



## **AgForce Queensland Industrial Union of Employers**

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Ref: CB/GL/GG007

6 February 2017

Mr Paul Lindwall  
Commissioner  
Telecommunications Inquiry  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

*Submitted Online*

Dear Mr Lindwall

**Re: AgForce Queensland Submission to the Productivity Commission (PC): DRAFT Telecommunications Universal Service Obligation (TUSO) Report**

We thank you for the opportunity of meeting earlier last year in relation to the TUSO review to discuss AgForce member concerns and needs. AgForce would also like to thank the Productivity Commission (PC) for the opportunity to make a submission to the DRAFT Telecommunications Universal Service Obligation (TUSO) Report and also for gaining an extension to the consultation due to the fact that members were on leave and unavailable in the Christmas break.

• **Introduction**

AgForce is the peak state farming organisation representing the majority of beef cattle graziers, sheep & wool producers and dryland grain growers in Queensland. The gross value of these agricultural commodities in Queensland for 2014/15 totalled \$6.3billion, which included \$1.15billion for broadacre cereal, oilseed and pulse crops, \$5.14billion for slaughtered cattle and sheep and \$66million for wool<sup>1</sup>. AgForce exists to ensure the long-term growth, viability, competitiveness and profitability of these industries. Our members provide high-quality food and fibre products to Australian and overseas consumers, manage more than 50% of the Queensland landscape and contribute significantly to the social fabric of rural and remote communities.

AgForce is one of the founding organisations of the Rural, Regional & Remote Communications Coalition (RRRC). AgForce helped initiate the coalition as there is a critical mass of organisations, ranging from relatively established lobby groups through to fledgling volunteer interest groups, which are advocating on similar access and service quality issues for rural and regional telecommunications users. The wide-ranging focus and quantum of organisations involved highlights that telecommunications in rural, regional and remote Australia is critical. For AgForce and members of the RRRC, access to telecommunications is made possible by the USO. For large sections of regional, rural and remote (RRR) Queensland, telecommunications would most likely be commercially unviable nor affordable if the existing USO was not in place. In light of progressive advancements in telecommunications technology and applications in recent years however, AgForce is pleased that the

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<sup>1</sup> ABS – Value of Agricultural Commodities Produced 2014-15 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/7503.0>

PC has identified that the current arrangement for USO is in need of reform and should be amended to include a baseline broadband service.

- **Priority Issues and Recommendations**

AgForce members see that changes to the USO have the following major issues that require resolution:

- a) Defining a baseline broadband service is a critical component of a revised USO. Any definition of the new baseline broadband service must put in place minimum standards for voice and data services and be accompanied by a modernised Customer Service Guarantee (CSG) framework. It is understood that as technology and user expectations evolve, an adaptive approach to defining broadband service may be required. Incorporating a more regular staged review process than occurred with the existing USO will enable a more proactive approach to dealing with the evolution of technological change and concomitant elevation of user expectations and predicted data volumes required for business, social connectivity and education.

**Recommendation: AgForce members require a guarantee on baseline broadband access, speed, quality, reliability and affordability that is reviewed on a regular basis.**

**Recommendation: AgForce recommends that the telephone Customer Service Guarantee (CSG) is both retained and expanded to include improvements such as technology neutrality.**

- b) The possibility that nbn<sup>TM</sup> becomes the provider of choice for both voice and broadband services weakens the ability of the USO to provide a defensible guarantee of *availability*, *accessibility* and *affordability* for RRR users. In particular, the 'quality of service' aspect of availability is at risk of being inadequate with latency, jitter, packet loss and weather effects making comparison between city and RRR users very problematic. For instance, latency in excess of 1.4 seconds for voice services between SkyMuster users is far inferior to existing telephone services. AgForce members are firm in the view that landline reliability and service provision must not be compromised in the transition to a new USO, with likely reliance on nbn<sup>TM</sup> infrastructure the primary channel for the delivery of universal broadband and voice services. Existing nbn<sup>TM</sup> satellite and fixed wireless services in RRR areas have been demonstrated to be unable to provide a basic level of internet data access and voice services to meet the needs of all Australians in the 21<sup>st</sup> century (Sparrow and Gowan 2017)<sup>2</sup>. AgForce members argue: "We still need a land based telephone system in remote areas for reliability."

**Recommendation: AgForce recommends that the revised USO not transition to digital telecommunications services such as satellite and fixed wireless in RRR areas of Queensland until acceptable reliability can be ensured and reliable access and quality of service (ie, for voice services) is not compromised.**

- c) The reliance on mobile broadband as a fixed voice and broadband service in RRR areas is inadequate as there is no mobile coverage for up to 90 000 premises across rural and remote Australia (NB: This number is from the PC Report however, AgForce believes that this number is actually much higher). While users with adequate mobile coverage may have an alternative service that 'compensates' for the inherent latency in SkyMuster VoIP connectivity (250-600 milliseconds) and service interruptions (eg, cloud and weather effects or sunspot activity), there is no guarantee that mobile service will ever be available in some remote pockets. For AgForce members with school children involved with distance education, quality telecommunications service is essential. Latency due to satellite transmission effects fluency and flow of conversation, which currently makes VoIP very unsuitable. Some members on Skymuster report delays between speaking and then hearing responses, particularly SkyMuster-to-SkyMuster communication,

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<sup>2</sup> Sparrow, K. and Gowan, R., 2017, Draft Submission to the Productivity Commission (PC): DRAFT Telecommunications Universal Service Obligation (TUSO) Report, Better Internet for Rural, Regional & Remote Australia (BIRRR) group. See: <https://birrraus.com/>



which severely compromises meaningful learning exercises. As high availability voice service is essential in emergencies, AgForce members within mobile black-spots need certainty that current land-line and access options are not going to be switched off. An alternative high availability voice service is essential in emergencies.

**Recommendation: AgForce recommends that mobile connectivity must not be considered as a replacement for a Universal Service Obligation (USO) landline for RRR users, until this connectivity at least meets the same service guarantees as existing arrangements.**

d) Telecommunications service and arrangements, as well as consumer expectations in 2017 are quite complex, which is reflected by multiple reviews and inquiries taking place in the telecommunications space at the moment. Current and recent activities that will have influence on the final USO framework include:

- Consumer safeguards review
- Implementation of the Regional Broadband Scheme
- Joint Parliamentary Committee Inquiry into the National Broadband Network
- ACCC Telecommunication Market Study
- ACCC Wholesale Mobile Roaming
- Telecommunications Reform Package

Considerable industry and voluntary AgForce member effort has contributed to these activities with the aim of improving telecommunications infrastructure, service and reliability in RRR Queensland. An effective USO will be a fundamental plank for the improvement and achievement of reliable broadband internet and voice services for RRR Queenslanders. Those contributing do understand however, that relatively rapid innovation in telecommunications technology necessarily requires an adaptive and ongoing alignment of the USO in response to the various reviews, research and formal inquiries relevant to the telecommunications arena in Queensland and Australia.

**Recommendation: AgForce recommends that the revised USO aligns with outcomes from the various activities and reviews underway in the telecommunications arena in Queensland and Australia.**

e) While the PC inquiry and draft report identify availability, accessibility and affordability as assessment criteria to determine the scale of government intervention and funding, AgForce members have enormous concern about the USO's consideration of digital ability. The Australian Digital Inclusion Index (ADII) measures the level of digital inclusion across the Australian population and to monitor this level over time. Digital inclusion<sup>3</sup> is based on the premise that everyone should be able to make full use of digital technologies – to manage their health and wellbeing, access education and services, organise their finances and connect with family, friends and the world beyond. When we look at particular RRR regions, north-west Queensland is the second worst region in Australia, for digital inclusion.

Digital inclusion is made up of three components, Access, Affordability and Digital Ability. Overall, Queensland ranks sixth out of the eight states and territories for digital inclusion. The most recent ADII report identifies that while Australians report high interest in using the internet, they also find it hard to keep up with new technologies and relatively few users engage in more advanced activities. This is further complicated by the digital divide that exists between urban and rural users, with Affordability and Digital Ability widening over the last three years. While the revision of the USO appears to target affordability, AgForce is very concerned that in the interests of

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<sup>3</sup> Thomas, J, Barraket, J, Ewing, S, MacDonald, T, Mundell, M & Tucker, J 2016, Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2016, Swinburne University of Technology, Melbourne, for Telstra. See: <http://digitalinclusionindex.org.au/the-index-report/report/>

improving innovation in agriculture and ensuring positive return on investment for telecommunication infrastructure, consideration for improving Digital Ability needs to go hand-in-hand with improvements to the USO. The ADII advises that there is considerable scope to further improve Digital Ability, particularly for those in RRR areas. Efforts to revise the USO appear to follow the notion of 'build it and they will come' however, investment is required in improving digital ability in order to ensure users can gain the best value from the USO as well as improve digitally enabled innovations in agriculture. If improvement in Digital Ability is not included as a key purpose of the USO, as well as an investment stream to enable capacity building in Digital Ability of RRR telecommunication users, the digital divide will certainly continue to broaden between urban and RRR regions.

**Recommendation: AgForce recommends that improvement in Digital Ability in RRR users is included as a key purpose of the USO in order to reduce the digital divide and improve digital inclusion in RRR Queensland and Australia.**

**Recommendation: AgForce recommends that funds be made available for programs that enable capacity building of Digital Ability of RRR telecommunications users to reduce the digital divide between urban and rural Queenslanders.**

- f) Some AgForce members are choosing not to have a landline in certain locations and require certainty that service guarantees for this choice will be available. AgForce is also very aware that SkyMuster is not an option to replace Landlines for our members. Due to the wide variety of technologies currently implemented and the foreseeable increase in options available, AgForce believes the USO must not favour or discriminate against members with different technology installations.

**Recommendation: AgForce recommends that the Telecommunications Universal Service Obligation (TUSO) is technology neutral and provides access to affordable, reliable and equitable voice and broadband data services for all Queenslanders, irrespective of their technology installations or location.**

- g) Currently, as the designated universal service provider, while Telstra's obligation is specified in legislation there was no requisite transparency and accountability specified in the 2011-12 agreements. As this Telstra USO Performance (TUSOP) agreement was until 2032, it is imperative that this agreement be reviewed, annulled and re-established as a transparent and adaptable agreement with relevant providers (with consideration of monopoly risks), reviewed regularly and made available for scrutiny by telecommunications users and the general public.

**Recommendation: AgForce recommends that the TUSOP agreement is annulled and that the Government ensure transparency and stewardship of a competitive tender for USO services.**

We look forward to interacting with the Productivity Commission as this inquiry process progresses and have every intention of assisting you access further information or resolve issues. Please contact either Georgie Somerset \_\_\_\_\_ or Dr Greg Leach

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Yours sincerely

Charles Burke  
Chief Executive Officer