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**Thursday, 1 November 2007**

**To: USO Review**  
**Department of Communications, Information Technology and the Arts**  
**Via email: USO@dcita.gov.au**

**ISOC-AU SUMISSION: in response to the Department of Communications, Information Technology and the Arts, *Telecommunications Universal Service Obligation (USO) Review Issues Paper***

## **1. Introduction**

The Internet Society of Australia (ISOC-AU) welcomes this opportunity to provide comments for the Department of Communications, Information Technology and the Arts (DCITA) Telecommunications Universal Service Obligation (USO) Review.

ISOC-AU is a non-profit society founded in 1996 which promotes the Internet development in Australia for the whole community – private, academic and business users: *the Internet is for everyone!* ISOC-AU is a chapter of the worldwide Internet Society and is a peak body organisation that takes a user perspective and draws on the deep technical understanding of our members. We have a longstanding and ongoing commitment to the effective representation of these interests in self-regulatory processes in the telecommunications, domain name and Internet-related services industries.

## **2. Areas of Concern to ISOC-AU**

**This review covers five aspects of the USO:**

- **The definition and provision of the USO and its standards of service;**
- **Provision of the USO in regional and rural areas, including different delivery methods;**
- **Costing and funding for the provision of the USO;**
- **Provision of payphones under the USO; and**
- **Provision of the USO in remote indigenous communities.**

**This submission will concentrate on the definition and service standards of a universal service and service provision, including in rural, regional and remote Australia. It will also suggest an alternative approach to the funding the provision of the service required that is consistent with current Government policy.**

**While the provision of payphones and the provision of services to remote indigenous communities are important components of universal service provision, ISOC-AU does not have particular expertise in those areas and will not be commenting on them further.**

### **3. A New Universal Service?**

**What Australians consider as their 'basic' telecommunications service(s) has changed considerably over the past decade or so. As the ACMA Communications Report 2005-06 records, the trend for fixed line phone services is 'general flattening', with a 'recent decline in demand' as against 'continued strong growth for mobile phone services' and the 'continued rise in internet subscriber numbers'.**

**Traditionally, the USO has been associated with the provision of a fixed line service to the home. Increasingly, however, people are making other choices about how they communicate, whether it is a voice service (or equivalent) over a fixed line or broadband connection, or by mobile handset or computer, using text, email services, chat rooms or services such as YouTube or Facebook. Indeed, connection to the Internet is becoming close to an essential facility for participation in the modern community and economy. For example, the National Relay Service has just introduced an Internet relay service for the Deaf, hearing and speech impaired.**

**Those more recent communications choices require transmission speeds significantly above what is necessary for voice telephony and the Digital Data Service Obligation (which required that all Australians had reasonable access to the equivalent of approximately 64kbits/s). Any regulatory arrangement supporting implementation of a required service should also foster continued development of the Internet.**

#### **3.1 What should be required**

**Both the Government and Opposition parties are committed to the provision of broadband throughout Australia. While the definition of broadband, its provision and funding differ between the major parties, the stated commitment of both parties is there. The Government's policies on broadband provide three of the four necessary elements of a new service obligation including service definition, geographic accessibility and affordability. The other necessary element is accessibility for people with disabilities.**

- **Elements of 'Service'**

- **Service or Transmission capacity**

**As stated above, the public are increasingly making choices about the communications technology they are using; the concept of requiring simply the provision of voice telephony has the effect of confining that choice to a minimum technology and transmission capacity. What should be reasonably accessible to all Australians is a broadband transmission service with speeds at least comparable to what is available in metropolitan areas to support new communications technologies. As**

technology develops, what is considered as 'metro comparable' can be updated.

➤ **Any to Any Connectivity**

The existing USO is to provide a service for voice telephony (or equivalent) that passes the any to any connectivity test. Under the connectivity test, a customer of the service must be able to communicate with other customers of the service, regardless of network provider. This requirement must be preserved in any new requirement for universal service. It should also reflect that customers are, increasingly, requiring communication between platforms (e.g., SMS to Internet).

➤ **Geographic coverage**

The Government has recently released a discussion paper, *Regional Telecommunications Review*, being undertaken by the Government's Regional Telecommunications Independent Review Committee. That paper recognises that:

*People in regional, rural and remote areas of Australia are using the internet for banking, researching equipment prices, centralising stock quality information, and operating in international supply chains and grain markets. They are using it for attracting customers, school homework, sending x-rays to medical specialists, checking the weather, tendering for contracts, teleworking, games, music and talking with friends and relatives.*

The paper then asks specific questions about the need, availability and use of broadband in regional and rural Australia. The deadline for comments for that review is 31 October 2007, and this USO Review should take account of any findings and recommendations of that review on the availability and use of broadband services, particularly the Internet, before finally reporting on the USO.

➤ **Technological Neutrality and Transmission quality**

As in current legislation, the requirement for provision of the 'service' should be technology neutral. Regardless of the technology used in fulfilment of the obligation, however, if a transmission service is provided under this obligation, there should be minimum service standards that can support various forms of communications used, including minimum data rates of transmission.

• **Affordability**

The current USO scheme makes provision for price caps on services provided under the USO. While that provision has not been used, the price cap regime on Telstra has had the same effect. The Government's Broadband guarantee recognises the importance of affordability, but offers a different model: a provider only qualifies as a provider of service that can be listed by the Department of Communications, Information Technology and the Arts (DCITA) if the required level of service meets pricing requirements. This model allows for customer choice of provider, while ensuring affordability of the service.

- **Accessibility**

The current legislative regime recognises the need to ensure accessibility of the USO for people with disabilities. The definition of the standard telephone service (STS) that must be provided under the USO describes the STS as a service for voice telephony or a service that is 'equivalent' to voice telephony. Any new service requirement must continue to address the communications needs of people with disabilities.

Because Telstra is the USO provider, it also provides the disability equipment program. The National Relay Service (NRS) is provided by the Government, and funded by industry. If the required service can be provided by different providers, it may be more appropriate for the disability equipment program to be managed centrally, by a body such as the NRS rather than Telstra.

### **3.2 USO Provider or Providers**

The existing USO scheme provides the possibility of other service providers being declared as the USO provider, either in a specific area or areas, or for the provision of a particular service in an area or areas. However, in spite of 'contestability' trials that raised the possibility of different service providers of the USO in specified areas, Telstra is now the only provider of the USO for all of Australia.

What the Government's Broadband Connect and Broadband Guarantee programs offer, however, is the possibility of different providers of broadband capacity in different areas, depending on the demographics and geography of the area in question, whether or not they are declared as the USO provider for that particular area.

The 'safety net' obligation should move away from the concept of a ubiquitous provider of the required service to a model that allows the possibility of different providers of the required service in an area or areas where they have the best technical and business case to do so, while meeting all other requirements for service quality, affordability and accessibility.

### **3.3 Funding**

The existing USO scheme allows the USO provider to recover its costs in providing services under the obligation for which it has made a loss. Other carriers are then required to contribute to that loss-making amount, based on their eligible revenue.

A better model is offered by the Broadband Guarantee scheme. Once an area has been identified as not offering an accessible, affordable level of the required service, the Government can seek tenders for the provision of service in that area. This will allow the Government to review what standard of service is available, what technology or technologies will best deliver the required service, and what service provider is best able to meet all the requirements of an affordable, accessible service. It will also offer the opportunity of more consumer choice of service provider where possible.

### **3.4 Obligation or Right?**

**This paper asks whether the USO should be an obligation on a service provider(s) or a consumer right. The language of 'right' or 'obligation' is less important than the extent to which the Government is required to monitor and enforce service provision in areas where an accessible, affordable service of the required service levels is not available.**