



Tasmanian Government Submission

Telecommunications Universal Service Obligation – Productivity Commission Issues Paper

August 2016

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I Executive Summary

The Tasmanian Government welcomes the Productivity Commission (PC)'s Inquiry into the future direction of the universal service obligation (USO) in the Australian telecommunications market.

The discussion regarding access to affordable and accessible telecommunication services is a critical issue, particularly in relation to Tasmania's geographic isolation from the mainland, mountainous terrain, dispersed population, social-economic status and the recent spate of natural disasters.

The Tasmanian Government considers:

- the existing USO policy objectives should be retained;
- the current USO arrangements for standard (fixed-line) voice services and payphones are currently relevant but will need to be revised in light of new mobile and data services;
- the completion of the National Broadband Network (NBN) rollout will be critical in determining the future structure and funding arrangements of the USO; and
- once the NBN rollout has been completed stakeholders will be better placed to provide definitive comment on the future requirements to be delivered through a USO.

2 Universal Service Obligation in Tasmania

2.1 Appropriate objectives for the USO

The Tasmanian Government acknowledges the importance of the USO to the ongoing public health, welfare and safety of Tasmanians.

The three current objectives for the USO are considered appropriate, particularly in the Tasmanian context

- 1 **Availability** – This objective is particularly relevant for the Tasmanian population, which is not only geographically isolated from the Australian mainland but also living in communities that are regionally dispersed and often separated by mountainous terrain. These factors increase the importance of retaining the current USO's objective of providing universal telecommunication services where the level, price, and quality is equivalent regardless of wherever a person lives or conducts business.
The importance of reliable telecommunications was highlighted in Tasmania during the recent spate of natural disasters. The frequency and severity of extreme weather events is predicted to increase in Tasmania (refer to Section 2.2.3), which further emphasises the importance of universal telecommunication services for Tasmanians' safety and wellbeing.
- 2 **Affordability** – With a population that has more than a third of those over 15 years of age receiving some form of Commonwealth benefit, and a relatively low social economic status and a relatively high rate of unemployment compared to the rest of Australia, retaining this USO objective is critical for Tasmania. It is important that the cost of accessing telecommunication services does not place an undue financial burden on users, particularly those experiencing economic disadvantage.
- 3 **Accessibility** – This objective recognises that a person's disability or age should not exclude them from accessing telecommunications services. For Tasmania, having the highest proportion of elderly and disabled population in Australia, it is important to retain this USO objective. This is to ensure that Tasmania's most vulnerable community members continue to have access to telecommunication services, particularly in light of the trend towards Australian Government and Tasmanian Government services being provided online.

With relatively high rates of functional illiteracy in Tasmania, the Tasmanian Government supports this USO policy objective to ensure those living with low literacy and numeracy skills are not disadvantaged in accessing appropriate telecommunication services.

2.2 Scope of services to be provided

2.2.1 Standard (fixed-line) voice services

The Tasmanian Government considers that the current USO arrangements for standard (fixed-line) voice services are effective and the service scope to be relevant at this point in time. This is because:

- (i) demand for standard telephone (voice) services still exists - The USO is based on the premise of providing standard telephone services to consumers, where the provision of those services might not otherwise be commercially viable.

Feedback provided through the Department of Health and Human Services indicates that the most vulnerable members of the Tasmanian community still rely heavily on standard telephone services. For example:

- the Royal Guide Dogs for the Blind Association of Tasmania highlighted that those living with blindness or vision impairment prefer fixed-line services over mobile phone services, because the client demographic is older and fixed-line services provide amplification functions and big button options.
- TasDeaf noted that providing equipment such as volume control phones, hand free phones and TTYs ensures that members of the deaf and hard of hearing continue to access the 'speak and read' mode when using the National Relay Service.
TasDeaf also noted that, even though the National Relay Service can be used via the Internet or a mobile phone application, the ability to receive phone calls for many deaf and hard of hearing relies on access to the standard telephone services equipment currently available.

- (ii) accessibility and reliability of emerging technologies is not consistent - The Tasmanian Government acknowledges that there has been a decline in the demand for fixed line voice services and payphones, occurring concurrently to the rapid technological developments and innovations in mobile and data services.

While there has been an increase in mobile phone usage and coverage, the accessibility and reliability of these services remain a concern. The rollout of the NBN in Tasmania continues, and feedback from the Association for Children with Disability (TAS) Inc highlighted issues with the reliability of service:

'The current Government National roll-out of the NBN and serious connectivity issues that have ensued are threatening ACD's ability to provide even the most basic telecommunication access to our consumers.'

With regards to mobile access, the Tasmanian Government is funding initiatives to increase the accessibility to new telecommunication technologies (refer to Section 3.1).

2.2.2 Payphones

The Tasmanian Government supports the review of the USO for payphones in line with the transition to the growth of emerging technologies such as mobile services and broad-band data services (refer to Section 2.2.3).

The Government is not in a position to comment on the frequency and use of payphones across the State, but considers that telecommunication services are sufficiently accessible and reliable in city and urban areas, which creates the opportunity for the guidelines of payphone availability in these areas to be reviewed.

The Government's investment into telecommunications infrastructure and accessibility initiatives, particularly Free Public WiFi (refer to Section 3.1) will enhance broadband and mobile phone access in towns and cities, and key tourism locations around the State.

However, the Government is concerned about payphone accessibility in rural and remote Tasmania, where access to mobile and broadband data services may not be consistent or reliable.

2.2.3 Non-USO services (mobile and data-services)

Notwithstanding the existing demand for fixed-line services, the Tasmanian Government acknowledges the increasing use of mobile and data services and is of the view that any revised USO must incorporate these technologies. This is because of:

- (i) the growth of digital services strategies – the ongoing push to make online service delivery the primary channel for Australian Government and Tasmanian Government services, including welfare services. Ensuring everyone has affordable, available and accessible access to services that facilitate online access will be critical.
- (ii) the adoption of emerging technologies to support those with special needs – for example, the Royal Guide Dogs for the Blind Association of Tasmania has highlighted the following examples of emerging technologies that would increase accessibility for those living with blindness and vision impairment:
 - a. personal alarm functions and caller ID announcements to increase safety and independence. The lack of ID functionality is a frequently raised issue; and
 - b. retaining operator and directory assistance services and increasing accessibility of the Telstra billing website through adaptive technologies (such as Zoomtext, JAWS and standardised accessibility features).
- (iii) the effectiveness for emergency services – using and restoring telecommunications technology (fixed-line, mobile or satellite) is always an early priority in an emergency.

The 2013 *Tasmanian Bushfires Inquiry* found that it is best not to rely on mobile phones as the only way to communicate in an emergency. The effectiveness of this form of communication can be influenced by network capacity, topography, climate and the number of users.

However the Inquiry found that improved mobile network coverage and greater redundancy (insurance against failure) is desirable in areas that risk becoming isolated in emergency events.

The report recommends “that the Government consider whether it should discuss options for greater phone coverage and redundancy in areas of high risk in emergency situations where there are presently telecommunications limits” (Recommendation 57).

Following the 2013 Tasmanian bushfires and the recent floods, the Department of Police, Fire and Emergency Management has commenced using mobile and data technology to transmit emergency alerts.

Mobile and data technology deliver increased accuracy and reliability when attempting to reach individuals at risk. For example, individuals who are at risk during a natural disaster are more likely to be effectively located and informed via mobile devices, rather than fixed-line services that are likely to be impacted by flood or fire, and/or situated within the residence at risk.

Furthermore, communities are increasingly relying on avenues such as social media to communicate during and after an emergency and it is increasingly becoming a tool for ‘people helping people’ during the early stages of the recovery process, as opposed to Government-led recovery efforts. This approach is more responsive, more flexible and sustainable and it helps to build local resilience.

The Climate Futures for Tasmania project, undertaken by the Antarctic Climate and Ecosystems Cooperative Research Centre, has forecasted that the frequency and severity of extreme weather events will increase, with rainfall intensity and the occurrence of flooding projected to increase across Tasmania, with longer dry periods in between heavy downpours.

The occurrence of hot summer days and heat waves is also projected to increase. This will result in an increase in the number and severity of natural disasters. This trend is already becoming apparent in Tasmania.

In the last 12 months Tasmania has been impacted by a series of extreme weather events. This includes bushfires in the Tasmanian Wilderness World Heritage Area, a prolonged dry period, extreme flash flooding on the East Coast, a record breaking marine heat wave, and the most significant statewide flooding the State has experienced in 40 years.

The extreme weather events have had a significant impact on Tasmanian communities and caused major interruptions to primary industries and business activities. Damage to infrastructure, assets and households, and disruptions to services can impede the ability of communities and businesses to get back on their feet following an extreme weather event, which can have significant flow-on impacts for communities and the economy.

With a forecast increase in the number and severity of natural disasters, the need to consider including mobile and data services into the USO, in addition to a fixed-line service, has never been more important.

2.3 Sections of the Australian community requiring additional intervention

The Tasmanian Government acknowledges that there are communities currently receiving additional intervention through the USO. This includes people living with disability who are unable to communicate using voice telephony gaining access to equivalent means of communication, and providing remote communities with access to national pricing to ensure that they incur the same charges as those living in the city.

As noted in Section 2.2.3, there is growing demand to include new technologies in the services offered to people with disability, but at this time the Tasmanian Government does not believe that there are any additional communities requiring intervention at this time.

2.4 Funding models and transitional arrangements

The completion of the NBN rollout will be critical in determining the future structure and funding arrangements of the USO.

As noted in Section 2.2, there remains existing demand for fixed-line voice services across Tasmania. Notwithstanding this demand, as the NBN rollout is completed, there will be greater clarity regarding aspects including Telstra's copper continuity obligation, in the instance that the NBN is unable to reach all Tasmanians.

While the Tasmanian Government believes that access to voice services should be a fundamental part of a USO, this does not have to be delivered through a fixed-line service. When Tasmanian homes are serviced through a NBN retail provider, this will effectively render the requirement for a copper line connection redundant where it operates in parallel with an alternate technology (such as satellite and wireless NBN). This will potentially create the situation where the provider of the copper-line connection may still receive a USO subsidy despite the residence using NBN. In this instance, the 'reasonableness' to expect industry or government to subsidise the availability of infrastructure that is not used will need to be addressed. However, before this matter can be definitively considered, including any discussion regarding a potential phasing out of the USO, the rollout of the NBN needs to be further progressed.

3. Additional information *(requested by the Productivity Commission)*

3.1 Funding for telecommunications infrastructure and service availability

The Tasmanian Government is currently funding two telecommunications infrastructure projects:

- 1 **Free Public Wi-Fi** – an initiative of Tasmania's *Growing our Information and Communication Technology Industry* policy, the Tasmanian Government is providing free Wi-Fi service in towns and cities and key tourism locations around the State. As part of the service, the public is able to access 30 minutes free Wi-Fi services per user, per device, per location, per day.

The Government, through the Department of State Growth, has partnered with Telstra Corporation Ltd to build, own, operate and maintain a free Wi-Fi network at approximately 50 locations around the State for a period of four years.

The Tasmanian Government has committed \$500 000 over four years for this initiative.

- 2 **Mobile Phone Black Spot Programme** – a joint Australian Government and Tasmanian Government initiative intended to improve mobile phone coverage and competition in regional and remote Australia.

Commencing in June 2014, there were 31 Tasmanian black spots funded under Round 1 of the Programme through an investment of \$21.41 million. In regional terms 10 locations are in the Central Highlands, eight are in the North-West, seven are on the East Coast, three are in the North East, two are in the South and one is in the North. Implementation of the Programme at these locations is progressing.

The Tasmanian Government has contributed \$350 000 towards the delivery of two base stations at Targa and Nunamara to address the priority black spot on the Tasman Highway between Launceston and Scottsdale.

The Government has submitted an application for Round 2 of the Programme, identifying the black spot at Temma, on the State's remote West Coast as a priority. It has provided an in-principle commitment of up to \$350 000 co-contribution to this project. The submission was significantly influenced by emergency management consideration, with priority areas identified by mapping communities with limited or no mobile coverage against areas at risk from natural hazards.

The Programme will have a significant impact on the availability of mobile services in regional and remote Tasmania.

3.2 Programs to improve telecommunications accessibility (people with disability or remote Indigenous communities)

The Tasmanian Government does not currently deliver specific programs to improve telecommunications accessibility for people with disability or remote Indigenous communities

The Government is improving telecommunications accessibility for the entire Tasmanian community through:

- 1 providing free public Wi-Fi (refer to Section 3.1);
- 2 reducing mobile black spots (refer to Section 3.1): and
- 3 providing free community access to online services.

Community access to online services

The Tasmanian Government provides free community access to online services through two key service points, namely:

- (i) Service Tasmania – provides community access to government information and services through 27 over the counter one-stop shops, phone services and/or the Internet.

Located within the 27 shop-fronts there are currently 30 public access terminals that are free to the public. The Department of Premier and Cabinet, through Service Tasmania, funds the public access to the terminals.

- (i) LINC Tasmania – there are 75 LINC Tasmania service points across Tasmania that provide community access to a range of community services including library, research and information, adult literacy support, community learning, archive and heritage services and online access. The LINC Tasmania sites are funded through the Department of Education.

Nine of these service points are co-located with Service Tasmania and 20 services are managed by community associations, known as Online Access Centres. The 20 Online Centres cost approximately \$480 000 per annum and are funded through a service agreement with the Department of Education.

Across the 75 LINC Tasmania service points, 72 provide public access terminals with 243 bookable terminals available (three co-located at a Service Tasmania site). There is also free Wi-Fi available at 30 of the LINC Tasmania sites and three sites (Hobart, Launceston and Glenorchy) with USB charging bars. Anecdotally, it has been reported that the USB charging are being used by people who are homeless. The rollout of further USB charging bars at additional LINC Tasmania locations will occur as sites are upgraded.

Table 1 provides additional information on the use of the public access terminals and free WiFi at LINC Tasmania locations during 2014-15.

Table 1: LINC Tasmania computer and free Wi-Fi usage

SERVICE	MEASURE	2014-15
Computer access	Booked sessions through Netloan ¹	386 019 sessions
Wi-Fi Usage	Individual sessions of Wi-Fi usage at sites with Wi-Fi	710 610

3.3 Affordability measures targeting the provision of telecommunications to targeted groups

The Tasmanian Government does not currently deliver affordability measures targeting the provision of telecommunications to targeted groups.

3.4 Funding for telecommunication upgrades to support other sectors

The Tasmanian Government is not currently funding any major telecommunication upgrades to support other sectors. However, it is supporting the business sector to become more digital literate (refer to Section 3.5).

¹ This report does not show the use of a public computer where no prior booking was made

3.5 Digital Literacy Programs

The Tasmanian Government is currently funding and/or promoting three digital literacy initiatives:

- 1 **LINC Tasmania** – in addition to providing free public access terminals and WiFi (refer to Section 3.1) LINC Tasmania delivers a number of digital literacy courses across 75 sites, outlined in Table 2. These figures also include the programs that are delivered through the 20 Online Access Centres managed by community associations.

Table 2: LINC Tasmania Digital Literacy Services

SERVICE	MEASURE	2014-15
Accredited training (Certificate I in IT) – Partnership with TasTAFE	No of enrolments	1 244
Non-accredited training (IT courses)	No of enrolments	2 879
Incidental learning Support in IT and computers	No of incidences of learning support greater than 15 minutes	15 563

- 2 **Digital Ready for Business** – delivered under the '*Getting Behind, and Backing, Small Business*' policy, this initiative provides retailers and the wider small business community with the information and tools required to make the most of online services. Commencing in early March 2016, Digital Ready provides targeted knowledge, skills and advice via one-on-one coaching, public seminars and a comprehensive online resource. Between March and November this year, across eight locations, there will be 96 public seminars and one-on-one sessions provided. Since March, 1 162 businesses have participated.

The Tasmanian Government has committed \$800 000 over four years for this initiative, which is delivered through the Department of State Growth.
- 3 **LINC Tasmania and GoDigi partnership** – commenced in 2016 to support the *Year of Digital Inclusion* focusing on increasing opportunities for Tasmanians to receive support with digital literacy.

This is a non-financial partnership, with LINC Tasmania providing in-kind support through the co-branding of existing LINC programs as GoDigi events, and providing mentoring and training to LINC staff and volunteers so they can participate at GoDigi events.