

11 May 1999

Chairman  
Standing Committee on Primary  
Industries and Regional Services  
Parliament House  
CANBERRA ACT 2600

Dear Chairman

**Inquiry into Infrastructure and the Development of Australia's Regional Areas**

I should be grateful if you could accept this late submission to the above inquiry. I regret that, unfortunately, it was not possible for the submission to be sent earlier.

The Northern Territory University has celebrated its tenth anniversary this year. Together with its predecessors, it has provided post school education for fifty years, from the early days of adult education to the current integrated and extensive range of both higher education and vocational education and training (TAFE) programs. Some 12,000, mostly mature age, students in the Northern Territory undertake programs which extend from literacy and numeracy, through certificates, diplomas and degrees to doctoral studies and post doctoral research in subjects as diverse as health sciences, law, education and trades. Strong research activities focus on topics relating to Northern Australia, Aboriginal peoples, the tropical environment and remoteness.

While the University's programs are principally offered at its campuses in Darwin and by flexible delivery, it also offers programs in the smaller towns and Aboriginal communities of the Northern Territory. We consequently both contribute to, and depend upon, the infrastructure in regional and remote areas of Australia.

In general, our experience is that the infrastructure available in the remote and regional areas of the Northern Territory is grossly unsatisfactory. The absence of satisfactory infrastructure inhibits the sustainable development of those areas. I will elaborate on our experience in relation to the Committee's terms of reference.

## 1. Deficiencies in infrastructure which currently impede development in Australia's regional areas

The principal deficiency which hampers the University's operations in regional and remote areas is **adequate and affordable telecommunications**. In Darwin, the telecommunications infrastructure operates at a high level but we have seen little benefit in either competitive pricing or products resulting from the entry of new players or the competition policy reform agenda. Outside Darwin, Telstra has no serious competition. While Telstra's investment in infrastructure is extensive, costs remain very high and services are limited. Many communities in the Territory do not yet have an adequate "plain old telephone service" and still depend on unreliable radio telephones. Internet services are growing in towns with 2000 or more inhabitants but smaller communities face full cost STD rates to access the Internet, even if the underlying infrastructure is available. This deficiency hampers the University's initiatives to meet educational needs in areas of thin demand: we are unable to support the individual students' needs in an economically viable fashion.

The second deficiency flows from the inappropriate application of the **competition reforms** without due regard to the context of regional and remote Australia. Public funding is applied to support counter productive competition in education and training in small communities with the result that activity is so divided among providers that it becomes economically unviable, particularly in regard to higher cost and lower demand programs. Tennant Creek, for example, boasts eleven publicly supported vocational education and training providers for the 3000 people in its region. The University does not resile from competition, nor from accountability for public funds, but neither it nor any other provider can be viable in such circumstances. With due regard to both efficiency and cost effectiveness, public funds should be applied to build economically sustainable services in regional and remote areas.

Other deficiencies result from the **high costs** and poor economies of scale resulting from very large distances between Territory communities and their small populations. The consequences are **lack of competition** in retail services, very high transport costs, high costs for essential supplies such as petrol, and the corresponding lack of important services such as banks. For the University, these deficiencies make the cost of employing staff in regional and remote areas three times the salary cost - twice the cost of employing staff in Darwin, which is already some twenty per cent higher than the Australian average.

## 2. Factors that would enhance development in these areas

The single most important measure would be insistence on a telecommunications **Universal Service Obligation (USO) of not less than a reliable high quality bandwidth of 56Kb at an affordable price for all Australians** and to update that USO as technologies and community expectations grown. This would support the sustainable development of commercial activities as well as the more effective delivery of education, health and government services. It would support the expansion of mining and rural industries and the development of commercial initiatives such as tourism and the Aboriginal art enterprises. It would enable the University and

other educational providers to provide more easily and cost effectively the education and training to support such industries.

Other measures which would enhance development in regional and remote Australia are the targeted application of **existing government funding to build sustainable publicly supported services** in such areas as tertiary education. These services bring stability to communities, enhancing the viability of commercial enterprises and leading to both the establishment of new enterprises and economically viable competition, with consequent benefits in product availability and costs.

3. **The potential for development in regional areas; and**
4. **Generation of employment in regional Australia**

The very success of the Northern Territory University in growing to its current size, range of educational programs and extensive research activities indicates the potential for development in regional areas. The University employs about 1100 staff members and injects some \$80 million a year into the Northern Territory economy. Many businesses prosper because of the University's success.

On a smaller scale, the University's centres in Katherine, Jabiru, Nhulunbuy and Tennant Creek, contribute to the development of those regions through employing staff, buying services and training people to work in other enterprises. Training in such areas as hospitality and tourism, office and computer skills, trades, nursing, skills for the rural and mining industries, and Aboriginal community maintenance contributes directly to employment.

5. **The role of different levels of government and private sector in providing infrastructure in regional areas.**

The Commonwealth and Territory governments set the parameters for the provision of infrastructure in regional and remote areas. The application of government policies and funding can help or hinder the development of infrastructure.

The strong encouragement of market driven competition and efficiency has been of general benefit to Australia but must be underpinned by **policies which ensure that all Australians benefit**, not just those in the populous metropolitan areas. As was indicated above, the prime example of this is the telecommunications Universal Service Obligation which is necessary to ensure that carriers provide equitable basic services to all Australians. Similar minimum levels of provision should be ensured in all key areas including banking, health services and education.

While adhering to the principles of competitive neutrality, both levels of government should **apply funding to develop strength in services**. In vocational education and training, for example, government funds should be applied to build economically sustainable operations in regional and remote areas, not squandered on opportunistic delivery of one off programs (which are usually the more profitable, higher demand programs).

**6. Planning, coordination and cooperation in the provision of infrastructure in regional areas.**

In the Northern Territory there is considerable cooperation in the provision of infrastructure in regional and remote areas. This has been demonstrated in the use of the Networking the Nation allocation. It is of course desirable to enhance such cooperation by consciously developing appropriate structures and policies.

**7. The benefit to the national economy of developing regional infrastructure**

The benefit to the national economy of developing regional infrastructure can be illustrated simply by reference to the history of this University. Since its establishment in 1989, the Northern Territory University has contributed significantly to the stabilisation and growth of the Territory population particularly in the greater Darwin area. Residents are much less likely to leave to seek educational opportunities elsewhere and parents less likely to leave in the interests of their children's education. The social and cultural initiatives fostered by the University, including the Darwin Symphony Orchestra and the vibrant artistic community, make Darwin a more congenial location for many.

The University has also provided the skills to sustain the growth and development of industries which bring wealth to the Territory and to Australia and has itself contributed to that wealth through the export of education. Besides students who come to study in Darwin, and those who study overseas by distance education, the University has about a thousand students on a campus in Malaysia and smaller numbers in India, Sarawak, Hong Kong and Papua New Guinea.

As was mentioned above, centres in regional towns of the Territory provide employment as well as the skills required for the local industries and help make those towns more livable.

The Northern Territory University is a good example of the successful development of infrastructure in regional Australia. The important inquiry being pursued by the Standing Committee can contribute to further development by highlighting appropriate government policies and initiatives such as those recommended in this submission.

Yours sincerely

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