enforceability) as follows:

- laws;
- regulations;
- licence requirements;
- customer service guarantees;
- codes of conduct;
- standards;
- customer service charters; and
- service marks.

³ Trans Atlantic Consumer Dialogue, *Charter of Consumer Rights in the Digital World*, TACD, London, March 2008, <http://tacd.org/index.php?option=com_docman&task=doc_download&gid=43&Itemid=40>.

⁴ Choice, *Choice Campaigns for You: Our Campaign Achievements*, Sydney, 2008, <<http://www.choice.com.au/viewArticle.aspx?id=102992&catId=100117&tid=100008&p=4&title=Choice+campaigns+for+you>>.

⁵ Consumers Health Forum of Australia, *Charter of Health Consumer Rights*, Canberra, 2007, <http://www.chf.org.au/public_resources/consumer_rights.asp>.

⁶ Global Policy and Campaigns Unit, *Consumer Charter for Global Business*, Consumers International, London, October 2007, <http://www.consumersinternational.org/Shared_ASP_Files/UploadedFiles/F006711B-E230-42BB-B3D0-18B34E2311DD_Doc330.pdf>.

Service charters developed by organisations can be divided into two categories:

- Voluntary service charters**
 Under this option, organisations in a sector are free to decide whether or not they develop a service charter. Some limited guidance may be available on content, but organisations are ultimately free to decide their own content.
- Mandatory service charters**
 Under this option, organisations in a sector are required to develop a service charter. This may be as a result of regulations or licence conditions. Some more detailed guidance is likely to be available regarding the content of a service charter, including example promises or even a template.

In this comparative study, it is assumed that codes of conduct are operating reasonably effectively. This has not always been the case in the communications sector,⁷ although there are now significant initiatives underway to reform and reinvigorate the use of codes of conduct in the sector.⁸

Overall, customer service charters perform well on issues such as access, cost and flexibility. However, they perform poorly on the strength of their content and enforcement issues, especially when compared with mandatory codes and laws.

The following table summarises the key features of service charters when compared with other common regulatory tools.

Regulatory Tool	Voluntary service charters	Mandatory service charters	Voluntary codes	Mandatory codes	Law
Industry coverage	Poor	Moderate	Poor	Moderate	Good
Ability to keep up to date	Good	Good	Good	Moderate	Poor
Strength of content	Poor	Poor	Poor	Moderate	Good
Consumer input	Poor	Moderate	Moderate	Good	Good
Level of detail	Poor	Poor	Good	Good	Good
Enforcement	Poor	Poor	Poor	Moderate	Good
Integration with EDR	Poor	Moderate	Poor	Moderate	Moderate
Access/cost to consumers	Moderate	Moderate	Moderate	Moderate	Poor
Cost to develop	Good	Good	Moderate	Moderate	Poor
Cost to maintain	Good	Moderate	Moderate	Moderate	Good

⁷ Choice and Galexia, *Consumer Protection in the Communication Industry: Moving to Best Practice*, Sydney, May 2008, <http://www.galexia.com/public/research/articles/research_articles-sub03.html>.

⁸ Department of Broadband, Communications and the Digital Economy, *Review of Consumer-related Industry Code Processes*, DBCDE Australian Government, Canberra, 2009, <http://agencysearch.australia.gov.au/search/click.cgi?rank=1&collection=agencies&component=0&docnum=1074302&url=http%3A%2F%2Fwww.dbcde.gov.au%2F_data%2Fassets%2Frtf_file%2F0003%2F111873%2FIssues_paper.rtf>.

3. History of service charters

In order to enable an assessment of whether service charters are the correct regulatory tool for the communications sector at its present stage of development, it is important to understand the overall history of customer service charters.

3.1. International

The first high-profile customer service charters emerged in the United Kingdom in the early 1990s. Activity in the United Kingdom peaked in the late 1990s with a requirement for every government agency to have a service charter. However, interest in service charters has subsequently waned, and the requirement for UK government agencies to have a service charter is no longer in place. This has now been replaced by a customer service standard and the use of an audited service mark (a tick that appears on websites). Only a small number of service charters remain in place in the United Kingdom, mainly in the local government sector.

There was a period of limited activity in Canada regarding service charters, where they were implemented by both private sector and public sector organisations between 1998 and 2004. Very few examples remain in use today.

In the United States, there has been a moderate level of interest in service charters for the private sector since the early 2000s. The private sector is very lightly regulated and service charters are sometimes used as a means of differentiating an organisation from its competitors. However, there is some evidence of a consumer backlash against service charters in the United States, as the presence of customer service charters did not always translate into improved customer service, resulting in concerns about wasted resources and missed opportunities. The following post is a good summary of the concerns expressed during this period:

Too many organizations ‘commit’ to customer service and then, instead of putting effort into actually understanding their customers’ needs and meeting them, the effort goes into ‘spinning’ customer service. Hence overblown job titles, wordy customer service charters and more hollow statements of commitment than the average election campaign.⁹

There are some examples of customer service charters in other jurisdictions, but it is difficult to assess how these may be relevant to Australia (e.g. Tanzania). Overall, there is no global movement or trend towards the use of service charters, and the period of greatest activity has now passed. There are also no current international examples of a *requirement* to have a service charter, and there are no current service charter templates or guidelines in place in other jurisdictions.

The following table summarises the peak periods of international activity on customer service charters.

Country	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09
Australia																		
Canada																		
United Kingdom																		
USA																		

⁹ D. Brewster, ‘Customer Service is Simpler – So Why So Rare?’, in *David Brewster – Clarity in Words*, Victoria, 20 November 2007, <<http://www.davidbrewster.com/2007/11/20/customer-service-is-simple-so-why-so-rare>>.

3.2. Australia

The first notable activity in Australia regarding customer service charters was in 1994 when several states (NSW, SA, WA) began implementing service charters for government agencies based heavily on the UK experience. In 1994 the Western Australian government published *Developing Customer Service Charters: A Practical Guide*.¹⁰ For a short period, service charters were mandatory in Western Australia.

In 1996, AAMI Insurance launched its Customer Service Charter. This was the first high-profile charter in the private sector (it is still the best-known charter in Australia today).

In 1997, the Commonwealth government issued a directive known as the 'More Time for Business' statement. The directive required all federal agencies that dealt with the public to develop service charters.

Telecommunications sector service charters first appeared in the period immediately prior to and after the part-privatisation of Telstra and the deregulation of the telecommunications industry in 1997–98.

In 2000, Victorian public transport operators released customer service charters, overseen for a short period by a Customer Service Charter Committee that included community representatives (this is another good example of post-privatisation service charters).¹¹

Some local government service charters were developed in the period 2001–04, although most of these have subsequently fallen into disuse.¹² By 2003, the Australian Public Service Commission reported that 68 APS agencies had a service charter in place (many of these were internal).¹³

In 2005, the Victorian Essential Services Commission developed a Customer Services Code containing requirements for mandatory customer service charters for water utilities (these requirements are still in place in the latest version of the Code in 2008).¹⁴

In 2005–06, there was considerable activity in the energy sector as service charters were implemented following privatisation in Victoria and Western Australia. Customer Service Charter Guidelines were published by the Western Australian Economic Regulation Authority in 2006.¹⁵

There was continued activity in the Commonwealth public sector regarding service charters from 2003 to 2009. For example, ASIC proposed a service charter in 2006¹⁶ (although it was really targeted at small business/professional customers).

¹⁰ Public Sector Management Office, *Developing Customer Service Charters: A Practical Guide – Improving Customer Service and Quality in the WA Public Sector*, Department of the Premier and Cabinet, Western Australia, June 1994, <<http://www.dpc.wa.gov.au/PSMD/Publications/Documents/Organisational%20Performance%20Management/Non-Current%20-%20Developing%20Customer%20Service%20Charters.pdf>>.

¹¹ P. Batchelor (Minister for Transport), 'Putting the Public Back in Public Transport', media release, Department of Premier and Cabinet, Victoria, 26 May 2000, <http://www.dpc.vic.gov.au/domino/Web_Notes/MediaRelArc02.nsf/3a3fd087b7891fcc4a25688e00141c97/62ad3adcce5988554a2568ee00146260?OpenDocument>.

¹² Local Government Focus, 'Customer Service Charters Bring Positive Results', *Australia's National Local Government Newspaper Online*, Melbourne, February 2003, <<http://lgfocus.com.au/editions/2003/february/cuschart.shtml>>.

¹³ Australian Public Service Commission, op. cit.

¹⁴ Essential Services Commission, *Customer Service Code: Metropolitan Retail and Regional Water Businesses*, Melbourne, 25 June 2008, <<http://www.esc.vic.gov.au/NR/rdonlyres/B58C15C5-5585-49E5-9BF3-EF88317394D8/0/CODAmendedUrbanCustomerCode20080710.pdf>>.

¹⁵ Economic Regulation Authority, op. cit.

¹⁶ Australian Securities and Investments Commission, *ASIC Service Charter: An ASIC Better Regulation Initiative*, Canberra, June 2006, <<http://www.asic.gov.au/servicecharter>>.

From 2005 until 2008, a ‘customer charter award’ was included in the Australian Customer Service Institute annual awards. Winners included ANZ, AAMI and Medicare. It is important to note that the award criteria are based on the International Customer Service Standard – a private standard that is not affiliated with the International Standards Organisation (ISO) in any way and is not an official Australian Standard.

Finally, there has been some renewed interest in customer service charters in the communications industry in Australia, including the potential development of a draft set of *Customer Service Charter Principles* by the Communications Alliance scheduled for release later in 2009.¹⁷

The following table summarises the peak periods of Australian activity on customer service charters.

Sector	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09
Finance				Yellow bar													
Communications					Cyan bar												
Government									Yellow bar								
Local government										Cyan bar							
Energy												Yellow bar					
Transport															Cyan bar		

3.3. Lessons from history

The history of service charters in Australia and elsewhere provides some useful lessons:

- Service charters are often implemented post-privatisation, while a new industry is dealing with the move into a commercial/competitive environment and governments are attempting to provide additional consumer protections. This experience is common in many jurisdictions, and includes experience in the telecommunications, transport, water and energy sectors.
- Service charters are also sometimes implemented as government services are delivered to the community by quasi-government agencies (e.g. Australia Post).
- In the commercial sector, customer service charters appear to be driven by ‘bottom-up’ initiatives – for example, a single company acting alone to differentiate itself from competitors (e.g. AAMI). They are not usually driven from above (e.g. government requirements) except for the period following privatisation.
- Overall, private sector service charter activity peaked in the 1990s and appears to have passed. In any case, there was never a period when service charters were more dominant/effective than other regulatory tools (laws and codes). Rather, service charters have complemented laws and codes, usually for a short period following privatisation.
- There is continued interest in service charters in the Australian government sector, but government interest in service charters in other jurisdictions has waned.

¹⁷ S. Conroy (Minister for Broadband Communications and the Digital Economy), *Commsday Summit*, Department of Broadband, Communications and the Digital Economy, Swissotel Sydney, 31 March 2009, <<http://www.atug.com.au/NBN/ConroyCommsDay.pdf>>.

4. Examples of customer service charters

4.1. Australian examples

This study has collected examples of service charters that remain in force in Australia (see table below). The study analysed 30 of the higher profile customer service charters that can easily be found/accessed across a diverse range of organisations in Australia (including government and private sector organisations). All of these examples are posted on public websites. There are only a small number (five) in the communications sector.

Name	Date	Sector	Target audience	Compensation for breach
AAMI	1996	Insurance	Consumers	Yes
AAPT		Communications	Consumers	No
ACCC	2008	Public	Consumers/Professionals	No
AGL	2008	Energy	Consumers	No
ANZ Australia		Banking	Consumers	No
ASIC	June 2006	Public	Professionals	No
Australia Post	September 2008	Public	Consumers	No
Blue Central		E-commerce	Consumers/Professionals	No
Centrelink		Public	Consumers	No
Citipower	September 2006	Energy	Consumers	Yes
Cityrail	2009	Transport	Consumers	No
Click Energy	January 2009	Energy	Consumers	No
Dept of Primary Industries and Water		Public	Consumers	No
Energy Safe Victoria		Energy	Consumers	No
Enterprise Connect	22 October 2008	Public	Professionals	No
Freshtel		Communications	Consumers	No
iiNet		Communications	Consumers	No
Integral Energy		Energy	Consumers	No
IP Australia	2009	IP	Professionals	No
iPrimus		Communications	Consumers	No
Main Roads Western Australia	2007	Roads	Consumers	No
Medicare Australia	9 March 2007	Public/ Health	Consumers	No
National Childcare Accreditation	Last updated 13 November 2008	Public	Professionals	No
Origin Gas	January 2009	Energy	Consumers	No
Sydney Buses	Last updated 4 March 2009	Transport	Consumers	No
Telstra	August 2008	Communications	Consumers	No
Tourism Alliance Victoria		Tourism	Professionals	No
Translink		Transport	Consumers	No
V-Line		Transport	Consumers	Yes
Wannon Water	1 July 2008	Water	Consumers	No

4.2. Common content

The service charters reviewed in this study were generally written in plain language and were very easy to understand. Some service charters provided a useful ‘one-stop’ source of relevant information about consumer rights, which were otherwise scattered across several websites – for example, all of the service charters reviewed in this study contained clear contact information and useful information about how to complain.

There is no common template or guideline for service charters in Australia. This has resulted in a significant amount of inconsistency in the content of service charters – no particular consumer promise appears in more than 60 per cent of charters. The following table summarises the most common elements included in Australian customer service charters.

Provision	Occurrence (total is 30)	Notes
Manage complaints quickly	18	Ranges from five to 30 days, excludes complex matters
Respond quickly to inquiries	18	Ranges from five to 15 days
Promise to be courteous	14	Sometimes includes a promise to be friendly
Manage privacy	12	
Provide accurate information	10	Sometimes includes provision of an accurate bill
Plain language information	10	
Highly available	11	Sometimes includes promise of 24/7 availability
Treat customers fairly	9	
Reliable supply/service/access	8	Often quite detailed (e.g. commit to <1 per cent cancelled service)
Learn from feedback	7	
Act professionally	7	

The following table notes some provisions in service charters that only appear in a minority of charters. However, these provisions are likely to be of considerable interest to consumers:

Provision	Occurrence (total is 30)	Notes
Disability access	8	
Translation services	7	Interpreter access / information in multiple languages
Safety	4	
Penalties/compensation	3	Typically \$30–\$50 compensation for breach
Competitive fees	2	‘Competitive’ or ‘internationally competitive’ fees
Environment	2	

It is important to note that the content of typical service charters might not be sufficient to address the types of complaints that are currently occurring in the communications sector. During the study, the Telecommunications Industry Ombudsman (TIO) noted that the Ombudsman had not received complaints from consumers regarding breaches of a customer service charter (despite five TIO members having service charters in place). Instead, the TIO received complaints in the following categories:

Categories of complaint Issues	2007/08
Customer service	52,527
Billing and payments	52,304
Faults	37,784
Contracts	30,391
Complaint handling	28,821
Mobile premium services	22,391
Credit management	17,241
Provisioning	12,937
Transfers and churns	8,070
Privacy	3,171
Directories	1,080
Phone cards	906
Land access	821
Disability	174
Pay phones	27
Total	268,645

4.3. Level of detail

The majority of customer service charters are only one or two pages in length, including pictures and logos. They typically include five to six ‘promises’, a section on complaints, a section on privacy and a section with contact details. Some service charters in the communications sector are less than 10 lines in total.

Most of the promises are very high level. A common example is that the organisation will promise to respond to inquiries ‘promptly’. No other details are provided so the consumer is left to interpret the meaning of the term ‘promptly’. In a subsequent dispute regarding delays, the service charter is unlikely to be of any assistance.

A small number of service charters provide a few extra details. However, the inclusion of extra detail does not always lead to an improvement for consumers. Some service charters set out very detailed targets, but the targets are in no way challenging or difficult to meet. Indeed, they are probably lower than the expectations of consumers dealing with a reasonable organisation. For example, consider the Bromley Council (UK) service charter target regarding emails:

When you e-mail us:

We will aim to send a full reply in less than 5 working days.

If the matter is urgent, we will respond faster.

We will make sure that our departmental e-mail boxes are checked at least once a day during working hours.¹⁸

¹⁸ London Borough of Bromley, *Customer Service Charter*, London, 2008, <<http://www.bromley.gov.uk/NR/rdonlyres/9E0CDC2E-FCDD-4DFA-8184-2D9F21A1B69A/0/CustomerServicecharter2008.pdf>>.

If the Bromley service charter had simply promised a ‘prompt’ response, consumers may have actually expected a faster response than five days. Consumers may also expect that a dedicated customer inquiry email box is checked more than once a day.

In some rare cases, the charters provided useful promises in sufficient detail to enable a consumer to make claims likely to be relevant to current consumer complaints. One notable charter in the communications sector is the AAPT Customer Charter,¹⁹ which contained extremely detailed and helpful promises on many of the issues faced by telecommunications customers today. Examples include:

- We will not demand payment of genuinely disputed amounts whilst a complaint is being investigated.
- We’ll tell you all relevant information before we suspend, restrict or disconnect you and we’ll ensure that the way we tell you is clear and able to be understood by you.
- We’ll review our decision to restrict or suspend without notice if you request it and if we have made a mistake we’ll reconnect you without charge.

These promises compare favourably with more general promises to ‘be courteous’ that are common in other communications sector charters.

Overall, the study found that the majority of service charter promises fell into three categories:

- high-level promises with no detail (very common);
- detailed promises with exact targets (less common), but with the targets set at very low, unchallenging levels; or
- sector-specific promises (rare, although common in the transport sector).

4.4. Compensation/remedies for breaches

There was surprisingly little coverage of compensation or remedies for breaches in the service charters reviewed in this study.

AAMI offers a small (\$30) penalty payment for breaches of specific charter promises. AAMI notes that in the first 10 years of operation the company paid more than 6,000 penalty payments to customers for breaches of its AAMI Customer Charter promises, totalling more than \$200,000.²⁰

V-Line offers complimentary travel tickets if it breaches certain provisions of its service charter (at the complete discretion of the company).

Australia Post and the telecommunications and energy sector service charters all note that compensation might be available to consumers for breaches of the legislated customer service guarantee, but they generally offer no additional compensation for breaches of the service charters. One organisation – CitiPower – offers double the legislated customer service guarantee as a method of building consumer confidence.

¹⁹ AAPT, ‘Our Customer Charter’, *Regulatory Compliance*, Sydney, 2009, <<http://www.aapt.com.au/Public-affairs#customer%20charter>>.

²⁰ AAMI Corporate Communications, ‘Customer Charters Should Pay Cash, Not Lip Service’, media release, AAMI, December 2005, <<http://www.aami.com.au/Resources/File.aspx?id=101>>.

One innovative remedy noted in the study was the promise by AAMI to pay a donation of \$25,000 to an environmental charity if it breached Clause 18 of its service charter. This clause promises that ‘AAMI will report on its environmental initiatives annually, as it promises to reduce its carbon footprint’. So perhaps it is not a very difficult promise to keep.

In the absence of more widespread compensation arrangements and penalties, it may be difficult for customer service charters to gain traction with either consumers or front-line staff.

4.5. Findings

Overall, the service charters appear to contain content that meets the marketing/branding needs of industry, with some minor benefits for consumers. If the service charters were written by consumers, they would be very different. A brief examination of consumer-driven charters reveals much higher standards and expectations – see, for example, the Draft Charter of Consumer Digital Rights (Choice)²¹ and the Charter of Health Consumer Rights (Consumers Health Forum of Australia).²²

Despite this, service charters do have some strengths:

- Service charters are generally written in plain language and are easy to understand.
- Service charters are very short and quick to read.
- Some service charters provided a useful ‘one-stop’ source of relevant information about consumer rights.
- There is a potential for service charters to have a positive impact or even lead to cultural change within an organisation.
- Service charters contain clear contact information and useful information about how to complain.
- Some service charters (although only a small number) provide additional consumer rights and remedies that may not be available in other laws, regulations and codes.

The service charters examined in this study revealed the following weaknesses:

- Many service charters consist entirely of high-level statements of principle or aspirations.
- The majority of service charters lack any detailed promises or targets.
- Where service charters do include detailed promises and targets, the required standard is set very low – often well below the reasonable expectations of consumers.
- The high-level promises and statements included in service charters are no different from statements contained in typical advertising and branding campaigns, and carry similar weight.
- Service charters may not be attractive or accessible to younger consumers; they tend to have a traditional ‘old world’ appearance (sometimes including wax seals) and are not presented in a modern communication style. In an environment where younger consumers expect to be able to

²¹ Choice, *Choice Campaigns for You*, op. cit.

²² Consumers Health Forum of Australia, op. cit.

provide instant feedback on customer service (e.g. at sites like eBay and Whirlpool), the appeal of customer service charters may be limited.

- Very few service charters include enforcement, sanctions or compensation arrangements.
- Where sanctions and compensation arrangements are in place, the remedies are set at extremely low levels.
- Service charters often lack basic information about the scope and date of the charter – for example, it is difficult to distinguish between current charters and older or expired versions.

5. Implementation and governance of service charters

If customer service charters are to play an enhanced role in the communications sector in Australia, how will this be implemented? This section discusses some options for the potential implementation and governance of service charters. This should not be read as an endorsement of the use of customer service charters.

5.1. Implementation options

Will a single service charter be developed for the communications industry in Australia or will there be a template service charter for companies to adopt? Alternatively, organisations could be free to develop their own service charters in the hope that competition will result in improvements.

The following tables summarises some of the key advantages and disadvantages of each option.

Implementation option	Advantages	Disadvantages
Voluntary 1 One charter per organisation, free to select content	Attractive to industry Allows organisations to differentiate themselves from competitors Allows innovation	Same as current arrangement, with very low take-up Inconsistent content No pressure to go further than legal requirements Of little interest to consumers
Voluntary 2 One charter per organisation, must follow template	Provides consistency and certainty for consumers Template may include key consumer protections Industry will appreciate guidance/certainty provided by template	Stifles innovation May lead to 'lowest common denominator' Requires restrictions on non-standard charters
Voluntary 3 One charter covers entire sector, signed by organisations	Provides consistency and certainty for consumers	Difficult to see how this is different from a code Industry resistance to another layer of regulation, especially if there are overlaps/duplication
Mandatory 1 One charter per organisation, free to select content	Attractive to industry Allows organisations to differentiate themselves from competitors Allows innovation	Inconsistent content No pressure to go further than legal requirements
Mandatory 2 One charter per organisation, must follow template	Provides consistency and certainty for consumers Template may include key consumer protections Industry will appreciate guidance/certainty provide by template	No innovation May lead to 'lowest common denominator' Requires prohibition of non-standard charters, monitoring, enforcement, etc.
Mandatory 3 One charter covers entire sector, all organisations deemed to subscribe	Provides consistency and certainty for consumers	Difficult to see how this is different from a law Industry resistance to another layer of regulation, especially if there are overlaps/duplication

Any efforts to ‘strengthen’ customer service charters tend to result in them looking like codes of conduct. Indeed, it is difficult to distinguish between mandatory service charters and codes of conduct. This confusion/overlap between service charters and codes of conduct is a common theme in the discussion of service charters. The overlap is so significant that stakeholders often interchange the terms – see, for example, the Institute of Customer Service’s *Establishing a Customer Charter/Code of Conduct*.²³

5.2. Governance

If customer service charters are to play an enhanced role in the communications sector in Australia, some governance and oversight may be required. There may be specific roles to be played by government, the regulator (e.g. ACMA) and by industry associations (e.g. Communications Alliance). The exact governance model may depend on the selected implementation model (discussed above). It is important to note that the establishment of a governance and oversight mechanism may have a substantial impact on resources, and this may have a knock-on effect on other regulatory tools.

There is some limited guidance available on service charter governance issues from other sectors:

- **Oversight**
In 2000 Victorian public transport operators released customer service charters, overseen for a short period by a Customer Service Charter Committee that included community representatives.²⁴ Charters were the subject of regular reviews.
- **Charter guidelines**
The Victorian Essential Services Commission Customer Services Code contains requirements for mandatory customer service charters for water utilities.²⁵ The Western Australian Economic Regulation Authority has also published Customer Service Charter Guidelines.²⁶ Both documents set out basic content requirements and guidance on the development and review of charters.
- **Charter reviews**
There has been a history of charters being subject to independent reviews, and methodologies are available for this task.

There is enough information and guidance available to develop a basic governance and oversight structure for customer service charters in the communications industry. Again, there will be considerable overlap/confusion with the governance and oversight structure for codes of conduct in the communications sector, as many of the issues (and players) are identical.

One key issue that may be difficult to resolve is that there is a considerable disconnect between consumer expectations of the content of service charters (as evidenced²⁷ by the content of consumer-driven charters) and business expectations of the content of service charters (as evidenced by examples of private sector charters in Australia). Key consumer issues such as affordability are not even mentioned in service charters. On this evidence, the starting positions of the parties are a long way apart.

²³ Institute of Customer Service, *Establishing a Customer Charter/Code of Conduct*, Colchester, 1 January 2004, <<http://www.instituteofcustomerservice.com/KnowledgeDetails.aspx?KnowledgeBankID=60>>.

²⁴ P. Batchelor (Minister for Transport), op. cit.

²⁵ Essential Services Commission, op. cit.

²⁶ Economic Regulation Authority, op. cit.

²⁷ See especially the CTN Draft Australian Charter of Communication Rights, Consumers’ Telecommunication Network, *Consumers’ Telecommunication Network Position Paper: Digital Economy Future Directions Consultation*, Sydney, March 2009, <http://www.dbcde.gov.au/__data/assets/word_doc/0016/112372/Consumers_Telecommunications_Network.doc>.

6. Recommendations

The project brief asks the researchers to deliver an *opinion* on the potential role of service charters, based on the findings of this research project.

The clear conclusion from this research is that customer service charters are not an appropriate regulatory option for the communications sector in Australia at this time.

The key reasons for this conclusion are:

- Customer service charters compare unfavourably with other regulatory tools, in particular mandatory codes of conduct (for more detail, please refer to Section 2.2). Although codes of conduct have not been working effectively in the Australian communications sector in recent years, there are significant initiatives underway to improve the code development and approval process, and to invigorate code monitoring and enforcement. Those initiatives would appear to offer significantly more promise than diverting efforts to the development of service charters.
- Voluntary stand-alone service charters (one per organisation, with no template or guideline) have not proved useful to Australian consumers in the communications sector to date. EDR schemes do not appear to receive complaints based on charter breaches, the presence of a charter does not necessarily indicate good customer service, and there are very few current charters in the sector.
- Industry and consumer interest in charters appears to have peaked in the late 1990s and then waned. The current profile of private sector customer service charters (both in Australia and overseas) is low. It may be difficult to reinvigorate the charter movement – skills and expertise in those areas have moved on to focus on the development of codes of conduct and other regulatory tools.
- The content of customer service charters is inconsistent and very poor from a consumer perspective. It is unlikely that there is anything in a charter that would help to address current consumer issues in the communications sector. A large proportion of consumer complaints (e.g. to the TIO) involve product and service issues that fall outside the content of charters (for more detail, please refer to Section 4.2).
- There is a considerable disconnect between consumer expectations of the content of service charters and business expectations of the content of service charters (as evidenced by examples of private sector charters in Australia). Key consumer issues such as affordability are not even mentioned in service charters.
- For those consumer issues that might be covered by a charter (e.g. timely response to an inquiry), the content of charters is written at such a high level that they are unlikely to provide any additional consumer rights. Where service charters merely restate existing requirements, their value is limited.
- Service charters do not generally include arrangements for enforcement, sanctions, remedies or compensation. They will have little impact amongst organisations that are currently causing consumer concerns, unless backed up by considerable enforcement powers.

A major issue is that any efforts to ‘beef up’ or strengthen service charters makes them look like codes of conduct. In Australia, consumers and industry appear to be faced with a situation where efforts can be directed towards improving codes of conduct or looking for alternatives. However, service charters are not an appropriate alternative. If codes were working effectively, there would be little consumer interest in service charters in the communications sector.

More work is required to establish a regulatory framework that meets the needs of consumers in the communications sector – this work is beyond the scope of this current report. Further analysis of the a *full* range of regulatory options would be useful, including:

- consumer-driven charters;
- laws;
- regulations;
- licence requirements;
- customer service guarantees;
- codes of conduct; and
- standards.

This report is not recommending any one of these approaches at this stage; it is simply noting that other regulatory options are available that will be more appropriate than customer service charters.

Where some individual communications organisations wish to offer a customer service charter, they should be encouraged to do so. There is some limited evidence that customer service charters can play a role in improving service culture within an organisation. However, service charters should not act as an alternative to other effective regulatory tools.

If organisations are seeking ideas for how service charters can be improved, this study has revealed a number of key lessons:

- Service charters should include basic information on the scope and application of the charter promises, including clear information on the date of application of the charter.
- Service charters are more useful to consumers where they contain a greater level of detail regarding key promises, rather than high-level aspirational promises.
- Service charters could benefit from including more promises relating to disadvantaged consumers, and coverage of issues such as translation services and disability access.
- Service charters stand out when they include promises relating to issues that *really* matter to consumers, such as competitive pricing, safety, the environment and sector-specific promises on the reliability of services.
- Service charters have the greatest impact when they include compensation or penalties for breaches of specific provisions.