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Submission the USO Review by the Outback Digital Network Limited and in membership with the Cape York Digital Network (CYDN)

1. Introduction

The Outback Digital Network Ltd (ODN) takes the opportunity offered by the Minister for Communications, Information Technology and the Arts to provide a submission to the review of the Universal Service Obligation (USO) by the Department of Communications, Information Technology and the Arts (DCITA)

Outback Digital Network Ltd (ODN) is uniquely placed to comment to the USO as its area of operation is remote Australia and its concerns are for Indigenous, remote and disadvantaged Australians in northern Australia, including Western Australia, Northern Territory and Queensland.

The ODN members are: the Broome Aboriginal Media Association, Tennant Creek Regional Infrastructure Project Pty, Top End Aboriginal Bush Broadcasting Association and Tanami Network and Balkanu Cape York Development Corporation. Effectively, the ODN submission spans from Broome in Western Australia; through the Northern Territory to Cape York in Queensland.

ODN is a member of Australian Telecommunications User Group (ATUG) and sits on the Australian Communications Industry Forum (ACIF) Consumer Advisory Committee. ODN as a recipient of Networking the Nation (NTN) funding is in regular dialogue with DCITA and its Telecommunication Action Plan for Remote Indigenous Communities (TAPRIC).

ODN is telephony and broadband services for the bush

2. Background

ODN through Balkanu Cape York Development Corporation's communications arm, the Cape York Digital Network (CYDN) currently operates a 512k IP based broadband network into the 15 major communities in Cape York, Queensland. This provides a range of data services into the major remote communities in the Cape.

Further, Balkanu under a Networking the Nation Grant of the DCITA has been working to provide telephones for "outstations" and people in the major Cape York communities. This submission is based on these "on-the-ground" experiences of working to provide communication services and is the sum of the work over the last six years by the members of the Outback Digital Network Ltd.

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3. Overview

The focus by the Government and Commonwealth on improving communications for Regional Australia is to be noted and acknowledged. This includes the digital data service obligation (DDSO and SDDSO) and the Extended Local Call Zones including the two-way satellite offering by the Commonwealth. ODN strongly supports the Networking the Nation program whose focus is at the community.

Remote Australia is a unique sector of telecommunications in Australia. It is not a market and as such, the USO is essential for those Australians working and living in the bush. While telecommunications products and services have improved over the last few years, due to efforts by the Government and Commonwealth, more needs to be done for remote Australia in regards to the USO.

ODN's view is that this should be a combination of refinements to the USO and CSG and consideration for new initiatives by the Commonwealth.

While outside this review, ODN is of the firm view that payphones are not the single answer for the bush. In some cases, payphones are the ONLY reasonable access to telephony service in remote Indigenous communities. ODN suggests payphones should be one of a number of means of access to a telephony service in the bush.

At the point where Australia as a whole can expect both digital and voice services but remote Australians and Indigenous Australians can only be offered a payphone – this then is the point of the “digital divide”.

Phone penetration in remote communities can be as low as 5%-15% based on ODN community research and studies across north Australia. Incidental research by ODN suggests that the data penetration rate is lower.

The existing regulations under the USO are NOT adequately addressing this situation.

4. Details and Recommendations

5. Network Extension Fee (NEF)

The network extension fee of \$1540.00 is prohibitively high for the vast majority of indigenous people. When informed that this component of the cost of a new telephone installation could be covered by the NTN grant administered by Balkanu, most people decided to go ahead with the application. This clearly indicates that the NEF stops people who want and need a phone from applying for one.

Telstra employees have verbally indicated that the cost to the carrier of installing a remote telephone service where there is no existing infrastructure (and therefore a NEF is applicable) is approximately \$50,000. If a satellite as opposed to radio system is required, the cost is over \$100,000. If this is accurate it calls into question the logic of imposing a NEF when it constitutes an insignificant cost recovery to the carrier, but is a highly prohibitive cost barrier to the customer - particularly those of low socio-economic status.

Recommendation: Cost to be borne by the carrier as part of the USO. Government subsidy schemes require high levels of investment in administration. People who are unaware of the schemes or have difficulty completing the requirements of the schemes due to factors such as poor literacy or lack of information due to living in a very remote location are disadvantaged. Having it borne by the carrier ensures it is available to all.

6. Trenching

The transfer of responsibility for trenching inside the property boundary to the customer has created a significant barrier to new telephone connections in remote areas due to:

1. Cost: the cost of trenching in remote areas is much higher than in urban areas due to travel time for trenching contractors. The distances can be far greater.
2. Uncertainty: The customer is unable to have an approximate idea of the amount of trenching required as they do not know where they will have to trench to. They will not know until the order has progressed to the point where a representative of the carrier makes a site visit to indicate where the infrastructure will be located. It may be that a radio tower for a remote connection has to be placed hundred of meters or even kilometres from the dwelling, which can put the cost of trenching into thousands of dollars. Even at hundreds of dollars this cost is highly prohibitive to people of low socio-economic status. The highly variable nature of this cost to the customer is a barrier to new connections to be initiated.
3. Coordination: Perhaps the most disruptive feature of the current regime regarding trenching is the high amount of coordination required to successfully have a new telephone line installed. This is the case for remote communities, and more so for outstations. For indigenous people with a low level of literacy, limited access to a telephone and a minimal understanding of the system involved, the coordination required is highly prohibitive.

The typical sequence of events in Cape York is as follows:

1. Application is lodged (note: this usually requires some assistance due to a lack of knowledge of the USO and process of application).
2. If the job requires a cable solution (usually in or close to a community, not on an outstation) then the customer is advised to contact preferred contractor.
3. Customer is now in the position where they have been given a date by the carrier when the service will be activated, but this assumes that the lead-in work will have been completed by the preferred contractor.
4. The contractor may respond that they do not cover the remote indigenous communities of Cape York
5. Customer required to make contact with the carrier and indicate that the carrier's technical staff will be required to complete the lead-in work as the preferred contractor does not cover Cape York [nor does ODN suggest that this is only confined to Cape York].
6. The customer is required to dig the trench on their property, but they do not know where to dig the trench because they do not usually know the location of the pit. They may also be

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unsure exactly where the edge of the property boundary is. The customer is required to arrange for a representative of the carrier to make a site visit and indicate where the trench is to be located. This may be very difficult due to their isolated location.

7. If the job requires a radio solution (not a cable but a tower to be constructed) a site visit will usually be conducted to indicate to the customer the location of the trench. It is only at that point that the customer becomes aware of the amount of trenching required.

8. The customer will be contacted and told the date when the carrier's technicians will install the service. The customer is required to have the trench dug by that date. The amount of notice given can be as little as three days. Given the remote location of many dwellings and the work involved in digging a trench in a location where trenching machinery is usually not available, this is a difficult task. Consider that several months may have passed since the application was lodged. Often it is not possible for the customer to complete the trenching in time, so the job will be delayed, or the carrier will arrive at the site and the trench isn't dug. The customer is then in a position where they can pay for the carrier to do the trenching that is their responsibility, but this is expensive, particularly for people of low socio-economic status.

9. Indigenous people in remote areas have a very low level of household telephone penetration and therefore can be very difficult to contact. The task of contacting the customer to arrange site visits and to notify them of their installation date can be very difficult. The requirement to have the customer dig the trench amplifies the difficulty, and promotes delays.

Recommendation: Trenching becomes the responsibility of the carrier in Extended Zones. As the carrier is required to do the trenching beyond the network boundary, they will usually have trenching equipment with them when they make a site visit to a remote location. The cost, complication and delays created by having to contact and arrange with the customer to do their component of the trenching would often exceed the saving to the carrier, particularly when multiple site visits are required to dig, lay cable, and fill in the trench. Having one site visit would be more cost efficient and avoid the difficulties of coordination that disproportionately affect indigenous people in remote areas.

7. Customer Service Guarantee (CSG) in regards to installation in remote areas.

The carrier is currently required to provide a service with 20 working days of an order being lodged. In remote areas this will usually be satisfied by the offer of an interim satellite service. This offer is unsuitable for many indigenous people in remote and very remote locations because:

1. The customer is responsible for the equipment valued at between \$5000 and \$10,000. For people of low socio-economic status this represents a debt from which they would effectively never recover if the equipment was stolen or damaged and the carrier charged the customer for the loss of value. It would mean the customer would probably never have a phone account in their life, and have a detrimental effect on their credit rating.

2. Many people wish to apply for an InContact service. This is not available via an interim satellite service.

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3. Changing account type eg. From STD to local calls only on an interim satellite is problematic.

4. Internet access is not available via an interim satellite service.

Customers have refused the offer on the grounds that they do not deem it to be a 'reasonable offer', citing one or more of the above reasons, and have requested an alternative offer or the payment of appropriate CSG payments beyond the period of 20 working days. The response from the carrier has been that they deem the offer to be reasonable for all people regardless of their situation and therefore they refuse to pay CSG compensation.

8. Permanent Solution and CSG.

While the CSG stipulates that a service must be installed within 20 working days, the reality is that this will usually be an interim satellite service, or CSG payments will be payable to the customer. For the above reasons many people do not accept the interim satellite service. At that point the carrier deems that the customer has forfeited their right to any CSG payments, regardless of how long it takes for a permanent service to be implemented.

There is no time limit stipulated regarding how long a customer is required to wait for a permanent solution. This is relevant if a customer does accept the interim service due to the limitations of that service, and a fundamental flaw in the CSG in the event that the customer deems the interim service inappropriate or not a reasonable offer.

Dozens of applications have been lodged by people in Cape York during the last 12 months. The vast majority of these customers have not accepted the offer of an interim service. The vast majority require a radio solution (no infrastructure in place).

Several were lodged in February 2003. The permanent solutions for these orders have not been installed and no indication has been given to when they will be installed. No CSG payments have been made to these customers who have been waiting for 12 months since they lodged their order.

Most of these orders are for recently established outstations in very remote locations. The installation of a permanent telephone would significantly enhance the ability of local people to accelerate the establishment process, not least of all due to the added safety a telephone provides to people working in the bush.

Recommendation: CSG legislation states that a permanent solution must be implemented within 6 months from the date of the application being lodged. This is to apply regardless of if the offer of an interim satellite service has been accepted or not. Failure by the carrier to complete the permanent solution within this timeframe will result in CSG payments being made to the customer.

9. Help Desk

Telstra has recently setup their Indigenous HelpDesk for people enquiring for phone services. Reports from customers say this service is excellent when they can be contacted. Unfortunately, their contact number is not widely publicized or known.

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Recommendation: Widely publicize their number and provide it as a freecall service. Plus attach extra staff to handle calls and do not allow overflow calls to them to go to a non-specific Telstra HelpDesk.

10. Offers and Length of Offers

If and when new service offerings under the USO are introduced they must be extensively promoted and extended in time to allow that remote users to be fully acquainted with either changes to the USO or new service offerings to the bush.

Also in regards to the two-way satellite offering, this offer focuses more on the equipment than the service that is attached to it. ODN has reports that remote users who access data services such as Internet through this offer have easily and unknown to them exceed the download MB limits of the plan they have signed on for thus incurring a substantial bill. Also, the equipment is not supported, thus when desktop software failure occurs or the unit is computer virus-infected, the unit is rendered inoperative.

Recommendation: Use Aboriginal media groups covering print, radio and television at national, regional and local levels to advertise the USO. Secondly, do not tie initiatives such as satellite phones subsidy nor the two-way satellite offer to "product roll-out schedules". These must be on-going.

In regards to service offerings ODN recommends working to capping download limits under access plans purchased from the carrier under USO and provide a limited maintenance package extending to software and virus protection at the desktop.

11. Credit Issue

ODN is of the firm view that satisfying the credit requires inherent in the USO is a key stumbling block to increasing STS (Standard Telephone Service) phone penetration into remote Australia. While Telstra's InContact service is welcomed as it addresses some of credit issues, it also reduces the effectiveness of pricing and services established under the Commonwealth's Extend Zone for telephony to remote users

Recommendation: Work on a refinement of the InContact service.

Further, ODN also recommends that the Commonwealth consider a community credit scheme that ODN has developed that would overcome the issues in regards to credit-risk with the USO. ODN has put this proposal to TAPRIC for consideration.

ODN would be delighted to provide further information if required in regards to the matters that we have raised.

Our thanks for your consideration in these matters

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