

5 April 2023

Department of Infrastructure, Transport,  
Regional Development, Communications and the Arts  
GPO Box 594  
Canberra ACT 2601

By email: [usb@communications.gov.au](mailto:usb@communications.gov.au)

Dear Sir/Madam,

**RE: Thematic review of the Customer Service Guarantee**

TPG Telecom welcomes the opportunity to respond to the Department's *Thematic review of the Customer Service Guarantee Consultation Paper (Consultation Paper)*. TPG Telecom supports the Government's consideration of the ongoing usefulness and relevance of the Customer Service Guarantee (CSG).

Significant shifts in technology and consumer preferences have occurred since the CSG was introduced, leading to an overall decline in the take up of voice services. Given these changes, we believe the CSG currently represents a regulatory barrier to TPG Telecom providing value for money voice services to consumers.

TPG Telecom usually bundles voice services with an internet service and will request consumers agree to a CSG waiver. The Consultation Paper notes most providers of voice services now seek CSG waivers from new customers. As the utility of the CSG is limited, the ongoing requirement for providers to continue to seek waivers reflects an unnecessary cost. When the overall decline in usage of voice services is factored in, there is a clear basis for policymakers to confine the scope of the CSG to ensure it is appropriately targeted.

If the CSG is remade, we believe it should continue to apply to Telstra, given commitments under the Universal Service Obligation (USO). If the CSG applies to Telstra, we recommend policymakers confirm the CSG will reflect changes in the way Telstra is currently supplying voice services.

Media reporting suggests Telstra is migrating some services away from the NBN fixed line network to use the Telstra 4G network.<sup>1</sup> It is unclear whether the CSG will extend to these types of services. The supply of telephony using a mobile network is distinct from mobile phone services, which we believe should continue to fall outside the scope of the CSG.

If the CSG is remade, we also strongly support renaming the CSG to better reflect the policy objective of the regulation. This can be achieved by specific reference to voice services in the title of the instrument(s). This will also clarify the purpose of the guarantee for consumers and assist to distinguish it from other consumer protections, such as the Australian Consumer Law.

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<sup>1</sup> Communications Day, *Revealed: Telstra's stealth migration of some NBN voice customers to 4G*, 14 March 2023.

*Review of Universal Service Obligation*

Telstra's migration of voice services to use its 4G network clearly raises questions about whether taxpayers have benefitted from contractual arrangements under the USO, including the Telstra Universal Service Obligation Performance Agreement. Given this development, there is a clear basis for Government to review the USO.

Under the "Voice only Customer Migration (Module D)" of the agreement, the Government paid Telstra up to \$165 million over 10 years, from 2012 to 2022, for Telstra to migrate voice telephone services to the NBN fixed line network.<sup>2</sup> Now that Telstra's funding has ended, it is transferring voice customers to its 4G network on an 'opt-out' basis, which appears to circumvent the original intent of the USO. More broadly, this brings into doubt whether the USO has delivered the intended benefits to consumers, Government, taxpayers and industry as a whole.

*Expanding CSG to broadband services*

We do not support the CSG being expanded to include broadband services. Regulation should avoid duplication where possible, as this can lead to inconsistencies across instruments, increase complexity involved in complying with multiple overlapping instruments and, overall, increase the cost and burden of compliance, where there are no clear benefits for consumers.

The supply of broadband services is already subject to a web of regulatory obligations and protections, such as through the Statutory Infrastructure Provider (**SIP**) regime, Telecommunications Consumer Protections Code, carrier separation rules, functional separation undertakings, Part XIC of the *Competition and Consumer Act 2010* (e.g. the Superfast Broadband Access Service (**SBAS**) and, in the case of NBN Co, the Special Access Undertaking).

Further changes and expansion of regulation is already anticipated. The Government has indicated it intends to extend the SIP regime and has previously consulted on proposed changes. The ACCC is also considering changes to the regulation of NBN Co through the introduction of further Record Keeping Rules, along with broadening service level obligations imposed on non-NBN broadband providers under the SBAS declaration.

Where there already exists a substantial amount of regulation covering fixed line broadband services, which are expected to be expanded, we do not believe there are grounds to extend the CSG to broadband services.

Should you have any questions on any of the matters raised, please feel free to contact [REDACTED]

at [REDACTED]

Yours sincerely, [REDACTED]

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<sup>2</sup> DITRDCA, *Telecommunications contract and grant registers*, see <https://www.infrastructure.gov.au/media-technology-communications/phone/phone-services/universal-service-guarantee-telecommunications/telecommunications-contract-and-grant-registers>.