

Growing the Business of Farming



Jock Laurie
President

2 May 2008

Mr Phillip Costa MP
Chair
Standing Committee on Broadband in Rural and Regional Communities
Parliament House
Macquarie Street
SYDNEY NSW 2000

By email: broadband@parliament.nsw.gov.au

Dear Mr Costa

**Re: Submission to the Standing Committee on Broadband in
Rural and Regional Communities**

The NSW Farmers' Association (the 'Association') provided a submission to the Legislative Assembly Standing Committee on Broadband in Rural and Regional Communities in October 2007, however, due to changes that have occurred in the area since our last submission the Association welcomes the opportunity to provide further comment on this critical issue.

Please find attached a submission outlining the Association's concerns regarding broadband telecommunications in rural and regional NSW. The Association eagerly awaits the outcomes from the deliberations of the Standing Committee regarding this important issue.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jock Laurie".

Jock Laurie
PRESIDENT

Growing the Business of Farming



**Submission to the
NSW Legislative Assembly Standing Committee on
Broadband in Rural and Regional Communities**

**~ Inquiry into Broadband in Rural and Regional
Communities: Key Issues for Further Investigation) ~**

April 2008

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Introduction

The NSW Farmers' Association (the 'Association') is Australia's largest State farmer organisation representing the interests of the majority of commercial farm operations throughout the farming community in NSW. Through commercial, policy and apolitical lobbying activities the Association provides a powerful and positive link between farmers, the Government and the general public.

Access to affordable, reliable and metro comparable telecommunications services is a key issue for farmers and rural communities, particularly in regional and remote areas. The Association continues to be an extremely active participant in the telecommunications debate, playing a key role in leading the debate about rural and remote telecommunications services, particularly in terms of highlighting key service and market failures.

Currently, the Association's key areas of interest include mobile telephone services (particularly the migration from CDMA to Next G), broadband internet (including the relevance and application of National Broadband Network to rural communities, the consequences of the recent decision not to support the OPEL initiative, and the Australian Broadband Guarantee), fixed telephone service (including Next G Wireless Link), regulatory mechanisms (such as the Universal Service Obligation and the Customer Service Guarantee) and the availability of future funding for regional telecommunications projects (particularly the Communications Fund).

The Association provided a submission to the Legislative Assembly Standing Committee on Broadband in Rural and Regional Communities in October 2007, however, due to changes that have occurred in the area since our last submission the Association welcomes the opportunity to provide further comment on this critical issue.

In addition to the issues raised in our original submission, the Association is particularly concerned about two recent developments in the telecommunications landscape:

1. The decision of the Federal Government to cancel funding for the OPEL project; and
2. The intention of the Federal Government to utilise the Communications Fund to partly fund its Australian Broadband Network proposal.

In detail the concerns of the Association are:

1. The decision of the Federal Government to cancel funding for the OPEL project

The Association is concerned that the recent decision by the Federal Government to cancel funding for the OPEL project will have a negative affect on the rollout of broadband technology in regional NSW. Whilst not without its potential concerns, the OPEL project aimed to deliver 6mbs increasing to 12mbs to 99% of the population by June 2009. The National Broadband Network has been touted to deliver 12mbs to 98% of the population by 2013. It should be noted that the 2% of the population not reached by the National Broadband Network will likely represent a high proportion of the Association's membership base. The Association is therefore seeking the assistance of your Committee to identifying what plans the Federal Government has in place to ensure this 2% of the population is not forgotten in this drive for technological advance.

The Association is particularly concerned that Telstra's intention to withdraw its ISDN services at the end of 2008 will leave many people in regional NSW with limited options in terms of broadband internet which may in some cases result in a step backwards in service. For example:

- Telstra's Next G broadband service – while this service is now available to a wide and growing proportion of the population, in terms of price, this service is still a long way from being defined as a 'metro comparable' service.
- Dial up internet – this obviously represents a dramatic step backwards in technology and will be unacceptable for many businesses and regional users.
- Satellite service under the Australian Broadband Guarantee (ABG) – While developments in satellite broadband have led to dramatic improvements in this area, satellite broadband does not provide a satisfactory solution for the whole of regional Australia, and as time goes on the gap between the capabilities of satellite internet and internet available in Metro Australia will only increase. The Association is also concerned that failure to invest in broadband infrastructure in regional Australia will place an increased demand on the ABG and its ongoing funding requirement.

Recommendation:

That the State and Federal Governments undertake joint discussions to determine the most viable ways to encourage public/private investment into infrastructure for improved broadband access in remote and regional areas of NSW, particularly in light of the recent OPEL decision.

2. The intention of the Federal Government to utilise the Communications Fund to partly fund its Australian Broadband Network Proposal

As technology moves forward, it is inevitable that new gaps will appear in the divide between the services of metropolitan Australia and those available to rural and regional communities where they are not deemed commercially viable. Access to the latest technology is essential to the growth and prosperity of individual farm businesses as well as regional communities. Without continual upgrades in technological infrastructure, businesses in these areas will lose their competitive advantage and may become unviable in the longer-term.

An appropriate example of this occurrence can be seen in the digital divide that exists today between the access to broadband technology that is available in metropolitan and regional Australia. Access to high speed broadband internet is now a requirement of many rural businesses and access to this technology can have a direct effect on the ability of business to compete in today's challenging and complex business environment.

The Communications Fund was established on firm and principled public policy grounds, to ensure that rural and remote communities were able to see investments in telecommunications infrastructure where examples of inadequate services were identified.

The Communications Fund was established under legislation which guaranteed that the principal \$2 billion could not be touched and that the interest earned on the fund (estimated at around \$400 million every three years) would only be used to fund regional telecommunications projects relating to the recommendations of a Regional Telecommunications Independent Review Committee (such as the one currently chaired by Dr Bill Glasson).

The Association recognises the intention of Federal Government to fund the recommendations of the current RTIRC, however, the Association is extremely concerned that the removal of the Communications Fund will in effect remove the guarantee that further independent reviews into regional telecommunications will be carried out.

Finally, it is the belief the Association that the Communications Fund was established in recognition of the unavoidable struggle regionally isolated Australians would face in the absence of a regulated national telecommunications provider, and that its establishment was a

key determining factor in the eventual privatisation of Telstra. The concern of the Association is that the National Broadband Network proposal appears to be a city-focussed and applicable proposal that may take until 2013 to actually reach many regional areas – if at all. As such, the Association is strongly opposed to redirecting the Communications Fund to supply part of the investment required for this proposal, given that any potential benefit of the Network to rural and regional Australia is at best five years away, and may or may not have application to rural communities.

Recommendation:

That the Standing Committee on Broadband in Rural and Regional Communities strongly support the retention of the Communications Fund for its original purpose and communicate that position to the Federal Government accordingly.