House of Representatives
Standing Committee on Primary Industries and Regional Services

Inquiry Into Infrastructure And The Development Of Australia's Regional Areas

Submission

Department of Communications, Information Technology and the Arts

May 1999

Introduction

Role of the Department

The Department of Communications, Information Technology and the Arts provides strategic advice to the Government on the development of policies and programs for enhancing Australia's cultural, communication and information technology sectors and to ensure the efficient and effective implementation of Departmental programs. Our mission is to promote growth of the information economy and development of Australia's cultural identity for the benefit of all Australians.

The Department carries out a range of activities related to infrastructure development. These activities include:
- encouraging the development of the information economy;
- regulating telecommunications, information technology and broadcasting industries to ensure that an appropriate range of services is provided to rural and regional communities; and
- administering programs aimed at assisting rural and regional communities in meeting their infrastructure needs in relation to telecommunications and information technology.

In addition, the Government has a commitment to ensuring improved access to cultural activities for all Australians, with particular emphasis being placed on reaching people living in regional and rural Australia. To meet this commitment the Government provides support and services to the arts in regional Australia through a range of mechanisms.

This submission outlines the Department's activities in the areas telecommunications, broadcasting, radiocommunications, postal services and arts and cultural services, and Festivals Australia.

Information Economy

Overview

The Department, through the National Office for the Information Economy (NOIE), is working closely with other government agencies and Online Council members to articulate and potentially address issues arising from regional participation in the information economy. Activities currently being undertaken by NOIE with particular relevance to regional Australia include: the Information Technology Online Program; the National Bandwidth Inquiry; and the 'Regional Australia Online – Practical Leadership Strategies' conference and networking opportunity. Each of these initiatives is described below.

- NOIE manages the Information Technology Online Program (ITOL), which is an annual competitive grants initiative designed to accelerate the national adoption of electronic commerce business solutions, especially by small and medium enterprises. Under the ITOL, grants have been announced with respect to 31

projects. A brief outline of those projects that relate to infrastructure and regional development are included in **Attachment A**. The projects listed in Appendix A are a series of case studies that demonstrate the ability of identifiable clusters of industry bodies to adopt new online technologies to deliver efficiency benefits that can contribute to sustainable economic growth in regional areas.

- The Federal Government has established the National Bandwidth Inquiry (NBI) to examine Australia's current position and to investigate issues relating to the capabilities of the Australian communications network to deliver adequate infrastructure support for a full information economy. The objective is to provide information that is as authoritative as practicable about known bandwidth availability and pricing matters, and to promote understanding about the strategic issues raised by the transition to a data-based way of providing all communications services in a way that can usefully inform policy discussion. While the Inquiry is concentrating on 'backbone' networks, it will examine capacity and pricing issues in relation to rural and remote areas as well as inter-capital and between Australia and other countries. The NBI is scheduled to report in October 1999.

- The 'Regional Australia Online – Practical Leadership Strategies' conference and networking opportunity was a peak event within the Online Australia Year program. Representatives from throughout regional Australia were invited to attend this two day workshop which focused on regional development, electronic business and community services. Participants learned: how to get started and set up; how to obtain the necessary infrastructure; how to develop and retain skills; marketing skills for the online world; and electronic business and security solutions. Throughout the workshop practical demonstrations showcased how various regions and organisations have managed the development of online services.

Government Services Online

The Government Information Centre (GIC) aims to encourage the take-up of new online technologies, provide better services to Australians and help improve the Government's own business practices.

A substantial proportion of the population does not have access to the Internet, so the Government is evaluating other service delivery mechanisms such as kiosks and telephone call centres. The Office for Government Online, with significant assistance from Centrelink, has established a GIC pilot centre called *access 136247* in Launceston, Tasmania.

The GIC pilot has been in operation since October 1998 and was officially launched by the Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts on 16 December 1998.

For the price of a local call, Tasmanians can get information about Commonwealth and State government agencies and their services. The aim of the centre is not to provide extensive information about Commonwealth agencies, but rather to provide a simple directory service.

In the future, the Government will consider whether the GIC should be extended nationally. A national rollout would ensure that the regional areas of Australia would no longer be disadvantaged by limited access to information about Commonwealth , State/Territory and Local Government agencies and their services.

The Office for Government Online has recently, through its benchmarking services, assisted the Health Insurance Commission to establish a national managed bandwidth network using Asynchronous Transfer Mode (ATM) supplied by Telstra. This network enables high bandwidth access to over 220 regional locations. As many Commonwealth agencies have offices in rural and remote locations, the availability of high bandwidth capacity is essential for agencies to function effectively and to deliver high quality online services to the community.

Telecommunications Services

Overview

It is the Government's policy objective to provide Australians with access to a diverse range of high quality, low cost telecommunications services. This is best achieved through competitive forces and therefore full and open competition in the telecommunications industry was introduced on 1 July 1997. The regulatory regime removes all restrictions on entry of new carriers and service providers into the market and includes safeguards to promote effective competition and to protect consumer interests. Currently, there are 29 licensed carriers and many more service providers operating across Australia.

In an open market, whether a carrier or service provider enters a market or extends its operations to a particular area is ultimately its own commercial decision. Like any other business, in making this decision an operator will consider a range of factors including cost structures and demand.

The Universal Service Obligation (USO)

The USO is the chief way the Government requires the telecommunications industry to ensure that all Australians have reasonable and equitable access to the standard telephone service, to payphones and to other services specified in regulations.

The standard telephone service is defined in the Act to be the normal voice telephone service, but also includes equipment that enables a person with a disability to use the standard telephone service, for example a teletypewriter and other equipment as defined in the Disability Equipment Regulations.

Under the Act the USO must be provided by one or more universal service providers. Currently, Telstra is the only designated universal service provider and has a legal responsibility to meet the service provision requirements under the USO.

Mobile Coverage

Given the nature of the terrestrial mobile telephone technologies and commercial realities, it is unlikely that there will ever be full coverage of Australia's land mass.

While there is currently terrestrial mobile coverage of over 94% of the population, the coverage of land mass is less than 10%.

The introduction of low earth orbiting satellite services however, is expected to deliver affordable mobile phone coverage across all of Australia. In November 1998 Iridium began the operation of the first such service. Other operators, such as Globalstar, are expected to start operations over the next few years. Although initially more expensive than terrestrial mobile networks, the price of satellite mobile services is likely to fall rapidly with the takeup of technology into the next century.

In 1998 the Australian Communications Authority (ACA) completed an auction of radiocommunications spectrum in the 800 MHz and 1.8 GHz bands, used primarily for mobile telephony technologies.

The Government, during the 1998 election, committed $25 million from the proceeds of the further sale of Telstra to the continuous mobile phone coverage of key major highways.

AMPS/CDMA Conversion
In the mobile services market, Telstra currently operates an analogue (AMPS) and digital (GSM) mobile network, while Optus and Vodafone both operate digital (GSM) networks. Digital (GSM and CDMA) technology offers better voice quality, greater security including no cross-talk, enhanced features such as automatic and wide scaled international roaming, short message service, longer battery life, digital data and fax transmissions.

Optus and Vodafone were given legally binding commitments by the previous Government in 1992 regarding the closure of the AMPS network by 2000. Any retention of the AMPS network in regional Australia therefore depended on their voluntary consent.

The Government has reached an agreement with these three carriers for a limited retention of AMPS in regional Australia up to 31 December 2000 to ensure people in regional areas continue to have mobile services while analogue AMPS is being phased out. The agreement concerns around 400 base stations used by the AMPS network in regional Australia. The three carriers have agreed that 130 of these base stations and all metropolitan base stations will close on 31 December this year; at least a further 135 will close by 30 June 2000; and the remainder will close by 31 December 2000.

In addition, the Government has imposed licence conditions on Telstra requiring it to replace the analogue AMPS network with an alternative digital network which provides reasonably equivalent coverage. In 1998 Telstra announced that it will use a technology known as Code Division Multiple Access (CDMA) to construct a new digital network to comply with the licence conditions. CDMA is a digital technology like GSM but, unlike GSM, has a very similar range to the AMPS system, and is therefore very well suited for use in regional Australia as well as in the cities.

These arrangements will ensure that all those areas of regional Australia which currently have an AMPS mobile service will continue to receive a mobile service while the transition to CDMA occurs.

Digital Data/USO Upgrade

Of particular concern has been the need to provide facsimile connections and Internet services which operate at acceptable speeds in regional Australia. While the open telecommunications market has and will continue to encourage the introduction of improved services and lower prices, the Government has taken a number of initiatives to target the needs of regional Australians.

The *Telecommunications Act 1997* incorporated an obligation to conduct a review before 30 September 1998 about whether the Universal Service Obligation (USO) should be upgraded to include a digital data capability broadly comparable to a 64 kilobits per second (kbit/s) ISDN service.

The Australian Communications Authority (ACA), which conducted the review, delivered its report to the Minister for Communications, Information Technology and the Arts on 15 August 1998. The report provides, for the first time, a summary of the quality and level of data services available in the Customer Access Network throughout Australia, and the costs and benefits associated with upgrading that network.

There are two key findings in the report.

Firstly, the ACA found that the costs of upgrading Telstra's network to provide a 64 kbit/s digital data service would significantly exceed the benefits. It also found that the cost of upgrading the network to 28.8 or 14.4 kbit/s would exceed the benefits, although to a lesser degree.

Second, the ACA concluded that those currently experiencing problems in terms of access to affordable and quality data services are mainly located in rural and remote areas. These consumers are disadvantaged comparative to services available in urban areas in both access and price.

In its 1998 election commitments, the Coalition announced new initiatives in response to the ACA's report. These include strengthening the USO, a range of funding commitments aimed at improving the quality of the customer access network, and the establishment of a National Bandwidth Taskforce. The Government will:

- include in the USO a requirement to provide a 64 kbit/s ISDN service on demand to at least 96 per cent of the Australian population (the 'non-satellite 64 kbits service');

- include in the USO a requirement that the universal service provider make available to any Australian not able to obtain a 64 kbit/s ISDN service on demand, a broadly comparable 64 kbit/s digital data service using satellite technology to provide the downlink from the Internet (the 'satellite 64 kbit/s service');

- include in the USO a requirement that anyone not able to receive the non-satellite 64 kbit/s service must, upon purchase of the satellite receiving equipment necessary to use the satellite 64 kbit/s service (typically a dish, a card inserted into the user's PC, a CD-ROM and associated wiring), be reimbursed for 50% of the cost of purchase;

- abolish the pastoral call rate of 25 cents for 4.5 minutes, which applies to calls to the community service town and replace it with the Coalition's new preferential rate of 25 cents for 12 minutes; and

- establish a national bandwidth taskforce to consider bandwidth availability and pricing within Australia and to and from Australia.

Legislative amendments for the introduction of the commitments relating to the USO will be moved by the Government when the Senate considers the Telecommunications (Consumer Protection and Service Standards) Bill 1998 and the Telecommunications (Universal Service Levy) Amendment Bill 1999.

The digital data satellite market is developing rapidly with many new entrants on the horizon. In addition to Telstra and Cable and Wireless Optus, several other companies have expressed interest in the market.

Telstra Sale - Social Bonus

The Government's primary objective for the use of proceeds from the Telstra sale is to honour election commitments regarding retirement of Government debt and the provision of a social bonus.

The social bonus from the next one-third sale of Telstra will be largely directed to regional areas

$150m will be provided over three years to extend access to untimed local calls to people who live outside standard zones. This equity initiative responds to long standing calls from residents of rural and remote areas for more affordable telephone services.

In addition, $36m will be provided over three years to enable local call access to the Internet throughout Australia, including for people in rural and regional areas. This will aim to eliminate a significant disadvantage that many people experience in gaining information and opportunities provided by the Internet because of where they live.

The $20m provided for communications enhancements for remote and island communities such as the Torres Strait, the Cocos (Keeling) group; Christmas, King, Norfolk, Flinders, Kangaroo and other Islands: and the Australian Antarctic Territories addresses another frustration experienced by people isolated from services available to most Australians.

$25m will be provided from the social bonus to provide 100 per cent continuous mobile phone coverage on key national highways. This will help address concerns that there are blackspots in mobile phone coverage along major highways, including in some regional areas.

DCITA is currently preparing discussion papers on options for implementation of the internet access and mobile telephone initiatives, which will be publicly circulated for comment.

In addition, the social bonus provides a further $250m to the Natural Heritage Trust which will continue to build on the foundation of the Government's program to conserve our native vegetation, land, biodiversity, water resources and seas.

The Telstra social bonus will also fund $70m over five years for rural transaction centres, to provide access to services in small and regional towns. The transaction centres will provide services such as personal banking, postal services, Medicare Easyclaim, telephone and facsimile facilities to communities which are no longer able to attract some or all of these services. This program will be delivered by the Transport and Regional Development portfolio.

Other elements of the social bonus are referred to at appropriate places in this submission.

Networking the Nation Program - Regional Telecommunications Infrastructure Fund

The objective of the five-year, $250m Networking the Nation program (Regional Telecommunications Infrastructure Fund), launched in June 1997, is to:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;

- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas across Australia; and

- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

Total funding allocations to the States and Territories (which include a small administrative component) are: ACT $4m, New South Wales $37.4m, Northern Territory $16m, Queensland $53.1m, South Australia $26.5m, Tasmania $58m, Victoria $28.5m, Western Australia $26.5m.

An independent Board, appointed by the Minister for Communications, Information Technology and the Arts and chaired by the Rt Hon Doug Anthony, is responsible for all funding decisions under the Networking the Nation (NTN) program. The Board is supported by the NTN Secretariat in the Department of Communications, Information Technology and the Arts (DCITA).

Following its most recent funding meeting in November 1998, the RTIF Board has approved over 190 projects, with funds totalling approximately $93.3m. The Board will meet again in mid-May 1999 for its fifth major funding meeting.

The range of approved projects is diverse - from basic infrastructure to regional telecommunications planning studies - reflecting the different telecommunications needs in each State, Territory and region.   Funded projects include the provision of enhanced internet access, improved telecommunications infrastructure (such as mobile telephony and points of presence), pilot projects to trial alternative means of service delivery, innovative technologies, video-conferencing facilities, e-commerce and regional planning projects.

The NTN program has been designed to respond to identified needs for telecommunications infrastructure and services in regional, rural and remote communities, in a manner consistent with the Commonwealth Government's pro-competition regulatory regime. It is an intended outcome of the program that funded projects will fill "service gaps", rather than duplicating or competing with existing commercial services. It is anticipated that such an approach will provide significant benefits, including to the most disadvantaged target communities, which are unable to develop an adequate business case for investment in telecommunications infrastructure and services by the private sector.

Under the NTN program, local and state government organisations, as well as not-for-profit community based and regional development organisations, play a key role in identifying community priorities for telecommunications infrastructure, developing strategies to address community needs, and the implementation and management of projects. In order to ensure that funded projects meet the needs and priorities of regional and remote communities in a strategic and coordinated way, applicants are encouraged to develop proposals which complement, or build upon, existing regional or state initiatives, or other NTN funded projects, to the greatest extent possible.

Under the NTN funding guidelines organisations established primarily for profit-making purposes, for example, telecommunications carriers and service providers, are not eligible to apply for funding but their participation in projects is encouraged. The RTIF Board has endorsed an approach for the allocation of funding for telecommunications infrastructure and services which seeks to maximise competition, maintain a level playing field, and ensure that the expertise of the private sector is utilised to the maximum possible extent in the provision and operation of network services.

Further information on the Networking the Nation program is available from the Networking the Nation Secretariat:

toll free phone 1800 674 058
email: rtif.mail@dcita.gov.au
web: http://www.dcita.gov.au/rtif.html

Broadcasting Services

Overview

Broadcasting services form a significant part of regional social infrastructure and the local 'information economy', providing the primary source of news, information and entertainment in most regional areas. Broadcasting services currently contribute to regional economic development, largely through advertising of local product and local employment opportunities in some areas.

Broadcasting services are provided through terrestrial transmission networks in most regional areas. In remote areas, beyond the reach of such networks, broadcasting services are provided by satellite to some 500,000 Australians, for direct to home (DTH) reception in isolated homesteads, or through satellite-fed retransmission facilities established in larger communities by broadcasters or community groups under self help arrangements. ABC television and radio services and at least one commercial television and radio service are available in each area, and SBS services are being expanded rapidly in regional areas.

Austar provides pay TV services in many regional areas by satellite and multipoint distribution systems (microwave).

Regional Initiatives

Reflecting its commitment to regional Australia, the Government has initiated several important measures to support continued and expanded access to broadcasting services, and access to enhanced communications services in regional areas.

These include the proposed $120 million Television Fund, a Coalition election promise, which will be established from the Telstra Social Bonus. The Fund will extend the reception of SBS TV to more than one million Australians in non-metropolitan areas, and address more than 200 terrestrial television reception "black spots".

The Australian Broadcasting Authority (ABA) is undertaking licence area planning throughout Australia to determine the number and characteristics of broadcasting services in each area. This has resulted in a number of new broadcasting services, many of which are in regional areas. To date, the ABA has allocated 4 new commercial television broadcasting licences, 71 commercial radio broadcasting licences, 31 community radio licences, 127 open narrowcasting radio licences and 2 open narrowcasting television licences.

- The ABA has completed television planning in solus (one commercial service) regional markets, and expects to complete most regional analog radio planning by the end of 1999

- The remainder of regional analog radio planning, and television planning in aggregated regional markets, is scheduled to be undertaken from the end of 2000.

- There is currently a prohibition on new commercial television licences before 2007.

Remote Area Satellite Broadcasting

There have been significant recent changes affecting the provision of remote area broadcasting services (RABS - satellite-delivered ABC, SBS and commercial TV and associated radio services). These changes include:

- Optus' commercial decision to convert RABS from analog to digital transmission - scheduled to be completed by May 1999.

- The ABA's decisions in 1998 to amalgamate the remote commercial licence areas in central and eastern Australia and to allocate a second commercial television licence in remote/regional Western Australia.

- The commercial decision by RABS operators to change Network affiliation arrangements for the supply of programming.

Ultimately, these changes will provide two commercial broadcasting services throughout remote Australia in addition to the ABC and SBS. Digital DTH decoders will also potentially provide access to Internet, data transfer and pay TV, as these services are developed in regional areas. However, in the short term, DTH households and self help communities face the costs of replacing existing analog satellite decoders with digital units. Communities also need to purchase an additional decoder and transmitter to receive the second commercial television service.

The Government has initiated the following measures to overcome these transitional problems for consumers, and to maximise consumer benefits.

- An $11.2 million assistance package under the Networking the Nation Program to subsidise the cost of digital decoders. This will allow people living in remote Australia to retain their only means of access to television reception. About 12,000 individual households are eligible to receive a $750 subsidy to replace existing 'domestic' decoders. In addition, approximately 400 retransmission sites including just over 100 Broadcasting for Remote Aboriginal Communities Scheme (BRACS) sites, serving thousands of other remote Australians, are eligible to receive a $2500 subsidy (or $3500 for BRACS) to replace existing professional decoders.

- The commitment to allocate $10 million from the Television Fund, subject to the further sale of Telstra, to subsidise the cost to self help communities of an additional transmitter and decoder to receive the second commercial television service.

In the deregulated communications market, Optus and Telstra have won contracts to provide for the digital transmission of RABS in remote Western Australia (elsewhere Optus is the sole provider). The Government has obtained the cooperation of broadcasters to ensure that a full RABS suite is provided on both satellite systems in

WA, and that Australia's Indian Ocean territories also have access to a full RABS suite.

Digital Terrestrial Television in Regional Areas

The Government is acting quickly to ensure a smooth and speedy transition to digital television broadcasting services for rural and remote viewers. Digital television broadcasting will commence in regional license areas from 2001 to 2004. Work is progressing on the complex technical, regulatory, content and planning issues associated in making this world class technology available in country homes.

The *Television Broadcasting Services (Digital Conversion) Act 1998*, which provides for the introduction of digital terrestrial television broadcasting (DTTB) services in Australia, provides for a review by 1 January 2000 into whether any amendments to laws are needed to ensure that underserved regional areas, those with fewer than 3 commercial services, are provided with up to the same number of commercial television broadcasting services as are provided in metropolitan areas.

The Government is also considering measures under the Regional Equalisation Plan to assist regional television broadcasters in the transition to digital terrestrial broadcasting.

Digital television offers a number of benefits to rural and remote viewers. Digital broadcasting provides a quantum leap forward in television technology. Digital television has the capacity to give viewers access to high definition pictures of near cinema quality with surround sound. Television viewed in standard definition (similar to today's television definition) will also be of a better quality with less 'ghosting' and improved reception within coverage areas.

Digitisation provides more efficient use of spectrum and digital transmissions will enable a range of new information services to be delivered along with the main television programming, via the television set. 'Datacasting' in this way offers the opportunity to provide large volumes of tailored data to regional and rural Australia. Although the ultimate scope of broadcast data services is not clear, there are early indications of interest from potential new players in this market.

Radiocommunications

The Government supports the introduction, wherever practical and technically feasible, of new and innovative satellite services and efficient usage of the associated radio spectrum frequencies. Satellite services have the potential to provide services to Australia's rural and remote outback areas that may not otherwise be a commercial proposition. The Australian regulatory framework for satellite communications is intentionally low in intervention, with coordination arrangements left to commercial negotiation between the affected parties as far as possible.

The regulatory framework for spectrum management, *the Radiocommunications Act 1992* and associated and subordinate legislation, is currently being reviewed to evaluate the appropriateness, effectiveness and efficiency of the regulatory arrangements. The Review is examining the framework for the effective supply and utilisation of spectrum. The review is undertaken in the context of an ongoing

commitment by the Government to review regulatory frameworks overall, and to take into account specific concerns raised by industry. It is expected that the net result of this process will be an improvement in the operating environment for users and service receivers generally.

Postal Services

The Government recently announced a package of reforms in response to a report by the National Competition Council into the remaining limits to competition with Australia Post.

The Government is honouring its commitments to see that Australia Post continues to provide the entire nation, including those in rural and regional Australia, with a standard letter service at a uniform rate. The standard letter rate will remain frozen at 45 cents at least until 2003 irrespective of the introduction of a Goods and Services Tax.

The Government remains committed to providing a high level of communications access for rural and remote Australians. It is intended that no post office or mail centre in regional Australia will close as a result of this package and Australia Post will continue current top up scheme payment arrangements to Licensed Post Offices in regional and rural Australia. The Government also recognises the important role played by Australia Post in providing additional services such as parcel delivery and will ensure that Australia Post maintains current concessional rate arrangements for the delivery of distance education material to isolated children.

The package provides for enhanced competition in the postal market, from 1 July 2000, through a reduction in the reserved service. This will provide for open competition on price and service on letters above 50 grams, and for competition with Australia Post on service, but not price, on letters below this level. The Government is currently developing legislation to give effect to the reform package which is expected to be introduced into Parliament in mid 1999.

In addition, the Government has approved a Service Charter for Australia Post which aims to promote and protect consumer rights. The Charter is underpinned by a set of performance regulations developed under the Act. The regulations require Australia Post to meet the following performance standards:

- a minimum retail presence of 4000 postal outlets, of which at least 2500 must be in rural and remote areas;
- 98% of delivery points to receive a minimum of five deliveries a week and 99.7% of delivery points to receive no less than two deliveries a week;
- 94% of letters to be delivered on time by ordinary post; and
- a minimum dispersion of street posting boxes (10,000).

Information and Communications Industries Development

The Government has in place an Information Industries Action Agenda with the aim of establishing Australia's credentials as a key player in the global information industries, capitalising on opportunities for growth in employment and exports, and

increasing efficiency throughout the economy by integration with other industries. The Agenda is now one element of the Government's strategic framework for the information economy.

The private sector has the prime role in achieving the objectives of the Agenda. The Government's role is as a facilitator and a catalyst in ensuring that the sector has access to the capabilities and infrastructure it needs, and in fostering a domestic and international environment in which the sector can prosper.

To this end the Department administers a number of industry development programs, some of which are delivering significant benefits to Australians living in non-metropolitan areas.

Telecommunications Carrier Industry Development Arrangements
Opening up the telecommunications carrier market to full competition in 1997 generated new infrastructure development, some of which is occurring in regional areas. The *Telecommunications Act 1997* requires each operator to have an Industry Development Plan before a carrier licence can be issued. The benefits flowing from the activities of all carriers under these arrangements in 1997/98 include: an estimated industry turnover of $20 billion; capital investment of $5.1 billion; research and development of $420 million; exports of $631 million, and employment of 64,400 people.

Of particular interest are new carriers entering the regional telecommunications market to provide specialist services. A number are investigating microwave and broadband cable opportunities for rural and regional areas (see **Attachment B**).

Government Purchasing Leverage Programs
The Government uses its purchasing power to encourage companies to undertake long term and commercially viable industry development activities in Australia. The three programs through which this is achieved are:

- Endorsed Supplier Arrangements;
- Partnerships for Development/Fixed Term Arrangement (PfD/FTA) program; and
- the Whole of Government Outsourcing Initiative.

Activities that are recognised under these programs include SME development, investment, R&D, exports, skills development and technology transfer.

Examples of regional development that have occurred under these programs include Nortel's Technology Centre for R&D at Wollongong University and the Krone cable manufacturing facility at Wyong in NSW.

Arts and Cultural Services

Federation Fund Programs

As part of its policy of improving access to cultural activities for all Australians, the Government is providing substantial funding for the enhancement of cultural facilities in regional Australia under the Federation Fund programs.

The Federation Cultural and Heritage Projects Program (FCHP) provided a total of a total of $70.4 million from the Federation Fund to fund medium sized cultural and heritage projects throughout Australia. Under the FCHP support was been provided for **cultural and heritage projects** which are:

- principally capital works (including restoration and conservation) projects of a lasting nature;
- nationally significant; and
- appropriate to the Centenary of Federation.

The FCHP will generate considerable employment both in the construction phase and ongoing management. Regional tourism will benefit from the construction of new cultural facilities and the conservation and restoration of heritage sites.

A total of 741 applications for assistance under the FCHP were received requesting $1,542,360,328. Sixty proposals were successful in their bid for funding, and these are being managed jointly by the Department of Communications, Information Technology and the Arts, and the Department of Environment and Heritage. Of these, 36 projects totaling $45.025m are in regional Australia. These projects are listed below:

PROJECT NAME	AREA	AMOUNT $m
Community Gallery at Alice Springs Cultural Precinct	Alice Springs	2.300
Maryborough and District Entertainment/Cultural Centre	Maryborough	2.000
Greenhill Fort Restoration Project	Thursday Island	0.572
Townsville Maritime Museum federation Project	Townsville	0.936
National Oil and Gas Museum	Roma	0.900
James Cook Museum	Cooktown	2.300
Greenmount Homestead Conservation	Mackay	0.838
Tasmanian School of Fine Furniture	Launceston	0.460
Launceston Railway Workshops Museum Redevelopment	Launceston	1.000
Devonport Cultural Centre	Devonport	1.000
Conservation and Development of Clarendon Homestead Historic Site	North East Tasmania	1.000
Woolmers Heritage and Cultural Estate	Longford	0.700
Clunes Conservation Project	Clunes	0.548

Fairbridge Village Redevelopment Project	Near Pinjarra	2.000
New Art/Cultural Centre	Balgo Hills	0.500
Kojonup Federation Park Complex	Southern WA	0.650
Conservation of the Dalgety House Museum	Port Hedland	0.295
New Norcia Conservation, Design and Development	Western Australia	1.815
The Golden pipeline of Western Australia	Mundaring to Kalgoorlie	1.000
Midland Town Hall Conservation/Restoration	Midland	0.800
Tenterfield School of Arts Restoration	Tenterfield	2.750
Federation Riverina Celebrating the Centenary	Wagga Wagga	1.535
The Federation Family	NSW Statewide	4.780
The Byron Bay Community Centre Redevelopment	Byron Bay	1.000
Conservation and Restoration of the Norman Lindsay Gallery	Springwood	1.440
Wivenhoe Villa Conservation	Camden	0.370
Lithgow Industrial Heritage Park	Lithgow	1.500
Gilgandra Centennial Celebration of Federation	Gilgandra	1.000
Lady Denman Ferry Conservation Presentation	Huskisson	1.146
Hazlehurst Community and Regional Arts Gallery	Sutherland	1.000
Celebrating Federation and First Links Town Hall Conservation and Interpretive Centre – Glenelg	Holdfast Bay	1.500
The Warriparinga Interpretive Centre	Marion	1.450
Port Lincoln Civic Hall Redevelopment	Eyre Peninsula	1.000
National Wool Museum Collection Preservation	Geelong	0.630
Historic Towns Heritage Cultural Precinct	Beechworth	1.060
Sir John Quick Federation Project	Bendigo	1.250
TOTAL		**45.025**

The Government is also providing assistance for the arts in regional Australia through a number of major Federation Fund projects, which will generate considerable employment from their construction, ongoing management and the benefit to regional tourism from the enhancement of cultural facilities.

The Queensland Heritage Trails Network is a current initiative designed to boost economic activity in regional Queensland, through the development over the next three years of heritage based tourism facilities and attractions throughout rural Queensland.

The Commonwealth is providing $50m to the Queensland Government for projects in over 20 rural and regional centres including Mackay, Longreach, Charters Towers, Mt Isa, Rockhampton and Toowoomba. The Queensland Premiers Department is coordinating an all of Government approach to the development of the initiative.

The Commonwealth Government has also allocated $12 million from the Federation Fund to assist in the upgrade and expansion of 16 art galleries across regional Victoria. These are:

- Bendigo Art Gallery - $2 million for a further expansion of facilities, including upgrading galleries in the original building.
- Ballarat Fine Art Gallery - $2 million for an expansion of the Gallery in the proposed "arts precinct" around Camp St, Ballarat
- Castlemaine Art Gallery and Historical Museum - $2 million for an expansion and upgrade of facilities
- Geelong Art Gallery - $2 million for a further expansion and upgrade of facilities in the "arts precinct"
- Shepparton Art Gallery - $1 million for an expansion
- Latrobe Regional Art Gallery, Morwell - $550,000 for an expansion
- McClelland Gallery, Langwarrin - $500,000 for an expansion
- Mornington Peninsula Regional Gallery, Mornington - $500,000 for an expansion
- Benalla Art Gallery - $500,000 for an expansion
- Mildura Arts Centre - $350,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions
- Gippsland Art Gallery, Sale - $180,000 for an upgrade of the existing three-year-old facilities to bring up to the standard required for travelling exhibitions
- Ararat Art Gallery - $120,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions
- Horsham Regional Art Gallery - $100,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions
- Hamilton Art Gallery - $100,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions
- Swan Hill Regional Gallery - $50,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions
- Warrnambool Art Gallery - $50,000 for an upgrade of existing facilities to bring up to the standard required for travelling exhibitions

By increasing Commonwealth investment in regional cultural infrastructure, the Government is achieving a central cultural policy objective – improving regional access to quality cultural experience.   The upgrading of these facilities also increases access to other Commonwealth programs of assistance – such as *Playing Australia* and *Visions Australia.*

The Government has provided $5m as a contribution towards the construction of the Australian Prospectors and Miners Hall of Fame in Kalgoorlie. The Hall will include displays and exhibits on the history of mining in Australia and its contribution to national development, and recognise the achievements of individuals or organisations that have made a major contribution to the industry.
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The Commonwealth's contribution to the Gunnedah Performing Arts and Cultural Centre Redevelopment is $1.65m. The redevelopment is expected to focus on:

- an arts studio for the teaching of performing and creative arts;

- a sculpture courtyard; and
- a theatre/cinema complex.

The Line of Lode Project is a joint initiative of the City of Broken Hill and the Pasminco and Normandy Mining Corporations which includes the protection and development of natural and cultural heritage assets, including significant mining heritage assets. The Federation Fund allocation of $4.625m is a contribution towards continued development of heritage aspects of the Line of Lode Project, including conservation of heritage buildings and environs, development of curatorial, exhibition and education facilities, and extension of the Broken Hill Art and Heritage Trails.

A Government has made a contribution of $4.66m towards the construction of the Shearers' Hall of Fame in Hay, which will include displays and exhibits on the history of shearing in Australia and recognise the achievements of individuals or organisation that have made a major contribution to the industry.

The Government has also made a contribution of $1.25m to the construction costs of the recently completed Tamworth Regional Entertainment Centre, a project of the Tamworth City Council (TCC). The Centre serves two key objectives:

- to provide a venue for the staging of a diverse range of events that attract large numbers of visitors; and
- to provide additional infrastructure to enhance Tamworth's image as a Country Music Capital and increase tourism to Tamworth and District.

$1.6m will be used to improve the exhibition, administrative and curatorial spaces and enhance the collection of the Australian Naval Aviation Museum, Nowra..

Arts Information Services

The Government has a strong focus on issues relevant to and effecting cultural communities and workers in rural and regional Australia and has taken steps to ensure the wealth of innovation and talent in these areas is not overlooked.

Australia's Cultural Network provides online access to, and participation in, Australia's cultural endeavour, commerce, activities and events. It:

- is an internet gateway to Australian cultural organisations, resources, activities and events;
- brings Australia's cultural sector together online;
- builds wider audiences through increased access, throughout Australia and overseas; and
- is an exchange centre for resources, ideas and information where cultural workers and organisations can communicate with each other to improve and develop their use of online services.

Australia's Cultural Network is of particular value to people living in regional areas distant from the national cultural collections and centres of cultural activity. It

provides access to a vast range of information about our culture to people who cannot attend performances, exhibitions and visit the repositories of the national collections.

Another program that offers assistance to rural and regional Australians is *ArtsInfo*; a website and a freecall telephone service, to ensure all cultural workers have access to information essential to their developing their talents and ideas further. *ArtsInfo* provides grant, service and training information for these cultural communities. Links and access are provided to 2980 regional, 1139 state, and 605 national grants and service programs. Provision has been made within the site to enable easy identification of programs aimed at rural and remote areas.

The cultural industry development magazine *Smarts* ran an entire issue (Issue 16) concentrating on the challenges facing arts practitioners in regional Australia. The subjects covered ranged from regional galleries coming of age to the fostering of more cultural tourism in rural and regional areas.

Playing Australia

Since 1993, Playing Australia has provided over $22 million in 372 grants to assist interstate touring of performances. In 1998-99, 46 grants were offered to performing arts companies, touring agencies, producers and venues totalling $3,837,442. Almost 1.4 million people are estimated to have attended performances supported by Playing Australia.

In 1998-99, additional funding was applied to tours which extend the impact of Playing Australia in those areas less served by cultural activity, particularly regional and remote centres in Queensland, Western Australia and the Northern Territory. In 1998-99 the budget allocation included additional funding of $667,000 to extend the impact of the program in regional Australia.

This additional money has seen a substantial increase in the proportion of regional performances. In the latest grant round, all the applications recommended include tours to regional or remote areas with 14 out of 17, or 82%, of the planned itineraries featuring predominantly regional or remote venues.

Visions of Australia

Visions of Australia provides assistance to organisations to tour or develop cultural exhibitions to make the nation's collection of scientific, heritage, Aboriginal and artistic material more accessible to all Australians. Visions of Australia has an annual budget of $1.5m.

Like Playing Australia, Visions of Australia has received increased funding since 1996-97 to expand its touring to regional areas. Examples of exhibitions funded by Visions of Australia that will be seen in regional areas in 1999 include: *An Art that shaped our identity: Australia's black and white art tradition* (Cairns, Gold Coast, Moree, Broken Hill); *Painting the land story* (Toowoomba, Bathurst, Armidale, Launceston); *The meeting place* (Wangaratta, Goulburn, Tamworth, Gladstone).

The Government made a commitment during the 1998 election to provide $6 million over 2 years to maintain the Playing, Visions and Festivals programs.

Festivals Australia

The aim of the Festivals Australia program is to provide assistance to regional and community Australian festivals for the presentation of quality cultural activities. Through Festivals Australia, the Commonwealth Government has committed over $4.2 million in 338 grants to festivals in all States and Territories. In 1998-99, 80 grants were offered totalling $1,065,033.

In the most recent grant round, 76% of the grants recommended were for remote, rural or regional community festivals. Moreover 36% of the festivals recommended for funding were for those in remote communities.

Some of the benefits provided by the festivals in regional centres include employment, income generation, stimulus to regional regeneration, and attraction to business and industry to invest in an active community.

Australia Council

In 1996-97 the Government introduced the Regional Arts Fund with a view to making a significant and sustainable contribution to regional arts development in Australia. The development of the Fund recognises the particular needs of artists and communities in regional, rural and remote Australia.

The Australia Council's priorities for regional arts development have informed the delivery of the Fund and are as follows:
- to support artists and communities which are particularly isolated and poorly resourced;
- to encourage increased recognition of the distinctive qualities which characterise regional arts practice;
- to encourage new partners and supporters for arts activity in regional areas;
- to increase opportunities for regional artists to undertake professional development; and
- to better promote the Council's programs throughout regional Australia.

The allocation in the August 1996 Budget was $7.5m. This money was split over three financial years:

1996-97	$1.5m
1997-98	$2.5m
1998-99	$3.5m.

The Council managed the first year allocation of $1.5m. The allocations to States and Territories over the second and third years of the Fund are as follows:

	$ WA	$ ACT	$ NSW	$ NT	$ QLD	$ SA	$ TAS	$ VIC
1997-98	360,000	40,000	369,000	200,000	360,000	375,000	160,000	360,000

| 1998-99 | 540,000 | 60,000 | 531,000 | 300,000 | 540,000 | 375,000 | 240,000 | 540,000 |

Approximately 10% of the funding over these years was managed by the Australia Council to address multi-state priorities.

The Government announced during the last election period that a further $5 million would be provided over two years for the Regional Arts Fund.

All Australia Council funding programs are available to artists and communities in regional Australia.

ITOL Infrastructure and Regional Development Projects

ROUND 1 – 1996/97

Regulation Analysis Service

This project was funded to develop a pilot online site at which users could access regulations covering the meat industry from "gate to plate". The Regulations Analysis Service would provide electronic sourcing and maintenance of regulatory text from a number of jurisdictions and regulatory agencies in Australia and overseas. Legal and meat/food industry expertise would be used to interpret textual material to create a database of meaningful information.

Intrawool

This project aims to define the market information needs of wool industry users (both domestic and international) and growers to establish an information transfer system that will allow the error prone manual systems to be replaced with accurate electronic transfer. Under current arrangements, wool bales are marked with handwritten numbers and brand names, which identify the wool through the numerous processing stages from sheep's back to finished garment. It is proposed that the same information can be transferred electronically through an electronic barcoding system.

ROUND 2 – 1997/98

Electronic Commerce for Small Exporters

The project investigated the specific issues that affect SMEs in regional Victoria in the efficient administration of their export activities. The project also reviewed the electronic commerce capabilities and attitudes of those SMEs. As a final stage, the project established an internet-based pilot initiative that provided an SME Exporters Electronic Network (Network). The Network aimed to provide a forum for SMEs to discuss issues and obtain information relevant to SME Exporters.

ROUND 3 – 1998/99

Albany Gateway

This project aims to develop a web presence that will act as a "portal" or gateway for Albany, Western Australia and its surrounding regions. Through the web presence, it is hoped that communities of interest will develop, services will be delivered online and electronic commerce will be encouraged.

**The Wine Industry Network (WIN)**

This project aims to establish a WIN within the Barossa Valley. The WIN plans to improve industry efficiency through the provision of online information and transaction services. The information to be provided online includes information between grape growers and wine makers and information for grape analysis. The site will also contain scheduling facilities for grape picking services and allow secure site capabilities to be used by individual wineries to make information available to their grape growers.

Multi-Industry Procurement Project

This is an Online Procurement Project using industry-proven software for ordering, inventory control, and logistics fulfilment in the mining and associated industries. The project has the support of five significant mines and several common suppliers as well as the Burnie City Council which has a significant procurement role for many municipalities in the region.

RailHub – Trains on the Internet

This project aims to provide up to date information about trains and cargoes on the Australian rail network. RailHub will enable rail carriers and their customers, as well as other contractors such as marine terminals, consolidators and container storage yards, to exchange information about equipment and cargo in a managed environment, using messages on the Internet.
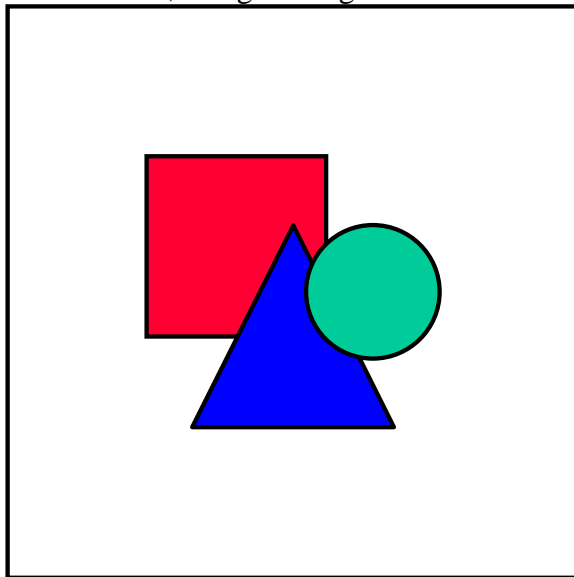
REGIONAL TELECOMMUNICATIONS CARRIERS

Apart from Telstra and Cable & Wireless Optus, a number of new carriers are also installing infrastructure which will benefit rural areas. These carriers include:

AAPT Sat-Tel

AAPT Sat-Tel provides satellite communication services for various customers in remote parts of Australia and trans-Pacific satellite links for various Internet Service Providers. It has contracts to support services such as pipeline monitoring, video conferencing and internet access applications.

Macrocom Pty Ltd

Macrocom is a wholesale trunk communications services carrier. Macrocom's network uses state-of-the art digital microwave equipment that will deliver world class quality, reliability and flexibility. Macrocom will operate as a supplier to telecommunications carriers, internet service providers, retail value added service providers, government enterprises and other users of large-scale transmission capacity.

The system will initially provide transmission services between Sydney and Melbourne with a breakout in Canberra. Subsequently, Macrocom will expand its network to service regional areas along the route, and then to other capital cities around Australia.

Soul Pattinson Telecommunications Pty Limited (SPT)

Soul Pattinson Telecommunications Pty Limited will construct and operate a telecommunications network in Northern NSW utilising existing television broadcasting infrastructure and resources of NBN Television.. It will be capable of serving the digital technology needs of NBN Television in its role as a commercial broadcaster, identified community groups, bodies and institutions, Government and commercial users. The construction of the network is expected to be complete by mid 1999.

OMNIConnect Pty Ltd

OMNIConnect uses microwave radio links to provide switched ethernet access to customers such as ISPs, Government and Corporates. It is established in metropolitan Melbourne, installing on the Mornington peninsular and has agreed to act as nominated carrier for Ballarat University to provide low cost commercial services for the region.

Horizon Communications

Horizon Communications is operational in the Gippsland region of Victoria and expanding into other regional areas of Victoria and Southern NSW. The company provides high speed data transmission, video conferencing and premium fax and voice communication services. The Horizon Network allows direct access to Australian National Training Authority approved content, on-line audio-visual help facilities, medical databases, training and on-line diagnostics.

Iridium South Pacific

Iridium South Pacific (ISP) services are based on the low earth orbit (LEO) satellite facilities provided by Iridium Limited Liability Company (ILLC). This system uses 72 LEO satellites, allowing mobile communications from virtually anywhere on the earth's surface. This opens up potential for users in regional Australia, who are located outside the terrestrial mobile range. ISP commenced services in December 1998.