



Department of State and
Regional Development

NSW Regional Development Advisory Council

**REGIONAL DEVELOPMENT ADVISORY COUNCIL'S
SUBMISSION**

to

**STANDING COMMITTEE ON BROADBAND IN RURAL AND
REGIONAL COMMUNITIES: KEY ISSUES FOR FURTHER
INVESTIGATION DISCUSSION PAPER**

As at

2 December 2008



Terms of Reference

The Legislative Assembly Standing Committee on Broadband in Rural and Regional Communities was established on 21 June 2007 to inquire into the needs of rural and regional communities in relation to telecommunications (including broadband) and other technology services and, in particular, to report on the following terms of reference:

- a) The availability of telecommunications (including broadband) and other technology services in rural and regional communities;
- b) The benefits and opportunities for rural and regional communities of having access to telecommunications (including broadband) and other technology services;
- c) Disincentives and barriers to the provision of telecommunications (including broadband) and other technology services to rural and regional communities;
- d) The consequences for rural and regional communities of not having, or not having adequate, access to telecommunications (including broadband) and other technology services, having regard to likely future industry and technological developments; and
- e) Options for encouraging providers of telecommunications (including broadband) and other technology services to extend services to rural and regional communities.

The membership of the Committee is as follows:

Chair: Mr Phillip Costa MP, Member for Wollondilly

Members: Mr Gerard Martin MP, Member for Bathurst
Mr Andrew Constance MP, Member of Bega
Mr David Harris MP, Member for Wyong
Mr Greg Piper MP, Member for Lake Macquarie
Mr Geoff Provest MP, Member for Tweed
Mr Steve Whan MP, Member for Monaro



Regional Development Advisory Council

The Regional Development Advisory Council is an independent advisory body established under the NSW Regional Development Act 2004 section 4 and members are appointed by the Minister Lands, Regional Development and Rural Affairs. The role of the Council is to make recommendations to the NSW Minister for Regional Development on regional development issues. It also advises on ways in which the Government and communities can work together to strengthen the capacity of communities to respond to local issues.

Under the Act, the Council has the following functions:

- (a) to advise the Minister on any matter that is referred to it by the Minister; and
- (b) to advise the Minister on any other matters it considers relevant to providing a framework for strategic intervention in the economies of regional New South Wales for the following purposes:
 - to help fill gaps left by the market system;
 - to promote economic and employment growth in regions;
 - to assist regional communities to capitalise on their regional strengths, to broaden and reposition the industry base of their regions and to develop new products and new markets; and
 - to develop regional or local solutions for regional or local business development problems.

The current members of the Regional Development Advisory Council are:

- **Tim Sheed**, Chair RDAC/Murray Regional Development Board
- **Meryl Dillon**, Deputy Chair RDAC/Northern Inland Regional Development Board
- **Garry Langton**, Illawarra Regional Development Board
- **Neville Gasmier**, Far Western Regional Development Board
- **John Dawson**, Business Central Coast
- **Sandy Morrison**, Central Western Regional Development Board
- **Alan Pendleton**, Greater Western Sydney Economic Development Board
- **John Tate**, Hunter Economic Development Corporation
- **Mark Livermore**, Mid North Coast Regional Development Board
- **Margot Sweeny**, Northern Rivers Regional Development Board
- **John Walkom**, Gowest Regional Development Board
- **Joseph Burns**, Riverina Regional Development Board
- **Ross Barrett**, Capital Region Development Board



Executive Summary

The Regional Development Advisory Council (RDAC) proposed at its August 2008 meeting that a submission be made to the *Standing Committee on Broadband in Rural and Regional Communities: Key Issues for Further Investigation Discussion Paper* to support the issues and actions raised by individual Regional Development Boards. The summary includes points raised by the individual development boards and other stakeholders such as Engineers Australia and the NSW Department of State & Regional Development.

It is essential that the Enquiry advocates on behalf of rural and regional communities for compatible telecommunications with those of metropolitan centres. Attracting and sustaining businesses and/or home owners in rural and regional NSW is dependent on ensuring councils can guarantee the same infrastructure access as their metropolitan counterparts.

Broadband services are typically delivered over a network that is shared by a number of customers. This is based on the belief that not all subscribers will use the service at the same time. As more subscribers use a broad service simultaneously, however, transmission speed drops. Businesses increase the practices that require interactive two-way communication (voice and data) and the exchange of information (electronic documents and images), networks will need to be able to deliver high transmission speeds in both directions.

Access to broadband can play a critical role in reducing costs and improving productivity and business efficiency in regional and rural areas, which is likely to lead to jobs growth in all industry sectors, particularly in the knowledge intensive sectors, such as manufacturing, agriculture, mining and services sectors.

RDAC encourages the NSW Government on behalf of the Regional Development Boards to take a key role in ensuring adequate spectrum for not-for-profit and/or community based enterprises as well as affordable broadband and mobile phone coverage is available for all of NSW. If this is not acted upon we are at risk of developing a "digital divide" between regional and metropolitan areas.

Marketing campaigns such as Country Week and C Change Bureau promote country living to metropolitan based businesses and individuals to consider the merits of a country lifestyle. Telecommunications infrastructure is fundamental to ensure the success of both these campaigns as both relocating businesses and individuals are reliant on ensuring they have mobile telephone coverage, public telephones, and access for remote areas and opportunities for disadvantaged members of the community.

The Universal Service Obligation (USO) needs to be expanded to include data as well as the current coverage of voice transmission. In some instances the options will not be commercially viable for small and/or remote or isolated communities and it is in these instances some form of grant or subsidy would be appropriate to not-for-profit or community based organisations to provide the infrastructure and/or services.

Overall the critical issue for the Regional Development Boards and as a consequence RDAC is that inadequate broadband infrastructure and service in regional New South Wales in the short-term will retard economic growth as new investment and business expansion decisions will consider the availability of this infrastructure closely. Inadequate broadband also retards the ability for regional businesses to generate growth through productivity improvements, as new more efficient practices cannot be implemented.



In response to the above Terms of Reference:-

The Regional Development Advisory Council (RDAC) members have agreed that the Council would focus on 4 priorities areas for the enhancement of rural and regional NSW.

These priority areas are:

- Information and Communication Technology
- Skill Shortages
- Growing Inland NSW
- Infrastructure

These priority areas are in alignment with NSW State Plan – Priority 6 – “Increased business investment in rural and regional NSW”. Priority 6 is the responsibility of the Minister for Regional Development, the Hon. Phillip Costa.

The aim of the 13 state-wide regional boards is to promote regional development initiatives within the regions of New South Wales. This is achieved through competitive marketing with Federal, State and Local government initiatives as well as providing advice to investors on the sustainability of their investment within the region. As a result of these activities information and communication technology is a major factor in the decision making process for individuals moving to a regional community and/or an investor considering a greenfield site or relocation of their existing premises.

a) The availability of telecommunications (including broadband) and other technology services in rural and regional communities;

In the Department of State & Regional Development (DSRD) Submission to the Broadband in Rural and Regional Committees, October 2007, the case is made for adequate broadband infrastructure as a necessity for regional and rural areas. Allocating adequate spectrum for not for profit and/or community based enterprises, should be an undertaking by the Federal Government.

Broadband services are typically delivered over a network that is shared by a number of customers. This is based on the belief that not all subscribers will use the service at the same time. As more subscribers use a broadband service simultaneously, however, transmission speeds drop. Businesses increase the practices that require interactive two-way communication (voice and video) and the exchange of information (electronic documents and images), networks will need to be able to deliver high transmission speeds in both directions.

Australia is depicted internationally as a politically and economically stable democratic nation that provides easy access to the Asia Pacific markets with no controls on foreign exchange and a deregulated telecommunications market. The investment NSW receives from information and communication technology (ICT) companies is just under A\$12 billion as at 2002-03. It is this level of investment which NSW needs to ensure will continue.

An example of the investment NSW receives as a State is a company such as Vodafone Pacific, where the decision to choose Australia was based on “...the ready access to world class business and communications infrastructure, its excellent transportation links and willingness to adopt new technology. These were all major advantages we considered crucial to ensuring our ongoing business success”, according to Dr Brian Clark, Chief Executive, Vodafone Pacific, based in Sydney.



For regional businesses to compete nationally and internationally in the competitive market place it is essential to have compatible telecommunications with metropolitan businesses. As per the Northern Rivers Regional Development Board submission to this Inquiry “businesses, particularly, ‘knowledge-based’ businesses, will only grow or be attracted to the Northern Rivers if they have access to up-to-date ICT infrastructure and skilled people”. Major concerns for regional businesses include:

- Mobile phone reception/quality;
- Telecommunications services; and
- Telecommunication costs.

b) The benefits and opportunities for rural and regional communities of having access to telecommunications (including broadband) and other technology services;

Marketing campaigns such as Country Week and C Change Bureau promote country living to metropolitan based businesses and individuals to consider the merits of a country lifestyle. Telecommunications infrastructure is fundamental to ensure the success of both these campaigns as both relocating businesses and individuals are reliant on ensuring they have mobile telephone coverage, public telephones, and access for remote areas and opportunities for disadvantaged members of the community.

Poor access to the Internet will have implications for population relocation. Unless access is improved sea-changers will be deterred from relocating to regional NSW. Continuing evidence clearly shows that one of the top questions by potential regional residents is the availability of modern and high speed communications.

The Northern Inland Regional Development Board has provide a response to this Inquiry about businesses in their region who are internationally competitive but unable to maintain business relationships and contact with colleagues because their international customers do not understand that local firms are limited to “dial up” facilities.

c) Disincentives and barriers to the provision of telecommunications (including broadband) and other technology services to rural and regional communities;

The cost of servicing dispersed smaller populations is at the heart of this, and used to be addressed by cross subsidisation from metropolitan areas under “Universal Service Obligation” (USO) required before the industry was privatised. RDAC would request that the USO would be expanded to include data as well as the current coverage of voice transmission. In some instances the options will not be commercially viable for small and/or remote or isolated communities and it is in these instances some form of grant or subsidy would be appropriate to not-for-profit or community based organisations to provide the infrastructure or services.

Education opportunities and the delivery of education services by remote technology are now a large part of the internet and a feature of the majority of education institutions. If students and younger residents cannot access the required services they will move from rural and regional areas to locations where the services are available. The social and family consequences of this are of concern for regional and rural areas in the short and long term.



Consideration needs to be given to the fact that broadband makes other forms of work possible. Telecommuting is becoming more common in regional areas, although poor broadband speeds and high prices for broadband services still remain an issue, limiting the widespread adoption of telecommuting and teleworking. Access to affordable broadband is likely to make telecommuting and teleworking feasible for an increasing number of people and business in regional and rural New South Wales with significant social regional benefits.

d) The consequences for rural and regional communities of not having, or not having adequate, access to telecommunications (including broadband) and other technology services, having regard to likely future industry and technological developments;

Telecommunication infrastructure within regional areas needs to be of similar standard to that found in metropolitan areas if attracting and keeping regional businesses is to be maintained. Telecommunication infrastructure is critical for regions as a place to work, study and research, this is crucial in relation to broadband where the requirement is not only from a lifestyle perspective, but to ensure they are “open for business”.

Engineers Australia identified in their report released in December 2007 that there is a “...lack of a comprehensive strategic plan and long-term vision for Australia’s telecommunications infrastructure as the major hindrance to better and more equitable services from the cities to the country”. “The standard and spread of the telecommunications infrastructure is at the core of the national interest to provide the means for business to grow in the Australian and the world marketplaces”, according to Peter Taylor, the Chief Executive of Engineers Australia.

Concerns by several of the regional development boards in relation to the slow eroding of telecommunication services over the past 15 years was highlighted by individual regional development boards’ submissions to this Inquiry. They have all supplied evidence that many rural sector businesses are centralising their operations to larger centres and capital cities, as well as a centralised interstate system because of the lack of telecommunication infrastructure. This is particularly evident in the food production industry as more metropolitan suppliers only take orders over the internet or by electronic mail from businesses located in rural and regional areas. This is even more prominent due to the distance some businesses are located from the nearest exchange.

Attracting and sustaining businesses and/or home owners in rural and regional NSW is dependent on ensuring councils can guarantee the same infrastructure access as their metropolitan counterparts. DSRD in their submission to this Inquiry, stated that broadband can play a critical role in reducing costs and improving productivity and business efficiency in regional and rural areas, which is likely to lead to jobs growth in all industry sectors, particularly in the knowledge intensive sectors, such as the manufacturing, agriculture, mining and services sectors.



e) Options for encouraging providers of telecommunications (including broadband) and other technology services to extend services to rural and regional communities.

Broadband services in rural and regional New South Wales are delivered through a range of transmission technologies. Issues over telecommunication services providers regarding access to broadband infrastructure and services in a region is often misleading. DSRD report that "...while network coverage for wireless (Next G) services is claimed to be extensive (covering 98% Australians), there is a significant anecdotal evidence that the reality does not reflect this claim". This could be explained because "98% Australians" is not '98% of Australia' and so Telstra claim would cover population not topography.

The critical issue for Regional Development Boards is the availability of broadband access outside major centres, but with a highly dispersed population and variable topography, it is likely that residents outside urban centres will only have access to dial-up, if at all. RDAC supports the Northern Rivers Regional Development Board, who in their submission encourages the NSW Government to take a key role in ensuring the availability of affordable broadband and mobile phone coverage with access for all of NSW.

The concern for RDAC and DSRD is that inadequate broadband infrastructure in regional New South Wales in the short-term will retard economic growth as new investment and business expansion decisions will consider the availability of this infrastructure closely. Inadequate broadband also retards the ability for regional businesses to generate growth through productivity improvements, as newer more efficient practices cannot be implemented.

In conclusion, the RDAC wishes to endorse those individual Regional Development Board submissions to this Inquiry. It is fundamental that the Committee understands that unless there is reliable, if not equal to what is available in metropolitan centres, telecommunication infrastructure; within rural and regional NSW the opportunities for investment within NSW will be lost. It is a matter of urgency that the Committee understands the impact that unreliable and poor telecommunication infrastructure has on rural and regional communities. To paraphrase the DSRD submission we are at risk of developing a "digital divide" between regional and metropolitan areas. The results will be businesses considering whether or not to invest in regional locations and limited economic value in our rural and regional communities.



KEY ISSUES THAT THE COMMITTEE WOULD LIKE FURTHER INFORMATION ON ARE:

Strategies for addressing the lack of availability of services in certain areas including the choice of technology;

ADSL Broadband network is supplied through Telstra copper network into cities such as Wagga Wagga. However, this technology is only entry level broadband for businesses and homes. It is unlikely to be capable of delivering the bandwidth required to cater for the demand for on-line services (business applications and entertainment). Most countries are moving away from copper based networks and are building networks based on fibre optics and wireless technologies that are capable of carrying more data and video content at much faster speeds for lower costs.

The appropriate role of State government in promoting and increasing the use of broadband;

The primary role of State government is to improve and accelerate the delivery of key Government services such as education, health, police, justice and general government services to the residents and businesses of rural and regional NSW.

This is achieved through:

- Ø Specialist training to small and remote schools;
- Ø Access to expert medical advice from regional hospitals;
- Ø Distribute complex real time information for emergencies;
- Ø Video conferencing of court and other proceedings; and
- Ø Share geospatial data for integrated planning and conservation work

State and local government planning in delivery of broadband services in particular areas;

RDAC would support the Central West Regional Development Board's request that there is an independent unbiased broker that can reliably inform businesses and individuals on the most appropriate broadband access for their location and give an indicative price they may expect to pay. This would greatly help in alleviating the current level of confusion and difficulty in knowing what access is available, choosing a provider and broadband package.

The importance of broadband services for education, health and business activities and to retain regional and rural population levels; and

The Regional Development Advisory Council is responsible for the promotion of regional NSW as place to live and work. Without access to the latest internet technology businesses and individuals within the regions will lose competitive advantage as well as unable to attract businesses and individuals to live and work in regional NSW.

The actual level of service required in the future to maximise the benefits to these communities.

RDAC would recommend the Inquiry refer to the submissions from the Regional Development Boards and Regional Organisations of Councils who have given detailed requirements for their individual regional requirements.