



19 August 2021

Sector Assessments  
Consumer Data Right Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Lodged electronically: data@treasury.gov.au

Dear Ms O'Rourke

### **Consumer Data Right – Sector Assessment for Telecommunications - Consultation Paper**

Origin Energy (Origin) appreciates the opportunity to provide input into the Commonwealth's Treasury (Treasury) sector assessment to determine the extent that the Consumer Data Right (CDR) regime should be extended to the Telecommunication Sector. This follows the designation of the banking and energy sectors to CDR in 2019 and 2020 respectively.

While Origin is one of Australia's leading integrated energy companies, we also extend our retailing business to include broadband services to residential consumers. Origin utilises the services of a wholesaler to provide internet (including VOIP) offerings to consumers.

We agree that consumers should be able to access the relevant information to enable them to make informed choices about service and product offerings that provide the greatest benefit to them. The ability of consumers to understand their telecommunication plan is an important part of supporting a well-functioning and efficient market.

We consider two key aspects of the sectoral assessment for telecommunications are determining: 1) whether CDR will improve market efficiency and performance; and 2) if access to data will support consumers making better informed decisions about telecommunications services and products. In undertaking this analysis, the challenge for Treasury is understanding whether some of the identified telecommunication shortfalls, such as service quality, would be best addressed through amendments to the current regulatory frameworks rather than the CDR regime.

This analysis also extends to achieving synergies and consistency in the CDR framework for telecommunications with other designated industries. Getting this analysis accurate is vital to ensure the most cost effective and efficient implementations of CDR for telecommunication. Otherwise, consumers will ultimately pay for a service that does not deliver the intended benefits.

Origin's responses to issues raised in the Consultation Paper are outlined below.

#### **Service Quality Factors**

One of the identified reasons for extending CDR to telecommunication sector is the limited data availability and transparency of service quality information. Treasury notes that data is only reported based on averaged metrics and consumers cannot rely on this average information to obtain an idea of speed and service quality for a particular location<sup>1</sup>. Thus, there are information gaps for a consumer when they seek to find information on the best services available to them.

While we agree that averaged metrics for a location do not provide a true indication of service quality, we question whether this information will assist the consumer greatly. This is because there are a number of external factors that impact greatly on speed and services. One example is the quality and number of technologies in the premises connected to the modem. Retailers' modems are of different quality and the number of users can impact on service speed and quality. Another example is the

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<sup>1</sup> Treasury, Consumer Data Right Sectoral Assessment – Telecommunications Consultation Paper, p12

physical set up of the modem device in the premises. If it is set up in a corner room and the house has steel beams, the internet speed to an upstairs room will not come close to matching the product description of speed.

Given the external factors that can influence service quality and speed, Treasury should continue to assess whether this dataset should be a key metric for determining whether there is a data gap in the sector.

### **Level of Competition and Information in the Telecommunication Sector**

Treasury is concerned with the level of retail competition in the telecommunication sector. The concern is that consumers rarely switch retailers and roll over to new plans with the current retailer.

We believe that this could be a function of the regulatory framework and product offerings in the sector. The telecommunication sector generally offers fixed term contracts. Contracts are entered into where prices do not vary from month to month, and it is likely that the consumer will incur a termination fee if the contract is breached or broken before the expiry of the contract (ie 24 months). This makes the telecommunication market less agile as consumers do not have the need to search or find a new deal. This contrasts with the energy sector where fixed contracts are not offered, and consumers can freely move between retailers. This freedom means customer switching in the energy sector is relatively high compared to other utilities.

The fixed nature of telecommunication products may not mean that competition and participation will increase with the inclusion of the sector in CDR. If consumers are constrained with product offerings, they will continue to have these constraints whether a CDR regime exists or not.

Further, the Consultation Paper notes that telecommunication services are among the most complex services for consumers to understand and there is a lack of information for consumers to make informed decisions about products. For example, consumers do not have an understanding of the industry terminology (ie Gigabytes or bandwidth) and they do not have information about service quality. It suggests that Accredited Data Recipient's (ADRs) will be able to assist consumers with understanding this information.

Origin questions how CDR will improve consumer understanding and knowledge of the market, especially if the consumer interactions are online. We feel that these issues are industry specific and greater regulatory focus should be placed on educating consumers on telecommunication options rather than applying the CDR regime to fill the gaps that have been identified.

### **Consumer Benefit Case Studies**

The Consultation Paper sets out several illustrative case studies for the purpose of seeking views on the kind of use cases that could be enabled and provide benefits for consumers with the access and use of CDR

These case studies highlight that there is no standardised product comparator website for consumers to search product offerings in the one place. The industry relies either on:

- 1) Retailers uploading product factsheets to their websites. The product factsheets are only relevant to their product offering; or
- 2) Commercial comparator sites where telecommunication retailers pay an operator to display their product offerings. The operator then receives a commission for the sale of any product. The site will only include retailer offers for those retailers that have signed up with the comparator site.

In case studies 1 and 2, there are statements that an ADR would be able to obtain product data on a suburb basis to determine service quality issues and compare products for different locations. It is not clear where this data would be sourced from and whether the consumer would only receive returned options based on the retailers that the commercial comparator sites are servicing. This is also relevant to case studies 2, 3 and 4. We question how sites such as 'AdminAssistant' will be able to obtain a range of product offerings that allow the consumer to recommend the best offer for the consumer. If 'AdminAssistant' only has a relationship with two telecommunication retailers, the benefits of obtaining the CDR data are reduced.

The CDR framework should not be solving for industry regulatory framework shortfalls. These shortfalls should be dealt with through the telecommunication sector and then this data be included on a generic basis for consumers once the industry develops the capabilities. Treasury is aware that the energy sector has regulated comparator sites - Energy Made Easy and Victoria Compare – where consumers can access and compare all product offerings on the one site. Under the CDR regime for energy, it is proposed that ADRs will then be able to utilise the generic product data from regulated comparator sites to compare offers across the market for consumers.

### **Telecommunication Sector Data**

The Consultation Paper identifies categories of data that could form part of the CDR regime for the telecommunication sector. Possible datasets include:

- Consumer data – data captured on the consumer’s use (including behaviour) by a service provider relating to the provision of the product or service; and
- Product data – information about the characteristics of a retail product or service.

#### *Consumer Data*

The data set categories are broad, and the inclusion of each of the datasets require further consideration and investigation. Any data to be captured under the regime should not pose privacy concerns, needs to be of value to the customer, and the benefits and costs of each of the datasets analysed across the sector. The greatest concern for the business is the inclusion of personal data provided by the customer and the increased risk of disclosure without consent, unauthorised access, and identity theft. These significant risks of transferring personal information need to be balanced against the benefits.

The Consultation Paper suggests that usage information could include the number of messages sent, number of voice minutes used, and number of calls could form part of the data set. We do not see that this information is needed by consumers to make a decision. Product offers are not generally made on number of messages or voice minutes. The relevant information for consumers to determine the appropriate plan is the usage level or data allowance.

#### *Product data*

In terms of product data, it is unclear whether it is proposed that this information be generic (not identifiable to a person) or tailored (specific to an individual customer). Retailers will only hold the tailored product data that is relevant to the actual consumer’s account.

We further submit that any retail product data to be included under the CDR framework should be limited to the current product the customer is being supplied on and align with other regulatory provisions for providing data. Increasing data requirements beyond the current product requirements increases the risk that misinformation being provided to third parties.

#### *General Data Sector Comments*

We support the intention of the CDR regime for consumers to be able to utilise data across a number of sectors. However, the request for data needs to be on a standalone basis. That is, the request for energy data and telecommunication data should not be provided by the one data holder because a business offers both energy and telecommunication services. Often systems are not linked and a consumer is likely to sign up for the services at different times. It is often incredibly hard to match consumers as different details are provided to sign up to a plan and the energy and telecommunication sectors use different locational data to match premises.

The Consultation Paper further notes that the telecommunication data proposed is available to consumers today in either a paper or digital form<sup>2</sup>. Data should only be extended to the information that is in digital form to ensure that data holders can comply with the CDR Rules and is able to be transferred in a format that can be utilised by an ADR or consumer. The electronic data should also not include any additional information collated as part of a verification process or insight data that an entity has developed about a customer. There are strong incentives on companies to collect data as a means of understanding their customers to offer products and services that consumers require and value. Requiring insight data to be shared would take away from product development and innovation.

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<sup>2</sup> Treasury, Consumer Data Right Sectoral Assessment – Telecommunications Consultation Paper, p18.

Finally, in deciding on the most appropriate dataset for CDR in the telecommunication sector, Treasury ought to take into account the potential volume of data requests and flows. It is arguable whether the benefits would exceed the costs if sophisticated systems are built for low volumes of requests for the dataset. The complexities and costs arise if datasets are included, all market participants develop appropriate systems and then the data is rarely requested. This will result in customers paying a premium for their right to access data.

### **Data Access Models**

Consideration of an appropriate data access model is essential for the efficient operation of the CDR regime for the telecommunication sector. Options include whether a 'gateway' type model is adopted whereby a centralised party collects data from relevant data holders and provides the data to the ADR. The alternative model is a peer-to-peer model where retailers are directly connected to data holders and provide the relevant CDR datasets to the ADR.

If CDR is to be extended to the telecommunication sector, consideration of a peer-to-peer model would assist with interoperability and be consistent with the operating framework for the energy sector. We do, however, hold some reservations with how this model will operate in the telecommunication sector given the supply chain. The main concern is around secondary or maybe third data holders for the exchange of information with retailers and the speed in which this data could be exchanged.

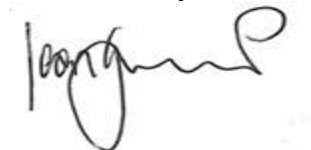
This is given that consumer data relating to telecommunications services is collected by a range of parties connected to the various networks at different points in the supply chain – this could be infrastructure owners and operators, wholesalers or sub-wholesalers, service providers or equipment providers. Further, there are retailing models where some retailers procure and provide the full integrated service (ie wholesale, network, retail) and other retailers will 'white label' and be the interface for the sales of a product. In the scenario of a white labelling, the data required for CDR could be held by a party different to the party that interfaces with the customers. As a result, there will need to be considerable work undertaken to determine the efficiencies of models and how to accommodate the differing operating models in the sector.

### **Closing**

Origin supports effective competition and mechanisms in place to assist consumers in using data relevant to usage and needs. The telecommunication sector is complex in the supply chain and the number of product and service offerings available to consumers. It is therefore important that due consideration is given to the market characteristics and CDR only extend to the telecommunication sector where there are demonstratable benefits to consumers.

If you would like to discuss any aspect of this submission, please contact Caroline Brumby on (07) 3867 0863 / [Caroline.Brumby@originenergy.com.au](mailto:Caroline.Brumby@originenergy.com.au) in the first instance.

Yours sincerely



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