

SUBMISSION TO

THE PARLIAMENTARY INQUIRY INTO TELECOMMUNICATIONS (INCLUDING BROADBAND) AND OTHER TECHNOLOGICAL SERVICES IN RURAL AND REGIONAL NEW SOUTH WALES

FROM THE
RIVERINA REGIONAL DEVELOPMENT BOARD

The Riverina Regional Development Board ('RRDB') makes its response to the following terms of reference:

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

The RRDB has had a telecommunications policy in place since 1999 following the completion of a telecommunications strategy. Eight years on this strategy document makes for interesting reading by providing a valuable lesson on how quickly some things can change – both in terms of technology and the applications, services and information that have become available as a result – while the same issues and problems still remain.

In its concluding chapter, the strategy document references the willingness of governments to use online services as a solution that will resolve all of the obstacles faced by people living and working in rural areas. The report commented:

This approach is fine for communities that have access to infrastructure to provide high bandwidth or broadband services. It does not help those in rural, remote and isolated areas that do not

have access even to basic communications services such as reliable fixed telephony, fax capability and mobile telephony.

For those communities, lack of infrastructure is the issue because it affects the take up of new technologies, resulting in low awareness of the benefits to be gained from new services and failing to justify the investment in new infrastructure needed to provide the service.

With competition policy in the telecommunications sector only recently introduced following deregulation in 1997, the report noted:

Competition ... has not helped regional and remote communities in the Riverina. Where infrastructure was previously non-existent, there is little to no likelihood that a new carrier will consider providing infrastructure and services – populations are spread sparsely across large geographic areas making it difficult for a carrier to see the opportunities. ('Linked': A Telecommunications Strategy for Riverina Communities, July 1999)

These comments are as relevant today as they were in 1999.

The RRDB has actively worked to implement the strategies identified in the report, engaging a telecommunications coordinator to work with local councils and communities to obtain NTN funding for mobile base stations and embarking on a demand aggregation strategy which led to the creation of a unique regional partnership, Riverina First – the Foundation for Innovation, Regional Services and Telecommunications (www.riverinafirst.com).

Established in May 2003, Riverina First has provided a development fund that was established to offset the capital investment of telecommunications infrastructure projects where the need and demand for the service was deemed to be the greatest (and where a commercial business case would otherwise not justify the infrastructure investment).

With Telstra's support Riverina First also established a pilot project to aggregate demand for ADSL in the region with the service implemented once specific targets were reached.

Following the implementation of the Federal Government's HiBIS program, which provided subsidies to encourage carriers and service providers to deliver broadband services in selected communities, the RRDB used the demand aggregation register established through the pilot to support HiBIS, ensuring that a large number of exchanges within the Riverina were ADSL enabled.

The development of a demand register through Riverina First provided the first clear indication that rural communities would take up the new service if it was available and affordable. Certainly the roll out of ADSL from that time has been dramatic in our region. In May 2003, seven exchanges in the Riverina were ADSL enabled. That number has now risen to 66 in total but there are still over 130 more exchanges in the Riverina alone that do not have access to broadband via terrestrial means – and we have not even commented on the large number of people living and working beyond the geographical range of ADSL.

The RRDB applauds any initiative or opportunity to improve telecommunications infrastructure in regional areas such as ours but is equally concerned that the funding be used **only** to target rural, regional and remote communities that have **limited or no access** to broadband services.

Accordingly the RRDB sees the Federal Government's decision to invest almost \$1 billion to fund the Opel project as another example of yet more funding being invested to duplicate infrastructure which already exists in the more populated parts of our regional areas. This certainly helps to increase competition in these markets by subsidising capital investment in infrastructure for new service providers entering markets which have previously been dominated by Telstra, but does little to stimulate

infrastructure investment in rural locations that, arguably, need access to broadband the most.

The Government has attempted to placate regional and rural users by running briefing sessions to explain its telecommunications and broadband policies – in particular the Opel initiative. This however, raised more questions than it answered as Department officers were remarkably vague and could not provide specifics about new locations that would receive broadband where it was not previously available (other than via satellite) or the technology that would be deployed.

The RRDB is clearly not alone in its criticism of the Government's decision to award the contract to Opel and notes the comments from various broadband experts including University of Adelaide consultant and telecommunications emeritus professor Reg Coutts who has questioned the timeframe, equipment and spectrum in questioning the viability of the network.

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

The availability of broadband in nominated communities is a catalyst for business development, through improved opportunities to access banking, financial and government services and associated online resources. Efficiencies gained through broadband availability have encouraged growth and development for retail, community, education, health, business and industry sectors and help to facilitate labour attraction, tourism and employment opportunities in the region.

While the Internet can no longer be described as necessarily a new technology, the RRDB believes the use of e-commerce by small businesses in the Riverina region has previously been hampered by the availability of broadband.

Estimates of businesses by Commonwealth Electoral Division (ABS Business Register snapshot June 2004) identify 20,425 businesses in the Riverina electorate. Of these, 13,762 are non-employing businesses, and 6,000 businesses employ fewer than twenty people. While the larger regional centres are experiencing consistent growth and development, many of the smaller communities within the Riverina are suffering as a result of declining populations and a shift in demographics as young people move to larger centres or metropolitan areas for job opportunities. This fact is easily referenced in ABS statistics and in studies by demographers such as Bernard Salt.

The ABS survey also notes that the value of Internet income had grown by 37 per cent from \$24 billion in 2002-03 to \$33 billion in 2003-04. Supporting this trend, the Minister for Communications, Information Technology and the Arts released a report in December 2005, *Trust and growth in the online environment*, which demonstrated that ten million Australians now use the Internet for transactions. With this trend expected to continue, rural and regional small businesses have an opportunity to tap into a growing and ever expanding market through the availability of broadband.

The emergence of e-commerce has done more than simply create a new economy. It has provided opportunities for new industries and a new marketplace that have substantial benefits for both consumers and businesses regardless of their location. Regional businesses have an opportunity to tap into this market that is growing exponentially each year as more and more people purchase goods and services online (or use the Internet to source products and services which are then purchased through more traditional means).

Online services are a cost-effective way to reduce business expenses and increase productivity. In the past, the 'face' of a rural business was its shopfront or an advertisement in the yellow pages. Increasingly businesses are relying upon a web presence to identify who they are, where they are and what they do.

Recognising that a greater involvement in web commerce for selective small businesses will result in improved productivity and business efficiency gains for small businesses, the RRDB has implemented a program, with the support of AusIndustry, to show small businesses how they can become more efficient and effective through e-commerce.

EasyCommerce Riverina is currently being rolled out to all local government areas within the region and has struck a chord with businesses that can appreciate the benefits and opportunities of online services for their business – but have no idea how to go about it. The RRDB believes that programs such as this, that provide practical, logical and flexible training and support, are necessary to help people living and working in rural communities to understand how they can use and benefit from online services.

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

We are all aware that regional communities are increasingly reliant upon online services to deliver access to communication, information, education and other services in regional communities. This has been well documented with the closure of banks and other financial services in regional communities, the Government's own focus to deliver services and information online and the push to encourage e-commerce initiatives for the obvious community and economic development benefits they can bring to a regional area.

Yet it is a complicated task to identify the demand for a service that people have not previously had access to as they have difficulty appreciating the potential value and benefit it can bring to their lives and their work opportunities. Yet this does not mean that the service is not required or would not be used.

- (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

The RRDB has been instrumental in the establishment of an initiative known as 'Country Change' (<http://www.cchange.org.au/>) which aims to promote the unique opportunities available for people living and working in regional areas. As a region, the Riverina has no shortage of natural attractions, is filled with vibrant, distinctive, diverse and cosmopolitan communities and has an impressive range of thriving businesses and industries which make it an ideal place to live and work.

Unlike other cities or regions in Australia, the Riverina is unique in that there is no shortage of jobs so attracting people to the region is an extremely important activity for the region.

While there are understandable and acceptable concessions that people are willing to make when relocating to a regional areas, compromising on telecommunications services is not one of them. In order for the Riverina to be able to attract new business and industry to the region; to encourage families and individuals to make a 'country' change; and to continue to support and grow our existing businesses and communities, access to telecommunications services is vital.

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

Competition policy is not an effective way to encourage telecommunications providers to deliver services in rural and remote communities. Clearly competition has worked most effectively in larger regional centres where service providers have access to a large customer base. In more the more remote parts of regional areas, populations can be sparsely spread across vast geographic areas and there is no

commercial business case to justify the high cost of infrastructure against the small number of potential subscribers available in these locations.

Public infrastructure and services are available in these communities largely because they are Government owned and tax payer funded. The decision to fully privatise Telstra has removed any opportunity to retain a means of carriage which would then have been accessible by any registered service provider.

However the rate of technological change has been rapid and what would have seemed incomprehensible to the average person ten years ago – a broadband connection to the Internet via the mobile phone network – is now a reality.

With the advent of 3G and more specifically Telstra's Next G network (as Telstra's coverage within regional areas is far broader than other 3G providers), a wireless broadband connection where mobile coverage is available is now achievable – although at a cost far greater than an equivalent ADSL service. As mobile phone coverage improves and increases, other than the expense, this would seem to be both a logical and pragmatic solution that will deliver both improved communication **and** access to online services to a far greater proportion of our population than would currently be available through the cable network.

As with HiBIS which has subsidised the cost of providing broadband ADSL (and satellite) into regional, rural and remote communities, the RRDB sees no reason why similar subsidies could not be provided for wireless broadband services in locations where a terrestrial broadband service is not currently available.