

Financial hardship in the telco sector – enhancing consumer protections Impact analysis

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Introduction

The Australian Government is committed to ensuring telecommunications customers facing financial hardship receive the necessary information and support, recognising the essential nature of telecommunications services in today's society. Access to reliable and affordable phone and internet services is crucial for work, education, health, entertainment, social connection, and government services.

There is evidence that the current safeguards for consumers facing financial difficulty in the [Telecommunications Consumer Protection Code C628:2019](#) (the TCP Code) are not providing sufficient protections. The ACMA's [Financial hardship in the telco sector: Keeping the customer connected](#) report uncovered significant rates of financial hardship among telecommunications consumers. However, only a small proportion of affected customers receive formal hardship support.

As at 30 June 2022, industry data from major carriage services providers (CSPs) reported 4,388 residential financial hardship customers¹, in contrast to an estimated 2.4 million Australian adults facing financial difficulty or concerned about their telco bill in the preceding 12 months.² Further, industry data during FY2022 indicated that 237,166 residential customers had their services disconnected due to non-payment of their bills.³ Customers on a formal financial hardship program are afforded protection from credit management action.

Furthermore, the Financial Hardship report highlighted that existing financial hardship support arrangements, when accessed, were neither flexible nor tailored enough to meet individual consumer circumstances. It also highlighted the need for CSPs to do more to proactively engage and assist customers in need.

The ACMA's findings align with concerns raised in the Telecommunications Industry Ombudsman (TIO) report *A time for change – Three years of systemic investigations in review*⁴ and submissions to the current TCP Code review.

This information, together with feedback from consumer groups and advocates over an extended period, show that the current financial hardship rules in the TCP Code are not working effectively to support consumers experiencing vulnerability.

In response, the Minister for Communications directed⁵ the ACMA on 6 September 2023 to make an industry standard (the Standard) requiring CSPs dealing with residential, small business and not-for profit customers to provide appropriate information and support to telecommunications customers experiencing financial hardship .

The minister's direction acknowledges the challenges consumers face in accessing financial support when needed. The Standard aims to enhance protections for these consumers, ensuring that all Australians can stay connected to increasingly essential telecommunications services and receive necessary assistance.

¹ ACMA, [Financial hardship in the telco sector: Keeping the customer connected](#) (May 2023), accessed 11 December 2023.

² ACMA, [Financial hardship: telco and other essential sectors – Quantitative research](#) (May 2023), accessed 11 December 2023.

³ ACMA, [Financial hardship in the telco sector: Keeping the customer connected](#) (May 2023), accessed 11 December 2023.

⁴ TIO (Telecommunications Industry Ombudsman), [A time for change – Three years of systemic investigations in review](#) (June 2023), accessed 11 October 2023.

⁵ [Telecommunications \(Financial Hardship Industry Standard\) Direction 2023](#).

Regulatory setting

The ACMA is an independent Commonwealth statutory authority that regulates communications and media services in Australia to maximise the economic and social benefits for the nation. This includes regulating telecommunications providers.

The regulatory framework encompasses 4 principal Acts – the *Radiocommunications Act 1992*, the *Telecommunications (Consumer Protection and Service Standards) Act 1999*, the *Broadcasting Services Act 1992* and the [Telecommunications Act 1997](#) (the Telco Act). Additionally, the ACMA has responsibilities under the *Interactive Gambling Act 2001*, the *Spam Act 2003* and the *Do Not Call Register Act 2006*.

Current protections for financial hardship

Within this regulatory framework, CSPs are required to comply with a range of telco-specific rules in the TCP Code that provides consumer safeguards in the areas of sales, service and contracts, billing, credit and debt management and changing suppliers.

Financial hardship rules set out in Chapter 7 of the TCP Code require CSPs to provide access to financial hardship assistance. This includes the provision of easily accessible financial hardship policies and options enabling consumers to stay connected while meeting financial obligations.

There are other general obligations in the TCP Code applicable to financial hardship, including credit management obligations relating to customers experiencing financial hardship in Chapter 6.

The TCP Code was developed by Communications Alliance, the peak industry body for the telecommunications sector, for registration by the ACMA. The TCP Code is under review at the time of this assessment (and is due for completion in mid-to-late 2024).

Regulatory framework

Under Part 6 of the Telco Act, the options available to the ACMA to make obligations enforceable are either via a registered industry code or an industry standard.⁶

The ACMA may call for an industry code to be made providing certain threshold conditions are met or register an industry code if submitted by a body representing the industry (if certain matters are satisfied). The ACMA may determine a standard where a code has been called for and not provided, where a code fails, or, where the ACMA is directed to do so by the minister administering the Telco Act.

Obligations contained in an industry code provide the ACMA with initial enforcement powers to give formal warnings or directions to comply with the code. Civil penalties can then be pursued through the Federal Court or an infringement notice issued if a direction to comply is then breached (under Part 31 of the Telco Act). If an industry code proves deficient or is not developed by industry, then an industry standard can be considered (section 125). If directed by the minister, the ACMA must make a standard (subsection 125AA (4) of the Telco Act).

⁶ Part 6, [Telecommunications Act 1997](#), accessed 11 October 2023.

The ACMA and the minister also have powers to make a service provider determination under section 99 and section 99(1A) of the Telco Act respectively that applies to certain service providers in relation to the interests of customers.

If a standard or service provider determination is contravened, the ACMA may:

- > issue a formal warning
- > give a remedial direction
- > accept an enforceable undertaking
- > give an infringement notice
- > seek an injunction in the Federal Court to compel the person to act or refrain from acting in a particular way
- > seek civil penalties via Federal Court proceedings (up to \$50,000 for a person and \$250,000 for a body corporate per contravention).

Reporting and compliance

The ACMA enforces compliance with telecommunications regulations. Protecting vulnerable customers, including those experiencing financial hardship is one of the ACMA's 2023-24 compliance priorities⁷. It was also an ACMA compliance priority in 2022–23. Under this priority, the ACMA focuses on protecting telecommunications customers experiencing financial hardship and making sure providers of telecommunications services comply with their obligations, especially those relating to the disconnection of services. It has involved the following activities:

- > research to better understand the consumer experience
- > industry information to better understand CSP practices when dealing with customers experiencing financial hardship
- > an audit of compliance with rules related to financial hardship and disconnection in the TCP Code
- > investigating and taking action against 8 CSPs⁸ after they failed to provide adequate safeguards that would help customers avoid service restrictions, suspensions or disconnections
- > an education campaign aiming to raise consumer awareness of financial hardship programs and protections⁹.

Four years ago, the ACMA initiated annual *State of Play* reports¹⁰, highlighting the importance of financial hardship in the telecommunications sector. Informed by research, compliance activities and industry reporting, the Financial Hardship report built on this previous work to determine whether safeguards are providing appropriate support to consumers in vulnerable circumstances.

The Financial Hardship report complements the ACMA's [Consumer vulnerability: expectations for the telecommunications industry](#) (Statement of Expectations), released in May 2022, which sets out detailed expectations for CSPs dealing with consumers experiencing vulnerability, covering all aspects of customer interaction, including financial hardship support.

⁷ [Compliance priorities 2023–24 | ACMA](#).

⁸ [Eight telcos breach consumer protection rules | ACMA](#).

⁹ [Help if you can't pay your bill | ACMA](#).

¹⁰ ACMA, [Customer financial hardship in the telco industry: State of play report 2018–19](#); ACMA, [Customer financial hardship in the telco industry: State of play report 2019–20](#); ACMA, [Customer financial hardship in the telco industry: State of play report 2020–21](#), accessed 18 October 2023.

The ACMA also released a related position paper for the telecommunications sector in July 2023, [What consumers want – Consumer expectations for telecommunications safeguards](#) (What Consumers Want paper), evaluating the effectiveness of the TCP Code in providing consumer safeguards. The paper identified areas, including financial difficulty, where substantial improvements are needed to meet consumer expectations.

The ACMA convenes the [Consumer Consultative Forum](#) (CCF) under section 59 of the *Australian Communications and Media Authority Act 2005*. It is a key advisory group that brings together consumer organisations, the telecommunications industry and government to examine issues affecting telecommunications users. The views and feedback from representatives have informed the ACMA publications noted above, and the development of the Standard.

Other key agencies with relevant regulatory responsibilities includes the Australian Competition and Consumer Commission (the ACCC) as the Commonwealth competition and consumer regulator and the TIO.

The TIO provides a free and independent resolution service for small business and individual consumers who have been unable to resolve their complaint with a phone or internet service provider. The TIO also collects and reviews complaint data, offering insights into industry trends and systemic issues.

The ACCC is responsible for monitoring and enforcing compliance with the Australian Consumer Law (ACL). Businesses operating in the telecommunications industry are subject to the economy-wide provisions set out in the ACL. The ACCC has taken enforcement action against a number of telecommunications suppliers in response to misleading and deceptive conduct, as well as in response to unconscionable conduct.

Consumer groups and advocates actively participate in representing the interests of consumers and highlighting potential deficiencies in the current regulatory framework. One such example is research by the Australian Communications Consumer Action Network (ACCAN) and the Public Interest Advocacy Centre (PIAC).¹¹

¹¹ ACCAN and PIAC, [Direct Debit in Telecommunications](#) (April 2023), accessed 11 October 2023.

What is the policy problem?

Changing environment

In consideration of the Government's commitment to ensuring Australians struggling with the cost-of-living have access to appropriate safeguards, the Minister for Communications decided to elevate financial hardship obligations to direct regulation so that appropriate support is provided to telecommunications customers to ensure they stay connected.¹² On 6 September 2023, the minister directed¹³ the ACMA to make an industry standard which addresses requirements set out in the Telecommunications (Financial Hardship Industry Standard) Direction 2023.

Telecommunications services are increasingly essential for work, education, health, and access to government services. They have evolved significantly since the introduction of the Telco Act in 1997. Their use has also accelerated significantly since the TCP Code was registered in 2019, supporting more Australians than ever to work from home and enjoy an enormous array of online entertainment services.

The low entry barrier to the market has fostered a large and diverse sector for the supply of telecommunications services. As of 30 June 2023, there were 1,686 TIO members¹⁴, noting carriers and eligible CSPs must join the TIO Scheme. Based on data submitted to the ACMA at 30 June 2023 under the Telecommunications (Consumer Complaints) Record-Keeping Rules 2018, 33 CSPs had at least 30,000 services in operation. Of these 33 CSPs:

- > 9 CSPs make up over 90% of the market share, all of which have at least 700,000 services in operation.
- > 14 providers make up over 95% of the market share, all of which have at least 250,000 services in operation.

Consumers are also currently facing a challenging economic environment as the cost-of-living has risen sharply over the past 18 months – inflation has increased, interest rates have risen and wages have not kept pace.¹⁵

Current cost-of-living pressures have further highlighted the need to ensure appropriate support is available to consumers who are experiencing financial stress and hardship. While telecommunications may not be a main contributor to the increased cost of living, it is crucial that consumers experiencing hardship stay connected these services.

Financial hardship

Financial pressures can happen to anyone, at any time and for many reasons, including loss of income, illness, family or domestic violence, natural disasters, or more recently the COVID-19 pandemic and increased cost-of-living pressures. Some groups within the community are also more likely to be in financial hardship, including those who are victims of domestic violence, those living with a disability (either

¹² The Hon Michelle Rowland MP, Minister for Communications, [Albanese Government to improve safeguards for telco consumers experiencing financial hardship](#). (Media Release, 6 July 2023), accessed 15 December 2023.

¹³ The Hon Michelle Rowland MP, Minister for Communications, [Better support for telco customers experiencing financial hardship](#). (Media Release, 5 September 2023), accessed 15 December 2023. [Telecommunications \(Financial Hardship Industry Standard\) Direction 2023](#).

¹⁴ Telecommunications Industry Ombudsman 2022-23 Annual Report, p.46, accessed 13 November 2023.

¹⁵ ABS (Australian Bureau of Statistics), [Consumer Price Index, Australia: June Quarter 2023](#) (26 July 2023), accessed 4 October 2023.

themselves or someone within their household), low-income households, those with low levels of financial literacy, or those that may have inadvertently signed up to a service or product without understanding the terms and conditions.

Financial hardship in the telecommunications sector can range from temporary stress to a longer-term issue, and the extent of the hardship varies. It may be linked with financial hardship in other aspects of the consumer's finances or just be related to one or more telco services.

Insufficient financial hardship protections

Despite the essential nature of telecommunications, evidence indicates that current safeguards do not adequately protect consumers facing financial difficulties. The ACMA's Financial Hardship report and associated research¹⁶ found:

- > The rates of telco financial hardship are significant, yet only a small proportion of customers receive formal hardship support. 25% of Australians had experienced payment difficulty or concerns in the previous 12 months for at least one of their essential services bills (telco, energy, water) and 48% of those had difficulty with their telco bills. This represents just under 2.4 million Australian adults in financial difficulty or concern for their telco bill in that period. In contrast, industry data from the main telcos reported only 4,388 residential financial hardship customers as at 30 June 2022. This represents 0.03% of all residential customers.¹⁷
- > Industry requirements to inform customers about hardship arrangements often go unnoticed, with only 57% of the general adult population and 64% of those who experienced financial hardship aware they could contact their telco for help managing the payment of bills due to financial difficulties. Telcos are required to have financial hardship policies that are easy to find and access. While the 11 major telcos we sought information from confirmed that they publish financial hardship policies on their websites, extensive navigation on their websites to access financial hardship policies was required for 10 of these 11 CSPs.
- > During 2021–22, a total of 237,166 residential customers had their services disconnected due to non-payment. Of those, only 834 were reported by the main telcos as financial hardship customers. CSPs may also disconnect customers when they are not able to be contacted – during 2021–22, a total of 169,262 residential customers had their services disconnected due to being uncontactable. Of those, 1,293 were financial hardship customers.
- > Short disconnection timeframes offer little room for consumers to resolve issues before having their communications cut off. Given that telecommunications is increasingly an essential service, CSPs should contact customers well in advance of disconnection with messages that clearly state the consequences of disconnection and afford customers sufficient time between sending the disconnection notice and the actual disconnection to seek financial assistance or make alternative arrangements. Research participants noted the effect of disconnection were significant on many aspects of everyday life.
- > Telcos are not sufficiently proactive in engaging with consumers struggling to pay their bills, with human contact even less likely. Ten of the 11 providers we sought information from reported to us that they proactively identify customers who may be experiencing financial difficulty. However, consumers who had financial difficulties or concerns with their telco bills reported it was rare for telcos to initiate contact, especially human contact, in relation to potential financial hardship.

¹⁶ ACMA, [Financial hardship: telco and other essential sectors – Quantitative research and Consumers' experiences with telco financial hardship – Qualitative research](#) (May 2023), accessed 6 October 2023.

¹⁷ Telcos can offer payment plans and bill payment extensions outside of formal financial hardship programs. However, these do not attract the TCP Code protections, such as from credit management action, afforded the customer on a formal financial hardship program.

- > Financial hardship arrangements are often inflexible and not personally tailored to individual circumstances. Telco providers were also generally seen as being less well-equipped with fewer options available, and less flexible than other essential services, particularly electricity providers, when dealing with customers in financial hardship.
- > Inflexible payment option, with a focus on direct debit, compounds financial difficulties faced by consumers. There was a general view from research participants that direct debit was a convenient method of payment in perfect and predictable circumstances, but was more problematic at times of financial difficulty, adding to stress and incurring extra fees. Research participants also reported feeling frustrated that the telco did not provide any forewarning that they would be referred to a debt collection service and that debt collection made them feel intimidated or stressed.

These identified issues can have a profound impact on consumers facing financial hardship, including:

- > service disconnection which affects communications, opportunities and digital inclusion.
- > increased stress and anxiety due to financial difficulties and potential loss of essential services
- > negative credit consequences impacting access to other essential services and financial products
- > social exclusion limiting participation in online activities
- > vulnerable groups such as low-income households, the elderly, those facing health challenges and victims of domestic violence may be more adversely impacted.

Conversely, providing appropriate financial support can yield far-reaching benefits for consumers in need. Recognising the essential nature of telecommunications services, it enables them to engage in a broad range of activities, including work and education. Moreover, it facilitates access to various services such as health and government support.

On a fundamental level, access to telecommunications services serves as the gateway to participation in the digital realm. Digital exclusion arises when individuals lack the means to connect to these services and acquire the necessary devices for access. This exclusion, manifesting in various forms, directly correlates with adverse outcomes, such as compromised health, diminished life expectancy, increased loneliness, social isolation and limited access to crucial resources like employment and education.¹⁸ Digital exclusion is connected with an inability to participate fully in economic, social and civic life, presenting and compounding barriers to education, work and vital services.¹⁹

In its submission to the ACMA's consultation the Statement of Expectations, Relationships Australia details the importance of digital inclusion being a critical enabler of social inclusion and connection and preventative against loneliness and its adverse effects on physical and mental health.²⁰

¹⁸ Good Things Foundation, [The digital divide](#), accessed 8 December 2023.

¹⁹ [Australian Digital Inclusion Index](#), accessed 8 December 2023.

²⁰ Relationships Australia, [Submission to the ACMA's Consumer vulnerability: expectations for the telecommunications industry](#), accessed 8 December 2023.

Addressing the gaps

There are gaps in the financial hardship rules in the TCP Code in the way they operate and provide protections to consumers in need. These gaps and supporting evidence are detailed in the What Consumers Want paper and the Financial Hardship report and include:

- > Narrow definition of ‘financial hardship’. The ACMA is aware that telcos offer some additional forms of ‘financial assistance’, but these sit outside of the TCP Code definition.
- > Financial assistance, including payment plans and extensions to pay, are frequently outside of formal financial hardship programs, negating TCP Code protections such as preventing credit management action against customer in financial hardship.
- > Timeframes for CSPs to notify customers of impending disconnection, suspension or restriction of services are too short and, in some cases, are not being complied with.
- > Low levels of consumer awareness about telecommunications financial assistance.
- > A lack of consistency across industry in assessing eligibility for financial hardship assistance.
- > A lack of flexibility in some financial hardship arrangements that does not account for a consumer’s individual circumstances.
- > Difficulties with enforcing some of the existing financial hardship provisions in the TCP Code due to poor drafting.
- > The TCP Code does not prescribe what factors should be considered in assessing a customer’s eligibility for financial hardship assistance or what staff training would be appropriate in these circumstances.
- > Limited enforcement options under the TCP Code – a formal warning or a direction to comply. More serious action can only be taken after a CSP breaches a direction to comply (meaning a second or repeated contravention).

The ACMA’s findings are further supported by:

- > the TIO’s June 2023 report *A time for change – Three years of systemic investigations in review*²¹, which made recommendations where the telecommunications regulatory framework and industry could evolve to provide better protection for consumers who are vulnerable, including:
 - > telcos need to do more to reduce barriers for consumers seeking help
 - > improved regulation would help reduce unexpected debt and financial hardship
 - > direct regulation should play a primary role in protecting consumers that are vulnerable.
- > the TIO’s April 2023 report *Thematic Review: Our financial hardship complaints 2021 - 2023*²² which provides an overview of complaints received about financial hardship between 1 April 2021 and 31 March 2023 and provided case studies illustrating some of the issues customers in financial hardship experienced. This included a situation where a customer who became seriously ill and was not able to work was not offered a reasonable payment arrangement, and another where a pensioner customer was unable to reach her telco to ask for financial assistance.

²¹ TIO, [A time for change – Three years of systemic investigations in review](#) (June 2023), accessed 11 October 2023.

²² TIO, [Thematic review: Our financial hardship complaints 2021 – 2023](#), accessed 8 December 2023.

- > recent ACMA action against 8 CSPs for failure to provide adequate notice for service restrictions, suspensions or disconnections and failure to provide information about financial hardship policies²³ and action against a CSP for breaching the requirement to suspend credit management activity for 70 financial hardship customers between August 2019 and April 2022.²⁴
- > reports and research by other organisations including research by the ACCAN and the PIAC²⁵ into how consumers experience their billing arrangements, which found that some of the payment options offered by CSPs are not suitable for people in vulnerable circumstances.
- > submissions to the current review of the TCP Code²⁶ by the TIO²⁷, the ACCC²⁸ and ACCAN.²⁹

Feedback from current consumer representatives³⁰ of the ACMA's CCF has also emphasised the need for more robust financial hardship protections beyond those afforded by the TCP Code, and accords with feedback received during development of the ACMA's Statement of Expectations.

This, together with feedback from consumer groups and advocates over an extended period, emphasises the inadequacy of current financial hardship rules.³¹

In examining the regulatory landscape surrounding financial hardship within the telecommunications sector, the ACMA investigated measures adopted by other countries and sectors to address similar challenges.

This involved a comprehensive comparative study conducted in early 2023, focusing on telecommunications consumer protection frameworks in Canada, the United Kingdom (UK) and New Zealand (NZ). The study examined the regulatory measures in place to help consumers facing financial stress and assist them in staying connected. Building on previous research³², the ACMA concentrated on practical measures in place in other sectors and jurisdictions.

The comparative study highlighted that the UK's regulatory framework, overseen by the UK regulator Ofcom, surpasses that of the TCP Code. The UK's measures, enshrined in law and regulation rather than an industry code, include clear guidelines on financial assistance. Notably, the UK framework boasts a streamlined process for assessing financial hardship customers, with the regulator expecting individuals experiencing payment difficulties to be treated as vulnerable customers, triggering a range of additional supportive measures. The TCP Code is also surpassed by the NZ and Canada consumer protections for managing customers facing disconnection due

²³ ACMA, [Eight telcos breach consumer protection rules](#) (July 2023), accessed 6 October 2023.

²⁴ ACMA, [Telstra fails to warn customers about service restrictions](#), 20 April 2023, accessed 8 December 2023

²⁵ Australian Communications Consumer Action Network (ACCAN) and the Public Interest Advocacy Centre (PIAC), [Direct Debit in Telecommunications](#) (April 2023), accessed 6 October 2023.

²⁶ [Communications Alliance - TCP Code Review 2024](#).

²⁷ TIO submission to TCP Code review, [Submission - Communications Alliance's 2024 TCP Code review/TIO](#) June 2023, accessed 17 October 2023.

²⁸ ACCC, [ACCC submission to TCP Code review](#) June 2023, accessed 17 October 2023.

²⁹ ACCAN, [ACCAN submission to TCP Code review](#) June 2023, accessed 17 October 2023.

³⁰ Australian Consumer Action Network (ACCAN), Consumer Policy Research Centre (CPRC), Consumer Action Law Centre (CALC), Western Community Legal Centre Limited (WESTjustice), South Australian Council of Social Services (SACOSS), Isolated Children's Parents' Association of Australia (ICPA); NSW Business Chamber (Business NSW).

³¹ Seventeen consumer organisations withdrawing from the TCP Code review process underscores the lack of confidence in the existing regulatory framework.

³² PricewaterhouseCoopers (PwC), [Telecommunications Consumer Safeguards: International and sectoral comparisons of consumer protections for choice and fairness in the retail relationship between customers and their providers](#), accessed 2 January 2024.

to non-payment and the associated timeframes. Both countries require longer timeframes before disconnection can occur and NZ steps out a process diagram within their telco disconnection code.³³ Comparison with other sectors offering essential services, such as electricity and gas, further highlights the need for a more clearly enforceable framework in the telecommunications sector. In the sale and supply of electricity and gas, the National Energy Customer Framework (NECF) establishes a robust regulatory structure, including the National Energy Retail Law, Rules, and Regulations. The Australian Energy Regulator (AER) enforces compliance, backed by strong regulatory penalties applicable from the first breach.

Considering the identified gaps in existing rules, cost-of-living pressures and the essential nature of telecommunications services, the minister directed the ACMA on 6 September 2023 to make an industry standard requiring CSPs to provide appropriate information and support to telecommunications customers experiencing financial hardship.

The aim is to strengthen safeguards for consumers in vulnerable circumstances, including Australians struggling with the increased cost of living, so they stay connected and receive the necessary assistance. Direct regulation will also facilitate more effective enforcement of rules governing CSPs assistance to consumers experiencing financial hardship.

³³ [NZ Telecommunications Forum Disconnection Code](#)

Why is government action needed?

Research and evidence confirm there is a problem with customers experiencing financial hardship being provided with adequate and appropriate support and staying connected to a service which is essential to everyday life, including for social and economic participation.

It is essential to have contemporary telecommunications industry obligations and consumer protections that are appropriate for the current environment. These regulations should enable and support all Australians, regardless of their individual circumstances, to access and use telecommunications services. The type of regulation and the tools to enforce compliance, if necessary, should also match the importance that telecommunications services play in Australians' lives.

Industry has been made aware for some time that protecting vulnerable consumers, including those experiencing financial hardship, is a priority and that the TCP Code is not operating to adequately protect consumers. ACMA research and reports over the past 4 years, and from a range of other key stakeholders, including submissions to the TCP Code review, confirm financial hardship is a significant problem and indicates that stronger measures are required to meet reasonable consumer expectations.

The ACMA has actively pursued sector improvements for over a year, setting out a Statement of Expectations in May 2022 and the What Consumers Want position paper in July 2023. The TIO, ACCC and consumer groups such as ACCAN have also called for action for some time.

The co-regulatory framework offers industry the opportunity to address consumer concerns but it has not adequately done so. The current review of the TCP Code, due for completion in mid to late 2024, has again prompted calls for direct regulation from non-industry stakeholders. This view has been expressed consistently over some time and has been reiterated in several submissions to the Communications Alliance discussion paper on the review of the TCP Code,³⁴ including from the TIO³⁵, the ACCC³⁶ and ACCAN³⁷.

ACCAN's engagement with consumers, consumer representatives, peak bodies, and consumer groups has elicited a common view that the TCP Code provides inadequate consumer protections. Further, that direct regulation drafted by government is necessary.

The ACCC flagged the limitations of the regulatory framework that hinder the ACMA's ability to enforce or improve the TCP Code, and that it is not confident the code review process will result in beneficial outcomes for consumers. It supports exploring other regulatory solutions, including setting out telecommunications consumer protections in a standard.

³⁴ Communications Alliance, [Communications Alliance TCP Code Discussion Paper](#) May 2023, accessed 17 October 2023.

³⁵ TIO [Submission to 2024 TCP Code review](#) June 2023, accessed 17 October 2023.

³⁶ ACCC, [Submission to TCP Code review](#) June 2023, accessed 17 October 2023.

³⁷ ACCAN, [Submission to TCP Code review](#) June 2023, accessed 17 October 2023.

The TIO's submission to the TCP Code review echoed its submission to Part C of the Consumer Safeguards Review³⁸, again calling for essential consumer protections to be included in directly enforceable rules made by government and regulators rather than made by an industry representative body to create better outcomes for both consumers and the industry.

Direct regulation is considered necessary for several reasons, including that it:

- > addresses the serious nature of the harms involved by supporting direct regulatory intervention and serving specific and general deterrence through strong, immediately available enforcement action
- > enables the ACMA to directly design robust and clear enforceable obligations
- > allows adequate and effective consumer protections to be put in place more quickly, considering industry's significant time to address the issue
- > provides the strongest incentive to achieve the best outcome for the Australian community
- > recognises the essential nature of phone and internet services for Australian consumers.

The minister's decision to direct the ACMA to make an industry standard on financial hardship was considered necessary to address the identified policy problems and to ensure appropriate support is available through directly enforceable rules made as soon as possible. If government did not intervene and deferred to the TCP Code review process, new rules would not be in place until later in 2024 at the earliest.

The objective of government action is to strengthen safeguards for consumers in vulnerable circumstances and Australians struggling with the increased cost of living, so they are able to receive the assistance they need to stay connected.

The objectives of the Direction, as set out in clause 7, are:

- > Promotion of financial hardship policies – ensure CSPs promote their financial hardship policies and information about assistance for customers who are, or may be, experiencing financial hardship, and that the policies and information can be easily found and accessed by customers and potential customers
- > Early identification and assistance - require CSPs to identify customers who may be experiencing financial hardship early and provide assistance to those customers
- > Appropriate eligibility criteria - ensure CSPs' eligibility criteria and assessment processes related to financial hardship assistance have appropriate regard to the essential nature of carriage services
- > Tailored assistance – ensure customers who are experiencing financial hardship receive adequate, appropriate and tailored assistance to manage their payment obligations and associated debts
- > Prioritising connection - ensure any credit management action taken by CSPs in relation to customers who are experiencing financial hardship prioritises keeping customers connected to appropriate services and only use disconnection as a measure of last resort.

Implementation of an industry standard will also facilitate more effective enforcement of rules governing CSPs assistance to consumers experiencing financial hardship.

³⁸ TIO [Submission to Consumer Safeguards Review - Part C: Choice and fairness | The Telecommunications Industry Ombudsman](#) October 2020, accessed 17 October 2023.

Potential barriers and risks associated with government intervention could hinder the successful achievement of stated objectives. One challenge lies in potential industry opposition to the proposed regulatory changes. The telecommunications sector, as a dynamic and competitive industry, may express concern about an additional regulatory burden and its impact on operational flexibility. The complexity involved in designing and implementing effective regulations within a rapidly evolving technological landscape poses a risk.

To address these challenges, the ACMA has consulted widely in developing this Standard. Consultation and engagement with industry stakeholders has been integral in understanding and addressing concerns, fostering a collaborative approach to these regulatory changes. Industry was well informed and contributed constructively. The ACMA's extensive research and experience also served as valuable resources in navigating the complexities of regulatory design and implementation.

By proactively identifying potential barriers and implementing targeted strategies to mitigate risks, the government aims to enhance the likelihood of successful intervention in addressing financial hardship in the telecommunications sector.

Success will be measured by the following:

- > Increased rates of financial hardship arrangements across the industry (compared to the number of customers experiencing hardship). Industry data from the main telcos (representing more than 80% of the market) reported 4,388 residential financial hardship customers as of 30 June 2022, representing only 0.03% of all residential customers.
- > Increased consumer awareness that financial hardship support is available from CSPs. Our May 2023 consumer research found that only 57% of the general Australian adult population, and 64% of those who experienced a financial hardship situation in the past 12 months reported they were aware they could contact their telco provider for financial hardship assistance.
- > Clear access to information about available financial hardship support from providers. As of June 2022, all but one of the main telcos required extensive navigation on their websites to access financial hardship policies as of 30 June 2022.
- > Decrease in the number of customers disconnected while in financial hardship. During 2021–22, a total of 237,166 residential customers had their services disconnected due to non-payment. Of those, only 834 were reported by the main telcos as financial hardship customers.
- > Reduced complaints received by the TIO from consumers experiencing financial hardship and their provider did not give appropriate help. Between 1 April 2021 and 31 March 2023, the TIO received over 3,000 such complaints.
- > Feedback from consumer groups and community organisations that consumers have been able to access appropriate financial hardship assistance.

What policy options have been considered?

Option 1 – Status quo

The government retains the status quo, refraining from introducing new regulation, relying on the current TCP Code review by Communications Alliance to address financial hardship issues.

The ACMA's What Consumers Want paper identifies deficiencies in the TCP Code needing urgent improvement, including financial hardship. The ACMA has sought a definitive indication from the telecommunications industry by the end of 2023 on the detailed amendments it will make to the TCP Code to address the issues raised. If unsatisfied with industry response, the ACMA has the authority to enact direct regulation on relevant issues.³⁹

Compliance and enforcement powers for code breaches are limited and Australians experiencing financial hardship will continue to experience significant harms until the identified gaps in the TCP Code are addressed and uplifted to direct regulation where strong enforcement is available. Industry has had a material opportunity to address the issues prior to this latest review and has not done so.

Non-regulatory measures, including a consumer education campaign launched in March 2023⁴⁰, has been undertaken to raise consumer awareness of the financial hardship assistance available when they are experiencing difficulties paying their telco bills. The campaign, aimed at encouraging consumers to engage with their telco when they experience financial hardship, comprised:

- > consumer-focused materials with relevant information, advice and links – such as website content, graphics and videos
- > use of targeted communication channels to effectively reach consumer audiences – such as social media, e-newsletters, consumer advocates and paid advertising.

The ACMA also enhanced the information for industry on its website to explicitly set out key TCP Code financial hardship rules⁴¹ to further support industry understanding of the current requirements in an effort to minimise the need for regulatory intervention.

However, these efforts fall short of addressing the problem. To date, industry has not shown any inclination to voluntarily improve their financial hardship policies to address consumer concerns.

It was open to the minister to take no action and allow financial hardship issues to be addressed through the current TCP Code review or by later direct regulation imposed by the ACMA. However, the minister directed the ACMA to make a standard in response to the serious and immediate issues being faced by vulnerable consumers in accessing financial support when they need it, as demonstrated in the findings from the ACMA's Financial Hardship report.

³⁹ The ACMA may determine an industry standard under Part 6 of the Telco Act in limited circumstances. This includes where an industry code that has been made is deficient (section 125 of Telco Act).

⁴⁰ ACMA, [Help if you can't pay your phone or internet bill](#), accessed 18 October 2023.

⁴¹ ACMA, [Rules to protect customers in financial hardship](#), accessed 18 October 2023.

Option 2 – Direct regulation

The minister directed the ACMA to make an industry standard on financial hardship under section 125AA of the Telco Act to address the identified gaps in the existing TCP Code on 6 September 2023.

The ACMA *must* determine an industry standard if directed by the minister. Retaining the status quo is therefore not a live option.

Under the Telco Act, it is not possible for the ACMA to take direct action for initial breaches of an industry code no matter how significant. If a breach of a code is identified, the ACMA can direct a CSP to comply with the code or issue a formal warning. The ACMA can only take broader enforcement action (for example, seeking penalties) if a CSP continues to contravene – that is, it is a 2-step enforcement process.

The Minister's decision considered substantial evidence pointing to the problem, as revealed in the ACMA's Financial Hardship report. Despite 2.4 million Australians facing payment difficulties, only 4,388 benefited from formal financial hardship programs by June 2022. This data underscores the urgency for intervention.

The Direction was developed in consultation with stakeholders, with constructive feedback received and considered.

Implementing the Direction

The Direction provides the legal authority to make a new industry standard under section 125AA of the Telco Act.

An industry standard applies to participants in a particular section of the telecommunications industry; and deals with one or more matters relating to the telecommunications activities of those participants. The Direction specifies that the Standard is to apply to CSPs in their interactions with residential, small business and not-for-profit customers.

The Standard must require CSPs to support customers facing or likely to face financial hardship through early identification and appropriate assistance. The Standard must also address the promotion and dissemination of information to customers about financial hardship, emphasising the importance of keeping customers connected to appropriate services for their needs. The explanatory statement⁴² to the Direction underscores the need to maintain access to devices that enable connection to appropriate services.

Outlined within the Direction are objectives the Standard must give effect to (clause 7(1)) and a range of matters that the Standard may include (clause 7(2)). To fulfil these objectives, rules addressing the matters in clause 7(2) are necessary. While the Direction's content in clause 7(2) is detailed, indicating an intention for rules, the ACMA retains some flexibility in drafting rules on various aspects, such as

- > establishing written financial hardship policies, including processes for assisting customers who are or may be experiencing financial hardship and other requirements relating to financial hardship policies considered appropriate by the ACMA
- > promoting financial hardship policies and providing information and advice to customers and potential customers about these policies and assistance

⁴² [Explanatory Statement to Telecommunications \(Financial Hardship Industry Standard\) Direction 2023](#).

- > early identification of customers who may be experiencing financial hardship and ongoing evaluation of their circumstances
- > providing appropriate customer service for customers who are or may be experiencing financial hardship
- > defining processes for assessment and provision of financial hardship assistance to customers
- > ensuring staff training and conduct in identifying and supporting customers who are or may be experiencing financial hardship
- > credit management action undertaken by or on behalf of CSPs in relation to customers experiencing financial hardship, including requirements for appropriate protections in service restriction, suspension or disconnection.

While being appropriately limited by the stated objectives in clause 7(1), the Direction gives the ACMA broad discretion to include additional matters deemed necessary to meet these objectives. Discretionary matters encompass transitional arrangements and record-keeping requirements and defining terms as appropriate or necessary.

Supported by evidence from the Financial Hardship report and What Consumers Want paper, there is a compelling case for addressing gaps and deficiencies in the TCP Code rules related to how CSPs engage with customers experiencing financial difficulties. These issues include a narrow definition of 'financial hardship,' inadequate financial hardship programs, short notification timeframes for service actions, low consumer awareness, inconsistent eligibility assessments, inflexible arrangements, and difficulties in enforcing existing provisions.

The ACMA has adopted an evidence-based approach to draft the Standard, considering enhancements to existing TCP Code provisions and introducing new elements to address identified gaps or deficiencies.

The Standard is designed to improve the experience of telecommunications consumers facing bill payment difficulties, recognising the essential nature of telecommunications services and making it clear that disconnection is a measure of last resort.

Outcomes-based regulation is highly favoured by the ACMA, recognising the flexibility it provides for implementation across a diverse sector. There are various ways in which outcomes-based rules can be applied, as set out below.

Option 2A – Outcomes-based (discretionary)

As previously mentioned, while the Direction sets the rules for the Standard with limited discretion, there is room for flexibility in constructing the Standard, allowing providers discretion in how they meet obligations within an established framework. The key distinction between the status quo and Option 2A lies in the mechanism of achieving outcomes-based regulation. Option 2A involves direct regulation, providing a more targeted and expedited response to financial issues with greater incentives for providers to comply. Industry prefers outcomes-based rules. While Option 1 would also likely consider outcomes-based regulation through industry-led initiatives, Option 2A takes a more assertive stance by providing a specific framework under the Direction, offering associated benefits of direct regulation, such as a standardised approach and more immediate action in addressing identified gaps. While the status quo relies on the existing TCP Code review, Option 2A provides room for flexibility within the framework set by the Direction.

Under Option 2A, providers have the discretion to design and implement strategies for early identification and assistance that align with their operational models and customer base. This approach has the potential to encourage diverse solutions tailored to various customer needs, fostering adaptability in addressing financial hardship challenges.

However, the absence of more specific guidelines may introduce ambiguity, posing challenges for consistent enforcement across the industry and potentially resulting in varying levels of consumer protection. There is a significant risk that without clearly enforceable rules in key areas of concern that have informed the Direction, this approach may not adequately address the identified gaps in current protections and therefore fail to meet the objectives of the Direction.

Option 2B – Outcomes-based (enforceable)

Option 2B maintains an outcomes-based focus but adopts a more detailed and enforceable approach aligning with explicit requirements of the Direction in key areas where enhanced protection is required. While still providing CSPs with a large amount of discretion, this option responds to the direction with structured and detailed regulatory obligation where a specific outcome is required due to evidence of current failures.

This approach empowers the ACMA to set clear obligations, establishing a standardised foundation for industry participants. The approach ensures explicit rules where necessary, reducing ambiguity and allowing for a consistent understanding of compliance requirements, and enforceability. This approach provides clarity for industry stakeholders and consumers, setting expectations for robust and standardised consumer protections, while still retaining an outcomes focus.

Mitigating challenges in enforcing compliance with the TCP Code, well-drafted clear and specific key rules offer a clearer understanding of obligations for industry and the regulator. They provide specific criteria for measuring compliance and enhance oversight, promoting consistency in industry practices. This approach establishes a level playing field, minimising the risk of inadequate support for customers facing financial hardship. This facilitates effective and timely consumer protections, meeting the primary objective of supporting customers in financial difficulty as required by the direction.

Consultation on the draft Standard will address potential implementation issues, ensuring rules do not inadvertently hinder innovation or adaptability for telcos.

What is the likely net benefit of each option?

Overview of options

The reform options that are set out in the previous section are summarised below with the key differences in the regulatory framework highlighted. The impact of these differences have been examined to gauge the relative benefits and costs of each option.

- > Status quo (Option 1) – the TCP Code continues without introduction of a new industry standard. The TCP Code could evolve in the future, but changes would not be expected to alleviate the current issues that apply to financial hardship. The status quo imposes costs on consumers, CSPs, the TIO⁴³ and the ACMA.
- > Direct Regulation Models (Options 2A and 2B) – both involve replacing the TCP Code with a standard. Option 2A employs outcomes-based regulation with discretionary application while Option 2B also adopts an outcomes-based approach but with clearly enforceable rules in key areas.

The focus of this section shifts towards the net benefits of Options 2A and 2B relative to the status quo (Option 1). While some costs of Option 1 are estimated here, the primary emphasis is on the net benefits of Options 2A and 2B.

By assessing the readily quantifiable costs and benefits of reform Options 2A and 2B over a ten-year period, Option 2B is expected to be net beneficial whereas Option 2A is not. Option 2B is preferable, as it delivers a net benefit even before the full range of benefits to consumers are considered. Table 1 summarises the expected costs for these options relative to the status quo.

The main drivers of the benefits for Option 2B is from avoided reconnection costs, and reduced enforcement costs relative to the status quo.

Table 1: Summary of expected costs relative to the status quo⁴⁴

	Option 2A	Option 2B
Total benefits (NPV)	-\$5,082,753	\$9,386,678
Benefit cost ratio	0.43	1.63

Based on 10-year analysis using a 7% discount and providing the results in 2023 values.

Details of these costs and benefits for each option are presented in the next sections.

⁴³ As noted below, the TIO is funded through membership fees that are charged to the CSPs

⁴⁴ Positive values here are costs and negative values are benefits, relative to the status quo.

Option 1 – Status quo

As highlighted in preceding sections, the ACMA considers that the current TCP code lacks adequate support for telecommunications customers facing financial difficulties.

A comparison of data on the proportion of telecommunication customers on formal financial hardship arrangements with other utilities (such as energy companies) indicates that the telecommunication industry in Australia is behind other industries.⁴⁵

Although the TCP code is being reviewed, the ACMA does not anticipate the review would effectively address the issues identified in this impact assessment.

Benefits

One of the key benefits of the status quo is that CSPs can avoid costs associated with implementing systems and processes to comply with new regulatory requirements.

The current regulatory model allows potential flexibility in addressing financial hardship issues through industry-led initiatives, although, this benefit is not considered significant given the lack of substantial industry action.

Costs

Various costs are associated with the status quo. These costs largely occur from disconnections of customers from telecommunications services due to non-payment. Further costs arise from the management of complaints by customers to CSPs, the TIO and the ACMA. These costs may have been averted if a different approach had been taken by the CSP to address financial hardship.

For example, a different approach may have alleviated the need for disconnection because it could have provided time for a consumer to arrange for a delayed payment of monies owed to the CSP or time for them to re-arrange their finances – allowing CSPs to recover monies owed. In some situations, the disconnection may still occur but at a later date.

Disconnections due to non-payment lead to several costs, including:

- > **Consumers:** In addition to incurring CSP fees to reconnect their service, disconnection can impact access to services, reduce opportunities, potentially affecting vulnerable groups, cause stress and anxiety, have negative credit consequences create social exclusion, and sacrifices in other areas of life. Further costs to consumers could arise from them making a complaint about their disconnection to their CSP, the TIO or ACMA.
- > **CSPs:** incur costs related to disconnecting and reconnecting consumers, along with dealing with customer complaints on financial hardship.
- > **TIO:** incur costs engaging with consumers on complaints relating to financial hardship, recovered through membership fees that are charged to the CSPs.
- > **ACMA:** incurs costs through engaging with consumers on complaints relating to financial hardship, educating consumers and industry, and compliance monitoring and enforcement of TCP Code rules.

These costs are considered higher than they would be under Options 2A and 2B, as the status quo does not robustly address financial hardship issues, providing a rationale for considering Option 2A and 2B.

⁴⁵ See for example electricity industry documents such as the AEMC (Australian Energy Market Commission) [Rule Determination: National Energy Retail Amendment \(Strengthening Protections for Customers in Hardship\) Rule 2018](#) (15 November 2018), accessed 15 December 2023.

Current disconnections that could have benefited from financial hardship arrangements

The primary driver of costs is the number of disconnections due to financial hardship issues. Based on industry data, the total number of consumers disconnected during 2021–22 because they could not pay their telecommunications bill, and could have benefited from financial hardship arrangements with their CSP, was estimated at 236,332.⁴⁶ This is in addition to the 4,388 customers who are currently on formal financial hardship arrangements.⁴⁷

This 236,332 estimate⁴⁸ appears to be a low estimate or underestimate of the total population who should be eligible for financial hardship provisions, noting this is significantly less than the estimated 2.4 million Australian adults facing financial difficulty or concerned about their telecommunications bill. We do note that some of these 236,332 customers may not have benefited from financial hardship status. On balance, 236,332 is considered a reasonable – but conservative – estimate of the population that should be eligible for formal hardship provisions for use in this impact assessment.

Current complaints due to financial hardship issues

The total number of complaints due to financial hardship issues across CSPs, the TIO and the ACMA in 2022–23 is around 27,000. This represents approximately 2.5 per cent of all telco complaints. See Table 2.

Table 2: Complaints relating to financial hardship issues

Category of customer	Total number of complaints	Total number of complaints relating to financial hardship	% of complaints relating to financial hardship
Complaints to CSPs	1,037,823	25,544	2.5%
Complaints to TIO	66,388	1,634	2.5%
Complaints to ACMA	500	95	19%.
Total number of complaints	1,104,211	27,258	2.5%

Source: Total complaints relating to financial hardship to TIO sourced from TIO 2022–23 Annual report, pages 79 and 86. The total number of complaints relating to financial hardship for CSPs is based on the total number of complaints as reported to the ACMA (by CSPs with more than 30,000 services in operation) multiplied by 2.5%, which is the proportion of complaints relating to financial hardship for the TIO.

Current cost of compliance, complaints and reconnections

Our estimate of the current costs of compliance is shown in Table 3.

⁴⁶ Source: ACMA, *Financial hardship in the telco sector, Keeping the customer connected*, p. 40, accessed 6 December 2023

⁴⁷ ACMA, *Financial hardship in the telco sector, Keeping the customer connected*, Figure 6, p. 18, accessed 12 December 2023

⁴⁸ The 236,332 figure itself is also likely a low estimate because it is based on data from only 83% of the market.

Table 3: Status quo costs

Input	Value	Calculation and source
Current cost of financial hardship complaints to the TIO	\$760,419	TIO total expenditure (2023) \$30.91 million. Financial hardship make up 2.46% of all complaints Note: this assumes the distribution of financial hardship complaints is similar to all complaints Average cost of complaint to the TIO was estimated to be around \$465 Source: www.tio.com.au/sites/default/files/2023-09/TIO%20Financial%20Report%202023.pdf
Current reconnection cost	\$12,677,000	Reconnection cost per customer of \$54 per customer (sourced from www.telstra.com.au/content/dam/tcom/our-customer-terms/business-government/pdf/mobilegeneral.pdf) x 236,332 disconnection customers Note: this assumes all disconnected customers are reconnected
Current ACMA compliance and enforcement cost	\$984,045	Based on estimated ACMA staff time spent on financial hardship compliance monitoring and enforcement
Current ACMA cost on communicating and educating the TCP	\$35,144	Based on estimated ACMA staff time spent on financial hardship education and communications
ACMA cost on revised code	\$312,395	Based on estimated ACMA staff time spent on activities associated with the TCP Code review

Note: the cost of complaints to CSPs was not included in the quantitative analysis. Changes to these costs for CSPs were assumed to be cost neutral when balanced against an increase in time and costs that CSPs would spend on implementing additional financial hardship arrangements in place instead of dealing with complaints.

Option 2A – Outcomes-based (discretionary)

The ACMA considers that direct regulation as proposed in Option 2A would create more compliance incentives for CSPs than the existing code, leveraging a broader range of enforcement options. However, it is anticipated that despite the potential advantages, outcomes-focussed regulation with significant discretionary application might be challenging for CSPs to implement and the ACMA to enforce, possibly resulting in a marginal increase in the number of customers on formal financial hardship arrangements.

The ACMA's estimated impact of the change are set out in Table 4.

Table 4: Modelled change in outcomes Option 2A

Option	Option 1	Option 2A
% of potential disconnection customers on formal financial hardship arrangement and successful completion	1.857%	7%
Number of potential disconnection customers on formal financial hardship arrangement and successful completion	4,388	16,850
Disconnections due to non-payment	236,332	223,870
Number of complaints to TIO about financial hardship	1,634	1,520
Number of complaints to CSPs about financial hardship	25,500	23,715
Total potentially applicable for financial hardship	240,720	240,720
% of customers on formal financial hardship arrangements	0.03%	0.10%

The anticipated increase in customers on financial hardship arrangements are based on comparisons with similar financial hardship arrangements in the electricity industry in Australia. We expect a modest increase given the stronger incentive to comply but consider the more clearly enforceable rules in key areas contained within Option 2B (similar to those that apply to the electricity sector) would provide a significantly greater increase of around 30% - which aligns with results reported for the electricity industry.⁴⁹

Benefits

Industry would have flexibility in designing strategies tailored to operational models and customer base. This option could also encourage innovation in developing approaches to support customers facing financial hardship, with potential for consumers to benefit from more diverse and creative solutions tailored to different customer needs.

The benefits that could be estimated are set out in Table 5.

Table 5: Annual benefits under the Option 2A

Input	Value	Calculation and source
Reduction in financial hardship complaints to the TIO	\$53,229	Cost per complaint = \$465 Reduction in complaints = 114 Source: www.tio.com.au/sites/default/files/2023-09/TIO%20Financial%20Report%202023.pdf
Reduction in reconnection cost	\$573,270	Average reconnection cost per customer = \$46

⁴⁹ESC (Essential Services Commission), [Payment difficulty framework implementation review 2022: Findings report](https://www.esc.vic.gov.au/sites/default/files/documents/RPT%20Payment%20difficulty%20framework%20implementation%20review%202022%20Findings%20report.pdf), (31 May 2022), accessed 15 December 2023.
[www.esc.vic.gov.au/sites/default/files/documents/RPT%20-](https://www.esc.vic.gov.au/sites/default/files/documents/RPT%20Payment%20difficulty%20framework%20implementation%20review%202022%20Findings%20report.pdf)

Input	Value	Calculation and source
		Reduction in disconnections = 12,462 Source: www.telstra.com.au/content/dam/tcom/our-customer-terms/business-government/pdf/mobilegeneral.pdf

In addition to the items valued above, Option 2A is expected to impose various other benefits and costs on CSPs. Consultation on financial hardship reforms in the electricity sector suggest that these impacts are likely to offset each other.⁵⁰ For example, as mentioned above, the cost to CSPs of dealing with complaints relating to financial hardship are likely to be cost neutral when balanced against the time CSPs would instead spend on putting financial hardship arrangements in place for those customers.

Beyond the estimated benefits above, Option 2A is also expected to deliver a range of advantages to customers who are transitioned to formal financial hardship provisions, thereby avoiding disconnection. These benefits encompass mitigating factors such as loss of services, which can be particularly disadvantageous for individuals facing disconnection.

Costs

A range of costs have been identified for the ACMA and are set out in Table 6, below. Under Option 2A, it is anticipated that the Standard will result in an increase in compliance and enforcement effort from the ACMA immediately following implementation. Assuming that under Option 2A, there is some increase in support provided to customers facing financial hardship by the CSPs, compliance and enforcement effort is expected to reduce in the subsequent years. The reduction in costs is lower than status quo but still higher than Option 2B as there is some difficulty in enforcing and ensuring compliance with an outcomes-based standard. The same argument applies to communication and education of the Standard by ACMA.

Table 6: Estimated ACMA costs under the Option 2A over 10 years

Input	Value	Calculation and source
Compliance and enforcement cost	Yr. 1 \$1,124,623 Yr. 2 onwards \$843,467 (Status quo: \$984,045)	Based on estimated ACMA staff time spent on financial hardship compliance monitoring and enforcement. It is expected the time spent on compliance and enforcement activities would be greater in Year 1 than the status quo (\$984,045) but would be slightly less than the status quo in subsequent years.
Communicating and educating the Standard	Yr. 1 \$70,289 Yr. 2 onwards \$35,144 (Status quo: \$35,144)	Based on estimated ACMA staff time spent on financial hardship education and communications – expected greater cost than status quo in first year the Standard is implemented.

⁵⁰ AEMC (Australian Energy Market Commission) [Rule Determination: National Energy Retail Amendment \(Strengthening Protections for Customers in Hardship\) Rule 2018](#) (15 November 2018), accessed 15 December 2023.

Input	Value	Calculation and source
Developing new standard	\$312,395	Based on estimated ACMA staff time to make the Standard - assumed to be equivalent to TCP Code review. While developing a standard is more limited in scope and time than a TCP Code review, that must be balanced against the requirements for the ACMA to draft instruments and consult.

CSP costs

CSPs would face potential costs associated with developing and implementing strategies for early identification and assistance if these were not already in place. There may also be costs related to adapting operational models to comply with any new requirements that are additional to those that CSPs must already comply with in the TCP Code.

The number of CSPs covered by the Standard has been estimated to be *approximately* 350.

For the purposes of this impact analysis, CSPs have been characterised as follows (based on the volume of services in operation):

- > 2 large CSPs (over 10 million services)
- > 4 medium CSPs (1 million to 10 million services)
- > 27 small CSPs (30,000 to 1 million services)
- > 317 very small CSPs (1 to 30,000 services)

The total allocation of costs is set out in Table 7 below.

Table 7: Costs to all CSPs to comply with enforceable obligations under Option 2A over 10 years⁵¹

Category	Number of businesses	Total costs: Year 1	Total costs: Year 2 onwards
Large	2	\$123,360	\$59,467
Medium	4	\$97,960	\$40,800
Small	27	\$270,810	\$92,700
Very small	317	\$2,399,690	\$726,987
Total	350	\$2,891,820	\$919,953

Where costs accrue in complying with Option 2A, the costs are predominantly one-off system development costs, including potential new systems or procedures and staff training.

⁵¹ See Appendix A of this RIA for a breakdown of regulatory costs.

Option 2B – Outcomes-based (enforceable)

The ACMA considers a more enforceable standard in relation to key provisions would create a robust compliance incentive for CSPs, substantially increasing the number of customers on formal financial hardship arrangements.

Table 8: Modelled change in outcomes Option 2B

Option	Option 1	Options 2B
% of potential disconnection customers on formal financial hardship arrangement and successful completion	1.857%	30%
No. of potential disconnection customers on formal financial hardship arrangement and successful completion	4,388	72,216
Disconnections due to non-payment	236,332	168,504
Number of complaints to TIO about financial hardship	1,634	1,144
Number of complaints to CSPs about financial hardship	25,500	17,850
Total potentially applicable for financial hardship	240,720	240,720
% of all customers on financial hardship arrangements	0.03%	0.44%

The estimation of input values (such as 30% of potential disconnection customers on formal financial hardship provisions) is based on comparisons with similar financial hardship arrangements in the Australian electricity industry.⁵²

Benefits

Option 2B will establish clear rules and obligations in key areas, providing a consistent, community-wide approach for CSPs and their customers, while still maintaining an outcomes-based focus.

Increased awareness of financial hardship arrangements empowers consumers, potentially improving customer relations and CSPs reputation.

Option 2B can more effectively address identified gaps in existing protections, establishing a baseline level of support for all customers experiencing financial hardship. Consistency and clarity in financial hardship policies, will make it easier for customers to navigate, saving time and preventing unnecessary stress.

The most significant benefit would be an increase in consumers accessing financial hardship arrangements and a reduction in disconnections and the subsequent impacts that lack of access to telecommunications services can have.

The benefits that could be readily estimated are set out in Table 9.

⁵² ESC (Essential Services Commission), [Payment difficulty framework implementation review 2022: Findings report](#), (31 May 2022), accessed 15 December 2023.

Table 9: Benefits under the Option 2B

Input	Value	Calculation and source
Reduction in financial hardship complaints to the TIO	\$228,126	Average cost per complaint = \$465 Reduction in number of complaints = 1,785 Source: www.tio.com.au/sites/default/files/2023-09/TIO%20Financial%20Report%202023.pdf
Reduction in reconnection cost	\$3,120,088	Reconnection cost per customer = \$46 Reduction in number of disconnections = 67,828 Source: www.telstra.com.au/content/dam/tcom/our-customer-terms/business-government/pdf/mobilegeneral.pdf

As with Option 2A, Option 2B is expected to impose various other benefits and costs on CSPs. Consultation on financial hardships reforms in the electricity sector suggest these impacts are likely to offset each other.

Costs

ACMA costs of developing and implementing reforms are expected to be higher initially but then drop lower than the base case in subsequent years. The reduction in costs is greater in Option 2B compared to Option 2A because a more detailed standard in key areas would be less complex to implement and enforce than a standard with more discretion.

Table 10: ACMA costs under the Option 2B

Input	Value	Calculation and source
Estimated ACMA compliance and enforcement cost	Yr. 1 \$984,045 Yr. 2 \$702,889 Yr. 3 onwards \$421,734 Status quo: \$984,045)	Based on estimated ACMA staff time spent on financial hardship compliance monitoring and enforcement. It is expected the time spent on compliance and enforcement activities would be equivalent to the status quo in Year 1 but significantly less than the status quo in subsequent years.
Estimated ACMA cost on communicating and educating the Standard	Yr. 1 \$70,289 Yr. 2 onwards \$35,144 (Status quo: \$35,144)	Based on estimated ACMA staff time spent on financial hardship education and communications – expected greater cost than status quo in the first year the Standard is implemented.
ACMA cost on developing the new Standard	\$312,395	Based on estimated ACMA staff time to make the Standard – assumed to be equivalent to the TCP Code review. While developing a standard is more limited in scope and time than a TCP Code review, that must be balanced against the requirements for the ACMA to draft instruments and consult.

CSP costs

CSP costs are estimated to drop significantly once new systems and procedures have been implemented.

Table 11: Costs to all CSPs to comply with enforceable obligations under Option 2B⁵³

Category	Number of businesses	Total costs: Year 1	Total costs: Year 2 onwards
Large	2	\$246,720	\$89,200
Medium	4	\$195,920	\$61,200
Small	27	\$541,620	\$139,050
Very small	317	\$4,799,380	\$1,090,480
Total	350	\$5,783,640	\$1,379,930

For the purpose of this impact analysis, we have considered how the incidence of these compliance costs might potentially be distributed across CSPs. This is based on the following assumptions:

- > CSPs are currently complying with existing TCP Code obligations
- > one hour of labour costed at \$73 per hour
- > the time required for staff to administer the new mandatory requirements in subsequent years is expected to diminish with the decreasing number of services a CSP has in operation.

It is likely to expect that some of the industry costs identified above will be offset by the benefits gained as consequence of the Standard.

Aggregation of costs and sensitivity analysis

Table 12 below shows the aggregation of expected costs and benefits for each option relative to the status quo over a 10-year period.

Based on the quantified costs and benefits, Option 2B is expected to yield a net benefit while Option 2A is not.

It is likely that the benefits extend beyond the values presented here, as there are a range of consumer benefits that are not readily quantifiable. These unquantifiable benefits are diverse and include significant social advantages for Australians, extending beyond estimated values. By providing appropriate financial support and preventing disconnections, the potential benefits encompass averting the loss of essential services and mitigating the subsequent impacts of restricted access to telecommunications. This goes beyond just a ‘feel good’ benefit for customers facing financial hardship receiving appropriate assistance, extending to a broader community satisfaction in knowing that those in vulnerable circumstances have enhanced protections.

The expected decrease in disconnections not only promotes digital inclusion but also serves as an important factor in countering compromised health, increased loneliness and social isolation. Challenges such as heightened stress and anxiety, potential credit consequences, and vulnerability for specific groups are alleviated. Providing appropriate financial support yields far-reaching benefits, acknowledging the essential

⁵³ See Appendix A of this RIA for a breakdown of regulatory costs.

role of telecommunications in various activities, including work, education, health, and government support.

Option 2B produces a benefit cost ratio of 1.63, which indicates that the reform will provide a return of \$1.63 for every \$1 invested. Further detail of cost inputs into the CBA are included in Appendix A.

Table 12: Collated costs and benefits

Stakeholder group	Quantified cost or benefit	Option 2A	Option 2B
ACMA	Establishment of new Standard	\$0	\$0
	Enforcement of new Standard	-\$208,725	\$2,416,782
	Education of new Standard	-\$70,289	-\$70,289
CSPs	Implementation of systems + staff training on systems	-\$2,891,820	-\$5,783,640
	Ongoing systems costs + staff training costs	-\$5,993,710	-\$8,990,564
	We assume other costs impacts for CSPs are neutral	\$0	\$0
TIO	Reduction in complaints compared to status quo	\$346,801	\$1,486,292
Customers	Avoided reconnection costs	\$3,734,990	\$20,328,098
	Total costs	-\$8,955,819	-\$14,844,493
	Total benefits	\$3,873,066	\$24,231,171
	Net Present Value	-\$5,082,753	\$9,386,678
	Benefit Cost Ratio	0.43	1.63

Sensitivity analysis

Table 13 below models the impact of different discount rates impact the results. While the values alter under the different discount rates, the discount rates do not impact the conclusion that Option 2B is preferable as it is considered to be both more effective at resolving the identified issues, it also is anticipated to deliver a net benefit – even when benefits to consumers are excluded due to difficulties in quantifying these benefits.

Table 13: Sensitivity analysis

Discount rate	Option 2A			Option 2B		
	4%	7%	10%	4%	7%	10%
Total costs	-\$9,802,267	-\$8,955,819	-\$8,260,142	-\$16,114,166	-\$14,844,493	-\$13,800,979
Total benefits	\$4,578,853	\$3,873,066	\$3,292,995	\$27,821,663	\$24,231,171	\$21,281,166
Net Present Value	-\$5,223,414	-\$5,082,753	-\$4,967,147	\$11,707,497	\$9,386,678	\$7,480,187
Benefit Cost Ratio	0.47	0.43	0.40	1.73	1.63	1.54

Regulatory burden measurement

Regulatory Burden Measurement utilises the same information as the cost benefit analysis but focusses only on the costs that fall to businesses (including government-owned corporations), community organisations and individuals.

Regulatory Burden Measurement was undertaken in line with Australian Government guidance⁵⁴ identifies the average annual change in regulatory costs is measured against 'business as usual' costs. The framework includes consideration of regulatory compliance costs (both administrative costs and substantive compliance costs) as well as delay costs. For this reform no delay costs were identified and so the analysis focussed on the likely compliance costs.

Table 14: Average annual regulatory costs (from business as usual)

	Change in costs (\$ million)			
	Business	Community organisations	Individuals	Total change in costs
Option 2A	\$1.12	\$0.00	-\$0.52 + unquantified reduction in costs	\$0.6 + unquantified reduction in costs
Option 2B	\$1.82	\$0.00	-\$2.81 + unquantified reduction in costs	-\$0.99 + unquantified reduction in costs

The analysis determined that Option 2A would have a small increase in costs for industry, but this is predicted to be offset by a reduction in costs for individuals – although this is unquantified. The unquantified reduction in costs correlates to the range of consumer benefits described above that are not readily quantifiable.

Option 2B is expected to result in a decrease in costs for industry as well as the predicted reduction in costs for individuals.

⁵⁴ OIA (The Office of Impact Analysis), [Regulatory Burden Measurement Framework](#) (6 September 2023), accessed 11 December 2023.

Who was consulted and what did they say?

Consultation

Extensive consultation has been undertaken leading up to the Minister's direction for the ACMA to establish a standard. This extensive engagement, spanning several years, involved key stakeholders and diverse sources, shaping our understanding of crucial consumer protections, with a focus on addressing financial hardship. The consultation landscape includes:

- > ACMA research and reports over the past 4 years have been instrumental, complemented by insights from diverse stakeholders, culminating in submissions to the TCP Code review. This collective input consistently highlights the significance of financial hardship as a prevalent issue, prompting the need for more robust measures aligned with reasonable consumer expectations.
- > The ACMA has consistently worked towards enhancing financial hardship arrangements through research, reports, consultation on consumer vulnerability in July 2021⁵⁵, the issuance of the Statement of Expectations in May 2022, and the What Consumers Want position paper in July 2023. This commitment has been echoed by the TIO, the ACCC, and consumer groups such as ACCAN, all advocating for decisive action.
- > Input from current consumer representatives⁵⁶ at the ACMA's CCF over an extended period has reinforced the need for more comprehensive financial hardship protections. This sentiment aligns with feedback obtained through public consultations on the Statement of Expectations and one-on-one stakeholder meetings with ACCAN, the Consumer Action Law Centre, Isolated Children's Parent Association, and Westjustice in August and September 2022.
- > A consumer round table convened by the minister in March 2023 facilitated a broader dialogue involving industry and consumer groups, the First Nations Digital Inclusion Advisory Group, the ACMA, and the TIO. Non-industry stakeholders consistently called for direct regulation of consumer protections and tailored information to enhance consumer understanding.

This perspective, voiced consistently over time and reflected in submissions to the Part C of the Consumer Safeguards Review,⁵⁷ and the Communications Alliance TCP Code review discussion paper, emphasises financial hardship as a substantial concern. Stakeholders, including the TIO, ACCC, and ACCAN, contend that direct regulation is necessary to address existing inadequacies and yield better outcomes for consumers by recognising the fundamental importance of telecommunications services, leveraging government and regulator expertise, and empowering the ACMA to respond promptly and effectively to non-compliance.

The minister sought input from key stakeholders while developing the Direction, with consumer representatives reiterating strong support for clearly enforceable and specific regulation. Industry stakeholders, while generally supportive of improving consumer outcomes, did not expressly oppose direct regulation, emphasising the

⁵⁵ ACMA, [Consumer vulnerability: expectations for the telco industry](#), accessed 12 December 2023.

⁵⁶ Australian Consumer Action Network (ACCAN), Consumer Policy Research Centre (CPRC), Consumer Action Law Centre (CALC), Western Community Legal Centre Limited (WEstjustice), South Australian Council of Social Services (SACOSS), Isolated Children's Parents' Association of Australian (ICPA); NSW Business Chamber (Business NSW).

⁵⁷ Department of Infrastructure, Transport, Regional Development, Communications and the Arts, [Consumer Safeguards Review consultation—Part C: Choice and fairness](#), accessed 8 December 2023.

need for practical and effective rules that align with desired consumer outcomes without restricting current flexible relief mechanisms offered by CSPs.

The Minister's evidence-based approach in developing the Direction relied on the ACMA's extensive research, reports, bolstered by TIO reports and input from consumer representatives. This comprehensive foundation paved the way for subsequent consultation on a draft industry standard.

Consultation on draft Standard

Full public consultation on a draft industry Standard⁵⁸ was conducted from 24 October 2023 to 24 November 2023.

This process included targeted consultation with key members of industry, government and consumer groups, ensuring a wide opportunity for affected stakeholders to give input. We informed key stakeholders of the publication of the documents and invited comment on the draft Standard and on the issues set out in the consultation paper.

The ACMA complied with statutory consultation obligations outlined in subsection 125AA(3) and sections 132, 133, 134, and 135 of the Act through:

- > a public notice published in the Australian newspaper on 7 October 2023 (a newspaper that circulates in each state and territory)
- > public consultation for a period of 30 days⁵⁹
- > consultation with the ACCC, the TIO, the Office of the Australian Information Commissioner (OAIC), telecommunications industry bodies, Communications Alliance and consumer bodies including ACCAN.

Summary of stakeholder feedback

The consultation invited comments on several key issues and general feedback. The ACMA received 14 submissions from consumer and industry representatives, government organisations and 2 individuals. Stakeholders included:

- > consumer groups:
 - > ACCAN
 - > Uniting (Vic/Tas)
 - > South Australian Council of Social Service (SACOSS)
- > industry:
 - > TPG
 - > Telstra
 - > Optus
 - > Communications Alliance
 - > Starlink
 - > Internet Association Australia (IAA)
- > government:
 - > Office of the Australian Information Commissioner (OIAC)
 - > ACCC
 - > TIO.

⁵⁸ ACMA, [Proposed Telecommunications Financial Hardship Industry Standard](#), accessed 5 December 2023.

⁵⁹ Legislative requirement is for minimum of 30 days.

Generally, industry representatives consider the TCP Code to be adequate and working well. Some industry representatives have also expressed concern there is insufficient evidence of a need for direct regulation and that referring to telecommunications services as 'essential' is problematic given it is not deemed to be essential by law. In general, industry considered the draft Standard overly prescriptive. In contrast, the TIO, the ACCC and consumer groups were supportive of direct regulation viewing the Standard as a significant improvement over the vague and inadequate protections in the TCP Code, but also identified areas where the draft Standard should be strengthened.

Key themes from the submissions include:

- > Implementation timeframe – industry members acknowledged the Direction's requirement for the Standard to take effect from 29 March 2024, but noted the challenges in meeting this deadline. They suggested an initial focus on education rather than strict compliance and enforcement.
- > Definition of Consumer – industry members argued that the annual spend threshold in the draft Standard would capture CSPs beyond residential and small business customers. They advocated for maintaining the spend limit of \$40K as outlined in the TCP Code and relevant industry standards and service provider determinations.
- > Definition of financial hardship – some stakeholders argued the need to clarify that the list of situations constituting financial difficulty is not exhaustive, while others sought a broader definition with fewer or no examples. Industry expressed concern about the phrase 'customers believes they can pay' as it is subjective and not measurable, while other stakeholders consider it could disincentivise CSPs from offering affordable plans.
- > Use of terminology – many stakeholders expressed concern that the term 'financial hardship' could be stigmatising, potentially deterring customers from seeking assistance, and suggested less alienating language. Industry members expressed concern that financial hardship assistance should only be provided to cover essential elements of telecommunications services. Industry noted there was no common consistent legislative definition across state and commonwealth jurisdictions which includes telecommunications as an essential service.
- > Use of applications forms – industry members raised concerns with mandating an application form, noting not all CSPs require a customer to fill out an application form and not all channels were suitable. They expressed that it could be a burden for consumers and added unnecessary financial and administrative burden on CSPs.
- > Options for payment/assistance – feedback from industry indicated that greater clarity was needed around the application of payment assistance including that the options listed were non-exclusive.
- > Transitional arrangements - industry had concerns the transitional arrangement provisions were overly burdensome.

These issues, along with editorial feedback from all submissions, have been considered in shaping the approach to finalise the Standard.

What is the best option from those considered and how will it be implemented?

Option 2B – outcomes-based (enforceable) - is the best option with the highest net benefit of the options considered and more closely aligns with the Direction. This option most effectively and efficiently addresses identified deficiencies in the TCP Code related to financial hardship. It ensures customers experiencing financial hardship receive adequate and appropriate support while staying connected to essential telecommunication services. The costs associated with implementing clearly enforceable obligations in key areas are mitigated as some align with existing TCP Code provisions.

Directly enforceable and clear obligations have the potential for significant positive impacts, including proper support for customers in financial hardship and minimising the risk of disconnection, thus enhancing consumer confidence in the telecommunications industry. Clear and specific obligations establish a baseline level of support, promoting consistency and clarity in financial hardship policies.

Increased awareness of financial hardship arrangements empowers consumers by ensuring they are adequately informed about the availability of financial hardship support and how to access it. This increased awareness can also improve customer relations for CSPs, potentially yielding reputational benefits.

Cost impacts on industry should only arise where the new rules differ from those already in the TCP Code, and these costs are likely to be mitigated by existing arrangements some CSPs already have in place for assisting customer in financial difficulty.

Clear and directly enforceable obligations incentivise compliance, potentially reducing complaints to the TIO, the ACMA and CSPs related to financial hardship and associated costs. They ensure consistent practices, enabling the ACMA to monitor and enforce compliance more efficiently.

Consultation and engagement indicate strong support for clear and directly enforceable obligations from government and consumer groups. The TCP Code's financial hardship provisions demonstrate the industry's general support of enforceable obligations to assist customers experiencing financial hardship.

Option 2A – Implementing the Direction in an outcomes-focussed manner with significant discretion in all areas is unlikely to adequately address identified consumer protection gaps in the TCP Code, nor would it align with the requirements of the direction. While an industry standard enhances enforcement options, outcomes focussed regulation may be challenging to enforce and would unlikely offer any substantial improvement in consumer outcomes compared to the TCP Code.

Status quo

Deferring to the TCP Code review process would result in significant longer time before improvements are in place, not addressing the urgency of the problem. Past experience indicates a significant risk of protracted negotiations for a final updated code, potentially prompting the ACMA to make a standard if the revised code lacks adequate consumer safeguards.

This option is unlikely to sufficiently protect consumers, posing an unacceptable level of harm due to the lack of clear rules for obtaining help during financial difficulties and potential disconnection from essential telecommunications services.

Implementation

The potential risks associated with implementation include industry opposition and the complexity of implementing effective regulations in a rapidly evolving technological landscape. The possibility of industry opposition exists, given concerns about additional regulatory burdens and operational flexibility. The consequences could involve resistance to compliance, affecting the success of the Standard.

To mitigate industry opposition, the ACMA has, and will, employ a collaborative approach, engaging in regular and transparent communication to address concerns constructively. The outcomes-based design of the Standard accommodates industry changes, and continuous monitoring will allow for the Standard to be varied based on evaluations of effectiveness. Stakeholder engagement will remain pivotal, together with effective post-implementation enforcement and compliance monitoring.

It is relevant to note that most CSPs should already have systems and processes in place for dealing with customers experiencing financial hardship by complying with existing TCP Code rules. New policies, systems, and processes will only be necessary where the Standard goes beyond the requirements of the TCP Code or where telcos are not currently compliant with TCP Code requirements.

The industry Standard will be implemented as outlined in Option 2B and in accordance with the Direction. The Standard must be determined by 15 February 2024 and commence by 29 March 2024.

Engagement to support implementation

The ACMA intends to engage with Communications Alliance to ensure CSPs are aware and understand where the Standard goes beyond the TCP Code requirements. This may include providing additional guidance leading up to and following their introduction.

Engagement can also occur through a range of forums including the Communications Alliance TCP Code review working committee and the CCF. Discussion in these forums will enable the ACMA to stay informed of and address any implementation concerns that industry may have, encouraging ongoing best practice. The ACMA will work with CSPs if implementation issues are identified.

Financial hardship is a compliance priority⁶⁰ for the ACMA in 2023-24 with activities including targeted compliance against the new obligations and potential investigations. Monitoring complaints received by the TIO and risk-based escalation interventions will be undertaken where appropriate.

Education campaign

The ACMA possesses various regulatory tools to encourage compliance, including education of industry and customers. Stakeholder networks will be leveraged to further engage with consumers experiencing financial hardship. A modest education program may be used to help customers and industry transition.

Transitional arrangements are outlined in the Standard. Feedback from industry members has been considered to ensure these arrangements are not overly

⁶⁰ ACMA, 2021, [ACMA Compliance priorities 2021–22](#), viewed 11 October 2021.

burdensome. A variation to the TCP Code will be required to remove financial hardship obligations once the Standard is made.

How will you evaluate your chosen option against the success metrics?

The ACMA will monitor and evaluate the implementation of the Standard to ensure it aligns with the objectives and success metrics outlined in Question 2 and gauge its effectiveness. This evaluation will be an integral part of the ACMA's ongoing regulatory reform, monitoring and compliance activities.

The post-implementation phase will involve ongoing collaboration between the ACMA and relevant stakeholders. The ACMA will be responsible for an active compliance work program tailored for the Standard and for evaluating the success metrics, as set out below.

Financial hardship is a compliance priority for the ACMA in 2023-24, and in announcing that it would direct the ACMA to make a Financial Hardship Standard, the Government highlighted the importance of keeping customers connected in a media release of 5 September 2023.⁶¹ The ACMA anticipates that financial hardship will remain a focal point for the foreseeable future.

The ACMA will implement an active compliance work program specifically tailored for the Standard, commencing shortly after the Standard comes into effect on 29 March 2024. This program will inform post-implementation decisions and will encompass:

- > monitoring complaints relating to financial hardship received by the TIO
- > scrutiny of industry data to assess compliance and identify potential areas of concern
- > escalation processes where appropriate, including potential investigations and enforcement activities where necessary
- > using the CCF as a regular forum for monitoring and evaluating the effectiveness of the measures set out in the Standard
- > conducting regular consumer experience research to gain insights into the Standard's impact on consumers. Substantive consumer experience research would commence 18 months after the Standard comes into effect to facilitate closer scrutiny.

Success in achieving the objectives of the Standard will be measured and evaluated by the ACMA through the following key metrics:

- > comparison of industry's increased adoption of financial hardship arrangements compared to the number of customers experiencing hardship
- > measurement of enhanced consumer awareness regarding the availability of financial hardship support
- > assessment of the accessibility of information about available financial hardship support from CSPs
- > monitoring and analysis of the decrease in the number customers disconnected while in financial hardship

⁶¹ The Hon Michelle Rowlands MP, Minister for Communications, [Better support for telco customers experiencing financial hardship | Ministers for the Department of Infrastructure](#), accessed 15 December 2023.

- > analysis of the reduction in complaints received by the TIO from consumers experiencing financial hardship
- > collection of positive feedback from consumer groups and community organisations confirming successful consumer access to appropriate financial hardship assistance.

These success metrics will serve as robust indicators of the effectiveness and impact of the Standard, ensuring that it fulfills its objectives in supporting consumers facing financial challenges.

Public reporting by the ACMA on the Standard's outcomes will be an essential aspect of the post-implementation phase. Reporting will detail key metrics, compliance levels, and any identified areas of concern. Actively seeking input from industry stakeholders, consumer groups and the general public will ensure diverse perspectives on the Standard's impact. This iterative process of reporting and consultation will contribute to the ongoing refinement and improvement of the Standard, ensuring that it remains effective and responsive to evolving challenges.

Appendix A: Costs and benefits inputs and data

Summary list of identified costs and benefits

The costs and benefits identified in the previous sections are collated in Table 15.

Table 15: Summary of costs and benefits identified for each stakeholder group

Stakeholder group	Option 2A relative to the base case		Option 2B relative to the base case	
	Cost	Benefit	Cost	Benefit
Government (ACMA)	Establishment of new Standard Enforcement of new Standard More education for both industry and consumers	Reduced numbers of complaints to regulator	Establishment of new Standard Enforcement of new Standard	Reduced numbers of complaints to regulator (Option 2B – dealt with quickly) as its easier to enforce than 2A
Telecommunications Industry Ombudsman		Reduced numbers of complaints to TIO		Reduced numbers of complaints to TIO
CSPs ~350	Change over costs to meet new Standard Ongoing costs to meet new Standard (engage with FH customers)	Reduced complaints to CSP Reduced debt collection costs Reduced disconnection/reconnection	Change over costs to meet new Standard (systems/processes/Education) Ongoing costs to meet new Standard (engage with FH customers)	Reduced complaints to CSP Reduced debt collection costs Reduced disconnection/reconnection
Customers in Financial Hardship	Have to engage with CSP in a financial hardship plan	Reduced costs to customers of disconnection/reconnection – (Financial & Time)	Have to engage with CSP in a financial hardship plan	Reduced costs to customers of disconnection/reconnection – (Financial & Time)
		Loss of services (disadvantage) for people who are disconnected		Loss of services (disadvantage) for people who are disconnected
		Lower number seeking financial counselling		Lower number seeking financial counselling

Stakeholder group	Option 2A relative to the base case		Option 2B relative to the base case	
	Cost	Benefit	Cost	Benefit
Broader community		Not having people prevented from engaging with work, education and online services (reduction in disconnections)		Not having people prevented from engaging with work, education and online services (reduction in disconnections)

Summary of costs and benefits for cost model

Table 16: Summary of costs and benefits per cost model

Stakeholder	Impact	Type	Comment	Base case		Option 2A		Option 2B		
				First year	Ongoing	First year	Ongoing	First year	Second year	Third year
Government (ACMA)	Establishment/ review of Standard or code	Cost	ACMA indicated that it would have reviewed TCP Code in any case. So, no additional incremental cost for Option 2A and 2B compared to Option 1.	\$312,395	\$0	\$312,395	\$0	\$312,395	\$0	\$0
	Enforcement of new Standard	Cost	ACMA staff time on enforcing new Standard Option 2A (outcomes based) requires increased staff time compared to Option 2B	\$984,045	\$984,045	\$1,124,623	\$843,467	\$984,045	\$702,889	\$421,734
	More education for both industry and consumers	Cost	ACMA staff time on educating both industry & customers on Standard	\$35,144	\$35,144	\$70,289	\$35,144	\$70,289	\$35,144	\$35,144
TIO	Reduced numbers of complaints to TIO	Benefit	Reduction in TIO staff time dealing with complaints (reduced numbers of complaints)			-\$53,229 compared to base case per year		-\$228,126 compared to base case per year		

Stakeholder	Impact	Type	Comment	Base case		Option 2A		Option 2B		
				First year	Ongoing	First year	Ongoing	First year	Second year	Third year
CSPs	Change over costs to meet new Standard	Cost	Establishment costs to work with new Standard or new legal requirements - includes system and process costs			\$2,891,820		\$5,783,640		
	Ongoing costs to meet new Standard (engage with financial hardship customers)	Cost	On going costs of to align with new Standards/processes				\$919,953			\$1,379,930
	Reduced reconnection costs	Benefit	Reduction in disconnection/reconnection costs for Telecom companies							
						-\$668,483 compared to base case per year		-\$3,638,294 compared to base case per year		

CSP costs

For the purposes of this impact analysis, CSPs have been characterised as follows (based on the volume of services in operation):

- > 2 large CSPs (over 10 million services)
- > 4 medium CSPs (1 million to 10 million services)
- > 27 small CSPs (30,000 to 1 million services)
- > 317 very small CSPs (1 to 30,000 services).

The following tables outline the costs for CSPs used in the CBA.

Table 17: Year 1 costs for CSPs under Option 2A

	System build	Time (hours)	Businesses	Rate/hour (\$)	Totals (\$)
Large CSPs					
Automate manual systems to enhance processes	\$50,000		2		\$100,000
Staff training		160	2	\$73	\$23,360
TOTAL					\$123,360
Medium CSPs					
Automate manual systems to enhance processes	\$15,000		4		\$60,000
Staff training		130	4	\$73	\$37,960
TOTAL					\$97,960
Small CSPs					
Automate manual systems to enhance processes	\$2,000		27		\$54,000
Staff training		110	27	\$73	\$216,810
TOTAL					\$270,810
Very small CSPs					
Automate manual systems to enhance processes	\$1,000		317		\$317,000
Staff training		90	317	\$73	\$2,082,690
TOTAL					\$2,399,690
Total year 1 costs for CSPs under Option 2A					\$2,891,820

Table 18: Ongoing costs for CSPs under Option 2A

	System upgrade	Time (hours)	Businesses	Rate/hour (\$)	Totals (\$)
Large CSPs					
Monitor processes	\$20,000		2		\$40,000
Staff training – ongoing		133	2	\$73	\$19,467
TOTAL					\$59,467
Medium CSPs					
Monitor processes	\$5,333		4		\$21,333
Staff training		67	4	\$73	\$19,467
TOTAL					\$40,800
Small CSPs					
Monitor processes	\$1,000		27		\$27,000
Staff training		33	27	\$73	\$65,700
TOTAL					\$92,700
Very small CSPs					
Monitor processes	\$833		317		\$264,167
Staff training		20	317	\$73	\$462,820
TOTAL					\$726,987
Total ongoing costs for CSPs under Option 2A					\$919,953

Table 19: Year 1 costs for CSPs under Option 2B

	System build	Time (hours)	Businesses	Rate/hour (\$)	Totals (\$)
Large CSPs					
Automate manual systems to enhance processes	\$100,000		2		\$200,000
Staff training		320	2	\$73	\$46,720
TOTAL					\$246,720
Medium CSPs					
Automate manual systems to enhance processes	\$30,000		4		\$120,000
Staff training		260	4	\$73	\$75,920
TOTAL					\$195,920
Small CSPs					
Automate manual systems to enhance processes	\$4,000		27		\$108,000
Staff training		220	27	\$73	\$433,620
TOTAL					\$541,620
Very small CSPs					
Automate manual systems to enhance processes	\$2,000		317		\$634,000
Staff training		180	317	\$73	\$4,165,380
TOTAL					\$4,799,380
Total Year 1 costs for CSPs under Option 2B					\$5,783,640

Table 20: Ongoing costs for CSPs under Option 2B

	System upgrade	Time (hours)	Businesses	Rate/hour (\$)	Totals (\$)
Large CSPs					
Monitor processes	\$30,000		2		\$60,000
Staff training - ongoing		200	2	\$73	\$29,200
TOTAL					\$89,200
Medium CSPs					
Monitor processes	\$8,000		4		\$32,000
Staff training		100	4	\$73	\$29,200
TOTAL					\$61,200
Small CSPs					
Monitor processes	\$1,500		27		\$40,500
Staff training		50	27	\$73	\$98,550
TOTAL					\$139,050
Very small CSPs					
Monitor processes	\$1,250		317		\$396,250
Staff training		30	317	\$73	\$694,230
TOTAL					\$1,090,480
Total ongoing costs to CSPs under Option 2B					\$1,379,930