

# **Response to Review of sunseting payphone instruments – consultation paper**

**NBN Co Limited**

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**NBN Co Ltd (nbn)** welcomes the opportunity to respond to the Department of Infrastructure, Transport, Regional Development and Communications (**DITRDC's**) consultation on the *Review of sunseting payphone instruments*. We note that the purpose of the consultation is to determine whether the Universal Service Obligation (USO) payphone instruments made by the Minister for Communications remain fit for purpose and should be remade, remade with changes, or allowed to expire without replacement altogether.

At this time **nbn** considers that efforts to review specific elements of the existing payphones regime are better spent as part of a broader effort to review the entire Payphone component of the USO (the Payphone USO). Any detailed examination of whether those particular instruments continue to provide suitable and appropriate regulatory settings for the contractual arrangements with Telstra, do not provide an opportunity to review whether the contractual arrangements themselves remain appropriate.

**nbn** believes that the time is right for DITRDC to undertake a broad, holistic review of the Payphone USO, utilising a first-principles approach to the policy and consumer safeguard framework that seeks to guarantee all Australians access to public forms of telecommunications connectivity. A holistic review would not just specifically focus on the adequacy of individual instruments, but consider the ongoing value of all aspects of the contractual, legislative and regulatory framework that supports public and community connectivity.

With the changes to the telecommunications landscape over the past decade, there is undoubtedly now a strong shift in consumer habits (such as the ubiquity of mobile phone use and the increasing value of broadband over basic voice services) that would warrant a thorough cost-benefit examination of the payphone guarantee. We note that the Payphone USO, under the Telecommunications Universal Service Obligation Performance Agreement (**TUSOPA**) between the Australian Government and Telstra, will continue to cost industry and Government \$440 million over the next 10 years, until the TUSOPA expires in 2032. As one of several contributors to the annual Telecommunications Industry Levy (**TIL**) that funds USO payments, **nbn** would support a government-led review into whether this industry-funded policy mechanism continues to deliver benefits to end users that outweigh the costs.

A holistic review of the Payphones USO could leverage off DITRDC's commissioned market research into payphone usage from 2020<sup>1</sup>. This research should assist to contextualise a broad examination of all relevant elements of the payphones framework, including:

- The Payphone components of the TUSOPA with Telstra, including the cost of the remainder of the contract
- The legislative framework for the Payphone USO set out in the *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- The instruments that support the contractual and legislative framework, made by both the Minister and the Australian Communications and Media Authority (ACMA), as set out in page 5 of the consultation paper
- The TIL and underlying funding framework (including eligibility criteria for TIL contributions)
- The ongoing costs of maintaining the payphones network (noting the recent removal of payphone usage charges, as well as the overall observations that payphones are most likely loss-making for Telstra)
- The market conditions, supported by an examination of technology trends and availability of public and private WiFi; and

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<sup>1</sup> Ref page 7, consultation paper, *Review of sunseting payphone instruments*, DITRDC



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- A location and demographic-based examination of where payphones continue to experience relatively high usage by communities.

By avoiding piecemeal review of individual elements of the current payphones framework, Government and industry have a better opportunity to examine and consider a more holistic, forward-looking approach to connectivity in public and community spaces.

We note that DITRDC identifies value in the Payphones network for reasons such as providing redundancy telecommunications during emergencies, such as natural disasters. Any review of the Payphones USO might consider how this specific attribute might be addressed through alternative programs, such as the Mobile Black Spot Program (**MBSP**) or the Strengthening Telecommunications Against Natural Disasters (**STAND**) Program.

Of course, **nbn** acknowledges that there are some circumstances where payphone networks continue to be highly valued – such as in some remote indigenous communities, or specific groups of vulnerable people – however, these circumstances are becoming increasingly niche, and may not be most appropriately safeguarded through the continued operation of a nationwide USO arrangement. DITRDC might consider how the Payphone USO might be replaced with highly targeted programs delivering Payphones, Community WiFi networks, or other forms of assistance, which are tailored to the specific communications needs of identified vulnerable groups. **nbn**'s own [Community WiFi initiative](#), which has seen the deployment of 58 emergency community Wi-Fi solutions since June 2020 to support First Peoples communities during the COVID-19 pandemic, serves as a useful example of how such targeted programs can be developed and delivered to address specific community needs.

For these reasons, **nbn**'s view is that the Ministerial instruments that are the subject of this consultation should be renewed, unchanged, for a short term in order to enable the Australian Government to undertake a more holistic review of the Payphones USO. **nbn** would welcome the opportunity to engage in a holistic review, and to contribute further to this important discussion.