



INDEPENDENT CONSUMER & COMPETITION COMMISSION

Billing and Credit Control

First Draft

INDEPENDENT CONSUMER & COMPETITION COMMISSION

TELECOMMUNICATIONS INDUSTRY

BILLING AND CREDIT CONTROL CODE OF PRACTICE

FOREWORD

The Independent Consumer and Competition Commission (“Commission”) is a statutory authority, established under the provisions of the *Independent Consumer and Commission Act 2002* (“ICCC Act”). The Commission’s primary objective is to enhance the welfare of the people of Papua New Guinea (PNG) through the promotion of competition, fair trading and consumer protection, and to protect the long term interests of the people of PNG with regard to price, quality and reliability of certain goods and services.

The Commission comprises of one full time Commissioner and two Associate Commissioners, who may be full time or part time. One of the Associate Commissioners must have international experience in the operation and administration of an economic regulatory regime and must be a non-resident of PNG. The Commission is independent of the Government in its decision making, however is accountable to Parliament.

Under the *Telecommunications Act 1996* (“Act”), the Commission is the principal telecommunications regulatory body for PNG, and in addition administering the Act itself, the Commission is responsible for administering other telecommunications regulatory instruments that form the telecommunications regulatory framework for PNG.

Section 66A of the Act allows the Commission to determine codes of practice to be followed by telecommunication carriers in the course of their operations.

The Commission is developing this Telecommunications Industry Billing and Credit Control Code of Practice to add to the existing telecommunications regulatory framework, and its main objective is to ensure that there is a minimum standard for the delivery of accurate billing and credit management procedures by telecommunications carriers in PNG.

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EXPLANTORY STATEMENT

This is the Explanatory Statement for the Telecommunications Industry Billing and Credit Control Code of Practice (the “Code”).

This explanatory statement outlines the purpose of the Code and the factors that have been taken into account in developing this code.

Background

This Code has been developed to establish a comprehensive set of industry wide billing and credit control rules and guidelines for telecommunication carriers’ use. In designing the code, the Commission has sought to incorporate international best practices.

The Commission is developing the code under section 66 A of the Act, which allows the Commission to develop Codes of Practice which are to be followed by carriers in the course of their operations.

Currently, the telecommunications industry consists of one general carrier, Telikom PNG who owns and operates a fixed line network in PNG. In addition, there are two mobile telephony operators, Pacific Mobile Communications (PMC) and Digicel.

After more than three decades, the structure of the telecommunications industry in Papua New Guinea is changing rapidly. Prior to the National Government’s decision in November 2005 to introduce competition into the mobile sector, the sole provider of fixed line and mobile telecommunications services in PNG was the state, which provided telecommunications services through the former Post and Telecommunications Commission and its successor, the state owned entity, Telikom PNG.

With the introduction of competition into the mobile sector, consumers in PNG now have a greater choice of mobile telecommunication carriers who will offer a broad range of new and innovative services and products; and in this new telecommunications environment, PNG consumers will expect a much improved level of service. It is important that in this new telecommunications environment, PNG consumers will have reliable and easy to access to telecommunications services.

Current Regulatory Arrangements

While the current telecommunications regulatory framework contains general provisions with regard to the protection of consumer’s rights, the framework does not contain a specific regulatory instrument that guides or directs telecommunication carriers to develop or implement billing and credit control processes.

Section 104 of the *Independent Consumer and Competition Commission Act 2002 (ICCC Act 2002)* outlines the policy of the State to protect the rights and interests of consumers and to monitor standards for the ethical conduct of those engaged in the production and distribution of goods and services. In addition section 105 of the ICCC Act 2002 outlines the rights of consumers which include the right to; safety, choice, consumer education, information, representation and redress.

Section 2 of the Act lists the general objectives of the Act, which include the need for carriers to achieve high levels of accountability and responsiveness to customer needs and community needs.

Therefore, the current regulatory framework is inadequate as it does not contain a specific outline of what an appropriate billing and credit control process would involve.

Recognising the need to have a specific regulatory instrument that addresses carrier responsiveness to customer needs, section 66 A (2) of the Act specifically lists Billing and Credit Control Code of Practice that may be developed by the Commission for carriers to adhere to.

How the Code builds on and Enhances Current Regulatory Arrangements

This Code will complement and strengthen the current regulatory framework by providing telecommunications Carriers in PNG with a practical set of requirements for developing a billing and credit control process. The purpose of the code is to provide consumers clear and concise information on the cost of telecommunications products and services when comparing offerings from Carriers, to be able to confirm the accuracy of their bills, and to achieve some level of protection with respect to credit control policies used by Carriers.

How the objectives will be achieved

This Code will apply to General Carriers and Mobile Carriers in PNG (collectively known as Carriers). However, this Code will not apply to holders of restricted general carrier licenses. Carrier compliance with this code is mandatory under the condition of its license. The Code sets out minimum requirements of Carriers with respect to billing and credit control processes and policies that must be an essential part of the conduct of a Carrier's business in these areas.

Anticipated Benefits to Consumers

Consumers are expected to benefit from this Code as a result of the improved quality of information made available by Carriers regarding the cost of products and services, and the establishment of credit control policy and processes that protect customers from unfair treatment through inappropriate credit control processes.

Anticipated Benefits to Industry

Telecommunications Carriers are expected to benefit from this Code through the expectation that having a minimum standard for billing and credit control processes will generate higher levels of customer satisfaction and customer retention rates and improved operational efficiency. Carriers will be better able to resolve customer complaints regarding billing and credit control problems. Having a billing and credit control process in place will also allow Carriers to identify and address problems associated with the delivery of their services and improve upon these services.

Anticipated Costs to Industry

It is expected that Carriers may incur initial and ongoing costs in relation to compliance with this Code, depending on the level and complexity of their current billing and credit control processes. These costs will be partly offset by earlier identification of systemic issues and by improved customer retention rates.

Review of Code

The Commission expects to review this code 3 years from the date of implementation or earlier if necessary.

1 INTRODUCTION

- 1.1 This Billing and Credit Control Code of Practice ("Code") has been developed under section 66 A of the *Telecommunications Act 1996* ("Act").
- 1.2 This Code relates to the internal management of billing and credit management processes by carriers.
- 1.3 Compliance with this Code does not ensure compliance with other mandated legal and regulatory obligations imposed on Carriers.
- 1.4 If there is a conflict between the requirements of this Code and any requirements imposed on a carrier by statute, the carrier will not be in breach of this Code by complying with the requirements of the statute.
- 1.5 Statements in boxed text are a guide to interpretation only and not binding as Code rules.
- 1.6 For the purposes of this Code, the acronyms, definitions and interpretations, as defined in Section 4 apply unless otherwise stated.

2 SCOPE AND OBJECTIVES

2.1 Scope

- 2.1.1 This Code applies to holders of General Carrier Licence and holders of mobile Carrier Licenses.
- 2.1.2 This Code sets out minimum requirements for Complaint handling by Carriers in relation to Telecommunications Activities as defined in Section 66A the Act. This Code covers the handling of Billing and Credit Control by carriers providing products and services to customers.
- 2.1.3 The requirements of this Code apply to Carriers irrespective of the nature of the billing or credit control tasks or the size of the organization receiving the involved in the billing or credit control process. It is recognised that the procedures put in place to implement these requirements will vary according to the size and nature of the Carriers.
- 2.1.4 This Code excludes:
- (a) complaints between Carriers;
 - (b) complaints and disputes subject to legal action;
 - (c) obligations imposed on Carriers by statute;

2.2 Objectives

The objectives of this Code are for Carriers to develop and enforce a comprehensive billing and credit control process which will maintain and enhance Customer satisfaction through:

- (a) recognising, promoting, and protecting Customers' rights with respect to the accuracy of billing, clarity of costs for products and services, and fair and reasonable credit control practices;
- (b) providing an efficient, fair and accessible mechanism for handling billing and credit control enquiries;
- (c) providing information to Customers on the costs and terms of supply for all products and services provided by the Carrier; and
- (d) monitoring the performance of billing and credit control processes for the purpose of improving the quality of these services.

3 ACRONYMS, DEFINITIONS AND INTERPRETATIONS

For the purpose of this code, the following acronyms may apply:

3.1 Acronyms

ICCC – Independent Consumer & Competition Commission

3.2 Definitions

For the purpose of this code, the following definitions apply:

Act

Means the *Telecommunications Act 1996*

Billing Data Switching Point

Any point in a switching network (PSTN or mobile) where call data is collected to be used for the creation of billing information for post paid or pre paid call charging.

Confidence Interval

A mathematical way to assess the reliability of the estimate of the percentage of billing errors detected in a sample of test calls. For any population of test calls from a Billing Data Test Point, there must be a 95% confidence Interval that less than 2% of calls are incorrectly charged to comply with the Code.

Carrier

Has the meaning given by section 3 of the Act

Customer

Means a person or entity who:

(a) has a contract, including standard forms of agreement, with a Carrier for the supply of a telecommunications Product; or

(b) is eligible under the criteria set by a Carrier to enter into a contract for the supply of the telecommunications Product.

Product

Means a telecommunications good offered by a Carrier.

Price Book

Means an accurate list of all products and services offered by a Carrier, with all costs and conditions related to the supply of the product or service.

PSTN

Means Public Switched Telephone Network

Service

Means a service offered by a Carrier

Telecommunications Activity

means

- (a) carrying on business as a Carrier; and/or
- (b) supplying a Product associated with telephony.

Test Plan

Carriers must develop and comply with a Test Plan for billing accuracy.

Working Day

means, in a location, a day that is not a Saturday or Sunday or public holiday in that location.

3.3 Interpretations

In this Code, unless the contrary appears:

- (a) words in the singular include the plural and vice versa;
- (b) words importing persons include a body whether corporate, politic or otherwise; and
- (c) a reference to a person includes a reference to the person's executors, administrators, successors, officers, employees, volunteers, agents and/or subcontractors (including but not limited to, persons taking by novation) and assigns.

4. Major Sections of this Code**4.1 Billing and Credit Control Principles****4.2 Billing Detail****4.3 Billing Accuracy****4.4 Carriers to Test Compliance****4.5 Reporting to ICC****4.6 ICC Testing****4.7 Billing Timeliness****4.8 Direct Debit****4.9 Charging for Billing Services****4.10 Confidentiality****4.11 New Products and Services****4.12 Disputed Billing****4.13 Price Book****4.14 Billing Options and Format**

4.15 Credit Management
4.16 Hardship Guide

4 Billing and Credit Control Code Requirements

4.1 Billing and Credit Control Principles

- 4.1 Carriers will provide accurate and timely bills to customers and in sufficient detail that customers can reasonably confirm the accuracy of the bill against their contract with the carrier
- 4.2 It is not permitted for Carriers to disconnect services while a genuine billing dispute is being conducted between the Carrier and customer
- 4.3 Carriers will publish and keep current price books that accurately describe all the products and services offered by the carrier
- 4.4 Carriers will develop and maintain credit control processes that protect customers from accumulating unreasonable debt and which assist customers who experience genuine difficulty in payment through alternative payment options

4.2 Billing Detail

Minimum detail required to be presented to customers in bills provided for the delivery of products or services, unless otherwise agreed in writing with the customer:

- Customer billing name and address
- Bill issue date
- The billing period
- Itemised call records
- Current amount due date
- Amount due from previous billing periods
- Carrier's trading name, address and business number
- A billing reference or customer account reference number
- Description of the charges being levied, using the same descriptions as in the Price Book
- Total amount billed for the current billing period, and separate amounts for previous billing periods that are unpaid
- At least one method of payment (cash, cheque, electronic transfer, direct debit etc)

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- A contact point or points for billing enquiries and the hours this enquiry service is available

4.3 Billing Accuracy

Carriers are required to bill customers accurately and to regularly test the accuracy of their billing processes. The charging elements of product and service billing that are subject to this code are shown in 4.3.1:

4.3.1 Definitions of billing information subject to accuracy requirements:

- Call start and stop time
- Called number
- Calling number
- Product or Service price rating – installation fee, rental, flag fall and time charging etc as required
- to completely compare the charge against the costs published in the Price Book

Carriers are required to conduct regular tests of the accuracy of their billing services, and the parameters of these tests are shown in 4.3.2:

4.3.2 Test parameters

- Representative calling patterns to test rating variations (by region, country, time of day etc)
- Test call numbers to each call pattern
- Per call test of call charge parameters (flag fall, charge rate)

4.4 Carriers to Test Billing Accuracy

Carriers are required to develop a plan of tests of billing accuracy that meets the requirements of this Code. The minimum requirements of the tests are set out below:

4.4.1 Carriers must have an approved Test Plan for billing accuracy, which must be submitted to the ICCC for approval within six months of the introduction of this Code and whenever a change is made to the Test Plan.

4.4.2 Changes to the Test Plan may be required by the ICCC at any time if the introduction of new Products and Services mean the existing Test Plan is unable to test the billing accuracy of the new Products and Services.

4.4.3 Changes to the Test Plan may be proposed in writing by a Carrier if they consider that the current Test Plan is ineffective or unreliable due to the removal of certain products and services from their Price Book, or if they can prove an alternative Test Plan assesses billing accuracy as effectively as the current approved plan and which reduces the cost of compliance with the Code.

4.4.4 The Test Plan will be developed to provide the following test results:

(a) Sufficient test calls from each Billing Data Switching Point in the network to provide a statistically accurate calculation of billing accuracy for the following types of calls, where relevant to the Carrier:

- i. PSTN to PSTN calls to all call charge levels in PNG.
- ii. PSTN and/or mobile calls to the top ten international destinations for that Carrier.
- iii. PSTN to all Mobile networks at all charge levels in each destination network.
- iv. Mobiles to mobiles and to PSTN calls at all charge levels in each destination network

a) Any call charge that is assessed to be in error greater than plus or minus 2% compared to the charges set out in the Price Book will be recorded as an incorrectly charged call.

b) For each Billing Data Switching Point, sufficient calls will be made to provide a 95% confidence interval for the accuracy results.

c) To comply with this section of the Code, no more than 2% of test calls made can be inaccurately charged as defined by 4.4.4 b) and c).

4.4.5 The Billing Accuracy Test Plan will be carried out at least every six months following approval of the Test Plan by the ICCC as described in 4.4.1.

4.5 Reporting to the ICCC

The Test Plan Report to the ICCC will contain the following information:

4.5.1 The number of test calls made to each destination from each Billing Data Switching Point as described in 4.4.4, a)

4.5.2 The number of test calls that failed to be billed accurately as described in 4.4.4(b) for each destination from each Billing Data Switching Point.

4.5.3 The number of inaccurately charged calls as a percentage of the total calls made from each Billing Data Switching Point. Note that to comply with the Code, the percentage of inaccurately charged calls cannot exceed 2% of the test calls with a Confidence Interval of 95% - refer to 4.4.4 a) and b).

4.6 ICCC Testing

The ICCC reserves the right to test billing accuracy independently of the testing and reporting described in 4.4 and 4.5

4.7 Billing Timeliness

Carriers must process and issue bills to their postal or equivalent contractor within 15 working days after the closure of the billing period, except when

- (a) The carrier and customer have agreed otherwise in writing
- (b) Billing system problems arise
- (c) A supplier to the carrier is late in the delivery of their billing information to the carrier
- (d) A force majeure occurs

4.8 Direct Debit

The carrier must not direct debit a customer account until a complete bill has been issued and at least five working days have passed to allow the customer to examine the bill and enquire regarding any matters relating to the bill.

4.9 Charging for Billing Services

Generally, carriers are not permitted to charge for billing services unless:

- (a) The carrier has an agreement with a customer to provide special billing services which would reasonably incur additional costs for the carrier
- (b) The customer has requested previous billing information that has already been billed in the normal way, and this information is not the subject of a billing dispute

4.10 Confidentiality

Carriers must keep confidential all customer billing data from all other parties

4.11 New Products and Services

Carriers must not release new products and services unless they can be billed in the normal way set out above, unless:

- a) The products and services are the subject of a trial and the customers have agreed to participate in the trial in writing and they agree that billing service will not comply with this Code.

4.12 Disputed Billing

Processes must be in place that allow reasonable time to resolve billing disputes and must include:

- a) A formal notification of a dispute must be provided by a customer and registered by the Carrier. The customer must be provided with a reference number for the dispute and during the agreed period of the dispute, the Carrier must not disconnect any services subject to the dispute.
- b) Advertisement of the customer notification process is required such that customers can be readily made aware of the process.

4.13 Price Book

Customer Information on Products and Services prices, terms and conditions must be provided to all customers in a readily available manner. This will include the provision of Price Books which must contain the following minimum information:

- a) A listing of all currently available products and services with all up to date costs associated with each product or service, including but not limited to installation fees, flagfall, call costs, monthly rental, additional usage charges
- b) Disputed Billing process description and contact details in the Carrier organisation.

The Price Book will be updated each time the price changes permanently for any product or service and must be accurate at the time the new price becomes effective. Price books will be available at every Carrier and agent location where retail services are provided.

4.14 Billing Options and Format

4.14.1 Billing Options. Under certain circumstances, a carrier may choose not to provide a printed bill for goods or services, where:

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- a) The supplier and customer agree in the supply contract that a customer will incur a charge without a bill of any type being issued, although in every case, a customer must be provided with the services otherwise set out in this Code. This is likely to apply particularly for some forms of pre paid service
 - b) The carrier and the customer may agree to the use of electronic bills whereby the bill is delivered via email or in a physical electronic format

4.14.2 Product and Services Descriptions. The carrier must ensure that the same description for a product or service is used in the bill as is used in the Price Book

4.15 Credit Management

4.15.1 Assessing Credit Worthiness. A number of checks must be made for individual or business customers before a customer can be refused service based on unacceptable credit worthiness:

4.15.1.1 Individual Customers

- (a) Employer's confirmation of formal employment in writing;
- (b) Customer's last three pay slips
- (c) Customer's last three bank statements

4.15.1.2 Business Customers

- (a) Proof of regular payment to suppliers for similar amounts as will be charged by the Carrier
- (b) Customer's last three business bank statements

4.15.2 Credit Control Management. Where a customer has defaulted on payment to the Carrier, a number of credit control management processes are to be considered and used where appropriate before services are terminated:

- a) Call blocking, restriction of outward calls (Call barring)
- b) Suspension of some or all services
- c) PIN (Personal Identification Number) access to some services
- d) Conversion to pre paid services
- e) Cancellation of non essential services
- f) Payment plans whereby regular payments will be made over an agreed period to clear the overdue debt.

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- g) Third party guarantees whereby third parties that are able to reasonably satisfy the Carrier of their creditworthiness (refer to 4.15.1) will guarantee payment on behalf of the defaulting customer.

Complete cancellation of services should only be considered if the credit control management processes have failed to achieve repayment of outstanding accounts.

4.15.3 Obligation to Notify Customer before taking Credit Control Actions. Before services are restricted in any way as a result of a customer defaulting on payment, the Carrier must notify the customer of the intention to take credit control actions.

4.15.4 Disputed Amounts. Where there is a dispute between the Carrier and a customer regarding a billed amount, the Carrier will develop and use processes to resolve the matter of the disputed amount, and subject to 4.15.2, 4.15.3 and 4.15.4, will ensure that the processes include the following minimum requirements:

- a) The Carrier and customer will reasonably agree to a time in which each will attempt to resolve the disputed amount.
- b) The customer will receive formal notification of dispute process and the time agreed that will be allocated to resolve the disputed amount

4.15.5 Credit Charges. When customers are late in making undisputed payments for products and services to carriers, the Carrier may make reasonable credit charges to the customer in addition to the recovery of the late payments. It is expected the credit charges will not exceed normal current business credit rates.

4.16 Hardship Guide

Some customers will experience difficulty in making payments for products and services through hardship. Carriers must have in place processes to assist customers who are experiencing difficulties related to hardship in paying their accounts. Carriers must apply a hardship guide to the management of late payment of accounts where the customer can prove one or more of the following circumstances of hardship apply:

4.16.1 Individual Customers:

- a) Illness or
- b) unemployment

4.16.2 Businesses:

- a) Temporary reduction of revenues

In these circumstances, the Carrier must ensure their Hardship Guide process includes the actions set out in 4.15.2, 4.15.3 and 4.15.4.

