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### Revisiting the Universal Service Obligation Scheme

[Simon Moorhead](#) <sup>[1]</sup>

Telecommunications Manager

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#### Abstract

In this Journal's tradition of revisiting past papers which have relevance to today's events, this article reminds us of the value of the paper "Better telecommunications services for all Australians." (2015) by Reg Coutts. This paper makes five interrelated recommendations to replace the current Universal Service Obligation (USO) policy in Australia, given the NBN rollout and customer preference for mobile services anywhere anytime. Some of its recommendations were arguably taken up by the Productivity Commission's Public Inquiry into the USO in 2016-17, and implemented by the Australian Government in the form of a new Universal Service Guarantee.

#### Introduction

This historic paper ([Coutts, 2015](#) <sup>[5]</sup>) was written by the late Emeritus Professor Reg Coutts who was chairman of the Telecommunications Society of Australia and its successor, TelSoc, for many years, and whose obituary appears elsewhere in this issue of the *Journal* ([Gerrand, 2021](#) <sup>[6]</sup>). Those of us who were lucky enough to know Reg would acknowledge his life's focus on making the world a better place. So, it is not surprising that he chose to write about the Universal Service Obligations (USOs), which were sixteen years old at the time and originally legislated in 1999 "to ensure that standard telephone services and payphones were reasonably accessible to all people in Australia wherever they resided".

The Australian telecommunications market had changed fundamentally between 1999 and 2015. The old copper network has been made largely redundant by the NBN; and the USO, which focussed on subsidising fixed-line services over the copper network, was largely out-of-date.

The paper suggested:

"that now is the ideal time to again lead public USO policy for the communications needs of today and the future. Australia has the opportunity to create a new universal service scheme that delivers reliable voice and internet services for all Australians using a range of technologies through the NBN, including wholesale mobile service."

The paper explored the provision of USOs in a number of countries and suggested that "reform of the current USOs in Australia presents an opportunity for targeted subsidies to protect regional consumer interests and promote competition and innovation". The paper explored the increasing importance of mobile, Internet and the need for choice. It also pointed to the opportunities provided by the NBN and the need to bring payphones into the modern era.<sup>i</sup> <sup>[7]</sup>

The paper makes five interrelated recommendations to replace the current USO policy with a *Universal Service Fund* which uses the NBN network as a springboard for further service improvement and recognises the importance of mobile services to regional Australians.

Reg's paper was based on a report he had written earlier in 2015, commissioned by Vodafone Hutchison, prior to the Australian Productivity Commission commencing a twelve-month public inquiry into the USO in 2016. The Commission's report ([Productivity Commission, 2017](#) <sup>[8]</sup>) in turn led to the Australian Government (Prime Minister Malcolm Turnbull) in 2017 declaring that it would take action to improve regional telecommunications via a new Universal Service Guarantee (USG). The USG would augment the continuing USO with the new requirements that ([Fifield, 2017](#) <sup>[9]</sup>):

- broadband services are available to 100% of Australian premises, on request, at the completion of the NBN rollout in 2020;
- voice services are available to 100% of Australian premises on request;
- any proposed new service delivery arrangements are more cost effective than the existing USO contract (including any transitional costs);
- a new consumer safeguards framework is in place following a review and associated public consultation process.

#### References

Coutts, R. (2015). Better telecommunications services for all Australians, *Journal of Telecommunications and the Digital Economy*, 3(4), 89–107. <https://doi.org/10.18080/jtde.v3n4.37> <sup>[10]</sup>

Fifield, M. (2017). Turnbull Government to improve regional telecoms delivery with new Universal Service Guarantee, Media Release, 20 December 2017. Available at [https://webarchive.nla.gov.au/awa/20180615055705/http://www.minister.communications.gov.au/mitch\\_fifield/news/turnbull\\_government\\_to\\_improve\\_regional](https://webarchive.nla.gov.au/awa/20180615055705/http://www.minister.communications.gov.au/mitch_fifield/news/turnbull_government_to_improve_regional)

<sup>[11]</sup>

Gerrand, P. (2021). Emeritus Professor Reginald Paul (Reg) Coutts (1949-2021), *Journal of Telecommunications and the Digital Economy*, 9(3), 186–193. <https://doi.org/10.18080/jtde.v9n3.448> <sup>[12]</sup>

Productivity Commission. (2017). *Telecommunications Universal Service Obligation*, Report No. 83, Canberra. Available at <https://www.pc.gov.au/inquiries/completed/telecommunications/report/telecommunications.pdf> <sup>[13]</sup>

<sup>[14]</sup> On 3 August 2021, Telstra announced that all national calls from its 15,000 payphones will in future be free.

## The Historic Paper

Please refer to PDF download for the full paper, including the historic paper reprint.

### Article PDF:

451-moorhead-article-v9n3pp194-215.pdf <sup>[15]</sup>

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