

Investigation Report

Summary	
Entity	Telstra Corporation Limited (ACN 051 775 556) Telstra Limited (ACN 086 174 781)
Type of entity	Carriage service provider (CSP)
Relevant Legislation	<i>Telecommunications Act 1997</i> (the Act) Telecommunications Service Provider (Customer Identity Authentication) Determination 2022 (Determination)
Date	23 February 2024

Findings

The Australian Communications and Media Authority (**ACMA**) finds that Telstra Corporation Limited (**Telstra**) has, as set out at Table 1 below, contravened the Act and the Determination.

Table 1: Summary of contraventions

Regulation	Provision	Number of contraventions	Relevant Period
Act	Subsection 101(1)	Estimated between 166,861 and 167,259	14 August to 31 December 2022
Determination	Section 8	Estimated between 160,305 and 160,604	14 August to 15 December 2022
	Subsection 11(4)	5,938	30 September to 31 December 2022
	Subsection 12(2)	Estimated between 1 and 100	30 September to 3 October 2022
	Subsection 12(4)	616	30 September to 15 December 2022
	Paragraph 13(1)(a)	1	30 September to 3 October 2022

The ACMA also finds that Telstra Limited (**Telstra Limited**) has, as set out at Table 2 below, contravened the Act and the Determination.

Table 2: Summary of contraventions

Regulation	Provision	Number of contraventions	Relevant Period
Act	Subsection 101(1)	1,494	1 January to 26 April 2023
Determination	Subsection 11(4)		

Reasons

1. The reasons for the ACMA's findings, including the key elements which establish the contraventions, is based on information obtained from:

- a. Telstra on 25 May and 27 July 2022, regarding its planned completion dates to comply with the Determination;
- b. Mobile Number Fraud (**MNF**) intelligence received by the ACMA between 1 July and 30 November 2022;
- c. Telstra Limited on 7 February, 7 March, 18 April, 30 June 2023 and 9 February 2024, in response to ACMA requests for information;
- d. Telstra Limited's self-report to the ACMA in August 2023; and
- e. Telstra Limited's submissions to ACMA draft findings on 25 September 2023.

Relevant background

2. The purpose of the Determination is to:
 - a. reduce the harm caused to customers when access to their personal information, business information or telecommunications service is targeted by unauthorised persons or entities; and
 - b. require CSPs to follow effective identity authentication processes to protect the security of high-risk customer interactions (**Interactions**)¹.
3. The Determination is made under Part 4 of the Act. It commenced on 30 June 2022 and applies to:
 - a. CSPs involved in the supply of a telecommunications service; and
 - b. every Interaction relating to a customer of a CSP, with the exceptions noted below.
4. The Determination requires that the CSP, prior to undertaking the first high-risk customer transaction² during an Interaction, use identity authentication processes to authenticate that the person requesting the transaction is the customer (or their authorised representative) for that service.
5. In 2022, Telstra and Telstra Limited informed the ACMA that its planned compliance with the Determination across its customer contact channels (including Belong) would exceed 30 June 2022 and that its compliance uplift work would not be fully completed until 31 December 2022. In early 2023, Telstra Limited informed the ACMA that compliance was deployed later than planned but fully completed across all channels on 30 December 2022.
6. Telstra Limited provided further submissions about an error in its testing environment that resulted in non-compliance with subsection 11(4) of the Determination from 15 December 2022 and continued to 26 April 2023.
7. On 1 January 2023, as part of a corporate restructure, CSP functions transferred from Telstra to Telstra Limited. The ACMA's findings refer to either Telstra or Telstra Limited's compliance, as the responsible CSP at the time of the contraventions.

Compliance with the Determination

8. The Determination is a service provider determination made under section 99(1) of the Act.
9. Subsection 101(1) of the Act requires that service providers, including CSPs, comply with the service provider rules that apply to them. Subsection 101(3) states that subsection 101(1) is a civil penalty provision. Paragraph 98(1)(b) of the Act provides that service

1 An interaction is between a CSP and a requesting person, in relation to a customer's telecommunications service, initiated by either the requesting person or by the CSP, during which one or more high-risk customer transactions are requested.

2 'High-risk customer transaction' is defined in section 6 of the [Determination](#).

provider determinations in force under section 99 are service provider rules. Accordingly, CSPs must comply with the Determination.

10. Section 8 of the Determination requires that, prior to undertaking the first high-risk customer transaction during an Interaction, a CSP must confirm that the person requesting a high-risk customer transaction is the customer or the customer's authorised representative, using an applicable identity authentication process, specified under sections 9, 10 or 11 of the Determination.
11. An identity authentication process means a process described in subsections 9(1), 9(2), 9(3), 10(2) or 11(2) of the Determination.
12. Section 8 is subject to section 12, which provides requirements where an unlisted authorised representative initiates an Interaction. Prior to undertaking the first high-risk customer transaction during an Interaction, an employee or agent of the CSP who has completed fraud mitigation training must be satisfied that the requesting person is an unlisted authorised representative on the basis of documentary evidence (such as an enduring power of attorney or a financial management order) provided by the requesting person.

Compliance by Telstra

Compliance with section 8

13. The ACMA has considered whether Telstra complied with section 8 of the Determination at Table 3 below.

Table 3: Assessing compliance with section 8 during the period 14 August to 15 December 2022

Is Telstra a CSP who provides telecommunications services to customers?	<p>Yes. At the time of the alleged contraventions, Telstra was a CSP as defined at section 87 of the Act as it supplies carriage services to the public.</p> <p>Accordingly, it must comply with the service provider rules that apply to it.</p>
Did Telstra undertake Interactions during the period 14 August to 15 December 2022?	<p>Yes. Telstra has stated that it completed over 3.8 million estimated monthly Interactions across both assisted (i.e. via call centres and messaging) and unassisted (i.e. via digital self-service) channels managed by Telstra and Belong.</p> <p>Based on information provided by Telstra, for the period 14 August to 15 December 2022, it undertook between 160,305 and 160,604 Interactions in which at least one high-risk customer transaction was completed.</p>
Prior to undertaking the first high-risk customer transaction in the course of an Interaction, did Telstra confirm the requesting person was the customer, or the customer's authorised representative, for the service by use of the identity authentication process or	<p>No, not in all cases. Telstra has stated that it overlooked including three types of high-risk customer transactions in the original design of its identity authentication processes.</p> <p>Between 14 August and 15 December 2022, Telstra has stated that it did not use any identity authentication processes under subsection 9(3) of the Determination for:</p> <ul style="list-style-type: none"> • an estimated 54,600 Interactions via its Telstra customer contact centres (phone and messaging) between 30 September and 9 December 2022 • 14,640 Interactions via its Your Telstra Tools and legacy apps between 30 August and 14 December 2022 • 23,793 Interactions via its Belong mobile app between 14 August and 14 September 2022

processes in section 9?	<ul style="list-style-type: none"> • 64,171 Interactions via its Belong website between 14 August and 20 September 2022 • 2,500 Interactions via its Belong contact centres (phone and messaging) between 14 August and 23 August 2022.
Where section 10 applied, prior to undertaking the first high-risk customer transaction in the course of an Interaction, did Telstra confirm the requesting person was the customer, or the customer's authorised representative, for the service by use of the identity authentication process or processes in section 10?	<p>No. Telstra has stated that, for its Belong channels, customers who could not complete identity authentication processes in accordance with section 9 were asked additional security questions.</p> <p>This is not an identity authentication process under subsection 10(2) of the Determination.</p> <p>Section 10 of the Determination would have applied unless the customer (or their authorised representative) was a person in vulnerable circumstances³ or an unlisted authorised representative⁴.</p> <p>Between 30 September and 3 October 2022, Telstra has stated that it did not use any identity authentication processes under section 10 of the Determination for between 600 and 800⁵ Interactions via its Belong contact centres (phone and messaging).</p>
Where section 11 applied, prior to undertaking the first high-risk customer transaction in the course of an Interaction, did Telstra confirm the requesting person was the customer, or the customer's authorised representative, for the service by use of the identity authentication process or processes in section 11?	<p>Telstra has stated that, for its Belong channels, customers who could not complete identity authentication processes in accordance with section 9 were asked additional security questions.</p> <p>This is not an identity authentication process under subsection 11(2) of the Determination.</p> <p>Section 11 of the Determination would have applied where the customer (or their authorised representative) was a person in vulnerable circumstances.</p> <p>Between 30 September and 3 October 2022, Telstra has stated that it did not use any identity authentication processes under section 11 of the Determination for between 1 and 100 Interactions via its Belong contact centres (phone and messaging).</p>

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- 3 The Determination defines a person in vulnerable circumstances as a customer:
- who due to their personal circumstances, is experiencing, or is at risk of experiencing, harm, detriment or disadvantage, (including a customer who is overseas who has lost their mobile communications device or a customer who has been impacted by an emergency or domestic or family violence);
 - who due to the circumstances in (a), cannot access a telecommunication service, device, or cannot provide category A documents or category B documents for the purpose of identity authentication; and
 - in relation to whom, the carriage service provider is consequently unable to complete the identity authentication processes under section 9(3) or subsection 10(2).
- A reference to a customer in this definition, includes their authorised representative.
- 4 The Determination defines an unlisted authorised representative as a person who is authorised by the customer, or by a court or tribunal or any other body legally empowered to represent customers, to act on behalf of the customer, other than an authorised representative.
- 5 Telstra has stated that 600-800 inbound contacts to Belong Contact Centres between 30 September and 3 October 2022 were Interactions where sections 10, 11 or 12 would have applied, but an alternative authentication process was used.

14. Accordingly, the ACMA finds that Telstra has contravened section 8 of the Determination between 160,305 and 160,604 times in the period between 14 August to 15 December 2022.

Compliance with subsection 11(4)

15. Subsection 11(4) provides that when the identity authentication processes in section 11 are used, the CSP must, immediately after it has used an identity authentication process for subsection 11(2), and either prior to, or immediately after, undertaking the first high-risk customer transaction, send a notification to the customer, or the customer’s authorised representative.

16. The ACMA has considered whether Telstra complied with subsection 11(4) of the Determination at Table 4 below.

Table 4: Assessing compliance with subsection 11(4) during the period 30 September and 31 December 2022

Is Telstra a CSP who provides telecommunications services to customers?	Yes. Refer to Table 3 above. Accordingly, it must comply with the service provider rules that apply to it.
Did Telstra undertake Interactions during the period 30 September and 31 December 2022?	Yes. Telstra stated that it completed at least 477 high-risk customer transactions across 5,938 Interactions involving a person in vulnerable circumstances.
When the identity authentication processes in section 11 was used, did Telstra, either prior to, or immediately after, undertaking the first high-risk customer transaction in the course of an Interaction, send a notification to the customer, or the customer’s authorised representative?	No. Telstra stated that it did not have processes or systems in place to notify customers prior to (or immediately after) high-risk customer transactions for people in vulnerable circumstances. Specifically, between 30 September and 15 December 2022, Telstra stated that it did not notify customers for 5,688 Interactions via its Telstra customer contact centres (phone and messaging). Telstra also self-reported that between 15 December and 31 December 2022, it did not notify customers who had nominated to receive notifications via SMS for 250 Interactions due to an error in its testing environment. Telstra customers’ mobile numbers were incorrectly defaulted to a number used in the testing environment, which resulted in those customers not receiving SMS notifications.

17. Accordingly, the ACMA finds that Telstra has contravened subsection 11(4) of the Determination 5,938 times in the period between 30 September 2022 and 31 December 2022.

Compliance with section 12

18. Section 12 provides requirements where an unlisted authorised representative initiates an Interaction. Prior to undertaking the first high-risk customer transaction during an Interaction, an employee or agent of the CSP who has completed fraud mitigation training must be satisfied that the requesting person is an unlisted authorised representative on the basis of documentary evidence (such as an enduring power of attorney or a financial management order) provided by the requesting person.

19. The ACMA has considered whether Telstra complied with section 12 of the Determination at Table 5 below.

Table 5: Assessing compliance with subsection 12(2) during the period 30 September to 3 October 2022 and subsection 12(4) during the period 30 September to 15 December 2022

Is Telstra a CSP who provides telecommunications services to customers?	Yes. Refer to Table 3 above. Accordingly, it must comply with the service provider rules that apply to it.
Did Telstra undertake Interactions in which the requesting person asserted they were an unlisted authorised representative in relation to the telecommunications service, during the period 30 September to 3 October 2022?	Yes. Based on information provided by Telstra, for the period 30 September to 3 October 2022, it undertook between 1 and 100 Interactions in which at least one high-risk customer transaction was completed and the requesting person asserted they were an unlisted authorised representative in relation to the telecommunications service.
Did Telstra, prior to undertaking the first high-risk customer transaction in the course of an Interaction, satisfy itself that the requesting person was an unlisted authorised representative on the basis of documentary evidence?	No. As noted in Table 3, Telstra has stated that, for its Belong channels, customers who could not complete identity authentication processes in accordance with section 9 were asked additional security questions. This is not a process under subsection 12(2) of the Determination. Section 12 of the Determination would have applied where the requesting person was an unlisted authorised representative. Between 30 September and 3 October 2022, Telstra states that it did not use any identity authentication processes under section 12 of the Determination for between 1 and 100 Interactions via its Belong contact centres (phone and messaging).
Did Telstra, either prior to, or immediately after, undertaking the first high-risk customer transaction, send a notification to the customer, or the customer's authorised representative?	No. Telstra stated that, between 30 September and 15 December 2022 it did not have processes or systems in place to notify customers prior to (or immediately after) high-risk customer transactions for unlisted authorised representatives. Telstra stated that it completed 616 Interactions via its customer contact centres (phone and messaging), which did not comply with subsection 12(4).

20. Accordingly, the ACMA finds that Telstra has contravened subsection 12(2) of the Determination between 1 and 100 times and has contravened subsection 12(4) on 616 occasions in the period between 30 September to 15 December 2022.

Compliance with paragraph 13(1)(a)

21. Paragraph 13(1)(a) requires CSPs to have systems in place to identify customers who were at risk of fraud in relation to their telecommunications service.

22. The ACMA has also considered whether Telstra complied with paragraph 13(1)(a) of the Determination at Table 6 below.

Table 6: Assessing compliance with paragraph 13(1)(a) during the period 30 September to 3 October 2022

Is Telstra a CSP who provides telecommunications services to customers?	Yes. Refer to Table 3 above. Accordingly, it must comply with the service provider rules that apply to it.
Did Telstra have systems in place to identify customers who were at risk of fraud in relation to their telecommunications service?	No. Telstra has indicated that between 30 September to 3 October 2022, it did not have systems in place to identify customers who were at risk of fraud in relation to their telecommunications service for its Belong channel customers.

23. Accordingly, the ACMA finds that Telstra has contravened paragraph 13(1)(a) of the Determination on 1 occasion in the period between 30 September to 3 October 2022.

24. By contravening section 8, subsection 11(4), subsections 12(2) and 12(4), and paragraph 13(1)(a) of the Determination, the ACMA finds that Telstra has contravened subsection 101(1) of the Act between 166,861 and 167,259 times.

Compliance by Telstra Limited

Compliance with subsection 11(4)

25. In its report of August 2023, Telstra Limited identified Interactions for customers in vulnerable circumstances where it did not send a follow-up notification to the customer (or the customer's authorised representative) between 1 January 2023 and 26 April 2023, as required under subsection 11(4) of the Determination.

26. The ACMA has considered whether Telstra Limited complied with subsection 11(4) of the Determination at Table 7 below.

Table 7: Assessing compliance with subsection 11(4) during the period 1 January to 26 April 2023

Is Telstra Limited a CSP who provides telecommunications services to customers?	Yes. Telstra Limited is a CSP as defined by section 87 of the Act as it supplies carriage services to the public. Accordingly, it must comply with the service provider rules that apply to it.
Did Telstra Limited undertake Interactions during the period 1 January and 26 April 2023?	Yes. Telstra Limited stated that it completed 2,856 high risk customer transactions as part of 1,494 Interactions.
When the identity authentication processes in section 11 was used, did Telstra Limited, either prior to, or immediately after, undertaking the first high-risk	No. Telstra Limited has stated it failed to notify customers prior to (or immediately after) high-risk customer transactions were initiated by people in vulnerable circumstances, who had nominated to receive notifications via SMS for 1,494 Interactions. Telstra Limited explained that this was due to customers' mobile numbers incorrectly defaulting to a number used in the testing environment, which resulted in those customers not receiving SMS notifications.

customer transaction in the course of an Interaction, send a notification to the customer, or the customer's authorised representative?	
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27. Accordingly, the ACMA finds that Telstra Limited has contravened subsection 11(4) of the Determination 1,494 times in the period between 1 January 2023 and 26 April 2023.
28. By contravening subsection 11(4) of the Determination, the ACMA finds that Telstra Limited has contravened subsection 101(1) of the Act 1,494 times.