

ATTACHMENT C

Key USO Concepts

Any-to-any connectivity

Any-to-any connectivity is the ability of a person with a telecommunications service to communicate with another person with an equivalent service, regardless of whether that other service is provided by the same company or network.

Alternative service

As the universal service provider, Telstra must offer an interim service or the choice between an interim and alternative service to its customers when it is unable to connect an STS within timeframes specified in its Standard Marketing Plan. An alternative service provides customers with access to a telephone service and can be supplied in a variety of ways, such as through call diversion to a customer's mobile or a second fixed line service. Telstra is not required to charge STS telephone rates for outgoing calls from this service, but no charge is made for setting up the diversion, or for the diversion component of received calls.

Australian Communications and Media Authority (ACMA)

ACMA is the independent telecommunications regulator. ACMA is responsible for a number of telecommunications issues of relating to the USO. For example, ACMA is responsible for

- monitoring the supply of the STS and payphone services;
- providing advice to the Minister on USO subsidies; and
- calculating and collecting USO levies and disbursing the net USO subsidy to USPs.

More information about ACMA is available from its website at www.acma.gov.au.

Calling line identification and Calling number display

Calling line identification is a telephone service that transmits the caller's telephone number to the called party's telephone equipment. This service enables a customer to identify from what number an incoming call is being made. It is available to customers with suitable equipment.

Calling number display

See 'Calling line identification and calling number display'.

Carriage service provider (CSP)

A CSP is a person supplying or proposing to supply carriage services, including a commercial entity who acquires telecommunications capacity or services from a carrier for resale to a third party. Internet and pay TV service providers fall within the definition of a CSP.

Carrier

The holder of a telecommunications carrier licence that is in force under the *Telecommunications Act 1997*.

Customer service guarantee (CSG)

The CSG is an industry standard required by the current legislation. The CSG requires telephone companies to pay financial compensation to customers where minimum performance requirements are not met. The levels of compensation and performance standards are detailed in Tables 1 to 3 below.

The CSG is intended to provide incentives for telephone companies to improve their performance in relation to service, as well as providing some redress to customers. The CSG is not intended to be a comprehensive compensation scheme, and it does not detract from compensation consumers may be able to obtain through other means. The CSG does not apply to customer equipment or to customers who have more than five telephone services.

Table 1: Compensation payments under the CSG once a timeframe has been exceeded (some exemptions may apply).

Event and time limit	Compensation - Residential	Compensation - Small business
Appointments		
Missed appointment	\$14.52	\$24.20
Fault repair or connection of service		
Per day for first 5 working days	\$14.52	\$24.20
Per day for each further working day	\$48.40	\$48.40
Repair or provision of one enhanced call feature		
Per day for first 5 working days	\$7.26	\$12.10
Per day for each further working day	\$24.20	\$24.20
Repair or provision of more than one enhanced call feature		
Per day for first 5 working days	\$14.52	\$24.20
Per day for each further working day	\$48.40	\$48.40

Table 2: Time limits for connecting new services

Location	Time limits - available infrastructure	Time limits - no available infrastructure
A property with an in-place service which is available for immediate re-connection	Two working days	n/a

Within urban centre or town with 10,000 or more people	Five working days	1 month
Within town with between 2,500 and 10,000 people	Ten working days	1 month
Within town with between 200 and 2,500 people	15 working days	6 months
Where none of the above definitions apply	15 working days	12 months

Table 3: Time limits for repairing faults

Location	Time limits
Within urban centre or town with more than 10,000 people	End of first working day after report of fault
Within town with between 200 and 10,000 people	End of second working day
Where none of the above definitions apply	End of third working day

Directory assistance services

STS providers must provide a directory assistance service that customers may contact to find the number of another customer's STS. This information may be provided by means of an automated voice response system.

Free emergency call access

STS providers must provide, free of charge, the emergency call service to people requiring urgent help from police, fire or ambulance services in a life threatening or time critical situation. It is accessed by dialling '000', the free 24-hour emergency services number.

Interim service

As the universal service provider, Telstra must offer an interim service or the choice between an interim and alternative service to its customers when it is unable to connect an STS within timeframes specified in its Standard Marketing Plan. An interim service is a voice telephone service that uses mainly mobile or satellite technology and is charged at STS rates rather than rates normally associated with a satellite or mobile telephone service (in particular, customers are able to make and receive local calls for the untimed local call fee). Additional features such as enhanced call-handling, Internet and facsimile capabilities may not be available.

Internet assistance program (IAP)

Under the IAP, residential and small business users (with a maximum of two telephone connections) have access to a range of on-line and technical services to help

solve dial-up Internet problems, and to achieve an effective Internet service speed. The provision of the IAP is a licence condition on Telstra.

Itemised billing

STS providers must provide itemised billing for each of their customers. The bill must show basic details such as the:

- date on which the call was made;
- number to which the call was made;
- duration of the call; and
- charge applicable to the call.

On request, these details must also be provided for local calls.

Number portability

Number portability enables phone customers to change their residential address or telecommunications service provider but retain the same telephone number. This allows consumers to choose between competing providers based on price, quality, type of service and (for mobile phone users) coverage without the inconvenience and expense of having to take a new number when moving between providers.

Operator assisted services

STS providers must provide an operator service that customers may contact for assistance with faults and service difficulties in connection with that service.

Preselection capability

Preselection is the ability of customers to select who provides their telecommunications services. It allows a customer to use more than one provider of services. For example, a customer may receive their standard telephone service through Telstra but select Optus to provide its long distance national and international calling services.

Priority Assistance

Telstra has a licence condition requiring it to offer a Priority Assistance service to residential customers who have a diagnosed life-threatening medical condition with a high risk of rapid, life-threatening deterioration. The Priority Assistance service provides for connection and repair of the services of priority customers within 24 hours in urban and rural areas and 48 hours in remote areas.

Payphones

The USO ensures that all people in Australia have ‘reasonable access’, on an equitable basis, to payphones. This obligation includes the supply, installation and maintenance of payphones.

Universal access to payphones is supported by an industry levy, as part of the USO funding arrangements.

Over the past five to ten years, the profitability of operating payphones has declined, and there has been a consistent decrease in the number of payphones both in Australia

and in other developed countries. One explanation for this trend has been the large increase in the use of mobile phones over the same period.

Policy Statement

See 'Standard Marketing Plan and Policy Statement'.

Retail price regulation

Retail price regulations require Telstra to put downward pressure on its telephone call prices and, indirectly, those of its competitors. The current regulation which applies until 30 June 2009, when it will be reviewed:

- maintains the 22 cents cap on untimed local calls;
- promotes pricing parity between metropolitan and regional areas for local calls and line rentals;
- ensures that increases in the cost of phone connections are linked to inflation;
- protects consumers from major line rental increases by only allowing basic line rental products to increase to match inflation; and
- caps local calls from Telstra payphones at 50 cents.

Standard Marketing Plan (SMP) and Policy Statement

The detail of how a universal service provider meets its USO is set out in its SMP and Policy Statement. For reference, copies of Telstra's current documents are at [Attachments G](#) and [H](#).

A provider's SMP and Policy Statement are closely related documents that should be read in conjunction to provide a full representation of a provider's obligations.

A Policy Statement is a general statement of the policy the provider will apply in supplying equipment, goods and services in fulfilment of the USO. A SMP is a more specific document, and describes how the universal service provider will supply and market equipment, goods and services for each service obligation.

Standard telephone service (STS)

The STS is a core concept in the telecommunications regulatory regime. A service will be an STS if it is a communications service for the purpose of voice telephony, and is able to connect with any other service of the same type. This broad definition means that an STS can be delivered via a range of communications networks.

The USO includes the obligation to ensure that an STS is reasonably accessible to all people in Australia on an equitable basis, wherever they live or work. Universal access to the STS is supported by an industry levy, as part of the USO funding arrangements.

The STS and its associated features represent the current baseline for the basic voice telephony service that consumers should be able to receive if they wish, when they have their telephone connected. Generally, an STS delivered over a fixed line includes:

- Customer Service Guarantee
- operator assisted services
- preselection capability
- calling line identification
- the option of untimed local calls
- free emergency services access
- directory assistance services
- itemised billing
- number portability
- suitable equipment for customers with disabilities

Several of these features, such as free emergency service calls are baseline consumer protections in the Australian telecommunications environment and apply to any STS regardless of whether it is provided under the USO.

In addition, the following features are current requirements on Telstra:

- retail price regulation
- access to alternative and interim services
- priority assistance for customers with life threatening health problems

Telecommunications Industry Ombudsman (TIO)

The TIO manages an independent scheme for the investigation and resolution of complaints about carriers and carriage service providers by residential and small business customers. The TIO has jurisdiction to investigate complaints relating to the delivery of the STS and payphones. The TIO has the authority to make decisions that are legally binding on a telecommunications company (up to the value of \$10 000), and recommendations (up to the value of \$50 000).

USO funding and costing

As noted above, a policy principle of the USO is that providers of telecommunications services should contribute, in a way that is equitable and reasonable, to the funding of the USO. To achieve this, USO subsidies determined by the Minister are levied from all carriers and distributed to universal service providers.

The Minister must determine universal subsidies for each universal service area 'before the end of a claim period'. For example, the subsidies for the 2008–09 financial year need to be determined by June 2009 at the latest. However, to provide certainty, practice has been to determine subsidies prior to the next financial year.

The Minister must direct ACMA to provide advice prior to a subsidy determination being made. If the determination is made contrary to ACMA's advice, the Minister must publicly provide reasons for doing so. These reasons must be published in the Gazette and be laid before Parliament.

Universal service subsidy amounts have been determined until the end of the 2007–08 financial year. The USO subsidy for the 2007–08 financial year is \$145.1 million.

ACMA assesses the USO levy contribution of each carrier. These contributions are proportional to each carrier's share of the total industry wide eligible revenue. For

example, a carrier with a 10 per cent share of the total industry eligible revenue would contribute 10 per cent of the total USO subsidy. Similarly, universal service providers can claim a levy credit for the proportion of the subsidy they are entitled to as USO providers. To date, Telstra has claimed the total USO subsidy because it has been the only universal service provider.

The USO legislation provides the Minister with the power to determine that carriage service providers should also contribute to the USO subsidy. To date, the Minister has not exercised this power.

USO provider/s

The Minister is empowered to determine that a specified carrier or carriage service provider is the primary universal service provider (PUSP) for a given area. The Minister may also determine two or more PUSPs for a given area, where each PUSP is responsible for distinct service obligations.

The USO legislation provides the Minister with the power to divide Australia into different universal service areas. The Minister may determine these areas as appropriate.

Telstra is currently the PUSP for all of Australia for the delivery of both payphones and the STS.

The USO legislation also makes provision for competition in the supply of universal services. For example, a carrier or carriage service provider could apply to be a competing universal service provider (CUSP) in respect of a contestable universal service area. A CUSP assumes similar responsibilities to a PUSP. Consumers are entitled to choose between the PUSP and CUSP for the provision of services under the USO. To date, no CUSP has been registered.