



**TELSTRA CORPORATION LIMITED**

**Response to the Inquiry into Future Directions for the Consumer Data  
Right Issues Paper**

**21 May 2020**



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## 1. Introduction

Telstra welcomes the opportunity to provide input to the Inquiry into Future Directions for the Consumer Data Right (the **Inquiry**). The Inquiry comes at an opportune time. As the Consumer Data Right (**CDR**) is being implemented in the banking and energy sectors, supported by legislation, rules and standards, there is likely to be much more information about the costs and benefits of the CDR as it is being implemented in those sectors. This information will be useful in informing whether and how to most effectively and efficiently implement the CDR in future sectors.

## 2. The future role of the CDR in the telecommunications sector

The Inquiry invites submissions on the future roles that could be performed by the CDR, the future outcomes which could be achieved, and what is needed for this to happen.

Telstra agrees with the intent of the CDR to promote competition, making it more convenient for customers to compare and select products, and to encourage innovation, enabling businesses to offer new products and services, including products tailored to individual customers' needs.

Further, it is vital for the efficacy of the CDR to make decisions about its future role that are firmly grounded in analysis of the incremental benefits and costs of rolling out the CDR to future sectors. While the Inquiry is best positioned to gather evidence across a number of sectors, Telstra can provide some insight into the likely incremental benefits and costs of the CDR to the telecommunications industry.

The incremental benefits to competition in the sector from CDR are likely to be marginal. The reason for this is because, even though the telecommunications sector has not been designated for the CDR, Telstra has been striving toward the same objectives. In recent years Telstra has:

- Published plain English Critical Information Summaries (CISs) that set out the key features and terms for all consumer plans. These are made available to customers online and at the point of sale.<sup>1</sup> They provide clarity to customers about what plans they are purchasing. The broader industry has adopted an obligation to provide CISs to customers under an industry code.<sup>2</sup>
- Removed lock-in contracts for consumers buying fixed and mobile services, so that customers can change or move their services to another provider at any time. This puts the onus on Telstra to provide a better customer experience than our competitors, and to build the trust and respect of customers, encouraging them to stay with Telstra without a lock-in contract.
- Radically reduced our number of consumer plans from 1800 to 20, making it easier for customers to understand their options and what they can expect from Telstra.
- Introduced unlimited data and calling plans, providing greater price certainty for customers on these plans.<sup>3</sup>
- Removed excess data charges, so for customers not on an unlimited plan, their service will be provided at a reduced speed once they exceed their included data allowance, but the customer won't incur any additional cost.
- Developed the My Telstra app, which sets out a single up-to-date dashboard for all of a customer's plans. The dashboard includes cost, billing and current usage information, account balances and bill due dates. My Telstra also allows customers to make payments, enquire about their bills and

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<sup>1</sup> For example, see <https://www.telstra.com.au/help/critical-information-summaries>.

<sup>2</sup> See: <https://www.acma.gov.au/critical-information-summaries>.

<sup>3</sup> Two of the three Telstra fixed internet plans have unlimited data, and all three fixed internet plans have unlimited calls to standard Australian numbers (mobile, local and national). Our four mobile plans have unlimited calls, SMS and MMS to standard Australian numbers.



services, change their services, buy additional products and services, and keep up-to-date with their Telstra Plus rewards points balance.

Telstra implemented a number of these and other customer-focussed initiatives under an overarching, multi-year strategy. These initiatives deliver great outcomes for customers.

More broadly, the telecommunications sector has solved the “customer switching” problem that may feature in other sectors which the CDR is targeted toward. For instance, the telecommunications sector:

- Developed the Telecommunications Consumer Protection Code (**TCP Code**), an industry code, in conjunction with consumer groups and approved by the ACMA. The TCP Code provides a consistent approach to providing usage information, billing customers, and undertaking other functions important to the customer experience.
- Implemented regulation and codes that ensure quick and easy transfers/churn of customers between providers of fixed and mobile services. For example, the NBN Access Transfer Code sets out processes that retail service providers must follow to minimise customer impacts during transfers between retailers on the NBN.<sup>4</sup>
- Implemented industry codes to ensure the portability of customers’ fixed and mobile phone numbers between competitors.<sup>5</sup>
- Is undertaking an unprecedented vertical separation so that nbn becomes the (near) monopoly wholesale-only provider of fixed broadband to households and small businesses. The nbn supplies a standardised set of wholesale internet services to retailers on a non-discriminatory basis, with interfaces that allow retailers to implement customers’ requests to move between retailers.
- Includes non-traditional service providers that supply highly substitutable calling, messaging and conferencing services. For example, customers might send messages to each other using carrier SMS, Apple iMessage, Google Messages, WhatsApp, Facebook Messenger or a host of other applications. Similar choices exist for phone calls and video conferencing.

Furthermore, telecommunications prices have consistently fallen over the years and plan inclusions have increased. For example, in the ACCC’s most recent Communications Market Report, it stated that:

*Average real prices fell in 2018–19 across all fixed and mobile services. The average consumer renewing their mobile phone plan would have paid 6.6 per cent less, in real terms for a given level of quality, compared with 2017–18. Those consumers renewing their fixed broadband plan, NBN or non-NBN, would have seen a reduction of 1.5 per cent.*

*Taking a longer term view, mobile phone services continue to experience greater declines in prices than fixed broadband services. Mobile phone service prices have fallen by approximately 27 per cent since 2015–16, compared with an approximate 9 per cent decline for fixed broadband services.*

*Overall, in the past four years, there have been real price declines (for a given level of quality) across all categories (fixed and mobile services).*

*These real price declines reflect the trend of service providers offering greater inclusions at the same, or higher prices. By its nature this quantitative analysis infers that consumers are getting or perceiving greater value from this trend.<sup>6</sup>*

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<sup>4</sup> See <https://www.commsalliance.com.au/Documents/all/codes/c647>.

<sup>5</sup> See <https://www.acma.gov.au/keep-or-transfer-your-phone-number>

<sup>6</sup> ACCC Communications Market Report 2018-19, page 5.

Telstra acknowledges that other sectors in the economy have made similar efforts to improve their customer experiences in service delivery, switching between providers, and access to information.

On the cost side, Telstra has observed the implementation of the CDR in the banking and energy sectors. It is apparent that the rollout of the CDR has been undertaken with an enormous investment in time and cost by Government, Regulators and sector participants. While some part of that investment might be re-useable for other sectors, the rollout of the CDR in its current form to more industries is likely to involve substantial new investments (e.g. Government and Regulators would need to tailor rules and develop new standards for other sectors, and the costs for banks to upgrade and develop systems would need to be incurred again by firms in other sectors). On our observation, the rules and standards that apply to the banking and energy sectors will need a high degree of customisation before being applied to the telecommunications sector at least.

In a context where the telecommunications sector is achieving the very things the CDR is intended to deliver, and we have observed very high costs to rollout the current design of the CDR to other sectors, it is Telstra's view that:

- While there is a future role for the CDR beyond the banking and energy sectors;
- It is critical that a rigorous cost benefit analysis be undertaken before any future sectors are designated;
- The CDR should be rolled out first to those sectors where it is needed more by customers – where providers in respective sectors have responded less to customers' needs, where there are long term customer contracts, where plan and price structures are complex and difficult to compare between providers, where customer information is difficult to find, and where switching between providers is not supported by regulation and industry codes; and,
- A low-cost and largely sector-agnostic solution for the CDR should be considered for wider deployment across the economy – focussed on making public information about plans and products available to third parties, which will provide a benefit to customers while minimising the need for the complex and costly accreditation, consent, privacy and information security rules and standards.

### 3. International context

The Inquiry invites submissions on how the CDR can be leveraged with international developments of the kinds described above to enhance opportunities for Australian consumers, Australian businesses and the Australian economy.

Telstra notes that other countries are also adopting Open API frameworks for the banking, energy and related markets, similar to the CDR in Australia. Telstra is not aware of any other countries adopting these frameworks for their telecommunications sectors. However, internationally, telecommunications sectors adopt very similar regulatory frameworks to facilitate customers switching and to promote competition. This has historically been facilitated by the International Telecommunication Union (ITU), the OECD, and other international regulatory forums. This suggests that there is a consistent view across the international sector that telecommunications sectors are already achieving many of the objectives of Open API frameworks without the need for additional regulation, rules and standards.

### 4. Switching

The Inquiry invites submissions on how the CDR could be used to overcome behavioural and regulatory barriers to safe, convenient and efficient switching between products and providers, whether those barriers are sector-specific or common across industries.

It is not Telstra's experience that customers in the telecommunications sector currently suffer behavioural and regulatory barriers to safe, convenient and efficient switching.

Indeed, as set out above:

- Telstra has radically simplified its plans and moved to month-to-month plans, allowing customers to explore other opportunities whilst also delivering a much improved customer experience to encourage customers to remain with Telstra.
- More broadly across the telecommunications sector, there are already regulations and industry codes to support switching and portability between providers.
- Plan and product information is readily available to customers and third parties in plain English.
- Customers use multiple providers concurrently for messaging and calling, most of which offer these services for free (or at least to support advertising or other revenue streams).

Furthermore, in the course of comparing and choosing between providers, transactional usage data is much less important to customers in the telecommunications sector compared to other sectors. For example, Telstra has moved to unlimited SMS and calling plans, provides unlimited data for two of our three fixed internet plans, has removed excess data charges for plans with a data allowance, and has radically increased data inclusions.

## 5. Read access

The Inquiry welcomes input from interested parties on topics relating to read access functionality – including their benefits and costs – as well as any other ‘read’ access functionality that the Inquiry should consider.

In light of the discussion above, it is unlikely the CDR, as it is designed for the banking and energy sectors, will lead to any material incremental benefit in terms of facilitating customers switching between providers or making information available to customers in the telecommunications sector.

Notwithstanding, Telstra considers that a much broader deployment of the CDR could be achieved across multiple sectors, including the telecommunications sector, if there was a more efficient and lower cost option for CDR implementation. The scope of a lower cost implementation could include distribution of plan, product and other public information so as to facilitate better “read access” to that information, but without the large costs of implementation for sector participants. By focussing on such information, there would be no need for the complex and costly accreditation, consent and privacy mechanisms in the “high-cost” CDR being implemented in the banking and energy sectors.

A low-cost implementation of the CDR would be appropriate only where the customer switching and product innovation objectives of the CDR are mostly already being achieved through technology, competition and regulation. The high-cost implementation of the CDR would be reserved for those sectors where those objectives are harder to come by or where there are other material benefits that justify the cost.

A low-cost implementation option would facilitate a faster and more efficient deployment of the CDR to bring benefits to customers across a broader range of sectors much sooner that would otherwise be the case.

## 6. Write access

The Inquiry is seeking interested parties’ views on how the CDR could be expanded to include ‘write’ access, that is enabling a trusted third party to change or add to data about a customer at the customer’s direction and with their consent. In the context of Open Banking, the Inquiry is particularly interested in interested parties’ views on how the CDR could best enable payment initiation.

The concept of trusted third parties initiating payments or changing customer data does not transcribe well to the telecommunications sector. Other than basic customer name and address data, other customer



data such as usage data is not “generated” by customers but is rather a function of their usage of services. Further, law enforcement agencies rely heavily on telecommunications data (including customer details and usage data) for their investigations. If third parties were able to change or add to customer data, this could have unforeseen impacts on those agencies ability to rely on that altered data (especially from an evidentiary perspective in court).

However, being vertically separated to varying degrees, wholesale providers in the telecommunications sector are very familiar with the concept of retailers setting up new plans, making changes to or closing plans, quickly and easily on behalf of customers. For example, Telstra supplies Aldi with wholesale mobile plans, allowing Aldi to open new accounts and change plans for their customers.

Further, these capabilities are supported by legislation, regulation and multiple industry codes to ensure the integrity, security and safety for customers. For example, industry is currently implementing pre-port verification processes to ensure that mobile numbers are not ported from one provider to another fraudulently (and therefore allowing bad actors to intervene in customers’ two factor authorisation processes).

In this context, it is not clear what additional benefits “write access” in the CDR would mean for the telecommunications sector, what incremental benefits it would deliver to customers, or how other legislation, regulation and industry codes would need to be adjusted so as not to interfere with the CDR allowing “write access” for third parties.