

21 July 2016

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Mr Paul Lindwall
Presiding Commissioner
Telecommunications Universal Service Obligation
Productivity Commission
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Dear Mr Lindwall

Re: Productivity Commission Inquiry into the Telecommunications Universal Service Obligation 2016

Regional Development Australia Central West is pleased to provide the attached submission in relation to the Productivity Commission Inquiry into the Telecommunications Universal Service Obligation.

We trust that our feedback will be of assistance to the Commission and would welcome any further opportunities for input to the inquiry.

Yours faithfully,

Peter McMillan
Executive Officer

encl.



Productivity Commission Inquiry into the Telecommunications Universal Service Obligation 2016 - Submission from RDA Central West

Background and Introduction

Regional Development Australia Central West (RDA Central West) is a not-for-profit organisation, funded by the Commonwealth and State Governments, responsible for the economic development and long term sustainability of the NSW Central West region.

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

The identification and rectification of telecommunications infrastructure priorities and constraints is fundamental to ensuring competitive, resilient and prosperous regional economies.

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

This has been identified as a significant issue for the region, through research and stakeholder consultations conducted by RDA Central West as part of a project on 'Regional Telecommunications Priorities in Central West NSW' (including consultations with numerous local councils, business, industry and community stakeholders, mobile network operators and NBN Co.)

Terms of Reference

In response to the terms of reference for the inquiry, RDA Central West first and foremost reiterates the increasing importance and reliance upon mobile phone and other mobile broadband services, and the declining use of standard fixed line voice services in the region. The organisation has received widespread feedback on the dire need to ensure that all mobile black spots are rectified to ensure caps on business productivity are lifted, personal safety is ensured and innovation is encouraged.

In the absence of all mobile black spots being rectified it is important to ensure that the standard fixed line telephone service is maintained in rural and regional areas. RDA Central West is not convinced that a reasonable market outcome would be provided in the absence of a Universal Service Obligation (USO) for standard telephone service, as mobile service is patchy and data on NBN satellite services is limited.

According to the Australian government National Map, around 350 mobile black spots remain to be rectified within the NSW Central Western region (as at 21 July 2016).

Additionally, RDA Central West understands that the upper data limit for the Sky Muster NBN satellite service is 150 GB total per month for premises in the satellite footprint (many in the NSW Central Western region).

While this is a significant improvement to the broadband services currently available for many rural and regional businesses such data limits may be problematic into the future as digital participation and data needs increase, through widespread application of remote on-farm monitoring and online education requirements (amongst other things). There is the prospect that in the not too distant future, demand for data will outstrip supply and families will become vulnerable if they are expected to rely solely upon limited NBN satellite services (including Voice over Internet Protocol), without the reassurance of access to a standard fixed telephone service.

Regional Development Australia Central West and regional firm AdLoyalty conducted a survey in July 2015 with 50 regional business stakeholders in the Central West region.

Results from the survey indicated that 75% of respondents thought that the standard telephone service needed to be guaranteed for some or all consumers. Particular consumer groups identified as requiring ongoing standard telephone services include elderly people and farmers who may be isolated and/or less technologically literate, using the fixed-line service as a “lifeline and connection to family and help” according to one respondent.

Another finding from the survey was that ‘reliability’ was rated as the most important communication functional requirement for business survey respondents in the Central West, followed by ‘speed’, ‘access’, ‘cost’, ‘data size’ and then ‘mobility’ respectively.

As identified by one survey respondent, the patchy state of mobile phone networks and the limited access to data through the NBN satellite service cannot reasonably provide reliability for rural and regional businesses:

There are still many blackspots out here and even with the upgrades that have been reported on, there will still be blackspots. Not everyone is using the interim NBN satellite due to the limit in the number of users permitted. This means many are still using the old satellite internet services which severely limit the amount of data that can be transmitted and received vs the cost of these services. For this reason alone, the standard landline must continue to be provided.

It is important that the reliability of telecommunications services provided to rural and regional businesses is ensured in any new or revised USO arrangements, including the provision of the standard telephone service until such time as mobile phone services can be universally provided. RDA Central West is not supportive of retiring the standard telephone service USO in rural and regional areas as telecommunications reliability for local businesses and communities will be adversely impacted.