

21 July 2016

Mr Paul Lindwall
Commissioner
Telecommunications Universal Service Obligation
Productivity Commission
GPO Box 1428
CANBERRA ACT 2601

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 Northern RDA Alliance includes the eight RDA's whose regions make up Northern Australia. Our aim is to support policies and to prioritise investment opportunities to ensure the sustainable development of Northern Australia.

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 the Northern RDA Alliance wishes to make two basic comments:

1. access to digital services 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.

The United Nations declared the internet a basic human right in 2011 and in 2014 a United Nations Resolution called on all states to "promote and facilitate access to the Internet", as well as to "promote digital literacy and to facilitate access to information on the Internet."^[1] It has been repeatedly demonstrated that market-based policy and procurement mechanisms do not work in regional and remote areas where populations are small and dispersed and service delivery costs are high. Owing to this market failure, it is clear that strong, legislated consumer protections will continue to be required in order to ensure equity of access and service standards.

^[1] United Nations General Assembly. Human Rights Council. 2014. A/HRC/RES/26/13. The promotion, protection and enjoyment of human rights on the Internet. Retrieved from <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/G14/082/83/PDF/G1408283.pdf?OpenElement> on 15/6/2015.

Furthermore, the Australian Government's Developing Northern Australia 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.

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. Yet 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 in the region's largest population centres and on National Highways). There is also little in the way of competition as Telstra has been the sole service provider in many regional and remote areas, its presence is largely the consequence of its USO obligations. If these obligations are removed there would be no commercial incentive for Telstra to maintain the copper network and in time Sky Muster will be the sole option available in regional and remote areas.

Given the critical importance of the USO in regional and remote areas where the nbn provides a single, and as yet largely unproven, telecommunications solution it is strongly believed that the delivery of a revised USO must be the collective responsibility of government, nbn, Telstra and other retailers. A regional service provider must be in a position to offer a tested, reliable and affordable solution. For the time being this discounts nbn co due to continuing concerns in relation to service standards, costs and the impacts of overload for a satellite solution. Maintenance of the existing copper network will provide a robust telecommunications service. This is an absolute essential minimum in all communities until fibre and mobile networks are available.

Will the nbn provide equitable access for all Australians? Definitely not. Will, then, regional and remote residents have "reasonable" access to a standard telephone and data service? The answer to this question depends entirely on what is deemed to be "reasonable". In turn, this depends on expectations for the development of regional and remote areas. To grow business activity, to facilitate the use of remote sensing in agriculture, and to ensure access to online services (including education and health services) regional and remote areas need an affordable, reliable, high speed network. Indeed, the availability of technological solutions such as teleworking, distance education and online health services are nowhere more important than in regional and remote areas. 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 the impacts of oversubscription.

From the perspective of the Northern RDA Alliance 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 respond to trends in high population, well serviced areas while the telecommunications experience in geographically isolated areas remains third-world (and aligned with many other factors creating high levels of disadvantage). 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.

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 steadily improved in line with the increasing social and economic importance of these services globally – particularly when the delivery of basic government services is more and more often online. Finally, the costs of an effective USO should be shared by government and the telecommunications industry. This public investment is easily justified on safety and 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.

As a demonstration of the importance the Northern RDA Alliance places on improving regional and remote telecommunications we have invested our own limited resources in a long-distance high-speed wireless project in Central Australia. This project was developed in response to local concerns about the level of services, despite the protections provided by the existing USO. The project aims to demonstrate the potential of innovative and relatively low cost solutions to offer a digital network which better underpins the delivery of services and the development of remote communities. Project outcomes will be reported by the end of the year.

If you have any further queries please do not hesitate to contact Kate Peake

Yours sincerely

Mike Reed, on behalf of the Northern RDA Alliance



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