

*Tabled by Minister Conroy, 18/10/11*

## **Opening statement for Estimates – October 2011 – TUSMA and USO reforms**

I would like to make a short statement about the Government's reforms to arrangements for the delivery of universal service outcomes and other public interest services in the NBN environment.

The Government is committed to ensuring that key consumer safeguards, including reasonable access to basic telephone services and payphones; the National Relay Service (a service for people who have a speech or hearing impediment); and Emergency Call Services (arrangements for handling calls to triple zero '000') continue to be delivered during the transition to the NBN and beyond.

While the efficient rollout of the NBN and the structural separation of Telstra have been the focus of public attention, the Government's reforms to universal service policy have not attracted the attention they deserve.

The Government announced reforms to universal service arrangements on 20 June 2010, and subsequently announced it had reached an agreement with Telstra on 23 June 2011 which will provide a smooth transition to the new arrangements and important safeguards for consumers.

I am pleased to say that Bills to reform universal service arrangements are almost finalised and expect the legislation will be introduced later this sitting period.

Currently, Telstra has a legislated responsibility for the USO and the Emergency Call Service. This is based on Telstra's historical position as a vertically integrated operator of a national network. The National Relay Service is provided by two other parties under contracts with the Commonwealth.

With moves towards Telstra's structural separation and the rollout of a national, open access, wholesale only telecommunications network, it is no longer appropriate that Telstra remains the solely regulated provider that is required to fulfil universal service obligations and other key safeguards in the telecommunications sector.

Therefore the Government has announced it will establish a new statutory agency, the Telecommunications Universal Service Management Agency (TUSMA), which will have responsibility for entering into contractual and grant arrangements with third parties for delivery of the USO, the National Relay Service and Emergency Call Services

TUSMA will also have a role in implementing safety net arrangements for migration of voice-only customers from Telstra's copper network to the NBN in fibre areas. If necessary, TUSMA could also have a role in the development of any technology solutions required to support the continued provision of existing public interest services like traffic lights and public alarms that are provided on the copper network.

These reforms address important, unfinished business from the privatisation of a vertically integrated incumbent – a decision made against the advice of experts at the expense of every Australian. They provide a flexible, accountable and transparent model for delivering public policy objectives in the telecommunications sector, with associated benefits for industry and consumers.

Importantly, under this approach, the realistic costs of delivering these important services will be appropriately recognised, and TUSMA will be encouraged to work closely with industry and service providers to investigate and where appropriate, implement, cost savings and efficiencies – while ensuring high quality outcomes for



consumers that meet the Government's overarching policy objectives.

The new legislation will provide for TUSMA to have a board structure, and require the Minister to ensure that TUSMA includes members who have substantial experience or knowledge of, and significant standing in, the operation of the telecommunications industry and business or financial management. These members will be expected to take a strong role in managing the costs of TUSMA activities.

I would also note that for the first time, Government will also be making a substantial contribution towards TUSMA's costs and the delivery of key telecommunications public interest safeguards. To provide a smooth transition to industry, the Budget contribution will be at least \$50 million in 2012–13 and 2013–14, and then \$100 million each financial year thereafter.

These reforms put in place a robust delivery framework for the future, which will provide greater scope for innovation and enable a transition to competitive supply of basic telecommunications services. The Government's agreement with Telstra provides certainty that all Australians will continue to be able to access key basic services, such as voice and payphone services, and to support the National Relay Service and emergency call handling arrangements.

The legislation and the USO agreement reached with Telstra are important reforms for ensuring telecommunications consumer safeguards will continue to be delivered in the transition to the National Broadband Network, under transparent and accountable arrangements.