

Vodafone proposes new USO approach

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would effectively be no change to existing arrangements for the USO customer.

A voucher scheme also has the potential to reduce total net USO levy payments and thus the scope for disputes about USO cost calculations. Paradoxically, an increase in the size of the standard subsidy could lead to a decrease in total net USO payments, as new accredited USO providers are attracted into the market and win market share from the incumbent USO provider (with a net levy credit). In time, the USO market might be expected to find an equilibrium point balancing the range of services included in a USO package against the net cost incurred in supplying the standard telephone service.

Any scheme to enhance rural telecommunications services should seek to achieve:

- Customer choice;
- The ubiquitous provision of a minimum standard of telecommunications services;
- The concurrent promotion of the supply of a wider range of services;
- A technology neutral approach that is competitively equitable and at minimum cost (to customers, carriers and the government);
- The use of minimum regulatory intervention to ensure service provision;
- The most cost-effective use of subsidy payments;
- A single integrated scheme, spanning all subsidy payments.

A carefully designed voucher scheme could be capable of meeting these objectives in a manner that overcomes the shortcomings of current arrangements and avoids the practical difficulties of tendering.

Vodafone has put forward the idea of a voucher scheme as a commercially viable and socially attractive option for the competitive selection of USO providers. Further work and public debate is needed to develop the detail of a voucher scheme that could be implemented in Australia.

Feedback on the concepts and principles outlined in this paper would be most appreciated.

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This is an abbreviated version of a submission made by Vodafone to the Federal Government's review of the provision of the telecommunications universal service obligation. The full submission is available from the Department of Communications, Information Technology and the Arts on <http://www.dcita.gov.au/nsapi>

From The Archives

What advertisers think about television

By advertising on commercial television, major television advertisers indirectly provide by far the largest single source of funding for the production of Australian programs. Over \$500 million was spent on programs by commercial television in 1987-88, more than was provided for film and television production by all the government funding bodies, the ABC and the SBS put together.

This was the starting point for a survey of national television advertisers commissioned last year by the Australian Film Commission and carried out by the Communications Law Centre with assistance from the Australian Association of National

Advertisers and research consultants Newpoll.

A major objective of the survey was to ascertain the criteria which were used to make decisions about ad placement and, in particular, whether the type of program concerned was a significant factor.

The survey showed that costs are the most decisive overall factor in the placement of television advertising, the cost of buying time in particular, but also the cost of producing commercials.

The second most important factor is audience demographics. There are signs that advertisers are increasingly concerned to place their advertising where it will reach specific target markets rather than relying on the traditional "reach and frequency" formula or aiming for sheer numbers.

In fact, audience size was ranked third as a factor in placing ads.

suggested that advertisers are increasingly interested in targeting particular markets rather than aiming for mass audiences or attempting to reach a very wide range of viewers with random spots. When advertisers were asked to rank specific criteria for choosing the program/s with which to associate their advertising, the great majority of advertisers ranked having precise placement for their ads rather than buying random spots above other criteria.

This suggests that if program producers and marketers are able to present a very precise profile of the audience or potential audience for their programs, they are likely to be more successful in attracting advertiser support.

Communications Update, July 1989