



Limestone Coast  
Local Government  
Association

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# Telecommunications Universal Service Obligations Inquiry

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Productivity Commission  
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## **INTRODUCTION**

The Limestone Coast Local Government Association (LCLGA) is formed of the seven Local Government Councils in the Limestone Coast, and leads coordination and advocacy for Local Government in the region. The Association is active on a number of regional issues, and works in partnership with other regional organisations to deliver benefits for the Limestone Coast economy and communities. We currently represent a population base of more than 65,000 residents.

The Board of the LCLGA has been made aware of the Telecommunications Universal Service Obligation Inquiry. We would like to take this opportunity to thank the Productivity Commission for undertaking this inquiry.

The continued provision of telecommunication services to rural and regional Australia is considered essential for continued quality of life being connected to the wider community. Whilst we recognise that an individuals' choice to live in remote regions comes at a cost - we do not necessarily believe that an essential service such as telecommunications should be compromised due to the technology that is available to be deployed today.

This submission represents the views of the Constituent Councils of the Limestone Coast being:

- Naracoorte Lucindale Council
- District Council of Grant
- City of Mount Gambier
- Kingston District Council
- Wattle Range Council
- Tatiara District Council
- District Council of Robe

However, each member Council reserves the right to express their communities concerns direct to the Social Development Committee on the areas raised for comment.

## **GENERAL COMMENTS**

The universal service obligation (USO) is the obligation placed on universal service providers to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on a business. This includes services for people with a disability, as covered under the Disability Discrimination Act 1992.

As the primary universal service provided (PUSP) Telstra is responsible for the USO in Australia. Under this arrangement they operate various payphones around the country that provide access to local, national and international calls for a fee, 24 hour access to emergency service numbers (free of charge) and operator and directory assistance.

With the Standard Telephone Service (STS) they fulfil their obligation to provide an STS by giving customers access to a reliable telephone service that has good voice reception and ensures connections and faults associated with this service are undertaken and repaired within a reasonable time.

A USO STS includes the following features:

- Access to local, national and international calls

- Untimed local calls
- 24 hour free access to emergency service numbers
- Priority assistance (for those with a life threatening medical condition)
- Customer service Guarantee (acceptable connection and repair timeframes)
- A unique telephone number with a directory listing unless silent line is requested by the customer
- Preselection (which allows the user to preselect another provider for long distance, fixed to mobile and international calls where the STS is provided over our copper network)
- Calling line identification
- Operator and directory assistance and,
- Itemised billing.

Under this arrangement you can request that Telstra provide a standard telephone handset on request for an additional cost. They also provide people with hearing, speech, vision, dexterity or mobility impairments with an alternative form of communication including equipment necessary to use this service.

Their national pricing ensures that customers in remote areas pay the same price for an STS as their customers in cities. While this service has traditionally been provided as a fixed line telephone service, their obligation is technology neutral meaning they can choose the technology over which they provide with this service. For example; in some remote areas they provide customers with an STS over satellite.

The current USO (first introduced in the 1990's and evolving from earlier arrangements) is co-funded by the Australian Government and an industry levy to a total of \$300m per year.

Our understanding of the inquiry is for the Commission to take a fresh approach to considering the role of government with respect to universal telecommunications services.

The commission will consider the nature, scope and objectives of a USO, and whether the retail market for relevant services will deliver reasonable outcomes for consumers in the absence of government intervention. Where reasonable market outcomes are unlikely, the Commission will consider options for government to deliver universal services and the costs and benefits of these interventions from a community-wide perspective.

The primary policy question to be addressed in this inquiry is to what extent, in the evolving Australian telecommunications market, Government policies may be required to support universal access to a minimum level of retail telecommunications services.

This will involve a consideration of the nature, scope and objectives of a universal service obligation, whether the retail market for relevant services will deliver appropriate outcomes for consumers without Government intervention and, if not, what options should be considered by Government to deliver universal services and the costs and benefits of these interventions.

## **SPECIFIC COMMENTS**

The USO was conceived at a time when people needed access to telephone and emergency services but unfortunately the cost of providing telecommunication services into rural and remote areas was prohibitive for many people. In essence, it was decided that access to certain communication services was a universal right and government devised a strategy to facilitate service provision.

This included installation and operation subsidies for communications services in rural and remote areas. But time has moved on and Australia must confront the 21st century and look at what the USO currently provides and what it must provide.<sup>1</sup>

On the farm of the future, everything that could be connected, will be. IoT (Internet of Things) tech will become as important as today's farm dog, ute, or a reliable tractor, enabling farmers to work smarter and be truly competitive. The future of farming is undoubtedly a mobile one, so it's surprising that communications funding for regional Australians is allocated to maintaining payphones and outdated copper wiring.<sup>2</sup>

The National Farmers Federation President, Brent Finlay, said USO reform was an opportunity to turn around connectivity in the bush.

*“Currently the government is paying \$253 million each year to maintain copper phone lines and payphones. In the context of the NBN rollout we need to ask ourselves whether that’s the best use of those funds,” Mr Finlay said.*

*“What we know is that hundreds of communities are still without mobile phone coverage and this stifles agricultural productivity and improvements to farm safety.*

*“We also know that, over time, expansion of the NBN Fixed Wireless footprint will be needed to maintain capacity on the NBN Satellites.*

*“The NFF will be arguing for a fresh approach that delivers increased funding for mobile blackspots and continued investment in rural broadband. These changes are vital to ensure we break the data drought and keep pace with demand.*

*“The Productivity Commission Inquiry is an important next step in the reform process and we look forward to communicating the needs of rural Australia over coming months.*

A national broadband network, whether it’s Fibre-to-the-Premises (FTTP) or Fibre-to-the-Node (FTTN), brings with it a profound transformation of our telecommunications sector. This coupled with an increased investment into satellite and mobile technology will transform and impact every aspect of our lives in rural and regional areas.

We note in a story published by *The Advertiser* on July 15<sup>th</sup> 2015 that Vodafone Hutchison Australia has called on the government to scrap the universal service obligation that delivers essential telco services to the bush and replace it with a new transparent funding program to tackle the nation’s distorted regional telecommunications market.

Vodafone has argued for five key recommendations to be adopted by the government in its regional policy revamp.

These are: the establishment of a universal service fund to help pay for non-commercial but socially important telecommunications infrastructure; formally designating NBN as the universal infrastructure provider to connect all premises in Australia; the phasing out of Telstra’s responsibility to maintain its copper network for regional services; providing funding for other essential services

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<sup>1</sup> <http://www.theaustralian.com.au/business/business-spectator/rethinking-uso-in-a-nbn-world/news-story/203c63491e2dda4363860f9f966c170f>

<sup>2</sup> <https://www.vodafone.com.au/red-wire/uso-reform-regional-australia/>

such as improving mobile coverage; and broadening the supply of telco services, including WiFi, to rural and regional Australia.

In addition, Vodafone said some of the \$300 million spent each year funding the USO should be diverted to improve mobile coverage and choice in regional Australia by co-funding infrastructure in remote areas and by creating incentives for the industry to invest in and share mobile networks.

“As it stands, the USO is a costly and ineffective scheme which is holding Australia back and treating people living in regional Australia as second-class citizens,” Mr Berroeta said.

“Through the NBN, taxpayers are spending billions of dollars funding the replacement of copper lines in regional areas, with fixed-wireless and satellite, for the delivery of internet services.

“Yet in the same areas, taxpayers also help fund Telstra to maintain its copper wire network for fixed-line home phones despite the capability of fixed-wireless and satellite technologies to provide a high quality telephone service. A new, smarter approach is needed. Overcoming the roadblocks to competitive investment in regional Australia will ensure consumers and businesses receive greater coverage, better value, better service and greater innovation.”

We see merit in this view and support the statement that the \$300m of government funding should be better utilised on developing capital that opens up rural and regional Australia to better connectivity and greater competition.

Local Government has in the past, and will continue to in the future, work with both State and Federal government to provide cash and in-kind support for the development of the telecommunications network. Many of our regional centres understand that greater connectivity will lead to better outcomes in all areas of society – health, education, business, social and additional government and non- government services.

A danger that has been raised is an over-reliance on mobile technology. The government’s position regarding access to emergency services relies upon access to a mobile handset even if it does not have a SIM card. This is a quite ridiculous premise because it means that people without an active NBN retail service will need to keep a mobile handset at home, remember to charge it daily in case it is needed at a time of emergency and to keep it handy.

Who is going to train the disadvantaged, elderly and disabled in mobile handset maintenance and operation? What happens if the mobile handset is misplaced or breaks or not charged?

Government will be required to ensure that home health monitoring of the aged and disabled is possible, even if they cannot afford a NBN service provider connection. Failure to do so would be discriminatory and places pressure on the current policy to shift the sick, aged and disabled out of government care into the community.<sup>3</sup>

For many years regional Australians have had to contend with demonstrably inferior internet speed and reliability than their fellow Australians. This problem is compounded by the fact that their need for broadband services is greater than their urban cousins due to the importance of broadband for education, healthcare and business.<sup>4</sup>

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<sup>3</sup> <http://www.theaustralian.com.au/business/business-spectator/rethinking-uso-in-a-nbn-world/news-story/203c63491e2dda4363860f9f966c170f>

<sup>4</sup> <http://theconversation.com/will-australias-digital-divide-fast-for-the-city-slow-in-the-country-ever-be-bridged-60635>

The answer to many of the questions that have been raised relates not so much to the current and future economics of accessing the internet but more so the nature of fairness in Australia. The key question is how willing we are as a nation to see rural Australia fall further behind the cities in this fundamental aspect of our national infrastructure – telecommunications is no longer just a copper line providing a basic telephone service.

## **CONCLUSION**

We recognise that this is a very complex and technical area and whilst we can only offer generalised comment in relation to the bulk of the inquiry it remains our priority to ensure the Limestone Coast is provided with the highest level of service available on par with metropolitan regions around Australia.

The current conditions of the USO provide a safe guard to remote regions of Australia. In saying this, we support a system whereby the removal of the current USO in favour of opening up the market for greater competition and channelling the USO funding into permanent infrastructure builds will see technology rolled out in favour of maintaining an ageing and restricted copper network.

If you would like to discuss this further, please do not hesitate to contact either myself  
or our Executive Officer Dom Testoni

Yours sincerely

Mayor Erika Vickery  
President LCLGA