

# Universal Service Provisions in Australasia

Universal Service in the Pacific Islands  
Round Table  
PTC 09

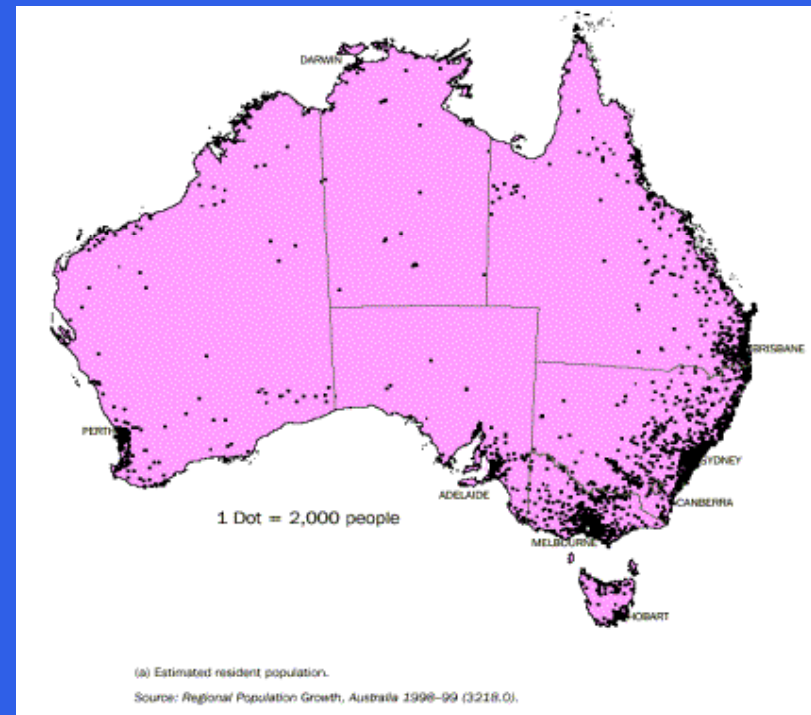
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# Australian Telecommunications

- Australia: a vast continent sparsely populated with concentration around Eastern coastal regions.
  - Land area of North America less Alaska
  - Two thirds population in capital cities
  - 2.3 percent live in remote areas

# Population Distribution

- 1 Dot = 2000 people
- Most densely populated 1% area has 84% population



- Source: Regional Population Growth  
Australia 1998-1999 (3218.0)

# The Telecommunication policy dilemma

- “We have here a vast undeveloped continent...and a duty to render to those who do not crowd themselves into cities. We ought to offer them every possible facility with a view making their lives as agreeable as possible”.
- (Senator Best 1901 *in* Moyal 1984)

# Background

- 1901- 1974: State-owned monopoly - PMG Dept.
- 1975 - 1990: Statutory Authority - Telecom Australia to AOTC
- 1991-1996: Telstra duopoly with Optus
- 1997 Full competition
- 1998 - 2006 Transition to full privatisation of Telstra

# A socio-economic tension

- Through the Telecommunications Act 1975, Telecom Australia was given a charter, which included the mandate to provide a Standard Telephone Service (STS) that would:
  - 'best meet the social, industrial, and commercial needs of the Australian people for telecommunications services and shall, so far as it is, in its opinion, reasonably practicable to do so, make its telecommunication services available throughout Australia for all people who reasonably require those services (section 6(1)).
  - -Placing Telecom on a tightrope between commerce and community

# Standard Telephone Service

- Voice telephony
- Another form of communication that is equivalent to voice telephony (e.g. teletypewriters for the Deaf community, which is also required to comply with Disability Discrimination Act 1992).

# Definition: USO

## Telecommunications (Consumer Protection and Service Standards) Act 1999

### Division 2—Universal service obligation

#### Subdivision A—What is the universal service obligation?

#### 9 Universal service obligation

(1) For the purposes of this Act, the *universal service obligation* is the obligation:

- (a) to ensure that standard telephone services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
- (b) to ensure that payphones are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
- (c) to ensure that prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business.

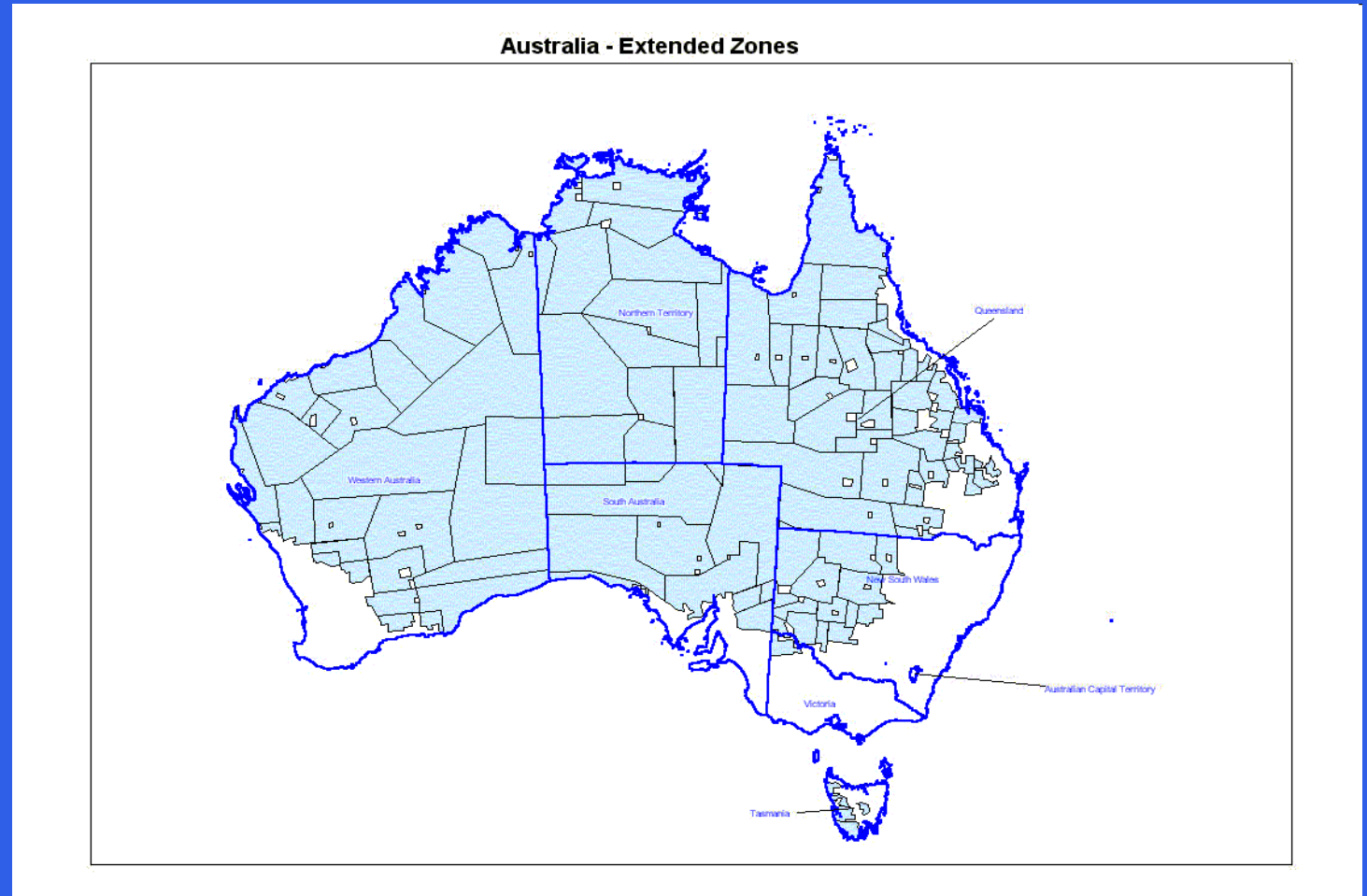
# Recent USO Initiatives

- **Contestability:** March 2000 Two regions selected as trial areas for others to compete with Telstra as PUSP; Telstra carrier of last resort; To date none have participated.
- **Extended zones: June 2001** Untimed local calls extended in former pastoral (timed) call zones; Govt. agrees to A\$150m agreement for capital equipment. Telstra will meet operational costs. Network upgrade completed in March 2004.

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# Extended Zones

Approx.  
80%  
landmass  
and 40,000  
services.



Source: Australian Communication and Media Authority. Accessed 2008

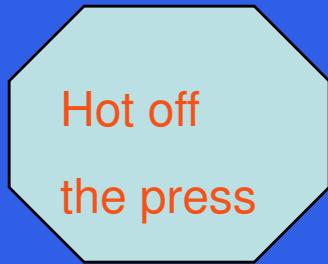
## Australia USO Subsidies: 2005-2009

<b>Australian USO Subsidies</b>				
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Extended Zones	\$21,266,489	\$19,087,175	\$17,131,189	\$17,131,189
Extended Zones Payphones	\$2,084,385	\$2,133,213	\$2,183,183	\$2,183,183
NSW/Qld and SA/Vic pilot areas	\$15,468,902	\$12,689,765	\$10,412,164	\$10,412,164
Payphones excl Extended Zones	\$11,145,976	\$11,407,073	\$11,674,286	\$11,674,286
Standard Area	\$121,438,120	\$112,374,354	\$103,675,415	\$103,675,415
<b>TOTAL</b>	<b>\$171,403,872</b>	<b>\$157,691,580</b>	<b>\$145,076,237</b>	<b>\$145,076,237</b>

Source: Australian Communication and Media Authority 2008

# Digital Data Service Obligation

- ‘The obligation placed on a digital data service provider to ensure that data services are accessible to all people in Australia on an equitable basis , wherever they reside or carry on business’.
- General DDSO (96% population)- mainly copper CAN (ISDN-based)
- Special DDSO (4 % population) – mainly satellite; incl. last 40,000 (80% landmass).
- Provided on a commercial basis (e.g. ISDN A\$200 p/m)



## EXPLANATORY STATEMENT *Telecommunications Act 1997*

### *Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 (Amendment No. 1 of 2008)*

“The DDSO is considered by the Government to no longer be necessary as Australians now have a choice of a range of alternative digital data services available from various service providers including Telstra. Furthermore, the existence of targeted government programs such as the **Australian Broadband Guarantee (ABG) program** support the view that services can be provided more effectively through a combination of the existing market and Government programs than through a separate obligation on Telstra...

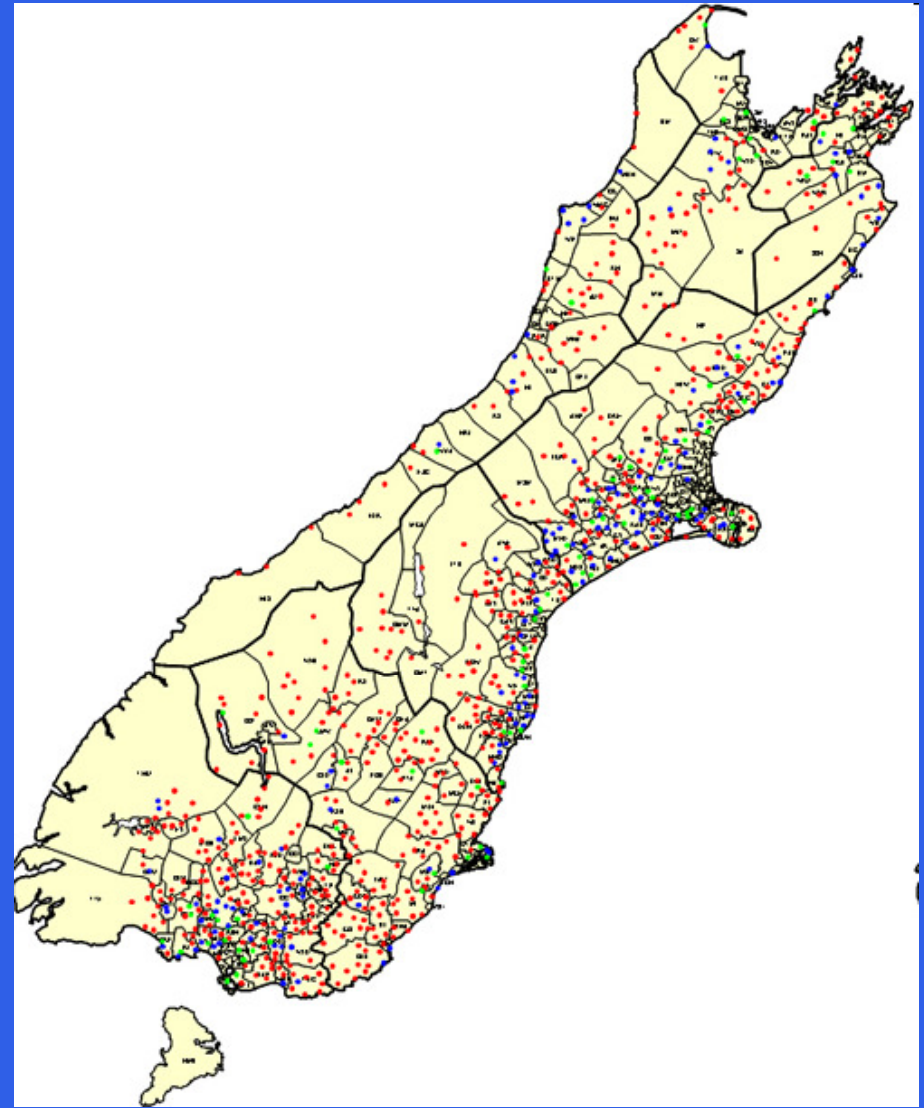
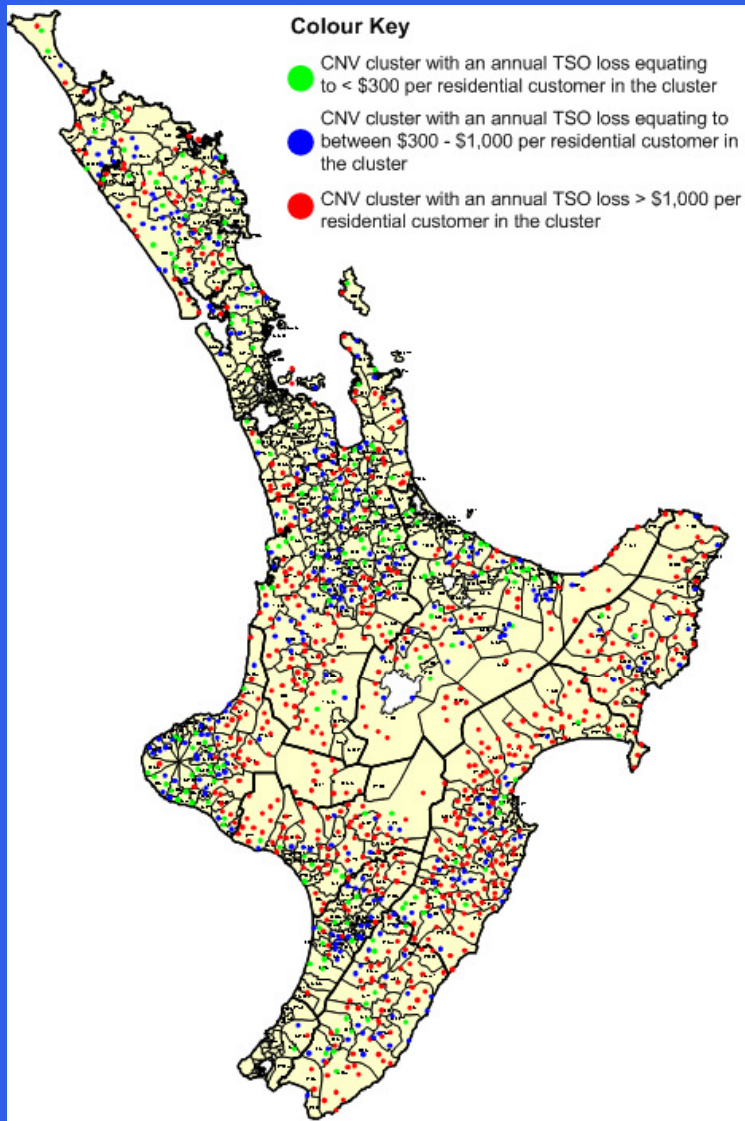
...In addition, through the **National Broadband Network (NBN)** process the Australian Government has committed to providing up to \$4.7 billion and to consider necessary regulatory changes to facilitate the roll-out of a new open access, high-speed, fibre-based broadband network, providing down-link speeds of at least 12 megabits per second to 98 per cent of Australian homes and businesses. The Government is also committed to longer term enhanced broadband solutions being available to the two percent of Australians living in the most remote parts of the country that may not be able to access high speed broadband services through the NBN

# New Zealand

4.2 Million people

Approx. 1/3 live in  
Auckland





## Commercially Non-viable (CNV) Customers for TSO Local Service

Source: Ministry of Economic Development August 2007

# New Zealand Background

- New Zealand Post Office - A Crown statutory Monopoly until 1988
- 1987 Telecommunications element of NZPO corporatised. Telecom Corp. NZ
- 1989 Telecommunication market opened to full competition.
- 1990 Telecom fully privatised. Government retains non-voting Kiwi Share

# Kiwi Share Obligations (KSOs)

Broadly address two policy areas

1. Company ownership and corporate governance
2. Local Residential Service Safeguards
  - Free local call charging option must be available
  - Service must be available as widely as it was at 11 September 1990
  - Standard line rental for service is capped to inflation as measured the consumer price index (CPI)
  - Standard line rental must apply equally to urban and rural areas
  - Directory service must be available with charging capped to CPI

# Telecommunication Service Obligations (TSOs) 1991

- TSO Deed between Telecom and the Crown replaces KSO articles in Telecom company constitution
  - Restatement of KSO consumer safeguard obligations (e.g. free local calls)
  - Internet access calls included in the free local call charging option.
  - Service must be available as widely as it was at 19 December 2001 (replacing 11.09.90) – Note the KSO and TSO are not USOs
  - A set of service quality standards to be met by Telecom are defined.

# TSO Costs

<b>Year</b>	<b>\$NZ</b>
2004/05	52 Million
2005/06	56.2 Million
2006/07	62.8 Million
2007/08	70.7 Million

New Zealand Costs: 2004-2007

Telecom is included (e.g. 04/05, 69%

Vodafone and TelstraClear bear most of the balance according to liable revenue)

# A Comprehensive USO

- universal geographical availability
- universal accessibility – ease of use.
- universal affordability
- universal technological standard
- universal telecommunications and participation in society.

*(Reforming Universal Service Wilson & Goggin, 1993, Sydney:CTN)*

# Discussion

- USO / KSO primarily functions as a safety net for existing services instead of as a scalable opportunity for socio-economic growth
- Is it time to consider Mobile technology inclusion in the delivery of universal service?
- USO as a human rights issue for participation in the information economy – convergence
- Robust USO policy requires informed consultative-participative processes with citizen-consumer groups. More evident in Australian experience than NZ.
- A regional USO discussion may reorient the discussion in the 'rights' direction.

# Centripetal Policy Focus

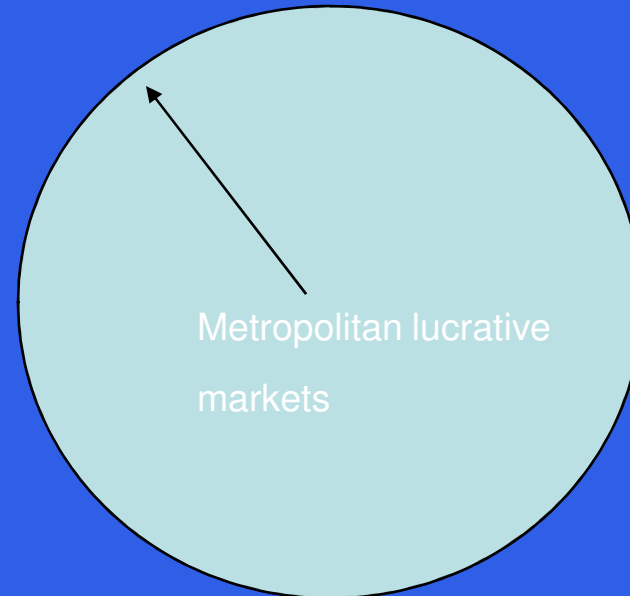
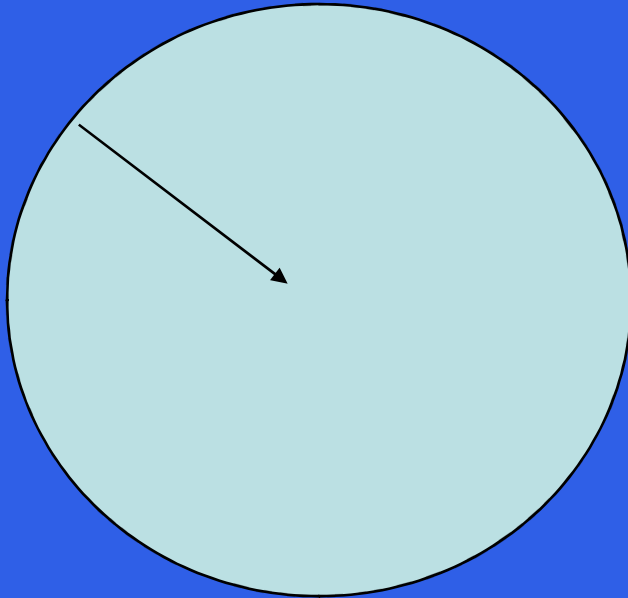
Remote

People with disabilities

Indigenous

Poverty stricken

Small Islands and Land-locked countries



Policy designed around marginalised groups is equitable, innovative and robust for the whole system (Consider Bell's invention).

# Conclusion

- Universal service has functioned in Australasia within a context of deregulation of the industry and privatisation of former public statutory monopolies.
- It has been defined and quarantined within the constraints of political and commercial pressures.
- USO policy is yet to fully function as a mechanism of equity of affordable access to telecommunication and participation in the information economy

## Key References

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