

7 April 2017

Mrs Lucy Wicks MP
Chair
Joint Standing Committee on the National Broadband Network
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Re: Inquiry into the rollout of the National Broadband Network

The NFF thanks the Committee for the opportunity to provide a submission to its inquiry into the rollout of the National Broadband Network (NBN).

The Rural, Regional and Remote Communications Coalition

The NFF is one of the founding organisations of the Rural, Regional and Remote Communications Coalition (RRRCC) and we support the recommendations contained in the RRRCC's submission. NFF has joined the coalition as there is a critical mass of organisations, ranging from relatively established lobby groups through to fledgling volunteer interest groups, which are advocating on similar access and service quality issues for rural and regional telecommunications users. The breadth and number of organisations involved highlights that telecommunications in the rural, regional and remote areas is critical.

The Future of Farming

Our vision for Australian agriculture is to become a \$100 billion industry by 2030. The sector is a source of strength in the Australian economy, positioned to capitalise on growing global demand for safe, high quality food and fibre over coming decades.

To achieve our vision, the sector needs regulatory and public policy settings that foster growth and productivity; innovation and ambition. This includes adequate connectivity in order to capture the next generation of farming.

Just as telecommunications technology is evolving rapidly – so too is farming technology. Australia's farmers are becoming more efficient and more advanced in order to remain competitive in a complex global market place. This is appropriate given agribusiness is flagged as one of Australia's future growth industries – and one that will be underpinned by innovation.

In 2016 the Rural Industries Research and Development Corporation (RIRDC) conducted a 'cross-industry innovation scan.' According to this report: “

“Digital disruption is said to be behind the next agricultural 'revolution', following the mechanical and scientific revolutions of the previous century. Agriculture can be characterised as having a 'long-fuse', but a 'big bang' when it comes to digital innovation, which could contribute to a 25-30% change in business metrics in the next few years.”

Information is critical to a farmer's decision making and consequently to a farm's profitability. The ability to monitor and evaluate a farm's operation in real-time can

provide huge productivity benefits. The uptake of digital technologies and the application of big data to farming have been strong within Australia, to the extent that digital disruption of the agricultural sector is viewed as an opportunity, rather than a threat.

However, it is not just the on-farm application of technology that is evolving. So too is the manner in which rural businesses conduct their affairs. Access to reliable telecommunications services, including data is essential for anyone living and running a business in rural Australia.

Quality telecommunications underpin not only basic communications (including emergency calls), but other everyday activities such as online banking, weather information, trading crops and livestock, online learning, webinars and the maintenance of livestock traceability systems.

NBN Rollout

It is fair to say that for a number of consumers the rollout has not been 'seamless'. From understanding how and when they will be affected, to choosing providers and plans, arranging connection, overcoming difficulties of complex connections using the service, to finding causes and solutions to faults and outages; the span of issues is vast.

Particular to the rollout of the NBN has been the challenge of many issues 'falling between the cracks' of NBN Co, hardware installers, and internet service providers. It is often quite difficult for an individual user to ascertain whether the issue they are facing is one from NBN Co or the retail service provider, and the lack of a single contact point to assist differentiate makes the process to achieve connectivity a frustration for many.

The majority of NFF's members will be connected to the NBN either by fixed wireless or skymuster services. Feedback to NFF generally suggests that fixed wireless users have had a positive experience with good reliability of service, but unfortunately many skymuster users have had highly varied experiences.

It is unfortunately the case that some users have disconnected skymuster and gone back to their previous arrangement (such as wireless internet from one of the major telecommunications companies) for internet services due to a poor user experience.

Anecdotal feedback from skymuster customers also indicates that internet speeds can vary dramatically, some service providers have not been able to establish and/or connect to VoIP services, and connections can often drop out.

It must be acknowledged that NBN has made considerable efforts and taken many positive steps to engage the sector given the issues that have been encountered during the skymuster rollout and have undertaken taken to work through issues as they arise.

Many of these concerns can be addressed through NBN Co adopting greater transparency in its activities. Simple measures such as swiftly reporting outages, accurately providing information such a rollout progress, clarifying responsibility for troubleshooting and engaging with skymuster users about how best to use their data allocations would be examples of welcome measures..

Baseline Broadband

The Productivity Commission recently recommended in its draft report on the Universal Service Obligation (USO) that a baseline broadband be incorporated into the USO. The

recommendation of including baseline broadband into the USO is welcomed and represents a significant step forward. It has the potential to drive a shift in the day-to-day business dynamics of Australian agriculture. However, there must be consideration of what baseline represents.

Download speed, upload speed, response (latency), committed information rate and data inclusions, are elements which are necessary for a useable service and clearly set out a measurable service standard. Reliability is also critical.

Any definition of the new baseline broadband service must put in place minimum standards for voice and data services, and be accompanied by a modernised Customer Service Guarantee (CSG) framework.

The level of data included in a baseline broadband is important in the consideration of future affordability and also as the skymuster satellite service limits the amount of data that consumers can use in its fair usage policy. This means that consumers in satellite areas may be unable to access the amount of data needed in the next few years given average data usage rates are growing exponentially each year.

Telecommunications Reform Package

However, farmers by their nature are pragmatic and we acknowledge that provision of a baseline broadband would unlikely generate positive commercial returns to many providers. To this end the NFF is cognisant that in order to facilitate this minimum level of connectivity, financial intervention by the Australian Government in some capacity will be needed. It is important to consider that a lack of short-term commercial viability leading to market failure does not necessarily preclude long-term return on investment and economic benefit.

The NFF seeks to temper any concerns that investment in the USO, or uncommercial telecommunications infrastructure, is potentially distortionary to competition. To simplify the rationale for investment to this extent is short-termism and fails to consider long term economic benefit to the country – even from agricultural productivity alone.

The NFF believes that both government and industry can play a significant role in funding uncommercial infrastructure provided the framework is holistic and encompasses the suite of processes that are presently occurring in the telecommunication field.

A levy is, in many ways, the most logical and equitable means of seeking an industry contribution. An industry levy-funded revenue stream potentially opens the door for government to play a role in addressing gaps and areas of need in the telecommunications space.

To this end NFF supports the Regional Broadband Scheme which is part of the Telecommunication Legislation Amendment (Competition and Consumer) Bill 2017.

We note that there is a distinguishable difference between the Telecommunications Industry Levy which funds aspects of the USO, a function predominantly retail in nature, and the Regional Broadband Scheme contained in the Bill, which levies at the wholesale infrastructure level.

Consumer Safeguards

The NFF understands that the current consumer safeguards will be reviewed in the first half of 2017. It is clear that a comprehensive and contemporary USO is intrinsically linked with contemporary consumer safeguards so timing is likely to become an issue.

An added layer of complexity to this process is provision in the exposure Telecommunications Legislation Amendment (Competition and Consumer) Bill 2017 for the Minister to have a reserve power, delegated to the Australian Communications and Media Authority (ACMA), to set “standards, rules and benchmarks that the Statutory Infrastructure Providers (SIPs) must comply with.”

The legislative provision for the creation of consumer safeguards in the form of standards, rules and benchmarks is welcome. These standards rules and benchmarks must be developed as soon as possible before systemic issues can develop. Failure to meet these standards should also be met with repercussions.

For a truly congruous framework to be developed it is critical that the SIP regime and consumer safeguards are aligned as much as possible.

Alignment of Government Processes

One other critical factor that must be considered by the Australian Government is aligning existing processes. Some of the processes that will have a practical influence on the NBN rollout include:

- Consumer safeguards review
- Productivity Commission Inquiry into the USO
- ACCC Telecommunication Market Study

Indeed, the NFF is concerned that continuing to consider key issues through a range of inquiries and forums will not only lead to a patchwork approach to policy consideration, but will also result in a patchwork of outcomes that will continue to perpetuate the rural/urban divide in telecommunications.

For further information please contact:

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