

21 July 2016

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

Dear Mr Lindwall

## **TELECOMMUNICATIONS UNIVERSAL SERVICE OBLIGATION**

Thank you for the opportunity to provide a submission to the inquiry into the future direction of the Universal Service Obligation (USO). Our office has two primary functions – advocating for and assisting small business and family enterprise. In performing the advocacy function, our office takes an interest in reviews of key policies and laws which impact on small business, such as the USO.

### **Good Telecommunications is critical for small business**

Small businesses represent the vast majority of businesses in Australia. The availability of equitable and accessible telecommunications services remain an important requirement for the operations of small businesses and family enterprises. As outlined in the discussion paper, the objective and rationale for the universal service obligation is to ensure that basic voice services are 'reasonably accessible' to all people in Australia on an 'equitable basis', including those who carry on a business. The requirement for a USO for voice telecommunications remains valid especially for small businesses. Indeed, small businesses rely on these services, particularly fixed line services, for their operations and communications with customers and suppliers (i.e. telephone and broadband services) as well as through facilitation of a range of other services including merchant services such as EFTPOS.

### **Small Business as a consumer**

In many cases, small businesses closely resemble individual consumers. The Australian Bureau of Statistics (ABS) defines a small business as a business employing fewer than 20 people. Sixty one per cent of all small businesses in Australia have no employees. A further 28 per cent have between 1 – 4 employees

(the size of many individual consumers' households).<sup>1</sup> In terms of their resources and operations, a majority of businesses in Australia resemble individual consumers. Many of the challenges facing small businesses with respect to telecommunications reflect individual consumer concerns including access, availability and quality of voice and broadband services. These challenges are particularly acute in regional and rural areas.

### **Need to broaden the scope of the USO**

Since the creation of the telecommunications USO agreement there has been significant change in both the technology available and use of telecommunications by consumers. We would suggest that the USO should evolve as well to reflect these changes. Specifically, the USO scope should be updated to include "access to broadband data services" being reasonably accessible and equitable. This reflects a modern recognition that voice services are only one form of data being transmitted through telecommunication infrastructure.

### **Clear lines of responsibility and service standards**

As noted in the discussion paper, the National Broadband Network (NBN) will provide for universal broadband infrastructure for all Australian residents and businesses with planned legislation to designate a statutory infrastructure provider of last resort. Retail service providers will then be able to offer voice and data services to customers using that infrastructure. A future USO which includes data services will need to define service standards and clear delineation of responsibilities across the nexus of infrastructure provider, retail provider and consumer.

We have a number of cases that relate to the above points and draw your attention to two specific examples.

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<sup>1</sup> ABS Counts of Australian Business 8165.0, Feb 2016.

*Case Study 1 – Responsibility for rectification of services*

*A small business owner had all their personal and business accounts with a retail provider. The small business owner's business phone and fax had ceased working. The fixed line voice service is the only point of contact for customers. The small business owner contacted his retail provider, who investigated and identified that the infrastructure provider had conducted an 'unauthorised transfer' of his business port. Technicians were requested to visit the worksite and this took 5 weeks to eventuate. The technicians confirmed it was not a business equipment fault but a service provider fault. The small business owner has sought rectification from the retail provider, the infrastructure provider and had lodged a claim with the Telecommunication Industry Ombudsman. Both the retail and infrastructure providers had difficulties in communicating to resolve the matter and internal and external escalation processes did not result in a resolution.*

*Case Study 2 – Unable to access broadband services*

*A regional small business was unable to access broadband services in the local market as their retail provider had suspended providing commercial packages. The NBN had been rolled out to the region however commercial clients of this retail provider were unable to upgrade to the NBN and clients who were moving premises or commencing business in a new location were unable to access a service altogether (unable to access the NBN nor ADSL services). This represents a significant interruption to the small businesses in the area and forced clients of this retail provider to resort to inadequate personal mobile plans providing expensive and unreliable service.*

These examples demonstrate how small businesses are disadvantaged where responsibility and service standards are not articulated or undertaken effectively.

In summary and within the context of the USO, small businesses closely resemble individual consumers in both needs and use of telecommunications. Accordingly, the continuation of the USO is a valid and necessary requirement to provide equitable and reasonable access to telecommunications services for small business.

Our comments on the future direction of the USO are focussed on the following recommendations:

- The future scope of the USO should be expanded to include the provision of data services as part of its core requirement.
- The future USO should outline the requirements for service standards and clear delineation of responsibilities between infrastructure providers and retail providers.

We hope these comments assist you and would be happy to discuss these matters further with you. We look forward to the draft report. Please feel free to contact either myself or Mr James Strachan,

Yours sincerely,

Kate Carnell AO  
Australian Small Business and Family Enterprise Ombudsman