

7 February 2020

Alternative Voice Services Trials
Department of Communications and the Arts

By Email: usg@communications.gov.au

Thank you for the opportunity to provide our views on the Department's proposed trials of alternative ways to deliver voice services in rural and remote Australia as part of its work to develop the Universal Service Guarantee (USG).

Vodafone's customers are required to contribute substantial funding to the Universal Service Obligation (USO). We have for some time been expressing our serious concerns with the transfer of almost \$300 million in taxpayer and industry funds every year under the USO to a private company in a plainly anti-competitive and opaque manner, as identified by the Productivity Commission and the Auditor-General.

We were encouraged by the Minister's announcement in December 2017 regarding the establishment of the USG. Since then, we have welcomed the opportunity to assist the Department's work to develop the USG with the objective of ensuring the availability of voice services to 100% of Australian premises on request.

Given the Department's work has identified potential savings in the hundreds of millions of dollars through the delivery of voice services using mobile and fixed wireless and satellite services instead of the current USO arrangements, Telstra's USO contract and copper continuity obligation (CCO) should cease as soon as possible. Wherever satisfactory and affordable voice services can be provided by the NBN and commercial operators (with Government support where needed) this should occur in a contestable environment under the USG.

The Department's work to develop the USG is critical for the efficient administration of taxpayer and industry funds and increased investment and competition in regional and remote communications services. It is also critical for the delivery of improved voice services to regional and remote communities which reflects the significant changes in technology and customer preferences since the USO was established.

In its announcement of the USG, the Government indicated that the new arrangements would make use of the NBN and other commercial networks, such as mobile networks, in keeping with the Government's preference for commercial solutions. The NBN is already required to support good quality voice services to 97% of premises (those in the NBN fixed line and fixed wireless footprints).¹ Indeed, the Department's work has identified that VoIP services (which is the means by which voice services are provided over the NBN fixed line and fixed wireless footprints) can exceed Telstra's traditional copper network, or public-switched-telephone network (PSTN), in terms of voice quality and can provide a satisfactory voice service.²

¹ Department of Communications and the Arts, Development of the Universal Service Guarantee Summary Report November 2018, p.7

² Ibid, p.13

Vodafone's preference is for the USG to make use of the NBN to provide voice services to 97% of premises (those in the NBN fixed line and fixed wireless footprints). Additionally, or alternatively, these consumers may wish to access a mobile service, with more than 99% of Australians able to access at least one commercial mobile network.³

We agree with the Productivity Commission's assessment therefore that the key issue is therefore how best to provide acceptable voice services to the estimated 90,000 premises in NBN's satellite footprint that do not have mobile coverage. This should be the focus of the Department's proposed voice service trials. For these premises, it is important that the mistakes of the USO are not repeated with the USG, by not locking in the delivery of voice services by one company and by not mandating the use of one technology.

Alternative options for reliable voice delivery might include expanded NBN fixed wireless services and commercial mobile services as well as existing commercial satellite services. Practical measures such as high gain rooftop antennas for premises unable to access existing mobile coverage and SatSleeves to provide SatPhone services for premises unable to access existing mobile coverage with rooftop antennas could be trialled. There are also a number of new low earth orbit (LEO) satellites in development and emerging technologies such as high-altitude balloons and drones which may be suitable for participation in the proposed trial.

In terms of the design of the trial itself, in addition to restricting the trial's customers to NBN's satellite footprint and focusing on assessing solutions to provide acceptable voice services to premises that do not currently have mobile coverage, we provide the following feedback:

- The trial should not be limited to commercially available products. There should be flexibility for CSPs to trial solutions that are not currently offered as a commercial product but could be made available if deemed viable following the trial. This would mean that not all solutions that are trialled would be available to customers immediately after the trial.
- For a new technology solution there might a higher upfront cost which may not be deemed feasible when restricted to a limited number of users. The Department should be open to trialling newer technologies, appreciating that the cost will be higher than for commercially available products.

Yours faithfully



Tim McPhail
Head of Public Policy

³ Ibid, p.7