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Productivity Commission

PRODUCTIVITY COMMISSION

**INQUIRY INTO THE TELECOMMUNICATIONS
UNIVERSAL SERVICE OBLIGATION**

MR P LINDWALL, Presiding Commissioner

TRANSCRIPT OF PROCEEDINGS

**AT MELBOURNE
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(The Commission requested that the following text be appended to the commencement of the transcript.)

Good morning. Welcome to the public hearings for the Productivity Commission inquiry into the Telecommunications Universal Service Obligation. My name is Paul Lindwall and I am the Commissioner on this inquiry.

The inquiry started with a reference from the Australian Government in April last year that has asked us to examine “to what extent are government policies required to support universal access to a minimum level of retail telecommunications services?” This includes recommendations on the objectives for a USO or equivalent, the scope of services to achieve objectives, specific user needs, and funding and transitional arrangements.

We released an issues paper in June and received about 60 submissions after its release. We have talked to a range of organisations and individuals with interest in the issues. We released a draft report in December, and have received further submissions from interested participants.

We are grateful to all of the organisations and individuals who have taken the time to meet with us, prepare submissions and appear at these hearings

The purpose of this round of hearings is to facilitate public scrutiny of the Commission’s work and to get comment and feedback on the draft report. Following these hearings in Melbourne, hearings will also be held in Port Augusta and Perth. We will then be working towards completing a final report to be provided to the Australian Government in April. Participants and those who have registered their interest in this inquiry will automatically be advised of the report’s release by the government, which may be up to 25 parliamentary sitting days after completion.

We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken. For this reason comments from the floor cannot be taken, but at the end of the proceedings for the day I will provide an opportunity for any persons wishing to do so to make a brief presentation.

Participants are not required to take an oath, but should be truthful in your remarks. Participants are also welcome to comment on issues raised in other submissions.

The transcript will be made available to participants and will be available from the Commission’s website following the hearings. Submissions are also available on our website.

For any media representatives attending today, some general rules apply. Please see one of our staff for a handout which explains the rules.

To comply with the requirements of the Commonwealth Occupational Health and Safety Legislation, you are advised that in the unlikely event of an emergency requiring

the evacuation of the building you should follow the green exit signs to the nearest stairwell. Lifts are not to be used. Please follow the instructions of the floor wardens at all times.

If you believe you would be unable to walk down the stairs it is important that you advise the wardens, who will make alternative arrangements for you. Unless otherwise advised, the Assembly point for the Commission in Melbourne is at Enterprize Park, situated at the end of William Street, on the bank of the Yarra River.

Participants are invited to make some opening remarks of no more than five minutes. Keeping the opening remarks brief will allow us the opportunity to discuss matters in greater detail.

(Conclusion of appended text.)

(Call commenced.)

MR LINDWALL: Hello?

MS NEWTON: Hello.

MR LINDWALL: Yes, that's good.

MS NEWTON: Hello, Commissioner.

MR LINDWALL: No, Paul. Paul Lindwall here. Hello, Rose-Marie, how are you?

MS NEWTON: Very well, thank you, Paul. Yourself?

MR LINDWALL: I'm fine, thank you. Yes. Now, if you could just - just because we have a recording, though - you've - it's been obviously explained to you how this works with - you give a statement, and a transcript is made?

MS NEWTON: Yes.

MR LINDWALL: That's good, all right. Well, if you start - - -

MS NEWTON: Do you want me to start?

MR LINDWALL: Yes, if you can give your name and make your statement, and then I can ask some questions as you see fit, all right?

MS NEWTON: Thank you. Rose-Marie Newton. The removal of the TUSO is to leave the most vulnerable to the variableness of communication infrastructure to the mercy of service providers when telecommunications systems fail.

Rural remote families, businesses, community have the most to leave if the USO is scrapped. The advancement in telecommunication has pushed us all to rely on these services in conducting our business, in receiving education and/or healthcare, networking socially within our communities, or if it's simply just keeping in touch with our loved ones.

I have experienced real-life instances where infrastructure has failed and the waiting for the return of services begins. I don't have exact dates or duration, but have been without a phone for three weeks and without internet connection for three months, and there was nothing I could do but wait for service personnel to arrive and to fix the issue.

Our urban counterparts can take telecommunications services mostly for granted, or have other options available to them. Rural and remote families, businesses, individuals, communities, need to have assurance from government that we can expect to continue to see improvements in reliability and quality of voice and data exchange.

Part of that assurance is to have our fixed phones maintained, as these are most reliable and instant means of communication. Mobile phone service does not reach all of us. NBN long-term satellite service does not provide reliable connectivity. To scrap the TUSO is to scrap our assurance of being able to communicate with whoever we please, when we please, and how we please.

Thanks, Commissioner.

MR LINDWALL: Thank you very much for that. May I ask whether you're using the service, the Sky Muster service, at the moment?

MS NEWTON: I'm using the fixed landline.

MR LINDWALL: Okay, so the internet comes to you - how does it come to you? Via ADSL, does it?

MS NEWTON: No, we have a satellite service.

MR LINDWALL: So yes, you do use the - which satellite service is that?

MS NEWTON: I swapped over to NBN Sky Muster on 12 December last year.

MR LINDWALL: Oh, okay.

MS NEWTON: So I've had it for eight weeks.

MR LINDWALL: And when you said that you had it out for three weeks or something, was that the Sky Muster, or was that - what did you have before Sky Muster?

MR LINDWALL: So the interim satellite - - -

MS NEWTON: But in the eight - - -

MR LINDWALL: Sorry, please.

MS NEWTON: But the internet service I've got at present, NBN Sky Muster, in those eight to nine weeks, I have experience interrupted and unreliable connectivity. It appears to be very weather-sensitive, and also it appears that there are certain times of the day when it must be in huge demand, and unable to download or upload the data that I would like to do.

MR LINDWALL: Okay. But did you have any - but the interim satellite, I understood that people had a lot of problems with it, but you're saying you actually preferred it to the Sky Muster?

MS NEWTON: On a personal note, yes, that is correct.

MR LINDWALL: That's interesting. Now, I think the NBN would say that it's teething problems at the moment and it will get better as time goes by. So you're distrustful of that assurance.

MS NEWTON: I think it is something that rural remote people should continue to seek, that that assurance is always given. But at present, systems of communication need to remain multi-modal with fixed lines, and being able to have that assurance that if our fixed lines fail us that we do have a timetable by which they should be restored.

MR LINDWALL: Do you have mobile phone coverage at your home?

MS NEWTON: No, we do not enjoy that service.

MR LINDWALL: No, all right. Well, in our report, which I think might have been misinterpreted, we've never said that a person who has relied entirely on the satellite should not have some alternative. In fact, we asked about that. We were more about people that had satellite and a mobile service that perhaps they wouldn't need an alternative, so - I mean, if you had a reliable satellite service and a mobile phone coverage, would you be satisfied with that?

MS NEWTON: I believe we are looking to that in the future. Reliability of being able to make a call when you need to would be the issue. As an example, last night, my partner, who is away on another property where there is mobile phone coverage made a call, but it dropped out. He attempted again, it dropped out.

There is that issue of unreliability. It was only a chat call, so it wasn't important, but if it had been an emergency it would have made life very difficult.

MR LINDWALL: Indeed, yes. Now, may I ask - you don't have to say the name of your retail provider for the Sky Muster service, but when you've had the problems with the Sky Muster - and you might say whether it's the same retailer that gave you the interim satellite service - but have you been satisfied with the response the retailer has given to you, and has it passed through concerns to NBN, to your knowledge?

MS NEWTON: I am with Reachnet, and I have had no issues with Reachnet themselves. They have provided a wonderful service.

MR LINDWALL: Okay, good. So it's entirely on the NBN side that you're concerned, obviously?

MS NEWTON: It appears to be largely the sensitivity to weather, cloud cover, heat, wind, whatever, and also if there is a high demand at a point in time.

MR LINDWALL: That's very helpful, and we can investigate that with the NBN. We can ask them ourselves. Is there anything else you'd like to add to what you've already said, Rose-Marie?

MS NEWTON: One last thing, Commission, is delay in voice communication sometimes can detract from the level of exchange between the two participants. There are times when that makes an issue more of an issue, especially if they are discussing something of a sensitive, emotional nature, and with children - with children and family members living away, sometimes that - or not sometimes. It can be quite a frequent occurrence.

MR LINDWALL: All right. Well, thank you very much for speaking with us. Sorry, please go ahead.

MS NEWTON: Sorry, as a footnote to that, I'm thinking largely of being rural remote families, that the issue of black dog and mental health is very much there on the government's agenda as well, and to my mind that would be one factor that should be considered in terms of voice quality in communication.

MR LINDWALL: I hear you. All right. Well, thank you for that, and have a great day.

MS NEWTON: Thank you, Commissioner.

MR LINDWALL: Bye then.

MS NEWTON: Bye.

(Call concluded. Call commenced.)

MR LINDWALL: Hello, Georgie, it's Paul Lindwall here. How are you today?

MS SOMERSET: I'm well, thanks, Paul, and yourself?

MR LINDWALL: Very well, thank you. Would you be able to just say your name and organisation and then give your statement for the record? I think you've been - you know that a transcript's being taken for this?

MS SOMERSET: Yes, thank you, Paul.

MR LINDWALL: Please, go ahead.

MS SOMERSET: So Georgie Somerset, the AgForce South-East Regional Director. AgForce is the peak state farming organisation representing the majority of beef cattle graziers, sheep and wool producers and dry land grain growers in Queensland, and in 2014-15 these commodities represented \$6.3 billion in Queensland's economy.

So we feel ourselves significant managers of land and predominantly working in rural, regional and the very remote parts of Queensland. Our priority issues in regards to Universal Service Obligation are about maintaining existing and developing further the protection that our members have across Queensland.

We are recommending that the Telecommunications Universal Service Obligation is technology neutral and provides access to affordable, reliable and ethical voice and broadband data services for Queenslanders irrespective of what technology is installed or where they're located. We believe that the inclusion of broadband data services is critical for our members and for agriculture productivity in the future.

AgForce is also recommending the TUSOP agreement is annulled and that the government ensure transparency and stewardship of a competitive tender for USO services into the future. We believe AgForce members require a guarantee on baseline broadband access, which we've spoken about before, but it's critical to have broadband to run businesses and to interact, you know, at a community, education and health level. They need speed, quality, reliability and affordability that is reviewed on a regular basis, and we believe a baseline needs to be developed around those elements.

And we believe that the broadband access should also be technology neutral, that there should be options provided as we don't know what the development will be in the future for broadband.

AgForce recommends that the revised USO aligns with outcomes from the various activities and reviews that are underway in the telecommunications arena in Queensland and Australia. There are various legislative and organisational reviews, and we believe that just looking at one in isolation will not enable the most effective and beneficial outcome. So we really believe that there's a need for alignment across the various reviews that are occurring in different segments of the telecommunications arena.

AgForce recommends that the revised USO not consider a transition to digital telecommunications services such as satellite and fixed wireless in the rural, regional and remote parts of Queensland unless acceptable reliability can be ensured, and that reliable

access and quality of service, e.g. for voice services, is not compromised. We do not believe that the current Sky Muster is suitable for voice and we have reservations about the capacity of fixed wireless at the edges of the coverage is going to be able to deliver a voice service.

We actually believe that in regards to the customer service guarantee, it needs to be both retained and expanded to include improvements such as technology neutrality. We do have members who will choose to only have a mobile and won't install a landline in a new property home, and we believe that they have the same customer service guarantees that are afforded to people who have an existing copper line.

We believe that the copper line will still be the most reliable for many of our members, particularly in the outer regional and remote. We also have concerns with broadband if there is only one provider guaranteeing, but there needs to be some neutrality around the technology for broadband, and that the removal of copper could bring about removal of ADSL and other options that are there.

We don't believe that mobile connectivity can be considered as a replacement to the USO for rural and remote users unless there are service guarantees similar to what we have currently on landlines. We have many members who have no mobile connectivity, and again, they have Sky Muster, copper landline, or a radio landline, and we believe that they need to have their existing landline and their service guarantee maintained.

We believe that - or we recommend that improvement in digital ability is going to be a critical part of enabling people to actually access and utilise telecommunications in the future, and so we're recommending that funds be made available for programs that enable capacity building, that the telecommunications industry takes responsibility for actually building capacity, which will help to reduce the digital divide between urban and rural Queenslanders.

We really welcome this opportunity to put forward the issues for our members, and welcome some questions from you now, Paul.

MR LINDWALL: Thank you very much, Georgie. Could I ask firstly about the digital divide which you mentioned, and it's been mentioned a few times. My understanding is about 8,000 to maybe 16,000 premises within the satellite footprint of the NBN would have got some form of ADSL, not necessarily all good, but the rest of it had no service whatsoever except for the interim satellite service, so I guess my question is asking, has the launch of the satellites by NBN in terms of Sky Muster made an impact on reducing the digital divide?

MS SOMERSET: I believe that Sky Muster's launch has really provided a much better feed for people. I'm on Sky Muster myself, and what I believe, it still has some teething issues and some reliability and service guarantee challenges around Sky Muster and its service, and we've - and the challenge there is right from installation right through to outages - I believe there were 15,000 customers that had an outage yesterday, and how they - some of those things are managed.

So I think that Sky Muster itself is a fantastic service. I think it should be there for those that have no other option, and I guess overcrowding of the Sky Muster beam is one of the challenges, and it's not just the overcrowding of the beam but the overcrowding to be able to provide effective service. So being able to provide service to people who are on that broadband technology is really critical too.

MR LINDWALL: Has AgForce contacted the NBN directly to enquire about the teething issues? I mean, I guess I'm asking you whether you think that they are genuine teething for the Sky Muster and not some systematic problem?

MS SOMERSET: We've had a lot of meetings with NBN. We are part of their rural, I guess, reference group for want of a better word, and met with them as recently as a couple of weeks ago. We've certainly been talking to them also about the role they play in extensions, that once you're on something like Sky Muster, how do you then use that effectively so that you can be part of cloud computing within a very limited data allowance, so the 55 gig peak, 60 gig off-peak maximum, they need to be very smart about how they're using that.

And so we've been - I'm not - I believe that NBN are still working through a range of challenges with Sky Muster, and I think their transparency has improved significantly since probably October last year, and I believe that rural customers completely understand if we have teething issues, but they actually want to be informed about what's going on.

So being told that everything is fine and that "we'll sort this out" and that it's actually up to the RSPs really means that we're being kept in the dark, and that's the thing. So I think transparency around broadband guarantees is also critical.

MR LINDWALL: Are you happy with the - generally speaking, are your members happy with their service by the various retail service providers that you were mentioning, which are I think about 12 of them for the satellite service?

MS SOMERSET: My anecdotal feedback from them is that they - when there are challenges, the RSPs are - in my experience, when I've logged calls, I've never had a call back from them. I've usually ended up resolving the issue myself through, you know, walking away or restarting. But that they're not capable of handling the magnitude of enquiry when there is a challenge. But I don't think the RSPs have adequately resourced their helpdesk to be able to manage the volume, to scale up and scale down when there are challenges.

MR LINDWALL: Yes, I can see that, especially when they're of more of a temporary nature when you would expect that in the longer-term and it would be more bedded down you probably wouldn't get as many complaints on a daily basis, would you?

MS SOMERSET: Well, that's right, and I'm in a fortunate position of having (indistinct) pick up a mobile, so if mine goes out I can go and check with another device

for an update on the internet, but for people who have only got Sky Muster and a landline, all they can do is ring a help desk and log a call.

MR LINDWALL: Yes, yes. So that comes to one other question in our report, and of course we were talking about baselines, and we have been promoting technological neutrality, about whether you think - or that if you have a sufficiently reliable mobile phone connection as well as Sky Muster, would that be sufficient itself, or not?

MS SOMERSET: I think what we'd like to see is that there are people who are choosing to have only mobiles instead of landline. The challenge with mobile broadband is the cost of the data package, and (indistinct) and we'll continue to advocate for some more effective business mobile broadband plans.

For example, I was spending around about \$365 a month for about 60 gigs of mobile broadband to run our business before I went onto Sky Muster. So the ability to actually get enough data is very challenging through mobile broadband, and so even to have the coverage, the affordability of that. And I have to say that sometimes the speed there is - can be better than Sky Muster, but the cost of it is much more. So I do believe if people are choosing to use mobile phones, that there should be some guarantee around that one, which is a different issue again.

MR LINDWALL: It is. Now, you did mention some concerns about the voice over the fixed wireless, which surprised me because I haven't heard any concerns about fixed wireless and its voice quality. Would you elaborate on that?

MS SOMERSET: So what I've been hearing, and you may hear more about this from others today, is that in regional areas there's been challenges around fixed wireless' reliability, and I think it's particularly at the edges, and ensuring that better impact, climate impact, and dropouts in that and reliability in that fixed wireless. I think we need to make sure that the testing that is done for reliability for these sorts of voice services is actually done in a regional location at different - in different climatic conditions as well.

So I guess I'm thinking about the storming, the extreme heat, those sorts of things, seem to be what's been impacting on both fixed wireless and Sky Muster.

MR LINDWALL: I see. I haven't heard of the weather related issues for fixed wireless, so we'll have to check that. Maybe it's, as you say, people who haven't had their system set up properly to be properly aligned to the wireless transmission.

Now, do you see any - do you have any comments on the recently announced regional broadband scheme that the government's announced?

MS SOMERSET: Look, we're - we're supportive of ensuring that regional broadband is - has a framework of funding, that it is supported and ensured. We're aware that we are the more difficult and the more expensive, in inverted commas. However, we are also, as I outlined in my introduction, where the economy is actually driven from.

So if you look across regional Australia where we're wanting to deliver these services, it actually is where, you know, much of our resources are drawn from through agriculture and other industries. And so I really believe that guaranteeing regional broadband infrastructure through legislation would be a very positive move.

MR LINDWALL: And have you heard also about the statutory infrastructure provider legislation that's out for comment at the moment? Well, I think it might have closed for comment, shortly.

MS SOMERSET: Yes, so - it is. So NBN is currently - we believe that there should be an SIP in place and that there should be the capacity for others to be in that space as well as NBN, but obviously at the moment we believe that NBN is the provider that can reach a broadband consumer in Australia regionally.

MR LINDWALL: So you think that the SIP needs - the SIP needs to have a bit more of a wholesale guarantee or something? Some service standards? That seems to be your implication.

MS SOMERSET: Yes. Sorry, yes, have outlined that we believe - and we believe that it should be aligned with the outcomes of your findings, and this is part of the trying to align what's going on around all of this, which is a bit challenging, because I'm aware that they're trying to introduce legislation probably sooner than your report, but that there should be a guarantee around what that SIP is providing regionally, so that we have some regional broadband guarantees around (indistinct).

We can operate on slightly lower speeds sometimes, but it's actually having the volume of data and the affordability of the data as well.

MR LINDWALL: That's true. Now what - can you also comment about our approach, where we said that in areas where there are difficulties in affordability or availability or accessibility that there might be a competitive tender used.

And I just wanted to explore whether you thought that the competitive tender might be a useful approach in those circumstances.

MS SOMERSET: I do think that a tender process that's transparent may bring about some innovation as well, some technology neutrality there, and some real solutions, so we think that the tender process, if it's well-managed, could be beneficial for those areas.

MR LINDWALL: And you would think there'd be sufficient providers to make a genuine competitive tender, then?

MS SOMERSET: I think that this whole market will continue to emerge, and I think that there will be - we've got existing providers, and I think there will be new entrants, and I think that what we're trying to put in place, we've got a lot going on in the space at the moment, but if we are trying to future-proof, I'm really hopeful that either new

providers or new technology will enter the market to actually, you know, further enhance our connectivity regionally.

MR LINDWALL: Indeed, yes. Well, we should always hope that there'll be improvements in technology that will improve the range of products available. Now, what else would you like to say about the consumer service guarantee which you mentioned? And of course, that as it applies at the moment is for people who have fixed line voice service to their home via Telstra under that contract. How do you see that changing under a new regime?

MS SOMERSET: Well, there's a few things. We'd really like to see some enforcement of the CSG regardless of what the outcomes are, and we think there are - we've certainly got members who - their consumer guarantee has not been met in the last two years.

We do believe that service guarantee needs to apply to those that only have a broadband - sorry, only have a mobile service, and that some sort of service guarantee around broadband as well, because we do have people who've been told that, for instance, they're going off the interim satellite service and it'll be another, you know, five weeks until their Sky Muster is installed.

We've had people whose outages - RSPs have had outages for - you know, with the Sky Muster service for several weeks. It's very difficult to do education or run a business without any internet connection, so we think that there needs to be some service guarantees around those as well.

But I think the really important part about a service guarantee is that it is actually enforceable, and people are very clear on what their rights are and how they go about ensuring that they receive that service guarantee. I'm not sure that that's clearly communicated at the moment, and I think that people find it almost too difficult to go through the hoops for ensuring they receive good service.

MR LINDWALL: The people that you have mentioned who have, you know, not had their - as you said, not had their service fully met in the last two years, and the enforcement of the present CSG, have they complained to Telstra, and have they complained to the Telecommunications Industry Ombudsman, for example, if they haven't received satisfaction?

MS SOMERSET: Some have gone to the TIO that I'm aware of, and some have claimed the small rebate that's available, but others have just found that that in itself was too time consuming to pursue, and so I think a streamlining of some of those processes. And some certainly weren't aware of that until they were informed by us that they could do that.

MR LINDWALL: I just wanted to explore further about the point about a guarantee on mobile service, which of course doesn't exist. I mean, in many areas of life today we don't have government guarantees for things. You know, there's no guarantee that an ambulance will arrive in a particular time. They have an objective time. The mobile

network has grown organically, pretty much, without government regulation. Sometimes at the Commission we've been concerned that guarantees can actually inhibit growth of products, so do you really think that you need to have a guarantee on mobile service when we have a better service in many regions than we have had over many years, just by its own accord? By competition, in other words?

MS SOMERSET: I think one of the challenges is that we don't always have competition - so I'll give an example of a local mobile tower outage, which after an upgrade for whatever reason the data connectivity was fine, but the phone usage was so intermittent that it would be 20 or 30 seconds and it would drop out, and you might try and make phone calls to those people. They only have one tower in their vicinity, don't have any competition, and there's really no recourse, because it's a commercial business.

So I guess it's some sort of baseline guarantee, and you mentioned ambulances, but there's some recourse with an ambulance that you have elected members and you have a government department and you have an expectation of quality and service, but with a commercial business provider, there is no - there's no need for them. They're answering to a shareholder. So I think some baseline guarantees that there will be service - a usable service - is a reasonable expectation, because you can't actually - and I'm aware of the roaming discussion, and I guess we support increasing coverage rather than increasing choice. It's just part of why I don't believe our communities will necessarily have choice in the longer term, that there be some baseline that they have to meet around, you know, mobile tower outages for voice services.

MR LINDWALL: Okay, so you're - have you mentioned this to - - -

MS SOMERSET: I'm well aware that it's - - -

MR LINDWALL: Sorry, go on.

MS SOMERSET: I'll just say, it is very complex, Paul, but I just think it's whether we can wrangle something around that that would be productive and useful.

MR LINDWALL: Yes, no, quite, Georgie. Now, I just want to conclude by asking your views on the Mobile Black Spot Program, of which, you know, we get different views about the range of competition versus, as you say, extension of the service, and I think you made clear just then that you'd prefer to have a broader range of coverage rather than having more competition, necessarily, if one was traded against the other?

MS SOMERSET: Yes, and I think that you are right, that it would be one traded against the other. My conversations with our members is that they clearly want more coverage. We've been very supportive of the Mobile Black Spot Program and we actually would advocate for a continued funding of a program similar to that, where communities can actually identify true black spots that have, you know, either very minimal or no coverage, and I would declare that we are due to get one in our community here.

But I think that where communities have effectively planned and researched where they really are, that they've been able to identify that and advocate for those, and I think that that is the sort of program where it's a public-private partnership that's bringing about real investment in regional Australia, and it's bringing about real benefits for agriculture, and it's going to enable us to use tools like telemetry and precision agricultural tools in areas that would not be commercially viable to put a tower.

So for a range of reasons, we're very supportive of a continuation of the Mobile Black Spot Program and effective collaboration between government and public funds, but all levels of government, local, state and federal, and private partners.

MR LINDWALL: Okay. Well, that sounds great, Georgie. Did you have any final comments you want to make?

MS SOMERSET: Well, I just really welcome that we're reviewing the Universal Service Obligation, we're reviewing how the funds are used and the transparency around those. We haven't touched on the payphone side of things, but they have less relevance, I think, for our members these days, and we're really looking out of this review that we may get some real investment in - yes, and some guidelines around what obligations might be going forward and some support for guaranteeing broadband services, which we think are going to be transformative in regional Australia through a range of technologies.

MR LINDWALL: Okay, well, thank you very much Georgie and have a good day, and see you another time.

MS SOMERSET: Thank you, Paul, and thanks for taking our submission.

MR LINDWALL: No problems at all. Bye.

MS SOMERSET: Bye.

(Call concluded. Call commenced.)

MR LINDWALL: Hello. Is that Kristy?

MS SPARROW: Yes, it is. How are you going, Paul?

MR LINDWALL: I'm very well. And yourself?

MS SPARROW: Good, thank you.

MR LINDWALL: Excellent. Now - and thank you very much for your comprehensive submission.

MS SPARROW: That's okay. It took quite a bit of work.

MR LINDWALL: I imagine it would have. Now, would you for the record - and you know that a transcript is being made here - say your name and talk a bit about your organisation, and then give a bit of a statement as you see fit?

MS SPARROW: Yes. My name is Kristy Sparrow, from Better Internet For Rural, Regional and Remote Australia, and I do have a bit of a statement here.

MR LINDWALL: Please.

MS SPARROW: My name is Kristy Sparrow and I am a grazier, a wife, a mother, a business owner, a community volunteer, a friend, a sister and a daughter. I am not, nor should I have to be, a technical expert, a submission writer, a telecommunications problem solver, a legislation reviewer or a customer service specialist, yet every day the team at Better Internet For Rural, Regional And Remote Australia do these jobs as the telecommunications industry and Australian Government has forgotten us.

Thank you to the Productivity Commission for the opportunity to present to the hearing into the Universal Service Obligation review. BIRRR is an entirely volunteer group. Our submission, which no one paid us to do or funded us to complete, comes from the heart and extensive research and surveys of those using telecommunications in regional areas.

It tells the real story of what it is like to have no landline phone for six weeks and no working internet for four months. Our submission extensively highlights why NBN Sky Muster, a service designed to deliver fast broadband, will simply not work as a voice service.

Yesterday 26,000 Activ8 and Clear network Sky Muster users had no internet connection due to a backhaul failure, no connection for over four hours. Affected customers tried to call their providers via their landline, but due to high demand, they were unable to get through. Providers then SMSed messages to customers, but the majority of these were not received, as most Sky Muster users did not have mobile coverage. Some are still not back online.

Imagine the effect this would have on your business, over 24 hours with no connectivity. BIRRR is extremely concerned about the prospects of removing Telstra USO obligations. We warn of the serious, potentially tragic repercussions faced by regional users if this were to occur.

NBN specifically states that you should keep your existing landline, because the Sky Muster satellite was not designed for voice. There are several limitations of supply of VOIP service using this network. Our submission details these limitations.

Sky Muster is not a reliable technology. It has a significant amount of downtime due to countless issues such as rain fade, power outages, backhaul issues, NBN network issues, software upgrade issues, ground station weather events, CVC congestion and

more. There are a huge amount of ways an end user's connection can fail. Even during the writing of this submission, the Sky Muster network has been incredibly unreliable.

Additionally, we urge the PC to consider that the removal of the copper continuity program will see large numbers of residences that are mapped for NBN Sky Muster lose their ADSL connection, and be forced to use in theory a broadband technology.

If copper lines are discontinued, this will significantly increase the load on Sky Muster and also mobile broadband towers, which are already suffering from supply and congestion issues in regional areas. Regional areas have been left for so long without reliable and sufficient telecommunications that we now have whole generations who cannot send a text, let alone set up a VOIP compatible phone.

There is an assumption that all users have the technical expertise to know how to get and stay connected for VOIP and broadband requirements. This digital and communications divide is ongoing and ever-growing, and has been created as a direct lack of telecommunications support to Australia.

The removal of USO obligations on existing landlines would be a death sentence for the bush, not only leaving people with no reliable means of running their businesses and educating their children, but also placing residents in potentially perilous situations and unable to raise help in times of emergency.

Bush people are understandably justifiably angry and outraged about the thought of removing the only reliable communication tool they have. These people have seen no effective plan or legislation that will deliver a reliable and equitable voice and broadband services.

BIRRR is astounded that there is no uniform scheme proposed to deliver reliable and equitable VOIP and broadband services to all Australians. Our submission is written as a direct result of on the ground experience, and clearly illustrates that Sky Muster cannot meet the demands of a voice service. It is struggling to meet broadband requirements.

The suggestion that Sky Muster can be used as an alternative phone lines puts all of the bush connections into one very fragile and easily broken basket. We encourage the Productivity Commission to listen and engage proactively with those in regional and remote Australia who have historically been at a telecommunications disadvantage. The pitiful state of telecommunications infrastructure in the bush is entirely due to the privatisation and competition mindset that has resulted in a massive divide in telecommunications investment that is partly focused on maximum return on investment in the major capital cities at the expense of regional productivity.

There have been countless submissions, reviews, regulation and study, but very limited action and funding. There has been a focus on costs and broadband speeds, but not on productivity, human life and livelihood. Regional Australian contribute a large proportion of Australia's GDP and live across the extent of Australia's land mass.

They do this in some of the most hostile and hazardous locations, making their need for reliable telecommunications paramount. We urge the PC not to recommend removing proven communications system. The essential role played by landlines is far too vital to be cut with these budget requirements. The consequences of removing generally reliable landlines and forcing an already shaky service to take over that role would be immense and immeasurable. Regional Australia could never recover from the direct and flow-on effects of such a move, which would economically destroy bush business, and frankly we should not have to constantly do battle to simply remain connected. Thank you.

MR LINDWALL: Thank you, Kristy, for that. Could I ask firstly, I mean, you mentioned the digital divide. The government has invested tens of billions of dollars through the NBN, including in the satellite, and some people would say - NBN would say that the satellite Sky Muster service are teething problems, but it's not necessarily - you shouldn't say that it's a bad system overall.

You know, in the area covered by the satellite I think there is an estimated 400,000 premises or so under the Sky Muster. About 8,000, maybe 16,000 of those may have had ADSL coverage availability. That means the vast bulk of those people had no service whatsoever before the satellite service. They had no broadband whatsoever. So surely that has addressed some of the divide that you mentioned?

MS SPARROW: I think people over the last few years have been using combinations of satellite services, so there's been Telstra satellites, Optus satellites, AVD satellites. So we're not really serving people that have had no connection. Of course there are people that have had - have chosen not to take any connection. But I do think that the demand has outweighed the expense.

MR LINDWALL: Sorry, did I miss that point? The demand - sorry?

MS SPARROW: But so the demand for broadband and reliable telecommunications has outweighed the expenditure put into that program. Sky Muster is - and I understand that there's been a significant expenditure on it, and I think the satellite that's actually up in the sky is fantastic, but there's been cost cutting on the ground, and that has led to a very poor experience for users.

I have heard time and time again that people would be happy to have their interim satellite back because it was reliable. It's not all about speed. They just want a reliable service that meets their needs.

MR LINDWALL: Okay. It's interesting. Other people have told me they had a very poor experience with the interim satellite, so maybe it depends where you are in Australia in terms of the coverage.

MS SPARROW: I think they - people definitely did have a poor experience with the interim satellite, especially when the fair use policy was introduced and their data caps were reduced significantly, but in terms of reliability if they wanted to use the internet and turned it on, it worked, and that's not what's happening currently.

MR LINDWALL: I see, yes. So have you - - -

MS SPARROW: And as demonstrated today with the 25,000 people offline.

MR LINDWALL: Indeed. Has BIRRR been in contact with NBN?

MS SPARROW: Yes, we're regularly in contact with NBN, and we do a lot of their customer service work for them. There's no parameters for them to supply a reliable service. They were tasked to supply fast broadband to Australia, and that's what they've done.

MR LINDWALL: But when you've spoken to them about the reliability of the Sky Muster service, have you been getting the response that might give you confidence that over time you'll get a better service and a more reliable service?

MS SPARROW: I think in terms of broadband, yes. They aren't keen to supply voice services. They know the limitations themselves. They know that the service wasn't designed to supply voice. VOIP is extremely complex. It takes quite a bit to set up over Sky Muster and unless customer service can be supplied I just don't think that that's feasible.

MR LINDWALL: What about the people that have mobile phone coverage that are in the satellite zone?

MS SPARROW: So I'm one of those people. For the last three months we haven't had reliable mobile phone coverage. There's an issue with our tower. There's no guarantee that Telstra will come and fix that issue, so I don't think that looking at the mobile footprint and saying that those people have mobile coverage is really an adequate response, because it's not - also not a reliable technology.

MR LINDWALL: So you - but it is the - - -

MS SPARROW: In fact - - -

MR LINDWALL: Sorry, please.

MS SPARROW: Sorry, what was that?

MR LINDWALL: No, no, no. I said continue. I shouldn't have interrupted.

MS SPARROW: You're right. I just think that to get mobile service a lot of these people have had to spend excessive amounts of money to get antennae and boosters. The illegal boosters that are currently on the market are causing huge issues in regional Australia. There's tower issues, congestion issues. It's just not a reliable enough form of technology to rely on for voice. And also data plans are far more expensive and limited

than other forms of internet and therefore people are going onto Sky Muster which is going to lead to congestion issues.

MR LINDWALL: So would you say that you're basically buying three or four different services? Your landline, your mobile phone contract, your NBN satellite service, and perhaps a satellite phone service?

MS SPARROW: We don't have a satellite phone. We have a NGWL, next-generation wireless loop. So with our mobile tower, which is a mini repeater tower, I think there's seven of them in Australia, if something happens to it, it's extremely difficult to get someone to come and fix it, so we have a mobile broadband plan on the NGWL, plus a landline plan. Telstra are not really sure where we fit in terms of their plan, so we can't get accurate information on plans.

We then have mobile phone plans, but the phones don't generally work here very well at all, in the house, and we have a satellite, a Sky Muster satellite plan.

MR LINDWALL: Now, I think you mentioned - well, you did mention in the submission some concerns about fixed wireless, which is not something I've heard much in this inquiry to date. Usually people have been - on the satellite are have been clamouring to get a fixed wireless service, and people who have fixed wireless tend to report very good - you know, the rates are the same as you can get in the cities under fixed line, the voice quality is exceptionally good. What problems have you got with fixed wireless?

MS SPARROW: Well, we've got a couple of our admin that use a fixed wireless service, and while the data is fantastic and the pricing, it also goes down if there's a power failure and there are lots of reports of congestion on certain towers with fixed wireless, which is causing lots of issues with certain areas that, you know, there's quite a few people that have been put onto a tower.

NBN haven't been very accountable for that congestion as yet, and as you can see in the submission, we've got several providers trying to lodge faults with towers because of congestion issues but they're not getting much response. So that's really leading to a poor experience for those people on fixed wireless.

MR LINDWALL: But in - you know, if you have a good service, it shouldn't be congested and you should be able to get 50 megabits a second on fixed wireless.

MS SPARROW: Yes, that's right, you should be able to , but that's not the experience people are getting. And they're also not getting the support in setting up these VOIP phones because there's no set VOIP parameters for the Australian industry to abide by, and it really does come down to which provider you've picked and how supportive they are.

MR LINDWALL: Yes, that's a retail issue. Do you want to talk about retailers and concerns about retailers or whether they're providing the type of information that the customer should expect?

MS SPARROW: No, I don't think any of them are providing accurate enough information. It's very difficult to get hold of them to start with. It would be even more difficult if he didn't have a landline and a non-working Sky Muster connection. It would nearly be impossible to get your service fixed, I think. And wait times for Sky Muster providers are just ridiculous, over an hour long to get through to talk to somebody, and often they don't know how to troubleshoot your issue, so you have to wait for a call back.

The customer service state of the telecommunications industry is in a huge mess at the moment, and that's why BIRRR I think has formed, and why we continually get, you know, 30 to 40 cases every day of people that can't troubleshoot their own connections.

MR LINDWALL: There are all these concerns, but I'm just wondering whether you have any sympathy for the rollout of the NBN, given it's one of the largest infrastructure projects in Australia's history, and all infrastructure projects by nature have difficult problems, and the government has spent vast amounts of money in different things, including the Mobile Black Spot Program, including in the Universal Service Obligation which you spoke of, as well as the NBN and other programs.

I mean, I'm not sure that it's a lack of investment that you could really argue is causing a problem, and maybe it's just the fact it's a large program and it takes a while to get it right. In other words, would more money - - -

MS SPARROW: I think NBN have had plenty of opportunities to - like, we've spoke with them at length. There's some things that could be done that wouldn't take a huge amount of money, for example the outage yesterday, if NBN had the facilities to maybe place up on their website an outage notification, because it's that unknown of what has happened to my service, and we've spoken (indistinct) about that.

But it's just this lack of accountability by providers and by NBN that is really the crux of the issue, I think, because nobody has set consumer standards for any of these services, and that's where we're really going wrong.

MR LINDWALL: So communication is failing?

MS SPARROW: In term of Mobile Black Spot funding.

MR LINDWALL: I was saying there, basically it's communication?

MS SPARROW: Yes, in terms of Mobile Black Spot funding, we do really appreciate that funding. However, I know our area was one of the first - in the first rollout to get that funding. We still don't have that tower.

MR LINDWALL: Have you been informed about when it's likely - - -

MS SPARROW: So it's all good for an ounce of funding, but it has to follow through the actual on the ground services and customer service.

MR LINDWALL: Yes. So effectively you're saying that there have been poor communication amongst the various providers to people living in the rural and remote area. That should be improved, obviously, and that that would go some way to address your concerns.

But are there any other cost-effective means that could be used to improve services?

MS SPARROW: Well, we've got lots of - in Australia at the moment, lots of these alternate fixed wireless providers that are providing services in regional areas, so that is a concern if NBN was to become the universal infrastructure provider, then they will have to choose between maybe a service such as South-Western Wireless. It just seems to be such an ad hoc approach to delivering communications in regional Australia.

If you look at the town of Alca, for example, it's quite a small town. It has quite good ADSL2, which most people use. It has a mobile broadband tower, 4G, with Optus. Another 4G one with Telstra. It's matched for Sky Muster satellite, and South-Western Wireless is about to set up alternate fixed wireless in the town. So you've got all of those services, yet you travel eight kilometres out of town and you can't access those.

MR LINDWALL: Well, you could access the Sky Muster, presumably. Because I mean, the NBN mandate is to provide universal broadband to all premises in Australia on request, either as fixed line, fixed wireless or satellite, so I don't think there's any coverage mix in there that's not - any area that's not covered, so - but you're right. I mean, ADSL has a natural limitation in the length of the copper run it works on, and it degrades rapidly after a certain length. Mobile phone coverage is limited, obviously.

In the end, it's a form of concentric circles, one could argue, and coverage will vary, depending where you are. And I do hear, of course, of concerns of people being on, you know, fixed line, and another person being on fixed wireless not so far away, and someone else being on a satellite not so far away from that, and I'm not sure what else the NBN could do to move people from one to the other without large blowouts in cost, which are - I mean, in all of these solutions there has to be - it has to be within a reasonable budget, otherwise it just becomes unaffordable, doesn't it?

MS SPARROW: Yes, and I completely understand that, but we get cases and cases every single day where NBN really haven't tried to get that customer the best option for their broadband service, so you can see in our submission there where we've mapped somebody that was right on the edge of fixed wireless.

It's almost like you have to fight your own battle to get the best connection for your needs, and even yesterday we had a case where the lady lived in the middle of Sandbox, she was an 80 year old lady, and the installer had come out and said, no, he couldn't get fixed wireless signal, which was just ridiculous, because she was completely covered in

the purple shading, she lived in the middle of town, and he told this 80 year old lady that she could get Sky Muster satellite.

MR LINDWALL: I've got a couple more questions - sorry? Sorry, go on, yes.

MS SPARROW: Yes. No, you're right.

MR LINDWALL: Okay. I half feel like we should be using it like radio conversation where I say "over" or something like that. But on the reliability of the current Universal Service Obligation service, what could you comment about it, given that, you know, I've heard anecdotes about large gaps of people having coverage and, sorry, their landline going out for some period of time?

MS SPARROW: Well, as I mentioned, I'm on an NGWL, so it's not covered under the Universal Service Guarantee. In saying that, though, Telstra are pretty good at getting out here if they have a technician that is familiar with the setup, which there's only two in Queensland, so we do have to wait, but it is actually quite a reliable landline. It's not a great voice quality, there is a little bit of a delay, but we don't really have times where it goes out. We had a short period yesterday, but we haven't had a time where it's gone out for a long time before that.

But yes, definitely in terms of other situations I've heard of, there has been lengthy times, six weeks or longer, without a working landline, and I think that's why it's imperative to have either one or the other service, and not have all your eggs in one basket.

MR LINDWALL: That's good. Now, finally, do you have any comments on the regional broadband scheme the government's announced or the statutory infrastructure provider legislation that is also out for comment?

MS SPARROW: Yes, we have put a submission in to that, and we don't feel that that has adequately covered consumer guarantees. It's basically saying that NBN can be self-regulated, and that hasn't worked successfully in the past.

MR LINDWALL: Okay. Did you have any final comments at all, Kristy, that you'd like to make before we finish?

MS SPARROW: I just think that there really is a drastic need to do something about service guarantees for not just regional Australia, but all of Australia, and I don't know what - you know, we've only come into this in the last few years because there has been a huge need, and I understand that there's been significant funding put out, but I just think that there's no overall comprehensive scheme or package or design on how we're going to fix it, and even though we keep batting on about it, nothing seems to get done, so I really encourage a recommendation that the government not just focus on speed of broadband services, but also look at the reliability of voice and broadband and how it meets people's needs.

MR LINDWALL: Okay. Well, thank you very much for that, Kristy, and have a great day.

MS SPARROW: Okay, thanks, Paul.

MR LINDWALL: Bye.

(Call concluded. Call commenced.)

MR LINDWALL: Good morning. Is that Claire?

MS BUTLER: Yes, it is.

MR LINDWALL: How are you today?

MS BUTLER: I'm good thank you. So I'm Claire Butler - - -

MR LINDWALL: That's good. Sorry, I'm Paul Lindwall. Sorry, I should have introduced myself.

MS BUTLER: Hi Paul. Claire Butler, ICPA New South Wales, Isolated Children's Parents' Association.

MR LINDWALL: Excellent. Claire, would you mind - - -

MS BUTLER: So (indistinct).

MR LINDWALL: Yes, please, go ahead.

MS BUTLER: Okay. Well, thank you for giving us the time today to speak at the hearing. ICPA New South Wales members live, work and educate their children in isolated areas of New South Wales which quite often do not have mobile phone service. Our families rely heavily on either copper, digital radio concentrator systems, or Next G wireless link as the only form of voice communication.

It should be noted the latter, Next G wireless, is not covered under the current USO. Consideration must be given to the anomalies associated with all aspects of life working, living, and educating children in these areas. One of those considerations must be that in the event of an emergency or natural disaster, access to more, not less, voice communication is paramount.

ICPA New South Wales strongly recommends against removing the USO in areas that have NBN Sky Muster satellite, because the satellite is simply not reliable enough for VOIP. ICPA New South Wales supports a measured approach to (indistinct) the geographic areas that will require a continued guarantee of support.

Consideration must be given to all users of NBN Sky Muster due to the combined reliability, environmental, electrical, latency and emergency issues currently experienced on Sky Muster. VOIP as a proposed main telephone would provide a much less functional service than that already provided by the current standard telephone service on our landlines.

ICPA New South Wales believe that any funding reductions and cost savings under a reformed USO should be diverted to the Mobile Black Spot Program to further extend the mobile communications footprint. And just to give an example, Paul, Clare Public School in far south-west New South Wales in (indistinct) shire sits in the middle of a 15,000 square kilometre black spot. That is an area bigger than Sydney and the Blue Mountains combined.

It is totally unacceptable that a school in such a remote area, a place where children gather to be educated, is still unable to secure as priority with Telstra to apply for this area under the Mobile Black Spot Program. This is despite the new remote incentive criteria. There is a strong feeling in the bush that the Mobile Black Spot Program continues to look after the big telcos and forgets about the very people it was meant to help.

Telco applications for funding under the Mobile Black Spot Program tend to favour more densely populated areas for profitability. This does not mitigate the desperate need of those living in isolated and remote areas. Despite a strong and consistent lobby, the Clare School community has missed out on both round 1 and round 2, yet just recently in round a tower has been approved in the same shire on a major highway that nobody lobbied for.

So in this case, the telcos ticked the new remote criteria box under the program, but a major highway with a ten minute black spot hardly compares to the remoteness of the Clare community and the significant benefits to that community if it had access to mobile phone service.

ICPA New South Wales therefore supports the recommendation to prioritise areas with community input. However, these areas still have to overcome the hurdle of whether a telco deems them profitable enough to actually apply under the program.

Just quickly, the Next G wireless link, most of our members are reliant on fixed copper or radio links for standard telephone. However, when Telstra rolled out their Next G wireless links further for some rural and remote customers 10 years ago, they didn't consider that it met the Universal Service Obligation, which meant customers weren't covered by the consumer service guarantee.

So as it stands now, customers in these areas with Next G wireless link who log a fault aren't allocated a technician until such time as there are no outstanding repair jobs for the regular customers. So in some cases this can be weeks or even months, and it's their only form of communication, so ICPA New South Wales is concerned about those premises reliant on Next G wireless link for standard telephone service, and we would like to see those premises included in a USO.

So I would like to thank the Commission for including ICPA New South Wales in today's hearings. Thank you.

MR LINDWALL: Thank you very much, Claire. I've spoken to some of your other people in the ICPA in the past, and the amount of work that is being done to improve education is quite impressive, and I remember one anecdote where a person was - a child was learning a violin over the landline, which I thought was quite amazing how you could do that, but technology is obviously being used in a different way through the Sky Muster to improve education outcomes. Can you comment about your experience with the use of Sky Muster for your children?

MS BUTLER: Well, my children actually attend Clare Public School, which I spoke about, but they have - the 21 schools in New South Wales that are currently not - they're still on the old satellite - you know, some - - -

MR LINDWALL: The interim satellite, yes.

MS BUTLER: - - - (indistinct) the New South Wales Department of Education. So my children don't actually - they can't access the NBN Sky Muster, so they haven't been able to tap into what it can offer. We have it at home. We have found it faster. They can - my daughter was learning Chinese at school and couldn't - the school - it was very slow trying to do the video conferencing, for obvious reasons, with the satellite.

So she came home, and she could log into YouTube, and she did her own little lesson on the Chinese that she was trying to learn at school, and it was fine. So Sky Muster is faster, but the reliability of it - you know, we have a period there where, for about a month, it was dropping out quite a bit. So we didn't know whether we had internet or not.

But I will say, it is faster. So she got to achieve that that day. She got to achieve what she couldn't do at school, because they're not on faster satellite. They're getting download speeds of less than 4 megabytes per second at the school, so she could come home, and luckily Sky Muster was working that day, and it worked great for what she needed.

So we'd love to be able to get these 21 schools tapping into Sky Muster as well, once the reliability issues are sorted out.

MR LINDWALL: Exactly. So what you're - just to clarify, your daughter doesn't have - well, you have no education allowance, obviously, under Sky Muster, because she goes to the school at Clare?

MS BUTLER: That's right. That's right. And there's 270 children in New South Wales studying via distance education. The majority of those children are supplied with the technology and the equipment by the Department of Education. So they are all tapping into the Optus satellite. They are not going over to NBN Sky Muster yet. They are still

waiting to hear when that will happen. We're told that it's because of security issues. So when they can go over, you know, it will be great to see how that all pans out.

MR LINDWALL: Do you understand how the system will work for students at remote schools when there's the 50 gigabyte a month allowance? Would that be run through the school then if Sky Muster's provided at the school?

MS BUTLER: Look, I'm not sure. I would like to look into that further. I was actually having a conversation with our principal about this before, how that would work, or whether or not there would be some sort of - whether or not NBN Co would be able to give some sort of - similar to what they're doing with the education ports. You know, I know they're running them in Queensland. Each child at the school - you know, if there's seven children at the school then the allocation could be, you know, 50 gig times seven, and that could probably be their allocation.

MR LINDWALL: Yes, yes. Could you also say a bit how education is now provided over satellite in - what you've heard in the actual association? If it's - rather than, as I've mentioned earlier about the traditional landline that was used for many isolated children, what type of services do you get over the NBN satellite, as opposed to obviously YouTube and that, but could you explain a bit about the services that the states are providing?

MS BUTLER: So in terms of education, or health, or - - -

MR LINDWALL: Yes, education in particular.

MS BUTLER: Yes, so the distance - a lot of what our distance education children are doing - and I haven't experienced distance education, but obviously we have a lot of members who are doing distance education, is they have - they access - it's all via satellite. It's a lot more face to face, so there's programs similar to, I guess, you know, to - explaining one way, similar to Skype, so they're having face to face conversations with their teacher, as opposed to years gone by, over the radio and over the telephone.

They're communicating more with other students, so they can, you know, have a group session with students all across the state. They're also accessing lots of different programs like Noodles and all sorts of educational programs that they log into. They're receiving all of their - you know, the years of receiving correspondence in the mail - those days are gone. Everything is received via the internet.

So there's a heavy, heavy reliance on internet for the distance education students, and there is a fear that, you know, these - the data allowance - the data capping that we do have under NBN Co, you know, once - I mean, New South Wales is a little bit different. We haven't transferred over to Sky Muster, but if and when that happens the data allowance is - you know, there is that concern that obviously it will just be - there will be more and more things being done over the internet, so whether or not the data capping is going to be enough for those students is a bit of a concern to ICPA as well.

MR LINDWALL: How do the students manage with the inevitable latency that comes with a satellite service?

MS BUTLER: I think - I think that with the Optus satellite that they're tuned into at the moment, it's not - you know, our DE families seem to accept that, okay, it is a bit slower, but they've sort of accepted that that's how it is. If they were to go onto something faster, I'm sure they would realise they would be able to have quicker lessons for children - you know, the frustration sort of not there of waiting.

Speaking from the point of view of getting back to the small schools that have got the sound - you know, they've recorded download speeds of less than 4 megabytes a second, there have been times where they have just given up, so, you know, for example tapping in to learn Chinese with a Chinese tutor in China, the latency was - it was too hard, because they just couldn't do it, so they stopped the lesson. So there are times where, yes, they have to stop the lesson, and they're interrupted, yes.

MR LINDWALL: And what - to what level do students in isolated areas tend to get to before they move to, you know, a regional or city school? I mean, do they get to year 10 or even year 12 through that way of teaching?

MS BUTLER: Most of the children will finish in year 6 in New South Wales, and most of them - some do stay on and complete their high school education. Most of them are going away to boarding school, so when they get down to boarding school these children are 11, 12 years old, and they have - you know, obviously they've got to cope with being away from mum and dad and a whole new environment, but they're handed a laptop. That's what the first thing they're handed is, and they've all got a laptop, and they - you know, some of their peers are, you know, behind, because they're not up with the technology. They've been using it, but I just know from my own personal experience with my children at a public school with limited satellite internet they've gone away and - they've obviously got them, but they've struggled (indistinct) at the same time, getting used to the technology. And of course, they love having reliable fast access to internet.

MR LINDWALL: Yes, of course. Yes. And now, we did also ask about the areas that are covered under the Sky Muster system who have premises which have reasonable mobile phone services. I just wanted your thoughts about whether you thought that was sufficient and you would do away with a landline under such circumstances?

MS BUTLER: No. I think any premises that is on the NBN Sky Muster, regardless of whether they have mobile phone service or not, if they're - the anomalies of where you're living in the bush or even on the rural fringes are that at any given time you might need a different form of communication.

You know, in a bushfire the mobile tower might be out but the electricity might still be on and you might be able to use a satellite Sky Muster VOIP, or the Optus, it might be happening, or nothing might be working and you might need to use the UHF radio. But the one constant is that if - and especially in - you know, you're getting into the more remote areas, even if they do have mobile phone service, it's - sometimes it can have that

unreliability - you know, if you're travelling it's not going to be - you know, you might - yes, sorry, I'm just trying to sort of work out what I'm trying to say.

MR LINDWALL: That's all right.

MS BUTLER: We have lots of - yes, I just think that when you're living in rural and especially remote environments, even if you do have mobile phone service, you still need to have that access to that landline. Those landlines - you know, they've saved lives over the years, so they're pretty important. They're a pretty important resource.

A lot of the homesteads - you know, one in three homesteads are empty now because people are buying up, you know, the neighbour's property, and people are moving away, but you can guarantee that in any one of those remote homesteads the landline is still plugged in and still working. So you can (indistinct) if you need to and use that phone if you haven't got access to mobile phone service.

MR LINDWALL: Have you got any comments about payphones? It's something that we've explored a bit in our report too.

MS BUTLER: Payphones - we've got a - there's a payphone - so I'll just say one that I know of. There's a 200 kilometre stretch of road between Balrenols and Ivanhoe - this is in far south-west New South Wales. There's nothing in between. There's no towns, there's no nothing.

There is a payphone at 100 kilometres north of Balrenols, so about halfway, and it is located - you know, it's an old hotel that has closed down. So that's a really important resource to still have, considering that there's no mobile phone service along that full stretch of road.

There's been car accidents there where somebody actually lost their life, a member of the community, but the way that the emergency services were raised was at that payphone, by ringing triple O. So I think there's still merit having them in areas, especially if there's no other form of communication.

MR LINDWALL: What about an alternative to a payphone like a Wi-Fi service, a community phone service like that? Would that - - -

MS BUTLER: Yes, I think I'd probably say yes. ICPA New South Wales would probably support that.

MR LINDWALL: All right. What else - I think I've asked pretty much everything I can think of. Is there anything you'd like to say finally, before we finish?

MS BUTLER: Look, thank you for giving us the opportunity to speak, and we look forward to seeing the outcomes of the final report.

MR LINDWALL: Well, thank you, Claire. Yes, the final report will go to the government in late April, and then it's up to the government to put it into the parliament, and I think it has to be tabled within 25 sitting days. So whenever that might be.

MS BUTLER: Okay.

MR LINDWALL: But that gives you a bit of a handle about when it would be.

MS BUTLER: All right.

MR LINDWALL: So thank you very much for speaking with us today - - -

MS BUTLER: Okay, thank you.

MR LINDWALL: - - - and take care. Bye.

MS BUTLER: Thank you, Paul. Thank you, bye.

(Call concluded.)

ADJOURNED [10.11 am]

RESUMED [10.27 am]

(Call commenced.)

MR LINDWALL: Hello, Reg?

MR COUTTS: Yes, yes, Reg Coutts speaking.

MR LINDWALL: Hi, it's Paul here. Thanks for speaking with us.

MR COUTTS: Hi, Paul.

MR LINDWALL: Hope you're well.

MR COUTTS: I am. It's hot here in Adelaide today.

MR LINDWALL: Yes, I'm going - I'll be there this afternoon, and then driving to Port Augusta, which I think is 45 degrees. Now - - -

MR COUTTS: Yes, yes.

MR LINDWALL: Well, as long as the electricity is still operating. Now, Reg - - -

MR COUTTS: Well, (indistinct).

MR LINDWALL: Reg, would you mind, just for the record, because a transcript is being made, to introduce yourself, talk about - and then give a bit of a statement as you see fit?

MR COUTTS: Yes, I'm Emeritus Professor Reg Coutts, Emeritus Professor of Telecommunications, University of Adelaide, and I've been running my own (indistinct), and the subject of the USO I have been following for something like 20 or 30 years.

A crucial issue, I think in my mind, is the (indistinct) - - -

MR LINDWALL: I'm sorry, Reg, could you just repeat that bit? It got lost. So just go back and start again a little bit, sorry?

MR COUTTS: That's all right, I'll take you off loudspeaker.

MR LINDWALL: That's better.

MR COUTTS: Yes, this is Emeritus Professor Reginald Coutts, Emeritus Professor of Telecommunications, University of Adelaide. I left the employ of the university at the end of 2003, and have been operating my consultancy through Coutts Communications, and provide consultancy to the industry and government, et cetera.

The USO is a topic, having been involved in the industry for 40 years, is one I've followed with interest for at least 25 of those years, and it's my observation that there's been a reticence, particularly in the last 10 years, to reform the USO because it is so complex.

However, my recommendation, as I've said before, is you have to start the journey but have the long term in mind, in view. The crucial issue is the role of the USO particularly for remote users who currently receive a voice service on copper with battery backup. In my view, either with NBN Sky Muster or other satellite solutions, it can't be matched in terms of the current service they receive.

However, telcos around the world in developed countries want to retire the copper network and increasingly the costs for a copper provided voice service will continue to escalate. In the case of my Australia it is my argument that that cost is still below what Telstra receives in USO subsidy, but at some point a decision will need to be made.

So I have focused on the possibility of satellite replacing remote users, which I think should be considered again in the 2020 review, but certainly there don't seem to be options at the moment, and remote customers, those you identify in the report as those outside - particularly those outside mobile coverage would understandably be very - object strongly to removal of that service.

Secondly, I think it is useful to consider the confluence of the Universal Service Obligation and the need to reform emergency services, because there is a confluence in the user's mind between a sustainable communication service, and there a number of options, but what happens in the case of emergency? And therefore the copper takes on a special significance above and beyond what we normally consider as a communications service.

MR LINDWALL: Is that it, Reg?

MR COUTTS: Yes, I'm afraid that's it.

MR LINDWALL: Okay, no, that's all right, I was just wondering whether the phone had stopped or something. Yes, thank you for your submissions, by the way, too. Now, as you say, the cost of copper maintenance would rise over time, and over time countries have been introducing fibre optic and other services and mobile and satellite. Let me investigate firstly the satellite service, Sky Muster.

We've been getting a lot of feedback of concern about its reliability and things, including latency, but particularly about reliability, and I was wondering whether you think - and NBN would say - have been saying that it's partly - it's teething issues in terms of the Sky Muster being introduced properly, but I'm also wondering whether it's an installation issue at the user site. For example, are the installers using the right size of dish at the right locations? And are they pointing it accurately at the satellites?

Because I was speaking to someone in Cairns, and he was telling me outside the session that they were paying very low rates for installing the satellite services at users' premises, and it was so low that these people who had been providing Telstra's services for many, many years don't even bother contracting because they thought the rates were too low, and they were claiming that NBN is using some contractors that pretty much are not qualified to deliver the service. Would you be able to comment on that, or does that sound credible?

MR COUTTS: Well, I can't obviously confirm or deny.

MR LINDWALL: Of course, yes.

MR COUTTS: It did - it is consistent with some of the feedback I have been seeing on the blogs, that for some reason there certainly have been teething problems with the Sky Muster, (indistinct) - they seem to be getting past those problems.

There also seem to be some installation problems in another aspect. A number of users have been saying the service drops out with rain. So it's not just - so whether the satellite dish is not pointed accurately, whether there's water ingress at the installation, I don't know, but it does sound consistent with, shall we say, low cost provision.

MR LINDWALL: So you would normally expect that a geostationary satellite service would not be affected by light rain if the dish was appropriately sized and accurately pointed, I would expect?

MR COUTTS: No, and I understand the rain fade margin that is - the system has been designed to by NBN Co should certainly be adequate, so that it would only be in high intensity rain. Normally northern Australia would from time to time present a problem, and of course that's what the availability figure is worked out on. That's the 99.7 per cent.

MR LINDWALL: All right. Well, that's obviously an issue for the rollout of the service. Now, what is your view about a person who is receiving, as we asked in our draft report, a person who is receiving at his or her premises a Sky Muster service and has a reasonably reliable mobile phone service? Would that be, in your view, a sufficient, shall we say, baseline? In other words, the mobile phone is complementing the Sky Muster service for both voice and for data?

MR COUTTS: I think that the problem hinges on the statement "reasonable mobile service".

MR LINDWALL: Yes, yes.

MR COUTTS: Because the expectations of a mobile service are increasing over time, not decreasing, so that's in terms of just the mobile service is used not only as a voice service, of course, but also access to a whole number of services using broadband access. Particularly the mobile, because they can do that quite separately from their home.

It does have - the other issue I mentioned was the - what I call the conflating of the emergency service - so if, for example, you were to - in case of emergency, a mobile has a special significance, in effect distinct from a normal telecommunications service, and that's where particularly people outside mobile coverage are distinctly disadvantaged.

MR LINDWALL: Exactly, and the data's pretty clear that mobiles are now the number one form of communications to call emergency services, obviously mainly in cities. The other question I wanted to ask about, some of the services provided under the USO are from a digital radio concentrator, which of course is old technology and will become increasingly expensive to maintain.

Are there any other technologies you would highlight? And I know we need to be technologically neutral, but other than the satellite services, that can be used in more remote areas that you see have promise over the years ahead?

MR COUTTS: Well, having been involved in the original digital radio concentrator, I'm aware, as I understand, they're actually having to poach spares off other equipment to keep it - and the high capacity radio system that followed it, to keep it on the air.

I understand the expectation was that the mobile service would substitute for that, but I don't think that's - that hasn't been realised. No, I'm not aware of essentially a - although I haven't recently looked at the digital concentrator systems, and even then, that still doesn't address the remote users. It addresses the - certainly regional coverage in, from my memory for example, states like particularly Queensland and parts of the Northern Territory, the digital radio concentrator was invaluable for its time.

MR LINDWALL: Exactly, yes. In your submission, you recommended that the NBN be designated as both a universal infrastructure provider and a standard communications service provider. How do you distinguish the - you know, the standard communications service provider role from the universal infrastructure provider role?

MR COUTTS: Well, to me - it was then consistent with the model of NBN being the wholesaler allowing a layer for competitive service providers. But then potentially there be a service provider of last resort.

MR LINDWALL: If there's insufficient retail capacity in a zone, is that what you're saying there?

MR COUTTS: Well, that's right. Every effort, from a policy of point of view, should be to extend the infrastructure to enable competition at some level. Like, once you get into more remote areas infrastructure competition is not realistic. But where you've got infrastructure - like, in my original report I said that even NBN Co with its fixed wireless infrastructure could actually be used a lot more to provide wholesale mobile service, and in fact that's slowly happening.

MR LINDWALL: Okay, yes, yes. The government has also released exposure drafts on the statutory infrastructure provider legislation. Do you have any thoughts on it that you'd like to share?

MR COUTTS: Sorry, could you repeat that?

MR LINDWALL: I was going to say, the government has also released draft legislation on the statutory infrastructure provider legislation, and did you have any thoughts on it that you'd like to share?

MR COUTTS: No, I don't, no. I haven't looked at that matter.

MR LINDWALL: Okay. What about the regional broadband scheme levy that's been introduced to - you know, the competition for NBN in cherry-picked areas, I suppose?

MR COUTTS: Wanting to be sensitive to my professional economist colleagues, I'd have to say I think it's half-baked. Firstly because it seems to operate in isolation of the reform of the USO, and to me the two things are connected, so I could understand their brief would make sure they weren't connected.

Secondly, the carve out of wireless I think is an interesting thought experiment, given that I think it's quite clear as we look forward to 5G et cetera that fixed and wireless are converging, and therefore you can't look at broadband - fixed broadband and mobile broadband in isolation of each other.

MR LINDWALL: Yes, yes. So you see mobile phones as a form of a complement, I suppose, or rather a substitute for - - -

MR COUTTS: Well, it's both, it's both. It's certainly a complement for particular market segments. Sorry, it's a substitute for particular market segments, but in many ways fundamentally it's a complement. But it's only a complement where you've actually got fixed infrastructure.

MR LINDWALL: Yes, yes. What do you expect - I think we spoke when we met about 5G, the introduction of that. How do you think that will affect people's take-up of fixed line services?

MR COUTTS: I think it will be a couple of things. It will more affect the telco strategies and the marketing than necessarily - I mean, there will be particularly - you're starting to see them now where - in fact, a recent service offered by Optus so that essentially users are unaware, but they've got their mobile, and when they're near Wi-Fi it automatically switches to using Wi-Fi.

Now, this has been happening over the last five or so years, but increasingly that's being made seamless. So I think the point is that 5G will see the opening up of other bands, but from a customer's point of view it will make essentially, where possible, a seamless mobile service / fixed service, so that if you've got a mobile and you move into a Wi-Fi area then you're effectively exploiting the Wi-Fi infrastructure - - -

MR LINDWALL: Yes.

MR COUTTS: - - - rather than the mobile infrastructure.

MR LINDWALL: Yes, yes, so there'd be a more seamless experience wandering around, in a way.

MR COUTTS: Yes.

MR LINDWALL: Now, I think you agreed with us that for the fixed wireless service that the quality of voice over that, using Voice Over Internet Protocol, is very high. So I'm just wondering what you think the implications might be for the NBN.

If - hypothetically, if the TUSO was to be removed, do you - what type of implications for the NBN would be in the fixed wireless footprint in terms of costs and revenues, could you imagine?

MR COUTTS: Well, that would obviously open up - from a technical point of view, as I said, I couldn't see the reason why fixed wireless would not be able to provide a quality voice service. Obviously - in fact, with the sort of bandwidth we're talking about, you might not even need what you term "managed VOIP".

So it really depends on how NBN Co approaches and what the customer expectations are. But I wouldn't have thought the cost implications on NBN Co would have been major to enable that.

MR LINDWALL: Is that because the bandwidth required for voice is quite low?

MR COUTTS: It is quite low, and unlike in the satellite situation, or at least the Sky Muster satellite, you do have, shall we say, a managed contention in terms of who - to see - by "managed contention" I mean in the sense that right now, the contention and the caps are something - they're imposed, rather than a limit of the current satellite system, given the lack of what I'd call price signals to the marketplace that allows people to potentially have greater caps if they pay for it.

MR LINDWALL: Now, of course, there are - - -

MR COUTTS: So there's another policy conundrum.

MR LINDWALL: Yes, yes, it is in that satellite area, yes, indeed. What about the - the number of people who use voice only services today - of course, there are some - and it's a demographic thing as much as anything in terms of age ranges, I suppose, but - - -

MR COUTTS: Yes.

MR LINDWALL: - - - how do you see that? I mean, if you were making predictions about the growth of broadband usage versus voice only type of services, even if the voice service is via an internet protocol, how do you see that changing over time over the next 10 or 20 years?

MR COUTTS: Well, actually I have looked at that issue in a research context, but the problem is that people often say that, well, people are going mobile and, well, the older people are going to die, but they've never obviously worked out the numbers, because a significant number of people live a lot longer than they used to, and so I'd be very, very careful about assuming that fixed services are not going to hold their solid supporters, shall we say.

MR LINDWALL: Yes.

MR COUTTS: And my observation is that - well, we're speaking on a fixed phone at the moment, for example - is that the fixed phone service and the mobile service are still complementary. The question is, what price are you willing to pay for it?

MR LINDWALL: Yes, yes. If you're willing to pay for both, exactly. Now - - -

MR COUTTS: Yes, if you're willing to pay for both, (indistinct) if the price was acceptable. And that again gets back to the 5G scenario, that essentially you'll be looking increasingly - in fact now, but increasingly the marketing of fixed and mobile services and the fixed service will have - can potentially have different quality levels, as you know now, your naked DSL, or you can have your fixed service quality managed, you know, from using - either on the mobile network or on the fixed network.

MR LINDWALL: Now, I understand you received a bit of a backlash from a post on BIRRR's Facebook page in December where you said something like Sky Muster could be used to provide a quality telephone service in remote Australia, let Telstra's copper retire.

MR COUTTS: Yes, I must admit I was being deliberately controversial.

MR LINDWALL: Yes.

MR COUTTS: But I found the feedback immensely useful, and I think it confirmed my view that really - yes, at some point the copper is going to be retired. Now, Telstra, if they weren't being paid the USO, I would say would be more enthused to retire it than they are at the moment, but I was in Telstra in the 1980s we were talking about the retirement of copper, so - and I would be fascinated what modelling has been done in Telstra about the costs - the rising costs of providing a voice service via copper, particularly in remote areas, because certainly the experience in the cities is the copper-delivered service is increasingly become more unreliable than it used to be.

MR LINDWALL: And you would imagine that would be the case in the rural and remote and would become increasingly the case over time?

MR COUTTS: That's what I'd imagine, but of course I can't - I've got no evidence of that, because the impact on the copper network involves many factors. In fact, I thought it was interesting that one of the points - I think it was the Victorian Farmers' Federation didn't want to lose copper because of bushfires, and that it provided emergency backup, but I think if you were to enquire in other states, the copper network often doesn't fare as well as the mobile network when you get a fire coming through.

MR LINDWALL: Yes.

MR COUTTS: And that's what's unfortunate, that a lot of the - what is offered as evidence is only what I'd call anecdotal evidence, which I've contributed to a little bit as well.

MR LINDWALL: Yes. That's true. Often life is about anecdotal evidence. Now, you mentioned that low earth orbit satellite constellations are not suited to replacing copper infrastructure, I think because the terminal equipment is unsuited and expensive for individual premises.

May they be suitable for - as a solution for premises currently receiving a USO satellite connection or other premises in remote and hard to reach - expensive to reach areas?

MR COUTTS: Well, I haven't done a - and this is an example of where I think some review needs to be made, that the problem with the current LEO systems, because they need to track satellites, unlike geo services, you don't just set up the installation and walk away.

It means that the installation on the ground is more complex and more expensive, so for example, applications that envisage a group of houses or a village, as is the case in the south-east islands, right, South Pacific islands, is it makes a lot of sense. You have a low earth orbit - essentially a V-sat, but skewable antenna, but then the cost is distributed over a larger base.

But certainly I understand the current available product, LEO product, would not be suitable for essentially individual premises.

MR LINDWALL: I can see what you mean. It's more for a community - it might be a small community, but not just an individual one.

MR COUTTS: Right. But also, that dovetails into the 2020 review, is that there's a whole number of things for example like potentially on-board processing on satellites, changes - the LEO systems may change in terms of what they potentially offer. We're talking three years away, whereas just in technology development is - but I think there really has to be some active research into the way the satellite industry is evolving, and it's currently in the stage of what they call stage 2.0. It's starting to evolve very quickly, because other countries such as, say, the African continent for example, and even parts of Canada and the US, there is a demand out there for satellite solutions, and if it was AT&T or Verizon I'd be encouraging such solutions - - -

MR LINDWALL: Yes, yes.

MR COUTTS: - - - if you take my point.

MR LINDWALL: I do. All right. Well, given the time, Reg, I mean, I was going to ask you quickly about payphones, if you had a final comment on that, and if you could just - - -

MR COUTTS: Yes, yes.

MR LINDWALL: - - - make any final comments you'd like, and then we'd better finish up, I suppose.

MR COUTTS: Right. I think the issue - I think that payphones in the old style are an anachronism, but I think some form of community access phone, as I think demonstrated

with the Indigenous phone system, is invaluable. But that should be more based on public Wi-Fi, for example.

And again, it's another example where if a bit more innovation were to happen, we'd come up with some options, but actually regulating provision of payphones is just one part of the anachronism of the USO.

And just if I can make a final point, to start the journey, which I keep saying, the current USO is an example of just complete over-regulation in terms of the FTS, as it's known, requires carrier selection, right? Which is a hangover from the early 1990s, and the current waiver system, right, for CSG, gets connected with that.

So it's a regulatory nightmare at the moment where - I mean, I hadn't realised until recently that customers are provided, for example, a fixed cellular system from Telstra but they have to sign a waiver because that doesn't actually satisfy the requirements for the FTS, and therefore doesn't attract the same CSG protections.

MR LINDWALL: Exactly. Well, thank you very much, Reg, for your time today, and have a good day.

MR COUTTS: Thank you. And you're doing an excellent job, thank you.

MR LINDWALL: I appreciate that. Bye then.

MR COUTTS: Bye.

(Call concluded. Call commenced.)

MR LINDWALL: Hey, Daniel?

MR FEATHERSTONE: Hi Paul, how are you going?

MR LINDWALL: I'm very well. How are you?

MR FEATHERSTONE: Yes, good, thank you.

MR LINDWALL: Yes. Where are you at the moment? Up in Alice or somewhere else?

MR FEATHERSTONE: Yes, in Alice Springs.

MR LINDWALL: Yes.

MR FEATHERSTONE: So in our office at IRCA, Indigenous Remote Communications Association.

MR LINDWALL: Yes, so - and I'm off to Port Augusta tomorrow - this afternoon, which apparently is 45 degrees, so I suppose Alice Springs would be pretty warm today?

MR FEATHERSTONE: I don't know if it's quite that hot, but it's certainly been warm lately, yes.

MR LINDWALL: Yes. Now, Daniel, and I think Ruth is there too - well, anyway, could you introduce - just because you know a transcript is being made - introduce yourselves and then give a statement as you see fit?

MR FEATHERSTONE: Okay, great. Yes, so I'm Daniel Featherstone, the general manager of Indigenous Remote Communications Association, and I'll let Ruth and Lauren introduce themselves, from Desert Knowledge Australia.

MS ELVIN: Yes, thank you. Ruth Elvin. I am the senior programs manager with Desert Knowledge Australia, based in Alice Springs.

MR LINDWALL: Hello, Ruth.

MS GANLEY: And hi, Lauren Ganley. I've just started as the CEO of Desert Knowledge Australia, based in Alice.

MR LINDWALL: thank you.

MR FEATHERSTONE: So it'll be primarily myself speaking, you know, to that response that we've submitted, but yes, Lauren and Ruth might pitch in where needed.

MS ELVIN: We will.

MR LINDWALL: Okay, well, so if you'd like to make a statement, thanks, Daniel, Ruth and Lauren, that'd be great.

MR FEATHERSTONE: All right, great. So yes, look, thanks very much for the opportunity to speak to the (indistinct) Telecommunications USO. As you know, this was an area that we, you know, had a lot of interest in, both through our work at BIRRR and also through Broadband For The Bush Alliance.

I think, you know, this is an important piece of work that the Productivity Commission have taken on, and one that is very, you know, much needed to review and update the USO, notwithstanding the long-term contractual arrangements that are in place.

We - I'll just go basically from some of the points that I've made in the response submitted, but yes, happy to answer questions and go to more detail after that.

MR LINDWALL: Okay.

MR FEATHERSTONE: So as you're maybe aware, IRCA is the national peak body for Indigenous media and communications. We have a strong history of representing the interests of Indigenous communities and people, particularly in remote Australia, and particularly in those areas within the NBN satellite footprint, and similarly our work with Broadband For The Bush Alliance and our annual forums and Indigenous focus, they help to give us a good insight into what those needs and challenges.

We have got a strong focus on digital inclusion of remote people, and deliver projects to that effect, and I will just put in that we have a conflict of interest, but I'll declare that we have Telstra sponsorship for an IT training program that we deliver called IndigiMob. But I'm quite happy to speak very openly about our position on all companies, so we're not affected by that.

IRCA does agree with the Productivity Commission that the current USO is a blunt instrument with a one size fits all approach, and it does need a lot more consideration as to particularly how to include broadband and digital inclusion generally, but also mobile services. You know, the primary service that a lot of Aboriginal people identify that they want in remote Australia.

As you may well understand, the current model for mobile is with terrestrial backhaul, so that is sort of a key starting point with our concerns with an NBN transition model. While we agree - we agree with the targeted - you know, the idea of targeted programs to be a more efficient approach, we're also aware that unravelling the current USO arrangement and potentially restructuring the whole ownership of terrestrial infrastructure in remote Australia isn't a simple exercise, and needs to be carefully managed so as not to leave people with services that are worse-off than what they currently have.

It's critical that that impact is thoroughly assessed before going forward, and so I think our position is that, you know, we would like to see more detailed analysis of what that impact might be and what a transition arrangement might look like before we could really support going towards NBN as a primary backhaul for delivery of voice services. We'd see that that's very problematic in that NBN is designed both in a structure and in its business case to be a data service delivery rather than a voice service delivery.

Our main concern is that Telstra currently own almost all of the infrastructure in remote Australia in that same satellite delivery footprint, and that is the requirement for the delivery of voice services currently, is terrestrial infrastructure both backhaul network and exchange and last mile copper, and that without a consideration of how all of that is going to be used for delivery of voice services I don't think there's a simple solution of moving to a VOIP service. I think VOIP will be able to fill some gaps, but certainly in remote Australia that's likely to be highly problematic.

So we urge that there's a holistic approach to the USO consideration to ensure the potential for improvement of services and avoidance of services going backwards, and also, you know, we're obviously aware that new technology may well be a part of the mix, including microwave backhaul in remote Australia.

The six points that we've put - so information request 6.1, we've raised the concern about the draft recommendation 5.1 due to the current planned privatisation of NBN, which poses a potential risk to it being the deliverer for the universal services in the future. Our concern is that, once privatised (indistinct) commercial imperatives that will (indistinct) effectively (indistinct) service as compared with government ownership, where it can actually be a safety net for all Australians. But I can speak to that more later.

We're also concerned about the high cost of logistics, and logistics of maintaining infrastructure in remote Australia, and I'm very surprised to hear that there's been so little transparency in the current USO, and that the cost of getting technicians out into remote Australia is incredibly high, and that expecting another service provider to replicate all of that human infrastructure that Telstra currently have would be a vast exercise, and that that will need significant work to make sure that that doesn't lead to a withdrawal of services, and therefore longer delay times in getting services set up or maintained.

You've noted in draft finding 6.2, dot point 2, the issues of latency and service repair timeframe for those satellite services if voice were to be delivered via NBN. Latency is an issue, but also there are a whole range of other services such as tele-health, tele-education, you know, video conferencing type services, as well as server-based services where low latency is needed in remote Australia.

So while the USO is dealing with one aspect of the telecommunications environment, we're aware that there's a whole lot of other holistic thinking that needs to go on to ensure that the wholesale communications needs are considered in one hit, to ensure that we're not taking away business and service delivery opportunities as part of seeing this as one part of the system.

We endorse the proposal of targeted Indigenous telecommunications programs, and particularly to meet the digital inclusion challenges in Indigenous communities, but this needs a very holistic approach. Obviously we've got a range of challenges, and we know this firsthand through our own program delivery around not only availability and accessibility to services, but digital literacy, relevant content, appropriate training and support, and that requires a well-funded program which is currently very different to what is being set up, or what is on offer through the remote Indigenous IT activity within the government under Department of Prime Minister and Cabinet.

The implicit assumption that all people - all premises have availability of NBN services equates to all people having access I think needs to be really teased out, particularly because of a lot of people in remote Australia who don't live inside premises, they live outside of premises, or they are mobile and move between communities and household a lot. A lot of people prefer to have mobile or Wi-Fi services than a fixed household service, and in remote Australia mobility is a part of life. People are always on the road, moving about, not fixed to premises, so I think that has need to be really thought through.

And lastly payphones are still a very important form of telecommunications in remote Australia, in remote Indigenous communities particularly, and the withdrawal of payphones needs to be carefully analysed to ensure we're not leaving people without an essential service.

So if there is mobile, that's been used as a reason for withdrawing payphones, but it assumes that everybody has a mobile, and similarly with Wi-Fi, that doesn't preclude the need for a payphone. So I'll leave it there, Paul, and let you have a chance to ask some questions.

MR LINDWALL: All right, Daniel, thank you. I was wondering if Ruth and Lauren would like to tell me briefly about Desert Knowledge Australia, perhaps?

MS ELVIN: Yes, well, it's Ruth here. Desert Knowledge Australia is a statutory authority of the Northern Territory with a remit for contributing to social and economic development in desert Australia, which equates pretty much just to all of remote Australia. Desert Knowledge Australia has been a very active member of the Broadband For The Bush Alliance over the last few years, and in that context particularly we're concerned very much about what appears to be the lack of research, the lack of consideration of the impact of the transition from the USO (indistinct) in this report, and so it's (indistinct) shared position with IRCA and everything that Daniel has just spoken to. But there is a far greater need for analysis of the guarantee of service before we can really support the proposal being put forward.

MR LINDWALL: Okay. Well, thanks for that, Ruth.

MS ELVIN: (indistinct)

MR LINDWALL: Sorry?

MS GANLEY: And yes, I'll just add that - just for the record, because (indistinct) at Desert Knowledge Australia, however, look, our concern is for the people who live on (indistinct) or, you know, (indistinct), like anyone living in regional remote areas, fair - you know, fair access to communication, and that our - you know, if we look at the number, it's, you know, for us, not about the number of premises, it's about the number of people, because there is, you know, a big, you know, contrast between the two.

Daniel (indistinct) around the fact that people do have a preference for mobile technology. Now, that's (indistinct) younger people. There are older people who don't, you know, accept mobile technology, so therefore it's critical that payphones are maintained, and (indistinct). And then, you know, with the mobile technology - it is around mainly accessing voice and then data would be, you know, used mainly for social media, and then things like they send emails and so on.

So yes, you know, we're (indistinct) concerned about the people (indistinct) part of Australia which is regional and remote, and endorse everything that Daniel has talked about.

MR LINDWALL: Thank you for that, then, Lauren. Now, might I ask firstly, perhaps Daniel might speak to this, but it's up to you three how you decide, in relation to one of our information requests, which was to provide comment on the advantages and disadvantages of Indigenous-specific telecommunications solutions, and particularly the last mile network infrastructure, perhaps in light of that, and also what do you see as the specific telco needs and challenges of remote Indigenous communities compared to other remote communities, I guess?

MR FEATHERSTONE: Yes, I think we've sort of raised this in some of those early hearings, but one of the challenges is that we don't think that Indigenous households in remote Indigenous communities will see the model of having a satellite dish on the roof and paying a monthly bill as a viable option. For a vast majority of people in remote Indigenous communities there is a preference for pre-paid services under mobile currently, and similarly with, you know, the current model with telephony.

So we see other models of last mile delivery as more realistic and they are, you know, mobile where you can get pre-paid services or Wi-Fi delivery where people can basically pay per use or, you know, pay what they can afford for use, or where possible having free Wi-Fi services, and we certainly advocated that as much - you know, wherever possible, that - to enable a digital inclusion model, and to get people accessing essential services that everyone else has access to, but free Wi-Fi would be a way of achieving that.

Now, that doesn't mean you pick up everyone, but it certainly is a way that people can connect using the devices that they have.

MR LINDWALL: Yes.

MR FEATHERSTONE: The other aspect is that, you know, there is a current telecommunications program, Indigenous communications program, called RIITA, the Remote Indigenous IT Activity, and they are expanding Wi-Fi coverage in remote communities.

Wi-Fi is both a, you know, an easy solution, but it also has, you know, very limited - it only reaches within the range of a - you know, a short range, where devices can basically transmit back to the receiver, and it also breaks down very quickly through metal buildings and so forth, re: coverage. And so that means that you end up with a patchy service. So it's one solution but not the solution.

I think a nuanced telecommunications model does need to include the current network infrastructure, and particularly there's still a lot of businesses and service delivery going on in communities that require high bandwidth terrestrial services such as health clinics, education, police stations, you know, justice hearings and so forth.

So you know, all of that requires video conferencing capability nowadays, and generally the quality that is required is for high speed reliable low-latency services, as

well as a lot of those services also have their service in capital cities, and so there is a reliance on low latency connectivity to access databases and, you know, server systems.

So I think we - you know, there's one aspect of being able to improve digital literacy, which goes much more to getting people on the ground delivering services, promoting additional mentors and employment models, providing culturally appropriate framing of particularly language, and relevant content so people actually see the point in going online, because it reflects their life, their story.

So it's quite a nuanced type of activity. It's not a single strand at all.

MR LINDWALL: Exactly, yes.

MR FEATHERSTONE: So in principle we certainly endorse the idea of an Indigenous telecommunications program.

MR LINDWALL: That's good. May I - you mentioned pre-paid services, and ACOSS called some of those like a poverty premium, since the prices are higher. Do you - - -

MR FEATHERSTONE: Absolutely.

MR LINDWALL: So what's the best way to address that issue? And I've heard of - I think in our previous conversations, Daniel, you've mentioned issues around a common phone which is, say, someone has an account with or runs - it's shared, in other words, and the account gets run up pretty quickly in terms of costs. What are some of the ways to address those types of issues?

MR FEATHERSTONE: Look, you know, that issue I've seen first-hand, and it is difficult when there's a single phone that's shared. One of the things that we've put up, and I think was mentioned to you, is the idea of a white list of essential services, such as the My Gov and e-health and, you know, employment services, banking services and so forth, to make sure, so they're unmetered services.

Also - so that would be via mobile delivery or via Wi-Fi delivery. The other thing is, too, you know, maintain the extended zone service so that we ensure that people can still communicate effectively between - you know, with family and service providers within their region, which are obviously large regions.

In terms of how to manage shared billing, that - you know, there's obviously an education component to that, awareness around the costs of data and how to manage data. So the training component will help in that regard, because a lot of people, you know, are using data without realising it just through having apps and things turned on.

MR LINDWALL: Yes, yes.

MR FEATHERSTONE: And that can very quickly drain their pre-paid account. So you know, it's not a simple solution, but there are a range of different strategies that could be put in place to address the affordability issues.

In general, we just want to make sure that there is a sort of an affordable model that Indigenous people can access as a baseline service. I agree mobile pre-paid services are a premium cost service, and that again, education around the times of day to use those and how to reduce those costs is one component, but that is something that needs to be addressed.

Trying to put people onto a monthly billed service requires a level of financial management, and that's something that is sort of beyond our remit, but it is an ongoing education and change of behaviour that will take some time.

MR LINDWALL: Yes, that's true. Now, you did mention a preference for mobile devices, of course, but you also said that you saw a role for the traditional payphones. Now, in our draft report we thought that the usage of payphones has dropped quite a lot, and they're of decreasing relevance and probably recommended that they should be phased out.

I mean, they do cost the - it's \$44 million per annum for payphone service, so I know sometimes you would have a preference for both things, but surely there's a better way of spending the \$44 million, that as well as your mobile service you could get the type of result from payphones that you would traditionally have wanted?

I mean, is it - what would you say to that, I guess?

MR FEATHERSTONE: Look, the - I understand that. I understand that there's been a whole lot of expansion of mobile coverage, and that that has taken up a lot of the use of payphones. There are actually more affordable payphone models, such as the CAT phone, which was basically made for (indistinct) service.

MR LINDWALL: Sorry, could you repeat that? It dropped out for a second.

MR FEATHERSTONE: I was just saying, there have been quite a number of innovative solutions put forward for payphones, include the CAT robust payphone that was designed under a government subsidised program a number of years back, and that was a robust phone that basically had a normal phone sitting underneath a hard case and could be connected onto the side of a community office and operated as a free phone service for local calls only.

Now - or you know, there are - I think a part of the issue here is just, you know, maintaining the infrastructure around collecting cash for them and then, you know, maintaining them when they get jammed up with different things poked into holes. So if you can reduce some of that, you'll reduce a large amount of your maintenance.

The other thing is, too, there's a community payphone program in small communities of under 50 people, and that's been quite a successful program, again with a robust phone with a satellite backhaul, and that's for satellite and terrestrial backhaul, but that has now been Wi-Fi enabled and given people access to both a phone and Wi-Fi delivery. They're currently doing programs to look at how to do some sort of cost - you know, some return on the cost of the ongoing backhaul through a pay usage.

So there are some systems in place that would probably move away - be more targeted strategies, as you've suggested, rather than a big USO contract, for the payphones that might be more targeted to the needs of a particular community.

MR LINDWALL: Okay, yes.

MR FEATHERSTONE: And I think, you know, that can be teased out. But a lot of people still do rely on a fixed payphone, particularly older people.

MR LINDWALL: But as you say, the - - -

MR FEATHERSTONE: And - - -

MR LINDWALL: Sorry, go on.

MR FEATHERSTONE: No, I was just going to say, you know, the mobile phones, where they - where an older person does have them, they can get very quickly grabbed by children and grandchildren and they don't end up getting to use it very often themselves, so the payphone becomes the backup.

MR LINDWALL: I can understand that, yes.

MR FEATHERSTONE: And also where - you know, where they don't have a pre-paid card or, you know, on the weekends where they can't access a pre-paid card, then they - you know, they (indistinct).

MR LINDWALL: Hello?

MR FEATHERSTONE: Yes, so it - - -

MR LINDWALL: Sorry, that dropped out for about 10 seconds then, so just that last 10 seconds, could you repeat?

MR FEATHERSTONE: Sure. I was just saying that, you know, the payphone is still an important backup for people when they don't have, like, a pre-paid card, when their services aren't working. You know, mobile services do go off, and so you still need an emergency backup type service.

When there's domestic violence activities, or when there's something going on, people need to be able to make a call urgently. There still needs to be some sort of

emergency service, particularly outside of business hours when there isn't any community offices open.

MR LINDWALL: Fair enough. Daniel, could you tell us perhaps about, in remote Indigenous communities, the availability of mobile phones, how they are charged, for example, or kept, you know, the charge up in them, replaced when they're broken or damaged et cetera.

MR FEATHERSTONE: Yes, look, you know, in most parts of remote Australia now, I think, you know, the coverage in remote Indigenous communities we've estimated as about 25 per cent of communities have mobile coverage, so there's still a long way to go before Indigenous communities are going to have blanket coverage.

But the - you know, charging is generally not a major issue. Most households have power even though they are on metered power card systems in a lot of states. The issue of getting pre-paid cards, generally they're available through the community store, and most community support stores provide the phones. Generally they provide the cheaper ones around the \$100 to \$200 range, and the default when people's phones break is buy another one. There is no maintenance of phones, so it's basically, you know, an obsolescence, which means that people are regularly changing their numbers, so you don't - you know, people can change their numbers any - you know, anywhere up to 10 times a year.

MR LINDWALL: I see.

MR FEATHERSTONE: So you know, that's - you know, there's a cycling of mobile numbers, so there's probably millions of numbers that are obsolete without having been taken off the system.

But the - yes, sorry, what was the rest of that question? I'm just trying to - - -

MR LINDWALL: I think that pretty much answered it. I mean, these Wi-Fi or community payphones, do they have charging points attached to them or not?

MR FEATHERSTONE: Not that I'm aware of. I haven't heard of any that do. Some communities have, like, a community access learning centre or telecentre, but that's again, you know, generally the bigger communities, not the smaller ones, and sometimes it might be in a school, for instance, where it's not necessarily available to everyone.

You know, in general charging isn't a major issue. People will go and, you know, find a family member's house if they're not living in a house and charge up somewhere.

MR LINDWALL: Fair enough. Now, that's a - - -

MR FEATHERSTONE: But people do rely on phones for more than just making phone calls. They use it as a storage device for their - you know, for photos, for, you know, the

- as, like, a USB type thing, for a lot of their information, so phones have become, like, a commodity of choice where people use it for a whole range of things.

MR LINDWALL: I can imagine so, yes.

MR FEATHERSTONE: Obviously also connecting into Wi-Fi where there isn't mobile coverage, so people, you know, will have a phone, even though they live in a community that doesn't have mobile coverage.

MR LINDWALL: Exactly, but since you were saying that phones get replaced when they're damaged or broken, are they - what type of backups are they - people in remote Indigenous communities using to back up their photos, for example? Or are they using services which upload it to the cloud via the Wi-Fi?

MR FEATHERSTONE: Look, it's completely hit and miss at the moment. You know, there are no - there's no real infrastructure in place unless they, you know, happen to have a learning centre where someone understands that backup is important, so for the most part, yes, there isn't a backup system in place that I'm aware of that is across the board.

MR LINDWALL: Now, some of these Wi-Fi telephones - I understand there's something like - they're free, some of them, and they're 20 gigabytes a month limit or something. Is that right, or am I mistaken on that?

MR FEATHERSTONE: Different in (indistinct).

MR LINDWALL: Sorry, you'll have to repeat yourself again, sorry, Daniel. The communications are not perfect, as you know, so - - -

MR FEATHERSTONE: I think you've just summed up my presentation there, Paul. The - sorry - - -

MR LINDWALL: This is about the 20 gigabyte monthly limit or something like that, yes.

MR FEATHERSTONE: Yes, so each instance of the Wi-Fi is set up by different organisations according - you know, some of them have set up where they've got a daily limit on how much people can download per device. Some have, you know, where they turn off at a particular time of the day so that, you know, people aren't using all night, so kids go to school, for instance.

Some have a monthly limit. Some are on pre-paid cards, so you basically buy a card that gives you a certain amount of data, and then once that runs out you buy another pre-paid card. So it's sort of different in different instances, and the pre-paid card model is probably one of the simpler ones, but again, you know, what we've got an issue of is that some people are heavy users, they want to sit and download YouTube all day or (indistinct) and that's not the use for a Wi-Fi (indistinct).

You do need to in some way keep those Wi-Fi set up (indistinct) they are going to be available to, you know, a large number of people for basic use, and then work out a sort of a transition model for people who are heavy users to more of a billed service or an alternate service.

So that is an issue once people start to use, their usage of data goes up very significantly, and we do need to work out transitions that are affordable and manageable.

MR LINDWALL: Yes, that's exactly right. Now, given the time, I've just got a quick question about if we have flexible funding pools for remote Indigenous communities, how would you imagine them being best managed to get a good outcome for the people living there?

MR FEATHERSTONE: I'm not quite clear what you mean by flexible funding - - -

MR LINDWALL: Well, we've been saying that a more targeted approach, and allowing innovations in the way in which services are provided into remote Indigenous communities, might be a good way of improving services, and I was just wondering if you had any thoughts about how to encourage the innovation, which I think is already evident to some extent, and there have certainly been changes, but what more could be done, I suppose, sensibly, I guess?

MR FEATHERSTONE: Sure. Look, we encourage that type of thinking. Obviously every region in Australia has different types of needs, different usage patterns, and needs local on the ground organisations to play a significant role in the best way of delivering services, but without putting added pressure on them to become telcos, local telcos.

So I think it is trying to get the balance right there of some coordination of services, including, you know, roll outs of Wi-Fi and so forth, but also localised ownership and delivery of training and awareness campaigns, content development and so forth.

So I don't think there's a simple answer to that except to say that this isn't a new idea. It's been delivered under Networking The Nation (indistinct) Indigenous ability as a model, and we will - you know, there's some good learning from that as to what worked and what didn't work, but I think, you know, being able to localise the solution is a really important part of ensuring that Indigenous communities do get something that is going to work for them and that is not a one size fits all model again.

MR LINDWALL: No, thanks. Now, Daniel, Ruth and Lauren, do you have any final comments you'd like to make before we finish?

MS ELVIN: No, not (indistinct) what Daniel was just saying about the effect (indistinct) place-based, it would be essential that any funding model would require a very long-term outline rather than being subject to - you know, to - - -

MR FEATHERSTONE: The three-year cycle.

MS ELVIN: - - - the three-year cycle, electoral problem, which is one of the many problems of federal funding regimes (indistinct) one of the concerns about the loss of the USO (indistinct). So that is the only thing I wanted to add to that, other than thanks very much.

MR LINDWALL: Yes, please, yes, Daniel.

MR FEATHERSTONE: Yes, thanks, Commissioner, I agree with that entirely. You know, we've delivered some of these services in the different organisations I've done, and that three-year cycle, by the time you get three years into a project you're starting to get some traction and get it working, and then you've got to cut it and tell people they've got to start looking for their next job, and work out how to start looking for funding to deliver something to replace it, so it is a problem for us.

But you know, getting people into employment for us is a really important part of our work, and we see effective delivery of communication as being about empowering and building the capability of people on the ground so that they know how to educate and support people in their own community with, you know, both technical support, training, introduction to - or showing people how to access services using their devices and so on.

So I think an employment program is a really critical part of a flexible funding model that builds capability on the ground, and that's long-term investment in those people and ensuring that that work can continue to grow.

MR LINDWALL: No, that's exactly right, and both of those points are spot on, and in fact the Productivity Commission's mentioned it a few times, about programs being arbitrarily changed without properly evaluating their efficacy or just cutting them arbitrarily like that, so you're quite right, and thank you very much for your contributions today.

MR FEATHERSTONE: Thank you, Paul.

MR LINDWALL: Okay, bye then.

MS ELVIN: Thanks.

MR FEATHERSTONE: Okay, bye now.

(Call concluded. Call commenced.)

MR LINDWALL: Hello, Greg, hi, it's Paul Lindwall, how are you?

DR OGLE: Thanks, and Ross Womersley, the CEO, is here with me as well.

MR LINDWALL: Hello, Ross, how are you too?

MR WOMERSLEY: Hello, Paul. I'm good, thank you.

MR LINDWALL: That's good. That's the first time in my life that I've ever had a telecommunications problem. Now - - -

MR WOMERSLEY: Well, you've lived a very blessed life, Paul.

MR LINDWALL: I must have, yes, exactly. Now, could I ask you both to introduce yourself, because a transcript is being made, and I think you were told about that, and introduce yourself and then just make a bit of a statement as you see fit?

MR WOMERSLEY: So it's Ross Womersley. That's W-o-m-e-r-s-l-e-y, and I'm the CEO of SACOSS, and I'm joined by - - -

DR OGLE: Greg Ogle. I'm senior policy officer at SACOSS, and the policy area includes telecommunication affordability.

MR WOMERSLEY: So by way of introduction, first and foremost can we just say thanks for the chance to follow up with a conversation with you. You'd be aware that we welcome the draft report, and particularly its acknowledgement that access to broadband is a baseline for universal service, although we know other people might well talk to you about concerns for voice services in that paradigm.

We were particularly keen to talk to you directly because of our concern for vulnerable and disadvantaged people, and additionally work and insight that we developed through some work that we were commissioned to do by our friends at ACANN on telecommunications affordability. It wasn't published in time for consideration of the draft report, but we think that many of the insights that, you know, come from that are very important to the Commission and its inquiry at this stage.

In particular, I suppose under the broader heading of affordability concerns, our research led us to different conclusions about affordability issues. Essentially we don't think the USO discussion can just be about access and broadband with affordability being seen as an issue for welfare systems.

Our submissions put a number of qualifications on the affordability data in the draft report, and given our time I'm not going to go to those, but I am going to invite Greg to sort of take the conversation into a bit more of the detail, because he was the senior person in pulling together the more technical research that was undertaken and the process.

MR LINDWALL: Good.

DR OGLE: Thanks, Ross. Yes, look, the qualifications and queries we had are in our submission. They go to questions of affordability broadly. One of the key findings from our survey was that two thirds of the survey recipients - and these are largely Centrelink recipients - two thirds of those people said that telecommunications expenditure was one

of the top five factors in their household budgets, so we think that in itself flags the importance of affordability.

And I mean, the other - one of the other key things that came out of that survey was just that the telephone allowance really (indistinct). Clearly it's poorly targeted, it's inadequate, and it's not providing for affordable communications, and that gives rise to our concerns about, leaving the USO separate and the affordability issues (indistinct) system and the welfare system's clearly not delivering that affordability.

So we think that's why affordability needs to be more front and centre in the draft report. But even if you were going to continue the (indistinct) better dealt with outside of the USO, we would still looking for a much stronger commentary in the report, the final report (indistinct) supported a review of the telephone allowance, but I think we'd be looking for much stronger commentary about, based on our data at least, you know, these concerns that the welfare system is not providing for (indistinct) and that definitely needs to be a key outcome of (indistinct) system.

The other part from our connectivity culture report that we published that wasn't available to you at the time was market barriers that we heard when we did focus group work with low-income consumers. They were particularly concerned about the lack of affordability of mobile data, which really teased the use patterns, particularly as we know that a lot of low income people don't - mobile is their whole way of engaging online.

So there's a range of inappropriate billing (indistinct) hidden costs, lock-in contracts (indistinct) it all takes place through the minimum retail market, and my reading of the draft report was that it saw those as retail regulations rather than about universal service provision, but from the consumer's point of view, for low income consumers, they're all just other barriers before people access telecommunications.

And we accept that it may be (indistinct). You might still decide that those sort of retail issues are best dealt with through the Telecommunications Consumer Protection Code, and that was certainly where we went to in the connectivity culture report. We'd encourage you to leave in the final report a more exclusive consideration of some of those issues and the explicit naming of those sort of retail problems that need to be addressed in the code before you can say, "Well, that's retail, it's not about Universal Service Obligation." We need to be (indistinct) it will be taken up in the Code (indistinct) are actually a barrier to universal access.

Now, a final note by way of intro is, following from that, the sort of (indistinct) billing arrangement stuff may well best sit in the (indistinct). Not sure the same is true about the affordable data. It may well be in a slightly different category, and might well be looked at under (indistinct). But yes, that's by way of intro. I'll leave it there.

MR LINDWALL: Thank you for that, Ross and Greg. Now, I guess I'd start by saying that it's my understanding that the USO doesn't really have an affordability objective to it. It was always about availability of voice services. The affordability has been addressed through other methods, other policies, but I guess I'm asking, if you said that

the telephone allowance is not providing a fair and equitable form of support for affordability, what would you do with the \$600 million that currently goes to that? Is there a better way of allocating it that would improve affordability for people that you're talking to that are low income and disadvantaged?

DR OGLE: At a minimum we'd say that that \$600 is poorly targeted, because it's going to groups that - to some groups who have the least issues with affordability, and some groups who are having the most difficulties with - struggling with telecommunication costs (indistinct) the telephone allowance or are only entitled to (indistinct).

So at a minimum, it's poorly targeted, but I think we can also see from our research (indistinct) probably fits in with a much broader question about the adequacy of (indistinct) in order to - inadequacy of income support payments to allow people to afford basic services like telecommunications.

MR WOMERSLEY: And I guess - it's Ross here. I guess, Paul, that the interesting thing about the availability question is that availability is impacted direct by affordability, and I think that that's a - that's part of our worry about the way that we construct this discussion. There's a whole bunch of people for whom they are increasingly services that are unavailable simply because they're unaffordable, and we agree that there are different places where you might need to - and different policy areas where you might need to take that issue up, but in fact in this context it seems that it's front and centre to considerations because of the, you know, inevitability (indistinct) that availability is denied if you simply no - if it's unaffordable.

MR LINDWALL: So for a number of consumers of mobile phone contracts today are able to buy contracts, you know, monthly contracts which allow unlimited phone calls or unlimited text messages and so on. I would say - you'd probably say that many of the disadvantaged people are unable to afford those monthly contracts, and they're relying on pre-paid services, would that be a fair assessment?

MR WOMERSLEY: Some of them don't - so the interesting assumption is that everybody has the technology, full stop, so part of - so Ross here, sorry. Part of the issue - one of the issues for us is that there is - we tend to think that in fact everybody has access to all of these technologies, when in fact the reality is that that's not so.

But then you're quite right that there is a poverty premium, that in fact people who haven't got the means and resources will inevitably pay - and that's the stuff that Greg identified in the report. He might want to speak more about that.

DR OGLE: Yes, I mean, people will - there's one class of people who sort of, you know, for credit reasons might not be able to get pre-paid phones, so they're - they don't have that choice on pre-paid phones - sorry, they can't post-paid phones, so there's like the pre-paid phones that are more expensive.

Most of those sort of unlimited data things are actually post-paid. Yes. People - from our focus group work, people are using pre-paid as a way of impulse management,

so they're not being hit with bill shocks and data overruns and excess (indistinct) in doing that (indistinct) the data. Yes, so the feedback we got was clearly there's a whole range of different strategies and different technologies being used but a lot of the poor people that were in our focus groups were clearly on pre-paid phones.

MR LINDWALL: I read a study which said that about 90 per cent of the homeless people in Sydney had access to a mobile phone, which sounded very high. I mean, did you have any comment on that? Is that an outlier, or would you say it's credible?

DR OGLE: I think that's credible from - I think there's been a couple of studies from Anglicare, I think, off the top of my head, that suggest that that's the case, and that's partly because - and they'd be mostly pre-paid phones, because they're the ones you can get if you're homeless, or it's easier to get if you're homeless. It's the only way they get to stay in touch, because they haven't got a fixed line, so you know, family can contact them or whatever. So that certainly seems to be the experience of the frontline services.

MR WOMERSLEY: But there are some cautions in interpreting that data from my perspective, Paul. One is that people are standardly homeless for as long as they're homeless, and in a number of instances we know that there are now a number of programs that deliberately target that small group of people in the population who are rough sleepers and homeless to provide them with some of that technology for as long as they're in those circumstances.

We're not at all convinced that that translates to a wide range of other populations of people who might be experiencing some sort of hardship or disadvantage, and we don't think that, for example, the same level of penetration exists in poor people who might have found their way out of homelessness services into housing but in fact may still be unemployed and may still have major issues around their access to income along the way.

So I think we need to be very cautious about how we treat some of those specific populations, and how we interpret what that then means for what we can say about the more general population, if that makes some sense.

MR LINDWALL: Yes, no, no, that's fair enough. I was wondering if - you know, I'd imagine that a lot of households today have mobile phones in perfectly good working order that are sitting in cupboards unused because they've upgraded to newer ones. Are you aware of any programs or projects in community groups to try and get these unused mobile phones out to low income people who can't afford a mobile phone, for example.

DR OGLE: I think we know that (indistinct). I'm not so convinced about the - so we know that there are a number of charities that are doing work where they're gathering mobiles and recycling them into places like Africa, and we know that there are some examples of where there might be groups at a local level who do those collections of other people's unwanted, but there are some constraints around that stuff. There's a lot of anxiety generally about handing some of those things on, second-hand electronics and second-hand electrical equipment, because of worries and fears about risks that might

give rise if they go haywire. So there's kind of mixed cautions about that stuff at the moment.

MR LINDWALL: You mean about things like a battery blowing up or things like that?

DR OGLE: Yes, or the, you know, electrical cord breaks but (indistinct) - you know, any of those processes. So there's some of that risk management stuff that means that a number of organisations may very deliberately veer away from recycling those kinds of things, because they don't have the resources, necessarily, to be sure that they're providing a really good piece of equipment to somebody, so - right.

MR LINDWALL: Yes. Now, one of the things that I would have thought would be, particularly in urban areas, that would be helping affordability, I would have thought, are the rollout of free Wi-Fi hotspots that a lot of city councils are now doing. Surely that's not a bad way of addressing some of the affordability issues which you mention.

MR WOMERSLEY: Yes, we think that's absolutely useful, particularly - and it's essential in terms of enabling people to access some of those basic services, and I suppose we've argued pretty strongly that most of the government services ought to enable that kind of access on a regular basis in order to ensure that people can interact with them freely and cheaply.

DR OGLE: The other thing, I guess, is those sort of, you know, public free Wi-Fis are great for affordability, but we haven't actually done the mapping, but we suspect they're probably also clustered in inner city areas. You know, Adelaide, where we live, is - the CBD should have free Wi-Fi access everywhere, but those who are unemployed are clustered in the northern suburbs and the far south suburbs, and that sort of free Wi-Fi access is probably less in regional areas as well. So that free Wi-Fi is part of the affordability and access, but it's limited.

MR LINDWALL: I mean, as you say, what you said earlier and also in your submission, you said that the market lacks suitable product offerings for those on the lowest incomes. What type of policy intervention do you think would make those type of offerings available? We're talking here obviously of pre-paid services versus post-paid services, I guess, amongst other things.

DR OGLE: The short answer is we don't know. You know, I think if you went back to when we did the service obligation was there because there were some - look, there were people who couldn't, you know - sorry, where am I going? If you go back to what the Universal Service Obligation was doing, it was going to - we're going to pay the company to provide services which would otherwise not be economically or commercially viable, and if you use that same logic in this space, it might be that you use the bucket of money from the Universal Service Obligation to subsidise the offering of data for particular plans.

Now, I don't know whether that's the answer, but it just - I guess we know what - we know it's a problem, and it sort of fits the logic of the Universal Service Obligation that

there might be, you know - which is about recognition of the need to fund things that aren't commercially viable in the market.

So yes, beyond that, though, the detail of how that would work, I (indistinct).

MR WOMERSLEY: And I suspect there are better brains available who might be able to provide that kind of insight, knowing the telecommunications business a bit better than we do in that context. Part of the worry that we have about making some of those recommendations, Paul, is that (indistinct) negative outcome about (indistinct).

MR LINDWALL: Sorry, could you repeat yourself? That last 10 seconds or so has been a bit garbled thanks to the quality of our telecommunications.

MR WOMERSLEY: Maybe it was the quality coming out of my mouth.

MR LINDWALL: No.

MR WOMERSLEY: All I was really saying is that we are cautious in coming to the recommendations about what might (indistinct) because we don't know the market really well, enough to be able to protect from making recommendations that would have unexpected dramatic negative effects on the arrangement.

MR LINDWALL: Yes, fair enough, yes. I think in our - one of - your submission also was slightly critical of our draft report's focus on the affordability of telecommunications because of the distinction between essential and non-essential services not being clearly drawn, and I think you said that it accentuates the digital divide. How would you - what type of services or hardware would you consider in respect of affordability for essential services?

DR OGLE: That's another really good and deep question, I suppose. It's interesting when we begin that discussion about how the world is evolving and issues of inclusion and exclusion, what we're increasingly aware of is the digital world which is creating, you know, another point of division between those who access and have access to the good things in life and those who don't.

So I suppose we just continue to particularly worry about the growth - so when it comes to things like the rollout of NBN, you know, we know that in lots of instances we may now have the NBN rolling past people's houses, but there's a whole bunch of people who will simply not be able to afford to access that facility, and they won't access it, and that may go on for many years to come, just because it's out of their price range. And so as a result of that, the convenience and ease with which they're going to be able to interact with the world and to benefit (indistinct) substantially reduced in contrast to the neighbour that has the means by which to access those things.

And so what we see is this kind of growing chasm, and we're still not quite sure how it belongs in the (indistinct). I would say that the (indistinct) in our submission was just around the discussion around the (indistinct) inclusion index, the Australian inclusion

index, which we read thoroughly, and yes, to sort of critique those - I think the draft report was a bit critical of it on the basis of not making that distinction, and as you can see from our submission, you know, where to draw the line is, as Ross said, that very, you know, (indistinct) and constantly changing.

One of the pointers we would take would be the sort of work from (indistinct) where they've done I think six yearly surveys of people about what are the sorts of things that are essential, and you know, pretty clearly it's about mobile phones rapidly going up the list in terms of how (indistinct) they are, so you know, that might be (indistinct) because clearly mobile (indistinct) you know, actually a form of (indistinct) whether it's a laptop or a computer might be - you know, as I said in the (indistinct) you know, we're probably not there, because (indistinct) probably not as essential, but you know, it's not the same - it's not the category and approach we use to defining other essential services either, so I'm just not sure that it's that crucial to define, you know - - -

MR LINDWALL: Okay, yes. Could I ask about - because we're running out of time, and so - about your view on payphones? And you saw in our report we said that - in our draft report, we should phase them out because they're being replaced - not being used very much and becoming redundant with other technologies. Would you like to comment on that for the record?

DR OGLE: Look, it's not something that came up in our research, so I'm not sure that we're particularly well qualified to comment on that.

MR LINDWALL: That's all right.

MR WOMERSLEY: I guess the interesting thing for - Ross here again - is to go back to that assumption that everybody has access to these things, and so as we move - as the world evolves, we do increasingly believe that everybody has a means of telecommunications available to them, and often multiple means of telecommunications, and I'm sure that that's true for a large number of people, but in our experience (indistinct) that simply aren't engaged in that way, and so the question about things like technologies like payphones then becomes a really - you know, as we remove them, particularly in areas where there might be people with limited means to access those new other technologies, it places them in a position where they have reduced opportunities to stay connected to the world in that context, and to raise alarms and, you know, be able to keep connected to family and not be socially isolated and all of those (indistinct).

MR LINDWALL: Thank you, Ross and Greg. Do you have any final comments before we conclude?

MR WOMERSLEY: I don't think so. Good luck with the next bit, I think. And you know, I think from our perspective, I think you've captured the essence of the things that we were particularly concerned to ensure you understood and, yes, we'd be pleased to have further conversations should you want to come back to us with ideas or questions at any point in the future.

MR LINDWALL: All right, well, I much appreciate - - -

DR OGLE: And my final - - -

MR LINDWALL: Yes, please, yes.

DR OGLE: And my final note would be to congratulate you to actually venturing to Port Augusta to do consultation, and good luck in the 45 degrees.

MR LINDWALL: Thank you very much. Okay. Hopefully the electricity won't fail. Bye then.

(Call concluded. Call commenced.)

MR LINDWALL: Hi, is Kylie there?

MS CAMP: Speaking, thank you very much, Commissioner.

MR LINDWALL: No, no, it's Paul here. Yes, how are you?

MS CAMP: Good thank you. Yourself?

MR LINDWALL: Quite well, thank you, yes. Now, would you like to, for the - this is - obviously a transcript is made, so if you could just introduce yourself and then make a statement as you see fit?

MS CAMP: Thank you very much. First I'd like to say thank you for the opportunity for us both to submit and to speak to you online. My name is Kylie Camp, and my husband Ernie and I live on a cattle property 71 kilometres from Burketown in the Gulf of Carpentaria in north-west Queensland. Our property is 240,000 acres in size and employ three to five employee type contractors depending on work and time of year.

We have seven phone lines and three internet connections, with another two pending. We have intermittent mobile coverage at night at the station complex, but none on the rest of the property. We spent approximately \$12,000 just to secure that intermittent coverage, including starter tower, illegal boosters, antennae, et cetera.

Two of the land lines are located at mustering camps located 20 and 35 kilometres respectively from the homestead. We have also invested several thousand putting a UHF repeater and have a sat phone for backup as well. So we have taken this multi-layer communication strategy approach given the size of our property and our need to ensure as best as possible health and safety of ourselves, our family, our staff, and we also need to provide services to meet the communications of our staff.

We have four children and they all undertook their primary education via School of the Air before heading to boarding school. One of our children is autistic and has other

additional learning difficulties that require greater support, and for several years when all four were in the classroom we were doing 35 phone lessons a week just for school.

Landlines are vital to our everyday life. We use the telephone for business, marketing, selling our cattle, goods and services, enquiries, purchases, health and safety all over our property, contact when out at the mustering camps, because they'll go out there for a week, 10 days at a time, and I'm left at the homestead by myself, so that's really important. Health. The RFDS. And just not for emergency, but every day - well, not every day illnesses, but for non-emergency calls. Health centres at both boarding schools my children attend, I also interact with those.

Social connectedness. The children are at boarding school, boarding school contact. Our children, one is at uni, one is working, supporting them. Friends, extended family. And community involvement. My husband and I are involved in the community in several organisations locally, regionally, further afield.

My husband is mayor of our local shire, and he has additional responsibilities as the chair also of the local disaster management group and chair of Gulf Land Development, a regional development body for the southern Gulf region. He's also chairman of a national agri-political body, and involved in the national implementation committee convened as a result of an ARAT inquiry into the grass-fed beef industry.

I've been on ICPA Queensland state council for the last four years, and I was the president of our local branch for six years and am currently president - vice president. I'm chair of our local RADF committee and was vice president for the north-west division of QCWA for a period as well.

Many of the meetings, including local government, when the wet season impedes our road access, are all held by teleconferences. We only have access to satellite internet. The Sky Muster satellite, which is offering the most data, is the most problematic of all the satellite offerings we've had to date. Frequent outages, cloud shading, happens more often and lasts longer.

History is littered with examples of what happens when eggs are put in one basket. By moving reliance onto one method, as mooted potentially in the draft report into rural telecommunications, we are concerned that we place at risk our ability to successfully meet business, health, education, community and individual connectedness expectations now, and, given the limited capacity of satellite and the growing hunger for data and information, going forward.

Now, we accept that there's consequences associated with choosing to live and work here in remote Australia, and we do not accept having to put our health and safety at risk by having inadequate and reliable access to a suite of telecommunications services, nor do we believe that most Australians would think that that would be acceptable.

So in summary, we believe that quality telecommunications services in regional, rural and remote areas must be comparable to those available in urban areas; similar reliability,

economy, features, voice quality and data; access to fast, reliable and affordable two-way voice and data communications available to all communities and households for education and health services; that mobile phone service coverage increases throughout rural and remote Australia; for those who have no mobile coverage, a mandated right to a fixed telephone service and a reliability guarantee is essential; that there is assurance that investment in the NBN fixed wireless network will continue to ensure that capacity of the NBN satellites is best managed; and that TUSO be expanded to include data, be regularly revised to reflect increasing needs and demands in usage, that penalties for not meeting the TUSO and CSG be increased, and that they be more vigorously enforced.

The primary objective of the USO should remain the protection of those most vulnerable, including Australians already struggling with inadequate telecommunications in regional or remote areas. Services which are proven reliable and affordable must be maintained until alternative and improved services are established and methodically tested. The government has a fundamental obligation to ensure telecommunications standards are constantly improved in line with the increasing social and economic importance of these services locally, nationally and globally. Thank you very much.

MR LINDWALL: Okay. Thank you, Kylie. Now, could I ask you - I grew up on a farm, but it was only about 2,000 acres, not 240,000 acres, but a lot closer to a large city too. Could I ask you, before Sky Muster - and we'll talk about Sky Muster a little bit - but before Sky Muster, how did you get broadband?

MS CAMP: We were on previous satellite offerings, so we had ISS service put on that was in our (indistinct) tower, and at the homestead for our use we had, and we still have, an ABG service.

MR LINDWALL: Okay. And before the ISS, you wouldn't have had any satellite service, I suppose. Was that when it was first introduced?

MS CAMP: Well, we had the ABG, which was the one before that, and then we had the - we've been on satellite since that original Telstra rollout where you could get one gig a month.

MR LINDWALL: Okay, yes, yes, yes. But what are your views on Sky Muster? I mean, the NBN would say that there are some teething problems because it's being rolled out and, maybe there are issues with the quality of the satellite installation at your premises, but what do you think about that?

MS CAMP: I think there's certainly teething problems, but not just - I think more - not just requiring general dentistry work. I think we go on to say that it needs specialist orthodontic work at the very least. It just - I don't have a day when I don't have at least half an hour - and sometimes I've been up to eight hours with nothing. And that happens to me every day.

MR LINDWALL: Does it?

MS CAMP: And in the three services we've got here currently, in three different buildings, it is the same on each of the connections. There's separate connections, and the same, and it has to be - I reset mine twice yesterday. Our head stockman sometimes has to reset it two or three times a day, and in the other one, yes, it was also a regular occurrence to have to constantly reset, to try and re-establish a connection, and sometimes you couldn't.

And certainly in rain - like, I live in the north of Australia. The wet season is thankfully upon me. The slightest inclination of rain - not even here, but somewhere, because it could be blocking the spot beam - and my internet goes out, and we have satellite TV as well, which is also affected by cloud shading, but the internet will go out before the TV and it will stay out after the TV resumes, so it's certainly much more sensitive to cloud shading.

MR LINDWALL: Did you have the same issues with - okay. Did you have the same issues with the other satellite services, ABG and ISS?

MS CAMP: I mean, yes, they would go out, but they weren't as sensitive, no.

MR LINDWALL: Okay, yes, all right. Now, as to your phone lines, how are they provided? Via digital radio concentrator, or some other form of - how - - -

MS CAMP: Yes, digital radio concentrators. So with the seven phone lines they're all - yes, got their own little stand-alone - you know, powered by a stand-alone battery and solar panels with their own individual antenna.

MR LINDWALL: And how reliable have they been? I mean, do they go out at once or do they individually go out?

MS CAMP: Well, on - well, it just depends on what causes the outage. So it could be something as simple as - like, for example, we've had ants in the system, so they touch the connections and it shorts it out. It could be - so that's just one particular tower. So at the station here, they all feed off one tower, but at the two mustering camps they each have their own tower, so sometimes one of those can be out but the rest can be in, or it could be a blanket, particularly with extended cloud cover, because they don't get enough sun to charge the batteries.

So I mean - and that's - you know, that's - and that's normal, and I accept that that goes out, but it's also, I think, things potentially getting worse because Telstra has reduced the amount of people that are capable of servicing these, you know, the amount of equipment available to repair and replace. I mean, they're not making new. They have to - you know, commercially available. They have to either make something themselves or upcycle or whatever, or come up with something themselves to replace, but we are seeing more things, because - and that's why I'm saying the TUSO needs to be strengthened and enforced more vigorously, because we are seeing more outages.

And we also expect them in the north because when the - you know, the nature of the dry, the black soil, it moves, the wet comes, the ground swells, those towers move, they get out of alignment, there are lightning strikes. Those things aren't uncommon.

MR LINDWALL: So what's the long - sorry, go on.

MS CAMP: But you know, then we've got - sorry?

MR LINDWALL: No, please, go on.

MS CAMP: No, you're right, sorry.

MR LINDWALL: I was just going to ask, what do you think would be the longest period you've been without a telephone service, in your memory?

MS CAMP: Three months.

MR LINDWALL: Three months?

MS CAMP: Three months.

MR LINDWALL: And so, in that period, and presumably - did you have any internet coverage during that three month period?

MS CAMP: No, because that was in the days pre-internet.

MR LINDWALL: Okay, yes, yes. And so what did you use, HF radio or something? I mean, what was the alternative?

MS CAMP: UHFing the neighbours, and that was about it. It was an interesting time, because we were getting married at the time, and my husband - or my husband-to-be was back in town, and I never knew if my groom was going to turn up on the appointed day at the appointed hour.

MR LINDWALL: Yes, well, that would have been frustrating indeed. So did you get a compensation under the USO, the consumer service guarantee, for that outage?

MS CAMP: No. But one of the reasons that outage was so extended at the time was that there was no one in Queensland authorised to get a helicopter - to authorise the use of a helicopter to get a technician in, because it was the wet season.

MR LINDWALL: Yes, okay. Yes.

MS CAMP: And so, you know, that's a problematic, as well, aspect of things, and thankfully I think they have fixed that, but what you also have now is a paucity of local service repairers who are qualified to work on these. We've got two technicians in a

town 165 kilometres from me, and they service an area nearly the size of Victoria. Two people.

MR LINDWALL: Yes. I can - I've heard that type of story before. Now, Kylie, have you got any final comments you'd like to make?

MS CAMP: Just - more or less I just think that, you know, a lot of - like, I read the overview et cetera et cetera, and a lot - I notice a lot was made of fixed and - you know, and the NBN, and a lot of the options, but I think we never - you know, in all realism, we are never going to have a full suite of telecommunications to be truly metro comparable.

But what we do need to run our businesses, educate, et cetera, is just reliability. Now, it's always going to be problematic with our landlines because, again, the nature of where I live, but what I need therefore is to have a suite. I need to have internet, I need to have voice, but I need to have them separate. I need a separation so that I have - most times - because I have had occasions where both have gone out, but then you rely on UHF and neighbours, in case it's not a blanket outage, and we also have the sat phone for emergencies.

But you know, we need a full suite of telecommunications in order to have a multi-layered response and to have that safety margin. And that's really important, I think, and I just think, you know, more and more, you know, it's a much used adage, but closing the gap, for all kinds of reasons.

Technology is the real key to doing that, and there's - you know, we've got to have multiple ways to deliver that technology in order to close that gap and let everyone reach their potential personally, professionally, and let our businesses also reach their potential, I think.

MR LINDWALL: Well, thank you very much for that, Kylie, and have a good day.

MS CAMP: Thank you very much. Once again, I appreciate the time, and I look forward to seeing the findings in the end.

MR LINDWALL: Great. Bye, then.

MS CAMP: Thank you, bye.

(Call concluded. Call commenced.)

MR LINDWALL: Hi Bruce. This is Paul Lindwall. How are you?

MR WILLIAMS: G'day, Paul, I'm well, thank you. How are you?

MR LINDWALL: I'm fine, thank you, yes. How's Launceston today?

MR WILLIAMS: Actually it's a fine sunny day, even a little bit warm, for us.

MR LINDWALL: I was there earlier in the year. It's a nice place.

MR WILLIAMS: Yes, yes.

MR LINDWALL: Now, Bruce, would you - because it's being recorded for a transcript - is Leanne there as well?

MR WILLIAMS: Yes.

MR LINDWALL: Okay. If you could both introduce yourselves - - -

MR WILLIAMS: No, look - - -

MR LINDWALL: Sorry?

MR WILLIAMS: Hello, Paul?

MR LINDWALL: Yes.

MR WILLIAMS: Hello, Paul? You dropped out there for a second, but unfortunately Leanne can't be at the hearing today, but my name is Bruce Williams, I'm the economic development officer for the City of Launceston.

MR LINDWALL: Great, all right, thanks, Bruce. Could you make a bit of a statement as you see fit now?

MR WILLIAMS: Okay, so this is a submission?

MR LINDWALL: Yes.

MR WILLIAMS: The statement from council is largely about just trying to describe for the Commission and provide some understanding of our municipality and some of the challenges that we face here, and opportunities.

So I wanted to provide a little bit of a context about Launceston City. The city is composed of a rather large rural area to the north-east of it which is about 78 per cent of the municipality in area. This area of the city has a total population of 2,745, and it comprises Lilydale, Nunamara and Upper Blessington, so basically it's a rural landscape, very, very hilly, and the population is relatively dispersed.

So the population of 2,745 people is 4 per cent of our city, and a bit of demographic information, we have - in the City of Launceston we have a larger proportion of aged population, so the population for the rural sector that I've just described is about 38 per cent of the population is above 50 years, and 7 per cent greater than 70 years.

So I just wanted to provide a little bit of demographic background. The other one that's important in relation to that is that it's a relatively disadvantaged area. It has a SIPA index of 989, which puts it in the more disadvantaged areas of Australia in terms of economic and social disadvantage context.

The other things around the people that live in this area are that 50 per cent have no qualifications, 53 per cent have a schooling year of year 10 or below, 4 per cent of the population require assistance with care activities, and 40 per cent of households have children.

One of the other issues in relation to NBN and internet connections and use of landline phones is that 70 per cent of households in this area have internet connection, but 95 per cent have either broadband or dialup, because there are not alternative services.

So the main point of us appearing today was really to just point out that in this area, which is the largest proportion of our city, we have quite poor mobile phone coverage, and there aren't alternative connectivity for other mechanisms, so we have some challenges in terms of black spots. We have a number of black spots, and we also have challenges in the actual reception that you do receive. So in many cases the mobile phone will be only on one or two bars and can drop out.

So to put a context on that, just a personal context, I drive 25 kilometres from the City of Launceston to my home in Karoola, and on that journey, which is the main road out to Lilydale and to the north, there are at least two places in that - along that drive where the mobile phone reception completely drops out. So you get used to that, but it is a significant problem in issues where you have emergencies, emergency services for fire or flood or in crisis situations. You've got large parts of the municipality that are not connected.

And recently just on the weekend I went to purchase hay from a neighbour in the area, and on two occasions he had mobile reception but it dropped out.

So the point of the appearance of today is that we just are concerned that some consideration is given to what the impact might be if there was to be a cessation of landline services to a rural area like the north-east of the Launceston City, and the impact that may have on the residents, both in terms of their ability to communicate, to do business, to be able to respond to emergency situations, and also the other issue in terms of the fact that the economic status of the people is relatively disadvantaged and the education standards are low. It actually can make it more difficult for people in that area to access education, development and training.

So that is largely the case we want the Commission to consider and recognise and deliberate on in whatever finding that you end up reaching at the termination of these processes of interacting with the community.

MR LINDWALL: Well, thanks, Bruce. Could I ask the extent to which the NBN is used in the City of Launceston and the surrounding area that you mentioned, with the 2,745 residents?

MR WILLIAMS: The NBN use?

MR LINDWALL: Yes, the NBN.

MR WILLIAMS: The NBN use - I don't have exact figures, but the NBN in Launceston is now fully connected to the urban centre of the city, so NBN connections for the area that I'm talking about in the rural east is 70 per cent, but that's via landline connection.

So the whole of the urban centre of the urban centre of the Launceston City, which would be around about 60-odd thousand people, 40,000 households is fully connected to fibre. So we're very well serviced in that section of the city, but the rural area is certainly not.

MR LINDWALL: Is the rural area getting covered by fixed wireless or satellite? Which is the type of coverage that they're getting in the rural area from the NBN?

MR WILLIAMS: Well, there's a little bit of both, but the area is so hilly that it's not - you know, it's not effective. That is the problem.

MR LINDWALL: I mean, I'm not sure I understand. Isn't it the case that the NBN's supposed to be provided to the premise, and by whatever means that is cost effective, and I would have thought once you have an NBN connection, if it's satellite, well, the hilliness doesn't really affect it, I wouldn't have thought, and as for fixed wireless, wouldn't it be designed to provide a reliable service to the premises?

MR WILLIAMS: Look, I honestly don't have the data on the effectiveness of the satellite. It may be the issue that the city area of rural east of Lilydale, that it's just that - they've only got 70 per cent of households having net connection, so part of the issue may be that people haven't looked at their options for connecting up.

MR LINDWALL: Fair enough, yes, exactly.

MR WILLIAMS: So it would seem to me that either way, the majority, 95 per cent, are using broadband or dialup, that there's not, from what I can understand, a significant connection to the satellite service at this point in time.

MR LINDWALL: So when you talk about broadband and dialup, I assume you're talking here about ADSL services over the traditional copper line?

MR WILLIAMS: Correct.

MR LINDWALL: Yes.

MR WILLIAMS: Yes. Yes. Sorry.

MR LINDWALL: Okay. But you would expect that if someone's moved from the copper line to fixed wireless that they're getting a service better than the ADSL?

MR WILLIAMS: Look, I'm not sure. I couldn't comment on that.

MR LINDWALL: Yes, no, fair enough, all right. Could you perhaps comment on, Bruce, the Mobile Black Spot Program, and how it's being used by the city and its surrounding area?

MR WILLIAMS: Look, my understanding is that our biggest challenge is we still have existing black spots, and that there hasn't been a significant, you know, impact on those. What I understand from the emergency services area is that they have to do work around for the black spots, and the other issue is, see, I have two mobile phones out where I live. The G4 mobile phone doesn't work or drops out, whereas the more modern ones will actually work, so there's - yes, it's still a major issue, just in terms of the fact that the technology doesn't work particularly well.

MR LINDWALL: Okay, and given the number of elderly people in the area, which I think you said was quite a lot - well, it was - did I write it down somewhere? Anyway, a fairly high percentage of - 7 per cent of people over 70 and 38 per cent of people over 50, but particularly those over 70 - - -

MR WILLIAMS: yes.

MR LINDWALL: Do you have any knowledge about how much they're taking up mobile phone usage when they've got coverage?

MR WILLIAMS: No, I don't have any data on that, I'm sorry.

MR LINDWALL: No, that's all right, that's all right. Is there anything - - -

MR WILLIAMS: I guess our assumption is - which might be incorrect, but our assumption is generally that whilst there are - you know, there's a proportion of elderly people who take this up as fast as young kids, there's a general view that the take-up by the elderly is less than the general population.

MR LINDWALL: Yes, I think that's absolutely right. Yes, you're quite right. There are some elderly people who love it, and others who - like my mother, who refuse to use it. So - and Bruce, have you got any final comments you'd like to make for us?

MR WILLIAMS: No, not really. I think, look, the main point is we just want to point out that in our situation there are some significant black spots or poor reception areas, and that I think there's a heavy reliance, especially in that rural area, in regards to fixed lines and, you know, that that could impact them if that impacted the service for fixed lines.

MR LINDWALL: Okay, well, thank you - - -

MR WILLIAMS: Which could be quite detrimental. That's the main point for consideration, I think, by the Commission.

MR LINDWALL: All right, well, I appreciate that, Bruce, and thank you very much, and have a great day for the rest of the day.

MR WILLIAMS: Okay. Thank you. Thank you. Thank you for your time and your consideration, Paul.

MR LINDWALL: Bye then.

MR WILLIAMS: Okay, bye bye for now.

(Call concluded. Call commenced.)

MR LINDWALL: Hello, Lachlan? It's Paul Lindwall.

MR GALL: Hello, Paul, how are you.

MR LINDWALL: I'm very well. And yourself?

MR GALL: Here near Broken Hill, in a word, hot.

MR LINDWALL: Yes, I'm looking up the forecast now. It says winds north to north-easterly, 20 to 30 kilometres per hour, 43 degrees.

MR GALL: That's pretty much what we've got.

MR LINDWALL: Yes. I'm going to Port Augusta later today, which is apparently going to be 45 degrees tomorrow, so - - -

MR GALL: Yes. I understand that to be the case, so that should be fun for you.

MR LINDWALL: Yes. Well, that's life. Lachlan, would you like to - - -

MR GALL: Yes, it is summertime in Australia.

MR LINDWALL: Exactly. Now, Lachlan, I think Ish might have mentioned to you that we have a transcript being made, and it will be on our website.

MR GALL: Yes.

MR LINDWALL: So if you'd like to just state your name and just say what you wish to say, and then I can ask a couple of questions and that will be perfect.

MR GALL: Okay. My name is Lachlan Gall. I live at Languera Station, 120 kilometres north-east of Broken Hill, and I am the President of the Pastoralists Association of West Darling. That is an agricultural group that represents members drawn from remote locations in far-west New South Wales.

Now, in this region our members are currently serviced by the Next G wireless link system for telephone and, in the majority of cases, internet as well, and our members are well aware of the rollout of the NBN and the potential to connect to the NBN via satellite for internet services.

But by the same token, we are extremely concerned that this review of the Telecommunications Universal Service Obligation may see our standard telephone service removed in the fullness of time. This is on the basis of the fact that we understand that the NBN satellite service is not reliable and we require a reliable telephone service to conduct our businesses and for contacting emergency services when required.

MR LINDWALL: Okay, is that - did you want - that's what you wanted to say, obviously. Could I ask a bit about the Next G wireless link? The people that you deal with around Broken Hill, would they also be on a digital radio concentrator, or even copper? I assume Broken Hill itself might have some services such as that?

MR GALL: Well, within the City of Broken Hill I understand that blocks would most probably be connected by copper, but that the digital radio concentrator to which you referred was a predecessor of the Next G wireless link system.

MR LINDWALL: Yes.

MR GALL: We started out with a DRCS around about 1990, and then we migrated over to CDMA, and then we've been migrated over to the Next G wireless link system, which for purposes of telephone calls is quite a reliable system, and much more reliable than my own Telstra BigPond satellite internet connection.

MR LINDWALL: So is that what you're speaking to us now on? The Next G wireless -
- -

MR GALL: On the Next G wireless link system? Yes.

MR LINDWALL: Okay, yes, and so it's quite reliable and you've been quite happy with it. How does the pricing of it work?

MR GALL: The pricing in regard to the monthly billing?

MR LINDWALL: Yes, well, I mean, Next G wireless provides internet as well as telephone, so is it a bit like a mobile phone contract, or how does it - I'm just curious, that's all.

MR GALL: Yes, yes, that's the case, as I understand it. The monthly bill comes in with a breakdown to the standard telephone service component of the bill, and also an internet component and also, for example, the fixed line component and so forth.

MR LINDWALL: Okay, yes, yes. And your - the handset for that is a fixed line, is it?

MR GALL: Yes, it's pretty much got the appearance of a standard fixed telephone that you would find anywhere in a house in Australia.

MR LINDWALL: Yes, yes, and you said I think you're about 120 kilometres north of Broken Hill?

MR GALL: North-east, yes, that's correct.

MR LINDWALL: North-east. And what's the - well, how far do you have to - I assume you don't get mobile phone coverage there. Maybe you do. But what's the nearest area that you'd get mobile phone coverage?

MR GALL: We actually do. That's one of the features of the Next G wireless link system, that it does provide a degree of mobile service, and some of the individual towers on property that communicate back to the backbone towers throughout the region have in themselves a little antenna that provides good mobile service in the general vicinity of station homestead.

Away from that, the service is patchy. It's a lot better with car kits, which is good for people like truck drivers and stock and station agents, and it is certainly much, much better than the old party line system that we had prior to 1990, and many properties in this area didn't even have a party line to contact the outside world with, so they were limited to a Royal Flying Doctor Service HF radio connection.

MR LINDWALL: Yes, yes.

MR GALL: So what we've got now is a lot better than what was being used in this region only 30 years ago.

MR LINDWALL: And for the record, for the people who are sitting in here who are too young to realise what "party line" means, that means that your neighbours can listen in to your phone conversations, if I'm not mistaken?

MR GALL: That's correct, yes, yes, so - - -

MR LINDWALL: There are no secrets.

MR GALL: Yes, that was one of the things that was talked about in regards to party line, was that people tend to know each other's business if they were so inclined.

MR LINDWALL: Yes, yes, yes.

MR GALL: But we don't have that now.

MR LINDWALL: Now, finally I just wanted to ask about - it sounds like you haven't taken up the opportunity to - or maybe you haven't got round to it - the NBN satellite service. Is that - given that you're getting the internet through this Next G wireless link, would you also consider getting a satellite service or not?

MR GALL: Yes. Yes, I would. Here on the station there are two houses. There is one house that is serviced by Next G wireless link data, and my house has an internet service which is through the Telstra BigPond satellite.

Now, the Next G wireless link system has a precedent for voice calls over data, so especially in recent years with the advent of smart phones that are extremely data hungry and travellers up and down the highways are using these devices, the internet service that is available through the Next G wireless link system is fairly patchy.

So I would imagine that on that basis there will be a lot of Next G wireless link internet subscribers in this region that will eventually migrate to NBN Sky Muster once NBN Sky Muster is reliable and, yes, we're well aware of the list of reasons as to why the NBN Sky Muster satellite service is not reliable, and no doubt you're aware of those. I can go through them if you like.

MR LINDWALL: Yes, no, I've - yes, I'm aware of some of the issues about teething problems and rain fade and all sorts of things like that, so if you haven't got the NBN satellite - so you really haven't experienced it, I suppose. Now - - -

MR GALL: I do understand the problem of rain fade, because I get that in my house with my Telstra BigPond satellite internet connection, so yes, it's important to me that we have a standard telephone service, because that is our lifeline to the outside world over and above the main tool we use for running our business, to be able to make contact with emergency services when we need to, and the NBN satellite service has got one or two problems that I don't think it's possible to totally solve in regards to providing a reliable telephone service.

MR LINDWALL: Now, Ish has just passed me something saying that you tried to put in a submission but your computer crashed, so did you want to - - -

MR GALL: Actually, yes.

MR LINDWALL: If you still wish to proceed with putting in a submission or statement, whichever you wish to, once your computer's back in action, I would be quite happy to take it, of course.

MR GALL: Yes, yes, thank you. I've been speaking to your staff member in Canberra, and she is expecting a submission from me early next week.

MR LINDWALL: Well, good luck with getting your computer fixed. Lachlan, did you have any final comments you'd like to make before we conclude?

MR GALL: Just reviewing my notes here. The Next G wireless link system is not subject to a customer service guarantee, so when there are problems that do happen with that Next G wireless link system, sometimes they do take a fair period of time to be fixed. Now, I'm concerned that the NBN will not be subject to a customer service guarantee either, so I think it most important to retain the telecommunications universal service obligation in regards to providing a standard telephone service to people in remote and rural and regional locations, and there also has to be some mechanism by which both standard telephone services and the NBN services are fixed in a reasonable timeframe in the event of a breakdown.

MR LINDWALL: Well, Lachlan, that reminds me - - -

MR GALL: After all - - -

MR LINDWALL: Yes, please?

MR GALL: I was just going on to say that in the region is where the powerhouse of the Australian economy operates, agriculture, mining and tourism, and to operate safely and effectively, we do absolutely need a reliable telephone system, and secondary to that, we do need a reasonably acceptable level of service in regard to internet data provision.

MR LINDWALL: Lachlan, that reminds me that you were originally on the DRCS, and then you moved to CDMA.

MR GALL: Correct.

MR LINDWALL: Both of which I think are covered by the consumer service guarantee, and then you were moved to Next G wireless.

MR GALL: Yes.

MR LINDWALL: So how - just - do you remember the transition from CDMA to Next G, why the former had the CSG and the latter didn't? Did you have to sign something to - - -

MR GALL: I beg your pardon, I missed that. Beg your pardon.

MR LINDWALL: So your earlier systems, the DRCS and the CDMA, would have had a consumer service guarantee, and then you must have - - -

MR GALL: Yes.

MR LINDWALL: Telstra presumably came by and said, “We’ve got this new system called Next G wireless, would you like it? But you won’t get a consumer service guarantee.” How did they manage that interaction with you, do you recall?

MR GALL: I wasn’t here at the time. Indeed, my father would have handled that transfer to Next G wireless link. But it wasn’t a case of Telstra offering these in terms of “would you like”. It was a case of Telstra saying, “We are now upgrading or migrating to this new system, Next G wireless link, whether you like it or not, and if you want it you have to sign away your customer service guarantee.”

MR LINDWALL: I see, all right.

MR GALL: And of course, we wanted a standard telephone service, so we had no choice, as I understand it, to sign away our customer service guarantee, otherwise we wouldn’t have a standard telephone service at all.

MR LINDWALL: That’s very interesting. Thank you very much, Lachlan. Have a great day.

MR GALL: Thank you, Commissioner.

MR LINDWALL: No, that’s all right.

MR GALL: You too.

MR LINDWALL: Bye.

MR GALL: Hooroo.

(Call concluded.)

**MATTER ADJOURNED AT 1.18 PM UNTIL
THURSDAY, 9 FEBRURY 2017 AT 9 AM**