

REVIEW OF TELECOMMUNICATIONS CONSUMER REPRESENTATION & TELECOMMUNICATIONS RESEARCH GRANTS PROGRAMS

DISCUSSION PAPER

SEPTEMBER 2005

A) OBJECTIVE OF THE REVIEW

The current funding round for the Telecommunications Consumer Representation and Research Grants Programs (the Programs) provided under section 593 of the *Telecommunications Act 1997* (the Act) expires on 30 June 2006.

Consideration is being given to whether there should be a funding extension to the Programs. Comments are sought from stakeholders and interested parties on a range of issues relevant to potential Government decisions on the future of the Programs.

B) BACKGROUND

- **Legislative**

Sections 593(1) and 593(2) of the Act provide that the Minister may, on behalf of the Commonwealth:

- (i) make a grant of financial assistance to a consumer body for purposes in connection with the representation of the interests of consumers in relation to telecommunications issues; and
- (ii) make a grant of financial assistance to a person or body for purposes in connection with research into the social, economic, environmental or technological implications of developments relating to telecommunications.

Under section 15 of the *Telecommunications (Carrier Licence Charges) Act 1997*, the annual estimate of grants made under section 593 of the Telecommunications Act may be recouped from licensed telecommunications carriers under a determination made by the Australian Communications and Media Authority (ACMA). In practice, ACMA (formerly the ACA) has fully recovered all grants expected to be made in each year of the program. Amounts recovered are returned to consolidated revenue.

- **Policy**

The current round of funding for the Programs will expire on 30 June 2006. Before consideration can formally be given to the potential extension of a lapsing or terminating program, the relevant Government agency, in consultation with the Department of Finance and Administration (DOFA), is required to undertake a comprehensive review to assess whether the original objectives of the program or measures have been met and to state the policy grounds on which an extension may be sought. The comments and feedback to this discussion paper will form an important part of the review process.

C) ISSUES ON WHICH COMMENT IS SOUGHT

DCITA would welcome comments from all stakeholders, including consumer bodies, research organisations and telecommunications carriers, on the issues outlined in this paper.

The recommendations of the report prepared by consumer bodies, entitled 'Consumer Driven Communications: Strategies for Better Representation', will also be considered as part of the review. Recommendations of relevance to this Review are set out in the Attachment.

Some general questions are set out in the box below relating to the appropriateness and effectiveness of the Consumer Representation and Telecommunications Research Programs. These questions are fundamental to any justification for extending the Programs and, to the extent the Programs are still appropriate, to any measures to improve their effectiveness. Your comments are invited on these issues.

1. Do you consider that there is a continuing community need for the Consumer Representation Grants Program? Why?/Why not?
2. If you consider there is a continuing need, what would be the likely consequences of not extending the Consumer Representation Grants Program?
3. Do you consider that there is a continuing community need for the Telecommunications Research Grants Program? Why?/Why not?
4. If you consider there is a continuing need, what would be the likely consequences of not extending the Telecommunications Research Grants Program?
5. How effective has the Consumer Representation Grants Program been in achieving the desired impacts or objectives for the community? How could the Program be made more effective?
6. How effective has the Telecommunications Research Grants Program been in achieving the desired impacts or objectives for the community? How could the Program be made more effective?

Other issues of importance on which comment is sought can broadly be grouped under two headings:

- 1) *the appropriate level and duration of any future funding and activities funded; and*
- 2) *the processes and criteria used to select grant recipients.*

(i) The level of funding provided, and duration of grants

Grants under this scheme first commenced with a four-year funding round commencing in 1998-1999, with \$750,000 allocated annually to projects. No additional funds were provided to the Department for administration of the scheme. In May 2001, in response to the findings of the Telecommunications Service Inquiry (TSI), the Government announced a further four-year funding allocation of \$3.4 million from 2002-2003 to 2005-2006. Of that allocation, \$3.2 million was for the purpose of grants funding, with an additional \$200,000 assigned for Departmental expenses in administering the Programs.

Since the commencement of the section 593 Programs, allocation of funds between the Consumer Representation Grants Program and the Telecommunications Research Grants Program has been a matter for the Minister to determine. Generally, around 12.5 percent of funds has been allocated for Research and about 87.5 percent for Consumer Representation.

Generally, grants under each Program have been allocated on an annual basis, with funding provided for one year. Applications for funding are invited annually through advertisements in the major national dailies, and applicants are expected to address suitability criteria set out in the Guidelines for each program. Over the last two years, about 10 percent of Consumer Representation Grants have been made to members of the Australian Communications Industry Forum (ACIF) Consumer Advisory Council (CAC) and Disability Advisory Board (DAB), in the form of sitting fees.

Allocation of Consumer Representation Grants among bodies has been decided by the Minister on the basis of recommendations made by a panel of three persons, generally drawn from within the Department of Communications, Information Technology and the Arts. Representatives from external organisations such as ACIF have also been used in the past.

Allocation of Telecommunications Research Grants has also been decided by the Minister on the basis of recommendations made by a panel, comprising representatives from the DCITA Communications Research Unit (CRU) and Competition and Consumer Branch, with some representatives from other Departments.

Generally, for both Programs the total funds sought by applicants has far exceeded the funds available for allocation. In most years, therefore, some applicants did not receive funding and most applicants received less funds than sought, resulting in an adjustment to the proposed project or work program.

A large proportion of the Consumer Representation Grants Program funds has been provided to three peak bodies, the Consumer Telecommunications Network (CTN), representing residential consumers, the Small Enterprise Telecommunications Centre (SETEL), representing small business consumers and Telecommunications Disability Consumer Representation (TEDICORE), representing people with a disability.

In September 2000, the Telecommunications Service Inquiry (TSI) report recommended:

That ... consideration be given to providing funding on a longer term basis than the existing annual cycle to ensure greater stability for consumer organisations. Provision should also be made for additional resources to assist people with disabilities participate in industry processes and conduct awareness raising activities.

In May 2001, the Government responded to this recommendation. It did not accept the recommendation that funding be provided for a longer period than one year. However, it noted that 'it is a priority of the Government that people with disabilities, and those consumers from regional, rural and remote Australia have adequate representation'.

The Guidelines for the Consumer Representation Grants Program were amended prior to the 2002-03 round to reflect the priority of the Government, as specified above. Since this amendment to the Guidelines, the share of grant funds provided to the relevant groups has increased.

The Consumer Representation Grant Program Guidelines specify the following objectives for the Program.

The objective of the consumer representation funding is to support adequate representation of consumers' interests in a self regulated telecommunications environment by enabling:

- *consumers to have a voice in the development of industry codes and practices and other telecommunications industry processes that affect them;*
- *consumers' needs and interests to be represented in appropriate Government processes that affect them; and*
- *consistent with the Government's response to the recommendations of the Telecommunications Service Inquiry Report, it is a specific priority of the Program that people with disabilities, and consumers from regional, rural and remote Australia have adequate representation.*

Funding will be given to assist organisations in their representation of consumer interests. These projects might include, but not be limited to, a consumer organisation representing the interests of its members through:

- *fostering community awareness of telecommunications issues affecting consumers;*
- *representing consumers' interests in the development of government and industry policy relating to telecommunications;*
- *facilitating discussion of and research into telecommunications issues of interest to consumers; and*
- *informing and educating consumers in relation to telecommunications issues.*

The Telecommunications Research Grant Program Guidelines specify the following broad objective for the Program:

- *to support high quality, empirical research in connection with social, economic, environmental or technological implications of telecommunications developments that will inform Government policy on telecommunications industry development and regulation.*

7. Do you consider the level of funding that is currently provided under the Consumer Representation Grants Program to be about right/too high/too low? Why?

8. Do you consider the level of funding that is currently provided under the Telecommunications Research Grants Program to be about right/too high/too low? Why?

9. Do you consider that Consumer Representation Grants should be provided for a period of one year or longer?

10. If you consider that Consumer Representation Grants should be provided for a period longer than one year, why and what would be an appropriate period for the grants?

11. Do you consider the objectives of the Consumer Representation Grants Program set out in the Program Guidelines to be appropriate? What changes, if any, would you recommend?

12. Do you consider the objectives of the Telecommunications Research Grants Program set out in the Program Guidelines to be appropriate? What changes, if any, would you recommend?

13. Do you consider recent practice of specifying priority areas for research in the Telecommunications Research Grant Program Guidelines to be appropriate?

(ii) Processes and criteria used to select grant recipients

The suitability criteria for selecting Consumer Representation Grant recipients set out in the Program Guidelines are as follows.

- 1) The extent to which benefits and outcomes of the project relate to the Program's objectives.
- 2) The extent to which the project represents value for money.
- 3) The organisation's capacity to effectively represent the project's target group.
- 4) The organisation's commitment to working cooperatively with representatives within the telecommunications industry to achieve negotiated outcomes.
- 5) The applicant's demonstrated ability to manage the project well.

The suitability criteria for selecting Telecommunications Research Grant recipients set out in the Program Guidelines are as follows.

- 1) The extent to which the project will provide significant benefits and outcomes in terms of the Program's objectives.
- 2) The extent to which the project has a sound methodology including appropriate review and quality control arrangements.
- 3) The extent to which the project represents value for money.
- 4) The extent to which the applicant has a demonstrated ability to manage the project.

14. Do you consider the suitability criteria for selecting Consumer Representation Grant recipients to be appropriate? What changes, if any, would you recommend?

15. Do you consider the suitability criteria for selecting Telecommunications Research Grant recipients to be appropriate? What changes, if any, would you recommend?
16. Do you consider the process of selection of grant recipients to be appropriate for the Consumer Representation Grants Program? What changes, if any, would you recommend?
17. Do you consider the process of selection of grant recipients to be appropriate for the Telecommunications Research Program? What changes, if any, would you recommend?

(iii) Consumer Driven Communications (CDC) report

DCITA seeks views of consumer bodies on certain issues raised in the CDC report.

18. In the context of CDC recommendation 21, what activities, in order of priority, should be included in any potential expansion of the Programs?
19. How might 'scalability' and 'stability' of funding, as proposed in CDC recommendation 21, be achieved?
20. Do you consider it appropriate for representatives on the Consumer Advisory Council and the Disability Advisory Forum of ACIF to receive sitting fees under the Consumer Representation Grants program?

(iv) Program management issues

Your views would also be welcomed on the following program management issues.

21. Do you consider that feedback from the Program management on reasons for non-selection or partial funding only has been adequate? What changes, if any, would you recommend?
22. Do you consider that grant deed administration, payment arrangements on receipt of tax invoices and processing of progress reports has been effective and timely? What changes, if any, would you recommend?

D) LODGING YOUR COMMENTS

The closing date for comments is **COB Tuesday, 4th October 2005.**

Submissions should be forwarded to:

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Or by email to david.lever@dcita.gov.au

Any queries regarding the issues discussed in this paper should be directed to Mr Lever on 02 6271 1502 or via email to david.lever@dcita.gov.au.

Relevant recommendations of the Consumer Driven Communications (CDC) Report

Recommendation 21

DCITA grants for consumer advocacy and research funding program be overhauled to ensure:

- a. Scalability – so the funding level grows with the industry
- b. Stability – so there is sustainable funding base for consumer groups
- c. Program as well as project based funding for periods longer than 1 year.

Consumer groups be funded to enable improved co-ordination of input to legislation reviews so that the expertise of groups with specialist knowledge can be shared such as through the Consumers Telecommunications Network (CTN) Consumers Forum.

Funding also be allocated more specifically to raising consumer awareness and representing alternative views on issues from a consumer perspective.

DCITA ensure that in expanding assistance to new groups under the grants for consumer advocacy and research that organizations currently receiving funding continue to be allocated sustainable levels of funding.

DCITA investigate the possibility of handing control of funding for sitting fees for participation in self-regulatory agencies to the self-regulatory agency.

Recommendation 29

The organising body of any relevant industry, government or regulatory forum provide consumer representatives with appropriate resources in order to participate. These resources include:

- travel, accommodation and sitting fees;
 - AUSLAN interpreters, audio loop systems and carers for people with disabilities as needed; and
 - information and documentation in alternative formats on request.
- Meeting venues should meet the AS 1428 Accessibility standard.

Recommendation 30

ACA and DCITA increase and broaden the level of consumer involvement in international and regional standards setting committees and forums and that this be appropriately resourced.

Recommendations 67

Government, regulators and industry use evidence-based models of consumer participation in research by the following methods:

- adopt and popularise methods of research and evaluation which are developed in collaboration with consumers;
- acknowledge and act on lessons from available research by consumer organisations;
- use participatory research methods and techniques and include consumers as part of the research team;
- appoint steering committees to ensure active participation from consumers;
- incorporate consumers' needs and interests into the research agenda;
- publish and/or make available research reports; and
- facilitate joint applications by industry partners and consumer related research organisations for funding under such programs as Australian Research council grants.

Recommendation 68

ACMA introduces an explicit funding program that includes program funding, commissioned research, general research consultancies, and co-operative work with consumer groups conducting communications research.

Recommendation 69

ACMA appoints consumer representatives to sit on an advisory committee that decides on the research program.

Recommendation 70

DCITA develops an ongoing, transparent and well-funded program for consumer-based research into information technology and telecommunications. This should include social and behavioural research, statistical studies, technological development and policy issues. Accessibility for people with disabilities to information and communications technology (ICT) should form a significant part of the research program. Consumers should be involved at all key stages of the program and in the funded projects.

Recommendation 71

DCITA develops a set of guidelines or protocols which apply to the work of the Communications Research Unit to include consultation on research priorities with consumers and publication of the CRU's work program and results.