

9 February 2017



Mr Paul Lindwall
Presiding Commissioner
Telecommunications Universal Service Obligation
Productivity Commission
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Re: Telecommunications Universal Service Obligation Inquiry

Dear Mr Lindwall,

Please find following submission in regards to the above mentioned inquiry.

Regional Development Australia (RDA) Far North is part of a network of 55 RDA's across Australia. We are an incorporated not for profit organisation governed by a volunteer Board and supported by Commonwealth, State and Local Government in South Australia.

The RDA Far North region has around 28,000 people, which is approximately 2% of South Australia's total population. However, the region covers an area of approximately 800,000 square kilometres, making it by far the largest in South Australia by land mass. The region takes in the Anangu Pitjantjatjara Yankunytjatjara Lands, the Council areas of Port Augusta, Flinders Ranges, Roxby Downs, Coober Pedy and the Outback Communities Authority.

We facilitate access to a full range of government and non-government support programs and provide a range of services offering business, Economic, Tourism and Workforce Development assistance to businesses and individuals throughout the Far North region.

We commend the Commission for this inquiry, like any program/service review, it is important to keep it relevant and ensure it is meeting the outcomes it was designed for and we appreciate the opportunity to provide input to the inquiry.

Yours sincerely

A handwritten signature in black ink that reads "Claire Wiseman".

Claire Wiseman
Chief Executive Officer

Regional Development Australia (RDA) Far North

Submission to the Productivity Commission inquiry into the Telecommunications Universal Service Obligation Draft Report, November 2016

Efficient and effective infrastructure underpins economic activity and is fundamental to a prosperous regional economy. It includes 'physical' infrastructure (like roads, airports, information technology and telecommunications, power and water) and quality 'community' infrastructure (like recreation and leisure facilities, cultural services and facilities and community services and facilities).

Together these elements should offer good physical and functional links that support social, cultural and economic interaction and exchange in the community.

Quality connections to information and communications technology (ICT) networks are an important enabler of economic and community development.

One of RDA Far North's aims is that these fundamentals for investment and economic development are addressed by identifying the region's infrastructure challenges and shortfalls. Identifying the region's infrastructure investment priorities is essential if economic development opportunities are to be strategically pursued and to ensure any critical gaps can be addressed.

We recognise that the telecommunications landscape has changed over time, and for the majority of the Australian population. However, there are areas in our region where current services remain substandard, and are substandard to a very high level.

Telephone service provision differs across the region; they are fit for purpose and reliable in major centres, however some of our more regional and remote areas have unreliable service.

Information and communications technologies vary across the region with a heavy reliance on satellite communications. Mobile telephony and ADSL broadband are limited to the major towns and spot mobile phone coverage along the major highways, e.g. alignment with the rail line on the Stuart Highway. Most towns have dial-up internet access while major mines have comprehensive ICT networks to meet operational needs.

Total removal of the TUSO would be a major disadvantage to our region. There needs to be a system/program in place which meets and addresses regional and remote challenges prior to any removal of this program. Unfortunately, the NBN will still fall far short of meeting these needs, as outlined later.

Mobile Coverage

Within our region there are 74 mobile blackspots, which is significant when looked at from a geographical perspective (approx. 96% of our region's landmass).

Some of these blackspots cover townships as well as stretches of major arterial roads and highways. Round two of the mobile blackspot program will see new towers erected at Rawnsley Park, Beltana, Parachilna, Blinman, Marree, William Creek, Innamincka and Coward Springs. Whilst this is a positive move forward, it will have a minimal impact on the region from a geographical coverage perspective. The new towers are local cell only covering the town boundaries. They are all Optus and whilst we commend Optus for this service we recognise their coverage limitations in the region, which doesn't make them a preferred supplier for regional residents.

Access to mobile coverage goes beyond those who reside in regional and remote areas; half a million tourists pass through and stay in the Far North region every year and the majority of these visitors expect the same standard of service they currently receive in the metropolitan and urban areas. Travelers keep in touch with their families and friends to let them know they've arrived at their destination safely. This is either done via a phone call, text or other messaging platform available through a vast array of social media. This has an added benefit of being a great marketing tool for the tourism industry with travelers using social media platforms to upload pictures of their adventures. With travelers at times being unfamiliar with long distance driving and outback road conditions, mobile coverage is also important from an emergency services perspective.

This draft report of findings statesⁱ that 99.3% of the population are covered by at least one mobile network. Only considering population when looking at mobile phone coverage areas disadvantages regional Australia which often has greatest area but with small populations, and arguably, greatest need. We encourage that the conversation reflects geographical coverage as well as population based coverage statistics.

National Broadband Network

The emergence of the digital economy has increased the propensity for individuals and businesses to use information and communications technologies to interact and trade with suppliers, partners and customers anywhere in the world. Broadband has become a fundamental enabler of regional economic development. Given the significant areas of remoteness of the Far North region, accessibility to ICT is critical.

Improved ICT networks, particularly broadband, will be critical to sustaining the pastoral industry and supporting the expansion of mining and tourism and delivering services to remote communities in the region. As well as facilitating access to new technologies and global markets, ICT can reduce the time and cost of travel as well as the cost of accessing finance, health, education and other government services.

Productivity gains through cost savings (e.g. in the provision of primary and preventative health services that decrease emergency and chronic health problems) must therefore also be taken into account as part of the equation of measuring benefit.

In terms of NBN, the majority of our region will be covered by the SkyMuster Satellite, however, there are many existing challenges with this service. The TUSO Productivity Commission's draft report clearly statesⁱⁱ that this service will fall short of the quality of those offered under the current TUSO, in terms of latency and service repair timeframes, with up to 90,000 premises solely dependent on this for voice calls. A sub-standard service such as this will have a major impact on residents and businesses in regional and remote Australia.

The region currently lacks high-speed broadband infrastructure, limiting the capacity of local businesses and individuals to interact with the global economy. For businesses in the region to remain competitive and for the communities of the region to remain connected, the rollout of high-speed broadband must be extended to all communities as a priority.

The current communications systems and coverage in the area pose many challenges for business operators with the biggest being reliability. There are a number of operators in our region who experience service dropout on a regular basis. This is disruptive and costly to a business's trading when their communication systems cannot be relied upon, thus putting their business at risk. A reliable service for business owners is required for the general running of the business and is crucial for meeting regulatory requirements related to business operation; to maintain contact with, and provide an online service for their customers including financial transactions, online booking systems, social media interactions and responding to enquiries via electronic mail etc.

Education is the key to success in Australia's economy for individuals and regions alike. Achieving more equitable education outcomes across regional Australia is our nation's greatest challenge in realising the potential of regional Australia.ⁱⁱⁱ

Rural, regional and remote Australia face significant economic, health and other disadvantages, as a result of distance, lack of infrastructure and poor educational access. Some 24 regional LGAs have NO high performing high school students. Only 6 of the 100 most "technologically ready" LGAs are non-metropolitan.^{iv}

The current systems also pose challenges for regional education via School of the Air and other virtual classroom based systems. Students and teachers experience regular service drop outs, latency and capacity issues, which is challenging for the student, their families, educators and fellow students. When one student is experiencing these issues it affects the entire virtual classroom, delaying lesson as their service

clicks in and out or catches up. Reliable access for education does not stop in the classroom with the students also needing this at their homes in order for them to succeed in their studies.

Summary

People in who live in remote and regional areas are aware that they may not have access to exactly the same level of services as their urban counterparts, however they do expect to have a reasonable and fit for purpose level of service.

For businesses, families and communities in regional areas the removal of the TUSO immediately following NBN roll out will leave them without an adequate service and they will be worse off than they currently are.

A full and independent review should be undertaken of the existing level of information and communications technology services in regional and remote Australia. Following this a regional and remote areas ICT program should be designed that concentrates on providing an adequate, fit for purpose and equivalent level of service to all remote and regional Australia. This will ensure that true to the original purpose of the TUSO, all do in fact, have access to a standard service, particularly where those services might not be commercially viable.

This should be publicly funded and rolled out; the age old response of “you choose to live there so deal with it”, is naive and shows a lack of understanding of regional Australia. Regional areas are very important and are significant contributors to the nation’s economy. Low populations (resulting in very little political ‘power to persuade’) and high service cost due to tyranny of distance are factors which limit the regional and remote voice in discussions of service adequacy.

We thank you for the opportunity to provide input into the inquiry and hope that our submission has broadened understanding of the challenges our region is experiencing, and that serious consideration is given to the disadvantage our region would be placed in with removal of TUSO without a program in place addressing the needs of our regional businesses, students, families, and communities.

ⁱ Telecommunications Universal Service Obligations – Productivity Commissions Draft Report Overview November 2016 – Summary, page 3

ⁱⁱ Telecommunications Universal Service Obligations – Productivity Commissions Draft Report Overview November 2016 – Draft finding 6.2, page 22

ⁱⁱⁱ Regional Australia Institute

^{iv} Meeting the economic challenges of regional and rural Australia: Leveraging community capacity to foster innovation in VET By Dr Don Perlgut, CEO, Community Colleges Australia