



Mr Paul Lindwall
Commissioner
Productivity Commission Inquiry into
Telecommunications Universal Service Obligation

Dear Mr Lindwall

Telecommunications Universal Service Obligation

The National Rural Health Alliance (the Alliance) welcomes the opportunity to respond to the draft Productivity Commission report into the Telecommunications Universal Service Obligation (TUSO). Access to reliable, affordable internet services is critical to people in rural and remote Australia. It is also vital to the delivery of a range of health services that support the 7 million people living outside the major cities of Australia.

The Alliance is comprised of 39 national member organisations. We are committed to improving the health and wellbeing of all people living in rural and remote Australia. Our members include consumer groups, representation from the Aboriginal and Torres Strait Islander health sector, Health professional organisations (representing doctors, nurses, midwives, allied health professionals, dentists, optometrists, paramedics and health service managers) and health service providers. A full list of members is at [Attachment A](#).

The Alliance has no specific view position on the TUSO. The Alliance has, however, concerns about access to telecommunication, and particularly internet services, outside the major cities¹.

The draft report acknowledges two key issues that are of significant concern to Alliance members and people living in rural and remote Australia:

While NBN infrastructure will deliver a high quality voice service over fixed-line and fixed wireless networks, there is question about the adequacy of NBN services as a baseline service in pockets of the satellite footprint, particularly given the high dependency on the network in areas where there is no mobile coverage (affecting up to 90,000 premises).

The extent that there are any remaining availability, accessibility or affordability gaps once the NBN roll-out is complete, current policies and existing policy setting suggest

¹ The Alliance has adopted the ASGC definitions of the Australian Bureau of Statistics (ABS) and uses the terms major cities, inner regional, outer regional, remote and very remote in accordance with those definitions.

that these are likely to be small and concentrated, and amenable to specific social programs rather than large scale government interventions such as the TUSO.

Affordability of telecommunication services is a significant issue for people living outside the major cities. People living outside Australia's capital cities in 2011-12 earned only 85% the amount that their capital cities counterparts earned. Further, the percentage of employed people earning \$15,600 or less is 15% higher outside capital cities, while the percentage of employed people earning \$78,000 or over is 26% lower outside capital cities. While 23% of people living in major cities carry some sort of health card, 29% of people living outside major cities carry some sort of health card. Concession card-holders² are almost 30% more prevalent in rural/remote areas compared with major cities. This higher prevalence is particularly evident in regional areas (30%), compared with remote areas (about 23% - the same as in major cities).

These data are relevant in considering how access to telecommunications – mobile and fixed line services and the internet – can bridge the telecommunication inequality divide that effects people living outside Australia's major cities.

Generally, there are greater vulnerabilities and challenges facing people living in rural and remote Australia. Poor access to adequate and affordable digital services will only serve to deepen these vulnerabilities and challenges.

Park describes the multiple levels of digital disadvantage that can apply in rural and remote locations:

- The cost of internet connection;
- Access to a quality connection; and
- User proficiency to make use of the service (1).

Park makes a very interesting point

... the Internet does not dramatically change the social space in which people work and interact socially. Rather, these technologies diversify the methods of communication available within existing geographical boundaries.

She contends that where social disadvantage already exists, improving internet access will not overcome that disadvantage as telecommunication alone cannot overcome the tyranny of distance that exists in rural and remote communities. Park notes that both the availability and quality of services in rural and remote communities is inferior to the level of services available in metropolitan areas, and may thus compound the existing level of rural disadvantage. For example, there is a significant difference between the quality of services available through fixed wireless or satellite wireless, with satellite services considerably slower. Much of remote Australia, together with pockets of regional residents, will only have access to satellite internet services.

² That is Health care, pensioner concession and Seniors health care card holders combined

The Alliance believes that cost, access and proficiency are key issues in improving the delivery of first class health services in rural and remote Australia. The Alliance would support the development of service requirements that directly address the issues of poor access, poor quality and low levels of user proficiency. The Alliance would be concerned if the removal of the existing TUSO were to result in pockets of significant disadvantage in rural and remote communities or not prioritise improved service affordability, access and user proficiency in the areas identified as at need.

The delivery of high quality telecommunication services offers potential gains for rural and remote communities in terms of improved access to education, health and business opportunities: but if the services available do not provide the quality and reliability required, such potential gains may be significantly diminished.

Kohen and Spandonide note that remote communities may have widely differing access to services, including telecommunication services, with it being possible that one community can have good air services, sealed roads, 4G Network connection and high speed internet, while another community of similar size may have none of those facilities with unsealed roads closed for months at a time (2). In such situations, Kohen and Spandonide suggest the inequality between the level of services available is contributing to socio-economic disadvantage.

Kohen and Spandonide make similar comments to Park, arguing that having access to these services of itself is not sufficient to overcome disadvantage. They point out that due to slow internet speeds and over subscription of satellite services, many remote users struggle even with internet banking. They also claim that remote Australia is 'largely disconnected' from the digital revolution and thus not able to take up the opportunities that can be available through internet and digital services (2).

They also look at the way in which people in remote communities access telecommunication, noting that pre-paid services are the main source of access. They also note that charges are significantly higher in these communities, resulting in lower levels of access. As these services are not covered under the TUSO, the Alliance would support requirements to support more affordable access to higher quality services in whatever service requirements are drafted to replace the TUSO.

Lane et al undertook a case study of broadband access in rural Australia and their paper includes data on the limited availability of services, and greatly reduced download speeds, in rural and remote Australia (3). They indicate that the demand for data in rural and remote Australia is outstripping the capacity of current network services. While policies are in place to address these issues, Lane et al contend that the lag in delivery of those policies has resulted in efforts to address the inequality in service access being unsuccessful to date (3).

Lane indicates that affordability of broadband services decreases with remoteness as do the range of choices available to people seeking reliable, fast telecommunication and internet services with widely variable download speeds. They found that these limitations underlie significant dissatisfaction with the supply of broadband infrastructure in outer regional, remote and very remote households. Lane et al suggest the lack of fast reliable broadband is

detrimental to the economic growth and future of these communities and go on to recommend that access to high speed broadband should be included in the TUSO (3).

Whether there remains a TUSO or not, the need for improved telecommunication services in regional and remote Australia is urgent. With the gradual reduction in the resources sector, regional and remote communities are looking to broaden their economic base and cannot do this without fast, reliable, affordable telecommunication services and the ability to make the best use of them.

The Alliance urges the Productivity Commission to consider these issues in their deliberations to ensure regional and remote Australians are not disadvantaged further. The Alliance would be willing to provide additional information as needed to support your deliberations.

Yours sincerely

David Butt
Chief Executive Officer

19 January 2017

National Rural Health Alliance - Member Body Organisations
Australasian College for Emergency Medicine (Rural, Regional and Remote Committee)
Australasian College of Health Service Management (rural members)
Australian College of Midwives (Rural and Remote Advisory Committee)
Australian College of Nursing - Rural Nursing and Midwifery Community of Interest
Australian College of Rural and Remote Medicine
Australian General Practice Network
Australian Healthcare and Hospitals Association
Allied Health Professions Australia Rural and Remote
Australian Indigenous Doctors' Association
Australian Nursing and Midwifery Federation (rural nursing and midwifery members)
Australian Physiotherapy Association (Rural Members Network)
Australian Paediatric Society
Australian Psychological Society (Rural and Remote Psychology Interest Group)
Australian Rural Health Education Network
Council of Ambulance Authorities (Rural and Remote Group)
Congress of Aboriginal and Torres Strait Islander Nurses and Midwives
CRANaplus
Country Women's Association of Australia
Exercise and Sports Science Australia (Rural and Remote Interest Group)
Federation of Rural Australian Medical Educators
Health Consumers of Rural and Remote Australia
Indigenous Allied Health Australia
Isolated Children's Parents' Association
National Aboriginal Community Controlled Health Organisation
National Aboriginal and Torres Strait Islander Health Worker Association
National Rural Health Student Network
Paramedics Australasia (Rural and Remote Special Interest Group)
Rural Special Interest Group of Pharmaceutical Society of Australia
RACGP Rural: The Royal Australian College of General Practitioners
Rural Doctors Association of Australia
Rural Dentists' Network of the Australian Dental Association
Royal Far West
Royal Flying Doctor Service
Rural Health Workforce Australia
Rural and Indigenous Health-interest Group of the Chiropractors' Association of Australia
Rural Optometry Group of Optometry Australia
Rural Pharmacists Australia
Services for Australian Rural and Remote Allied Health
Speech Pathology Australia (Rural and Remote Member Community)

References

1. Park S. Digital inequalities in rural Australia: A double jeopardy of remoteness and social exclusion. J Rural Stud [Internet]. 2016;In press. Available from: <http://www.sciencedirect.com/science/article/pii/S0743016715300693>
2. Kohen A, Spandonide B. Switching on the remote: a new perspective on accessibility in remote Australia. Learn Communities. 2016 Apr;(19):76–97.
3. Lane MS, Tiwari S, Alam K. The Supply and Use of Broadband in Rural Australia: An Explanatory Case Study of the Western Downs Region. Australas J Inf Syst [Internet]. 2016 Oct 17 [cited 2017 Jan 16];20(0). Available from: <http://journal.acs.org.au/index.php/ajis/article/view/1202>