

20 January 2017

Mr Paul Lindwall
Commissioner
Telecommunications Universal Service Obligation Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

Paul
Dear Mr Lindwall

Re: TELECOMMUNICATIONS UNIVERSAL SERVICE OBLIGATION

Thank you for the opportunity to respond to the Productivity Commission's draft report on the Telecommunications Universal Service Obligation (TUSO). This office has previously provided a submission to the Inquiry. As we have outlined in our previous submission small business and family enterprises are heavily reliant on telecommunication services for both voice and data services.

Small business require access to basic voice service, and preferably voice and data services, that enable them communicate with their customers. As highlighted in our earlier submission, many small businesses in Australia are micro businesses with needs similar to those of consumers, particularly regarding access and affordability of services. It is also evident that access to data services and having an internet presence are also becoming essential for small business.

Having reviewed the draft report, we agree with the draft report's recommendation 5.1 that any revised future universal service objective should include data services. We note the draft report's findings and recommendations on the removal of the current TUSO and transition arrangements. We would recommend the present TUSO and any customer service standard obligations remain until an equivalent, data-centric universal service framework is in place and market participants can reliably provide services to consumers and small business. Any future universal service framework should include associated service standard obligation which extend to small businesses. How the transition is managed is essential to small business.

Specifically the need to access affordable and reliable telecommunications for small business in regional, remote and rural Australia must be addressed under a new universal service framework. We would seek to ensure that recommendation 3.1 acknowledge the need for a planned transition which does not create a "telecommunication gap" where small business could not access either voice or data services. This could occur as soon the obligation to provide a service (or indeed the service itself) is withdrawn before access to replacement services via the NBN are

available. We have had a situation similar to this brought to our attention by a small business in a major metropolitan area. The example involves the provision of data services under the NBN being made available in the area and the existing market providers ceasing to provide legacy services (in this case ADSL) but yet not able or ready to provide NBN services.

We agree with the draft report findings that the NBN and markets have a role to play in any discussion of the future universal service framework. Of concern is the fact that there is presently no equivalent universal service obligation on the NBN to provide access to data services for consumers or small business, although your draft report highlights the 'mandate' on the NBN. Similarly as the NBN is solely a wholesale provider, to access services there is a requirement on retail services providers to offer services and moreover these have to be affordable for small business. There is presently no obligation on any retail providers to provide access to data services and/or voice services, outside of the existing, fixed line, voice-only TUSO, on Telstra.

As we highlighted in the case studies in our earlier submission, even with the present TUSO and NBN arrangements small businesses can find themselves in situations where they cannot access telecommunications services or are forced to rely on expensive alternatives when left to the commercial interests of retail providers. This is particularly critical where there exists an ability to shift blame between wholesale/infrastructure providers and retail providers.

We submit that an obligation to provide accessible and affordable telecommunications services to consumers and small business should be a requirement for the market participants under any future framework. Careful consideration needs to be given to designing and paying for the solution particularly if the present TUSO is removed and noting the wholesale/retail divide under the future NBN. We would also suggest that any associated customer service guarantee be revised to address a standard data service.

We hope these comments assist you and we would be pleased to further discuss these matters with you. Please feel free to contact either myself or Mr James Strachan.

Yours sincerely,

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman