

Manager, Industry Monitoring Section
Australian Communications and Media Authority

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Via email: telephone.service.regulation@acma.gov.au

RE: Draft Payphone (Assessment of Net Social Benefit) Guidelines

ACCAN thanks the ACMA for the opportunity to comment on the Guidelines and for the deadline extension.

Having considered the way in which 'net social benefit' is defined and the role that the concept plays in the Location and Removal Determinations, ACCAN's view is that it is fundamentally flawed and cannot be accepted.

ACCAN is not suggesting that a Payphone should never be removed or relocated, but the approach taken in these Guidelines attempts to create a mathematical-style formula for social benefit which has an aura of objectivity but is ultimately no improvement on the current Standard Marketing Plan. The word 'net' in the phrase 'net social benefit' is also inappropriate, implying social benefit is some kind of precisely measurable substance or dollar amount.

The content of these Guidelines:

- is unfairly skewed to irrelevant commercial considerations of Telstra that have no connection with social benefit;
- fails to give adequate weight to the most relevant community concerns, and;
- is based on metrics that are not transparent, which the community cannot access or understand, and which gives Telstra an all-purpose method to ignore the community if it so wishes.

As we argued in our submission on the Determinations themselves, commercial viability, projected revenues in line with maintenance costs, and any funding provided by the Commonwealth simply should not have any bearing on this assessment of social benefit and there is no sound basis for their inclusion. If commercial considerations are intended to play a role in determining whether a payphone is installed or removed, it should be explicitly stated and not labelled as a net social benefit calculation.

As we cannot accept the concept of net social benefit that has been created in these instruments, it follows that ACCAN also rejects these Guidelines. We recommend the Guidelines be re-written and a new round of public consultation be undertaken.

Nevertheless, some concerns with the content of the Guidelines are as follows.

Absence of transparency. There are five criteria, (social benefit assessment numbers 1-4 and 10) where the data concerned is not publicly available and cannot be verified. This has been a documented issue in previous payphone removals, where in at least one instance a local council has been denied access to payphone usage data by Telstra who claimed the data was commercial-in-confidence.¹ This problem would be exacerbated by these Guidelines, as it relies on various similarly inaccessible figures.

The ACMA has suggested that the Guidelines will “increase consumer protection and transparency”. Given that half the assessments rely on figures likely to be commercial-in-confidence or not readily accessible by the public, the Guidelines fail in this regard.

Social benefit assessments based on Telstra as “stakeholder in the local community” unacceptable. In particular the descriptions for social benefit assessment no.1, 3 and 4 make a mockery of the notion of social benefit. These statements, coming from the ACMA as independent regulator, are unacceptable as they directly equate the financial benefit to Telstra with social benefit, with the connection being that Telstra is apparently a stakeholder in every local community.

Social benefit assessment involving socio-economic index not always adequate. Social benefit assessment no. 5 requires Telstra to use the socio-economic disadvantage index by the ABS. The description is not clear as to whether the ABS State Suburb (SSC) Index of Relative Socio-economic Disadvantage, or the ABS Postal Area (POA) Index of Relative Socio-economic Disadvantage should be used. (See discussion of Adjungbilly below.) It should also be noted that both measurements exclude certain suburbs and therefore cannot always be used.

Social benefit assessment regarding mobile coverage is flawed. It is widely acknowledged that mobile coverage maps are not always reliable. It would not always feature black spots or patchy coverage areas, nor do the Guidelines distinguish between areas that have only satellite mobile coverage and standard coverage. Satellite phones are, of course, far more costly and owned by fewer people.

Weighting of social benefit assessments. The ACMA has included three assessments (1, 3 and 4) which are measures of Telstra commercial payphone performance and funding which are closely interrelated. These assessments could easily be condensed. Because of this imbalance, community concerns take a back seat to commercial concerns of Telstra in the assessments. The current criteria could lead to situations where, for example, a payphone is removed despite the fact that;

¹ <http://www.abc.net.au/local/stories/2010/04/14/2872492.htm?site=riverina>

- the total funding for the payphone equals or exceeds the total depreciation and maintenance costs (SBA no 4);
- the payphone is located in an area that is ranked '1' by the Australian Bureau of Statistics socio-economic disadvantage index, i.e. in one of the most socially disadvantaged areas in Australia (SBA no 5);
- is in an area with no mobile coverage (SBA no 8); and,
- it is unreasonable to expect residents to be able to walk to the nearest payphone which could be kilometres away. (SBA no 9).

Yet because these factors add up to 4 out of the 10 criteria, the payphone could be removed. This type of quantitative assessment method cannot be expected to provide a relevant answer on social benefit and is entirely unsuited to the diversity of real world scenarios that exist.

The Guidelines fail to take into account the importance of the proximity of payphones to community facilities such as schools, community halls, national parks and hospitals. This factor is addressed in the Determinations; however the flawed net social benefit calculation can override such considerations.

Case Study: Adjungbilly, NSW

When the criteria are applied to specific example, it is evident that payphones that are important to communities easily fall into the category for removal.

There is one payphone in the Adjungbilly area in the Snowy Mountains region of New South Wales.² The payphone is situated metres away from Bongongo Public School, an isolated primary school.³ There is also a community hall in the vicinity, used by many people who live in more isolated areas. The payphone and the school are bordered by the Red Hill, Wee Jasper and Bungongo State Forests. According to Telstra coverage maps, there is only mobile satellite coverage in the area.⁴ In the past, payphones have been crucial communication points even for emergency services during natural disasters, such as the Helensburgh bushfires of 2001 which destroyed large areas of the Royal National Park.⁵

Given that the payphone is near an isolated school, bordered by three state forests at risk of bushfire, and is in an area with limited, or for consumers without satellite phones, no mobile coverage, there is a strong argument that this phone is vital to the local community.

² See Telstra Payphone Directory, – 0 Redhill Road Adjungbilly 2727 , Search postcode '2727', payphone number '8' in wider area. <http://services.mapinfo.com.au/ppol/welcome.do>

³ See Bongongo Public School, 2010 Annual report <http://www.bongongo-p.schools.nsw.edu.au/our-school/annual-school-report>

⁴ See Telstra coverage maps, checked 25th of November 2011: <http://www.telstra.com.au/mobile/networks/coverage/maps.cfm>

⁵ Kelly Burke, 'Telstra came calling; now residents can't', *Sydney Morning Herald*, 3 March 2007, p.7; <http://www.smh.com.au/articles/2007/03/02/1172338878547.html>

However, as the table below demonstrates, depending on the cost of the phone, (information unavailable to the local community) it could be removed according to these Guidelines.

Assessment Criteria applied to Adjungbilly	Meets net social benefit criteria?
1	Unknown – determined by Telstra
2	Unknown – determined by Telstra
3	Unknown – determined by Telstra
4	Unknown – determined by Telstra
5	Possibly meets criteria – confusing metric. Adjungbilly is in the 4th Docile according to the ABS State Suburb (SSC) Index of Relative Socio-economic Disadvantage, 2006. Adjungbilly is in the 6th Docile according to the ABS Postal Area (POA) Index of Relative Socio-economic Disadvantage, 2006. ⁶
6	Meets criteria – 17.3% residents over 65 ⁷ compared to 14.1% across the state. ⁸
7	Does not meet criteria – 31.4% under the age of 25 ⁹ compared to 32.5% across the state.
8	Does not meet criteria – according to Telstra coverage maps the area has mobile satellite coverage only.
9	Meets criteria – not within walking distance of another payphone.
10	Unknown – determined by Telstra

⁶ ABS, (2008) Socio-Economic Indexes for Areas (SEIFA), Australia - Data only , 2006 SEIFA, Postal Areas, Data Cube only, 2006 AND SEIFA, State Suburb Code, Data Cube only, 2006
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2033.0.55.0012006?OpenDocument>

⁷ See National Regional Profile: Central Murrumbidgee (excl. Wagga Wagga) (Statistical Subdivision) available at
<http://www.abs.gov.au/AUSSTATS/abs@npr.nsf/Latestproducts/15010Population/People12006-2010?opendocument&tabname=Summary&prodno=15010&issue=2006-2010>

⁸ See ABS (2011) *Australian Demographic Statistics, Mar 2011 Data cube: Population by Age and Sex Tables* available for download at
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Mar%202011?OpenDocument>

⁹ See ABS, (2011), National Regional Profile: Central Murrumbidgee (excl. Wagga Wagga) (Statistical Subdivision) available at
<http://www.abs.gov.au/AUSSTATS/abs@npr.nsf/Latestproducts/15010Population/People12006-2010?opendocument&tabname=Summary&prodno=15010&issue=2006-2010>

Accordingly, if social benefit calculation is to depend on Telstra commercial figures, these figures must be routinely published or made publicly available irrespective of whether there is any payphone matter in issue. If the ACMA undertakes a review of a final decision by Telstra about a payphone removal, the ACMA should be able to conduct a qualitative analysis and come to a decision which is not tied to these metrics. It should be a requirement that regard be had to the evidence given by the community about the specific circumstances of the payphone in question.

If commercial or financial considerations are important factors in payphone policy in the view of the ACMA, then they should be considered separately and be balanced with real social benefit considerations such as walking distance to the next payphone and emergency service access.

Should you wish to discuss this further, please feel free to contact us on 02 9288 4000 or by email: erin.turner@accan.org.au or jonathan.gadir@accan.org.au.

Sincerely,

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