Payphone Policy Review

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Australian Government
Australian Communications Authority

CHAIRMAN

The Hon. Daryl Williams AM QC MP
Minister for Communications, Information Technology and the Arts
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to provide you with the Australian Communications Authority's report on its review of the provision of payphones in Australia, as requested by the former Minister in his letter of 8 July 2003.

The report has been prepared in accordance with section 159A of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. Please note that subsection 159A(3) requires that you table a copy of the report in each House of the Parliament within 15 sitting days of that House after the report is completed.

Yours sincerely

R. Horton

Dr Bob Horton
Acting Chairman
20 February 2004

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EXECUTIVE SUMMARY

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Payphones are a highly diverse industry with thousands of providers. About half of the estimated 72,000 payphones in Australia are operated by independent businesses such as hotels and clubs, which provide the payphone as a service to their customers, in a way similar to car parking or a rest room. Telstra provides a little under half of Australia's payphones, while new specialist payphone firms such as TriTel and Payphones.com operate a couple of thousand more.

Around 90 per cent of the payphones in Australia are provided on a commercial basis, with only 10 per cent supported by universal service obligation (USO) subsidies.

Usage of payphones in Australia is falling in part as a result of the mobile phone revolution. However, the Australian Communications Authority (ACA) found that 63 per cent of payphone use is by people who own a mobile phone. It appears that many mobile phone owners do not abandon use of payphones; rather, those who are price-sensitive to mobile call costs will continue to use payphones as well. This is reflected in the demographics of use, which are skewed towards people who are young, renting accommodation, unemployed or have a low income. Other mobile phone owners who are less price-sensitive to mobile call costs only use payphones occasionally, such as when they do not have their mobile phone with them, have forgotten to pre-pay it or the battery is dead.

Payphone operator revenues are falling faster than usage, particularly as a result of the increase in use of calling cards and other free-to-caller services, which provide no revenue to the payphone operator. These falling revenues are also contributing to the decline in total payphone numbers, especially private payphones operated by independent businesses.

Nevertheless, the ACA finds that existing payphone services in Australia are reasonably adequate and overall customer satisfaction is rising. In particular, the number of public payphones remains fairly stable.

There are however two exceptions to this finding of adequacy:

- people with a disability; and
- Indigenous Australia, especially town camps and remote outstations and homelands.

This report makes extensive proposals for both of those groups.

In particular, it is proposed that payphones be provided as a lifeline service to all remote Indigenous outstations, homelands and town camps of at least two families. This may require additional funding of $9 million to 19 million, either through an extended zones type contract or through recognising the additional cost to the USO Fund.

The report also proposes the development of a payphone accessibility code by the industry and the Human Rights and Equal Opportunity Commission (HREOC) in order to ensure payphones are more suitable for people with a disability.

There are other groups who rely on payphones and have an identified social need for access (that is, more than just convenience) that might not be delivered by the competitive market alone:

- people making emergency calls (high need);
- people without access to a phone at home (high need);
- people in rural and remote Australia (high need); and
- young people and people with a low income (medium need).

The USO placed on Telstra, which requires Telstra to ensure reasonable access to payphone services, including providing some loss-making services, is a safety net to protect such groups. For these four groups, existing services are adequate, but the goal is to ensure that they remain adequate as payphone numbers gradually decline.

The ACA finds that the USO remains effective and relevant with some exceptions, for which recommendations are made. There are no real policy alternatives to a payphone USO today. Various proposals are made to ensure continued effectiveness and relevance of the USO into the future.

Finally, the overall reliability of Telstra's payphones and its fault repair performance is poor in remote Australia, especially but not only in remote Indigenous communities. There are steps that Telstra can and should undertake to improve the reliability of its payphones. The ACA will undertake closer monitoring of USO performance by Telstra in these target areas.

SUMMARY OF RECOMMENDATIONS

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1. The conditions exist for a body such as the Australian Competition and Consumer Commission (ACCC) to consider an increase in the price cap on local calls from Telstra payphones, but any decision would require a balancing of several conflicting goals.

2. The ACCC should be asked to hold a public consultation process to determine the simplest and most cost-effective method for providing compensation to payphone operators for providing access to free-to-caller calls.

3. The payphone industry and disability peak bodies should consult through an Australian Communications Industry Forum (ACIF) working group, and work together to develop a Payphone Accessibility Code for endorsement by HREOC. Australian Local Government Association (ALGA) and the Property Council should be invited to be involved in this ACIF group. The group should look for approaches that:
   - maximise reasonable accessibility for people with a disability;
   - are flexible enough so as not to inhibit the overall provision of public and private payphones; and
   - provide certainty to payphone operators that they have met their obligations under the Disability Discrimination Act.

4. Telstra should continue to increase teletypewriter (TTY) payphone numbers in secure locations where there is evidence of need and TriTel and other specialist payphone firms should, at a minimum, provide TTY payphones in private sites when an agreement with the site owner requires Telstra to remove a TTY payphone. TTY siting criteria could be discussed in the proposed ACIF working group. The ACIF working group should also propose a means of providing comprehensive information about the location of TTY payphones. TTY payphones also need clear instructions displayed to explain how to use them.

5. All payphone operators should ensure that crisis intervention services are always accessible.

6. The payphone USO placed on Telstra remains effective and relevant, with some exceptions for which recommendations have been made in this report. The payphone USO should continue.

7. The payphone siting criteria in Telstra's Standard Marketing Plan (SMP) should be amended to provide or retain payphones at higher density on highways and major roads in rural and remote areas where there is inadequate mobile phone coverage, than is currently prescribed in Telstra's SMP. The measurement should be negotiated between the ACA and Telstra as part of the review of Telstra's SMP.

8. Telstra's SMP should contain clear criteria for payphone provision or retention within a state or national park, including whether mobile phone coverage is adequate.

9. The term 'railway station' should be replaced with 'transport hub' in Telstra's SMP.

10. Telstra's SMP should be written in clear and precise language. It should remove the existing caveats so that Telstra must install a payphone in the locations as set out in table 9.2.

11. Telstra should be obliged to provide a reasonable case, if it considers there are special reasons why it should not be required to install a payphone in the locations in table 9.2, to the party which has requested the payphone and to the Telecommunications Industry Ombudsman (TIO) within three months of receiving the request. Telstra should advise the requestor that the matter can be referred to the TIO if the requestor wishes to do so. This process should be detailed in the SMP.

12. The TIO should handle complaints about installation, removal and relocation of payphones.

13. Telstra should propose reduced payphone installation timeframes for minor rural and remote areas to be included in its SMP. Its SMP should provide that Telstra must provide a payphone within those timeframes.

14. Telstra should clarify in its SMP the processes and criteria for making decisions about requests for the provision of a payphone, in consultation with the ACA and the TIO.

15. In addition to its website initiative, Telstra should develop a consumer-friendly brochure summarising key information about the process for applying for a payphone, including eligibility criteria and contact details for the TIO if the customer wishes to make a complaint. The brochures should be made as widely available as possible and could be provided to local councils through ALGA. The ACA will develop a fact sheet that outlines the processes for applying to Telstra and other providers of payphones.

16. The ACA, Telstra and ALGA should work towards providing targeted information about the process to apply for a payphone to local government to enable them to participate in decisions about provisioning payphones in the community.

17. Where Telstra intends to remove a payphone that is the last payphone at the site Telstra should provide information about:

    - the process for interested parties to submit an objection, for example, where to send the objection and by what date;
    - the fact that the decision about removing a payphone will be made with regard to the siting criteria in the SMP;
    - the fact that any party that submits an objection will receive a response from Telstra within 30 days detailing the reasons for its decisions against the criteria in the SMP; and
    - the fact that, if a party believes Telstra's decision does not comply with the siting criteria contained in its SMP, it can take its complaint to the TIO.

    Telstra should include the above information both in the notice posted at the payphone site in question and also send it to the relevant local government authority, so that it has adequate opportunity to participate in the decision about the removal of a last payphone at a site. If either an individual or a local government agency submits an objection to Telstra regarding the removal of a payphone, Telstra should take this objection into consideration.

18. Telstra should clarify in its SMP—in consultation with the ACA and the TIO—its processes and criteria for making decisions about removing a payphone.

19. While the ACA understands that Telstra endeavours to respond to all requests for payphone removal and relocation within three months of receiving the request, this timeframe for response should be stated as a requirement in its SMP.

20. Telstra should clarify in its SMP—in consultation with the ACA and the TIO—the circumstances in which it will relocate a payphone, including where it would enter into negotiations with a requestor about sharing the costs of removing or relocating a payphone. The TIO should handle any complaints that arise about a particular case, applying an objective test of 'reasonableness'.

21. Payphones are a lifeline service for small and very small remote Indigenous communities (such as outstations and homelands) and town camps and need to be provided on a wider basis than at present.

    (i) Payphones should be provided in all remote Indigenous communities (such as outstations and homelands) and town camps with two or more family groups that each include, for example, parents and their children.

    (ii) Multiple payphones should be provided in larger communities and town camps, at a target rate of about one per 50 population (depending on levels of home phone penetration).

    (iii) Telstra to consider more flexible provision of payphones to communities, outstations, homelands and town camps that have at times a large population but whose permanent population is less than a few families because of seasonal or periodic living arrangements. Appropriate solutions may include fixed satellite phones or transportable payphones.

    (iv) Any community with a government or community office that has a phone for business purposes should be provided with a payphone.

    (v) The expanded obligations proposed may require specific funding which could occur through an extended zones type contract (which other firms could tender for), or by accepting the additional cost as part of the USO levy, beyond the contribution made under the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) Community Phones Program.

22. Payphones in remote Indigenous communities and town camps serve a much wider role than standard payphones and require a different set of features and designs. A Bushlink payphone obligation should replace the payphone obligation for remote Indigenous communities in Telstra's SMP.

    The Bushlink payphone would:

    - be a payphone, accessible 24 hours per day, seven days per week;
    - usually be card-only, where that is acceptable to the community;
    - accept incoming calls with the number advertised;
    - provide a range of designs including the existing SmartPhone payphone, more robust designs such as the Centre for Appropriate Technology phone, fixed satellite handsets and/or transportable payphone designs;

- accept the new pre-paid calling card being developed for home phones; and
- be provided on the geographic basis set out in the previous recommendation.

23. Telstra should develop a contemporary siting process for payphones in remote Indigenous communities, including outstations, homelands and town camps which has the flexibility to take into account the particular cultural and social characteristics of each community in addition to practical considerations about each site.

24. Telstra should continue with the following initiatives and trials:

    - assisting with the painting of payphones to promote the concept of community ownership;
    - the Indigenous call centre initiative;
    - the Indigenous Liaison officer initiative;
    - the trial for training local residents to manage the phones and effect simple repairs, in discussion with Indigenous Communities Coordination Taskforce (ICCT) members; and
    - joint programs with Aboriginal and Torres Strait Islander Services (ATSIS) and communities to reduce high fault rates as a result of damage.

25. Telstra should develop its proposed Indigenous pre-paid calling card platform for home phones in remote Indigenous communities, to overcome difficulties with managing usage of the phone and as a consequence increase home telephone penetration levels.

26. Telstra should provide appropriately designed, accessible information to remote Indigenous communities about telephone service choices and rights. A remote Indigenous directory of payphone numbers in communities should be published.

27. These proposals at a national level should be developed in consultation with the ACA, the TIO, the Department of Communications, Information Technology and the Arts (DCITA) and ATSIS. Local trials should be developed in consultation with state and territory governments, ICCT (where appropriate) and representatives of communities and town camps, such as land councils. Telstra should take immediate steps to develop these initiatives, with a view to commencing a Bushlink payphone program in town camps and in very small outstations and homelands currently lacking payphones, beginning in early 2004. The ACA will monitor such a program.

28. The ACA and the TIO should engage more closely with Indigenous communities, monitor the payphone implementation program and provide Indigenous Australians with more accessible information about their choices and rights.

29. The ACA should develop an ACA Tool Kit module designed specifically for remote Indigenous communities.

30. The ACA should be able to require Telstra through a licence condition, as universal service provider, to provide an explanation for poor performance outcomes and to provide and follow a remediation strategy for improving outcomes.

31. The ACA should require Telstra to provide disaggregated serviceability data for urban, rural, remote and remote Indigenous community categories.

32. Telstra and the ACA should finalise the remediation strategy under which Telstra will significantly raise fault repair performance (particularly in remote areas and Indigenous communities) by the December 2005 quarter, to a level whereby 80 per cent of faults are repaired within the specified timeframes and 99 per cent of faults are repaired within five working days of the specified timeframes.

33. Telstra should include the sites of its public payphones in all telephone directories.

CHAPTER 1: INTRODUCTION


TriTel phone in shopping centre

This is the ACA report to the Minister for Communications, Information Technology and the Arts on its public review of payphone policy. The review has been conducted at the request of the former Minister, as part of the government's response to the recommendations of the Regional Telecommunications Inquiry (Estens Inquiry).

The review has been carried out in fulfilment of the obligation under section 159A of the *Telecommunications Consumer Protection and Service Standards Act 1999* ('the Act') to review the operation of Part 2 of the Act as it relates to payphones. In accordance with the requirement of the Act, the review included an opportunity for the public to make written submissions. The report considers the operation of Part 2 of the Act as it relates to payphones (other than Divisions 9, 13 and 14) and whether that Part best promotes the objects of the Act and of Part 2 (as set out in section 3 of the *Telecommunications Act 1997* and section 8A of the Act). It also examines other relevant matters, including general payphone policy.

The specific workings of universal service costing and funding arrangements in Divisions 9, 13 and 14 of Part 2 are interlocked with those for non-payphone services and, as such, are being reviewed by DCITA as part of the broader review of the USO pursuant to section 159A of the Act.

This introductory chapter sets out:

(a) a brief history of the payphone industry and the events leading to this review;
(b) the terms of reference;
(c) the structure of this report; and
(d) consultation undertaken by the review.

HISTORY

Public phone services were introduced in Australia in the late 1880s, as an over-the-counter service at post offices, with the user paying the post office clerk. Coin-operated public payphones were introduced by the Postmaster-General's Department in the 1920s.

Independently-operated payphones began in 1963. These are payphones installed by businesses such as hotels and clubs as a service to their customers—modern versions include Bluephones and Goldphones. The total number of payphones in Australia grew rapidly from then until the early 1990s, when it began to fall again.

From 1989, independent businesses were permitted to install payphones sourced from companies other than Telstra. In 1991 a second carrier, Optus, was granted permission to operate public payphones (although it chose not to until more recently when it began providing a small number of payphones in Indigenous communities).

AUSTEL, the ACA's predecessor as telecommunications regulator, fully reviewed payphone policy in 1992 following the initial deregulation. It found that, overall, the provision of public payphone services by AOTC (now Telstra) in Australia in 1992 was reasonably acceptable, including for rural Australians and for the (then) five per cent of households without a phone at home.

From 1997 open competition in the provision of payphones was permitted.

The universal service obligation

Following initial deregulation, the government introduced a USO as a safety-net to the competitive market, currently placed on Telstra as the primary universal service provider. The obligation is currently set out in Part 2 of the Act and ensures that all people in Australia, wherever they reside or carry on business, have reasonable access, on an equitable basis, to payphones. To the extent necessary to achieve this, the obligation includes the supply, installation and maintenance of payphones in Australia. Loss-making payphones are subsidised by an industry levy, as part of the USO funding arrangements.

The objects of this universal service regime are found in section 8A of the Act and section 3 of the *Telecommunications Act 1997*.

The main object is to provide a regulatory framework that promotes the long-term interests of end-users and the efficiency and international competitiveness of the Australian telecommunications industry.

Other objects include giving effect to the following policy principles:

- payphones should be:
  - reasonably accessible to all people in Australia, on an equitable basis, wherever they reside or carry on business;
  - supplied as efficiently and economically as possible;
  - supplied at performance standards that reasonably meet the social, industrial and commercial needs of the Australian community;
- there should be appropriate community safeguards in relation to telecommunications activities (the USO being the principal safeguard) and to regulate adequately participants in sections of the telecommunications industry;
- the USO should be fulfilled:
  - effectively, efficiently and economically;
  - in ways that are consistent with Australia's open and competitive telecommunications regime; and
  - in ways that are, as far as practicable, responsive to the needs of consumers;

- the fulfilment of the USO should generally be open to competition among carriers and carriage service providers;
- specific and predictable funding arrangements to advance the fulfilment of the USO, particularly in high cost areas, should be available;
- providers of telecommunications services should contribute, in a way that is equitable and reasonable, to the funding of the USO;
- information on the basis of which decisions are made for the purposes of the universal service regime should generally be open to public scrutiny; and
- the universal service regime should be flexible and able to deal with rapid changes in both the telecommunications industry and the needs of consumers.

The explanatory memorandum to the Act clarifies that all payphones in Australia, including those provided by operators other than Telstra, are relevant to deciding whether the obligation—to ensure that people in Australia have reasonable access on an equitable basis to payphones—has been fulfilled.

In order to specify more precisely how it will meet the USO, Telstra is required to have, and does have, a policy statement and an SMP approved by the ACA.

The policy statement is a general statement of the policy that Telstra will apply in supplying equipment, goods or services to meet the USO. It includes such matters as a discussion of the general approach Telstra takes to ensuring people with a disability have reasonable access to payphone services.

The SMP is a plan that sets out the equipment, goods or services that Telstra will supply in fulfilment of the USO and the arrangements for supplying and marketing those equipment, goods or services. Telstra's existing SMP includes quite extensive statements about the relevant factors that Telstra will take into account in deciding whether to provide a payphone. However, one of the main concerns of the terms of reference for this review is that Telstra's SMP only commits Telstra to 'all reasonable efforts' to provide a payphone and gives it very wide discretion in weighing up the relevant factors. A more objective approach is sought by the ACA.

The SMP also includes a description of the processes Telstra follows in responding to requests for a payphone (or objections to the removal of one), as well as performance targets for the installation and repair of payphones. Those performance targets are currently 'best endeavours' only and cannot be specifically enforced.

The ACA monitors and reports annually, and in some matters quarterly, on Telstra's performance in meeting the USO, including its performance against the SMP performance targets.

Part 2 of the Act also includes powers to impose price controls on services provided under the USO, including payphones. The *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No.1 of 2002* impose a 40 cent price cap on local calls made from Telstra payphones.

Finally, costing and funding arrangements for the USO are set out in Part 2, Divisions 9, 13 and 14. Telstra is subsidised for the losses incurred in meeting the USO. In 2004–05 the subsidy amount for payphones will be $11.13 million. The total subsidies associated with Telstra meeting this and other USO obligations are funded by industry through contributions from telecommunications carriers. These contributions are based on each carrier's eligible revenue.

This review of payphone policy has considered the effects of those costing and funding arrangements on the development of payphone policy (including the effects of trends in costs, as well as possible alternatives to a payphone USO). It has not reviewed the specific details of the arrangements in Divisions 9, 13 and 14 for assessing the annual costs and collecting industry contributions, which are being reviewed by DCITA as part of the broader section 159A review of the USO.

Jurisdiction

The ACA has direct jurisdiction over carriers and carriage service providers, including Telstra and Optus.

The ACA has no jurisdiction over other businesses operating a payphone, as they are neither carrier nor carriage service provider. Where the service provided to the end-user is simply the provision or rental of a handset or payphone, that is insufficient for the operator to be characterised as a carriage service provider. Such independent operators are subject to the normal laws affecting businesses, including fair trading laws and the *Disability Discrimination Act 1992*. In general, state, territory and local government has primary jurisdiction over independent operators—and therefore over the majority of payphones in Australia.

The ACA has some (limited) powers in relation to the payphone equipment itself, which must satisfy technical standards relating to safety and non-harmful connection with the network. The person who does the actual installation of the payphone will also need a cabling licence.

Local planning laws do apply to the provision of most payphones—the exception is public payphones provided by a carrier, which is given certain immunities to local planning laws by the *Telecommunications (Low-impact Facilities) Determination of 1997*. In particular, state, territory and local government have the power to provide, or require private developers and landowners to provide, additional payphones as infill to the public network. For example, developers building stadiums or shopping malls may be required to provide phones, in the same way that rest rooms and first-aid facilities are required.

THE CHANGING ENVIRONMENT

In recent years, the payphone industry has been changing rapidly.

(a) New specialist payphone firms such as TriTel and Payphones.com have entered the industry, targeting high-traffic areas such as shopping centres and airports.

(b) The mobile phone revolution has seen very wide take-up of mobile phones. As a consequence, mobile phones have become a partial substitute for payphones.

(c) Total payphone revenues are falling, seemingly as a result of: (i) the mobile phone revolution, (ii) a rise in the use of free-to-caller services from payphones which do not provide revenue to the payphone operator, and (iii) the continued connection of households to the fixed network.

(d) The total number of payphones in the industry is falling; down from 90,000 a decade ago to about 72,000 now. However, the number of public payphones does not appear to have changed greatly over the last 30 years, although numbers are currently declining slowly. The rapid growth in payphones from 1973 to about 1993, and the subsequent recent fall in numbers, is largely the result of changes in the supply of private payphones by independent businesses such as hotels and clubs.

In its *Telecommunications Performance Report 2001–02* the ACA observed that there is no longer a basis on which to assess whether community demand for payphones was still being met despite the falls in usage and number of payphones. The Estens Inquiry therefore recommended that the government establish a clear policy on future payphone availability.

On 8 July 2003, the Minister for Communications, Information Technology and the Arts wrote to the ACA requesting that it undertake a public review of existing payphone policy and to report its findings to the government by March 2004.

TERMS OF REFERENCE

Terms of reference for the review were finalised on 31 July 2003 and are given in full at the end of this chapter. In summary, the ACA was asked to consider:

- the role of payphones in 2003 and in the future;
- the structure of the payphone industry;
- the role of the competitive market; and
- whether the payphone USO continues to be effective and relevant.

STRUCTURE OF THE REPORT

Part A of this report looks at the payphone environment. It examines the role of payphones for people in Australia since the mobile phone revolution and the changing structure of the payphone industry.

Part B looks at the role of the competitive market. That includes recommendations related to general policies applicable to the whole payphone industry such as competition policy and access by people with a disability.

Part C looks at the role of the USO and whether it continues to be effective and relevant. Among other things, this part sets out access and service objectives for payphone provision; examines possible alternatives to having a payphone USO; considers whether Telstra's policies (as universal service provider) remain effective in meeting the access objectives; and assesses Telstra's reliability and fault repair performance. Recommendations are made in regard to these issues.

Part D sets out the ACA's proposed framework for monitoring the industry.

CONSULTATION

Payphone policy influences numerous stakeholders. Many of the stakeholders do not regularly interact with the ACA's formal consultative processes, and so a consultation program was drawn up involving extensive direct visits and face-to-face consultation, as well as formal written submissions.

In August 2003, the ACA issued a media release calling for submissions to the review and placed advertisements about the review in the national press. A webpage was established at the same time on the ACA website (www.aca.gov.au).

During September 2003, the ACA held roundtable meetings to discuss payphone policy directions directly with stakeholders, including: the payphone industry; peak bodies representing consumers, rural and remote area residents, low-income earners, the homeless, remote Indigenous communities and people with a disability; crisis intervention service providers; and government agencies.

Roundtables were held in Melbourne and Sydney, attended by 42 people representing 25 peak bodies and industry members from around Australia. The ACA supported travel costs for community groups attending. A report on the discussions is on the review webpage.

Direct meetings were held with organisations in Alice Springs, Canberra, Melbourne, Perth and Sydney. The ACA also attended other consultative meetings, including the ACA's National Relay Service Consultative Committee, the ACIF Disability Advisory Body, the Central Land Council Workshop on 'Delivering better telecommunications to Aboriginal people in central Australia', DCITA, Indigenous Telecommunications Forum and the HREOC Telecommunications Forum.

In early 2003, ACA staff visited Hope Vale in Queensland. In September 2003, ACA staff visited six remote Indigenous communities in north-western Australia, south of Halls Creek in the Kimberley and the Great Sandy Desert—Balgo, Billiluna, Kundat Djaru, Milba, Mulan and Yagga Yagga. In November 2003, Acting ACA Deputy Chairman Allan Horsley and ACA staff also visited communities and town camps in and around Alice Springs at the invitation of the Central Land Council.

The ACA received 13 written submissions, which are published on the review webpage. The 18 submissions to the Estens Inquiry that referred to payphones were also considered.

The ACA also engaged market researchers Taylor Nelson Sofres Australia to survey users of payphones to provide data about the role of payphones in 2003.

The ACA is grateful to the numerous industry and community members who provided it with additional data about the industry and about community use of payphones; and to the Federal Communications Commission (FCC) (the United States communications regulator) and OFTEL (the United Kingdom regulator) who advised on policies in their jurisdictions.

A complete list of consulted parties is in the Appendix. The ACA thanks all those parties for their assistance with the review.

TERMS OF REFERENCE

The Estens Inquiry reported on 6 November 2002 on whether telecommunications services in regional, rural and remote Australia were adequate and the arrangements that should be put in place to ensure that all Australians continue to share in the benefits of further service improvements and developments in technology. The inquiry made a number of recommendations in relation to payphone provision, including recommendations 2.11 to 2.14.

On 25 June 2003, in responding to these recommendations, the government proposed to work with Telstra and the ACA to review payphone policy and ensure that the provision of payphones under the USO continues to be effective and relevant. To commence this process, on 8 July 2003, the Minister for Communications, Information Technology and the Arts requested the ACA to undertake a public review of existing payphone policy and to report to the Minister on its findings by March 2004.

In conducting this review, the ACA was asked to examine and make recommendations in relation to:

1. The role of payphones

a. The various services provided by payphones, including convenience of telephone access in public places; access to emergency services; and provision of basic telecommunications access to those otherwise lacking it.

b. The role of payphones today and in the future, including for specific user-groups such as low-income groups, remote Indigenous communities, people with disabilities, users without mobile phones and users in areas without terrestrial mobile phone coverage.

2. The current and likely future structure of the market for services provided by payphones

a. Number of payphones and suppliers in the market.

b. Geographical distribution of payphones.

c. Revenue and cost structures of payphone provision.

d. Functionality of payphones supplied.

e. Current and likely future market for substitutes and complements.

f. Current state of competition in the payphone market.

g. Level and distribution of demand.

h. Likely changes in payphone demand over time given greater access to substitutes, changing technologies and new services.

3. The role of the competitive market in payphone provision

a. Impact of regulation on competition, including:

i. effect of price caps on calls from public payphones;

ii. interaction of the USO and the competitive market; and

iii. benefits of being the primary universal service provider (PUSP).

   b. Performance of the competitive market in addressing community needs, including those of special user groups.

   c. Commercial viability of payphone provision in the current environment.

4. **Developing policies for access to the services provided by payphones and appropriate levels of service**

   a. Future policy options for access to the services provided by payphones (possibly including the use of technologies and services other than payphones) that are commensurate with community needs while facilitating greater competition and commercial viability.

   b. Appropriate arrangements for determining the location of payphones:

      i. processes for determining optimal numbers and location of payphones; and

      ii. criteria including financial arrangements for installation, resiting and removal of payphones.

   c. Appropriate access and service objectives for future payphone provision given current gaps in accessibility and changing supply and demand, including:

      i. functionality of payphones;

      ii. levels of accessibility for people with a disability;

      iii. levels of accessibility for people in Indigenous communities;

      iv. consumer awareness of reasonable access to payphones; and

      v. performance and monitoring arrangements.

   d. Whether Telstra's policies (as universal service provider) remain effective at providing access to payphone services including:

      i. with regard to the distribution and number of payphones supplied;

      ii. with regard to provision of payphones for people with disabilities and remote Indigenous communities; and

      iii. whether the criteria and process for installation, resiting and removal of payphones at a particular site are appropriate and sufficiently objective.

   e. Performance and monitoring of payphone provision under the USO:

      i. role of the ACA in performance monitoring;

      ii. level of performance in installation, resiting, removal and repair of payphones;

      iii. level of performance achieved in Quality of Service and appropriate functionality terms;

      iv. current causes of low performance; and

      v. whether existing arrangements adequately address systemic issues.

In conducting its review, the ACA will consult directly with key stakeholders relating to payphone provision and use, including consumer, disability, low income and Indigenous groups, the Payphone Industry Association and Telstra. It will also take submissions from the public.

Part A

THE PAYPHONE ENVIRONMENT

CHAPTER 2: THE ROLE OF PAYPHONES IN 2003

To obtain a good understanding of who now uses payphones and for what reasons, since the mobile phone revolution, the ACA commissioned Taylor Nelson Sofres Australia to undertake market research. The ACA last did a similar study in 1999, the results of which are discussed in *ACA Special Report No.5: Payphones (March 2000)*. The research involved 208 intercept interviews of payphone users.

METHODOLOGY

TNS elected to conduct the study through intercept interviews of payphone users at payphone sites in order to include people who did not have a home telephone. This methodology means that results reflect average use of payphones in Australia rather than the average payphone user, because people who use payphones more frequently were more likely to be surveyed. This was considered beneficial for policy development because the results are more likely to reflect use by people who have a large reliance on payphones.

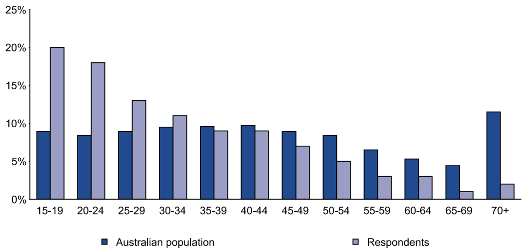
The interviews were conducted in October 2003 at 146 Telstra payphone sites in eight metropolitan, five rural and five remote areas. A total of 774 interviews were achieved, with 517 (66.8 per cent) from metropolitan areas, 232 (30.0 per cent) from rural areas, and 25 (3.2 per cent) from remote areas. Because the number of remote interviews is too small for results to be anything more than indicative, rural and remote areas have usually been combined into 'non-metropolitan' for the purposes of analysis and discussion.

FINDINGS

Profile of payphone use

Payphone use is far more likely among younger than older people (Figure 2.1). With children aged under 15 years excluded from the study, in accordance with the standard ethical rules of the market research profession, the average age of respondents was 33 years. This compares to an average age of 40 years for the Australian population aged 15 years and over.

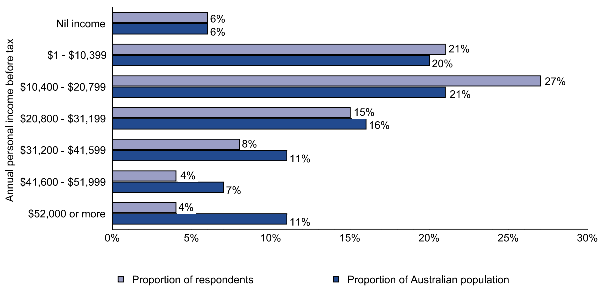
Figure 2.1: Age of respondents compared with age of the Australian population



Payphone use is more common among those in rental accommodation that those who own their own homes. More than half of respondents (58 per cent) were living in rental accommodation. Although not a directly comparable figure, only 26 per cent of households are rented, which suggests that payphone use in Australia is over-represented by people who rent.

Payphone use is more common among those who are unemployed. Nearly one in three (30 per cent) of respondents were not working, with 17 per cent saying they were unemployed and looking for work. This compares with the national figure of only 4.4 per cent of people aged over 15 who are unemployed and looking for work.

Figure 2.2: Respondent annual income before tax compared with Australian population



Payphone use is over-represented by people on low incomes. Figure 2.2 shows that 54 per cent of respondents were earning up to $20,799, compared with 47 per cent of the general population. Interestingly, over-representation was much stronger in the $10,400 to $20,799 income bracket than the two lowest income brackets.

Five per cent of respondents said that they had special needs of some kind. This included two per cent requiring wheelchair access (or similar) and one per cent needing a volume control.

Reasons for using a payphone

Payphones are used for a variety of reasons. The most common purposes of the respondent's call (or first call) were:

- social chat (40 per cent);
- make arrangements to meet someone or order a taxi (25 per cent);
- inform a family member of whereabouts (13 per cent); and
- a call to an organisation providing non-government services (nine per cent).

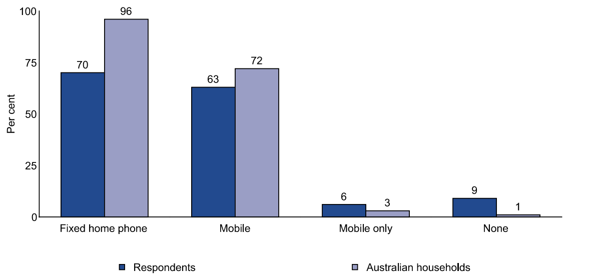
TNS then asked a follow-up question in recognition that people may see payphones as being particularly important for providing access to certain types of calls, even if these calls are not made on a regular basis. In the previous 12 months:

- 64 per cent of respondents had made a call to inform their family of their whereabouts (76 per cent for 15–24 year olds);
- 31 per cent had made a call related to seeking employment or to a Centrelink office;
- 26 per cent had made a call to an organisation providing a government or social service; and
- 14 per cent had made an emergency call (either 000 or non-000 such as car breaking down).

Ownership of and access to home telephone services

Payphone use is more commonly undertaken by people with poor access to home telephone services. Figure 2.3 shows that nine per cent of respondents had no access to any home telephone service (that is, either fixed or mobile), compared with one per cent of Australian households (unpublished data from the ABS Household Use of Information Technology research, 2003). Respondents in non-metropolitan areas were much more likely to have no access to other telephone services (14 per cent compared with seven per cent in metropolitan areas).

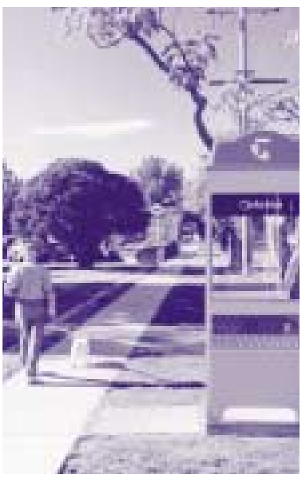
Figure 2.3: Respondent access to telephone services compared with Australian households



Note: 'Fixed home phone' includes both standard home telephones and limited access home telephones. The payphone survey also included 'Someone else's phone' and it is not known what effect such an option would have had on the ABS data for Australian households.

In the breakdown of the first histogram of Figure 2.3, 63 per cent of payphone use is by people with a standard home telephone service, while an extra seven per cent of respondents had a limited access home telephone that required calls to be prepaid. Figure 2.3 also shows that this combined total is significantly less than the 96 per cent for Australian households. Fifteen per cent had regular access to someone else's telephone service, while six per cent had a mobile phone only.

Turning to the second histogram of Figure 2.3, interestingly 63 per cent of payphone use is by people with mobile phones. The ABS found that 72 per cent of households had a mobile phone. Respondents using payphones in metropolitan areas were more likely to have a mobile phone than other respondents (71 per cent compared with 63 per cent on average).



Those living in rental accommodation were significantly less likely than those living in their own home to have a standard telephone service (50 per cent compared with 89 per cent), as were those who were unemployed (44 per cent compared with 63 per cent on average).

The main reason for not having a home telephone was affordability (26 per cent of those who did not have a home telephone). Affordability was a much more significant issue for people receiving government benefits (36 per cent compared with 10 per cent of those not receiving government payments). Personal choice and other reasons were cited by 16 per cent of those without a home telephone, and having no fixed address was cited by 15 per cent.

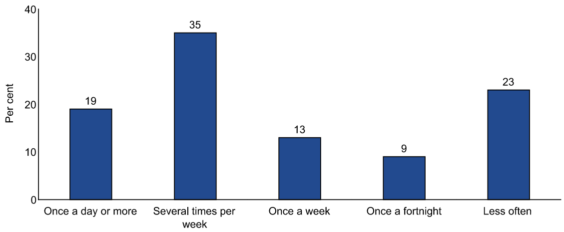
For those respondents who had access to a non-payphone telephone service, the various reasons offered for why they chose to use a payphone on the day of the survey were:

- away from work and cannot use own mobile because of issues such as battery problems, leaving it at home or having no coverage (33 per cent);
- cheaper than a call from a mobile (29 per cent);
- away from home or work and do not have a mobile (24 per cent); and
- have not pre-paid for calls on home or mobile telephone (8 per cent).

Frequency of use

The majority of payphone use is by people who use payphones frequently. Figure 2.4 shows how often respondents generally use payphones, with 35 per cent using a payphone several times a week.

Figure 2.4: Frequency of payphone use by respondents



In the past week, respondents had used a payphone 5.3 times on average. This is not significantly less than the average of 5.6 times for the 1999 research. Metropolitan respondents used payphones more frequently in the previous week (5.8 times) than non-metropolitan respondents (4.1 times). Eighteen per cent of respondents had used a payphone 10 or more times in the past week.

The majority of respondents (74 per cent) had made one call from the payphone in question on the day of the interview, while 17 per cent made two calls.

More than half (51 per cent) of payphone use is made by users who purposefully go to a particular payphone. A further 24 per cent is by people who were passing by and stopped to make a call, and 24 per cent is made by people who said they needed to make a call and looked around until they found a payphone. Use of payphones in non-metropolitan areas is more likely to come from people who purposefully came to that particular payphone (62 per cent).

The average distance travelled for those who purposefully came to that particular payphone was 1.3 kilometres. Respondents in metropolitan areas only needed to travel 650 metres, while people in non-metropolitan areas travelled 2.2 kilometres on average.

Satisfaction with payphones

Payphone users are generally satisfied with the availability of payphones. Seventy-four per cent of respondents said that they were either very satisfied or partly satisfied with the availability of payphones. This shows an improvement from 59 per cent from the 1999 research. Figure 2.5 shows that respondents in non-metropolitan areas were more satisfied than in metropolitan areas.

People who were dissatisfied were asked the reasons for their dissatisfaction. Their answers indicated that they interpreted 'availability of payphones' broadly. The main reasons were 'payphones are often out of order' (63 per cent) and 'not enough payphones' (54 per cent).

Figure 2.5: Satisfaction with the availability of payphones

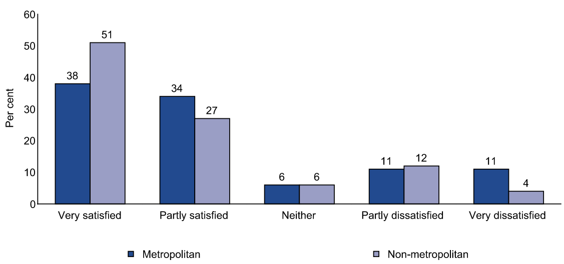
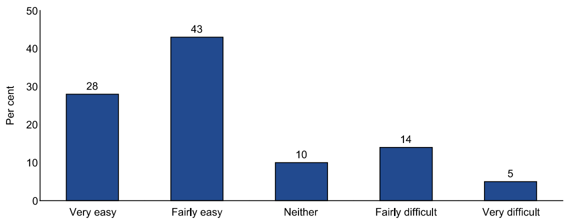


Figure 2.6 shows that respondents generally found it easy to locate a payphone when they were looking for one. Seventy-one per cent of respondents believed it was 'very easy' or 'fairly easy' to locate a payphone, compared with 63 per cent of respondents in the 1999 research who were satisfied with the ease of finding a payphone. The results did not vary significantly between metropolitan and non-metropolitan areas.

Figure 2.6: Ease of locating payphones



The majority of respondents (76 per cent) said that if the payphone they used had not been there, they would have looked for another payphone. A further 11 per cent said they would not have made the call, five per cent said they would have waited until later to make the call from a home or mobile telephone, and three per cent said they would have borrowed a friend's or relative's phone.

Most respondents (66 per cent) said it would have been 'inconvenient' if the particular payphone they used had not been available. Thirty-one per cent said it would have been 'highly inconvenient' and 35 per cent said 'fairly inconvenient'. A further 30 per cent said no inconvenience would have been caused. People in non-metropolitan areas were slightly more likely to say it would be inconvenient (69 per cent compared with 64 per cent).

Bluephones and Goldphones

People were asked a number of questions about their use and opinions of Bluephones and Goldphones to get an understanding of whether independently operated payphones are used differently to Telstra payphones. However, because all respondents were interviewed at Telstra payphones, there is expected to be a bias towards a preference for Telstra payphones.

Just over half (53 per cent) of the respondents had used a Bluephone or Goldphone at some time. Sixty-six per cent of respondents used one of these payphones once a month or less, with an average of 2.4 times per month.

The majority (72 per cent) of those who do use these payphones said there was no particular reason why they use these payphones as opposed to other payphones. The remaining 28 per cent gave the following reasons:

- availability (for example, in a hotel, shopping centre or workplace);
- they are more reliable; and
- they are often located in quieter, safer or more private locations.

Similarly, the majority (67 per cent) who do not ever use these payphones said there was no particular reason for choosing other payphones over Bluephones or Goldphones. The remaining 33 per cent of people who preferred other payphones gave the following reasons:

- availability;
- less expensive;
- can use phonecards;
- they are more reliable; and
- they are more private.

CONCLUSIONS AND IMPLICATIONS FOR GOVERNMENT POLICY

The market research indicates that younger people, those living in rented accommodation, unemployed people, those receiving government payments and those on lower incomes make up a proportionally higher portion of payphone use in Australia. This higher share of use is because the characteristics of these people mean that they tend to have poor access to other telephone services. This suggests that payphones are important for social equity and the government should use tools such as the USO to ensure that payphones are provided in socially disadvantaged areas.

The general satisfaction with the availability of payphones and the ease of finding a payphone suggest that this is being achieved, although the review consultation identified specific exceptions for ease of access, particularly for people with a disability and Indigenous communities.

The majority of payphone use in Australia is as a convenience, including calls related to social contact, such as a chat or to arrange to meet someone or a taxi. Generally speaking, the role of providing people with access to payphones for this purpose falls mainly to the commercial market, with the government interested in removing constraints on supply. However, the government's role in ensuring the provision of payphones is reflected in the findings that a significant number of people relied on payphones in the previous year for safety and emergency reasons, or as basic access to telecommunications services (including to access government services or to assist them to gain employment).

Interestingly, respondents to this survey reported using payphones nearly as frequently in the past week as did respondents from the 1999 research of consumer use of payphones. This suggests that, while improved access to other telephone services in the past few years has reduced overall payphone use, those who still use payphones have just as much reliance on them as in 1999.

The results present an interesting situation—although other data shows that usage of payphones in Australia is falling in part as a result of the mobile phone revolution, the ACA found that 63 per cent of payphone use is by people who own a mobile phone.

It appears that not all mobile phone owners abandon use of payphones; rather, those who are price-sensitive to mobile call costs will continue to use payphones as well. This is reflected in the demographics of use, which are skewed towards people who are young, renting accommodation, unemployed or have a low income. Other mobile phone owners who are less price-sensitive to mobile call costs will only use payphones occasionally, such as when they do not have their mobile phone with them, have forgotten to pre-pay it or the battery is dead.

Although almost half of respondents had never used a Bluephone or a Goldphone, the vast majority of all respondents said that there was no particular reason why they used one type or the other. This suggests that while Telstra payphones and independent payphones are not perfectly substitutable, it could be because independent payphones are not located in publicly visible locations rather than deliberate choice by users. The implication of this is that while the government should be aware of the number of independently-provided payphones when assessing the need for Telstra payphones under the USO, it should not see the two types as perfectly substitutable.

The implications of the findings of the research for government policy are dealt with in more detail throughout this report.

In summary, payphones have a proportionally higher usage by disadvantaged people and are therefore important for social equity. In addition, many people who have a mobile phone continue to use payphones just as frequently, especially if they are price-sensitive to the costs of mobile phone calls. This indicates that a commercial payphone industry can exist despite high mobile phone ownership.

CHAPTER 3: THE PAYPHONE INDUSTRY

Paytel satellite phone on train

THE PAYPHONE INDUSTRY

There are three types of payphone operator in Australia. The most common are independent businesses such as hotels, clubs, and convenience stores. Typically these firms will provide one payphone, for example, a Bluephone, as an additional service for their customers in a similar way to car parking or a rest room.

Telstra payphones are the second and most visible type of payphone. These are typically provided at public sites with 24-hour access, although some are also found in sites such as shopping centres where 24-hour access is not possible.

Under the USO, Telstra is required to ensure that payphones are reasonably accessible to all people in Australia on an equitable basis, wherever they live or carry on business. Chapter 9 describes in further detail the situations in which Telstra is required to provide a payphone under the USO even if it is not profitable to do so. Despite this, the vast majority of Telstra payphones are provided on a commercial basis and not subsidised under the USO. Because of USO requirements, ACA reporting focuses more heavily on Telstra payphones.

The third type of payphone operator is the specialist payphone firm other than Telstra. Examples of these providers are TriTel, Payphones.com, and Optus. These service providers are distinguished from independent operators because they provide payphones as a key business. Accordingly, these providers are responsible for a larger number of payphones, not just one or two.

The number of payphones in Australia

Telstra provided the ACA with the number of Telstra payphones and the number of standard payphone access lines that it supplies to other payphone operators. TriTel and Optus provided information separately because their payphones are not included in Telstra's data. Australia had 68,446 reported payphones on 30 June 2003. However, it is estimated that there may be a few thousand payphones that are not included in the ACA's data because they use a standard telephone line rather than a special payphone access line. Hence the ACA estimates that there were 72,000 payphones in Australia in 2003.

Table 3.1: Number of reported payphones provided, 1999 to 2003

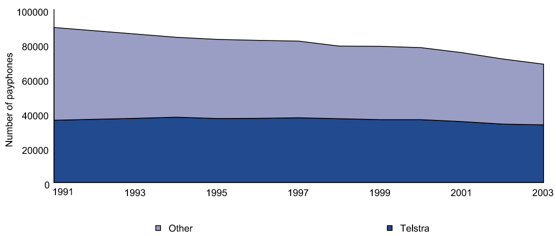
	June 1999	June 2000	June 2001	June 2002	June 2003
Telstra	36,333	36,336	35,151	33,778	33,299
(TTY equipped)	(88)	(145)	(161)	(171)	(176)
Other reported	42,432	41,659	39,899	37,686	35,147
Total	78,765	77,995	75,050	71,464	68,446

Table 3.1 shows that the number of reported payphones in Australia has declined significantly (by 13.1 per cent) over the last four years. The largest decline has been in non-Telstra payphones, which fell by 17.2 per cent over the period, while Telstra payphones fell by 8.4 per cent.

Figure 3.1 shows that while the trend has been most apparent in recent years, the number of payphones has been diminishing since a peak in the early 1990s. The change in the number of payphones over the past few decades reflects the increasing and then decreasing number of non-Telstra payphones, with the number of Telstra payphones remaining surprisingly constant during this period.

The structure of the industry is competitive with thousands of firms. About 50 per cent of the industry belongs to the numerous independent payphones, 46 per cent belongs to Telstra and three or four per cent to other specialist payphone firms.

Figure 3.1: Payphones in Australia since 1991



The retail payphone services industry is less concentrated than many other telecommunications services. For example, Telstra has 84 per cent of telephone access lines, 84 per cent of local calls, 77 per cent of domestic long distance call minutes and 51 per cent of mobile services (ACCC, *Telecommunications Market Indicator Report 2001–02*, September 2003).

Nevertheless, Telstra does have some market power, because it is the largest individual firm in the industry and because it is vertically integrated, being the wholesale supplier of the payphone access lines that all but a few other payphone operators use for access to the telecommunications network (for example, Optus payphones use satellite while a small number of other payphones operate on standard telephone lines). In this position of market power, Telstra's commercial decisions as well as the regulatory obligations it must meet have a significant impact on the rest of the industry.

Commercial viability of payphones

The main reason for the decline in total payphones has been the reduction in use as alternative sources of voice telephony have become more accessible—with a consequent fall in revenues and commercial viability of some payphones. The beginning of the decline in the early 1990s was in response to the increasing percentage of households getting a home telephone, with the number of telephone services increasing from approximately 4.75 million in 1980 to just under eight million in 1990 (AUSTEL, *Payphones*, December 1992).

Since then, the effect has been mainly from mobile services. While home telephone ownership took many decades to reach the vast majority of the population, it has been a much shorter process for mobiles and therefore the effect on payphones has been much quicker (as shown by the downward kink from 2000 in Figure 3.1). It was shown earlier that, while Australia's high mobile phone density has led to lower levels of payphone use generally, many people appear to continue to use payphones in conjunction with their mobile phone.

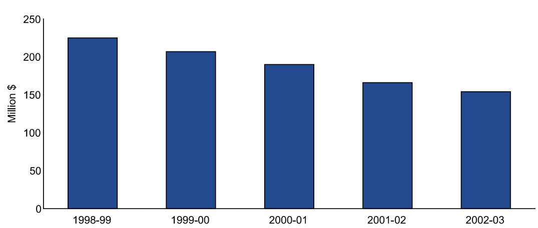
The decline in the use of payphones is illustrated by the fall of approximately six per cent in the number of calls from Telstra operated payphones in 2002–03.

Not only has the number of payphone users fallen, but payphone providers now receive less average revenue per call. The introduction of the Goods and Services Tax (GST) in 2000, in conjunction with Telstra's local call price cap of 40 cents, meant the amount of revenue received for a 40 cent local call was reduced to 36.4 cents. In addition, the rapid growth of free-to-caller calls has also meant reduced revenues for operators. This type of call can be made without payment at the payphone, and includes calls to 1800 numbers, pre-paid calling cards and reverse charge calls. Payphone operators do not receive compensation for providing access to these calls.

The Payphone Industry Association submission stated that revenues from '…long distance calls from payphones have all but vanished [as a result of calling cards] while the costs of maintenance, line access and capital equipment required to carry these calls remain'. Possible policy responses are discussed in more detail in Chapter 5.

These changes to the payphone environment are having a significant effect on Telstra's revenue (Figure 3.2). According to Telstra's annual reports, revenue from Telstra's payphone business, which includes both Telstra operated payphones and the rental of payphone access lines to other providers, fell by 32 per cent from 1998–99 to 2002–03. In its submission, Elvet Associates correctly noted that Telstra's annual report does not explain the scope of the revenue included in the figures, as most revenues from other Telstra products such as National Reverse Charge and Homelink 1800 would accrue from the use of payphones. Despite this, the ACA believes that the revenue figures still provide some indication of what is happening in the payphone industry.

Figure 3.2: Telstra payphone revenue, 1998–99 to 2002–03 ($m)



Telstra's total costs may also be falling as unprofitable payphones are removed, although USO obligations do apply to the last payphone at a particular site. However, it appears that the main approach that Telstra has taken in response to falling revenues is to remove payphones from sites with multiple payphones. This is discussed in further detail in the next section.

Telstra has also informed the ACA that a significant reason for the reduction in its payphones is competition from new specialist providers such as TriTel. For example, Telstra advised that nearly 40 per cent of the reduction in its payphones in 2001–02 was because it had been asked to vacate the payphone site (mainly within shopping centres) to allow another provider to install its payphone.

In contrast to Telstra, other payphone providers do not have restrictions in responding to falling revenues and commercial viability. This has been particularly apparent in the rapidly falling number of independent businesses wanting to provide a payphone for their customers. This trend is likely to continue with some parts no longer available for the approximately 12,000 Goldphones in service, with most of them being over 25 years old (Payphone Industry Association submission to the Estens Inquiry).

Despite the falls in payphone revenue, the payphone industry can still be quite lucrative and profitable in particular areas. This is illustrated by the recent emergence of a number of specialist payphone firms such as TriTel and Payphones.com. TriTel in particular has been active and has rapidly increased its number of payphones to nearly 1,000 in a few years, focusing on internal sites such as within shopping centres.

Future services

The ACA was also told of various new developments, including short message service enabled payphones, which Telstra is currently trialling at 4,000 payphone sites; web kiosks with phone access being developed by firms such as Marconi and WebPoint; and multifunction centres provided by TriTel. These additional services may also increase usage and revenues from payphones and improve commercial viability.

Measures of the accessibility of payphones

The total number of payphones provided nationally is only one measure of how accessible payphones are for the community. Other measures include the number of payphone sites, comparisons with the total population and analysing whether payphones are provided equally throughout the country.

The number of payphone sites provides the best indicator of the accessibility of payphones, because two payphones provided in two separate locations may provide more people with access to payphone services than if they were installed at the one site. Telstra advised the ACA in June 2002 that, although the number of Telstra payphones decreased by 1,373 in 2001–02, it estimated that the number of payphone sites decreased by approximately 600.

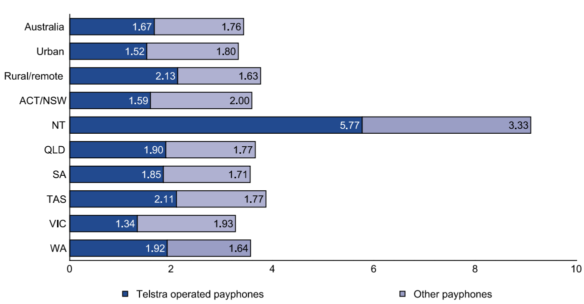
There were 23,541 sites with at least one Telstra payphone as at 30 June 2003. Just under 67 per cent of sites were located in urban areas, with 30 per cent in rural areas and 3.4 per cent in remote areas. Each site had an average of 1.4 payphones. Interestingly, remote sites had the highest average with 1.6 payphones compared with 1.5 for urban and 1.3 for rural sites.

Figure 3.3 shows how payphones are distributed across Australia. Australia has 3.43 payphones for every 1,000 people. This penetration rate is significantly lower than in the United States, where the ACA estimated there were 5.9 payphones per 1,000 people based on FCC data for March 2002, although the US penetration rate is declining more rapidly than Australia's.

Payphone penetration was higher in rural and remote areas combined (3.76 payphones per 1,000 people) than in urban areas (2.32). Non-Telstra payphones contributed more to the penetration rate in urban areas, while Telstra-operated payphones accounted for more in rural and remote areas. Telstra's USO requirements are also apparent in the fact that only 69 per cent of Telstra payphones are in urban areas, compared with 78 per cent for other payphones.

The most striking aspect of the payphone penetration rates across the states and territories is the very high rate in the Northern Territory, with 9.10 payphones per 1,000 people. While it may be concluded that the reason for this is the territory's low population density, all the other states, with varying degrees of population density, have similar payphone penetration rates. A possible explanation could be that a higher percentage of people in the Northern Territory may live in small remote communities (such as Indigenous outstations) than for other states. Telstra's SMP states that these communities have a right to a payphone under the USO if they have more than 20 adult permanent residents. However, the Northern Territory also has a very high penetration rate for non-Telstra payphones.

Figure 3.3: Payphone penetration rate (payphones per 1,000 people)



The very large difference in the penetration rate of the Northern Territory compared with the rest of Australia indicates that there is a number of factors that determine a penetration rate and it should be used with caution when attempting to assess performance. The use of penetration rates in determining performance was also questioned by consulting firm

Elvet Associates, which indicated in its submission that a higher penetration rate does not necessarily mean that the social needs for payphones are being more effectively fulfilled.

Substitutes

Fixed telephones

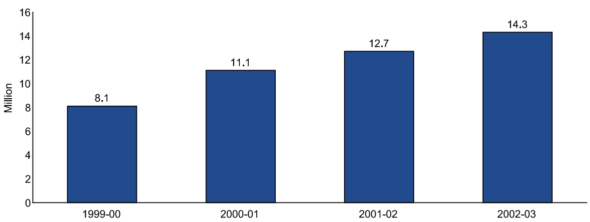
Fixed telephones provide the majority of Australians with access to voice telephony in the home and at work. The ABS advised that in 2002, 96 per cent of Australian households had a fixed phone. Another three per cent relied on a mobile phone only, while about one per cent had no access to a telephone at home (although the research does not capture homeless people).

Telstra stated that telephone services with barred access except calls made with pre-paid calling cards are increasingly replacing Bluephones and Goldphones in hostels and boarding houses. A small number of the households with fixed phones at home are relying on InContact access and Communic8 prepaid calling card services, or have bars on long distance and international calls.

Mobile phones

Mobile phones are increasingly used to provide access to voice telephony wherever the user may be located. Australia has had more mobile phone services than standard fixed telephone services since 2000–01. Figure 3.4 shows that there were 14.3 million mobile services as at 30 June 2003, compared with 11.6 million fixed services.

Figure 3.4: Mobile services in operation



Source: Mobile carriers

The growth in the number of mobile services is shown in the number of households that the ABS reports as having access to a mobile phone. The ABS (2003) reports that 72 per cent of households had access to a mobile phone in 2002, up from 61 per cent in 2000 and 44 per cent in 1998. The ACA's *Telecommunications Performance Report 2002–03* stated that 71.9 per cent of individuals owned a mobile phone in 2003.

Access to mobile phones has increased through pre-paid services, which allow people to get a mobile phone without the risk of unexpectedly large monthly bills, or being tied to a long contract, or credit-worthiness checks. Nevertheless, mobile call costs can be higher than costs for fixed telephone and payphone calls. Of the three per cent of households relying on mobiles for access, it seems possible that many are using the mobile phone for initial contact and incoming calls, and using payphones for outgoing calls.

Summary

In summary, people generally have good and improving access to voice telephony from a range of sources, of which payphones are just one. Increased access to fixed and mobile telephones is reducing payphone use and revenues. The introduction of the GST and the increased use of free-to-caller services are also contributing to falling payphone revenues and commercial viability for some payphones. The decline in revenues has resulted in fewer payphones being provided, particularly those provided by independent businesses.

Telstra has had only a minor reduction in its payphone numbers, due in part to its obligations to provide unprofitable payphones in some circumstances. Furthermore, there are many areas where the industry remains quite viable, profitable and thriving.

PART B

THE COMPETITIVE MARKET

CHAPTER 4: THE ROLE OF THE COMPETITIVE MARKET

The competitive market is a major driving force behind the payphone industry. Despite the attention Telstra receives for its provision of payphones under the USO, 90 per cent of the payphones in Australia are supplied on a commercial basis. Only about 10 per cent are loss-making services and are supported by universal service funding.

Furthermore, nearly half of all payphones are private payphones operated by thousands of independent businesses, who lie largely beyond ACA jurisdiction. Though overall numbers of payphone providers may be declining, the competitive market remains the primary incentive for payphone services to the Australian public. The ACA would be concerned if artificial constraints on competitive supply caused falls in commercial viability, resulting in an undersupply of payphones to meet public demand.

The goals of government for the competitive market would be twofold:

(a) to ensure that artificial constraints on commercial supply are removed; and

(b) to ensure that all payphone operators are subject to appropriate rules for the protection of consumers.

This part of the report first describes the constraints on competitive supply, both structural and behavioural, in Chapter 5. The Payphone Policy Review is concerned primarily with structural constraints, including trends in free-to-caller calls and the effects of price caps. To the extent that there are complaints about anti-competitive behaviour in this industry, it is the role of the ACCC to examine the complaints under the *Trade Practices Act 1974.*

Chapters 6 and 7 look at consumer protection issues. The payphone industry is subject to fair trading laws and other consumer protection regulation. Those operators who are carriers or carriage service providers are also subject to consumer codes developed by ACIF. However, two additional issues have arisen and are addressed in Chapters 6 and 7. People with a disability need access to payphone services, whoever these services are provided by.

It is proposed that the payphone industry work with the Human Rights and Equal Opportunity Commission to develop a payphone accessibility code, so as to ensure payphones are more suitable for people with a disability.

It has also been found that payphone operators who block commercial free-to-caller call numbers may, in doing so, inadvertently block calls to crisis intervention services such as Life Line and Kids Help Line. Some calls to crisis intervention services may be as important in saving lives as calls to the emergency call service numbers 000 and 106.

CHAPTER 5: COMPETITION POLICY

The government will want to ensure that artificial constraints on competitive supply are removed to maximise the natural, commercial supply of services by the payphone industry in meeting public demand.

The Payphone Policy Review is concerned primarily with structural constraints, rather than behavioural constraints.

Anti-competitive behaviour is of course possible in the payphone industry. Telstra's position as the only provider of specialised payphone access lines creates the potential for favourable treatment of its retail payphones business compared to its competitors. However, it is the role of the ACCC to examine complaints of anti-competitive behaviour under the *Trade Practices Act 1974*.

The ACCC has investigated a number of Telstra's practices following approaches by the Payphone Industry Association and TriTel. These issues include the configuration of Telstra's then only payphone access line product, the potential barrier to entry caused by Telstra's Phonecard, and Telstra's decision to internally compensate its payphone business for free-to-caller calls when other providers cannot as they are not vertically integrated. In all of these cases it was either found that Telstra was not acting in an anti-competitive manner or the issue was resolved through commercial negotiation between the parties.

The possible structural constraints considered in this chapter are:

- the effect of 'price caps';
- the impact of the increasing number of free-to-caller calls made from payphones;
- the ability of new entrants to access sites historically used by Telstra;
- the impact of technical equipment standards; and
- the interaction of the USO with the competitive market.

REGULATION ON THE PRICE OF A LOCAL CALL FROM TELSTRA PAYPHONES

Telstra is currently restricted by regulation from charging more than 40 cents for a local call from one of its payphones. This price cap recognises the reliance that some people on low incomes have on payphones, yet it still must be set at an amount that gives competitive payphone operators and indeed Telstra itself sufficient incentive to provide payphones to the community. The 40 cent price cap has been in place since it was increased from 30 cents in 1994. The previous increase was from 20 cents in 1986. The price of long distance calls and calls to mobile phones are not capped.

Although the price cap applies only to Telstra, the Payphone Industry Association claimed that competitive pressure means that other operators with a payphone nearby a Telstra payphone or applying to install payphones in a shopping centre effectively cannot charge more than Telstra.

The Minister is given the power to determine price controls through the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. The current payphone price cap and other price controls are found in *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No.1 of 2002*.

The regulation impact statement for this determination stated:

> Further consideration could be given to the case for an increase in the cap over the coming months, when more information, including cost information, is available. If justified, an increase in the cap could be made by amending the price control determination during the period of the controls.

While the ACCC would normally advise the Minister on the case for an increase in the cap, this review was asked to consider the effect of the price cap.

Telstra's submission to this review called for the price cap to be removed to 'provide increased ability for Telstra to fund investment in new payphone products and booths.' The submission drew attention to the fact that the cap has been in place for almost a decade and that the introduction of the GST in 2000 reduced the revenue that it receives from a call to 36.4 cents. Telstra also stated that removal of the cap would potentially encourage greater competition in the industry 'as new entrants saw fresh and viable opportunities for operating in niche markets.'

This point was supported by the Payphone Industry Association in its submissions to this review and the Estens Inquiry. The association recommended that the cap be increased to 50 cents or for a formula-based process to be used to allow for appropriate automatic increases over time. It claimed that the price cap is a barrier to competition and is leading to a reduction in the number of payphones available to the public, which in turn is hurting the very people it is meant to benefit. The association also pointed to the reduction in revenue due to the GST and the increased use of calling cards (particularly for long distance calls), higher operating costs, and higher payphone charges overseas as arguments for an increase.

On the other hand, the Australian Council of Social Service (ACOSS) opposed an increase in the price cap, advising that it was important to many low income earners, and noting that in some other markets telecommunications call prices are falling, not increasing.

Analysis of whether the 40 cent price cap remains appropriate

Consideration of the price cap involves balancing two things:

- adequate protection for low income payphone users; and
- giving operators an incentive to continue to provide payphones for the community.

Chapter 3 of this report discusses how falling revenues have resulted in a rapid decline in the number of payphones over the past five years. Furthermore, this trend in revenue is likely to continue as mobile density increases and people increasingly look towards calling cards (from which the payphone operator receives no revenue, as discussed later in this chapter) to make long distance calls. Telstra can be price-capped and also required to provide payphones. Independent operators and non-Telstra specialist payphone firms—who together provide the majority of payphones in Australia—cannot be forced to remain if they are in effect indirectly capped and as a result their payphone becomes unprofitable.

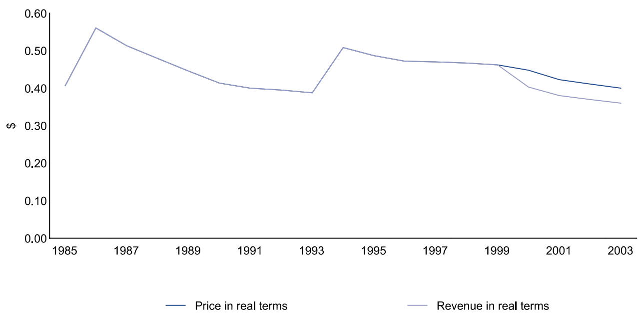
The lighter-coloured line in Figure 5.1 shows the change in the real value (in 2003 prices) of the revenue received from a local call from a payphone. The spikes in 1986 and 1994 reflect the previous increases of the price cap, while the GST is the cause of the divergence from the real price of a call since 2000. Real revenue is now at its lowest level over the period at 36.4 cents per local call, compared with 40.5 cents in 1985 and 38.8 cents in 1993.

An increase in the price cap to 50 cents would provide per-call revenue of 45.5 cents (after GST), significantly lower in real terms than after previous price cap increases. It could also be argued that payphone operators need to collect more from each call now to cover the costs of providing a payphone, as reduced overall use and the increased use of calling cards have reduced the number of revenue-deriving calls from each payphone.

The darker-coloured line in Figure 5.1 shows the changes in the real price (in 2003 prices) of a local call from a payphone. The graph illustrates that the real price of a local call is low and is declining. The current 40 cents is at a level similar to the real price of a local call just before previous increases to the price cap were made, with 40.5 cents in 1985 and 38.8 cents in 1993. An increase to 50 cents would result in a real price that is lower than what resulted after the previous increases, with the equivalent of 56.1 cents in 1986 and 50.8 cents in 1994.

While price caps probably do have a negative effect on payphone provision, a public consultative process by a body such as the ACCC is desirable before making a decision either way.

Figure 5.1: Price of and revenue from a local call from a payphone in real terms, 1985 to 2003



Note: Prices and revenues were transformed into 2003 equivalent values by adjusting for inflation using the CPI.

Recommendation 1: The conditions exist for a body such as the ACCC to consider an increase in the price cap on local calls from Telstra payphones, but any decision would require a balancing of several conflicting goals.

LACK OF COMPENSATION FOR FREE-TO-CALLER CALLS

Free-to-caller calls enable a call to be made without any payment at the payphone. Types of free-to-caller calls include the following:

- 1800 numbers that have been purchased by a business or charity organisation, which sees it in its interest for the call to be made and to pay the network owner for the provision of the call.
- Pre-paid calling cards, which allow the caller to dial a 1800 number and enter a code to make a long distance call. The supplier of the calling card pays the network owner for delivering the call, and the network owner may not be the long distance carrier pre-selected to the payphone.
- Reverse charge and Telstra Homelink calls, in which the network owner adds the charge to either the call recipient's account or to another specified fixed line account.

The nature of the payphone service means that the price of a normal call must not only cover the cost of delivering the call across the network, but also help contribute to the cost of providing the payphone itself. Free-to-caller calls mean that while network owners receive payment for delivering the call (from the business that has purchased the 1800 number,

Independently operated payphone

for example), the payphone operator does not receive any payment for providing the payphone. The Payphone Industry Association's submission proposed a compensation system to ensure that payphone operators are compensated for providing access to these calls. It stated that the largest impact is from calling cards, which means that long distance revenues now go to calling card providers rather than payphone operators. There are also other implications, such as calling card users tying up a payphone when other users or payphone service personnel need access.

TriTel brought attention to this issue recently by temporarily limiting free-to-caller calls to one minute. The Payphone Industry Association stated that charging for these calls would not be a solution because the required signalling to charge for a call is not sent from the telephone exchange to the payphone, and furthermore there would be an adverse public reaction to a charge for calls marketed as 'free'.

Previous attempts to find a solution

Although the Payphone Industry Association has called for an industry-wide approach to the issue, TriTel's efforts have focused on Telstra as the largest carrier. The ACCC referred the matter to the now defunct Telecommunications Access Forum (TAF) on the basis that it was more appropriate for the industry to find a solution. The TAF could not agree on an appropriate outcome and the ACCC determined it had no jurisdiction to pursue the issue under the competition provisions of the *Trade Practices Act 1974*. A ministerial reference to the ACCC would be needed.

Telstra makes an internal transfer to its payphone business for each free-to-caller call made from its payphones and carried on its own network. Telstra indicated that it would consider some form of compensation to TriTel if it could better substantiate the costs incurred for providing access to these calls.

International approaches

The United Kingdom, United States, Ireland, Canada and Singapore all have arrangements in place for compensating payphone providers for free-to-caller calls.

The US Federal Communications Commission (FCC) is required by legislation to establish a per-call compensation scheme. This process has been complicated and drawn out, with five different decisions by the FCC and three court rulings on the appropriateness of those decisions. The focus of the debate has been on the most appropriate method for calculating how much the compensation should be, as well as the most effective process to ensure that all free-to-caller calls are compensated.

It has finally been established that the process in the US includes:

- a per-call rate of US$0.24;
- a requirement on the carrier that terminates the call to pay the compensation to the payphone provider (because it is this carrier that receives payment for the call from the owner of the 1800 number or the calling card operator); and

- a requirement on all carriers in the call path to provide the payphone provider with details of the next carrier, to inform the payphone operator of which carrier is required to provide the compensation. This is to overcome the problem of merely relying on the terminating carrier to come forward with the payment.

The FCC believes that there is only a temporary need for such regulation. This is because the combination of the payphone provider's ability to block free-to-caller calls (if compensation is too low) and the future ability for businesses with a 1800 number to block calls from payphones (if compensation is too high) will eventually result in a commercially negotiated outcome (FCC *Third Report and Order, and Order on Reconsideration of the Second Report and Order*, CC Docket No.96-128, February 1999).

In contrast to Australia, the impetus for compensation in the United Kingdom came from the incumbent carrier and payphone provider BT. BT began charging other service providers a 'payphone access charge' for any of their free-to-caller calls that were made from BT's payphones. The UK regulator Oftel decided that this charge should be regulated. Following a consultation process in 1998, Oftel established an industry working group to develop arrangements to allow other payphone operators to receive compensation in addition to BT. These were introduced in 2002 and involve BT collecting the compensation on behalf of the other payphone providers and passing the compensation on to them.

Assessing the need for a compensation scheme in Australia

In theory, payphone providers should be receiving compensation for providing access to free-to-caller calls. The current situation, whereby providers do not receive payment for providing a valuable service, means that the number of payphones provided in Australia is most probably fewer than there would be if the return to the payphone operator fully reflected its benefit to the community. Adequate compensation will reduce or remove the incentive to block these calls.

Telstra has previously reported to the ACA that approximately 8.5 per cent of calls from Telstra payphones in 2001–02 were free-to-caller. TriTel informed the ACA that these calls currently account for about 12 per cent of calls from its payphones. There are indications that the free-to-caller call issue is only going to become more significant as calling cards become increasingly common. Although virtually non-existent only a few years ago, there is now a huge range of discount long distance calling cards being sold in convenience stores. Already, if it is assumed that Telstra payphones are as likely to be used for free-to-caller calls as TriTel payphones, the share of free-to-caller calls has grown approximately 40 per cent since 2001–02.

This trend suggests that Australia may be following the United States where, even in 1999, the FCC found that 32.4 per cent of calls from an average payphone were free-to-caller (FCC report 1999). Obviously, very few payphones would continue to be provided in Australia with this level of free-to-caller calls if there were not some form of compensation.

At a policy level, therefore, the ACA considers that a free-to-caller compensation scheme is desirable.

However, the difficulties experienced in the US in introducing a compensation scheme provide an important lesson for Australia. A compensation scheme should use a simple and cost-effective approach. Examples of possible solutions include:

- US-style per-call compensation that requires both carriers and payphone providers to track exactly where each of the calls come from or go to;
- per-call compensation based on the average number of free-to-caller calls that each payphone provider originates and that each carrier terminates;
- per-payphone compensation based on the industry average of the number of free-to-caller calls per payphone; and
- individual agreements between the largest payphone operators and the largest carriers, should it be too expensive or complicated to include independent payphone operators in any scheme.

A complication to finding a solution to this issue is that any compensation scheme may increase the costs for not-for-profit organisations offering crisis intervention services through a 1800 number, such as Kids Help Line and Lifeline. None of the above international compensation schemes have specifically addressed this issue. The Irish regulator has said it will look into this issue, with one submitter to its consultation process suggesting that not-for-profit help lines be given their own number range and be excluded from the charge—a proposal also put to this review by some stakeholders (this is also discussed in Chapter 7).

Without a consultation process with industry on this specific issue, it is difficult for the ACA to advise on the best method of implementation. In any event, it is the ACCC that has the required skills to consider how to implement such a scheme.

Recommendation 2: The ACCC should be asked to hold a public consultation process to determine the simplest and most cost-effective method for providing compensation to payphone operators for providing access to free-to-caller calls.

ACCESS TO PAYPHONE SITES FOR NEW ENTRANTS

Telstra's previous status as the monopoly payphone provider has meant that it was able to secure most of the profitable payphone sites before new competitors entered the industry. However, increasing numbers of property owners such as shopping centre management have elected to replace Telstra payphones with payphones from new operators such as TriTel. These private internal sites are highly sought after by payphone providers because they tend to be in high traffic areas, do not require full booths, and are less susceptible to vandalism because they are generally in supervised areas.

However, the Payphone Industry Association believes that Telstra enjoys significant advantages in relation to public sites because of its powers and immunities under the *Telecommunications Act 1997* and the *Telecommunications (Low-impact Facilities) Determination of 1997*. As a result, a local council or developer cannot force Telstra to remove its payphones if it wishes for another operator to provide payphones in the area.

The ACA believes that these laws are necessary and should remain. Excluding payphones from the definition of low-impact facilities might cause serious complications for Telstra's fulfilment of the USO if it meant that councils were able to refuse Telstra permission to install payphones.

Furthermore, the benefits to new entrants do not appear to justify risking the effectiveness of the USO. New entrants already have access to the vast majority of sites that they seek, that is, private internal sites, and TriTel has indicated that there would only be a select few public sites such as the Bondi foreshore that would be of interest. It may also soon become easier for new entrants to become carriers themselves and receive similar rights, with an ACA discussion paper proposing to reduce the fees associated with becoming a licensed carrier (see ACA media release *ACA to review carrier licensing charges*, 28 October 2003).

PAYPHONE EQUIPMENT STANDARDS

The Payphone Industry Association indicated that some equipment standards relating to payphones are becoming outdated or no longer reflect the opinions of some of the industry.

Payphones, like all telecommunications customer equipment, need to comply with appropriate technical standards to, among other things:

- protect the integrity of and ensure interoperability with a telecommunications network;
- protect the health and safety of users or persons who work on a telecommunications network; and
- ensure that it can be used to access emergency services.

Payphones also need to comply with the disability standard, *AS/ACIF S040:2001 Requirements for Customer Equipment for use with the Standard Telephone Service—Features for special needs of person with disabilities*, which has requirements to assist people with disabilities to use a phone.

The ACA believes that these standards are necessary and are not sufficiently onerous as to act as a barrier to entry. These standards are developed through extensive consultation within the industry through ACIF, which is made up of representatives from suppliers, carriers, consumer organisations and test laboratories. In addition, technical standards are reviewed by industry periodically and where requirements become outdated, industry will recommend to the ACA that changes be made to align where possible to international requirements.

THE INTERACTION OF THE USO WITH THE COMPETITIVE MARKET

Telstra, as universal service provider, receives both monetary and intangible benefits that its competitors in the payphone industry do not.

Benefits of being the primary universal service provider

Telstra will receive $11.13 million in the 2004–05 financial year to support loss-making payphones. More discussion of these payments is in Part C – Universal Service, Chapter 8.

Telstra also receives intangible brand benefits from its subsidised payphones, as 'free' public advertising. BrandEconomics advised the review these brand benefits are real and non-trivial and could be calculated by a well-understood process. Ovum *(Calculation of the Intangible Benefits of Being the Universal Service Provider,* 2000) has in the past estimated the total benefits of being the universal service provider to be between $1 million and $10 million per annum. The ACA did not accept then that the benefits were sufficiently well-substantiated to be included in USO costings.

Effect on competition

It is unlikely that any of the specialist payphone firms in the industry are in competition with loss-making, subsidised Telstra payphones. These firms have targeted the most profitable niches. More likely is that some independent businesses face competition from subsidised Telstra payphones, for example, at service stations on rural highways. These independent businesses could sometimes operate a payphone profitably where a Telstra public payphone is loss-making, especially if the independent payphone is indoors. This is one of the conflicts associated with all services subsidised under the USO. It is insufficient reason to abandon a payphone USO, especially as the payphone is not (by definition) the primary business of these independent operators.

The Payphone Industry Association pointed out that if USO funds are being used to support loss-making Telstra payphones at service stations on rural highways, it would be more competitively neutral if the service station owner had an equal opportunity to provide the subsidised payphone.

The ACA agrees that it would be technically feasible, and more competitively neutral, to tender for the outsourcing of the provision of USO payphones. However, it might not be more efficient and could drive up USO levy costs. In particular, the administrative overheads involved in a scheme whereby individual service stations tendered to operate payphones and receive subsidies might be very high. The cost of running individual tenders and monitoring the performance of individual businesses might well be greater than the actual subsidy payable.

It may be more feasible to outsource the provision of groups of payphones, for example, on a regional basis. In fact, the extended zones program did tender out payphones together with other USO services. Since it may (or may not) be preferable to tender out payphones within a broader package of USO services, this payphone policy review cannot make a more specific finding. This topic should be a matter to be examined in any future consideration of broader USO tendering.

CHAPTER 6: PEOPLE WITH A DISABILITY

Under the *Disability Discrimination Act 1992*, people with a disability are entitled to access to the same services as the rest of the community, except where that would result in undue hardship to the provider. This obligation applies to all firms providing goods and services.

The Estens Inquiry recommended that the government should review the provision of payphone services to people with disabilities. In particular, it should take steps to ensure that competition in the supply of payphones does not impact adversely on access to teletypewriter (TTY) payphones (Recommendation 2.14). Apart from TTY issues, the inquiry noted its concern that there may be persistent difficulties being experienced by people with disabilities with other payphone issues.

Two main policy areas were raised by people with a disability. The first is general accessibility. The ACA supports the recommendation of the Human Rights and Equal Opportunity Commission (HREOC), that industry and disability consumer groups should develop a Payphone Accessibility Code, similar in concept to the code for automatic teller machines developed for HREOC by the banking industry. The second area is TTY payphones. The ACA is of the view that Telstra, as the universal service provider, has primary responsibility for expanding the TTY network, but that other specialist payphone firms do have a responsibility not to reduce the extent of TTY payphones.

Overall, the ACA found that the payphone industry is willing to meet the needs of people with a disability and that many industry members already take steps to do so. However, it is a competitive and fragmented industry. There are thousands of small operators of payphones in Australia and there may be new medium-size entrants as competition increases, therefore a common industry approach is desirable.

Women With Disabilities Australia stated that there is a need to ensure that competition in the supply of payphones does not adversely impact on access for people with a disability. The ACA agrees. Without some degree of industry-wide approach, there is a risk that payphones will not be generally accessible, or alternatively that Australia will end up with a patchwork of inconsistent state and territory laws about payphone accessibility.

GENERAL ACCESSIBILITY

There is a range of requirements for making payphone services accessible to people with a disability. This breaks down into four groups:

- payphone design features—for example, the Deafness Forum noted the need for volume control as well as noise cancelling ability;

- payphone placement—for example, Blind Citizens Australia noted the need to locate a payphone at a minimum distance out from the building line, so as not to obstruct blind people who walk along the edge of buildings for guidance;
- payphone installation—for example, the Physical Disabilities Council of Australia noted the need to have the operable parts installed at a height that people in wheelchairs can reach; and
- payphone surrounds—for example, Telecommunications and Disability Consumer Representation (TEDICORE) and Blind Citizens Australia suggested tactile tiles on the pavement to alert blind people using white canes to the presence of a payphone.

These needs usually have to be balanced against the needs of other users, for example, there is no height of installation that is perfect for everyone.

The Country Women's Association of Victoria observed that design needs are not limited to people with a disability. For example, payphone users with prams and elderly people on mobility scooters also have trouble with the doors on older cabinets.

The Disability Discrimination Act does not specify such technical details. Each payphone service provider could identify its obligations to people with a disability or these obligations could be agreed by the industry and specified in guidelines, codes or standards.

Payphone industry representatives stated that they were quite prepared to take the needs of people with a disability into account when installing payphones. Major operators already do this to varying extents, often through adopting standards from elsewhere. The review was advised by Dr Christopher Newell, Chairman of the ACIF Disability Advisory Body, that there is no Australian guideline or standard specifically relating to payphones. However, precedents exist—TriTel uses a US standard and TEDICORE advised of the existence of a European Commission guideline, while Telstra has done extensive local research to develop its own policies.

Telstra has a disability consultation program, including a Consumer Consultative Council and a Disability Forum, and it installs payphones in accordance with rules developed following extensive research and consultation. Telstra has lodged a Disability Action Plan with HREOC under the Disability Discrimination Act. It also sets out some of its obligations under the Disability Discrimination Act within its USO Policy Statement and Standard Marketing Plan. The ACA's understanding is that these are not intended to be regarded as USO-specific obligations. TriTel advised that it installs its payphones, which are produced in the US, in accordance with the US standard for accessibility by people with a disability.

The Payphone Industry Association advised that professional installers of payphones in private businesses such as hotels and clubs generally install payphones in accordance with whatever procedures they were trained in. If an Australian guideline or standard was developed, many would simply adjust their procedures to that.

Overall, the ACA finds that the payphone industry is willing to meet the needs of people with a disability, and many industry members already take steps to do so. However, the industry is competitive and fragmented and some degree of industry-wide approach to Disability Discrimination Act obligations may be desirable to ensure general accessibility.

Policy proposals

Consultation

The ACA believes that industry members should consult with disability peak bodies. The most likely forum for industry-wide consultation is ACIF.

Payphone Accessibility Code

HREOC has primary responsibility for disability law at the federal level, and state and territory governments also have power over all payphones through disability laws, for example, some governments currently make disability laws about other street furniture. Local government planning laws control payphones that are not located in public areas.

It is considered desirable for industry that accessibility requirements are dealt with by HREOC on a national basis rather than having a patchwork of inconsistent state and territory (or local government) laws about payphone accessibility.

The ACA's jurisdiction is quite limited. It has power only over carriers and carriage service providers, which means primarily Telstra and Optus. Even with respect to them, as a result of section 115 of the *Telecommunications Act 1997,* it cannot require them to make codes through ACIF about the design features of payphones, although it could register codes about other aspects such as siting, installation and surrounds. The ACA can make a 'disability standard' for design features of a payphone under section 380 of the Act, but the effect of such a standard is that HREOC takes it into account when enforcing the Disability Discrimination Act—the ACA has no powers of its own to enforce compliance with such a standard.

HREOC's June 2003 discussion paper, *When the tide comes in*, recommended the development of a Payphone Accessibility Code by ACIF which, if compliance was demonstrable, could support an organisation wishing to obtain a temporary exemption under the Disability Discrimination Act. HREOC advised this review that very similar issues arise with access to banks' automatic teller machines, where an industry code is working very successfully.

Both the Payphone Industry Association and Telstra observed that guidelines or a code cannot be overly prescriptive. There are around 25 models of payphone in use in Australia, of differing sizes. Payphones are also installed in a variety of places with different environments and bases to work with. Therefore an absolute specification of, for example, a height for installing a payphone would not work—indeed it might actually reduce the number of payphones provided in Australia if the obligations were unworkable or made payphones uncommercial. However, disability groups advised during the consultation process that this was understood and that flexible rules could work.

It was also noted that while decisions about placement, installation and the surrounds lie wholly or mostly within the control of the installer or operator in Australia, design features are largely controlled by the manufacturer. All payphones are manufactured outside Australia.

The ACA agrees with these observations and recommends that an ACIF group be established to consult on accessibility to payphones and to develop a Payphone Accessibility Code for HREOC's endorsement to specify the Disability Discrimination Act obligations of payphone providers. It should take into account the following objectives:

- to maximise reasonable accessibility for people with a disability;
- not to impose undue financial and administrative burdens on the industry, in particular, not to inhibit the overall provision of public and private payphones; and
- to provide certainty to payphone operators that they have met their obligations under the Disability Discrimination Act.

Making parts of this HREOC code into a registered ACA code or an ACA disability standard would be an option if HREOC felt it necessary or desirable, but such a course of action may limit the breadth of effect of the code. There are also other avenues for developing a disability code or standard such as the Australian Building Code and the Standards Australia process. The Australian Local Government Association (ALGA) and the Property Council may also have an interest in this matter.

Recommendation 3: The payphone industry and disability peak bodies should consult through an ACIF working group, and work together to develop a Payphone Accessibility Code for endorsement by HREOC. ALGA and the Property Council should be invited to be involved in this ACIF group. The group should look for approaches that:

- maximise reasonable accessibility for people with a disability;
- are flexible enough so as not to inhibit the overall provision of public and private payphones; and
- provide certainty to payphone operators that they have met their obligations under the Disability Discrimination Act.

TTY PAYPHONES

Many people who have a hearing or speech impairment use TTY services to communicate, but they are currently unable to use TTY equipment in conjunction with mobile phones. Other solutions, such as the short message service (SMS) do not provide real-time communication.

TTY payphones are expensive and payphone operators advised that they have very low usage. However, people who need them in emergencies, or because they do not have a phone in their home, still need to be able to find one in key locations. The Australian Association of the Deaf told the ACA about one family in Canberra who, following the Canberra bushfires in January 2003, lost their home and their TTY access and were unable to communicate with friends and family because of the unavailability of a TTY payphone.

TTY payphones are only a small proportion of total payphones—in all there are about 190 TTY payphones operated by Telstra and other specialist payphone firms. Couplings that allow a portable TTY to be connected are also provided on some payphones. There are also other TTY payphones operated by private organisations, including those providing services for people who have hearing or speech impairment. The number of TTY payphones has doubled in the last four years and Telstra continues to roll out additional TTY payphones.

TTY payphones need to be installed in secure, supervised locations for safety reasons and to prevent vandalism. Priority is currently given to high usage sites such as major shopping centres, airports and major railway stations, preferably with 24-hour access.

Telstra, as the current universal service provider, has responsibility for extending the TTY payphone network. This probably goes beyond the requirements of the Disability Discrimination Act. However, Telstra does receive USO funding to provide access to payphones. The ACA believes additional TTY payphones should continue to be installed.

The criteria for assessing priority areas for installation of TTY payphones are discussed with disability consumer representatives through Telstra's Consumer Consultative Council and Disability Forum. The Australian Association of the Deaf has raised concerns about this consultation, noting that it has resulted in inconsistent TTY provision from state to state. It requested that TTY siting criteria be discussed through a body including a regulator such as the ACA. The Deafness Forum, the Payphone Industry Association and Telstra have also made specific representations about TTY siting criteria.

The specifics of TTY siting criteria will need to be discussed more broadly, perhaps in an ACIF working group.

The Estens Inquiry was concerned to ensure that competition in the supply of payphones did not impact adversely on access to TTY payphones (Recommendation 2.14). While Telstra, as the universal service provider, has responsibility for extending the TTY payphone network, the ACA suggests other specialist payphone firms also have a responsibility not to diminish the size of the TTY network.

Any Payphone Accessibility Code should provide that, where a specialist payphone firm wishes to install payphones on private property such as shopping centres as part of an arrangement with the property owner or manager that includes removing competitors, including a TTY payphone, then the firm ought to install a replacement TTY payphone. In theory, the property owner could veto this, subject to local planning laws, and it is desirable that ALGA and the Property Council are invited to participate in the ACIF Group.

TriTel advised it is already doing this and currently provides a higher proportion of its payphones with TTY capability than does the payphone industry as a whole. TriTel has also announced plans to install multifunction centres that include a TTY phone.

Apart from HREOC, others with jurisdiction may include state and territory governments and local government through planning laws.

Ease of location and use

Given the small number of TTY payphones, it is even more important than for payphones generally that they are easily found and have appropriate signposting.

Telstra provides the locations of TTY payphones on its website, which disability consumer representatives advise is an appropriate means of providing the information. Other TTY payphone providers do not currently provide this information. Accordingly, ACIF could include in its discussions how to identify a means of making a single, complete list of TTY payphone locations available.

A representative from Better Hearing Australia (Vic.) advised the review that TTY payphones do not have clear instructions displayed on how to activate them. The ACA believes this should be rectified, again through the proposed ACIF code.

Other technologies and initiatives

Finally, since TTY payphones are such a small proportion of total payphones, it is important that the industry and the government not limit themselves to just one course of action, but press ahead simultaneously on multiple fronts to improve accessibility to telecommunications for people who have a hearing or speech impairment.

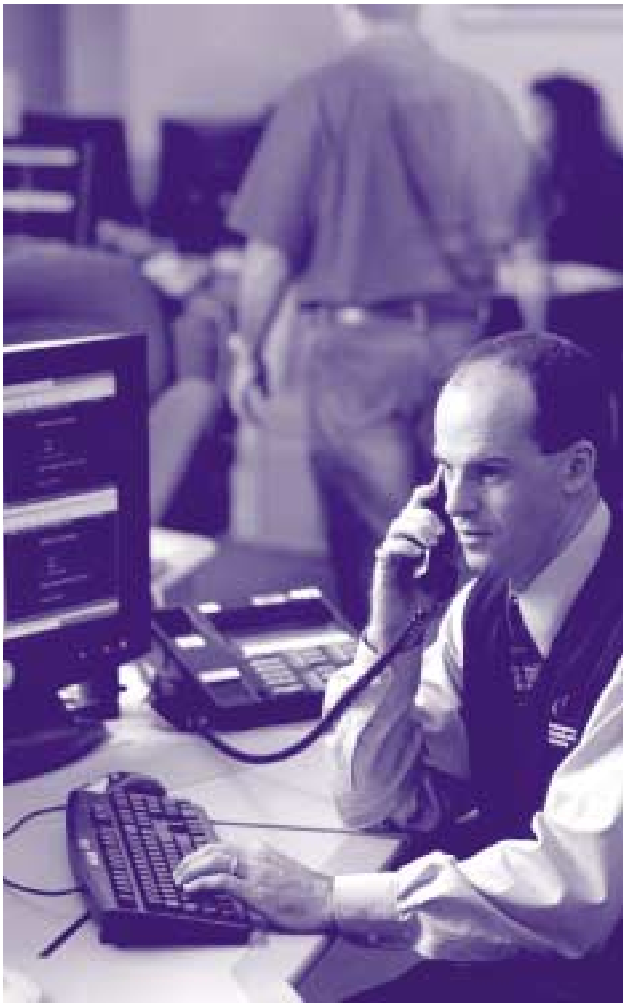
Current initiatives include the following:

- assessment of a TTY mobile device, TextLink, by industry in conjunction with the ACA—this device is expected to go on sale in 2004;
- Telstra's current trial of 4,000 SMS-enabled payphones as an alternative technology—if successful, SMS capability may be installed on all Telstra payphones; and
- combined payphone and web kiosks have been developed by firms such as Marconi and Webpoint—the ACA understands that commercial negotiations are under way regarding their deployment.

The ACA recognises that while all of these strategies are valuable, none is a complete alternative to a TTY payphone service.

Recommendation 4: Telstra should continue to increase TTY payphone numbers in secure locations where there is evidence of need and TriTel and other specialist payphone firms should, at a minimum, provide TTY payphones in private sites when an agreement with the site owner requires Telstra to remove a TTY payphone. TTY siting criteria could be discussed in the proposed ACIF working group. The ACIF working group should also propose a means of providing comprehensive information about the location of TTY payphones. TTY payphones also need clear instructions displayed to explain how to use them.

CHAPTER 7: CALLS TO EMERGENCY CALL AND CRISIS INTERVENTION SERVICES



EMERGENCY CALL SERVICES

All telephones in Australia must provide access to the emergency call services provided on the numbers 000 and 106. The ACA is responsible for ensuring that the emergency call services are accessible from all telephones, including payphones, and where necessary will enforce the requirements in the *Telecommunications (Emergency Call Service) Determination 2002*.

In 2002–03, 847,295 or 7.5 per cent of the 11,332,701 calls to 000 were made from payphones. Recent data suggests that approximately a third of calls made from payphones are transferred to emergency service organisations as genuine emergency calls. While there are fewer emergency calls made to the text-based 106 emergency service for use by people who have a hearing or speech impairment, payphone providers should ensure that 106 can be dialled from all payphones in Australia.

CRISIS INTERVENTION SERVICES

Payphones provide a vital means of accessing crisis intervention services. For example, approximately 30 per cent of the 461,000 calls answered by Kids Help Line counsellors in 2003 were made from payphones. However, payphone operators can block access to free-to-caller calls and at least one specialist payphone firm has previously done so temporarily. The effect would be that calls to crisis intervention services using 1800 numbers would also be blocked. There is no way of predicting whether payphone operators will block free-to-caller calls in the future.

The ACA believes that some calls to crisis intervention lines are as important to saving lives as calls to emergency call services. Accordingly, as a matter of policy, these services should be accessible from all payphones. The ACA is not aware of any payphone providers who are not currently complying with this policy. However, if required in the future, the ACA will ask that a working group be convened including representatives of the payphone industry and of crisis intervention service providers to find a method of implementation.

Kids Help Line asked the ACA to explore the possibility of a three or four digit telephone number being made available to national crisis intervention telephone counselling services. They stated that such numbers are available to child help lines in other countries including Austria, Finland, France, India, the Netherlands, the Philippines, Poland, Switzerland and Zimbabwe. Such numbers could be exempt from payments towards a free-to-caller compensation scheme (see Chapter 5). On the other hand, the Consumers' Telecommunications Network, whose members include Life Line, is opposed to a separate number range for 'social' services. The proposal is not limited to payphones and is being examined by the ACA's Numbering Team.

Recommendation 5: All payphone operators should ensure that crisis intervention services are always accessible.

PART C

UNIVERSAL SERVICE

CHAPTER 8: THE ROLE OF THE USO AND POSSIBLE ALTERNATIVES

The universal service obligation (USO) requires Telstra to provide reasonable access to payphones to all people in Australia, wherever they reside or carry on business. It serves as a safety net under the competitive market, ensuring important social needs are met where the competitive market alone would not. The ACA estimates that only 10 per cent of all payphones in Australia are loss-making and supported by USO funding.

The Payphone Policy Review terms of reference ask the ACA to consider whether the USO remains effective and relevant. They specifically ask about:

- future policies for access to the services provided by payphones (possibly including the use of technologies and services other than payphones)—this includes whether there are alternatives to a payphone USO; and
- appropriate access and service objectives for the USO.

This chapter examines the question of whether the payphone USO remains effective and relevant and examines various alternatives to having a payphone USO. Chapter 9 examines (i) social needs for access to the services provided by payphones and (ii) whether Telstra's USO siting criteria are meeting those social needs for access. Chapter 10 looks at Telstra's processes for installing, removing or relocating a payphone.

Indigenous communities are discussed in Chapter 11. The report proposes substantial initiatives to improve the delivery of services to Indigenous outstations, homelands and town camps.

Finally, the reliability and fault repair performance of Telstra's payphones is addressed in Chapter 12, while consumer awareness of USO choices and rights is considered in Chapter 13.

DOES THE PAYPHONE USO REMAIN EFFECTIVE AND RELEVANT?

Relevance – is the payphone USO still necessary to meet social needs?

In Chapter 9, the following groups are identified with a degree of social need that justifies government intervention:

- people making emergency calls (high need);
- people without access to a phone at home (high need);
- rural and remote Australians (high need);
- young people and low-income earners (medium need); and

- Indigenous Australia, especially town camps and remote outstations and homelands (very high need).

The fact that 10 per cent of Australia's payphones are loss-making and have to be subsidised under the USO at present suggests that the competitive market alone would not service all these needs. Hence payphone universal service arrangements remain needed and relevant.

Effectiveness – is the payphone USO meeting social needs?

As discussed later in this part, the needs of remote Indigenous Australians are not currently being met by either the competitive market or the payphone USO. The ACA is making extensive recommendations for remote Indigenous Australia (see Chapter 11).

On the other hand, the review found that payphone access is currently broadly adequate for the other groups with social needs. Customers are generally satisfied and satisfaction levels are increasing. Peak bodies representing these groups in the public consultation process identified that current payphone services are adequate; the main concern is that this level of service is not reduced. The ACA does make some specific recommendations about improving access in certain circumstances, including writing Telstra's Standard Marketing Plan in clear, enforceable and objective language.

Thus the payphone USO is largely, but not fully, effective in meeting social needs, but recommendations have been made to rectify ineffective areas.

ALTERNATIVES TO A PAYPHONE USO

The ACA considered several alternative policy options for meeting the social needs currently met by the payphone USO, which is not the same as looking at alternatives to having payphones generally. The great majority of payphones in Australia are not USO payphones and exist on a commercial, competitive basis. They exist regardless of what happens to USO arrangements for the minority of subsidised loss-making payphones operated by Telstra.

The alternatives considered are:

(1) using the funding to subsidise mobile phones or fixed line residential telephones for low-income earners;

(2) using the funding to extend terrestrial mobile coverage or to fund satellite mobile phones for rural and remote areas; and

(3) giving responsibility and funding of public payphone services to local government as a town planning issue.

Relevant to assessing the value of these alternatives to a payphone USO is the future cost of subsidising the USO, which is considered first, followed by consideration of the alternatives.

Calculation of Telstra's USO payphone subsidy

With revenues falling, the cost of providing the payphone USO could be rising in an unsustainable way. However, under the USO funding arrangements, the annual payphone subsidy at $11.13 million remains only a very small component of the total USO subsidy. There were no submissions that the USO subsidy is dramatically wrong or that the payphone USO is becoming unsustainable.

The subsidies associated with Telstra meeting this and other USO obligations are funded by industry through contributions from telecommunications carriers. These contributions are based on each carrier's revenue, and as a result, Telstra contributes about 71 per cent of the total USO funding.

Since the amendment of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*, there is no longer a prescribed methodology for calculating USO subsidies, and the Minister can now determine subsidies for up to three years in advance after receiving advice from the ACA.

Table 8.1 shows the change in USO subsidies since 2001–02 and demonstrates that the payphone subsidy is only a very small component of the total USO subsidy. Of the $211.34 million in total subsidies for 2004–05, $11.13 million will be for Telstra's provision of payphones under the USO.

Table 8.1: Telstra's USO funding, 2001–02 to 2004–05 ($million)

	2001–02	2002–03	2003–04	2004–05
Payphones – standard zones and extended zones	10.16	10.40	10.64	11.13
Total USO subsidies	240.00	234.10	231.70	211.34

Although there is no prescribed methodology for calculating USO subsidies, the ACA's advice to the Minister has continued to follow the principles of the previous methodology and takes into account relevant trends to produce estimates for up to three years in advance. The ACA has received broad support from industry to minimise regulatory costs by not incurring the expense associated with sophisticated cost modelling. The ACA considers that the advice it has provided concerning USO subsidies has been reasonable.

The details of USO costing and funding arrangements are being reviewed separately by DCITA as part of a holistic review of such arrangements for all USO services. Given that there were no submissions suggesting that the current subsidy is dramatically wrong, the Payphone Policy Review assumes $11.13 million is a reasonably accurate figure, for the purposes of assessing whether alternatives to a payphone USO are more efficient uses of the funds.

Payphone outside public housing estate

Alternative 1: Subsidies for low-income earners

If one of the main reasons for subsidising loss-making payphones is to ensure that people on a low income, especially people without a telephone at home, have access to telephone services, then one possible alternative is to subsidise the provision of fixed line home telephones or mobile phones to those users.

There are already programs for improving access to a telephone at home, including Telstra's Access for Everybody program. These have greatly improved levels of fixed line telephone penetration. Pre-paid mobile phones have also been on the market for several years now, and many people for whom a fixed line telephone was not a good option now have a pre-paid mobile. Ten years ago, five per cent of households did not have access to a telephone at home, but now only one per cent of people do not have access to a telephone (either fixed or mobile) at home.

Analysis undertaken by others and provided to the review suggests that many of the people who still do not have access to a telephone at home face difficult demand-side barriers to participation in telecommunications markets. This includes people in remote Indigenous communities and homeless people. For these reasons, programs such as subsidising the supply of more fixed line or mobile phones are valuable, but will never achieve home telephone access of 100 per cent. For example, it may not be helpful for homeless people with low physical security to be provided with a fixed or mobile phone.

In fact, it is estimated that three to four per cent of the population continue to rely on payphones for basic telecommunications access. Some of the people who have access to a mobile phone only use it to receive incoming calls and make emergency outgoing calls, and use payphones for most of their outgoing calls. The same is true of people who have access to a fixed line telephone service at home with limits on outgoing calls, such as an InContact service or a service with a bar on long distance calls.

There are also significant numbers of payphone users who have access to a home telephone, but use a payphone in particular circumstances. Many callers to crisis intervention services are in this situation. The need is especially great in rural areas because crisis and support services are often not present in small towns and can only be reached by telephone.

Alternative 2: Extending terrestrial mobile coverage, or subsidising satellite phones

An alternative solution suggested for rural and remote areas is to use the funding to extend terrestrial mobile coverage or to subsidise satellite handsets.

The cost of extending terrestrial mobile coverage to 100 per cent of the Australian population is prohibitive and far more than any conceivable level of funding required to support the payphone USO. The Estens Inquiry noted that the government contributed approximately $150 million to extending mobile coverage from 96 per cent to 98 per cent of the population.

The government already provides a satellite handset subsidy, although the cost of making satellite phones affordable for everyone is likely to be more than the level of funding needed for the payphone USO.

Emergencies can arise in situations where people do not have their mobile phone with them or the battery is flat. This may only be an inconvenience in an emergency in urban areas, where there may be passers-by or nearby houses. In rural areas, the need for a payphone in such an emergency situation is more critical.

There are also people in rural and remote Australia who do not have access to a telephone at home and for whom payphones are the only form of telecommunication available.

Alternative 3: Giving responsibility and funding to local government, as a town planning issue

State, territory and local governments already have town planning responsibilities for payphones on private land. If additional infill to the public payphone network were needed, these governments could provide private payphones or require commercial facilities providing services to the public, such as in stadiums and shopping malls, to provide payphones in the same way that they require rest rooms or first aid facilities.

Elvet Associates proposed that local governments take responsibility for provision of loss-making public payphones within their town or shire boundaries, observing that public payphones provide a local community safety benefit, similar to street lighting, and a local welfare benefit. Just as private payphones provided by independent businesses are a service to customers, public payphones provided by a local government could be regarded as a service to residents. They argued that local government is best placed to determine where public payphones are needed and to make trade-offs between spending resources on additional payphones and spending on other community services, such as street lighting.

Local government may contract out the actual operation of the payphones to Telstra or a specialist payphone firm. If local governments had full responsibility for public phone provision to meet community needs, there would be no further need for carriers providing public payphones to have immunity from local planning laws in this area. Public payphones could be removed from the Low-impact Facilities Determination.

There might be a need to provide the corresponding funding to the relevant state, territory or local governments, say through the intergovernmental grants process. Alternatively, local governments could choose to be the sole operator of all public payphones in their area as a local government service, in which case, in many parts of urban and regional Australia, profitable payphones would more than cross-subsidise loss-making ones.

To a certain extent this is already happening. The Payphone Industry Association and Telstra pointed out that many sites previously in public areas are now under private or corporatised management and are quasi-public areas. In some cases, site owners or managers have chosen to provide their own payphones rather than have Telstra provide them. Examples given included some railway stations and shopping malls.

The ACA agrees that local governments are much better placed than Telstra to make decisions about local priorities and the need for public payphones. Furthermore, the ACA sees no harm in local governments and private landowners wishing to take on the provision of public payphones. It is a matter for local government decision and commercial negotiation.

However, the ACA does see a difference between permitting the gradual evolution of such a development (if it occurs) and forcing it immediately on local government across Australia. The latter course of action would raise all sorts of difficulties, quite unnecessarily.

Firstly, it is unlikely that most local government planning and operations departments would currently possess the expertise to make decisions about public telecommunications infrastructure. Secondly, if funding was provided to local governments (or even state and territory governments), there would be considerable administrative overhead in working out how to divide it and, perhaps, in tracking whether it has been properly expended. Thirdly, there would be severe risks during the transition period of services not being available when needed. Fourthly, there are alternative ways of getting local government expertise into siting decisions. For these reasons, this proposal is not seen as a viable alternative to a payphone USO today.

In Chapter 10 the ACA proposes that local councils be consulted on decisions about the removal, relocation and siting of payphones and be the lead agent in future for requesting additional payphones.

Conclusion

The ACA concludes that there are currently no wholly satisfactory alternatives to a payphone USO.

Recommendation 6: The payphone USO placed on Telstra remains effective and relevant, with some exceptions for which recommendations have been made in this report. The payphone USO should continue.

CHAPTER 9: SOCIAL NEEDS FOR PAYPHONES AND USO SITING POLICY

The competitive market provides an adequate network for a large proportion of consumers, which includes those who use payphones for social contact, making arrangements and general convenience. It is the role of government policy to ensure that payphones provide a telecommunications service to those who are identified as having a high social need. Social need is identified as something more than just convenience. It refers to reliance on payphones either for emergency calls, or basic access to telecommunications, or both.

The role of telecommunications in general, which includes payphone services, has long been recognised in Australia as vital to facilitating economic activity and social integration. Universal access to a basic telephone service at an affordable price is the goal of the universal service regime and the provision of payphones is integral to this policy.

The following groups are identified in this chapter as having social needs for payphones that would justify government intervention:

- people making emergency calls (high need);
- people without access to a phone at home (high need);
- rural and remote Australians (high need);
- young people and low-income earners (medium need); and
- Indigenous Australia, especially town camps and remote outstations and homelands (very high need).

The USO placed on Telstra ensures reasonable access to payphone services on an equitable basis. Its general operation was described in the Introduction (Chapter 1). The criteria for determining where Telstra will provide payphones that would not be provided on a commercial basis are set out in Telstra's Standard Marketing Plan (SMP) (see Table 9.2)—for example, in areas of low levels of home phone penetration where there is no other payphone provided on an equitable basis within a kilometre.

However, the language currently contained in the SMP allows Telstra wide discretion in providing payphones, despite it being a statutory obligation. It states only that Telstra will make 'all reasonable efforts' to provide a payphone and only where it is not impracticable to do so. It also includes various factors that Telstra can take into account in its complete discretion in deciding whether it is impracticable to provide a payphone, such as high installation costs and levels of damage to which the payphone is likely to be subjected.

In addition, the language of Telstra's SMP is complex and the content is little known, even by peak consumer bodies. Results of the ACA's 2003 survey of payphone usage and its stakeholder consultation point to low levels of consumer awareness about the processes for requesting installation of payphones. The USO siting policy is partially request-driven and its effectiveness is largely contingent on consumers' level of awareness of their rights under the SMP to request a payphone. It is important that the language be clear and that strategies for increased consumer awareness about processes for payphone provision are incorporated into payphone policy.

Therefore, this chapter (as well as Chapter 11 specifically in relation to Indigenous communities) examines and makes recommendations regarding the substance of the SMP, including:

- whether the criteria for determining where Telstra will provide payphones meet the social needs of groups which have a high or medium level of reliance on payphones; and
- how to ensure the language of the SMP is clear, with specific, enforceable and objective statements as to how Telstra will meet the USO.

The next chapter (Chapter 10) looks at the processes for requesting or objecting to the installation, removal or relocation of a payphone. If the USO is to be effective, it is important that those processes be easily accessed, transparent and objective—and seen to be objective.

The various strategies for increasing consumer awareness about the SMP and the process for requesting or opposing a payphone siting decision are summarised in Chapter 13.

SOCIAL NEEDS AND THE ADEQUACY OF THE CRITERIA IN TELSTRA'S SMP

(1) People making emergency calls to 000 and 106

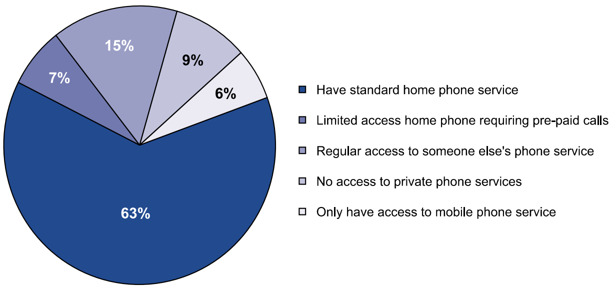
The ACA's 2003 survey of payphone usage found that 14 per cent of surveyed payphone users had used a payphone to make an emergency call in the 12 months prior to October 2003. The definition of an 'emergency call' also included situations such as someone's car breaking down. These figures and those given in Chapter 7 highlight the importance of payphones as a means of accessing emergency services.

In urban areas, there are usually various means of calling for help, but in rural and remote areas there may not be an alternative to the town payphone. Many submitters suggested that it is in rural and remote areas that the need for payphones is greatest. Several cases where emergency access is crucial and may need to be further reflected in the SMP are in the section on 'rural and remote', in (3) below.

(2) The need for payphones for those without access to a phone at home

Consistent with AUSTEL's 1992 Payphone Report, the ACA-commissioned research into consumers' use of payphones in 2003 identified that payphone use is more common among those who do not have access to a home telephone service. The survey, which interviewed users of payphones at selected payphone sites, found that 37 per cent of respondents using a payphone do not have a standard telephone service at home; seven per cent had a limited access home telephone that requires calls to be pre-paid; 15 per cent said they have regular access to someone else's telephone service and six per cent said they only have access to a mobile phone service. For these people, payphones are often relied on to provide basic access to telecommunications.

Figure 9.1: Ownership and access to telephone services among surveyed payphone users, 2003



Data source: ACA survey of consumers' use of payphones in Australia, 2003

The 2003 data showing that 37 per cent of respondents using a payphone do not have a standard telephone service is closely aligned with AUSTEL's 1992 study, which also interviewed payphone users at payphone sites and found that 36 per cent of respondents did not have access to a telephone at home or had restricted access.

The payphone eligibility criteria in Telstra's SMP directly address the higher need for payphones among those who do not have access to a home telephone service. As required in the SMP, 'residential communities (including caravan parks and holiday units) in cities and towns with low home phone connection' are eligible for a payphone if there is not a payphone within one kilometre. Telstra's SMP defines a commercially justified payphone site as one where it is assessed that the potential revenue earned from the service at least covers the depreciation and maintenance costs of providing and maintaining the facility. In fact, the ACA's survey of consumers' use of payphones 2003 found that the average distance an urban user had had to walk to get to a payphone was 650 metres. Telstra's siting criteria here are considered acceptable.

(3) The need for payphone services in rural and remote areas

Payphone services are a particularly important telecommunications facility for people in rural and remote areas. The *ACA's Consumer Satisfaction Survey 2002* indicated that people in remote areas (56 per cent) were more likely to have used a payphone in the previous 12 months than those in urban (44 per cent) or rural (41 per cent) areas. However, the survey was conducted by telephone and did not include those without a fixed telephone at home.

Owing to the fact that those living in rural and remote areas have less access to certain services such as banking and medical services, the availability of telecommunications services including payphones is particularly important as a means of using services that could not otherwise be conveniently accessed. In the case of needing to contact the 000 and 106 emergency call services, it is recognised that those living in rural and remote areas have fewer alternatives to using payphones because of factors such as fewer passers-by and limited mobile phone coverage. In addition, the distribution of payphones in rural and remote areas means that the next payphone may be many kilometres away.

Payphones are also a particularly important telecommunications access point in rural and remote areas for contacting crisis intervention services such Kids Help Line and Lifeline.

The submission received from Kids Help Line indicated that more than 50 per cent of counselling calls to Kids Help Line are made by children in rural and remote locations, with 33 per cent of these made from payphones. This compares with 22 per cent of counselling calls to Kids Help Line in metropolitan locations being made from payphones. Furthermore, the proportion of calls from payphones was higher for issues in which children are most vulnerable—56 per cent about leaving home or homelessness, 44 per cent about violent assaults and 39 per cent about sexual harassment. Making a crisis counselling call from a payphone may afford greater privacy for the caller.

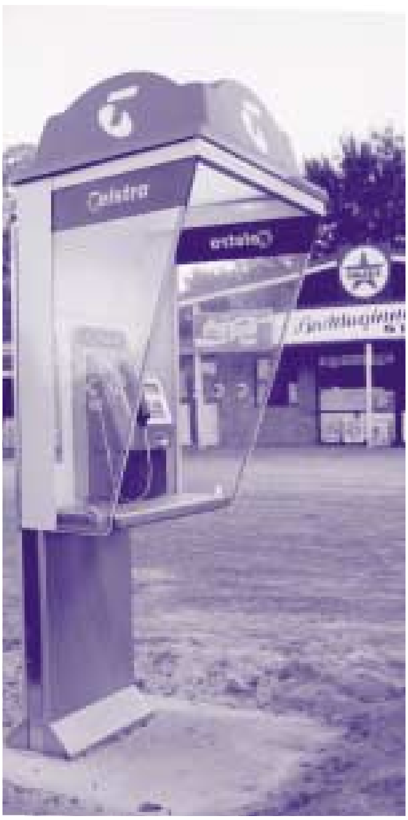
Crisis counselling services are particularly important in rural and remote areas where locally based counselling and support services are less available than in metropolitan areas. Data from Kids Help Line also demonstrates the particular significance of payphones to young people in remote Indigenous communities, with 64 per cent of calls to Kids Help Line by young Indigenous people in rural and remote areas being made from payphones. The provision of payphone services to Indigenous communities is discussed in Chapter 11.

Table 9.1 – Proportion of calls to Kids Help Line from payphones within various sectors of the community

Community sector	Proportion of calls to Kids Help Line from payphones
Rural and remote locations	33%
Metropolitan locations	22%
Indigenous Australians	54%
Indigenous – rural and remote locations	64%

Data source: Kids Help Line submission to the ACA's payphone policy review, 2003

Data provided by Lifeline indicates that its service receives a proportionally higher number of calls from payphones in rural areas than from payphones in metropolitan areas. Payphone attempts account for approximately 2.7 per cent of calls to Lifeline from metropolitan areas and approximately 5.3 per cent of calls to Lifeline from rural areas.



Payphone at rural petrol station

The provision of payphones in rural and remote areas

As detailed in Chapter 3, in June 2003 payphone penetration was higher in rural and remote areas combined (3.76 payphones per 1,000 people) than in urban areas (2.32 per 1,000 people). Non-Telstra payphones contributed more to the penetration rate in urban areas, while Telstra payphones accounted for more in rural and remote areas. Telstra's USO requirements are also apparent in the fact that only 69 per cent of Telstra payphones are in urban areas, compared with 77 per cent for other payphones.

As Figure 9.2 shows, the number of Telstra payphones in remote areas has increased each year since 2001 and, despite a decrease in the reported number of other payphones in remote areas over 2001–02 and 2002–03, there has been a marginal net increase in the total number of payphones provided in remote Australia. However, there has been a decrease in the number of Telstra and other payphones (reported) in rural areas since 2001.

The decline in the number of payphones should be considered in light of payphone sites. Second or additional payphones may be removed from a site while still leaving a payphone service at that site. The number of payphone sites, as opposed to the number of payphones, is not available at a regional level. For Australia generally, the number of payphone sites has not decreased at the same rate as the number of payphones.

Figure 9.2: Number of reported payphones (Telstra and other) by region, 2001 to 2003

Date		Urban	Rural	Remote	Total
30/06/01	**Telstra**	24,891	9,076	1,184	**35,151**
	Other	31,122	8,138	639	**39,899**
	Total	**56,013**	**17,214**	**1,823**	**75,050**
30/06/02	**Telstra**	23,482	9,064	1,232	**33,778**
	Other	29,419	7,659	608	**37,686**
	Total	**52,901**	**16,723**	**1,840**	**71,464**
30/06/03	**Telstra**	23,090	8,945	1,264	**33,299**
	Other	27,327	7,263	557	**35,147**
	Total	**50,417**	**16,208**	**1,821**	**68,446**

Data source: Telstra, TriTel and Optus. Does not include a few thousand payphones that do not use a special Telstra payphone access line.

Views provided by stakeholders during the ACA's consultative process, including those from the Country Women's Association of New South Wales and the National Farmers' Federation, indicated that in rural and remote areas existing payphone provision is adequate and the key need is that it not be unreasonably reduced. Therefore, subject to three specific recommendations below, the ACA considers that Telstra's SMP siting policies are appropriate.

Applicability of USO siting policy for rural and remote areas

The eligibility criteria in Telstra's SMP address the higher need for payphone services in some rural and remote areas by allowing for the provision or retention of payphones at unprofitable sites in the following circumstances:

- small villages and towns (including holiday areas)—if there is no payphone within 40 kilometres;
- small centres on highways and major roads in rural areas—if there is no payphone within 250 kilometres; and
- small remote communities (as a general rule of more than 20 adult permanent residents), for example, Aboriginal outstations.

The need for payphones in rural or remote areas where there is inadequate or non-existent mobile phone coverage

Regions with inadequate mobile phone coverage have been identified by submissions to the payphone review and participants in the public consultation process as being areas with a high need for payphone services.

CTN noted in its submission that its 'members have highlighted that payphones must be prioritised in areas where there is inadequate mobile phone coverage.'

During the consultation process, the Country Women's Association of New South Wales also raised mobile phone coverage in rural areas as an important issue in relation to the provision of payphone services.

While the ACA understands that Telstra takes into account the adequacy of mobile phone coverage when making a decision about provision or removal of a payphone at a particular location, it is not stipulated in the SMP. There is a greater need to provide or retain payphones in areas where mobile phone coverage is inadequate than in other rural and remote areas, particularly for access to emergency services.

Recommendation 7: The payphone siting criteria in Telstra's SMP should be amended to provide or retain payphones at higher denisty on highways and major roads in rural and remote areas where there is inadequate mobile phone coverage, than is currently prescribed in Telstra's SMP. The measurement should be negotiated between the ACA and Telstra as part of the review of Telstra's SMP.

Both CTN and the Western Australian Government raised the issue of the provision of payphones in state or national parks for emergency call service access where there is inadequate mobile phone coverage. The ACA understands that Telstra will install a payphone in a state or national park dependent on a number of factors including the accessibility of network infrastructure and power, the number of visitors to the park and the availability of staff to maintain the payphone. The ACA acknowledges that at certain remote locations within state or national parks where there is no network infrastructure or power, restricted access for maintenance staff and an unknown visitation rate, it may be more appropriate for park management to organise installation of an 'emergency phone' which has functionality limited to contacting emergency services.

Recommendation 8: Telstra's SMP should contain clear criteria for payphone provision or retention within a state or national park, including whether mobile phone coverage is adequate.

(4) Young people and low-income earners

The ACA Consumer Use of Payphones Survey 2003 identified a skew in usage towards young people and low-income earners (as discussed in Chapter 2).

Young people and low-income earners are heavy users of payphones. These groups also include many transient workers, people renting accommodation and students who may (if anecdotal evidence is correct) comprise much of the two per cent of people in Australia who have a mobile phone only, with no fixed telephone at home. Discussion with stakeholder groups suggested that many have a pre-paid mobile phone for emergencies and initial contact, but prefer to make longer calls from a payphone for cost reasons.

The survey showed that young people also make a disproportionately high number of calls to family to let them know where they are. These groups do not show up as having no access to a telephone at home, but clearly they have a degree of reliance on payphones for basic access to telecommunications. Many use payphones to access government services or to assist them to gain employment.

Telstra's current SMP states that it will provide a payphone if it is commercially viable or if it is assessed that the projected revenues will cover depreciation and maintenance costs and there is no payphone available within one kilometre at:

- retail centres;
- entertainment venues;
- railway stations; and
- health and community facilities.

These are areas that many young people in particular would frequent, including those without a car and needing a public payphone to arrange transport or inform their families of their whereabouts.

The ACA assesses these areas as having a medium social need for payphone services. That the social need is only medium means that a level of use less than full commercial profitability will justify a payphone, but a payphone need not be provided in circumstances where usage is very low. This is reflected in the restriction of this obligation to sites where revenue is greater than maintenance and depreciation (but less than that required for the payphone to earn a commercial rate of return).

Generally, the ACA considers Telstra's siting policies for these places as appropriate. However, the ACA believes that 'railway station' should be replaced with 'transport hub' as it would extend the applicability of this eligibility criterion to other transport centres such as airports, bus stations and ferry stations. Young people have been identified as having a medium need for payphone services and while it is difficult to identify particular locations for payphone installation that meet this need, transport hubs apart from airports are likely to be well frequented by young people. The ACA understands that Telstra already provides payphones at transport hubs and this proposed amendment would provide a more accurate reflection of existing siting processes.

Recommendation 9: The term 'railway station' should be replaced with 'transport hub' in Telstra's SMP.

(5) Indigenous communities, especially town camps and remote outstations and homelands

As few as five per cent of people living in remote Indigenous communities have access to a telephone at home. Therefore, public payphones serve as community home phones for many communities, and include features such as being enabled to receive incoming calls. These public phones fulfil a more extensive role than payphones elsewhere in Australia, often being a 'lifeline' service for remote communities. This group has a very high degree of social need for payphone services. There may be up to 1,500 communities in Australia which lack a lifeline service. It is clear that the universal service goal is not being met for these communities.

Siting criteria and social needs of Indigenous communities are addressed in a dedicated chapter (Chapter 11).

Summary of siting criteria

The siting criteria per se seem appropriate with a few modifications, except in the case of Indigenous communities. This is reflected in the general level of consumer and stakeholder satisfaction with payphone services, with the greater requirement being to ensure that sufficient services are retained to meet social needs as total payphone numbers in Australia gradually decline.

CLEAR AND SPECIFIC OBLIGATIONS

Telstra's SMP is written in language that is neither clear nor precise as to how it will fulfil its obligations.

It states only that Telstra will make 'all reasonable efforts' to provide a payphone, in accordance with an assessment process for which the siting criteria in Table 9.2 are criteria only, not rules, to be weighed up against various other factors, such as where:

- an independently operated payphone is available that offers a level of access at call charges which are reasonable in the circumstances;
- a Telstra facility is subject (or likely to be subject) to excess levels of damage;
- the health and safety of the general public or staff are at risk; or
- high installation costs apply.

The ACA considers that the language of the SMP and the inclusion of the above caveats provide Telstra with high levels of subjective discretion in relation to deciding whether to provide a payphone, particularly the consideration of high installation costs. A statutory obligation should be more specific and objective in its application. Rather than Telstra making 'all reasonable efforts', subject to various caveats, the SMP should be amended to provide that Telstra will install a payphone in the locations specified in Table 9.2.

If Telstra considers that there are exceptional circumstances that justify the non-provision of a payphone, for example risks to the health and safety of the general public or Telstra staff, Telstra should be required to set out its reasons in writing to the requestor and the TIO. The reasonableness of Telstra's decision to make an exception to the siting process in Table 9.2 could be a matter for the TIO to assess should the payphone requestor decide to refer the matter to the TIO. The role of the TIO in making processes more objective—and seen to be objective—is explored further in the next chapter.

Land controlled by private landowners or by government corporations

The universal service arrangements require Telstra to install payphones at the request of a member of the public in a range of public and quasi-public places, including for example roadsides, retail centres and railway stations. Telstra pointed out in its submission that some of these places are increasingly private land (such as shopping malls) or on land controlled by government corporations (such as some railway stations). As such, carrier powers and immunities attached to 'public payphones'—as set out in the Low-impact Facilities Determination—may not always apply. If Telstra does not have powers to enter and install on such land, and the owner of the land refuses, Telstra may have an obligation it cannot meet. The same is true if local government authorities forbid the payphone being installed under local planning laws. Telstra submitted that the ACA should identify who can provide payphones in such locations.

The ACA notes that in these circumstances landowners may, and often do, choose on their own initiative to provide payphones. In such a case, a payphone is already provided and no USO requirement lies on Telstra.

If the landowner does not provide a payphone, then Telstra may be able to adequately fulfil the USO by providing a payphone in a nearby place. Alternatively, Telstra could apply to the ACA for a facilities installation permit under Division 6 of Part 3 of the *Telecommunications Act 1997*, in which case the ACA can decide whether the social need justifies overriding relevant property rights. Finally, if there are no alternatives and the degree of social need does not justify overriding property rights, then Telstra cannot provide and is not obliged to provide a payphone.

Recommendation 10: Telstra's SMP should be written in clear and precise language. It should remove the existing caveats so that Telstra must install a payphone in the locations as set out in Table 9.2.

Recommendation 11: Telstra should be obliged to provide a reasonable case, if it considers there are special reasons why it should not be required to install a payphone in the locations in Table 9.2, to the party which has requested the payphone and to the TIO within three months of receiving the request. Telstra should advise the requestor that the matter can be referred to the TIO if the requestor wishes to do so. This process should be detailed in the SMP.

Table 9.2: Payphone siting criteria in standard marketing plan (proposed changes are marked in italics)

Location	**Telstra will provideone or more payphones if there is no payphone …**	**Telstra will provide one or more payphones if assessed that projected revenues will cover costs* and there is no payphone …**	**Telstra will provide one or more payphones if site is considered commercially viable**
Retail centres	No	within approx 1 km	Yes
Entertainment venues	No	within approx 1 km	Yes
Transport hub	No	within approx 1 km	Yes
Health and community facilities	No	within approx 1 km	Yes
Residential communities (incl. caravan parks and holiday units) in cities and towns with low home phone connection	within approx 1 km	*within approx 1 km*	Yes
Residential communities in cities and towns with average or high level of home telephone connection	No	within approx 2 km	Yes
Industrial or commercial areas	No	within 2 km	Yes
Small villages and towns (incl. holiday areas)	within 40 km	within 40 km	Yes
Small service centres on highways and major roads in rural areas	250 km where there is adequate mobile coverage *Additional consideration where there is inadequate mobile coverage^*	within 100 km	Yes
High traffic tourist areas such as state or national parks with inadequate mobile coverage~	*To be determined~*	*To be determined~*	Yes
Small remote communities, incl. Indigenous outstations	Yes, if as a general rule more than 20 adult permanent residents#		Yes

* *Costs are depreciation and maintenance costs of providing and maintaining the payphone facility.*

^ *This additional criterion is recommended to address the issue of inadequate mobile coverage. However, the eligible circumstances would need to determined in consultation with Telstra.*

~ *This additional criterion is recommended to address the need for emergency services in state or national parks. However, there is scope for park administration to organise for emergency phones and the circumstances under which this should occur need to be detailed.*

\# *If the recommendations in Chapter 11 proceed, this criterion will change significantly.*

It is anticipated that the final wording of the above additional payphone eligibility criteria would be more appropriately dealt with as part of the next review of Telstra's SMP which is likely to occur in 2004. This process would enable Telstra to undertake internal study and consultation in order to develop reasonable payphone eligibility criteria which would be proposed as amendments to the SMP and submitted to the ACA for approval.

CHAPTER 10: PROCESS FOR INSTALLING, REMOVING OR RELOCATING PAYPHONES

The current processes for installation, removal or relocation of Telstra operated payphones are referred to in Telstra's SMP.

There are three situations where individual consumers may be involved:

- requesting installation of a payphone from Telstra;
- objecting to removal of a payphone by Telstra; and
- requesting relocation or removal of a Telstra payphone or objecting to the proposed site of one being installed.

The government has a particular interest in Telstra's processes because:

- Telstra is the universal service provider and government wants to ensure that USO criteria are taken into account in deciding whether an area should have a payphone; and
- Telstra is not subject to local planning laws when siting public payphones, because they are low-impact facilities, and the government wants to ensure that there are appropriate processes for deciding where exactly a payphone should be located, for example, in front of a private house or in front of a corner store.

Payphone at tram stop

These two conceptually different considerations are usually both found in an individual siting decision.

If the USO is to be effective, it is important that those processes are easily accessed, are transparent and objective—and are seen to be objective. With regard to timeframes for installing payphones provided under the USO, it is important that the required timeframes are appropriate and enforceable.

Provision of payphones by specialist payphone firms such as TriTel, or by independent businesses, involves no special USO obligations and is subject to local planning laws, so no special procedures are necessary.

TIO INVOLVEMENT IN COMPLAINTS ABOUT INSTALLATION, REMOVAL AND RELOCATION OF PAYPHONES

The ACA considers that the involvement of a third party in handling complaints about Telstra's compliance with its processes for the installation, removal and relocation of payphones will assist in making the processes more objective.

The TIO currently investigates complaints about the performance of public payphones, including complaints about incorrect charging and faults. The ACA recommends that the role of the TIO be extended to include complaints about the location of payphones.

As such the TIO's role would be twofold. It would respond to complaints that Telstra has failed to install a payphone that is required by its SMP obligations, or that Telstra intends to remove a payphone contrary to its SMP obligations. This includes assessing whether Telstra has reasonable grounds for not installing a payphone, or for removing one, despite the obligations in the SMP. In doing so it provides the independent third party oversight that ensures the USO is seen to be objective.

Its second role would be to oversight local siting choices where local planning laws do not apply. In fact, it already has this role for decisions about the installation of payphones under the ministerial Code of Practice. It is proposed that this oversight role equally apply to decisions about requests to relocate a payphone.

In accordance with the standard TIO complaints procedure, customers would be required to first attempt to resolve the issue with the company, before referring it to the TIO.

Recommendation 12: The TIO should handle complaints about installation, removal and relocation of payphones.

PROCESS FOR REQUESTING TELSTRA TO INSTALL A PAYPHONE

Telstra receives requests for the installation of payphones from different sectors of the community, including local government agencies, Members of Parliament, commercial site owners, individuals and internal divisions of Telstra. As detailed in section 3.6.1 of Telstra's SMP, Telstra will acknowledge in writing the receipt of a request for supply and installation of a payphone at a particular location within five working days of receiving a written application from a customer.

Telstra must consider whether the USO requires a payphone (see Chapter 9) and find a suitable site for the payphone. The factors taken into consideration when looking for a suitable payphone site include:

- ease of access and safety for users and pedestrians;
- visibility of facility for users;
- access and street lighting for night time usage;
- impacts on visibility of vehicular traffic or nearby businesses or residences;
- preference for a non-residential site over a residential site; and
- the risk of vandalism.

Telstra should clarify those criteria and express them in a more consumer-friendly manner.

Telstra will inform consumers of whether it has decided to install a payphone within three months of acknowledging the original request and will provide an indicative timeframe for the installation stage based on the requirements of the case. If it agrees to install a payphone, Telstra will 'endeavour' to do so within timeframes that depend upon the availability of infrastructure. These timeframes are summarised in Table 10.1.

Table 10.1: Timeframes for installation of payphones

	Service location category	**Time for supply***
Readily accessible infrastructure that Telstra can use	all	3 months
No readily accessible infrastructure that Telstra can use	urban area and major rural area	3 months
	minor rural area	6 months
	remote area	9 months

** Timeframes apply from the date that Telstra informs a customer of its decision to install the payphone.*

The timeframes for the installation of payphones are longer than those for fixed telephone services due to logistical considerations such as the need to liaise with local government about siting issues and ensuring adequate provision of power. However, the ACA believes there is scope for Telstra to commit to reduced payphone installation timeframes in minor rural and remote areas. The extensive use of satellite technology means that there is now an upper limit on the time it should take to install any new payphone.

Furthermore, as it is a statutory obligation, the SMP should be rephrased to provide that Telstra will install a payphone within those timeframes.

Recommendation 13: Telstra should propose reduced payphone installation timeframes for minor rural and remote areas to be included in its SMP. Its SMP should state that Telstra must provide a payphone within those timeframes.

Apart from scope to reduce payphone installation timeframes and the need for greater involvement by the TIO, the ACA believes that Telstra's process currently in place for responding to requests for the installation of payphones is reasonable. Only a very small proportion of siting decisions are complained of to the ACA or Minister. However, these processes are neither transparent nor well-known to potential applicants. In order to maximise the accessibility of payphones it is necessary to improve customer awareness of the application process for a payphone.

ACA's 2003 survey of consumers' use of payphones in Australia found that awareness of Telstra's processes for installation, removal and relocation of payphones is low. Only 16 per cent of respondents were aware that members of the community can apply to have public telephones installed or removed at particular sites.

In its final response to the Estens Inquiry, Telstra identified a need to 'provide further detailed and interactive information to individuals, communities and local government' about payphone provision and has committed to providing an online website with consumer friendly information on:

- how to apply for a new public payphone (this will need to include information about being able to appeal to the TIO if recommendation 12 is accepted);
- Telstra's criteria for deciding whether to install a public payphone;
- community survey sheet; and
- details of other payphone products including TTY.

The ACA proposes that Telstra should clarify its criteria for making decisions about installing a payphone and present them in a more consumer-friendly manner. While Telstra's website strategy will deliver information to consumers with access to the Internet, further action is required for those without Internet access.

The ACA recognises that local governments are in a good position to assess the social need for payphones in their areas and should be better informed about the processes and eligibility criteria for the installation of payphones. An increased level of awareness about the process may encourage local government to take a greater role in initiating payphone installations. For example, local government could assess that a payphone service is required at a particular location based on knowledge of a high rate of itinerant workers in that area and low levels of home phone ownership.

The processes also need to be objective and seen to be objective, which the inclusion of the TIO in the process as an independent third party would achieve.

Recommendation 14: Telstra should clarify in its SMP its processes and criteria for making decisions about requests for the provision of a payphone, in consultation with the ACA and the TIO.

Recommendation 15: In addition to its website initiative, Telstra should develop a consumer-friendly brochure summarising key information about the process for applying for a payphone, including eligibility criteria and contact details for the TIO if the consumer wishes to make a complaint. The brochures should be made as widely available as possible and could be provided to local councils through the Australian Local Government Association (ALGA).
The ACA will develop a fact sheet that outlines the processes for applying to Telstra and other providers of payphones.

Recommendation 16: The ACA, Telstra and ALGA should work towards providing targeted information about the process to apply for a payphone to local government to enable them to participate in decisions about provisioning payphones in the community.

TELSTRA'S PROCESS FOR REMOVING PAYPHONES

The process for removing payphones currently outlined in Telstra's SMP is:

- where there is more than one payphone at a location that Telstra may reduce the number of payphones at that site, to a minimum of one as considered necessary; and
- where the payphone is the only payphone at that site, before removing the facility Telstra will consult with the local community, site owner and local government authority. This will include the posting of a notice at the site for at least three months, indicating Telstra's plan to remove the facility and inviting comment.

The SMP further details that Telstra will consult with the local community, site owner and local government about its intention to remove a payphone and consider any comments provided by these stakeholders before making its final decision about removal of the service.

Recommendation 17: Where Telstra intends to remove a payphone that is the last payphone at the site Telstra should provide information about:

- the process for interested parties to submit an objection, for example, where to send the objection and by what date;
- the fact that the decision about removing a payphone will be made with regard to the siting criteria in the SMP;
- the fact that any party that submits an objection will receive a response from Telstra within 30 days detailing the reasons for its decisions against the criteria in the SMP; and
- the fact that, if a party believes Telstra's decision does not comply with the siting criteria contained in its SMP, it can take its complaint to the TIO.

Telstra should include the above information both in the notice posted at the payphone site in question and also send it to the relevant local government authority, so that it has adequate opportunity to participate in the decision about the removal of a last payphone at a site. If either an individual or a local government agency submits an objection to Telstra regarding the removal of a payphone, Telstra should take this objection into consideration.

The processes also need to be objective and seen to be objective, which the inclusion of the TIO in the process as an independent third party to resolve complaints should achieve.

Telstra should advise each objector in writing of its decision regarding the request to remove or relocate a payphone, including information about contacting the TIO if the consumer wants to make a complaint about the decision.

Recommendation 18: Telstra should clarify in its SMP—in consultation with the ACA and the TIO—its processes and criteria for making decisions about removing a payphone.

Recommendation 19: While the ACA understands that Telstra endeavours to respond to all requests for payphone removal and relocation within three months of receiving the request, this timeframe for response should be stated as a requirement in its SMP.

PROCESS FOR REQUESTING TELSTRA TO RELOCATE (OR REMOVE) A PAYPHONE

Many of the complaints that are currently received by the TIO are requests by private individuals or businesses for Telstra to remove or relocate a payphone. This may be because the payphone is considered unsightly, or because many people are using it late at night, because it attracts users the requestor does not approve of, or because it attracts vandalism or drug use. Such requests are largely local planning decisions, rather than USO matters (unless the only way to relocate a payphone is to remove it entirely).

The SMP does not detail what factors Telstra considers when assessing a request to remove and/or relocate a payphone. The ACA understands that Telstra investigates and assesses each request on its merits using a variety of criteria including:

- evidence of community demand for a payphone at a site in order to assess whether Telstra is fulfilling its USO to ensure payphones are reasonably accessible to all people in Australia;
- concerns or proposals raised by the requestor; and
- the availability of an alternative payphone facility site.

Again, while Telstra's substantive process for assessing consumer requests for the removal and relocation of payphones may be adequate, consumers need to be informed of these processes as well as their rights, including the appropriate avenue of recourse if they wish to make a complaint about Telstra's decision. It is important that Telstra clarify the process for assessing consumer requests for the removal and relocation of payphones more clearly both in the SMP and in information provided to the public and relevant parties.

The ACA understands that financial contributions from interested parties towards the cost of relocating a payphone may be requested by Telstra where there appears to be no valid reason or community benefit in having a payphone relocated other than to accommodate changes to the streetscape or local environment. This may occur, for example, where:

- a developer requests a payphone to be relocated in order to change vehicular or pedestrian access to a site;
- a council wants to redevelop an area; or
- a government authority proposes alterations to the land such as road widening activities.

The ACA understands that in all other circumstances, Telstra will fund the cost of the removal and/or relocation of a payphone if it considers that the request is reasonable and will not diminish the community's reasonable access to payphone services.

Where both a requesting party and Telstra perceive benefit in removing or relocating a payphone facility, the ACA believes there is scope for sharing the cost between the two parties accordingly. The onus would be on the requesting party to provide reasons to Telstra for the removal or relocation of the payphone and to negotiate with Telstra about sharing the costs.

Recommendation 20: Telstra should clarify in its SMP—in consultation with the ACA and the TIO—the circumstances in which it will relocate a payphone, including where it would enter into negotiations with a requestor about sharing the costs of removing or relocating a payphone. The TIO should handle any complaints that arise about a particular case, applying an objective test of 'reasonableness'.

CHAPTER 11: INDIGENOUS COMMUNITIES

The Estens Inquiry found that remote Indigenous communities remain the most disadvantaged telecommunications users in Australia and face unique difficulties in accessing adequate services. These difficulties are closely linked with broader social disadvantages faced by those communities.

Since as few as five per cent of people living in remote Indigenous communities have access to a telephone at home, payphones serve as community home phones for many community members and often include features such as receiving incoming calls. These public phones fulfil a more extensive role than payphones elsewhere in Australia, often being a 'lifeline' service for remote communities.

Telstra is obliged to provide payphones to 'small' remote communities such as outstations and homelands, defined by the SMP as communities of more than 20 permanent adult residents. In practice, this is taken to mean a permanent population of at least 50 people, including adults and children.

Telstra has largely met its existing obligations to install public phones under its current USO, yet there remains widespread dissatisfaction with the lack of access to these 'lifeline' services. Many town camps and 'very small' remote communities (defined as having fewer than 50 permanent residents) lack payphones, while serviceability is often poor when payphones do exist.

The ACA proposes a more extensive Bushlink payphone obligation, extending payphones into all town camps and remote outstations of at least a few families. The Bushlink payphone concept would provide for incoming calls, outgoing calls using a calling card and a variety of phone designs together with local support and extensive consultation on siting and as a consequence this would also address the 'lifeline' need.

The availability of better telephone services for Indigenous communities has the potential to raise usage particularly for access to education and health services and ultimately the penetration rate for home telephone services.

The remote Indigenous population is less than one per cent of Australia's total population and the number of public phones is less than one per cent of the total number of payphones in Australia, but the comments received in this area were half of all those received by this review, highlighting the lifeline nature of the service.

The ACA has made a number of recommendations related to Indigenous communities which are located at the end of this chapter.

BACKGROUND

The Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) is the Australian Government's road-map for improving telecommunications in remote Indigenous communities. The government set up TAPRIC following completion of a major strategic study in 2002.

The strategic study assessed needs for telecommunications services in remote Indigenous communities, finding a high need for voice telephony in general, and payphones in particular. It raised concerns about whether the existing USO arrangements were sufficient to meet the needs.

The study found that payphones are heavily relied upon by many Indigenous Australians, especially those residing in remote outstations, homelands and town camps. Some studies suggest that as few as five per cent of people in remote Indigenous communities have access to a phone at home, compared with 99 per cent of the Australian population as a whole. For many communities, payphones are their only communications link with the outside world. As the Consumers' Telecommunications Network put it to this review, payphones are often a lifeline service.

The strategic study identified various reasons for the low levels of home phone access, including affordability, lack of awareness and usage management difficulties. These are not likely to be overcome in the near future without specific initiatives.

The Laynhapuy Homelands Association pointed out that payphones were a practical solution to the needs of remote tribal Aboriginal people. They were concerned about an apparent loss of focus on the need for payphones in favour of investments in new services.

The significance of payphone services to Indigenous communities was also raised directly with the ACA by the Central Land Council and Tangentyere Council.

The USO

Telstra's current obligation, as set out in its SMP, is to provide a payphone on request to small outstations and homelands of at least 20 permanent adult residents. Since databases tend to collect total population figures a population of 50 is often used as a proxy for 20 adults. The obligation requires the installation of a single Smartphone, that is, the standard coin- and card-operated phone used throughout Australia, which allows outgoing calls only.

Town camps are treated as urban communities with low home telephone penetration, meaning that a payphone will be provided if there is no other within one kilometre.

Following the Telecommunications Services Inquiry (Besley Inquiry), Telstra undertook a program to extend provision of payphones to all remote communities of population greater than 50 people.

The Estens Inquiry found that Telstra needs to continue to implement its plans to fulfil its USO payphone obligations in remote Indigenous communities. Telstra's activities in this area need to be well integrated with the provision of other appropriate telephone services under the USO and TAPRIC.

The Estens Inquiry also recommended that Telstra should place a high priority on the provision of payphones, or alternative community phone systems, in those remote Indigenous communities currently without access to telecommunications of any kind.

Current telecommunications infrastructure

The TAPRIC program has established a database identifying 1,339 discrete Indigenous communities in Australia. This database is based on the *ATSIC Community Housing and Infrastructure Needs Survey*. Of the 1,339 discrete communities, 337 have a population of more than 50 and 307 of these have one or more payphones. The remaining 30 are currently being assessed by Telstra, or have already decided they do not want a payphone.

Of the 1,002 communities with a population of fewer than 50, 267 have a payphone.

The TAPRIC database does not include all Indigenous communities in Australia. There are great difficulties in accurately identifying all inhabitants of remote Australia. The total number of communities is unknown, but based on environmental health studies by Aboriginal and Torres Strait Islander Services (ATSIS) and studies by state and territory government agencies, the best estimate of the total is about 2,000.

Most of the additional communities are probably on small outstations and homelands, often comprising a single family or a few families. In many cases they could be occupied on a seasonal basis only. Accordingly, therefore, there may be a total of about 1,700 very small communities with a permanent population of fewer than 50 and the number of such communities may be growing.

It is therefore estimated there might be up to 1,500 very small communities without a payphone, but with the need for a lifeline service.

ISSUES RAISED IN CONSULTATION

Telstra has largely met its obligation to install a payphone in small remote communities with a permanent population of more than 50. Yet there remains widespread dissatisfaction, especially:

- in communities without a service, or with too few services;
- in communities which cannot receive incoming calls on payphones;
- with the lack of appropriate siting and adequate consultation arrangements;
- with the perceived low levels of serviceability; and
- with the inadequate provision of information for communities on how to request phone services.

COMMUNITIES WITHOUT A SERVICE, OR WITH TOO FEW SERVICES

As part of this review, the ACA visited communities and town camps in Western Australia and central Australia to assess needs directly. The ACA has also visited the Hope Vale Indigenous community in Queensland. Situations where people have had to walk for hours to call an ambulance for a sick parent or child are not uncommon.

The ACA recognises the limitations of payphones as a solution to the lack of home phone penetration in remote areas. Very small communities need access to telephony in general, not just to payphones. In particular the traditional payphone is not necessarily a pathway to more modern services such as the Internet; indeed ATSIS described it as a 'fairly limited service option in the current telecommunications environment.' However, there are many communities with a permanent population of fewer than 50 for whom the benefits of payphones as a lifeline service, as well as for general use including access to distance education and health services, justify the cost.

The TAPRIC Community Phones Program aims to encourage the establishment of community phones in remote Indigenous communities and town camps by subsidising connection costs and by funding demonstrations of new approaches to delivering voice services in these communities.

Town camps

Town camps are treated under the SMP as urban residential communities, meaning that a payphone will be installed where there are low levels of home phone ownership and there is no other payphone within one kilometre. This definition means that many town camps do not have payphones, as there is one in another suburb somewhere within a kilometre.

Town camps use payphones in the same way as do remote communities—as community home phones. A phone in another suburb is not able to be used for incoming calls, or in an emergency, or by the numerous elderly and disabled people without a car. The ACA considers that payphones should be provided to town camps on the same basis as to remote Indigenous communities.

Very small communities

Residents of very small communities, that is, with a permanent population below 50 (for example, two or more families), are entitled to reasonable access to telephone services in light of the objectives of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*.

If up to 1,500 communities in Australia lack a lifeline service then it is clear that the universal service goal is not being met. The ACA recommends that payphones should be available to all communities of at least a few families, such as permanently settled outstations, to provide a lifeline service. As with other obligations in the SMP, this is subject to Telstra receiving permission from any private landowners.

The ACA further recommends that once a community has an administration office with a phone for business purposes, it ought also to have a payphone to remove pressure from the use of a business phone for community purposes and to provide a 24-hour per day service.

Alternative technologies

There is an increasing range of potential alternatives to the traditional SmartPhone payphone design that may offer better solutions for very small remote communities, including the Centre for Appropriate Technology (CAT) phone, fixed satellite handsets and transportable phones for mobile populations. The SMP should allow for these alternatives in fulfilment of Telstra's USO.

Centre for Appropriate Technology prototype payphone

Non-permanent populations

The SMP refers to '20 permanent adult residents' as the basis for providing a payphone. However, in many cases, remote Indigenous populations move between outstations depending on the season. In some cases, they may not return to a particular outstation for a year after someone dies there. However the outstation should not be regarded as abandoned but rather as temporarily vacated.

The Central Land Council proposed that in these situations Telstra could be more flexible and consider telecommunications needs on a regional basis. Telstra has suggested a 'hub and spoke' approach. Major services would be provided to 'hub' communities, while their outstations might be served with alternative solutions, such as fixed satellite phones or transportable public phones. These ideas need further development, but the ACA believes that they should be considered.

Multiple phones for larger communities

The current SMP provides for an entitlement of only one payphone per community with a population of more than 50. The ACA believes that a target rate of about one payphone per 50 population is more desirable, where home phone penetration levels are extremely low. The provision of one payphone per 50 population in an area where 95 per cent (or more) of the population have no access to a phone at home is considered to be similar to the provision of one payphone per 1,000 population in an Australian suburb or town where all but a few per cent of the population have access to a home phone.

The ACA acknowledges that Telstra already provides multiple public phones in some communities. However, the ACA considers that this should be formalised in the SMP.

Funding

It is estimated that the cost of all new payphone initiatives for Indigenous communities recommended in this chapter is likely to be $9 million to $19 million in capital costs (spread over several years), plus ongoing servicing costs depending on precise payphone numbers and the mix of technologies. This includes the extension of obligations to very small communities and the installation of additional payphones in accordance with a target of one payphone per 50 population in Indigenous communities. The approximate cost of $9 million to $19 million is based on best estimates currently available for the number of additional Bushlink payphones that would be installed if the recommendations in this chapter were implemented, as outlined below:

- approximately 1,400 additional payphones may be required to meet the recommended target rate of about one payphone per 50 population in larger Indigenous communities and town camps and the cost of payphones would range between $1,000 (for a CAT payphone) and $6,000 for a Smartphone—therefore the cost of this element would range between $1.4 million and $8.4 million;
- approximately 700 CAT payphones may be required to meet the recommendation for providing payphones to all remote Indigenous communities (such as outstations and homelands) and town camps with two or more family groups that currently lack a payphone. The cost of a CAT payphone with a satellite connection is estimated by Telstra to range between $10,000 and $15,000—therefore the cost of this element would range between $7 million and $10.5 million.

This funding might be provided through a contract in the same way as the extended zones services and would enable other companies to tender, or by accepting the additional cost as part of the USO levy, beyond the contribution made under the TAPRIC Community Phones Program.

INCOMING CALLS

In 455 communities, Telstra provides incoming calls on public phones and publishes the number on the phone. As a result, public phones have become far more valuable, providing the missing element of a home phone for community members.

Such an arrangement should be a standard part of the description of a payphone in remote Indigenous communities. The publication of a 'remote Indigenous directory' of payphone numbers in communities is highly desirable and recommended.

APPROPRIATE SITING AND CONSULTATION

The siting of payphones is a particularly significant issue in Indigenous communities. The Central Land Council submission to the review stated that "there are important cultural considerations in determining the location of payphones in remote Aboriginal communities..(and)…the location of payphones in communities must be determined in consultation with the community." Factors such as the proximity of the payphone to different family groups in an Indigenous community can influence the effectiveness of a payphone site. Other factors such as access to telecommunications infrastructure and a power supply are also relevant. The Government of Western Australia also advised that Telstra was not responsive to requests to relocate payphones to cater for changes in community layout and population growth.

While the ACA understands that Telstra consults with local Indigenous communities on payphone siting issues in many cases, the ACA recommends that this process be formalised in Telstra's SMP. Telstra has also employed Indigenous liaison officers, which has improved consultation.

RELIABILITY

Payphone reliability is poor in many Indigenous outstations, homelands and town camps.

The overall measure of payphone reliability is 'downtime', meaning the proportion of days in each year where the payphone is not fully functional. The effective downtime is a function of three things:

- the fault rate (how often the phone has a fault);
- how long it takes for each fault to be reported to, or detected by, Telstra; and
- how long it takes Telstra to repair each fault once reported.

In its response to the Estens Inquiry Telstra pointed to several factors in low levels of reliability in remote Indigenous communities:

(i) theft, vandalism and attempted misuse of public phones, all of which increase fault rates; and

(ii) logistical difficulties in getting to many remote phones, as well as extreme weather conditions, both of which increase the length of time to repair a fault.

The ACA accepts that not all factors affecting reliability are entirely in Telstra's control.

Fault rates

The ACA has no evidence to say whether theft, vandalism and misuse occur more or less in remote Indigenous communities than elsewhere in Australia. Damage from such unwanted attention is high in some communities, low in others. As elsewhere in Australia, this is an issue to be addressed by a range of strategies.

Fault detection and reporting

The ACA considers that an enhanced fault reporting process is essential. On visits to communities the ACA review noted public phones that were out-of-order but Telstra was unaware of it. In one case, the phone had been out of order for at least a year, but no-one had reported it, even though they would have used it if it were working.

Telstra has been rolling out electronic fault detection for its SmartPhones which greatly increases the speed at which it learns about a fault. However, not all older payphones have this feature. Even when they do, it does not detect all faults, especially mechanical ones (such as a broken handset).

There is evidence that such faults often go unreported in the general community as well as in Indigenous communities. Many people do not see it as their responsibility to report a fault in a public phone. In Indigenous communities there is the additional barrier that people do not always speak English as a first language, which any strategy to improve fault reporting should take into account.

Fault repair

Once a fault is reported, Telstra aims to fix a fault in a remote area within three working days. In the 2002–03 financial year, Telstra reported that it had met this target for 61 per cent of remote area payphone faults (remote Indigenous areas are not reported on separately). The 'remote' category used is Telstra's Customer Service Guarantee classification, which is defined as a community with a population of less than 200 people.

Residents of remote Indigenous communities in Western Australia told ACA staff that if Telstra fixed a phone within two weeks in the dry season, that was quite good performance compared with the time it took to get other services in such remote areas. In the wet season, some communities are entirely cut off for months. The Laynhapuy Homelands Association also commended the professionalism of Telstra staff in its area.

Nevertheless, the ACA considers that a 61 per cent payphone fault repair rate in remote areas represents low performance and a number of proposals for improving Telstra's fault repair performance are discussed in the following section.

The Consumers' Telecommunications Network submitted that a payphone in communities with very high incidence of life-threatening illness, should be designated for priority servicing as a lifeline service. The ACA believes further consideration should be given to how this might work, for example by Telstra giving these cases higher priority it its work program. The following section makes a number of proposals intended to improve payphone reliability in remote Indigenous communities.

Proposals for improving reliability

Various strategies to improve reliability have been trialled or proposed by Telstra and others. The ACA believes the following should be supported and, where appropriate, recognised as options for communities in the SMP for improving fault repair performance:

(1) Card-only phones have been successfully trialled in some communities, often with great success in reducing fault rates. The Government of Western Australia advised that for this strategy to be successful, there needs to be adequate outlets (both commercial and Indigenous community based) for sales of the calling cards. This approach is also supported by the Tangentyere Council and the Central Land Council. Telstra propose a unique Indigenous community arrangement for card phone access tailored to the need of the community and this proposal is strongly supported.

(2) More robust designs. Telstra has designed and introduced a more robust version of the standard SmartPhone in some areas. To further reduce fault rates and repair times, it has also been working with the Centre for Appropriate Technology to design a new phone (see picture on page 71) that is more robust and more easily repaired, as it uses a standard telephone handset for which a replacement can be mailed out, or a spare left in a safe place.

(3) Painting of phones by local artists to highlight 'community ownership' and reduce fault rates as a consequence has been trialled on an *ad hoc* basis by local Telstra managers. The review saw trials in Western Australia and central Australia (see cover picture). This is worth pursuing more widely.

(4) Joint initiatives have been developed between ATSIS, Telstra and local communities to reduce fault rates due to unwanted attention.

(5) Additional communication programs for outstations, homelands and town camps about the need to report faults and how to do so, including enhanced instructions on the phone itself.

(6) Telstra has opened an Indigenous Call Centre in Townsville with a unique FreeCall number for remote Indigenous community members to call and speak to Indigenous consultants regarding their service connections and repair.

(7) To improve fault detection and repair times and reduce fault rates, Telstra has trialled training and employing local community members to fix basic faults on the spot rather than requiring a technician to visit. In some places there are other service providers (such as gas and electricity companies) with similar approaches. It may be possible to work jointly with them. The Indigenous Communities Coordination Taskforce is considered to be the appropriate body to co-ordinate discussions.

(8) Further use of technologies such as electronic fault detection and remote software control.

BUSHLINK PAYPHONE OBLIGATION

If the proposals of this chapter are accepted they will result in a payphone obligation that looks quite different from the standard payphone arrangements in the SMP for Indigenous communities. In some cases additional services (such as incoming calls), or fewer services (such as phones that do not take coins), or quite different terminal equipment would be part of the payphone design.

To avoid confusion with the standard payphone arrangements in the SMP, and to allow for the future development of different means of delivering services to very small communities, the payphone obligation in the SMP should become a separately branded payphone obligation, for example, Bushlink.

HOME TELEPHONE SERVICES

Payphones are not a pathway to future services and they remain a shared, lifeline type service only. They will not increase overall phone penetration rates.

Recognising this, Telstra is also developing a pre-paid calling-card platform for home phones in remote Indigenous communities, to help overcome difficulties with managing usage and to increase home phone penetration levels. (Eligibility criteria would apply.)

The features currently proposed by Telstra are:

- users would need to use their own personal pre-paid calling card;
- the arrangement would include appropriate monthly rental charges with call charges funded from the pre-paid calling card;
- attractive call rates would be provided to related community service towns, that is, the regional centre that community members would usually call for banking, CentreLink and other services; and
- a unique interactive voice recording with Indigenous speech would be available to users of the card.

While the development of this platform is not a matter for this review, the calling card would work on payphones as well.

DCITA is also sponsoring a program to increase access to services of this kind through the TAPRIC Community Phones Program.

MONITORING AND REPORTING

ATSIS, the Central Land Council and Ngaanyatjarraku Shire all submitted to either this Review or the Estens Inquiry that the ACA and TIO needed to engage more with Indigenous communities and more closely monitor their telecommunications needs and Telstra's compliance with the USO in these areas.

The ACA is developing new arrangements for monitoring remote Indigenous communities (such as outstations and homelands) as a result of the Estens Inquiry which will also include nominated Town Camps. In particular, it will be necessary in future for Telstra to report separately on performance in such Indigenous communities (see Chapter 14).

The ACA will continue to adopt a pro-active position and visit Indigenous communities to consult with them and to monitor progress.

INFORMATION PROVISION

Remoteness and language barriers make it difficult for people in remote Indigenous communities to access information about their telephone service choices and rights. Telstra, the ACA and the TIO should provide information that is more accessible. It is noted that the TAPRIC program is funding a mobile education program for Indigenous communities.

The ACA proposes to develop a new module of its consumer Tool Kit specifically for people in Indigenous communities about telecommunications choices and rights. These would be similar to the existing ACA consumer information Tool Kit modules for mobile, fixed and Internet services and would use print, audiovisual and audio media.

DEVELOPMENT OF THESE PROPOSALS

At a national level, the proposals of this chapter should be developed in consultation with the ACA, the TIO, DCITA and ATSIS. Local trials should be developed in consultation with state and territory governments, the Indigenous Communities Coordination Taskforce (where appropriate) and representatives of communities and town camps, such as land councils.

Detailed changes to Telstra's SMP should be developed through public consultation and included in the expected revision of the plan in mid-2004. However, Telstra should take immediate steps to develop these initiatives, with a view to commencing a Bushlink payphone program in town camps and in very small outstations and homelands currently lacking payphones, beginning in early 2004.

The Bushlink USO payphone concept is generally comparable to 'community phones' provided under the TAPRIC Community Phones Program and Telstra should continue to support and progress the latter (where it is the service provider), with the Bushlink USO model being seen as the further extension of payphones beyond the Community Phones Program rollout.

RECOMMENDATIONS

Recommendation 21: Payphones are a lifeline service for small and very small remote Indigenous communities (such as outstations and homelands) and town camps and need to be provided on a wider basis than at present:

(i) Payphones should be provided in all remote Indigenous communities (such as outstations and homelands) and town camps with two or more family groups that each include, for example, parents and their children.

(ii) Multiple payphones should be provided in larger communities and town camps, at a target rate of about one per 50 population (depending on levels of home phone penetration).

(iii) Telstra to consider more flexible provision of payphones to communities, outstations, homelands and town camps that have at times a large population but whose permanent population is less than a few families because of seasonal or periodic living arrangements. Appropriate solutions may include fixed satellite phones or transportable payphones.

(iv) Any community with a government or community office that has a phone for business purposes should be provided with a payphone.

(v) The expanded obligations proposed may require specific funding which could occur through an extended zones type contract (which other firms could tender for), or by accepting the additional cost as part of the USO levy, beyond the contribution made under the TAPRIC Community Phones Program.

Recommendation 22: Payphones in remote Indigenous communities and town camps serve a much wider role than standard payphones and require a different set of features and designs. A Bushlink payphone obligation should replace the payphone obligation for remote Indigenous communities in Telstra's Standard Marketing Plan. The Bushlink payphone would:

- be a payphone, accessible 24 hours per day, seven days per week;
- usually be card-only, where that is acceptable to the community;
- accept incoming calls with the number advertised;
- provide a range of designs including the existing SmartPhone payphone, more robust designs such as the Centre for Appropriate Technology phone, fixed satellite handsets or transportable payphones designs;
- accept the new pre-paid calling card being developed for home phones; and
- be provided on the geographic basis set out in the previous recommendation.

Recommendation 23: Telstra should develop a contemporary siting process for payphones in remote Indigenous communities, including outstations, homelands and town camps which has the flexibility to take into account the particular cultural and social characteristics of each community in addition to practical considerations about each site.

Recommendation 24: Telstra should continue with the following initiatives and trials:

- assisting with the painting of payphones to promote the concept of community ownership;
- the Indigenous call centre initiative;
- the Indigenous liaison officer initiative;
- the trial for training local residents to manage the phones and effect simple repairs, in discussion with Indigenous Communities Coordination Taskforce members;
- joint programs with Aboriginal and Torres Strait Islander Services (ATSIS) and communities to reduce high fault rates as a result of damage.

Recommendation 25: Telstra should develop its proposed Indigenous pre-paid calling card platform for home phones in remote Indigenous communities, to overcome difficulties with managing usage of the phone and as a consequence increase home telephone penetration levels.

Recommendation 26: Telstra should provide appropriately designed, accessible information to remote Indigenous communities about telephone service choices and rights. A remote Indigenous directory of payphone numbers in communities should be published.

Recommendation 27: These proposals at a national level should be developed in consultation with the ACA, the TIO, DCITA and ATSIS. Local trials should be developed in consultation with state and territory governments, the Indigenous Communities Coordination Taskforce (where appropriate) and representatives of communities and town camps, such as land councils. Telstra should take immediate steps to develop these initiatives, with a view to commencing a Bushlink payphone program in town camps and in very small outstations and homelands currently lacking payphones, beginning in early 2004. The ACA will monitor such a program.

Recommendation 28: The ACA and the TIO should engage more closely with Indigenous communities, monitor the payphone implementation program and provide Indigenous Australians with more accessible information about their choices and rights.

Recommendation 29: The ACA should develop a Tool Kit module designed specifically for remote Indigenous communities

CHAPTER 12: RELIABILITY AND FAULT REPAIR PERFORMANCE

The accessibility of payphone services not only depends upon their number and location, but also the degree to which they are operational. This is particularly important in emergencies, when time taken to find an alternative phone can be critical, and in remote towns and Indigenous communities where there may be few, if any, alternatives to the payphone.

Influences on the reliability of payphones include:

- the number of faults, which may be affected by influences such as:
  - quality of equipment;
  - vandalism, theft and misuse; and
  - the weather;
- the time taken for the operator to become aware of faults;
- promptness of fault repair; and
- quality of repairs.

GENERAL APPROACH

The installation and fault repair times for payphones currently contained in Telstra's SMP are indicative targets only. Telstra has argued that the circumstances of individual payphones and sites can vary widely, from payphones whose coin box needs emptying, to payphones totally destroyed in a motor vehicle accident. Furthermore, there are no targets for overall reliability in the SMP at present, with Telstra arguing that not all factors affecting reliability are completely under Telstra's control. For example, it is argued that high levels of vandalism and misuse might cause some payphones to have low overall reliability.

While this may be true for individual payphones, the ACA is of the opinion that Telstra should be expected to meet across-the-board performance measures. Failure to do so may mask systemic problems and Telstra should be required to:

- explain the reasons for underperformance; and
- depending on the reasons for underperformance, put in place remediation strategies, setting out specific and enforceable steps that Telstra will take to improve performance.

Examples of such steps might include the rollout of new fault detection and remote repair equipment, more regular maintenance checks of payphone sites and working with local communities to reduce damage due to vandalism and misuse, some of which Telstra has now commenced. Any such strategy would be required to include reporting by Telstra against specific key performance indicators for the steps Telstra is taking under the strategy, for example, the rate of rollout of new fault detection equipment.

The Estens Inquiry recommended that Telstra provide and implement such a strategy for improving performance in remote areas. The ACA is currently in discussions with Telstra about the content of that strategy.

A power to require explanation of poor performance and an enforceable remediation strategy to improve performance may need to be formalised, perhaps in a Telstra licence condition.

Recommendation 30: The ACA should be able to require Telstra through a licence condition, as universal service provider, to provide an explanation for poor performance outcomes and to provide and follow a remediation strategy for improving outcomes.

TELSTRA'S PERFORMANCE – PAYPHONE RELIABILITY

Regular Telstra performance measures

Telstra reports to the ACA each quarter on its performance against selected payphone reliability measures. These measures do not perfectly reflect the user's experience, for example, actual serviceability and availability may be lower than Telstra's reported levels because Telstra cannot, for example, report on faults that it has not become aware of. However, Telstra's reported measures are useful to the ACA in that changes in performance over time can be used to assess whether payphone reliability is becoming more of a problem in some areas. These areas can be targeted for closer monitoring by the ACA, such as through independent testing of payphones in a field audit.

Telstra provides two measures: *payphone serviceability* and *payphone availability*. It is important to understand the reason for, and definitions of, the two measures. Payphone serviceability gives a measure of total functionality of a payphone and hence the full consumer experience with the payphone as an instrument of general communication. Payphone availability gives a measure of critical access, for instance the ability to make emergency calls or other calls despite some payment mechanism malfunction—either coin or card mechanism not working.

Payphone serviceability

Payphone serviceability is a measure of the average percentage of time each payphone is 'serviceable'. Telstra determines a payphone to be unserviceable if a fault, detected through either automatic fault detection equipment or through a customer fault report, does not allow all call types to be made using all payment mechanisms offered at that payphone. This measure also includes the time that Telstra takes to repair faults.

Telstra's performance against this measure has been very consistent over the past decade, with serviceability normally at about 93 per cent (that is, seven per cent "effective" downtime). There was a significant improvement against this measure in the early 1990s, with serviceability at just 65 per cent in 1988 (AUSTEL's 1994 report *Telecom Proposal to Increase Public Payphone Call Charges From 30 Cents to 40 Cents)*.

Given the stability in this figure for the last decade, the ACA would expect a minimum serviceability level of 90 per cent. Any fall in performance below that level by Telstra should incur an ACA request for an explanation of its poor performance and, if needed, a remediation strategy.

Despite Telstra's currently reasonable nationwide serviceability levels, serviceability is known through consultation and other studies to be lower in remote Indigenous communities than in urban and rural areas. The issue of improving performance in these areas was dealt with extensively in Chapter 11.

The factors that make serviceability low in remote Indigenous communities, including distance and climate conditions, are likely to apply to other remote communities. The data shows similarly that fault repair performance is worse in remote areas, as discussed below. However, Telstra's serviceability data is not currently disaggregated below a national and state or territory level. In order for the ACA to determine serviceability levels in remote areas and to require action to improve outcomes as necessary, Telstra should be required to provide more disaggregated data on serviceability performance.

Recommendation 31: The ACA should require Telstra to provide disaggregated serviceability data for urban, rural, remote and remote Indigenous community categories.

Availability

Telstra defines payphone availability as:

> The number [ie. proportion] of payphones available to make successful calls using either card or coin and calls to operator levels, E000 [emergency calls using 000], 1800 and other carrier services.

According to this definition, a payphone equipped with both card and coin payment options would be considered available even if one of these payment mechanisms was not functional. Performance against this measure has generally been 98 or 99 per cent for the last few years.

The ACA would expect a minimum availability level of 98 per cent. Any fall in performance below that level by Telstra should incur an ACA request for an explanation of its poor performance and, if needed, a remediation strategy.

Trouble reports

Telstra's trouble reports represent the number of customer-reported faults and problems detected by the automatic fault detection equipment inside the payphones. The number of trouble reports has been falling for many years. There was an average of 0.4 trouble reports per payphone for the September 2003 quarter, down from 1.6 for the March 2000 quarter and 2.3 for the December 1995 quarter.

The ACA expects a maximum trouble report rate of one. Any increase in trouble reports above that level by Telstra would incur an ACA request for an explanation of its poor performance and, if needed, a remediation strategy.

ACA audit of Telstra payphones

In July 2001, the ACA commissioned a research firm to undertake a field audit of the functionality of Telstra's payphones. Direct field monitoring of this type is an important tool used by the ACA for measuring performance because, unlike Telstra's performance measures, it perfectly reflects the user's experience of using a payphone (that is, actually making the call). Although the results of the 2001 audit are beginning to be outdated, they are still provided here because they are able to put Telstra's performance against its own measures into perspective.

The methodology and results of the audit are reported in the ACA's *Special Report No.9: The Universal Service Obligation – Payphones* (October 2002). Field staff tested 501 randomly selected Telstra-operated phones and attempted six different types of calls.

A payphone was considered fully functional if it could be used successfully to make all call types for which it was equipped. This meant that a coin and card payphone would be expected to make successful calls with satisfactory line conditions for each of the following call types:

- to a 1800 free-to-caller number;
- to the emergency call service 000 number—to minimise the impact on emergency call services, calls were made with the cooperation of Telstra and emergency services providers;
- a local call using coins;
- a local call using a Telstra phonecard;
- a national long distance number using coins; and
- a national long distance number using a Telstra phonecard.

This measure thus equates to a much stricter assessment of availability than Telstra reports on.

Against this measure, eighty-two per cent of the 501 tested payphones were considered fully functional. Performance in remote areas (79 per cent) was slightly below that of payphones from urban and rural areas (both 83 per cent).

As a disaggregated assessment, and to enable comparisons with Telstra's reporting, Table 12.1 shows the percentage of each type of call that was able to be successfully made with satisfactory line conditions. As such, it demonstrates how Telstra's reported availability rate of 98 to 99 per cent is reflected in the field in a customer's ability to make these individual call types.

Table 12.1: Percentage of successful payphone calls with satisfactory line conditions

Call type	National	Urban	Rural	Remote
1800	97	98	97	98
000	97	97	97	98
Local call with coins	93	94	91	93
Local call with phonecard	93	93	93	92
Long distance call with coins	91	92	91	90
Long distance call with phonecard	91	90	92	90

Source: ACA 2001 payphones audit

TELSTRA'S PERFORMANCE – FAULT REPAIR

Telstra's SMP states the timeframes in which Telstra endeavours to repair payphones after being notified of a fault. Table 12.2 shows Telstra's performance in meeting these timeframes in 2002–03. Telstra advised that for the September 2002 quarter it was still recording its performance against calendar days rather than business days. This means that Telstra's performance against the specified timeframes would be higher than the figures reported below, particularly in remote areas because the three working day timeframe is more likely to span across weekends.

Table 12.2: Telstra's repair performance, 2002–03

	Urban	Rural	Remote
Specified timeframe	End of 1 full working day	End of 2 full working days	End of 3 full working days
Faults repaired within specified timeframe	86.3%	81.4%	61.0%
Plus 1 working day	94.4%	89.7%	70.7%
Plus 2 working days	97.1%	94.0%	78.8%
Plus 3 working days	98.2%	96.0%	84.5%
Plus 4 working days	98.8%	97.1%	88.7%
Plus 5 working days	99.1%	97.8%	91.7%
Plus 6 working days	99.3%	98.2%	93.0%

Note: Faults included in this table are not limited to those that make a payphone inoperable.

Even if actual performance may be slightly higher than reported, it appears that Telstra is still consistently not meeting the timeframes in its SMP. Of particular concern is that 7 per cent of faults in remote areas are still not repaired after nine working days.

Telstra took an average of 9.9 business hours to repair a fault in the September 2003 quarter, one business hour longer than for the December 2002 quarter, when the measure was first collected. Business hours means that time is only counted between 7.00 am and 6.00 pm Monday to Friday. Before the December 2002 quarter, time was counted during any time of the week. The poorer performance average of South Australia and the Northern Territory (13.0 business hours) and Western Australia (14.1 business hours) reflects the remote nature and climatic conditions of parts of these areas.

The ACA believes that significant improvement needs to be made with respect to the repair times for remote payphones. It was Telstra's poor repair performance in 2001–02 that led to the Regional Telecommunications Inquiry's recommendation 2.13:

> Telstra should report as soon as possible to the Government on the causes of low levels of performance in meeting payphone repair timeframes, and put forward a strategy for raising performance to an acceptable level, particularly in remote areas and Indigenous communities.

The ACA is currently consulting with Telstra about this remediation strategy. The ACA expects that within this strategy Telstra will set out specific and enforceable steps to ensure that, by the December 2005 quarter, fault repair performance (particularly in remote areas and Indigenous communities) has improved to a level whereby 80 per cent of faults are repaired within the specified timeframes and 99 per cent of faults are repaired within five working days of the specified timeframes.

Recommendation 32: Telstra and the ACA should finalise the remediation strategy under which Telstra will significantly raise fault repair performance (particularly in remote areas and Indigenous communities) by the December 2005 quarter, to a level whereby 80 per cent of faults are repaired within the specified timeframes and 99 per cent of faults are repaired within five working days of the specified timeframes.

CHAPTER 13: CONSUMER INFORMATION AND AWARENESS

The provision and quality of information for consumers has been identified as a key factor in determining the effectiveness of payphone policy. The Estens Inquiry made two recommendations about improving the provision of public information about payphones, specifically, Telstra's criteria for providing payphones and a comprehensive list of sites of Telstra payphones.

PROVISION OF INFORMATION ABOUT THE LOCATION OF TELSTRA PAYPHONES

Estens Inquiry recommendation 2.12 states:

> The sites of Telstra-operated payphones, together with the numbers of payphones at each site, should be made publicly and readily available. Consideration should be given to including payphone locations at least in local telephone directories in regional areas.

The availability of information about payphone location was raised in public consultations and by the Government of Western Australia. The provision of easily obtainable information about payphone sites would enhance consumer access to the payphone network. The location and number of Telstra payphones at public sites should be publicised on Telstra's website. The ACA supports Telstra's plans to implement this strategy. However, online availability of this information only partially addresses the issue and other information strategies are required for consumers without access to Internet services.

Telstra stated that information about the location and numbers of payphones is subject to change, which compromises the currency of payphone information in telephone directories. However, the advantages of having this information publicly available outweigh disadvantages of outdated information and the directory could indicate the date the information was valid.

This strategy should not be limited to regional directories and should include all telephone directories.

Recommendation 33: Telstra should include the sites of its public payphones in all telephone directories.

PROVISION OF INFORMATION ABOUT PROCESSES TO INSTALL TELSTRA PAYPHONES

Estens Inquiry recommendation 2.11:

> Telstra should be required to better inform the public about its policies for providing payphones, including ensuring that criteria for providing payphones are clearly and simply stated…

This report has already made a number of recommendations that address RTI recommendation 2.11.

The ACA's 2003 survey of payphone usage, submissions from the Consumers' Telecommunications Network and the Government of Western Australia pointed to low levels of consumer awareness about payphone provisioning processes. The survey found that only 16 per cent of respondents were aware that members of the community can apply to have public telephones installed or removed at particular sites. The USO siting policy is partially request driven, which means that its success depends in part on consumers' awareness of their rights under the USO standard marketing plan to request a payphone.

The ACA believes that recommendations made in this report as well as strategies committed to by Telstra in its response to the Estens Inquiry will address the need for improved consumer awareness about payphone provisioning. An information campaign specifically targeted at Indigenous communities is discussed in Chapter 11.

Telstra's strategy is to develop online 'consumer friendly' information on the following:

- how to apply for a payphone;
- criteria for installing a payphone;
- a community survey sheet; and
- details of other payphone products (including TTYs).

This is a necessary first step. The ACA's other recommendations relating to consumer information are dealt with in Chapters 6, 10 and 11.

PART D
INDUSTRY MONITORING AND COMPLIANCE

CHAPTER 14: MONITORING AND COMPLIANCE

Section 105 of the *Telecommunications Act 1997* requires the ACA to monitor and report on the industry generally and, specifically, on the adequacy of each universal service provider's compliance with the universal service obligation (USO).

This monitoring serves three purposes:

- to provide information to policy-makers and regulators about the industry and general service availability;
- to assess the effectiveness of a statutory requirement, in this case the USO; and
- to assess regulatory compliance by carriers and carriage service providers, in this case Telstra's compliance with the USO.

The ACA is developing a broad monitoring and reporting framework for all its activities, as part of the government response to the Estens Inquiry. Payphones will be monitored in line with that framework. This chapter is purely descriptive, setting out the actions the ACA is taking under its existing functions and powers. Accordingly, no recommendations to government are involved.

MONITORING

This section discusses specific elements of the recommended monitoring. The ACA December 2003 discussion paper, *Telecommunications Monitoring and Reporting – Draft Framework*, sets out the broader ACA framework.

The government is interested in the total number of payphones provided by all companies and the total number of calls being made. This information is important to understanding the industry and making decisions about the effectiveness of the USO in ensuring that the community need for payphones is met. Beyond that, the ACA's primary focus is Telstra's compliance with the USO.

Industry monitoring and reporting measures

The ACA should monitor the following measures:

(1) the number and use of all payphones provided by all payphone operators;

(2) provision of payphones by Telstra as required by the USO; and

(3) Telstra's reliability and fault repair under the USO.

(1) Number and use of payphones – all payphones provided by all payphone operators

The ACA and policy-makers need to understand the general payphone industry, including supply (number of payphones) and demand (number of calls being made).

A variety of methods are needed to estimate total payphone numbers, including:

- collecting retail data from all specialist payphone firms;
- collecting wholesale data from specialist payphone firms to allow numbers of independent payphone operators to be estimated; and
- seeking estimates from the payphone industry of the number of other independent operators not otherwise recorded.

The ACA's new monitoring framework will seek data at the postcode level from 'large' providers and at the national (and remote Indigenous community) level from other providers. Large providers are those with a substantial share of the market (say 30 per cent) or of an important sub-market.

Therefore, all specialist payphone firms should be asked to record information about the number of:

- payphones operated in each area;
- TTY payphones operated in each area;
- wholesale services provided to independent payphone operators, who are not themselves reporting to the ACA; and
- calls made on that provider's payphones for the year.

The industry will also be asked for estimates of payphone numbers not caught in the above records.

The ACA will report aggregate numbers and calls made annually in its Telecommunications Performance Report.

(2) Provision of payphones under the USO

The ACA should continue to monitor the provision of payphones by Telstra to fulfil its USO obligations.

Telstra should record and report information about the number of:

- applications made for payphones to be installed, removed and relocated;
- applications granted;
- applications answered within three months;
- installation, removal or relocation matters mediated by the TIO; and
- applications installed within Standard Marketing Plan (SMP) timeframes.

Telstra reports on these matters already, except in regard to (see Chapter 10) the TIO which would in future handle complaints about the installation, removal and relocation process. The ACA would report this information annually in its Telecommunications Performance Report.

(3) Reliability and fault repair under the USO

In order to ensure acceptable levels of reliability and fault repair (see Chapter 12), Telstra should record information for all USO payphones on:

- fault repair times
  - average number of trouble reports per payphone;
  - number of faults repaired within USO target times;
  - tail data—number of faults fixed within USO target +1, 2 … days; and
- network availability
  - basic availability—percentage of payphones from which calls can be made using at least one payment mechanism, as well as emergency calls;
  - serviceability—percentage of period for which payphones were fully functional, measured by deducting time taken to repair all faults that reduce full functionality from total possible uptime; and
- customer satisfaction with payphones.

Telstra reports on these measures already, but all measures (including serviceability) should be disaggregated into urban, rural, remote and remote Indigenous areas.

Except for customer satisfaction, Telstra should provide this information to the ACA quarterly. In the case of customer satisfaction, the SMP provides for this information to be reported but it is not currently collected from Telstra every year. The ACA would report on most of these measures annually except where problem areas are identified, which would then be reported on quarterly.

The ACA will carry out its own *ad hoc* field monitoring and audits to independently assess network availability and serviceability. The first of these should be of a selection of remote towns and remote Indigenous communities.

Compliance by Telstra with any strategy for improving USO outcomes

Chapter 12 proposes that Telstra address poor performance on reliability and fault repair by devising a strategy for improvement in consultation with the ACA. Such strategies would have appropriate key performance indicators (for example, if one element of the strategy was the rollout of new fault detection software, the key performance indicator might be the rate of rollout), against which Telstra should report, usually quarterly.

COMPLIANCE VERIFICATION

The ACA uses, and should continue to use, several verification measures:

- random audits of Telstra's internal measurement systems by business systems auditors from time to time;
- *ad hoc* field audits of performance by market researchers or engineers, for example, testing of functionality of randomly selected phones;
- case studies and direct ACA visits to individual towns and communities; and
- occasional customer satisfaction market research.

APPENDIX

REVIEW CONSULTATION AND SUBMISSIONS

CONSULTATION

ACA roundtable meetings (25 and 30 September 2003) were attended by 42 people representing 25 peak bodies and industry members:

- Australian Association of the Deaf
- Australian Communications Industry Forum (ACIF)
- Australian Council of Social Services (ACOSS)
- Australian Federation of Disability Consumers
- Australian Federation of Disability Organisations
- Australian Federation of Homelessness Organisations
- Australian Telecommunications Users Group (ATUG)
- Blind Citizens Australia
- Communications Law Centre (CLC)
- Consumers' Telecommunications Network (CTN)
- COTA National Seniors
- Country Womens' Association of New South Wales
- Country Womens' Association of Victoria
- Deafness Forum
- Department of Communications, Information Technology and the Arts (DCITA)
- Human Rights and Equal Opportunity Commission (HREOC)
- Kids Help Line
- National Farmers' Federation
- Payphone Industry Association
- Physical Disabilities Council of Australia
- Small Enterprise Telecommunications Centre (SETEL)
- Telecommunications and Disability Consumer Representation (TEDICORE)
- Telstra
- TriTel
- Youth Action and Policy Association

A report on these roundtable meetings is on the ACA website (www.aca.gov.au).

The ACA visited the following Indigenous communities:

- Great Sandy Desert and Kimberley region

  - Balgo
  - Billiluna
  - Kundat Djaru
  - Milba
  - Mulan
  - Yagga Yagga

- Hope Vale, Queensland
- Alice Springs and central Northern Territory region

Town Camps

  - Yarrenytyr Arltere (Larapinta Valley)
  - Inarlenge (Little Sisters)
  - Ilpiye Ilpiye
  - Ewyenper Atwatye (Hidden Valley)
  - Irrkerlantye (Whitegate)

Outstations

  - Atkupitja (Gillen Bore)
  - Burt Creek

Other committees, fora and organisations attended or consulted include:

- ACA National Relay Service Consultative Committee
- ACIF Disability Advisory Body
- Central Land Council Workshop on 'Delivering better telecommunications to Aboriginal people in central Australia'
- DCITA Indigenous Telecommunications Forum
- Human Rights and Equal Opportunity Commission Telecommunications Forum
- Australian Local Government Association
- Australia-wide Telephones
- BrandEconomics Pty Ltd
- Federal Communications Commission (US)
- Human Rights and Equal Opportunity Commission
- Indigenous Communities Coordination Taskforce
- LifeLine

- Marconi
- OFTEL (UK)
- Optus
- Tangentyere Council
- Telecommunications Industry Ombudsman
- WebPoint

SUBMISSIONS

The review received 13 written submissions:

- Elvet Associates Pty Ltd
- Mr Lloyd Swanton
- Women with Disabilities Australia
- Deafness Forum
- Australian Association of the Deaf
- Payphone Industry Association
- Kids Help Line
- Laynhapuy Homelands Association, Northern Territory
- Central Land Council
- Consumers' Telecommunications Network
- Aboriginal and Torres Strait Islander Services
- Government of Western Australia
- Telstra

The submissions are also on the ACA website.

The Estens Inquiry received 18 written submissions discussing payphones:

- Aboriginal and Torres Strait Islander Commission
- Australian Association of the Deaf
- Australian Communication Exchange
- Cape Barren Island Aboriginal Association
- Deafness Forum of Australia
- Consumers' Telecommunications Network
- Government of Western Australia
- Grabine Lakeside State Park
- Mrs Kalar Holland
- Mr Johnno Lawrowicz

- Ngaanyatjarraku Shire Council
- Optus
- Payphone Industry Association
- Pilbara Regional Development Council
- Telecommunications and Disability Consumer Representation (TEDICORE)
- Telstra
- Mr Theo Smarz
- Women with Disabilities Australia