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Media Release

SENATOR THE HON RICHARD ALSTON

*Minister for Communications, Information Technology and the Arts
Deputy Leader of the Government in the Senate*

Government releases detailed response to 17 Besley recommendations

The Minister for Communications, Information Technology and the Arts, Senator Richard Alston, today released the Government's detailed response to each of the 17 recommendations in the Telecommunications Service Inquiry Report.

'Last week the Government announced a \$163 million package to further improve basic phone services, mobile phone coverage, internet speeds and health and education networks,' Senator Alston said.

'That announcement also included an outline of the Government's response to the recommendations in the Besley Report.

'Today's additional material sets out in detail how the Federal Government will address each of the 17 recommendations of the independent inquiry,' Senator Alston said.

Senator Alston said he hoped residents of regional communities would welcome the Besley funding package and the comprehensive response to the recommendations in the Report.

'The Government has not only responded to each recommendation but has gone well beyond them in many instances,' Senator Alston said.

'It is particularly pleasing that the Government has been able to address the crucial Recommendation 8 which called for the establishment of a national communications fund to assist significant communications projects by key users such as education and health.

'The Government has committed \$52 million to a National Communications Fund which will help establish the telecommunications networks required to deliver telemedicine and online education applications to regional, rural and remote communities. These networks will also play a crucial role in improving the overall communications links in these communities.

'The early delivery of all the Besley commitments is a very high priority for the Government.

'The only risk to these important initiatives is the fact that Labor, which promised to ditch the Networking the Nation program before the 1998 election, is now refusing to rule out doing the same with the Besley funding. This shows a complete disregard for

and lack of any understanding of the needs of regional Australia,' Senator Alston said.

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Federal Government response to the 17 recommendations made by the Telecommunications Service Inquiry

Recommendation 1-That the Productivity Commission's review of telecommunications-specific competition regulation have regard to the differing levels of competition across Australia and consider whether a greater recognition of those different circumstances should be incorporated into competition principles.

The Government directed the Productivity Commission to examine these matters in January 2001. The Commission's draft report has been released for comment and is expected to be finalised in September 2001.

Recommendation 2-That the Productivity Commission's review also be asked to specifically consider the implications of current pay television programming arrangements for the development of telecommunications competition in regional Australia and consider whether any additional regulatory measures are needed to facilitate access to pay television programming.

Same response as to Recommendation 1.

Recommendation 3-That the Government offer up-front incentives to potential alternative universal service providers in return for their commitment to supply, as a standard service, substantial improvements above the legislated minimum.

The reviews of the USO contestability pilots, scheduled for 2002, will assess whether up-front incentives should be offered to potential universal service providers.

Recommendation 4- If the contestability processes announced by the Government do not have the effect of materially improving service levels in regional, rural and remote areas, the Government should reassess policy measures, including the USO, with a view to ensuring the contemporary needs of all Australians are met.

USO contestability is an important component of the Government's strategy to address regional Australia's telecommunications needs. The effectiveness of USO contestability will be monitored on an ongoing basis and reviewed after 12, 24 and 36 months of operation. Monitoring will examine market entry, regional investment, take-up and consumer benefits and enable fine-tuning of the regulatory arrangements. The new USO legislation also requires annual reports on the operation of the USO and CSG as well as a major review within three years.

Recommendation 5-That the Customer Service Guarantee be amended to apply only to Universal Service Providers.

The Australian Communications Authority (ACA) will consider this issue in greater detail as part of a review of the CSG in a multi-carrier, multi-platform environment

(see Recommendation 13).

Recommendation 6-That all reviews of telecommunication-specific regulation be required to explicitly consider the impact of those regulatory mechanisms on the development of competition in regional, rural and remote Australia.

Reviews of telecommunications-specific regulation will be specifically required to consider the regulatory impact on competition development in regional, rural and remote areas.

Recommendation 7-That the Government refocus the existing programs supporting new market models and regional communications initiatives by placing more emphasis on strategic support and advice to regions and commercially-focused funding (such as through concessional loans or project investment).

Programs supporting new market models and regional communications initiatives are being evaluated and assessed, and are adjusted as required to ensure a strategic focus.

For example, the Building Additional Rural Networks (BARN) initiative will be adjusted to support the development of high speed regional networks.

Recommendation 8-That the Government establish a national communications fund to assist significant communications projects by key users such as education or health. A core criterion for funding such projects should be the extent to which they will improve communications services generally available to surrounding regional, rural and remote communities.

The Government has allocated a total of \$52.2 million, over four years, to establish the National Communications Fund to assist significant telecommunications projects in the education and health services sectors for regional communities.

The Government recognises how important these service sectors are to communities in rural and remote Australia, and these projects will go a long way to improving the delivery of services, as well as reducing the cost of advanced telecommunications services by making them more accessible.

One of the core criteria for funding health and education projects will be the extent to which these projects not only deliver real benefits for these sectors, but how they also improve communications services generally in surrounding regional, rural and remote communities.

Recommendation 9-That the Australian Communications Authority establish standard quality of service indicators to be adopted by all major service providers. Those providers should be required to publish their performance against those indicators on a regular basis.

The Minister will direct the ACA to implement a revised quality of service reporting framework for all major service providers, to allow consumers to make more informed decisions based on price and quality in the increasingly competitive telecommunications market.

Recommendation 10-That a member of the Australian Communications Authority be appointed to be responsible for the Authority's activities in monitoring and investigating quality of service issues. This member should have particular regard to

regional, rural and remote issues.

Mr Allan Horsley, previously Managing Director of the Australian Telecommunications Users' Group, was appointed to this position in December 2000 and began duties in March 2001. Mr Horsley's skills and background will ensure the ACA is in a position to have due regard to regional, rural and remote issues.

Recommendation 11-That the ACA be required to monitor fault rates in any universal service provider's network at a highly disaggregated level (at least at 'distribution area' level in Telstra's network) to identify reliability problems. The Australian Communications Authority should be empowered to direct a universal service provider to take specific action to address identified reliability issues.

Primary universal service providers will be required to meet reliability standards for services provided in fulfilment of the USO. A breach of the standards may attract a penalty of up to \$10 million.

The ACA will be directed to implement a revised quality of service reporting framework to assist in identifying and addressing reliability problems in primary universal service providers' networks. This will include appropriate disaggregation of data. The ACA will also be directed to investigate and address any reliability issues it identifies.

Recommendation 12-That the ACA identify and investigate extreme cases of failure by providers to meet Customer Service Guarantee standards.

The Minister will direct the ACA to develop and adopt procedures for identifying and responding to extreme cases of failure to meet CSG standards.

Recommendation 13-The ACA be required to review the operation of the Customer Service Guarantee in a multi-carrier/multi-platform environment to determine whether existing, common standards remain appropriate. In particular, the standards applying in circumstances where no infrastructure is readily available should be reviewed to ensure the sources of consumer frustration are reduced and appropriate incentives put in place to encourage effective capacity planning.

The Minister will direct the ACA to review the operation of the CSG in a multi-carrier, multi-platform environment to determine whether existing, common standards remain appropriate. The maximum connection time in remote areas under the CSG will be reduced and primary universal service providers will be required to make temporary services more widely available pending new service connection.

Recommendation 14-That funding for representation of consumers be extended beyond the current Budget allocation, and consideration given to providing funding on a longer term basis than the existing annual cycle to ensure greater stability for consumer organisations. Provision should also be made for additional resources to assist people with disabilities participate in industry processes and conduct awareness raising activities.

The Government will make a further allocation of \$3.4 million, over 4 years from 2002-03, for consumer representation and telecommunications research, with grants being recouped from the industry through carrier licence charges. It is a priority of the Government that people with disabilities, and those consumers from regional, rural and remote Australia have adequate representation.

Recommendation 15-That carriers improve the level of information available to the public about emergency and health-related priority services; the ability of customer service staff to advise customers on obtaining priority status; and the availability of relevant criteria for gaining priority.

The Minister will direct the ACA to review the information carriage service providers make available to consumers about emergency and health-related priority services and to implement appropriate measures to address any deficiencies.

Recommendation 16-That a training program for users of teletypewriter (TTY) machines be incorporated into the National Relay Service (NRS).

The Department of Communications, Information Technology and the Arts, in consultation with other relevant organisations, will assess the level of unmet demand for TTY training, and work with the National Relay Service to fully incorporate training into the Service. In the longer term, TTY training will be considered in the broader context of training in use of disability equipment more generally.

Recommendation 17- That consideration be given to establishing a scheme to source basic and advanced communications services for remote indigenous communities. The scheme should be firmly driven by the identified communications needs of these communities. The scheme should be funded with an initial capital injection from Government and benefit from the estimated proportion of the net universal service cost currently attributable to such communities.

The Government has allocated \$0.4 million to undertake a study of the telecommunications requirements of remote indigenous communities, as well as to develop a detailed plan to address these needs.

The TSI was not able to scope fully the issues faced by remote indigenous communities. The last detailed investigation was conducted by AUSTEL in 1992. This study will facilitate an approach that is fully coordinated with other initiatives.

In addition the Government will ensure that Australia's indigenous communities living in remote areas have the best possible access to reliable payphone services, in view of the importance of those services. In consultation with affected communities and Telstra, the Commonwealth Government will enhance the availability of payphones under the USO.