

21 July, 2016

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

RE: TELECOMMUNICATIONS UNIVERSAL SERVICE OBLIGATION INQUIRY

Thank you for the opportunity to provide this submission in response to the Universal Service Obligation Inquiry Issues Paper. The Regional Development Australia Townsville and North West Queensland (RDA) Committee recognises access to telecommunications infrastructure and services as a universal right as well as a critical enabler to economic and community development to ensure sustainable communities, particularly in regional and remote areas of Australia.

RDA works across the 15 local government areas in north and north-west Queensland, an area that covers nearly 26% of Queensland. As a not-for-profit funded by the Australian Government, we engage with all three levels of government and community representatives and know from first-hand experience that communications issues are top of mind for residents.

#### **Enabling the Development of Northern Australia**

I note that 100% of the region is located within Northern Australia, the focus of the Australian Government's *White Paper on Developing Northern Australia*. The *White Paper* demonstrates the policy commitment to unlocking the economic potential of the largely regional and remote northern parts of the country. The *White Paper* specifically identified the need to incentivise investment in critical economic and social infrastructure needed to support the growth of the region. The provision of effective telecommunications is amongst the most fundamental of enabling inputs. The USO provides the incentive for a minimum service standard, and the higher this minimum standard is the more effectively it will support economic growth across Northern Australia. Our RDA is a member of the *Northern RDA Alliance* which is also making a separate submission given the common issues we face across the north.

#### **Considerations in the USO**

The widely accepted object of the telecommunications Universal Service Obligation (USO) is to ensure that a minimum standard of telephone services are reasonably accessible to all Australians on an equitable basis. In this context RDA wishes to make two basic comments:

1. **access to high speed broadband and mobile telecommunications must also be included in any future USO;** and
2. emphasis must be placed on those in the most poorly serviced areas as their interests are in greatest need of protection.



### **Current situation**

One reason for the review of the USO is the belief that the prevalence of mobile services and increased fixed-line competition has made it outdated. However, there is no mobile network across much of regional and remote Australia and where a mobile network exists it is often patchy and unreliable. Even northern Australia's largest city – Townsville – does not have 100% mobile coverage. Furthermore, there are long sections of National and State Highways and tourism drive routes without mobile coverage. These mobile blackspots are not only an issue for local residents who travel long distances for health, education, business and social purposes, but also the increasing number of tourists and freight companies using these roads.

### **Examples of future demand**

According to the Caravan and Motorhome Club of Australia (CMCA) "current sales trends indicate that more than 160,000 Recreation Vehicles (RVs) (including motorhomes, caravans, 5<sup>th</sup> Wheelers, campervans, camper trailers etc.) will be registered in Australia from 2016 to the end of 2020, taking the number of registered RVs to well over 700,000". This is promising news for regional communities that highly value the tourism industry as an opportunity for economic diversification. It also highlights the need for telecommunications infrastructure to meet the requirements of the drive tourism market to enhance economic diversification, customer attraction and road safety.

There may also be false assumptions about regional Australia's potential demand on high speed broadband and mobile telecommunications based on lack of access to date. Rural industries including mining and agriculture and becoming more dependent upon high speed broadband access to run their businesses. Everything from exploration and crop planting to logistics and exporting rely on high speed broadband and mobile telecommunications infrastructure, connectivity and services.

### **Challenges**

There is little in the way of competition in regional areas. Telstra has been the sole service provider in many regional and remote areas, and its presence remains largely the consequence of its USO obligations. If these obligations were removed there would be no commercial incentive for Telstra to maintain the copper network; in time the Sky Muster satellite may be the sole option available in regional and remote areas.

Given the critical importance of the USO in regional and remote areas where the National Broadband Network (NBN) provides a single, and as yet largely unproven, telecommunications solution it is strongly believed that the responsibility for delivery of a revised USO must be the collective responsibility of the Australian Government, NBN Company Limited, Telstra and other retailers. A regional service provider must be in a position to offer a tested, reliable and affordable solution. At this point in time, there are still concerns whether the NBN roll out will meet regional Australia's current and future needs in relation to access, service standards and cost. Maintenance of the existing copper network is essential as a minimum standard in all communities until fibre and mobile networks are available.

To grow business activity and ensure access to online services (including education and health services) regional and remote areas need an affordable, reliable, high speed network. It is safe to say that the capacity of Sky Muster to meet all these conditions is not adequately tested. Many existing consumers have yet to be connected, the potential future demand for the service is simply unknown, and any satellite customer will testify to their concerns based on past experience with congestion due to oversubscription.



From the perspective of RDA, the consumers in greatest need of a USO style safeguard clearly reside and/or conduct business in regional and remote areas. The USO review cannot just respond to trends in high population, well serviced areas while the telecommunications experience in geographically isolated areas remains sub-standard. Additionally the USO, which was once all about basic service standards for human safety, should now additionally and equally be about basic service standards to underpin sustainable communities and economies. Telecommunications has become an essential service, as important to the healthy function of a community as the provision of power or water.

**We support the advocacy of the Isolated Children's Parents' Association and make the following recommendations.**

1. That quality communication services in regional, rural and remote areas are comparable to those available in urban areas – similar reliability, economy, features, voice quality and data rates.
2. That fast, reliable and affordable two-way voice and data communication are available to all communities and households for health and education service delivery.
3. That mobile phone service coverage increases throughout rural and remote Australia.
4. For those who have no mobile coverage, a mandated right to a fixed telephone service and a reliability guarantee is essential.
5. Assurance that there is continued investment in the NBN Fixed Wireless network, to ensure that the capacity of the NBN's Satellites are managed.

In conclusion, the primary objective of the USO should remain the protection of the most vulnerable, including Australians struggling with inadequate telecommunications in regional and remote areas. Services which are proven, reliable and affordable must be maintained until such time as alternative and improved services are established and thoroughly 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 globally. Finally, the costs of an effective USO should be shared by government and the telecommunications industry. This public investment is easily justified on humanitarian grounds, and will be repaid in years to come due to the resulting growth of regional and remote economies and the efficiencies of online service delivery. Governments will particularly benefit from cost savings due to the ever increasing delivery of services online.

If you have any further queries please do not hesitate to contact Ms Glenys Schuntner, Chief Executive Officer

Yours sincerely

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Chairman

