



Submission to the Department of Broadband, Communications and the Digital Economy

~ Broadband Solutions for Remote Areas ~

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The NSW Farmers' Association (the Association) is Australia's largest State farmer organisation representing the interests of its farmer members – ranging from broad acre, livestock, wool and grain producers, to more specialised producers in the horticulture, dairy, egg, poultry, pork, oyster and goat industries.

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Introduction

The NSW Farmers' Association (the 'Association') is Australia's largest state farming organisation representing the interests of the majority of commercial farm operations throughout the farming community in NSW. Through its commercial, policy and apolitical lobbying activities the Association provides a powerful and positive link between farmers, the Government and the general public.

The area of telecommunications is particularly relevant to the Association as access to affordable, reliable and metropolitan comparable telecommunications services is a key issue for farmers and rural communities, particularly in regional and remote areas.

The Association is particularly interested in the availability and affordability of Broadband Internet in rural and regional Australia as this service has become intrinsically linked to the ability of businesses to succeed in increasingly competitive national and international business environments. The Association welcomes the Government's planned investment in the National Broadband Network (NBN), provided that the regulatory mechanisms and funding issues outlined in this submission are adequately addressed to ensure that all Australian's benefit in an equal and timely manner.

In order to communicate the basic and at times unique telecommunications requirements of rural communities, the Association has contributed to a number of telecommunications inquiries in recent months including:

1. Two submissions to the NSW Standing Committee on Broadband in Rural and Regional Communities (April 2008 and October 2007), available at: <http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/FDB19EA949CCFCC4CA25744300009506>, and
2. [http://www.parliament.nsw.gov.au/prod/PARLMENT/Committee.nsf/0/24bda7c974cad807ca2573b0000401b5/\\$FILE/25%20-%20NSW%20Farmers%20Association.pdf](http://www.parliament.nsw.gov.au/prod/PARLMENT/Committee.nsf/0/24bda7c974cad807ca2573b0000401b5/$FILE/25%20-%20NSW%20Farmers%20Association.pdf)
3. Submission to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the Telecommunications Legislation Amendment (Communications Fund) Bill 2008 (April 2008)
4. Submission to the Regional Telecommunications Independent Review Committee (December 2007)

The Association's primary area of focus is regional, rural and remote areas of NSW therefore we welcome the opportunity to provide a submission to the Department of Broadband Communications and the Digital Economy (DBCDE) regarding Broadband Solutions for Remote Communities.

Broadband Solutions for Remote Communities

The Association's telecommunications policy has been developed over many years, continually evolving with changes in technology, social policy and regulatory framework. Regardless of change there have always been two underlying principals within the Association's telecommunications policy, namely parity of service and parity of price. These principles should apply to all telecommunications customers, regardless of their geographic location. These two fundamental principals continue to drive the Association's objectives in the area of

telecommunications, with broadband internet and the development of the National Broadband Network being no exception.

In putting forward funding for the NBN the Federal Government has clearly recognised the increasing importance that is being placed on fast, reliable and affordable broadband internet by both business and consumer alike. This requirement is by no means limited to the metropolitan areas of Australia; however, due to the geographic realities of the Australian continent, the Association is realistic in acknowledging that fibre-based broadband solutions may not be economically viable for all farmers in NSW in the short term.

With the limitations of fibre based broadband in mind, the following recommendations focus on possible funding and legislative options to ensure that the remote telecommunications users not reached by the NBN will receive access to broadband internet with price, network performance and restoration guidelines the same as those available in metropolitan centres. These recommendations include:

1. Amend telecommunications regulatory frameworks to better incorporate internet services
2. Maintain long-term funding for remote telecommunications projects ie the Communications Fund
3. Guarantee funding for the Australian Broadband Guarantee (ABG) indefinitely
4. Commence the building of the NBN from the most remote areas first.
5. Carry out an analysis of the areas not reached by the NBN to define the most effective service options available
6. Continue to roll out fibre beyond the boundaries of the NBN
7. Make Next G broadband a 'metro comparable' service
8. Prevent Telstra from removing the ISDN home service

These recommendations were developed under the philosophy that the urgent provision of metro comparable broadband services to rural and regional Australia, particularly remote areas, is absolutely critical to the future viability of rural and regional businesses and communities alike. The Association's view is that failure to provide these services will limit the future profitability of regional business and therefore the Australian economy as a whole.

The recommendations will now be expanded upon in order to clearly articulate the Association's views in this area.

1. Amend Telecommunications Regulatory Frameworks to Better Incorporate Internet Services

As stated above, high speed broadband internet has become a critical service to business and consumer alike, with many businesses placing a higher level of importance and reliance on this technology than on a basic phone service. In acknowledging this situation the Association is proposing that the regulation of the NBN and broadband internet connections in general include amendments to telecommunications legislation and legislative instruments such as the Universal Service Obligation, Customer Service Guarantee, and Network Reliability Framework. Amendments would bring the NBN and broadband internet connections into line with that currently in place for standard telephone services. The utilisation of regulatory mechanisms as suggested will ensure that the NBN provides equality of service and therefore that the Government receives the highest possible return on its investment in this network. Without

strict regulation there will be no mechanism by which to ensure that network faults are dealt with in a timely manner and to the satisfaction of customers.

A number of legislative instruments are relevant to telecommunications, each requiring detailed analysis and regular compliance reporting by the Government in order to assess their effectiveness in meeting objectives. The effectiveness of the Universal Service Obligation (USO) and Customer Service Guarantee (CSG) are of particular interest to the Association.

1.1 Universal Service Obligation (USO)

The USO is the obligation placed on universal providers to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business. Key issues of relevance to the NBN requiring attention are as follows:

- The USO must be broadened to include a guarantee that timely and affordable access to future technology be provided to rural and regional NSW;
- The USO must be broadened to include data standards as well as telephony standards (recognising the important role of the Digital Data Service Obligation); and
- This legislative instrument is not being enforced strongly enough. Legislated, automatic penalties and a rectification process should be defined for breaches of the USO.

1.2 Customer Service Guarantee (CSG)

Telecommunications providers are subject to the *Telecommunications (Customer Service Guarantee) Standard 2000*, issued by the Australian Communications Authority. For connections, it applies regardless of what is connected at the end of the service (eg internet or fax), but for repairs, only voice telephony faults are covered (ie internet access or fax faults are not covered by the CSG). Key issues requiring attention are as follows:

- The CSG must include internet access for repairs, as well as connections;
- Each of the CSG criteria must be met for each customer category (urban through to remote) in each State, rather than simply the national average;
- The CSG criteria must include a better measure of carrier performance and volume of faults and new installs, and must not be based on community size (ie should be geographic, not demographic criteria); and
- Members are reporting regular breaches of the CSG, but few are complaining to the Ombudsman. This legislative instrument is clearly not being enforced strongly enough. Legislated, automatic penalties and a rectification process should be defined for breaches of the CSG.

2. Maintain Long-Term Funding for Remote Telecommunications Projects ie The Communications Fund

The Association understands that \$3.1 billion dollars was set aside in the form of the *Communications Fund* (\$2 billion) and the *Connect Australia* package (\$1.1 billion) to help ensure that funding was available for future investment in regional communications infrastructure and projects following the privatisation of Telstra. These funds were set up in recognition of the unavoidable struggle regionally isolated Australians would face in the absence of a regulated national telecommunications provider and their establishment was a key determining factor in the eventual privatisation of Telstra.

The Association's understanding is that the Government is now planning to direct both of these funding packages directly into the NBN; our concern that the NBN is clearly a city focussed and applicable proposal that may take until 2013 to actually reach many regional areas. The Association's argument is that using these funding sources for anything other than investment in regional communications projects is effectively short changing regional Australia; those Australians that were the most adversely affected by the privatisation of Telstra.

The Association's primary concern is the removal of the *Communications Fund* which we believe is essential for the future of regional communications for the following reasons:

1. Regular Reviews of Regional Telecommunications Needs
2. Maintaining and Improving Existing Telecommunications Infrastructure
3. Technological Advancements in Telecommunications for Regional Australia

2.1 Regular Reviews of Regional Telecommunications Needs

The Communications Fund was established on firm and principled public policy grounds, to ensure that rural and remote communities were able to see investments in telecommunications infrastructure where examples of inadequate services were identified.

The Communications Fund was established under legislation which guaranteed that the principal \$2 billion could not be touched and that the interest earned on the fund (estimated at around \$400 million every three years) would only be used to fund regional telecommunications projects relating to the recommendations of a regional telecommunications independent review committee (RTIRC) (such as the one currently chaired by Dr Bill Glasson).

The Association recognises the Government's commitment to funding the recommendations of the current RTIRC, however, the Association is extremely concerned that the removal of the Communications Fund will in effect remove the guarantee that further independent reviews into regional telecommunications will be carried out.

If a decision is made to expend the Communications Fund what mechanisms, alternative resources and guarantees will need to be put in place to ensure rural and remote communities see investment in telecommunications infrastructure.

2.2 Maintaining and Improving Existing Telecommunications Infrastructure

Access to reliable, equitable and metropolitan comparable telecommunication services is essential for farmers, their families and rural communities more broadly. A critically essential

component of these services is maintenance, repair and a culture of continual improvement. The Association is concerned that failure to implement the appropriate measures to ensure existing telecommunications infrastructure is adequately maintained and improved may result in serious safety concerns for isolated regional Australians both at home and on farm.

The Australian Communications and Media Authority's Customer Service Guarantee (CSG) prescribes a range of connection and repair timeframes for customers, and is of importance not only to standard telephone services, but also ISDN or satellite services provided to meet the Universal Service Obligation.

In the absence of the Communications Fund, mechanisms must be put in place to ensure that telecommunication service providers are adequately resourced to ensure they can maintain and make repairs to the increasing number of telecommunication services on offer.

2.3 Technological Advancements in Telecommunications for Regional Australia

As technology moves forward it is inevitable that new gaps will appear in the divide between the services of metropolitan Australia and those available to rural and regional communities where they are not deemed commercially viable. Access to the latest technology is essential to the growth and prosperity of individual farm businesses as well as regional communities. Without continual upgrades in technological infrastructure, businesses in these areas will lose their competitive advantage and may become unviable in the longer-term.

An appropriate example of this occurrence can be seen in the digital divide that exists today between the access to broadband technology that is available in metropolitan and regional Australia. Access to high speed broadband internet is now a requirement of many rural businesses and access to this technology can have a direct affect of the ability of business to compete in today's competitive environment.

The Association is concerned that the recent decision by the Federal Government to cancel funding for the OPEL project will have a negative affect on the rollout of broadband technology in regional Australia. Whilst not without its potential concerns, the OPEL project aimed to deliver 6mbs increasing to 12mbs to 99% of the population by June 2009. The Government's National Broadband Network has been touted to deliver 12mbs to 98% of the population by 2013.

The cancellation of the OPEL contract raises serious concerns relating to the distribution and timeliness of the availability of broadband technology in regional Australia.

In the absence of the Communications Fund, mechanisms need to be put in place to ensure fast reliable broadband access is available in regional Australia.

3. Guarantee Funding for the Australian Broadband Guarantee (ABG) Indefinitely

As discussed throughout this submission one of the key drivers for the Associations communications policy is the need for parity of both price and service for all Australians no matter where they reside. The Association understands that the vastness of the Australian continent and the broad spread of population across it will ensure that access to mainstream

technology will always be limited for some isolated families and businesses in Australia. For this reason, there will always remain a need to offer alternative and subsidised technological solutions that meeting the communications needs of these isolated Australians while still providing them with a service that compares to their city contemporaries.

The Association recognises and supports the Government's commitment to subsidise this form of technology to make it affordable and available to isolated Australians at 'metro comparable' prices via the Australian Broadband Guarantee (ABG).

The ABG provides up to \$2500 per eligible premises to subsidise the cost of a broadband internet connection in areas where metropolitan comparable internet is not available. Currently a metropolitan-comparable broadband internet service can be defined as a service offering at least:

- 512/128 kb per second download/upload speed
- 1GB per month data allowance, regardless of time of use
- A total cost of \$2,500 over three years including any equipment or installation charges

Recognising the importance of the ABG in making broadband internet available to all Australians, the Association would like to see the funding for the program 'guaranteed' on an indefinite basis.

As well as continuing the funding for this essential program the Association is also seeking that Government commit to updating the definition of 'metro-comparable' internet to accurately reflect the improvements being seen in metropolitan Australia in this area as a result of the NBN.

A major concern held by the Association relates to perceived Government reliance on satellite broadband technology to meet the internet requirements of those not reached by the NBN. The Association's understanding of this technology suggests that it will fail to measure up in terms of upload and download speeds achievable via fibre based or even wireless technologies and therefore not provide a direct 'metro-comparable' service for rural Australia. For this reason the expansion of the fibre based or wireless technologies into remote areas should be seen as the priority.

4. Commence the building of the NBN From the Most Remote Areas First

The rationale behind this proposal is that communities that do not currently have access to high speed broadband internet are the ones that will benefit most dramatically by its availability. High speed internet is already available in most of the metropolitan areas throughout Australia. By commencing the construction of the network in the major metropolitan centres, Government will only be adding a comparatively small improvement to the present infrastructure. However, by commencing the construction of the NBN in the regional areas where this technology is currently most lacking, Government will be achieving the fastest, biggest result possible as well as reducing the demand on the Australian Broadband Guarantee and its associated cost to Government.

5. Carry Out an Analysis of the Areas Not Reached by the NBN to Define the Most Effective Service Options Available

The Association proposes that following the assessment of the successful bidder(s) proposal, Government task an independent review committee such as the RTIRC to undertake an independent analysis of the remaining population not reached by the NBN, focussing on the most appropriate technology to provide them with high speed broadband.

It may be the case that only satellite broadband provides an effective and beneficial means of delivery; however, by gaining a detailed understanding of the remaining areas without access to fibre Government will be in a far better position to make informed and considered decisions on the best means for delivering high speed broadband to all Australians.

6. Continue to Roll Out Fibre Beyond the Boundaries Of The NBN

While the Association acknowledges Governments intention for the NBN to reach 98% of the Australian population there should be no reason to stop at this figure. Fibre based infrastructure offers the best possible option not only for broadband but for a whole range of communications needs and once put in place is it has far reduced maintenance costs when compared to the existing cable lines.

Also as fibre is not a conductor of electricity and therefore fibre based infrastructure is not vulnerable to lightning strikes like the existing lines are. Currently in regional Australia one of the major repair expense costs associated with telecommunications infrastructure is related to repairing cable lines following a lightning strike. On top of the expense associated with this repair it can also leave isolated regional communities 'offline' and without telecommunications services for extended periods, particularly in very remote locations.

By conducting a thorough analysis of the topographic and demographic realities of communities 'left off the map' in terms of the NBN, as described above, Government would be ideally positioned to determine where the continued investment in fibre infrastructure beyond the NBN would make for worthwhile investment. Funding for future roll outs of fibre might be funded using the interest accumulated from the Communications Fund and this provides another example of its importance to regional Australia.

7. Make Next G Broadband a 'Metro Comparable' Service

The Association views Telstra's Next G network as a hugely significant resource in providing broadband internet to regional communications users not reached by the NBN. Telstra claims that the Next G network already provides high speed broadband internet to 99% of the population, a far larger coverage area than the NBN has been targeted to reach by 2013. The Association understands that Next G already provides download speeds of up to 20mbs, already significantly faster than the 12mbs minimum for the NBN, with Telstra looking to increase this to 40mbs by the end of next year.

However, the primary limitation to Next G broadband providing a 'metro comparable' internet service is price. Next G broadband is not 'metro comparable' in terms of price, the Association has two suggestions aimed at increasing value of the Next G network in providing 'metro comparable' internet to rural and remote Australians, these include:

1. Open Up the Next G Network to Wholesale
2. Make Next G Available as a Service Under the ABG

7.1 Open Up the Next G Network to Wholesale

Telstra is unlikely to provide a 'metro comparable' pricing scheme for its Next G broadband plans whilst there is no competition from other telecommunications providers to the Next G network. Telstra's argument for not making the Next G network available to competitors at wholesale rates (as CDMA was) is that Telstra alone invested in the infrastructure and therefore they are under no obligation to open it up for use by its telecommunications competitors. Whilst this argument may be fair in part, it fails to acknowledge that the Next G network is built on the towers that were used by the CDMA network, towers that were erected following large public investment.

There maybe regulatory and legal issues associated with opening the Next G network up to use by other telecommunications providers, or alternative complications however the Association see this as a possible way to improve the availability of 'metro comparable' internet throughout regional Australia.

7.2 Make Next G Available as a Service Under the ABG

Currently Telstra Next G internet is not considered as a possible Internet Service Provider (ISP) for subsidy under the ABG. The Association believes that all available options should be considered when looking to provide communities with high speed broadband and since Next G internet 'ticks all the right boxes' in supplying broadband the Association believes that it should be considered as a possible option. As an added bonus, public investment in Next G towers where determined appropriate would also increase the availability of critical mobile phone service in regional areas where it is lacking.

8. Prevent Telstra from Removing the ISDN Home Service

Finally, the Association is particularly concerned that Telstra's intention to withdraw its ISDN services at the end of 2008 will leave many people in regional NSW with limited options in terms of broadband internet which may in some cases result in a step backwards in service. For example:

- Telstra's Next G broadband service – while this service is now available to a wide and growing proportion of the population, in terms of price, this service is still a long way from being defined as a 'metro comparable' service.
- Dial up internet – this obviously represents a dramatic step backwards in technology and will be unacceptable for many businesses and regional users.
- Satellite service under the Australian Broadband Guarantee (ABG) – While developments in satellite broadband have lead to dramatic improvements in this area, satellite broadband does not provide a satisfactory solution for the whole of regional Australia, and as time goes on the gap between the capabilities of satellite internet and internet available in Metropolitan Australia will only increase. The Association is also

concerned that failure to invest in broadband infrastructure in regional Australia will place an increased demand on the ABG and its ongoing funding requirement.

This situation is unacceptable and the Association recommends that Government prevent Telstra from closing ISDN services until which time as there is an appropriate replacement service available that does not represent a step backwards in service.

Conclusion

NSW Farmers' Association remains strongly focused on urgent requirement for high speed broadband internet to be made available to all Australians at pricing and service levels sharing parity across the board.

The Association's primary areas of focus throughout this submission relate to

- Funding security for future investment in regional communications infrastructure
- The application of regulatory mechanisms to guarantee standards in service;
- The timeliness of availability of this network to the more remote and rural areas where broadband internet is most lacking;
- Suggestions aimed at achieving the highest possible levels of service via the most appropriate mechanisms.

The Association awaits the outcomes of the NBN inquiries with anticipation and will continue to provide a voice for the concerns of rural Australians in this area both now and into the future.