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Submission to Regional  
Telecommunications Review  
Hunter Region

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**Submitted By: Hunter Economic Development Corporation**

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## **About the Hunter Economic Development Corporation (HEDC)**

The HEDC is the Hunter regions development board it is a peak advisory body to the NSW state Government on matters of economic development in the region.

It facilitates the delivery of economic development strategies for the region, markets the region for investment and provides support to business looking to expand or relocate. One of its core goals is to improve all forms of infrastructure in the region.

### **Executive Summary**

The Hunter region is the sixth most populous region in Australia with a population of 609,780 in 11 Local Government Areas (LGA's) covering approximately 31,000 sq Km. Newcastle is the region's capital and second largest city in NSW.

Key industry sectors in the Hunter are coal mining, viticulture and wine production, agribusiness, equine, knowledge intensive engineering, education, power generation, Defence and tourism. It has the largest coal exporting port in the world. Restructuring of the region's economy began in the 1990's which has seen a decline in heavy manufacturing and move towards broadening its economic base through knowledge based and service industries.

Telecommunications infrastructure is key to continued industry sector growth and the well being of the community allowing participation in the information economy at all levels. Whilst the Hunter has improved such infrastructure in the last few years through the introduction of ADSL by Telstra, federal and state government projects and the establishment of local carrier services by other companies, access to broadband, mobile services and good quality fixed line infrastructure in rural areas of the Upper Hunter is still a major issue.

With regard to broadband on average, across rural areas in the Upper Hunter approximately 68% of the population have broadband ADSL coverage. In contrast Telstra quotes 95% ADSL coverage. Telstra figure are skewed as only 16% of the Hunter's population live in the Upper Hunter and the 95% is derived for the whole of the Hunter.

The HEDC believes a pragmatic approach to gathering intelligence from the regions would be best facilitated by appropriate state government agencies who have established connection in the regions with business and community to represent concerns and issues.

Not all the questions detailed in the Regional Telecommunication Review discussion paper are answered in this submission but the Board of the HEDC would like the opportunity to highlight some of the issues related to the rural parts of the region and in particular the Upper Hunter.

## **1 Background**

Telecommunications infrastructure in the Hunter has improved in the last two to three years with the introduction of ADSL and mobile Next G services by Telstra. The establishment of local carrier services by other telecommunications companies such as Ipera and SOUL has improved choice to consumers.

All the major rural towns in the Hunter now have ADSL enabled exchanges which covers a radius of approximately 4km for these exchanges. Under the USO the small regional towns with up to 500 telephone customers have their Exchanges enabled with ISDN but the up-take of this technology has been cost prohibitive for small business and the general community also ISDN speed is relatively slow (maximum 128Kbits) as compared to ADSL.

Issues still exist for people living on the land outside rural towns, as they suffer from poor infrastructure, low Internet connection speed on dial up modem and lack of mobile coverage etc. The Federal government through initiative such as the HiBiS, IAP and more recently the Australian Broadband Guarantee satellite subsidies has ameliorated the situation. Equity related to product offering still makes broadband unattractive to most farmers on the land.

To help raise the level of interest and uptake of broadband in communities outside larger rural towns, the region has on numerous occasions attempted to secure funding to address this equity in-balance through the Community Based Broadband Demand Aggregation Program under past federal government programs but has been unsuccessful.

Currently the Hunter Economic Development Forum facilitated by the NSW Department of Premiers and Cabinet see this equity issues in the rural areas of the region as a major inhibitor to doing business on the land. Agribusiness contributes approximately \$1 billion to the Hunter's economy and there is a growing requirement for primary producers to have access to broadband and other services to effectively do business as more interactive services are now applying to the agribusiness sector. Access to a range of services for example, on-line weather information, on-line media content, introduction of new farming practices on larger properties for remote monitoring functions, distance education, on-line health and social amenity. Local councils in the Upper Hunter believe the lack of broadband services in the rural sector makes it harder to conduct business making business less competitive.

## **2 Past Projects in the Region**

A number of projects in the past have been funded by the federal government and implemented in the region to promote Broadband uptake. From 1999 through to 2005 communities have been successful in providing locations for business and general public to take advantage of what broadband can offer through establishment of Community Technology Centres (CTC). This has provided business in the bush with a taste of what is on offer in the online world and demonstrated the business advantages of being connected. Unfortunately most are disappointed when they are unable to gain broadband access on their farming properties.

Other project completed in the region is the Hunter INREACH project funded under CCIF, it has leveraged other project such as the NSW BioFirst broadband initiative. This project will provide access to ultra high bandwidth for medical research, higher education, health and governments. INREACH has the potential to dovetail on the

Government Broadband Service (GBS) network delivered under National Communications Fund (NCF) in NSW and extend application provided by local and state governments. In the future it is envisaged the INREACH network will also extend to allow business and community access. The benefits of this project has already had a marked affect on lowering the costs of high end broadband delivery by the larger Telco's, demonstrating that competition will drive down costs.

A good example of this is highlighted in the Gloucester Local Government Area (LGA) where Gloucester On-Line was successful with an application for funding to employ a Broadband Brokers. This paid dividends with the attraction of a Wireless Broadband supplier to the area giving access to competitive broadband products and providing some competition to Telstra.

### **3 Broadband Coverage – A Major Issue**

Broadband coverage in the Hunter region is stated at 95% by Telstra this figure is derived from the total population base. With more than 83% of the population living in the Lower Hunter this percentage gives a false impression or skews the coverage figures in the Upper Hunter.

The Upper Hunter consists of six LGA's which constitutes approximately 16% of the region's total population. This is the area where a substantial proportion of farming communities reside. The broadband coverage in these areas is not 95% as Telstra might suggest. If you leave the major rural town and larger villages out of the equations that have access to ADSL broadband the figure drops to approximately 68%. Because of the sparseness of these farming communities it has become unattractive for Telstra to invest in Broadband infrastructure.

This situation will remain mostly unchanged unless some resources are provided to drive the broadband agenda in the region in one form or another.

Many farmers are now taking advantage of the ABG with the provision of subsidised satellite services, However this will not provide the final solution there is not enough bandwidth for advanced services such as triple play services touted over the next 5 to 10 years where 6 to 12Mbit/s are quoted as a minimum.

The concern is whether the federal government's initiative with Opel will deliver to the Upper Hunter in sparsely populated farming communities where difficult hilly terrain even prevents coverage of existing mobile services. As suggested coverage with technologies such as Wimax would need many towers to be constructed and would only service a handful of customers which may prove uneconomical for any carrier to rollout.

With mobile coverage Telstra's Next G service has improved delivery of broadband by wireless modem but is still costly in terms of access charges and cost of data compared to ADSL plans furthermore coverage is limited away from major highway and towns.

#### 4 Potential Demand

The table below shows the total LGA population and that proportion of the population without ADSL coverage. The percentage potential demand available to the population in each LGA's is detailed in the tables. It also noted this doesn't take into account the access to possible services provided by Telstra Next G network. Anecdotal evidence suggests on leaving rural townships and major highways the mobile coverage drops off, this is especially true for the Upper Hunter which has large areas of mountainous terrain.

LGA	Total Population	Potential Demand (No ADSL)	Approximately % without Broadband (ADSL) coverage
Gloucester	4917	2050	41.6%
Great Lakes	34695	8834	25.46%
Singleton	22270	5930	26.62%
Muswellbrook	15149	3649	24.08%
Dungog	7994	4363	54.6%
Upper Hunter Shire	13424	5574	41.52%

Data sauced from local councils, ABS and Hunter Valley Research foundation (HVRF).

For the Upper Hunter the promise of 100% broadband coverage proposed by the Australia Connected federal government initiative with Opel seems a long way off.

#### 5 USO:

In the discussion paper it talks about new technologies such as VOIP Skype phones, it is agreed this form of voice communication is gaining popularity to reduce costs to callers particularly with the younger generation. However typically farmers are in the older age bracket baby boomers and are late adopters of technology. Under the current poor quality Customer Access Network (CAN) available to rural farming communities VOIP is a poor option and is unreliable. It also has problems for emergencies services in identifying calling locations related to 000 calls. This issue is important factor in maintaining fixed line telephony as farmers working on the land are often in isolated areas some distance away from emergencies services, potentially any delays in response in an emergency could be life threatening.

#### 6 Conclusion

In summary, The characteristics of the Upper Hunter is no different to many other parts of NSW for example no competition, poor infrastructure, lack of service, difficult terrain, and no mobile coverage. But unfortunately the region is viewed as been well served by multiply telecommunications carriers which is not the case. There is a misconception of what constitutes the Hunter by federal government departments for one reason or another. The HEDC believes it is often seen in the context of the Lower Hunter and its capital Newcastle.

If the federal government wants to improve its knowledge and information on regions in NSW with regard to telecommunications it could utilise appropriate state government agencies who already have a presence in rural and regional areas and connection/relationships with the business and community sectors in NSW. This would provide a good mechanism to audit each region requirements and highlight issues.