



Australian Government

Australian Government response to the Productivity Commission Inquiry into the Telecommunications Universal Service Obligation

The Turnbull Government is committed to ensuring that all Australian premises in regional and remote areas continue to have guaranteed access to voice services and also broadband services as the National Broadband Network (NBN) rollout is completed.

The Government thanks the Productivity Commission (PC) for its report on the telecommunications Universal Service Obligation (USO).

The USO is a long-standing safeguard that ensures all Australians have access to a voice only Standard Telephone Service (STS) and payphones. However, changing consumer preferences and the rapid evolution of technology means that the mechanisms used to deliver these services are increasingly outdated.

When the NBN rollout is completed in 2020, all premises will have access to high-speed broadband services upon request, and 97 per cent of premises on the NBN (fixed line and fixed wireless areas) will have access to fixed voice services on request. Legislation is currently before Parliament to enshrine NBN Co Limited's (NBN Co) role as the default statutory infrastructure provider in law.

In addition to the NBN, consumers are embracing mobile technology. More than 99 per cent of Australians have access to at least one commercial mobile network and more than 96 per cent of Australians have access to three commercial mobile networks. The vast majority of mobile coverage provides both voice and mobile broadband connectivity, exceeding the STS requirements of the existing USO and largely duplicating fixed line and fixed wireless networks.

In line with the PC's report, the Government will commence work to establish a future Universal Service Guarantee. A Universal Service Guarantee will provide all Australian premises, regardless of their location, with access to both voice and broadband services delivered on a commercial basis by the market in the first instance, and where this cannot be achieved, options will be developed for targeted Government measures.

A Universal Service Guarantee will also ensure access to payphones or equivalent community voice services in targeted areas with specific needs, for example in communities with no mobile coverage or in remote Australia.

In developing options for implementing a future Universal Service Guarantee, the Government will examine the feasibility and cost implications of issues including:

- alternative means of providing voice services to premises in NBN Co's satellite footprint, recognising that NBN Co's satellites are designed for broadband not voice services
- the potential impact on NBN Co's costs and network design as premises currently served by Telstra under the USO migrate to NBN infrastructure
- where and when it may be appropriate for Telstra to reduce the number of existing payphones provided under the USO.

A future Universal Service Guarantee will need to meet the following requirements:

- broadband services are available to 100 per cent of Australian premises, on request, at the completion of the NBN rollout in 2020;
- voice services are available to 100 per cent of Australian premises on request;
- any proposed new service delivery arrangements are more cost effective than the existing USO contract (including any transitional costs); and
- a new consumer safeguards framework is in place following a review and associated public consultation process.

No change will be made to the existing USO until these requirements are met.

The Government currently contracts with Telstra to provide the USO until 2032. As new arrangements are developed for the Universal Service Guarantee, the Government will engage with Telstra regarding the provision of the existing USO services.

The Government has now commenced work on cost and delivery options to provide for a future Universal Service Guarantee, and will work with industry stakeholders and representatives of regional and remote Australia in this effort. Further updates will be provided in 2018.

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