



So what *is* the STS?

The 'Standard Telephone Service' is the basic level of telecommunications service that has to be made 'reasonably accessible to all people in Australia on an equitable basis wherever they reside or carry on business' under the universal service arrangements set out in the Telecommunications Act 1991.

Under the Telecommunications Bill 1996, it becomes much more. The concept of the standard telephone service first appeared in Australian telecommunications policy in implementing the Evans reforms in 1989. One of the six objectives for the Australian telecommunications policy established by Evans was:

to ensure universal access to standard telephone services throughout Australia on an equitable basis and at affordable prices, in recognition of the social importance of these services.

One of Telecom's 'community service obligations', formalised in 1989, was to provide the 'standard telephone service' (defined as a 'public switched telephone service') 'as efficiently and practicably', ensuring that:

- in view of the social importance of the standard telephone service, the service is reasonably accessible to all persons in Australia, on an equitable basis, wherever they reside or carry on business; and
- that the performance standards for the service reasonably meet the social industrial and commercial needs of the Australian community [section 7].

The Telecommunications Act 1991 introduced the term 'universal service' into Australia's legislative framework. An interdepartmental committee established by Minister Kim Beazley separated 'community service obligations' into:

- **universal service** – geographical access to a standard telephone service and payphones, to be funded by an industry levy;

- **emergency services** – to be made a compulsory condition of licence for carriers, and thus funded by individual carriers; and

- **concessions** – the current range of Telecom's disability products offered at the same rate as their standard telephones, and cheaper connection rates offered to some charitable organisations. These were to be funded from Federal budget.

While the concept of universal service is argued to have several dimensions – universal geographical availability, universal accessibility, universal affordability, universal technological standard and participation in society – it is important to understand that the legislative mechanism adopted in the 1991 legislation and proposed to be retained in the Telecommunications Bill 1996, addresses only one of these dimensions, universal geographical availability. Universal affordability is addressed through price caps which can be applied to the prices of services supplied under the universal service arrangements.

AUSTEL's 'View'

AUSTEL has developed a set of guidelines about the universal service obligation known as 'AUSTEL's View of Telstra's Universal Service Obligation'. The guidelines themselves have no legislative force, although they outline a number of areas in which universal service carriers have obligations imposed by legislation or licence conditions, along with other elements AUSTEL uses in assessing the performance of carriers in fulfilling the universal service obligation.

The View includes in its description of the standard telephone service such elements as access to the public switched telephone network; the ability to make and receive automated national and international voice grade telephone calls 24 hours per day; 24

hour access to operator assistance and a free emergency call service; a unique telephone number and appropriate directory listing unless a silent number is requested; a level of privacy and security to enable users to conduct business and personal communications in confidence; monthly billing where requested; itemised billing for all timed calls no later than 30 June 1997; and a level of service meeting voice grade service, in accordance with best international practice and ITU requirements; and maximum connection times.

Telecommunications Bill 1996

One of the objects of the Telecommunications Bill 1996 is:

To ensure that standard telephone services, payphones and other carriage services of social importance are:

- reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
- are supplied as efficiently and economically as practicable; and
- are supplied at performance standards that reasonably meet the social, industrial and commercial needs of the Australian community.

The continuity of language from previous legislation is clear. This broad objective, expressed in the context of the other objects of the legislation, is supplemented by more specific policy principles in Part 13 'Universal Service Regime'.

The concept of the standard telephone service is relevant to a number of aspects of the Bill. First, and perhaps most importantly, the standard telephone service is the 'bedrock' service which must be provided to all Australians under the USO.

The USO is defined as the obligation to ensure that –

- standard telephone services; and



- payphones; and
- 'prescribed carriage services' are reasonably accessible to all people in Australia on an equitable basis wherever they reside or carry on business.

The standard telephone service is defined as a carriage service offering 'any-to-any connectivity' for any of three purposes:

- voice telephony; or
- a carriage service equivalent to a voice telephony service (eg teletypewriter) required to be supplied under the Disability Discrimination Act 1992; or
- a purpose set out in the regulations.

To the extent necessary to achieve the universal service obligation, universal service carriers must supply standard telephone services to people in Australia on request; supply, install and maintain payphones; and supply prescribed carriage services to people in Australia on request. 'Supply' of the standard telephone service includes providing a telephone handset or such customer equipment as might be required under the Disability Discrimination Act or regulations. It also includes any other goods or services specified in the regulations for use in connection with the standard telephone service or prescribed carriage service.

Customers receiving the standard telephone service must also be provided with:

- access to operator services;
- access to directory assistance services;
- free access to emergency services;
- itemised billing for timed calls, unless the customer chooses not to take this option (silent numbers);
- untimed local calls;
- calling line identification;
- pre-selection of the customer's chosen carrier or carriage service provider; and
- financial protection (for residential

customers) against failure by new carriage service providers to provide standard carriage services.

Carriers and carriage service providers who offer the standard telephone service to residential or small business customers or public mobile telecommunications services must join the TIO scheme. These requirements can be seen to expand the current elements of the standard telephone service described in AUSTEL's View. The 'standard telephone service' has become a central legislative concept in addressing key consumer issues in the proposed legislation.



Upgrading the USO or standard telephone service?

The Bill gives the capacity to prescribe additional purposes for the standard telephone service. The Explanatory Memorandum says this 'provides an effective functionality-based means of clarifying or upgrading the standard telephone service concept over time'.

A second way of 'upgrading' the basic level of service provided under the USO is to establish a 'prescribed carriage service'. This is what the Standard Telephone Service Review Group contemplates as a mechanism for ensuring the availability of a dig-

ital data capability for all Australians by the year 2000. The main legislative guidance on what kind of carriage service may be prescribed is that they need to be of 'social importance'.

In addition to this recommendation, the Standard Telephone Service Review Group has made a number of recommendations about the standard telephone service itself – a revised definition, reduced connection times, a code of practice covering quality of service issues and other matters (see *Raising the Standard*, pp 10-11).

Pricing

Division 4 of Part 13 of the Telecommunications Bill 1996 gives the Minister the power to determine price-cap and other price control arrangements to services prescribed under USO, or principles or rules for their alteration.

The Minister can prohibit the charge being imposed or altered without his or the ACCC's consent, or without prior notice being given to him or the ACCC. He can also direct the ACCC to give him reports and advice to assist in deciding whether to give his consent. The Telstra Act also gives the Minister the power to establish price caps on certain Telstra prices.

The effect of these arrangements is that Telstra will be subject to price caps set under the Telstra Act (if, as at present, there are any), regardless of whether or not it is a universal service carrier. It will be subject to any price caps set under the Telecommunications Act if there are no caps set under the Telstra Act.

Telecommunications prices will also be subject to general prices surveillance under the Trade Practices Act and the Prices Surveillance Act. The ACCC has the power to require a carrier to file tariffs for particular services, for example, when it considers there is a possibility of anti-competitive conduct. □

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