Appendix 6

Summary of related inquiries

Telecommunications Services Inquiry

The then Minister for Communications, Information Technology and the Arts, Senator the Hon Richard Alston, established the Telecommunications Service Inquiry (TSI) in March 2000 to assess the adequacy of telecommunications services in Australia. The TSI was chaired by Mr M.A. (Tim) Besley, with Ms Jane Bennett and Mr Ray Braithwaite as its other members.

The TSI reported to the Minister on 30 September 2000. In its report entitled *Connecting Australia* the Inquiry presented a number of observations on the adequacy of the telecommunications network. In its Executive Summary it wrote that:

> There is … very strong growth in the expectations of Australians generally regarding the services they should receive from the telecommunications industry. A large portion of Australians now expect not only a reliable telephone service, but access to the Internet at reasonable speeds as well as mobile phone services. Many also seek the benefits of more advanced services, some of which are not yet available in the mass market either here or overseas. Those expectations continue to be fuelled both by governments, through their statements of policy vision for the information economy, and the industry, through its marketing efforts.
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> …
>
> Of particular note is the greater degree of concern expressed by rural and remote Australians about services levels compared with those in metropolitan areas. Approximately 30 per cent of all submissions received by the inquiry were from the six per cent of Australians who live in the least accessible parts of this country.[1]

The Inquiry's key certification was in the following terms:

> The Inquiry has concluded that Australians generally have adequate access to a range of high quality, basic and advanced telecommunication services comparable to the leading information economies of the world. The inquiry research indicates Australians who live in metropolitan and regional centres enjoy good telecommunications services and are generally satisfied with them. However, a significant proportion of those who live and work in rural and remote Australia have concerns regarding key aspects of services which, at this stage, are not adequate. Their concerns relate primarily to

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1   Telecommunications Service Inquiry, *Connecting Australia*, 30 September 2000, p 1.

- the timely installation, repair and reliability of basic telephone services;

- mobile phone coverage at affordable prices; and

- reliable access to the Internet and data speeds generally.

- The Inquiry's analysis suggests that the continued development of competition throughout Australia, combined with key government initiatives (such as USO contestability) will have a positive effect on services over the next few years. These developments are likely to materially improve the services available to rural and remote consumers.[2]

The report contained 17 recommendations aimed at providing a framework to address identified areas of concern and ensuring continued improvement in services. A copy of the report and the Governments response can be access through the web site of the Department of Communications, Information Technology and Arts at http://www.dcita.gov.au

Broadband Advisory Group

Background

In March 2002, the Federal Government established a Broadband Advisory Group (BAG) to provide high-level advice on the development of the broadband market in Australia and to conduct a strategic review of broadband policy with a view to stimulating the availability and take-up of broadband. The BAG was asked to provide advice on:

- appropriate ways to measure broadband take-up and success;

- current impediments to, and likely drivers of, broadband take-up, particularly in key productivity sectors such as small business, education, health and community services;

- possible policy solutions to current and emerging challenges on both the supply-side and demand-side of the broadband issue;

- market based strategies for raising broadband awareness, particularly in key productivity sectors;

- strategies to encourage the development of marketable applications that will facilitate broadband take-up in key productivity sectors;

- emerging technologies and new business models for delivering broadband services, as requested; and

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2   Telecommunications Service Inquiry, *Connecting Australia*, 30 September 2000, p 5.

- issues that are likely to emerge as the Australian broadband market develops.

In providing this advice, the BAG was asked to have regard to current Australian Competition and Consumer Commission (ACCC) activities in relation to the development of a competitive broadband market in Australia.

The Broadband Advisory Group was chaired by the Commonwealth Minister for Communications, Information Technology and the Arts. Members of the Group were: Bronte Adams (Dandolo Partners), Ros Hill (Telehealth Tasmania Network Project), Tom Kennedy (Beyond Online), George McLaughlin (Australian Academic Research Network), Mike Miller (MNet Corporation), Rosemary Sinclair (Australian Telecommunications Users Group), Phil Singleton (Service Providers Industry Association), Ziggy Switkowski (Telstra Corporation), Jeffrey Tobias and Terry Walsh (Cisco Systems' Australia/New Zealand). The members of the group were also assisted by a group of eight global advisers from the USA, UK, France, Canada and Sweden.

The BAG reported to the Government in January 2003 in a report entitled *Australia's Broadband Connectivity*. The focus of its report was primarily on sectors such as education, health, government services and, more generally, across rural and regional Australia. It made 19 recommendations to the Government. It recommended that the Government should adopt the following national vision for broadband:

> Australia will be a world leader in the availability and effective use of broadband, to deliver enhanced outcomes in health, education, commerce and government and to capture the economic and social benefits of broadband connectivity.[3]

The other recommendations of the BAG included:

- Australia should adopt the goal of broadband being available to all Australians at fair and reasonable prices;

- the Government should adopt a National Broadband Strategy;

- the Government should establish a National Broadband Strategy Implementation Group;

- the Government should consider initiatives to develop services that may not be commercially viable but which could potentially deliver significant economic, security and social benefits. These should predominately focus on rural and regional Australia;

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3   Broadband Advisory Group, *Australia's Broadband Connectivity*, January 2003, p 15.

- all tiers of government should co-operate to develop demand aggregation strategies;

- all schools and educational institutions should be connected to broadband internet services;

- the Government should give high priority to stimulating the digital content industries in Australia; and

- the Government should require the ACCC to monitor and report on progress in ensuring an open, competitive and interoperable broadband market.

A copy of the report and the Governments response can be access through the web site of the Department of Communications, Information Technology and Arts at http://www.dcita.gov.au

Wireless Broadband Inquiry

On 15 April 2002 the House of Representatives Standing Committee on Communications, Information Technology and the Arts accepted a reference from the then Minister for Communications, Information Technology and the Arts (Senator the Hon Richard Alston) for an inquiry into wireless broadband. The Committee was asked:

> To inquire and report on the current and potential use of wireless technologies to provide broadband communication services in Australia, including regional Australia, having particular regard to the following:
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> • the current rollout of wireless broadband technologies in Australia and overseas including wireless LAN (using the 802.11 standard), 3G (eg UMTS, W-CDMA), Bluetooth, LMDS, MMDS, wireless local loop (WLL) and satellite;
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> • the inter-relationship between the various types of wireless broadband technologies;
>
> • the benefits and limitations on the use of wireless broadband technologies compared with cable and copper based broadband delivery platforms;
>
> • the potential for wireless broadband technologies to provide a 'last mile' broadband solution, particularly in rural and regional areas, and to encourage the development and use of broadband content applications;
>
> • the effect of the telecommunications regulatory regime, including spectrum regulation, on the development and use of wireless broadband technologies, in particular the Radiocommunications Act (1992) the Telecommunications Act (1997), and Parts XIB and XIC of the Trade Practices Act:

• whether Government should make any changes to the telecommunications regulatory regime to ensure that Australia extracts the maximum economic and social benefits from the use of wireless broadband technologies; and

• likely future national and international trends in the development and use of wireless broadband technologies.

The Committee tabled its report in the House of Representatives on 11 November 2002. The Committee concluded that:

> No wireless broadband technology is able to handle the data rates of the best wire-line technologies but there are many situations where the latter cannot yet be used or is simply unavailable (such as in remote and regional areas, and even in some suburban metropolitan areas).[4]

> The Committee concludes that the solution to the 'last mile' service involves a mixture of technologies, both wire-line and wireless. Clearly, however, for regional and remote Australia where wire-line solutions are not economically viable in the short to medium term, the last mile problem could be addressed by a variety of wireless techniques.[5]

The Committee made 14 recommendations which dealt with:

- improving access to spectrum for wireless broadband applications;

- educating prospective wireless operators about the market and the regulatory environment;

- examining the regulatory environment to ensure that wireless ISPs have access to the Internet backbone; and

- facilitating wireless broadband access for the hearing impaired.

A copy of the report can be accessed on the House of Representatives web site at http://aph.gov.au/house/committee/cita/reports.htm

Connecting Regional Australia

On 16 August 2002 the Minister for Communications, Information Technology and the Arts, Senator Richard Alston, established the Regional Telecommunications Inquiry (RTI), to assess the adequacy of telecommunications services in regional, rural and remote Australia and to advise on a number of other policy issues. While Ms Jane Bennett and Mr Ray Braithwaite were re-appointed from the

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4   House of Representatives Standing Committee on Communications, Information Technology and the Arts, Connecting Australia! Wireless Broadband, November 2002, p xi.

5   House of Representatives Standing Committee on Communications, Information Technology and the Arts, Connecting Australia! Wireless Broadband, November 2002, p xi.

Telecommunications Service Inquiry as members, the RTI was chaired by Mr Dick Estens.

The Terms of Reference required the inquiry to consider and report on two key areas:

- a detailed assessment of the adequacy of telecommunications services to regional, rural and remote Australia. The inquiry paid particular attention to the TSI report's finding that key concerns related to rural and remote areas rather than regional centres, and that the service areas of concern were the connection, repair and reliability of basic telephone services, coverage of affordable mobile telephone services, and reliable access to the Internet; and

- advice on whether, and if so what, arrangements should be put in place to address policy concerns relating to:

  - the delivery of Internet services at 64kbps or better and wireless-based technologies in regional, rural and remote Australia;

  - current and future provision of legislated consumer safeguards including the Universal Service Obligation, the Customer Service Guarantee, untimed local calls and the Telecommunications Industry Ombudsman;

  - Telstra's commitment to a local presence in regional, rural and remote Australia; and

  - the means by which the Government can ensure that people in regional, rural and remote Australia can share reasonably equitably in the benefits of future advances in telecommunications services resulting from competition and new technologies.

The Inquiry received 606 submissions and met with 40 groups representing the interests of people in regional, rural and remote areas. It reported its findings and 39 recommendations to the Government in November 2002. The Inquiry found that the Government had responded comprehensively to the findings of the TSI report and that it was addressing community concerns raised in that report. In particular the Inquiry:

- assessed mobile services as adequate, taking into account current Government contracts with Telstra still being delivered. The Inquiry recommended continuation of the Government satellite phone subsidy scheme beyond current arrangements.

- found the Government's Internet Assistance Program was providing benefits to users of dial-up Internet services. The Inquiry recommended a licence condition be placed on Telstra ensuring all Australians are guaranteed dial-up Internet speeds, or equivalent throughput, over the Telstra fixed network of at least 19.2 kilobits per second.

- identified some pockets of poor performance in the fixed telephone network causing concern for rural customers. The Inquiry found that the Government's Network Reliability Framework can resolve these concerns and it recommended specific action the Government should take under the Framework to require Telstra to address these issues immediately.

The Inquiry found that there had been significant commercial service development over the previous two years, both by Telstra and other service providers. It made a number of recommendations to "lock-in" service improvements and Telstra commitments, to consolidate and complement progress achieved over the past two years, and to ensure that concerns expressed in submissions would be properly addressed. In particular, the Inquiry recommended that the Government should require Telstra to give a formal undertaking to upgrade its remaining radio concentrator (DRCS) systems, and to address the issue of poorly performing pair gain systems.

The Inquiry also recommended a number of new initiatives to enable Australians in regional, rural and remote areas to access the benefits of future technology. These included an incentive scheme to provide equitable access to high bandwidth services and a guaranteed review process to look at the need for service improvements in regional Australia into the future. The Report proposed that these reviews should be supported by a regional strategic telecommunications plan and ongoing Government funding support. The RTI concluded that:

> The Inquiry is confident that arrangements that have been put in place over the past five years (including the TSI response), together with commercial developments, and the Inquiry's further recommendations, will create an environment into the future where regional, rural and remote Australians will be able to benefit fully from advances in telecommunications technology and services.[6]

Government response

The Government responded to the RTI report in June 2003. The Government accepted all of its 39 recommendations and announced that it would invest $181 million in a comprehensive response to those recommendations.

The Government indicated that it would obtain a formal undertaking from Telstra in relation to the completion of the upgrade of its older radio concentrator systems in a publicly available timetable. This will provide an enhanced array of phone and internet services for the small proportion of regional Australians whose systems have not been upgraded and did not have access to a subsidised two-way satellite service under the Government's $150 million Extended Zones tender.

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6   *Connecting Regional Australia*, p xii.

The report noted that pair gain and other similar systems were installed for voice telephony purposes but can be deficient for the provision of advanced voice services, dial-up internet speeds and access to broadband. The Government stated that it would obtain a formal undertaking from Telstra on how it will improve as soon as possible the quality of phone services affected by pair gain systems. Telstra will also provide an undertaking on how it is addressing dial-up data speed issues on these systems. Telstra's formal undertakings will include timeframes, and will be monitored and reported on publicly by the Australian Communications Authority (ACA).

The Government will also provide an additional $10.1 million over four years for information technology training and support services in rural and remote areas, building on the significant funding already provided for these services under the Networking the Nation program.

It also committed to a blueprint for 'future proofing' regional Australia's communications future. This commitment was aimed at addressing recommendations of both the Esten's inquiry as well as many of the recommendations in the Broadband Advisory Group report. The Government will develop a National Broadband Strategy (NBS) with funding of $142.8 million over four years. A central objective of the NBS will be to provide access to affordable broadband services in regional Australia.

The NBS envisages a partnership between the Commonwealth, the States and Territories, local government and industry in coordinating future demand for broadband services, particularly in regional Australia. A National Broadband Strategy Implementation Group (NBSIG) will develop and oversee the Strategy, with Commonwealth Government funding of $2.9 million. The Government is committing an additional $8.4 million over four years towards a network of broadband demand aggregation brokers in regional Australia. The Coalition ?? will commit $23.7 million over four years to a Coordinated Communications Infrastructure Fund (CCIF) to accelerate the roll-out of broadband into regional Australia in concert with the demand aggregation brokers. The States and Territories will be asked to at least match this funding dollar-for-dollar.

The Government also announced that it would spend $107.8 million over four years on the Higher Bandwidth Incentive Scheme (HBIS). The HBIS will provide financial incentives to higher bandwidth service providers to offer services in rural and remote areas at prices reasonably equitable with those available in urban areas. A one-off 'per customer' payment will be made to providers of higher bandwidth data services in areas where a minimum level of service, defined in terms of price and functionality, is not likely to be provided commercially in the immediate future. To receive the payment, providers will need to offer services at prices broadly comparable to prices charged in urban areas. The Government announced that it would finalise the details of the HBIS in consultation with key regional stakeholders and industry over the next six months.

The Government also announced a range of other actions in response to the Regional Telecommunications Inquiry.

- Review of the Universal Service Obligation including assessing whether current arrangements are impeding the development of competition in regional, rural and remote areas.[7]

- Telstra will provide the Government with a formal undertaking on its strategy, including timeframes, to improve, as soon as possible, phone services affected by the use 6/16 and similar pair gain systems.

- Telstra will provide the Government with a formal undertaking on the timing of the completion of the upgrade of its remaining older radio concentrator systems under its Remote Areas Telecommunications Enhancements program.

- The Government will work with Telstra and the ACA to review payphone policy and ensure that the provision of payphones under the Universal Service Obligation continues to be effective and relevant.

- Refining the Network Reliability Framework and ensuring that it addresses the worst performing exchange service areas.

- The Government has allocated $15.9 million over four years to extend terrestrial mobile phone services to smaller communities and regional highways where additional coverage is feasible with Government support for capital costs.

- A further $4 million has been allocated over four years to extend the satellite phone subsidy. The eligibility guidelines will be reviewed.

- A new licence condition will be imposed on Telstra requiring it to provide a minimum dial-up Internet speed of 19.2kbps or equivalent over its fixed line network. Telstra will provide the Government with a formal undertaking on implementation of a strategy to address dial-up data speed issues arising from poorly performing pair gain systems.

- The Government will work with Telstra and through the $8.3 million Telecommunications Action Plan for Remote Indigenous Communities to improve services for remote indigenous communities.

- The Government has allocated $10.1 million over four years for information technology training and support for rural and remote communications users.

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7   Advertisements were placed in the national press on 13 December 2003 by the Department of Communications, Information Technology and the Arts inviting submissions from interested parties to a review of the operation of the USO and the CSG as required under section 159A of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. The Department's Report was tabled on 17 June 2004.

- The government will investigate timeframes for the connection and repair of ISDN services and seek advice from the ACC on ISDN pricing arrangements.

- The government has allocated $107.8 million over four years for a Higher Bandwidth Incentive Scheme aimed at regional, rural and remote communities.

- Allocation of $8.4 million over four years to demand aggregation brokers.

- A licence provision will be imposed on Telstra requiring it to maintain a local presence in regional, rural and remote Australia.

- The Government will develop a strategic plan for regional telecommunications and will legislate to require regular reviews of the adequacy of services in regional, rural and remote Australia.

- The Government accepted the principle that support for non-commercial service improvements in regional Australia should be provided transparently by Government, and should aim to promote competition and minimise market distortions.

A copy of the report and the Government's response can be accessed through the web site of the Department of Communications, Information Technology and Arts at http://www.dcita.gov.au.