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## Telecommunications Public Hearing Briefing

Regional Development Australia Wheatbelt, along with other regional and remote peak bodies and stakeholders view efficient and affordable telecommunications as essential in achieving positive economic development outcomes.

Many, although not all, of the findings of the Productivity Commission as articulated in its draft report are supported by our own regional experience.

We also agree with many of the Commission's recommendations contained within the draft report including the need for a new service framework.

Today I would like to highlight some of those areas where we would encourage further work or further refinements to the Commissions draft recommendations.

- **Baseline or Minimum Quality**
- **Targeted intervention to support thin markets so that affordability is managed**
- **The provision of basic voice services – whether that is through the public phone system or another mechanism**

### 1. Baseline or Minimum Quality

We contend that Satellite NBN does NOT meet the minimum or baseline quality requirements for today's world.

We agree that the USO is one of a range of measures aimed at ensuring telecommunication services are available, accessible and affordable to cohorts of users that may be high cost and uneconomic to serve.

We draw the Commissions attention to the sad fact that when it comes to small dispersed communities in rural Australia, the NBN **also** finds the provision of anything other than a Satellite service to be "high Cost" and "uneconomic".

Consequently, these communities, will still receive a lesser service **AFTER** the NBN than their city counterparts receive right now. The change may improve their circumstances but it will not lessen the divide. Further it may impede their international competitiveness and their ability to partake in the digital economy. Not because the NBN is not there, but because the Satellite service does not meet the Baseline or Minimum quality required of business in these times.

The NBN approach is to minimise the potential impacts of these limitations by stating that that only 3% of Australian customers will have to access satellite services.

We are part of that 3%. In the Wheatbelt Sub regions of Central East and South, connections to the satellite service are likely to comprise almost three quarters of households in the South and half in the Central East.

Staying competitive in a business environment is critical and as the business environment becomes more digital, so we have to lift our ability to engage with it.

Last time the Gross Regional Product of these two subregions was comprehensively measured in 2013, it came in at an impressive \$2.3 billion or more than \$80,456 per person. These subregions punch well above their weight in their contribution to the Australian economy. Telecommunications investments in these regions should be looked upon as an Investment in the future of the whole country.

We are heartened by the Commissions acknowledgment that there are questions around the adequacy of NBN services as a baseline service within the Satellite footprint, and also by the Commissions efforts to enquire further as to what the baseline measure should be. We believe that community definitions around what constitutes basic telecommunications enabled functions has moved with the times and ought to be reflected within the USO.

Increasingly, basic telecommunications in rural and regional areas extends beyond your email inbox to the delivery of health and educational services such as e-health services and secondary education such as the School of Isolated and Distance Education which services our region, as well as access to Universities with study increasingly including online delivery.

Earlier this year, the AMA warned that without access to telemedicine and e-health services, people in regional, rural and remote Australia “could fall even further behind” in terms of access to quality health services. Current Satellite services were identified as grossly inadequate for this purpose.

## **2. Targeted intervention to support thin markets so that affordability is managed**

Some participants to your enquiry have argued that the relative affordability of services is ultimately a function of where you live and that rural and regional communities need to accept that some things will be more expensive. And of course, they are.

The “thin” regional/remote telecommunication market of the WA Wheatbelt and other WA agricultural and resource regions will not attract the level of competition or have the profit opportunity for service providers that urban markets will. This is across Telecommunications and many other categories of products and services.

The choice is that either the regional user pays a premium (which in a thin market is usually significant as some examples in our written submission show), or the taxpayer and or urban users subsidise an equitable level of affordable service to regional and remote areas. Whether that be through a regulatory framework such as the USO or through direct subsidies.

Of course, the residents of these thin markets are themselves taxpayers and often do not have access to the services paid for out of taxpayers funds, that are taken for granted in more populated areas. These families still contribute their share to the tax pool even though they cannot necessarily access the services provided.

In 2014, WA’s agricultural production was \$8 billion with the Wheatbelt producing \$5 billion. Similarly, the value of the WA mineral and petroleum industry in 2015-16 was \$84.6 billion, which represented 53% of the total national value of the mineral and petroleum industry.

All of this was generated from regions with an estimated population of 1.7% of the national population. When it comes to telecommunications, these regions are receiving a significantly lesser outcome than their urban counterparts, despite their importance to the nation.

I personally am encouraged by the talk around the capability of the 5G network, which suggests significantly improved quality that will vastly exceed the capability of the NBN satellite service. Perhaps this is the way forward. The principal of support and the philosophy of universal access of the same standard applies, whether or not the mechanism for delivery changes.

We agree with the Commission that any further government intervention should harness markets while closely targeting particular user needs.

We do believe however, that this needs to be supported by policy frameworks and mechanisms that recognise and properly define the rights of the 3% as being equally entitled to available, accessible and affordable telecommunications services, and not left to the whims of the political cycle.

### **3. The provision of basic voice services – whether that is through the public phone system or another mechanism**

RDAW recommends that concessions be kept in place or implemented for disadvantaged elements of regional/ remote populations to ensure their access to basic phone services.

We agree with the Commission that there are some user groups whose specific needs are not likely to be addressed in the absence of the USO. For people in regional and remote communities who do not have the means to own and use a mobile phone (or lack mobile phone coverage), such as our community members who may be poor, or where the technological divide exists such as with some elderly, the removal of the public phone network may result in a complete inability to communicate with anyone not in their immediate surrounds. This is particularly relevant for people experiencing crisis.

We note the Commission has considered this in its draft recommendations and considers that these needs could potentially be met by a targeted program of funding. A concept that we would agree with in principal, but in practice experience would suggest that unless there is a mechanism such as the USO to require the provision of such services, they are likely to come under the cost per head argument, or a change in government priorities, with funding inadequate and where it exists, short term focussed. This will leave very vulnerable people even more vulnerable and serve to further marginalise them from society and the support mechanisms that do exist.

For rural and regional Australia this is particularly relevant, as face to face services are increasing replaced by contact centres and online portals. Access to services can be effectively cut off for vulnerable groups because in order to get to them you must first purchase either a mobile phone or a computer, provide evidence of your fixed address in order to connect with a service and so forth.

So we do support targeted programs to address the needs of vulnerable groups, but strongly recommend that the Commission look at ways to ingrain this support within a legislative framework that protects access for all Australians.

The simple fact is that efficient, affordable telecommunications are an economic and social necessity in regional and remote areas in the 21<sup>st</sup> Century.

If we are building a National Highway we would not say, I'm sorry, when this National Highway goes through your remote area containing only a few hundred people it will go to a dirt track, we keep that National Highway bitumen and of a high quality so that all can connect using it, goods can move through and the national economy is supported. Telecommunications should be the same. It needs to link our communities with each other and with the goods and services produced. You might argue a dirt track (or in technological terms, satellite NBN providing VOIP capability) meets the basic needs, but actually in today's world it doesn't.

Thankyou.

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