

Hon Martin Aldridge MLC

Member for Agricultural Region

8 February 2017

Mr Paul Lindwall
Commissioner
Productivity Commission
Via email: telecommunications@pc.gov.au

Dear Commissioner

TELECOMMUNICATIONS UNIVERSAL SERVICE OBLIGATION (USO)

Thank you for the opportunity to provide evidence on Tuesday 14 February during your hearings in Perth in relation to the above mentioned inquiry.

I currently represent the Agricultural Region in the Legislative Council of the Parliament of Western Australia. My electorate covers some 204,864km² an area comparable in size to the State of Victoria. The Agricultural Region has some 100,000 electors and 60 Local Government authorities with many more towns and communities.

The provision of telecommunication services across the region which is largely characterised by small geographically separated populations can be very challenging. A number of State and Federal Government programs are investing in fixed and mobile technologies such as the National Broadband Network (NBN), Mobile Black Spot Program, Regional Mobile Communications Project and the Regional Telecommunications Project. From a State perspective, we have invested \$105 million in the last five years to build 344 new mobile base stations, largely on the Telstra network in partnership with Telstra and in some cases the Federal Government. More recently we have committed a further \$22 million in funding to the deployment of technologies to support connectivity in agriculture.

Whilst the USO has played a key role in maintaining fixed line services on the copper network among other related services, technology and demand is moving quickly away from this ageing infrastructure. With increasing demand for data and a plateauing of demand for voice services, coupled with the desire for mobile connectivity, has driven the investment by governments into the existing mobile networks in areas which are not considered commercially viable for carriers. With many young people having never owned a copper landline service in their lives and many others moving away from them, this is an opportune time to consider the telecommunications needs of regional Australians in particular.



The key question from me arising from the Productivity Commission's draft report is to what extent government policy should be required to support universal access to telecommunication services including voice and data. To answer this question fully an appreciation must be given to the existence of government support and funding for non-USO services to determine the most efficient form of delivering an acceptable standard of telecommunications.

I am concerned that the Productivity Commission has recommended the phasing out of the Telecommunications USO as soon as practicable and the potential this has to reduce the current standard of telecommunications. As the NBN continues to deploy their fixed line network which is estimated to cover 92% of premises, I submit that these premises in more urbanised environments are most likely to be the commercial or close-to-commercial fixed line services that would have been cross-subsidising to some extent more remote and regional services. These remote and regional locations are unlikely to receive NBN fixed line services and instead will rely upon fixed wireless or satellite technology. Townships in my electorate of approximately 500 people are dependent upon NBN satellite services rather than fixed wireless technology, presenting challenges in achieving minimum service standards.

There is a growing concern among the telecommunication sector and community alike about the capacity of the NBN SkyMuster service to provide minimum service standards including data and voice quality, particularly once the targeted 400,000 connections are made. If the USO is to be abolished as the Commission recommends, then minimum service standards must be created for voice and data. These would need only apply to the NBN network as the provider of last resort in many cases in regional Australia. To achieve this, NBN must review the locations it intends to place on satellite technology. There is a high cost of connecting to satellite which is approximately four times the cost of a fixed wireless connection. I submit that towns exceeding 100 potential connections should receive fixed wireless as the preferred NBN technology. This would further reduce the load on the satellite service and ensure that only those truly remote services would be connected.

The removal of the USO will see in time the eventual shutdown of the copper fixed line network to a significant extent. In doing so it is incumbent upon us to ensure that voice and data services are not inferior to the standard by which we have today which largely consists of the fixed line copper network and ADSL broadband.

Yours sincerely

HON MARTIN ALDRIDGE MLC
Member for the Agricultural Region