

03/02/2017

Department of Communications and the Arts

Re: Telecommunications Reform Package

Introduction

Cotton Australia welcomes the opportunity to provide comment and, as the peak representative body, speak on behalf of cotton growers regarding the Telecommunications Reform Package. The cotton industry is an integral part of the Australian economy, worth more than \$1.5 billion in export earnings for the 2015-16 season, and employing on average 10,000 people. The industry's vision is: Australian cotton, carefully grown, naturally world's best

Cotton Australia is one of the founding organisations of the Regional, Rural and Remote Communications Coalition (RRRCC), alongside 16 like-minded organisations to advocate on telecommunications issues experienced by country telecommunications users.

Executive Summary

Digital technology is said to be behind the next big agricultural revolution, with digital innovation potentially contributing a 25-30% change in business metrics in the future.¹ On-farm technology with 'smart' farming applications is developing rapidly. Technology is no longer a luxury, but a necessity to conduct a modern day business able to compete in the global market, as Australian cotton growers continue to do with more than 99% of the crop exported each season. Access to reliable and fit-for-purpose telecommunications services are essential for anyone living and running businesses in rural Australia.

¹ RIRDC 'Cross Industry Innovation Scan'

Cotton Australia acknowledges and supports the intention behind provisions in the Telecommunications Reform Package. However, we have concerns as to the effectiveness of the proposed legislation in its current form to establish a successful framework for the delivery of internet services in regional, rural and remote Australia.

Cotton Australia's key asks are;

-) Equal consideration of the broad range of factors that must be combined to deliver a quality broadband service across fixed line, fixed wireless and satellite networks is required.
-) Ministerial designation of standards, rules and benchmarks SIPs must comply with.
-) Accountability and transparency for funds accessed and spent through the Regional Broadband Scheme.

We would like to note that it is difficult to provide firm recommendations to this review due to the current Productivity Commission Universal Service Obligation inquiry, whose final report will greatly effect telecommunications in Australia, and directly affect aspects of the Telecommunications Reform Package.

Telecommunications Legislations Amendment (Competition and Consumer) Bill 2017

STATUTORY INFRASTRUCTURE PROVIDER (SIP) REGIME

DEFAULT SIP

Cotton Australia supports establishing NBN co Limited (hereafter referred to as NBN) as the default SIP of superfast broadband services for Australia. Currently the Statement of Expectations which requires NBN to roll out the NBN, there is no legal obligation on NBN requiring it to connect any premises to its network and the legislation is a much-needed improvement to ensure that broadband services are extended to all consumers. It is imperative the role of the SIP and its obligation to connect any premise to their network is legislated.

We also support the provision enabling the Minister to declare another carrier the SIP for an area through the establishment of the ‘designated service areas’. This is an efficient and common sense addition to the SIP regime, which removes the requirement of NBN to duplicate superfast broadband infrastructure in places where it is already available and duplication would not be economically efficient.

SIP EXEMPTION

Under the proposed Bill, the Minister will have the power to ‘declare’ areas in which there is no SIP. While this is only possible if the Minister believes the level of competition in the area negates the need for a SIP, it is our view that in regional areas competition alone is no guarantee minimum services will be provided. It is our view a SIP should be designated, regardless of competition in the area, to account for unlikely (but still possible) instances of market failure that may leave regional communities without any connection. There is no risk involved in having a SIP in places where competition is already prevalent, while it provides a safeguard for communities in the case of market failure.

SIP OBLIGATIONS

Telecommunication services do not just underpin basic communication between people anymore, but essential business activities. For example, on any given day a cotton grower may rely on telecommunications to communicate with employees, conduct online banking, online trading, order safety equipment, monitor weather conditions, monitor soil moisture levels, crop canopy conditions, upload drone footage and data to share with consultants and agronomists, remotely monitor irrigation systems, access data from machinery and so much more.

In modern day agriculture upload speeds are increasingly important. For example upload speeds are necessary for applications such as video conferencing, and cloud based services, uploading data from machinery and telemetry. We strongly believe upload speeds should be included alongside download speeds when defining SIP obligations.

Cotton Australia supports legislating a SIP’s requirement to provide ‘a fixed line carriage service that supports retail services with a download speed of normally 25Mbps or more.’² However, it

² Explanatory notes, Exposure Draft: TLA Bill and Charge Bill – Page 7

is our view that this definition should encompass the other definable requirements necessary to deliver a quality fixed-line network.

The explanatory notes state that ‘where it is not reasonable practical for the SIP to connect a premises to a fixed-line network, it must provide a fixed wireless or satellite technology solution.’³ There are no measures of performance for fixed wireless or satellite services and this is completely unacceptable. It is our view, that the fixed wireless and satellite services provided in lieu of a fixed-line broadband connection should meet the same minimum standards the Bill expects of a fixed line service.

STANDARDS

Customer service guarantees and reliability measures to underpin the provision of voice and data are essential. Ensuring safeguards are reformed so they are relevant to the needs of consumers is vital. Connection and repair timeframes, reliability, adequate performance levels and safeguards for vulnerable consumers need to be re-examined and updated. Services should be delivered equitably to all Australians. Any proposed changes to telecommunication services should be conditional on comprehensive performance and service guarantee replacements that apply to the new services. The Minister of Communications and Arts should ensure that there are clear standards, benchmarks, accountability and clarity around wholesale and retail provider responsibilities.

The Bill gives the Minister a reserve power to set ‘standards, rules and benchmarks’ for the SIPs. It is the intention that the Minister would only use this power in the event that SIPs were not installing infrastructure and supplying services of ‘an appropriate capability within appropriate timeframes’.⁴ The explanatory document provides examples of standards such as timeframes for connecting premises and rectifying faults, and rules about how premises must be connected. Rather than waiting for a problem to arise before fixing it, standards should be legislated immediately, with financial penalties for a SIP failing to meet the required standards. Consumer safeguards are essential for those in rural Australia and we support the Productivity Commission’s recommendation consumer safeguards be reviewed as a matter of priority⁵. The NBN will effectively be a monopoly provider, with little reason to continually improve its service.

³ Explanatory notes, Exposure Draft: TLA Bill and Charge Bill Page 7

⁴ Explanatory notes, Exposure Draft: TLA Bill and Charge Bill - Page 8

⁵ PS USO Draft Report – Page 2

Reports of regular and, in some cases long-term, service outages in the bush are common despite consumer safeguards under the current USO. We understand no service is 100% reliable but binding standards and consumer safeguards are essential to ensure SIPs can be held accountable and rural users receive a quality service. Currently, NBN repair timeframes are already below those required by the Customer Service Guarantee.⁶ While we acknowledge NBN is still in its roll-out phase, self-regulation is inadequate and standards must be set under legislation.

Telecommunications (Regional Broadband Scheme) Charge Bill 2017

REGIONAL BROADBAND SCHEME

Cotton Australia supports the introduction of the Regional Broadband Scheme to fund the non-commercial fixed wireless and satellite services. While we support the industry charge applied to active fixed line superfast broadband services, we request transparency as to how the monthly figure of \$7.09 per active superfast carriage service was reached.

The Regional Broadband Scheme charge has been likened to the current Telecommunications Industry Levy arrangements,⁷ which funded the USO which has been criticised for a lack of transparency and accountability in the investment of funds. Without clear and transparent reporting requirements by those receiving funds through the Regional Broadband Scheme, tensions reached with USO arrangements will only be repeated. While fixed wireless and satellite services are currently non-commercial, it is important that alternative technology for the provision of voice and data services in regional, rural and remote Australia are continually investigated to avoid funding an outdated and irrelevant service. Regular review of the spending and alternative services must be implemented.

Already the capacity of satellite technology is limiting regional telecommunications. Technology develops extremely quickly and, as data use continues to grow exponentially, services provided through Regional Broadband Scheme funding must be current and in line with the technology available at the time. Regular review of the services being provided with funds from the Regional Broadband Scheme, as well as transparent allocation of these funds will be essential to

⁶ Productivity Commission USO Draft Report – Page 175

⁷ Explanatory notes, Exposure Draft: TLA Bill and Charge Bill - Page 8



Advancing Australian Cotton

the integrity of the Scheme, and development of telecommunications services for those in regional, rural and remote Australia.

Conclusion

Cotton Australia considers that an effective regulatory framework with designated standards, rules and benchmarks encompassing a full range of quality effecting factors is necessary under the Telecommunications Reform Package to deliver a quality internet service in regional, rural and remote Australia. Full accountability and transparency of Regional Broadband Scheme expenditure will ensure the integrity and value of the scheme.

Cotton Australia would welcome an opportunity to provide further information on its position.

Kind regards,

Claudia Vicary
Graduate Policy Officer
Cotton Australia