



Design of Alternative Voice Service Trials— request for comments and expressions of interest

December 2019



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Introduction

The Department of Communications and the Arts (the department) is developing trials of alternative ways to deliver voice telephone services in rural and remote areas of Australia, and particularly those areas serviced by high capacity radio concentrator (HCRC) networks. The objective of the trials is to demonstrate and assess the effectiveness of new ways to deliver voice services given concerns about existing voice solutions and the potential for alternative technologies to provide better services and functionality.

The trials will focus on rural and remote areas of Australia that are within NBN Co's fixed wireless and satellite footprint and that are generally dependent on Telstra copper and HCRC networks for voice services.

This paper sets out the department's proposed design for the trials and invites feedback from rural and remote consumers, the telecommunications industry, and other interested stakeholders. The trials would enable industry to demonstrate voice service capabilities in rural and remote Australia and help identify better options for the long term delivery of services under the Universal Service Guarantee (USG).

Our preference is to provide a high degree of flexibility as to how the trials are undertaken. Stakeholders are encouraged to suggest alternative approaches or improvements to the model we have described here. While stakeholders should provide any comments they wish, the paper includes several questions to assist in providing feedback.

Background

Telstra fulfils its universal service obligation (USO) to many people living in rural and remote areas of Australia with HCRC technology. The HCRC networks were first installed as a replacement for older radio equipment in the 1990s and currently provide approximately 14,000 individual services to around 6,400 premises in remote areas.¹

As part of the 2018 Regional Telecommunications Review, consumers expressed concerns about the HCRC system reaching the end of its serviceable life, with little information available about what alternative services have been planned or prepared to ensure services continue to be available in the event that the HCRC network fails. Consumers advocated that they would like to see alternative voice technologies trialled to test their availability, quality, reliability, cost-effectiveness and whether they would be accepted by communities. The Review recommended that industry be asked to bring forward new and innovative solutions for providing voice services in rural and remote Australia, particularly for areas served by the HCRC network.²

The Government agreed with the Review's recommendations and in March 2019, \$2 million was allocated for trials of alternative voice services, as part of the \$220 million Stronger Regional Digital Connectivity Package. The trials would be funded by way of grants.

The trials are also relevant to the Government's commitment to explore with industry and the community better ways to deliver the USG for telecommunications overtime. Historically the USO has required Telstra to provide people across Australia with access to voice services. In December 2017, the Government announced it would establish a USG to provide access to broadband as well as voice services, in recognition of the importance of broadband Internet access in contemporary life. In

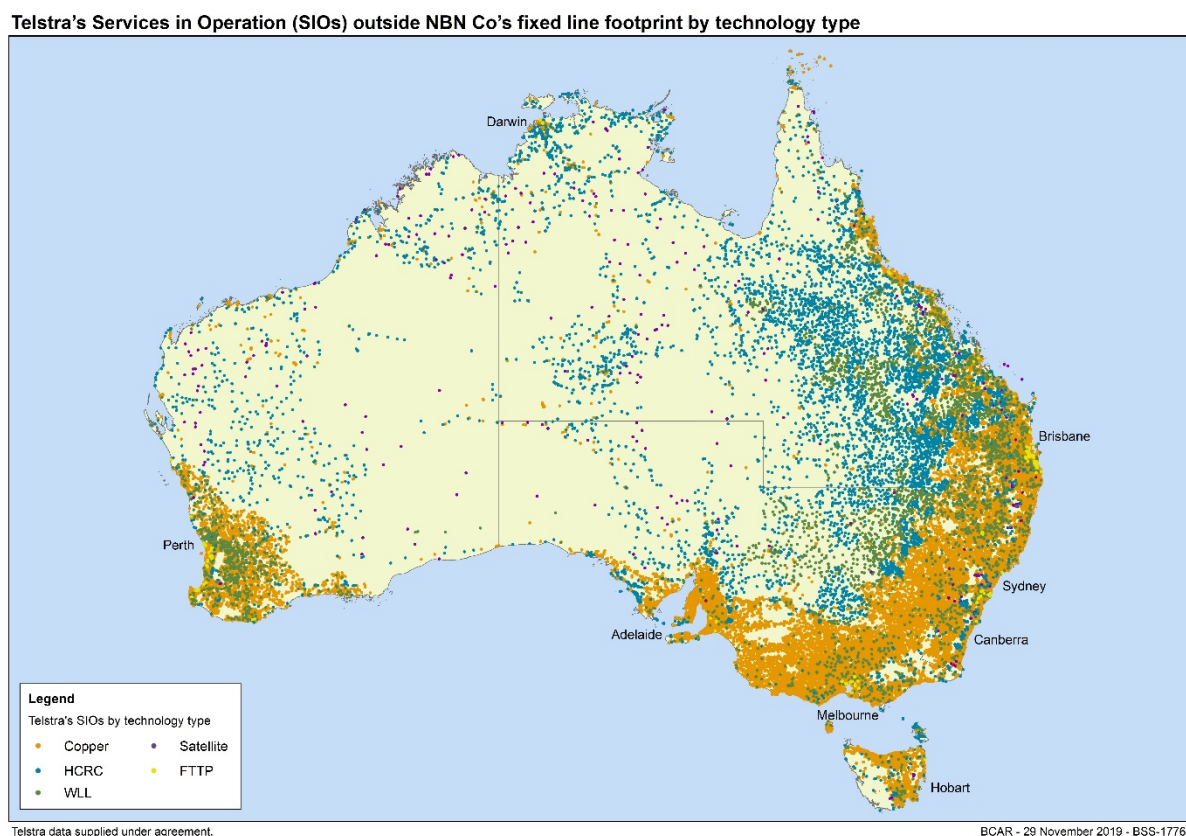
¹ 2018 Regional Telecommunications Review – getting it right out there, p38

² Ibid, p38.

December 2018, the Government indicated the USG would be based on the provision of broadband by NBN Co, and incorporate the voice USO. However, the Government also recognised there were limitations to this approach and committed to work with the community and industry to find better ways to deliver USG services over time.³

The following map gives an overview of how voice services provided in fulfilment of the USO by Telstra are currently provided. Given the Review's interest in trialling alternative voice services in HCRC areas, the map is helpful in giving an indication of where HCRC services are concentrated.

Telstra's services in operation (SIOs) outside NBN Co's fixed line footprint by technology type



Objective of the trials

The alternative voice trials seeks to advance the objective of finding better ways to deliver voice services in rural and remote areas generally and in HCRC areas in particular.

The trials will do this by encouraging carriage service providers (CSPs) to offer voice services to customers delivered using technologies other than the Telstra copper or HCRC networks. While alternative technologies are already being used to deliver voice services and are arguably well established in a technological sense, the number is relatively small and their capabilities not widely

³ More information on the USG is available at <https://www.communications.gov.au/documents/development-universal-service-guarantee-summary-report> and <https://www.minister.communications.gov.au/minister/mitch-fifield/news/telecommunications-universal-service-guarantee>.

understood. The trials will provide an opportunity for a wide range of providers to demonstrate the solutions they can offer to a new range of consumers.

By doing so, the trials will test the technologies, products and supply processes, and enable consumers to experience different communications solutions. As a result of the trials, there should be a greater understanding of such solutions.

Proposed design for the trials

The department proposes that CSPs, or consortia with a CSP as a member, would be contracted to provide voice services to customers in rural and remote Australia using a technology other than copper or HCRC. The customers would need to be in NBN Co's fixed wireless and satellite footprints. Given the focus on HCRC areas, some customers would be expected to be in these areas. We will be interested in proposals that give a spread of customers across different regions, with different geographic, demographic and climatic characteristics if possible.

Our aim is to have a number of CSPs and at least a total of 1,000 customers participate in the trials. We therefore envisage the total number of customers being divided between CSPs whose proposals are found suitable. Proposals should be designed to allow this to happen, for example by stating the minimum viable number of customers and the maximum number of customers that could be accommodated by the CSPs. This may mean, for example, that individual CSPs have 200-300 customers participate in the trials. Participants could be located in relatively discrete areas or spread more broadly, including nationally.

The department envisages establishing a stakeholder group to advise on the establishment, conduct and evaluation of the trials.

Alternative voice services would be delivered, over a 12 month period, at no cost to the customer. CSPs would be eligible for Commonwealth funding to assist them in providing these services. The funding could be directed to the cost of necessary equipment such as antennas, boosters or handsets as well as the service. Funding for administration and promotion would also be considered.

Customers would keep their existing fixed voice service, such as a copper or HCRC service at their expense as a safety net, but the alternative services would act as their primary service for the period of the trials. To support this, arrangements would be put in place to redirect calls to the alternative service.

To participate in the trials, CSPs would need to submit proposals setting out what alternative services they propose to offer and any specific service characteristics, the technology to be used, the proposed location of their trials, the number of customers, how customers would be recruited and 'on-boarded', what customer support would be provided, how the trials would be wound-up (if relevant), how much funding they would need and how the funding would be used. CSPs would need to provide appropriate customer support services.

To assist CSPs in undertaking the trials, we envisage making information available to them on Telstra voice services in operation in NBN Co's fixed wireless and satellite footprint. We expect such information would be provided to participating CSPs under a confidentiality deed and in compliance with legislative requirements (e.g. Privacy Act 1988), with its use being restricted to the trial purposes. We are exploring how this would best be done.

While CSPs are generally free to propose the types of technology they wish to trial, the alternative technologies must be different from those currently being used by the customer concerned.



We propose the trials would begin in July 2020 and end in June 2021. It would be preferable for customers to be 'on-boarded' prior to or as early as possible in the trial period so as to maximise their participation. Customers would be able to leave the trials if they wish. New customers could be on-boarded until 31 December 2020 (i.e. six months before the trials end).

It is envisaged that funding may involve some upfront establishment payments, but the majority of funding would be paid on a per service basis for the services supplied by the CSP under the trials, paid monthly in arrears. The department would expect the monthly payment per customer would be reflective of the CSP's usual retail prices for the product concerned.

During the trials the department would use an independent survey company to regularly collect information from customers about their experiences and concerns, including satisfaction, quality and reliability. CSPs would also need to provide information to the department on service performance.

At the end of the trials, it would be up to CSPs whether they continued to offer the alternative services and for customers whether they continued to want to use the services. This would be on a purely commercially basis. There would be no ongoing Commonwealth funding. If CSPs and customers did not want to continue with the services, the customers would revert to their pre-existing services. We envisage customers would be asked six to eight weeks in advance of the end of the trials what they wanted to do to ensure service continuity.

While the trial is designed so that customers can keep their existing service as a safety-net service, the department cannot prevent customers disconnecting that service if they wish. However, customers would be advised that if they did so, it may be that they would not be able to have the service reconnected using the technology previously used⁴. Similarly, if a customer elected to continue with a service that they had trialled and disconnect their previous service, it may be that they would be unable to have the service reconnected using the technology used prior to the trials. In all instances, however, Telstra would remain obliged to provide a voice service under the USO component of the USG.

At the end of the trials, CSPs would provide the department with an acquittal report on the number of customers supplied, their location, any technical issues, customer interaction and satisfaction, costs incurred, how they have used the funding, and lessons learnt. This would supplement reports lodged periodically during the trials.

The data collected from customer surveys, CSPs, stakeholder group observations and other sources would be used to prepare an evaluation report on the trials. The results of the trials will inform policy work to improve the delivery of regional telecommunications in Australia.

Timeline

The indicative timeline for the trials is:

Q4 2019:	Request for comments on the trials design (this paper)
Q1 2020:	Application to participate in trials
Q2 2020:	Assessment of applications and decision on trial participants
Q3 2020:	Start of trials (1 July 2020)
Q2 2021:	Trials completion (30 June 2021)
Q3 2021:	Final trials evaluation and report.

⁴ The technology used to reconnect the service would depend on Telstra's obligations under the Telecommunications USO Performance Agreement.

Assessment of Applications

We propose to assess applications based on the following four criteria: (1) the proposed approach and expected outcomes, (2) capability and capacity to deliver the outcomes, (3) costs to the Commonwealth and (4) overall value for money. Final assessment criteria will be settled following feedback from this paper and publicly communicated to stakeholders.

In assessing the proposed approach and expected outcomes, the department envisages considering, amongst other things, the location and size of the trials, its geographical and demographic diversity, its inclusion of HCRC customers, the practical operation of the proposed solution/s, what new learnings it is likely to produce, and its enduring benefits for consumers.

In assessing the cost to the Commonwealth and overall value for money, the department envisages considering, amongst other things, the cost per service provided, the level of contributions proposed by the CSP, and the overall cost of the proposal.

To maximise CSP diversity in the trials, the department would reserve the right to cap the number of customers any one CSP could on-board under the trials, as discussed above.

Accountability

The department would appoint independent technical and probity advisors to assist with the process and evaluation. The program would be conducted in accordance with the applicable Commonwealth rules and guidelines and be auditable.

Feedback

The purpose of this paper is for stakeholders to provide feedback so we design trials that will have maximum benefit. Comments on any aspect of the proposed trials design are welcome, but views on the following matters would be particularly useful.

Question 1: Should the department be seeking to achieve other objectives through the trials? If so, how would this affect the design?

Question 2: In terms of the deliverables for customers, do you have any concerns about the proposed design of the trials or suggestions to improve it, for example, locations for the trials, how best to recruit consumers to take part, requirements on CSPs, and service requirements?

Question 3: In terms of the needs of CSPs, do you have any concerns about the proposed design of the trials or suggestions to improve it, for example, information required, capping of customer numbers, timeframes, level of funding available, and the approach to payment?

Question 4: Do you have suggestions on what should happen at the end of the trials, noting that Government funding will cease?

Question 5: Do you have any comments on the stakeholder reference group? What stakeholders should be represented on the groups? Would you like to nominate anyone as a possible member?

Question 6: Do you have any comments regarding the criteria for assessing proposals and contracting CSPs?



Question 7: Do you think regular surveys of trial customers would be useful? Do you consider there are any particular matters that should be monitored and evaluated during the trials in addition to those identified (e.g. service outages, quality issues and customer turnover)?

Question 8: How would the trials be best promoted to rural and remote customers by both the department and CSPs? How would the results of the trials be best communicated once they are complete?

Expressions of interest

To assist us with consultation and further planning, CSPs who are potentially interested in participating in the trials are requested to indicate their interest and nominate a contact officer.

Such expressions of interest will be treated confidentially and be non-binding on both the CSP and the department and are purely to assist us in assessing the level of interest in the trials and planning next steps.

Failure to express interest at this time will not prevent a CSP from submitting a proposal at a later stage.

Providing comments

All interested stakeholders wishing to have their views considered on the trials are invited to provide comments to the department. All comments must include the name and contact details of the person making the comment and the organisation which they represent (if applicable).

All comments, or parts thereof, will be treated as non-confidential information unless specifically requested, and acceptable reasons should accompany each request. Email disclaimers will not be considered sufficient confidentiality requests.

Respondents lodging comments should be aware that comments (excluding any information agreed to be treated as confidential information) will be made publicly available, including on the department's website. Comments will be subject to freedom of information provisions. Despite a comment being identified as confidential or sensitive, comments may be disclosed where authorised or required by law, or for the purpose of parliamentary processes.

Submissions for this discussion paper are to be provided by Friday, 7 February 2020 and sent to: usg@communications.gov.au.

