



Submission to the Department of Broadband, Communications and the Digital Economy

~ Regulatory Issues Associated with the National Broadband
Network ~

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The NSW Farmers' Association (the Association) is Australia's largest State farmer organisation representing the interests of its farmer members – ranging from broad acre, livestock, wool and grain producers, to more specialised producers in the horticulture, dairy, egg, poultry, pork, oyster and goat industries.

Introduction

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

The area of telecommunications is particularly relevant to the Association as access to affordable, reliable and metropolitan comparable telecommunications services is a key issue for farmers and rural communities, particularly in more isolated areas.

The Association is particularly interested in the availability and affordability of Broadband Internet in rural and regional Australia as this service has become intrinsically linked to the ability of businesses to succeed in increasingly competitive national and international business environments. The Association welcomes the Government's planned investment in the National Broadband Network (NBN), provided that:

1. appropriate regulatory mechanisms are put in place to ensure the benefits of this network are spread throughout the country as a whole and not limited to metropolitan areas where high speed broadband is already the reality; and
2. appropriate funding – completely separate and unrelated to the Communications Fund – is made available to meet the requirements of the NBN.

In order to communicate the basic and at times unique telecommunications requirements of rural communities, the Association has contributed to a number of telecommunications inquiries in recent months. Given the broad nature of the Inquiry into Regulatory Issues Associated with the NBN, each of the below submissions is relevant and outline the Association's position on rural telecommunications.

- Two submissions to the NSW Standing Committee on Broadband in Rural and Regional Communities (April 2008 and October 2007), available at: <http://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/FDB19EA949CCFCC4CA25744300009506>, and [http://www.parliament.nsw.gov.au/prod/Parliament/Committee.nsf/0/24bda7c974cad807ca2573b0000401b5/\\$FILE/25%20-%20NSW%20Farmers%20Association.pdf](http://www.parliament.nsw.gov.au/prod/Parliament/Committee.nsf/0/24bda7c974cad807ca2573b0000401b5/$FILE/25%20-%20NSW%20Farmers%20Association.pdf)
- Submission to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the Telecommunications Legislation Amendment (Communications Fund) Bill 2008 (April 2008)
- Submission to the Regional Telecommunications Independent Review Committee (December 2007)

The Association welcomes the opportunity to provide a submission to the Department of Broadband, Communications and the Digital Economy regarding Regulatory Issues Associated with the NBN.

Regulatory Issues

The Association's telecommunications policy has been developed over many years, continually evolving with changes in technology, social policy and regulatory framework. Regardless of change there have always been two underlying principals within the Association's telecommunications policy, namely parity of service and parity of price. These principles should apply to all telecommunications customers – regardless of their geographic location. These two fundamental principals continue to drive the Association's objectives in the area of telecommunications, with broadband internet and the development of the NBN being no exception.

In putting forward funding for the NBN the Federal Government has clearly recognised the increasing importance that is being placed on fast, reliable and affordable broadband internet by both business and consumer alike. This requirement is by no means limited to the metropolitan areas of Australia; however, due to the geographic realities of the Australian continent, the Association is realistic in acknowledging that fibre-based broadband solutions may not be economically viable for all farmers in NSW in the short term.

In this submission the Association acknowledges the Government's commitment for the NBN to reach 98% of the Australian population. This submission will therefore be focussed on the regulatory issues specifically relating to the NBN and those affected by it. Further discussion of regulatory issues of relevance to the 2% of the Australian population not reached by the NBN will be included in the Association's submission to the Department of Broadband, Communications and the Digital Economy regarding broadband solutions for remote areas.

Due to the complex nature of the regulatory framework surrounding a national infrastructure project the size and scope of the NBN, the Association has limited this submission to two key regulatory suggestions aimed at maintaining a parity of service and price across metropolitan and non metropolitan areas of Australia, as well as maximising the speed of availability of service to the broader community. These two suggestions are:

1. Amend telecommunication legislation to better incorporate internet services; and
2. Commence the building of the NBN from the most remote areas first.

1. Amend telecommunication legislation to better incorporate internet services

As stated above, high speed broadband internet has become a critical service to business and consumer alike, with many businesses placing a higher level of importance and reliance on this technology than on a basic phone service. In acknowledging this situation the Association is proposing that the regulation of the NBN and broadband internet connections in general include amendments to telecommunications legislation and legislative instruments such as the Universal Service Obligation, Customer Service Guarantee, and Network Reliability Framework. Amendments would bring the NBN and broadband internet connections into line with that currently in place for standard telephone services. The utilisation of regulatory mechanisms as suggested will ensure that the NBN provides equality of service and therefore that the Government receives the highest possible return on its investment in this network. Without strict regulation there will be no mechanism by which to ensure that network faults are dealt with in a timely manner and to the satisfaction of customers.

A number of legislative instruments are relevant to telecommunications, each requiring detailed analysis and regular compliance reporting by the Government in order to assess their effectiveness in meeting objectives. The effectiveness of the Universal Service Obligation (USO) and Customer Service Guarantee (CSG) are of particular interest to the Association.

Universal Service Obligation (USO)

The USO is the obligation placed on universal providers to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business. Key issues of relevance to the NBN requiring attention are as follows:

- The USO must be broadened to include a guarantee that timely and affordable access to future technology be provided to rural and regional NSW;
- The USO must be broadened to include data standards as well as telephony standards (recognising the important role of the Digital Data Service Obligation); and
- This legislative instrument is not being enforced strongly enough. Legislated, automatic penalties and a rectification process should be defined for breaches of the USO.

Customer Service Guarantee (CSG)

Telecommunications providers are subject to the *Telecommunications (Customer Service Guarantee) Standard 2000*, issued by the Australian Communications Authority. For connections, it applies regardless of what is connected at the end of the service (eg internet or fax), but for repairs, only voice telephony faults are covered (ie internet access or fax faults are not covered by the CSG). Key issues requiring attention are as follows:

- The CSG must include internet access for repairs, as well as connections;
- Each of the CSG criteria must be met for each customer category (urban through to remote) in each State, rather than simply the national average;
- The CSG criteria must include a better measure of carrier performance and volume of faults and new installs, and must not be based on community size (ie should be geographic, not demographic criteria); and
- Members are reporting regular breaches of the CSG, but few are complaining to the Ombudsman. This legislative instrument is clearly not being enforced strongly enough. Legislated, automatic penalties and a rectification process should be defined for breaches of the CSG.

2. Commence the building of the NBN from the most remote areas first

The rationale behind this proposal is that communities that do not currently have access to high speed broadband internet are the ones that will benefit most dramatically by its availability. High speed internet is already available in most of the metropolitan areas throughout Australia. By commencing the construction of the network in the major metropolitan centres, Government will only be adding to the present infrastructure. However, by commencing the construction of the NBN in the regional areas where this technology is currently most lacking, Government will be achieving the greatest improvement result possible as well as reducing the demand on the Australian Broadband Guarantee and its associated cost to Government.

The Australian Broadband Guarantee (ABG) provides up to \$2500 per eligible premises to subsidise the cost of a broadband internet connection in areas where metropolitan comparable internet is not available. Currently a metropolitan-comparable broadband internet service can be defined as a service offering at least:

- 512/128 kb per second download/upload speed

- 1GB per month data allowance, regardless of time of use
- A total cost of \$2,500 over three years including any equipment or installation charges

With the introduction of the NBN current definitions of metropolitan-comparable internet will obviously need to be revised.

Conclusion

The Association's primary concerns regarding the NBN proposal relate to funding, the application of regulatory mechanisms to guarantee standards in service, and the timeliness of availability of this network to the more remote and rural areas where broadband internet is most lacking. The Association awaits the outcomes of the NBN inquiries with anticipation.