



WESTERN AUSTRALIAN
LOCAL GOVERNMENT ASSOCIATION

8 April 2005

Our Ref: 06-004-03-0005/AL:BM_Telco_Inquiry
Your Ref:

Committee Secretary
Senate Environment, Communications, Information Technology and the Arts Committee
Department of the Senate
Parliament House
Canberra ACT 2600
Australia
Email: ecita.sen@aph.gov.au

Dear Sir / Madam,

**Re: Inquiry into the performance of the Australian telecommunications
regulatory regime**

The Western Australian Local Government Association (WALGA) is a not-for-profit Association incorporated under the Local Government Act of 1995. WALGA is the peak body of Local Government in WA, providing inter-governmental representation, advocacy, and services to the 144 rural and metropolitan Local Governments Authorities throughout mainland Western Australia, including the Shires of Christmas and Cocos (Keeling) Islands.

Western Australia has some unique geographic and demographic considerations from a telecommunications perspective, especially in relation to rural and remote regional locations. Accounting for over 33% of the total land mass of the continent, with only 9.9% of the population, the telecommunications needs of the population of Western Australia are irrefutably unique. From a Local Government perspective, 114 of the 144 Councils are located within regional areas, and span 99% of the state geographically.

As a major service provider to, and custodian of community interests across the state, especially in the rural and remote context, WA Local Government has a keen interest as to the recommendations arising from this inquiry, and ultimately the provision of telecommunication services commensurate with the needs of the private (and commercial) consumer. In this environment, please find following our submission to the Senate References Committee in relation to the above matter.

Yours sincerely,

Cr W (Bill) Mitchell
President

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Submission to the Inquiry

It is understood that the referred matters to the Environment, Communications, Information Technology and the Arts References Committee for report are as contained in the Terms of Reference (TOR) available at http://www.aph.gov.au/Senate/committee/ecita_ctte/trr/tor.htm

In essence, a distillation of the essence of these TOR may be re-stated as:

‘Whether the current and future telecommunication needs of the “consumer” are (practicably) met and protected by the current regulatory environment (through encouragement of industry competition, and industry investment, and pricing controls)’

Adopting this viewpoint leads itself towards a pragmatic approach for how the essence of the TOR may be achieved. A logical conclusion and outcome in our viewpoint consists of establishing the following fundamental building blocks, principles or “pillars” towards this end:

| Principle “Pillars” | Enabling Strategy(s) |
|---|---|
| (1) A process and method for determining an agreed definition for the minimum telecommunication needs of consumers in the current and foreseeable context | <ul style="list-style-type: none"> ▪ Review and broadening of the Current Universal Service Obligations (USO) and Digital Data Service Obligation (DDSO) to reflect current telecommunication needs of consumers |
| (2) An agreed review process for redefining the “current” and “future” telecommunication needs at agreed intervals | <ul style="list-style-type: none"> ▪ A regulatory environment that enshrines the principle of regular review, alignment and update of the USO and DDSO to reflect and account for the changing telecommunications needs of “consumers” |
| (3) A regulatory environment that provides the requisite conditions for the telecommunications industry to deliver at a minimum these ongoing needs to consumers. | <ul style="list-style-type: none"> ▪ A regulatory environment that: <ul style="list-style-type: none"> ○ Promotes and enshrines the delivery of USO and DDSO ○ Enshrines the review timeframe of services covered by the USO and DDSO |
| (4) Parity over access and pricing for consumers in metropolitan, rural and remote communities within Australia. | <ul style="list-style-type: none"> ▪ This is captured under the provision of the objects within the USO and DSO for “...access on an equitable basis”. The underlying enabler then is the provision and contribution towards funding the “cost of delivery” of the USO and DDSO |

The Universal Service Obligation’s (USO) stated purpose is to enable all people in Australia, wherever they reside or carry on business, to have reasonable access, on an equitable basis, to:

- Standard telephone services
- Payphones
- prescribed carriage services



Similarly, the Digital Data Service Obligation's (DDSO) purpose is to facilitate reasonable access to specified data services.

Therefore given the USO and DDSO role as central "pillars" in meeting the current and future telecommunications needs of consumers, the focus of this submission is on the current, and future definitions of requirements proscribed under the USO and DDSO. (*TOR item 1g*)

Universal Standard Obligation (USO)

The USO allows for the provision of a standard telephone service, which provides an effective minimum equivalent throughput of 19.2kbps. This is considered insufficient for current consumer needs, whether this is of a commercial or social nature. The Telecommunications Needs Assessment (TNA) provides empirical data to support this position, with subsequent recommendations from the State Government for defining the minimum equivalent data transmission requirement, and to incrementally raise this over time. Local Government in Western Australia is aligned to this position.

Further, in the context of evolving social and business trends, the role of mobile telephony assumes a growing importance and in some cases replaces the role of fixed line services (eg. in the use of mobile workforce such as contract lawn-mowing, or for contact between parents and children irrespective of their location).

Therefore, it is considered that the USO should be expanded to contain definitions of requirements in relation to:

- Mobile telephony
- Free or "local call" access to "Essential" Governmental services (including emergency contact numbers 000, 1800)

The recommendations arising in relation to item 1g of the Terms of Reference are for:

- 1. The definition of the standard telephone service should be "upgraded" to require that end-user line connections have the ability to transmit data at a minimum rate of 28.8kbps.***
- 2. Commitment to a continual independent review process (suggested to be bi-annual) of the USO to ensure that the minimum bandwidth requirement is capable of facilitating fundamental online service delivery. In effect, there should be a commitment to progressively raise the minimum bandwidth requirement delivered under standard telephone services.***
- 3. The inclusion of Mobile services under the USO***



Digital Data Service Obligation (DDSO)

The current specified bandwidth available through the DDSO, currently established at 64kbps, has is considered to be insufficient for current consumer needs, whether this be of a commercial or social nature.

The Telecommunications (Consumer Protection and Service Standards) Act 1999 articulates that the universal service regime should be flexible and responsive.

Therefore, it is considered that the DDSO should be amended to:

- Remove the linkage between the minimum data carriage rate and the technical means for the transport of the service
- Either extend the reach of the DDSO to cover 100% of the population or specify a more appropriate symmetrical data carriage rate throughput

The additional recommendations arising in relation to item 1g of the Terms of Reference are for:

- 1. The minimum data carriage rate specified in the DDSO should be set at a minimum of 256kps and be technology agnostic***
- 2. Commitment to a continual independent review process (suggested to be bi-annual) of the DDSO and special DDSO to ensure that the minimum bandwidth requirement is capable of facilitating fundamental online service delivery. In effect, there should be a commitment to progressively raise the minimum bandwidth requirement delivered under the DDSO and special DDSO.***
- 3. The extension of the DDSO to cover 100% of the population, or an upgraded symmetrical definition for the data carriage throughput (suggested in this case to be bi-directional 128kps) to be delivered under the special DDSO.***

With respect to the other elements of the TOR of the inquiry, the following comments apply:

- Parts XIB of the *Trade Practices Act 1974* provides adequate protection against instances of abuse of market power where appropriately applied by the relevant industry regulatory bodies such as the ACA and ACCC
- Structural issues pertaining to the industry do negatively contribute to the effectiveness of the current regulatory regime insofar as dis-incentivating the industry for the provision of innovative solutions, and capital investment in infrastructure for the purposes of delivery of services to consumers. The current effective monopoly of back-haul carriage services is offered as an example of this.

_____ END _____