

14 April 2008

The Hon Senator Anne McEwen  
Chair Senate Standing Committee on Environment, Communications and the Arts  
Department of the Senate  
PO Box 6100  
Parliament House  
**CANBERRA ACT 2600**

By email: [eca.sen@aph.gov.au](mailto:eca.sen@aph.gov.au)

Dear Senator McEwen

**Re: Inquiry into the *Telecommunications Legislation Amendment (Communications Fund) Bill 2008***

The NSW Farmers' Association (the 'Association') welcomes the opportunity to provide a submission to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the *Telecommunications Legislation Amendment (Communications Fund) Bill 2008*.

The Association is extremely concerned by the likelihood of the 'freeing up' not only the interest accumulated, but the principal \$2 billion Communications Fund, for use by the Government in areas other than those solely benefiting regional Australia.

Please find attached a submission which provides details regarding the Association's concerns in relation to the Bill. The Association eagerly awaits the outcomes from the deliberations of the Senate Committee regarding this important issue.

Yours sincerely



Jock Laurie  
**PRESIDENT**

**Submission to the  
Senate Standing Committee  
on Environment, Communications and the Arts**

**~ Inquiry into the Telecommunications Legislation  
Amendment (Communications Fund) Bill 2008 ~**

**April 2008**

**NSW Farmers' Association  
Level 25, 66 Goulburn Street  
Sydney NSW 2000**

Ph: (02) 8251 1700

Fax: (02) 8251 1750

Email: [emailus@nswfarmers.com.au](mailto:emailus@nswfarmers.com.au)

## **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.

The Association welcomes the opportunity to provide a submission to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the Telecommunications Legislation Amendment (Communications Fund) Bill 2008.

Access to affordable and reliable 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 welcomes the opportunity to provide a submission to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the *Telecommunications Legislation Amendment (Communications Fund) Bill 2008*.

## **Comments on the Bill**

The Association is extremely concerned by the likelihood of 'freeing up' not only the interest accumulated, but the principal \$2 billion Communications Fund for use by the Government in areas other than those solely benefiting regional Australia.

The Communications Fund was set aside 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 Fund was intended to earn an income stream to guarantee that appropriate funds were available for future spending requirements on telecommunications projects that may not otherwise have attracted investment.

The Association holds a number of concerns regarding the *Telecommunications Legislation Amendment (Communications Fund) Bill 2008*, including the:

1. Loss of regular reviews into regional telecommunications needs;
2. Proposed use for the fund not solely benefiting regional Australia;
3. Loss of provisions for maintaining and improving existing telecommunications infrastructure;
4. Restriction of technological advancements in telecommunications in regional Australia; and
5. Loss of funding for subsidy programs such as the Australian Broadband Guarantee (ABG).

These points will now be expanded upon in order to clearly articulate the Association's concerns.

### **1. Regular Reviews of Regional Telecommunications Needs**

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 (RTIRC) (such as the one currently chaired by Dr Bill Glasson).

The Association recognises the Government's commitment to funding 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.

### **2. Benefits of the Fund to Regional Australia**

As stated above, the Communications Fund was established solely for the benefit of rural and regional Australia. The Association is concerned that the Government's National Broadband Network proposal is clearly a city-focussed and applicable proposal that may take until 2013 to actually reach many regional areas. 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.

### **3. Maintaining and Improving Existing Telecommunications Infrastructure**

Access to reliable, equitable and metro comparable telecommunication services is essential for farmers, their families and rural communities more broadly. A critically essential component of these services is maintenance, repair and a culture of continual improvement. The Association is concerned that failure to implement the appropriate measures to ensure existing telecommunications infrastructure is adequately maintained and improved may result in serious safety concerns for isolated regional Australians both at home and on farm.

As the Standing Committee is aware, the Australian Communications and Media Authority's Customer Service Guarantee (CSG) prescribes a range of connection and repair timeframes for customers, and is of importance not only to standard telephone services, but also ISDN or satellite services provided to meet the Universal Service Obligation. In the absence of the Communications Fund, what mechanisms will the Government put in place to ensure that telecommunication service providers are adequately resourced to ensure they can maintain and make repairs to the increasing number of telecommunication services on offer?

### **4. Technological Advancements in Telecommunications for Regional Australia**

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 affect on the ability of business to compete in today's competitive environment.

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 Australia. 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 Government's 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 and the Association therefore asks the question- What plans does the Government have to ensure this 2% of the population is not forgotten in this drive for technological advance?

The cancellation of the OPEL contract raises serious concerns relating to the distribution and timeliness of the availability of broadband technology in regional Australia. In the absence of the Communications Fund, what mechanisms does the Government have in place to ensure fast reliable broadband access is available in regional Australia?

#### **5. Funding Subsidy Programs such as the Australian Broadband Guarantee**

The Association understands that the vastness of the Australian continent and the broad spread of population across it will ensure that access to mainstream technology will always be limited for some isolated families and businesses in Australia. For this reason, there will always remain a need to offer alternative technological solutions such as satellite broadband or satellite mobile technology.

The Association recognises and supports the government's commitment to subsidise these forms of technology to make them affordable and available to isolated Australians at 'metro comparable' prices. The Association is concerned however that the ongoing investment required to deliver on these commitments was provided by the Communications Fund. In the absence of the Communications Fund, what mechanisms will be put in place to ensure funding is available for these essential programs (such as the ABG) into the future?

### **Conclusion**

The Association remains strongly supportive of the need for the Communications Fund to continue. As outlined above, any withdrawal, dilution or diversion of the Fund – and any future interest earned, could have devastating consequences for farm businesses, farm families and rural communities. The Fund must be continued, with firm commitments put in place to ensure that current and future telecommunications technologies are available to all Australians in an affordable and timely fashion.