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AUSTRALIA

Ninti One Limited

**Submission to the Telecommunications Universal Service Obligation inquiry
July 2016**

Ninti One Limited

ABN: 28 106 610 833

PO Box 3971, Alice Springs, NT, 0871

Ninti One Limited Contact:

Rod Reeve, Managing Director: 0411 481 974; rod.reeve@nintione.com.au

Introduction

Ninti One welcomes the opportunity to provide input into the inquiry into the telecommunications Universal Service Obligation enquiry. Our expertise and experience in working and conducting research in remote Australia, especially in Aboriginal and Torres Strait Islander communities and on pastoral stations have informed the content of our submission. Ninti One is also a founding member of the Broadband for the Bush Alliance, an alliance of organisations that seeks to advance the digital capacity and capability of remote Australians

About Ninti One

Established in 2003, Ninti One is a not-for-profit, independent national company that builds opportunities for people in remote Australia through research, innovation and community development. Ninti One manages the Cooperative Research Centre for Remote Economic Participation (CRC-REP) and is focused on delivering solutions to the economic challenges that affect remote Australia. Through our research, we provide practical responses to the complex issues that can restrict full economic participation. We are a partnership organisation of more than fifty stakeholders mostly located in remote Australia, including the Australian Government, state and territory governments, small-to-medium enterprises, universities and other research providers, industries including mining, pastoralism and tourism.

Our activities relevant to this inquiry include our work with the Broadband for the Bush Alliance and our development of new technologies for the pastoral industry, which requires access to fast, reliable and affordable broadband services. Additionally, our work with the remote Aboriginal and Torres Strait Islander tourism and art sectors has highlighted the need for reliable and affordable telecommunications services.

More information on our activities can be found at www.nintione.com.au and www.crc-rep.com.

Preamble

Our submission focuses on the issues most relevant to rural and remote Australia, especially to remote Aboriginal and Torres Strait Islander communities. As a result, we have not addressed in our submission some of the issues raised in the Issues Paper and not answered all questions.

We believe that telecommunications services, including fixed and mobile, voice and data, are an essential service. It should be categorised as a fundamental right of access under a Universal Service Obligation. Where markets fail the government should fund service access to an appropriate level of availability and affordability. Indeed, a universal service – consumer service guarantee arrangement should play a critical role in overcoming the digital divide that exists between metropolitan areas and remote regions. The development of a new universal service – customer service guarantee should ensure that it reflects the present and potential future telecommunications needs of all Australians. In other words, it should avoid a minimalist approach as economic growth and social wellbeing are now dependent on being connected and online.

Questions

What should be the objectives of any new universal services policy? Are objectives such as universal availability, affordability and accessibility appropriate?

A new USO needs to address more than the simple provision of voice services. It needs to cover both fixed and mobile services as well as voice and data. Minimum guaranteed average speed (uploads and downloads) should be part of the new USO to ensure that remote businesses and emergency services can efficiently operate. It also needs to address accessibility, affordability, quality and reliability of services issues to ensure that all Australians have the right to access a range of digital services regardless of their postcode.

In order to ensure that a new USO does not leave anyone worse off it should include a requirement that existing infrastructure – such as payphones in remote outstations and at isolated roadhouses– is retained and maintained under a “grandfather” clause. However to ensure that people reliant on this as their only form of telecommunications do not get stuck with outdated/obsolete infrastructure the new USO should also have a clause which requires that there be an additional telecommunications option made available in these areas within a particular timeframe.

In order to address accessibility and affordability issues, especially in remote Aboriginal and Torres Strait Islander communities where pre-paid options are the preferred option for economic and cultural reasons, there should be a requirement for pre-paid options (both for mobile and internet) to be built into a new USO.

Can the NBN be treated as an alternative (wholesale) USO service?

The NBN could be treated an alternative (wholesale) USO service or default USO provider for those with a fixed line nbn connection. However, for those on a satellite connection the NBN cannot be treated as an alternative USO voice service for the following reasons:

- For remote consumers on the nbn SkyMuster™ VoIP calling as a standard voice service is not an option because of latency issues;
- nbn services do not connect to payphones in remote communities;
- The potential conflict between nbn commercial objectives and being a supplier of last resort (USO obligation)

Is it reasonable that telecommunications users in regional and remote locations do not bear more of the actual infrastructure costs of providing telecommunications services?

Affordability remains a critical issue and is a key barrier to the uptake of telecommunications. Generally, rural and remote Australians continue to pay more for services of lesser quality than in metropolitan areas. The 2015 Regional Telecommunication Review 2015 Report recognised that lack of choice and restricted technology options was a significant driver of higher costs incurred by regional users and that the effective prices paid in these areas were higher despite the uniform wholesale pricing on the nbn¹. We believe that where markets fail the government has a role to fund infrastructure or service to an equitable level. We believe that rural and remote consumers should not have to pay more for their telecommunications.

To what extent are there market based alternatives to the delivery of universal services through the current USO? What evidence is there to support social or equity based rationales?

As previously stated, rural and remote Australians generally have higher telecommunications costs. This is due to lack of competition, a result of market failure. This seriously limits choice of telecom services and choice of retail service provider. Telstra remains the dominant supplier in rural and remote Australia. Indeed, successive government policies and intervention programs have had limited impact on building competitive digital infrastructure in remote regions. Historically Telstra secures the major funding slice with the result that there is little improvement in competition. While co-investment may potentially lead to greater choices available, the reality is that market-based policy and procurement mechanisms have failed in regional and remote areas where there are small, dispersed populations spread over vast distances. As a result, in remote Australia, Telstra remains the dominant supplier of a broad range of telecommunications services and is the monopoly supplier of last resort for the domestic transmission carriage service.

ⁱ Regional Telecommunications Independent Review Committee 2015, Regional Telecommunications Review 2015, p14. Available at <http://www.rtirc.gov.au/wp-content/uploads/sites/2/2015/10/RTIRC-Independent-Committee-Review-2015-FINAL-Low-res-version-for-website.pdf>