**Regional Development Australia (RDA) Central West**

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

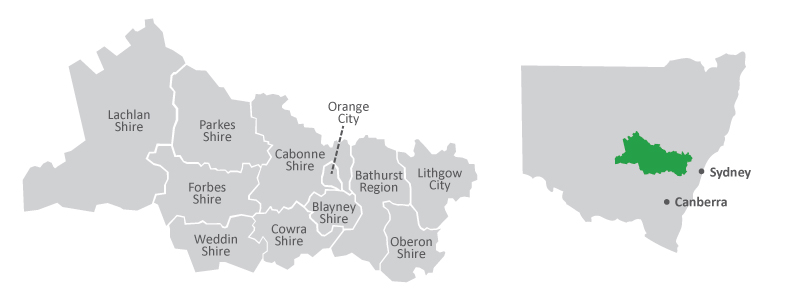
**November 2016**

**Productivity Commission inquiry into the Telecommunications Universal Service Obligation – Response from RDA Central West to the Draft Report**

**Background and Introduction**

Regional Development Australia Central West (RDA Central West) is a not-for-profit organisation, funded by the Commonwealth and State Governments, bringing together business, community and Local Government to further the economic development and long term sustainability of the NSW Central West region.

Approximately 174,000 people live in the region, which comprises the Local Government Areas of Lithgow, Oberon, Bathurst, Blayney, Orange, Cabonne, Cowra, Parkes, Forbes, Weddin and Lachlan.



The future of the NSW Central West economy is promising but a lack of telecommunications connectivity is a headwind for increased productivity, new business development and economic growth.

Challenges remain in ensuring that the telecommunications infrastructure planned for the Central Western NSW region is able to meet the needs of businesses and community members now and into the future.

These challenges are compounded by projected growth of the region. Central West NSW has been identified as the sixth largest ‘fast growing’ and ‘high potential regional hub’ in Australia capable of contributing $17.4 billion GRP by 2031.[[1]](#footnote-1)

Investment in telecommunications infrastructure in the region is essential in order to support the digitalisation, professionalisation and increased connectivity of the workforce across all sectors of the economy.

RDA Central West considers telecommunications to be a key enabler of regional development and a significant issue for the region.

This has resulted in extensive research and consultation throughout 2016 as part of a regional telecommunications priorities project.[[2]](#footnote-2) This work has involved the release of the ‘Telecommunications Infrastructure Support Guide’[[3]](#footnote-3), as well as submissions by the organisation to the 2015 Regional Telecommunications Review[[4]](#footnote-4), the 2016 Productivity Commission’s Inquiry into the Telecommunications Universal Service Obligation[[5]](#footnote-5) (previously), and 2016 ACCC inquiries into Communications Markets[[6]](#footnote-6) and Mobile Roaming[[7]](#footnote-7).

**Terms of Reference**

Reframing the Telecommunications Universal Service Obligation (TUSO)

RDA Central West welcomes the Productivity Commission’s finding that the current TUSO should be reframed to guarantee a baseline broadband, including voice, service to all premises in Australia.

This supports the increasingly essential nature of broadband data in order to participate in the modern world.

However, the accessibility of broadband (including voice) services, especially in rural and regional areas, needs to be guaranteed and protected for consumers through a new TUSO.

It is an expectation across the region that universal accessibility and affordability of broadband, that meets baseline requirements, is achieved in order to fully participate in the modern world both now and into the future.

It is however necessary that the full extent of nbn services and its limitations are understood and observed before landlines, which remain a lifeline for many in rural and regional Australia, are disconnected. Reliance on the standard telephone service in the region is still high, with 75% of business respondents to a 2015 survey thought that the standard telephone service needed to be guaranteed for some or all consumers.[[8]](#footnote-8)

Transitional arrangements and alternative services must ensure that no resident or business is detrimentally impacted by the abolition of the current TUSO.

Acceptable baseline requirements for a new TUSO

In our view, acceptable baseline requirements include the following characteristics:

1. Being technology-neutral
2. Being able to support universal access to core services, such as online Government Services, eLearning, telehealth and emergency services.
3. Being subject to minimum acceptable levels of quality, reliability and continuity of service.

**Technology Neutral**

A new TUSO should be technology-neutral in order to allow for flexible service delivery and evolve with technological developments.

**Supporting universal access to core services**

Minimum service specifications are required to guarantee access for all Australians to a range of core services, including Government Services, e-learning and online education, telehealth delivery and emergency services. This is pertinent given that these core services are progressively moving online and losing ‘shopfronts’ in rural and regional areas.

Communities expect to be able to have ready access to Government Services either online or over the phone, and there are significant equity implications for those people into the future who cannot access Centrelink, Medicare or the ATO due to unreliable or inaccessible telecommunications.

Additionally, there is an expectation that e-learning curriculum can be accessed in rural and regional areas, including schools within the nbn satellite footprint. Currently, there are seven communities with primary schools in the Central West which are within the satellite footprint and adversely affected by mobile black spots.[[9]](#footnote-9) This is concerning for those requiring access to e-learning resources as the trend towards online education continues to grow.

Telehealth is also becoming increasingly important for the delivery of health to rural and regional communities, including access to specialists, chronic disease management, training purposes and home-base monitoring. The CSIRO has however highlighted the limitations of satellite broadband in delivering a range of telehealth services due to the latency of the service.[[10]](#footnote-10) This is another concern for communities located in nbn satellite-serviced areas.

Communities also need a ‘lifeline’ or means of communication to emergency services and between Rural Fire Service (RFS) members. Communities with mobile blacks spots and unreliable nbn satellite services are particularly vulnerable in these instances.

As a minimum, access to these core services should be guaranteed for all Australians, especially for those in nbn satellite-services areas with no other viable communications alternative such as mobile coverage.

**Services subject to minimum acceptable levels of quality, reliability and continuity of service**

A minimum acceptable level of broadband and voice service for Australians needs to be established, and protected through consumer safeguards.

Based on current reports regarding the nbn SkyMuster satellite service, RDA Central West does not have confidence that it could solely provide an acceptable level of broadband and voice service for the reasons outlined below.

On the face of it, public confidence in the nbn SkyMuster satellite service is not high. RDA Central West is aware of many issues being experienced with the nbn satellite SkyMuster service, including installation difficulties and drop-outs.[[11]](#footnote-11) Upon retiring the standard telephone service, these service interruptions will leave people in mobile black spots areas vulnerable without any other reliable means of communication.

Additionally, RDA Central West understands that the upper data limit for the nbn SkyMuster satellite service is a maximum of 150 GB per month, according to nbn’s fair use policy.[[12]](#footnote-12) RDA Central West also understands that once this upper data limit is reached it is not possible to place voice calls over VOIP. This is also a concerning prospect for those within the satellite footprint and without any other lifeline or communications service.

The other consideration to take into account is the fluctuating availability of mobile services in some areas, reducing mobile coverage when tower capacity is saturated. Consideration should be given to not only the area of mobile coverage but also the ‘depth’ or capacity of this coverage in each case, and including people from areas with fringe mobile coverage into targeted measures for alternative services as needed.

A survey of Central West regional businesses in July 2015 found that ‘reliability’ was the most important consideration for business respondents, followed by ‘speed’, ‘access’, ‘cost’, ‘data size’ and then ‘mobility’ respectively.[[13]](#footnote-13) Ensuring reliability of services, without interruptions and providing alternative services where this cannot be guaranteed, is an important consideration to be incorporated into acceptable baseline requirements for a new universal service policy.

The full extent and capacity of nbn satellite services may not be fully understood until the nbn roll out is complete. Before retiring the standard telephone service, transitional arrangements and alternative services should be provided for those without another reliable means of communication to the nbn SkyMuster satellite.

RDA Central West does not consider there to be a convincing case at the present time that the nbn satellite service is capable of providing an acceptable baseline service for both broadband and voice. There remains a significant risk that many people in rural and regional areas will be left stranded without a reliable means of communication, and for this reason alternative services should be provided to rectify this.

Alternative services needed for nbn satellite-serviced areas

Alternative services for nbn satellite-serviced areas (especially those in mobile black spots) should be fit-for-purpose and take into account community needs now and into the future.

Funding should be directed into communities for projects in areas without a reliable alternative means of voice communication to the SkyMuster satellite. It essential that communities are involved and consulted about their current and future communications needs and plans for telecommunications developments.

Cost-effective third-party providers of fixed wireless and fibre should be considered as a desirable alternative broadband and voice solution for communities on SkyMuster satellite, which could reduce demand on satellite services.

Payphones are not considered an appropriate substitute for voice services at individual premises (in satellite-serviced areas without mobile coverage), though in some areas should be retained for community use.

Mobile Black Spot Program

RDA Central West welcomes the recommendation that the ‘additionality’ of the Mobile Black Spot Programme (MBSP) be improved, including through increased community input. RDA Central West is aware of community groups within the region that have found it difficult to provide input to the MBSP, and which prompted the organisation’s publication of a ‘Telecommunications Infrastructure Support Guide.’

This would help to complement nbn services, particularly in satellite-serviced areas.

1. Infrastructure Australia, 2016, ‘Australian Infrastructure Plan’, pp. 60-61, <http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf> [↑](#footnote-ref-1)
2. RDA Central West, 2016, ‘Telecommunications’, <http://www.rdacentralwest.org.au/initiatives/telecommunications/> [↑](#footnote-ref-2)
3. RDA Central West, 2016, ‘Telecommunications Infrastructure Support Guide’, <http://www.rdacentralwest.org.au/wp-content/uploads/2013/05/RDACW-Telecomms-Infrastructure-Guide-web.pdf> [↑](#footnote-ref-3)
4. RDA Central West, 2015, submission to the ‘Regional Telecommunications Review 2015 Issues Paper – Submission from RDA Central West’, <http://www.rtirc.gov.au/submissions/> [↑](#footnote-ref-4)
5. RDA Central West, 2016, submission to the ‘Productivity Commission Inquiry into the Telecommunications Universal Service Obligation 2016’, <http://www.pc.gov.au/__data/assets/pdf_file/0012/202422/sub042-telecommunications.pdf> [↑](#footnote-ref-5)
6. RDA Central West, 2016, ‘Submission to the ACCC market study of Competition in Evolving Communications Markets’, <https://www.accc.gov.au/system/files/Submission%2018%20-%20Regional%20Development%20Australia%20Central%20West.pdf> [↑](#footnote-ref-6)
7. RDA Central West, 2016, ‘Submission to the ACCC domestic mobile roaming declaration inquiry’, ‘<https://www.accc.gov.au/system/files/Regional%20Development%20Australia%20Central%20West_0.PDF> [↑](#footnote-ref-7)
8. RDA Central West and AdLoyalty, 2015, survey of 50 businesses in the Central Western region. [↑](#footnote-ref-8)
9. Analysis by Optimi Digital for RDACW, November 2016.

   Mobile Black Spots were identified in the same gazetted location as satellite-serviced communities with public schools, prior to Round 1 Mobile Black Spot Program rectification. [↑](#footnote-ref-9)
10. CSIRO, Dr Sarah Dods, 2012, ‘Caring for the last 3%: telehealth potential and broadband implications for remote Australia’, <https://publications.csiro.au/rpr/download?pid=csiro:EP129516&dsid=DS3> [↑](#footnote-ref-10)
11. RDA Central West consultation with the region during 2016; The Land, Dec 2016, ‘What we’ve got is a failure to communicate’, <http://www.theland.com.au/story/4354981/what-weve-got-is-a-failure-to-communicate/>; The Land, Dec 2016, ‘Sky Muster upset rockets’, <http://www.theland.com.au/story/4356446/sky-muster-upset-rockets/> ; ABC News, May 2016, ‘Survey reveals ‘data drought’ may not be fixed by NBN Sky Muster’, <http://www.abc.net.au/news/2016-05-05/data-drought-survey-results/7386780> [↑](#footnote-ref-11)
12. RDA Central West, 2016, ‘Telecommunications Infrastructure Support Guide’, p. 14, <http://www.rdacentralwest.org.au/wp-content/uploads/2013/05/RDACW-Telecomms-Infrastructure-Guide-web.pdf> [↑](#footnote-ref-12)
13. RDA Central West and AdLoyalty, 2015, survey of 50 businesses in the Central Western region. [↑](#footnote-ref-13)