



## **2011-12 Regional Telecommunications Review**

**Submission**

**December 2011**

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

Ph: (02) 8251 1700

Fax: (02) 8251 1750

# Contents

Executive Summary.....	4
Recommendations.....	5
National Broadband Network.....	5
Digital Economy.....	5
Telephones.....	5
Customer Service.....	5
Introduction.....	6
NSW Farmers Policy.....	6
Selected Previous Telecommunications Work.....	7
Internet.....	8
Digital Divide.....	8
Current Market Conditions.....	8
Competition.....	9
Internet Type Used.....	9
Speed.....	9
Uses.....	10
Price.....	10
Motivation for Plan Choice.....	11
Plan Satisfaction.....	11
Demand for an Improved Service.....	12
Interim Satellite Solution.....	12
National Broadband Network.....	13
Minimum Speeds.....	13
Quality of Service.....	13
Price.....	14
Cost.....	14
Roll-Out.....	14
Co Investment.....	14
Ownership.....	15
Federal Coalition’s Broadband Policy.....	15
Digital Economy.....	16
Current Market Conditions.....	16
NBN Co Discovery Centre.....	17
Examples of Technology Use in Agriculture.....	17
Health.....	18

Provision of Government Services .....	18
Education .....	19
Mobile Telephones and Mobile Internet .....	19
Mobile Phones .....	21
Current Market Conditions.....	21
Use for Phone Calls .....	22
Mobile Phone Coverage .....	24
Mobile Blackspots .....	24
Universal Service Obligation .....	24
Emergency Services.....	24
Mobile Phone Coverage Expansion Success .....	25
Priority Upgrades .....	25
Blue Tick .....	25
2008 Mobile Phone Survey .....	25
Landlines .....	27
Customer Service .....	28
Current Market Conditions.....	28
Invest in Capacity-Building for Users .....	29
Conclusion.....	30
References .....	31

## Executive Summary

The geographic digital divide continues to exist in regional and rural NSW, despite the continual improvement of telecommunications services,. NSW Farmers calls on all levels of Government to take action to reduce this divide, with 12 specific recommendations to achieve this included in this submission.

The lack of mobile phone coverage is the single largest issue for our Members. NSW Farmers research has shown inability to use mobile phones on-farm for phone calls, but also for internet and email. NSW Farmers considers it imperative that this review makes recommendations to Government to introduce sufficiently funded programs that are able to build and maintain mobile phone towers in those areas of Australia which need them most. The demand for landline services has continued, and need to be guaranteed into the future.

The principle of the National Broadband Network is welcomed, with ubiquitous internet availability of a minimum speed very likely to provide improved options to many in country Australia. However a guaranteed quality of service is required to ensure that improvements to technology are passed on to those who are on the fixed wireless and satellite services. Given these shared spectrum services will not be available until 2015 (2020 for fibre services), Governments must continue to work with the private sector to achieve improvements to the quality and affordability of internet outside of cities.

Digital economy initiatives are required to compliment the significant investment in physical internet infrastructure. Currently the agricultural industry is uncertain how this will occur, what role NBN Co will play and how their educational and informational programs will compliment Government and private sector initiatives. Programs such as 'Digital Communities' and 'Digital Businesses' are unlikely to suit the agricultural industry, which requires a program tailored for farmers and surrounding communities. Whilst many farmers are extremely tech-savvy, others do not have sufficiently fast internet to facilitate use of the latest technology.

Many customer service issues affecting rural in rural residents such as slow response times, are experienced Australia-wide. The lack of understanding of rural telecommunications needs and the inability of many to take their business elsewhere compounds these problems.

# Recommendations

## *National Broadband Network*

1. Enact a Quality of Service agreement between NBN Co and the Australian Government to cover the fixed wireless and satellite elements of the NBN. This agreement should cover all quality parameters (such as speed, ping times and jitter) and be continually updated to ensure these customers have access to all services offered to optic fibre customers.
2. Increase the roll-out of fibre beyond the current 93%.
3. Retain public ownership of the NBN indefinitely.

## *Digital Economy*

4. Provide ongoing information and training on all elements of internet use, from the purchase of the relevant hardware and software, to the use of cutting edge technology.
5. Ensure that beneficial trends experienced in technologically advanced areas are actively communicated and encouraged in technologically capable areas rural and regional Australia.
6. Increase targeted advertising of the Interim Satellite Solution as part of broader NBN-related digital economy goals.
7. Expand the Government's definition of the digital economy, it will need to ensure that it widens its view to include mobile internet accessed through mobile data plans and USB modems.
8. Include a 'Digital Farms' program in the Digital Economy strategy.

## *Telephones*

9. That both mobile and fixed line telephones phones are considered an essential 'standard phone service'.
10. Significantly increase mobile phone coverage in rural NSW, through new Federal Government streams and collaboration with relevant stakeholders.
11. Significantly increase mobile data coverage in rural NSW.

## *Customer Service*

12. Establish a regional-specific telecommunications information service.

# Introduction

The NSW Farmers is Australia's largest state farming organisation, representing the interests of the majority of commercial farm operations throughout the farming community in NSW. Through its commercial, policy and apolitical lobbying activities NSW Farmers provides a powerful and positive link between farmers, the Government and the general public.

The area of telecommunications is particularly relevant to the farming sector, as access to affordable, reliable and metropolitan-comparable telecommunications services is a key issue for farmers and rural communities. NSW Farmers takes a key role in leading the debate about rural and remote telecommunications services, particularly in terms of highlighting key service and market failures.

## NSW Farmers Policy

NSW Farmers' telecommunications policy has been developed over many years, continually responding to changes in technology, social policy and regulatory framework. Regardless of change, there should be parity of service and price. These principles should apply to all telecommunications customers regardless of their geographic location.

### *Key NSW Farmers Policy Statements*

That the Association:

(a) demand quality, affordable and equitable telecommunications be delivered to all telecommunications customers now and in the future.

That the Association lobby the Government to immediately improve the standard of telecommunications (mobile, broadband internet and landline coverage) in rural areas in line with the services available in metropolitan areas, so rural businesses can remain as competitive and sustainable.

The Association should insist that the NBN proposal have a full business plan/cost benefit analysis carried out.

That NSW Farmers insist on a Quality of Service agreement with the NBN Company and the Australian Government, to cover the provision of wireless and satellite broadband services to those not offered an optical fibre connection. This agreement should cover all quality parameters (e.g. speed, ping times, jitter) and be continually updated to ensure customers of the wireless and satellite services have access to all the services offered to optic fibre customers.

## **Selected Previous Telecommunications Work**

Key recent activities undertaken by NSW Farmers are outlined below. Copies of documents can be provided upon request.

*2011*

### **Regional Telecommunications Review.**

On 26 October 2011 NSW Farmers and the National Farmers Federation met with the review committee at the Stamford Plaza hotel in Sydney, outlining our policy position and key recommendations. Preliminary results of the telecommunications survey were provided to the Secretariat. Members also attended consultations around the State.

### **NSW Farmers Telecommunications Survey**

NSW Farmers undertook a survey of its members in August and September 2011 to identify some of the key concerns and problems face by farmers in NSW. This follows on from surveys conducted in 2008, 2005 and 2002. The results from the telecommunications survey will be included within the relevant section of this submission. This survey will be referred to as 'the survey' in this submission.

### **ACCAN Annual Conference Presentation**

On Thursday 8 September NSW Farmers telecommunications spokesman Anthony Gibson presented at the 2011 Australian Communications Consumer Action Network Annual Conference on the telecommunications challenges faced in agriculture.

### **Australian Communications and Media Authority's Consumer Consultative Forum**

As a member of this forum, Anthony Gibson represents NSW Farmers, providing agricultural input into a diverse range of policy issues. On 28 July 2011 NSW Farmers presented a paper on mobile phone coverage in NSW. The Government response at the time was that efforts had been made to provide up-front co-contribution for new mobile phone towers, but no funding was taken up. This issue is expanded later in the submission.

### **NBN Inquiry**

NSW Farmers entered a submission to the House of Representatives Standing Committee on Infrastructure and Communications Inquiry into the National Broadband Network on 25 February 2011. The submission highlighted the need for educating citizens of the NBN's use, as well as highlighting the digital divide which will continue to exist once the NBN is rolled out.

### **Article Publication**

NSW Farmers had an article published in the May edition of the Telecommunications Journal of Australia. The edition covered policy gaps, with our article titled "The Digital Divide – The Australian Government's Role in Addressing 'Ability'". Key findings were presented at forums organised by the Australian Computer Society in late June 2011.

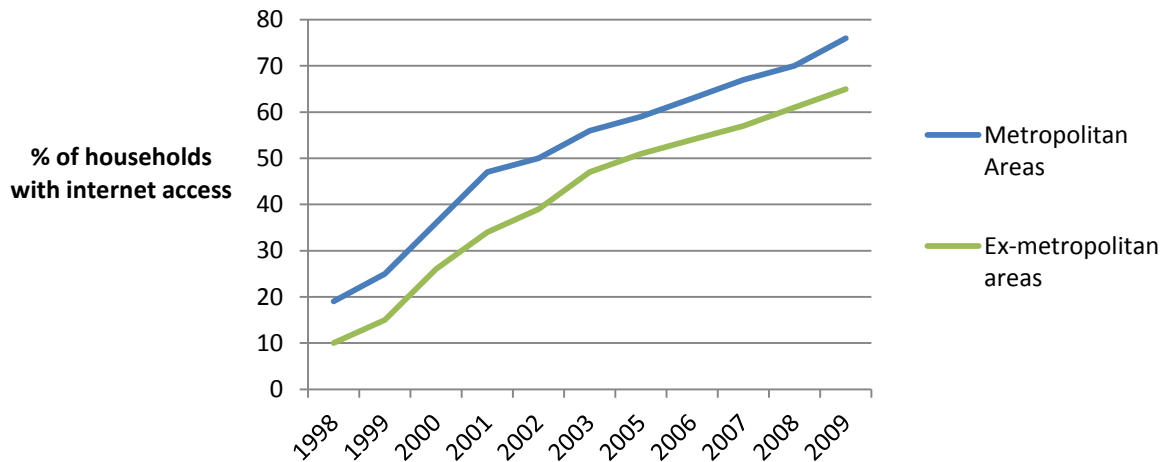
# Internet

NSW Farmers believes that the National Broadband Network (NBN) will positively improve physical access of broadband internet. However, infrastructure provision is only one element of achieving increased beneficial internet use. For the farmers of rural NSW to be able to make the most of this opportunity, tailored Government programs are required to compliment this significant investment.

## Digital Divide

The figure below outlines an ongoing digital divide despite a steady increase in the percentage of households with internet access. It must be stressed that merely having access to the internet is only one element of digital participation.

### The Digital Geographic Divide in Australia



Source: Australian Bureau of Statistics. '8146.0 - Household Use of Information Technology, Australia, (2009)

#### 2011 Survey Feedback

“An internet service equal to that that is provided to the city, should be made available to country people at a similar price, download limit & speed.”

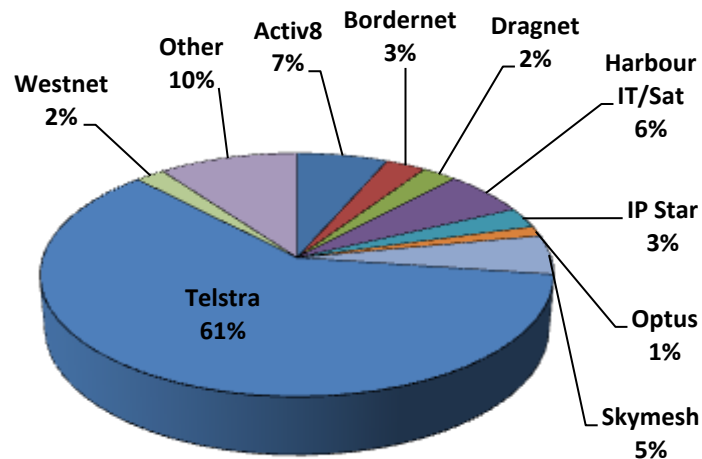
## Current Market Conditions

Descriptions of current market conditions come mostly from the survey conducted by NSW Farmers earlier this year. There were 587 responses to the data, which is significant in relation to the sample size taken.

### Competition

The survey results demonstrate Telstra’s continual dominance of the market for internet in rural NSW. Their 61% market share dwarfs second placed Activ8. A third of survey respondents stating that they had no choice in who provided their internet, therefore it is essential that sufficient regulation of markets remain at the forefront of considerations should similar market conditions exist under the NBN.

#### Home Internet Service Provider



### Internet Type Used

NSW Farmers survey results found that satellite and 3G dominated the market. As expected, there has been a movement away from dial-up internet, helped in part by the Australian Broadband Guarantee. Unfortunately this same program resulted in an over-allocation of customers on satellite services, meaning a terrible quality of service during periods of high demand. As the farming community are very inclined to use their home internet in the evenings, the impact is significant.

### Speed

Respondents have become accustomed to slow speeds. Feedback provided by one Member describes the reality for many Australians.

#### 2011 Survey Feedback

“Using the internet is the most painful, boring, time wasting exercise imaginable. I can make and drink a coffee between start-up and connection - but the internet has become essential.”

Whilst speeds are expected to improve once the NBN is rolled out, further guarantees are required beyond those outlined already.

### Uses

When asked 'what do you use the internet for?' respondents described Internet 1.0 type activities.

Shares	39.2%	Skype	17.1%
Commodities	46.3%	Business Email	89.0%
Education	45.2%	Facebook	16.2%
Personal Email	84.9%	Video	5.8%
Climatic Forecasting	84.8%	Other (incl. banking)	15.1
News	41.3%		

#### Recommendation

Government provision of ongoing information and training on all elements of internet use, from the purchase of the relevant hardware and software, to the use of cutting edge technology.

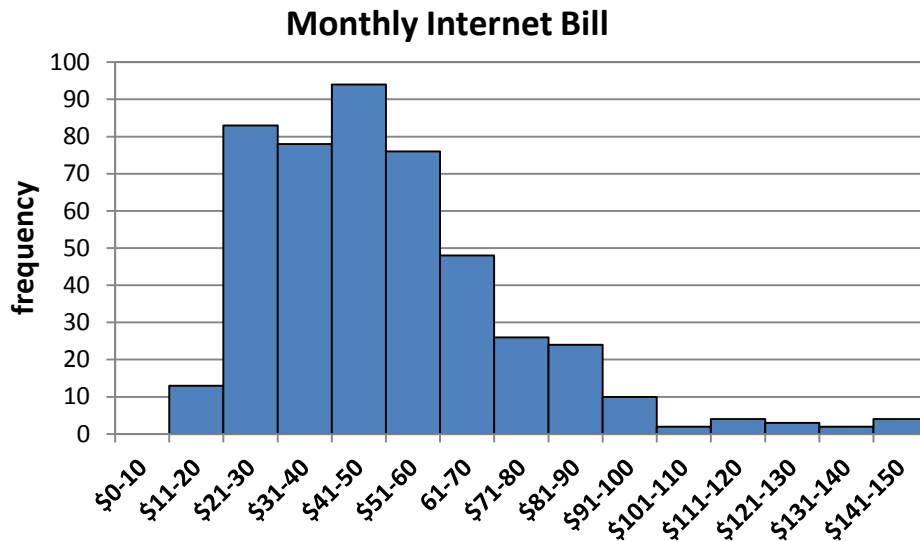
Use of video is very low, meaning a huge opportunity for productivity growth once the NBN is rolled out.

#### Recommendation

Ensure that beneficial trends experienced in technologically advanced areas are actively communicated and encouraged in technologically capable areas rural and regional Australia.

### Price

Prices for internet services are varied. Results from our survey on price were varied, with half between the \$37 and \$67 dollar range, and an average of \$54.



#### *Motivation for Plan Choice*

The survey demonstrated that there was not one dominant factor that guided choice of rural broadband plans. Responses to the question of ‘what was the main factor that influenced your choice of internet plan?’ were as follows:

No Choice	24%
Price	21%
Speed	21%
Convenience	20%
Other	14%

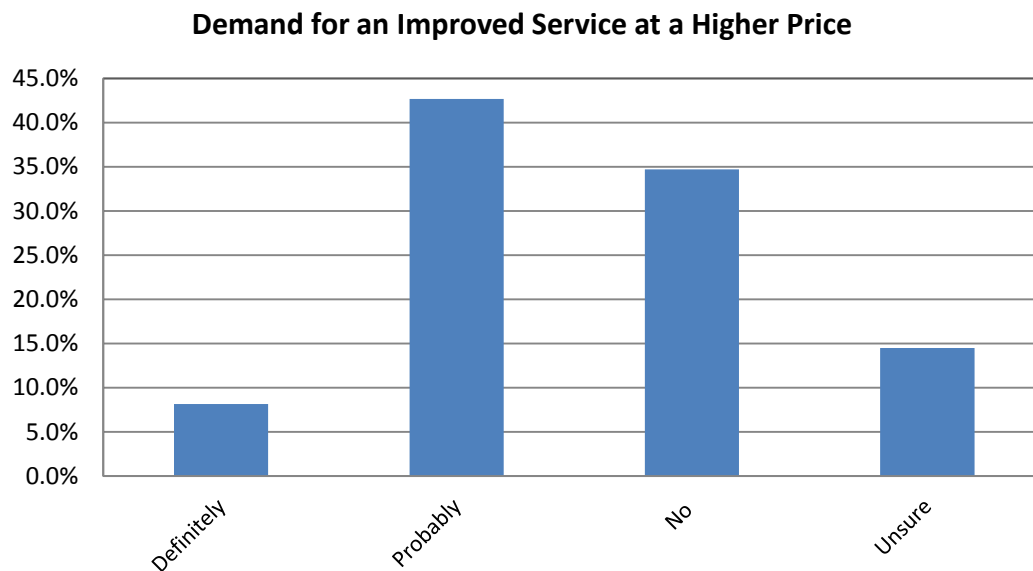
It is concerning that farmers in NSW are still without choice in internet plans, or unaware of other options. This can have significant ramifications for customer service and connection quality. Should the NBN only be able to attract one internet service provider to certain areas, it is essential that these are regulated sufficiently to ensure ubiquitous wholesale pricing translates to comparable retail pricing.

#### *Plan Satisfaction*

Half of respondents stated that they were very indifferent, unhappy or very unhappy, with their internet plan. This seemed to be a low number of customer dissatisfaction given the slow speeds, poor customer service and lack of choice reported. It could be concluded that rural Australians have become accustomed to poor service, and are resigned to the fact that they may not be able to undertake the same activities as those in cities. NSW Farmers does not believe that this is an acceptable situation.

### *Demand for an Improved Service*

Consistent with the findings for plan satisfaction, a very low percentage of respondents to the survey were willing to pay more for a better service. This could mean one of two things. Firstly, that people consider their current price paid to be their maximum. Or secondly, that they don't believe that they would receive any benefits from faster internet. What is also telling is the amount of uncertainty in the response to this question.



These findings have significant ramifications for the NBN. Whilst it is likely that many respondents will be able to obtain a better service at a lower cost, very few are certain that they would like a faster and/or higher quality system. It is essential that the Government can demonstrate that their investment in the NBN will have a beneficial effect if taken up by individuals. Cheaper services must continue to be available once the NBN is rolled out. There is a risk that a change in market dynamics will mean that the minimum NBN package will be the only option for many who can only afford cheaper options.

### **Interim Satellite Solution**

NSW Farmers welcomes this program, and considering it a necessary improvement to the slow speeds that were available under the over-subscribed Australian Broadband Guarantee. Further work is needed to ensure that all those potentially eligible are aware of the existence of this program.

#### **Recommendation**

Increase targeted advertising of the Interim Satellite Solution as part of broader NBN-related digital economy goals.

## National Broadband Network

NSW Farmers has welcomed the NBN in principle, supporting the minimum internet speeds that it will bring to rural Australia. Whilst we stand for equality of access, we realise that extending a fibre connection to all premises in Australia would be cost prohibitive. Government must ensure that quality of service, price and customer service issues are addressed to ensure that ubiquitous wholesale pricing translates to equitable consumer prices.

### *Minimum Speeds*

Since the 2010 Federal Election there has been a reduction in the speed for the shared spectrum services of wireless and satellite. The Government's Statement of Expectations released in December 2010 referred to a 'peak speed' of 12 megabits per second (mbps), rather than the 'minimum' speeds promised in the lead up to the election. In meetings and email exchanges with NBN Co this promise was confirmed to NSW Farmers. With the ubiquitous wholesale price for the entry level 12mbps service, the movement from a minimum speed to a minimum peak speed is a significant blow. This change was extremely disappointing, as this issue was a key reason for our public support for the NBN in the lead up to the election.

### *Quality of Service*

The Wireless Access Service and the Satellite Access Service will initially only offer Product Traffic Classes 1 and 4, with all four classes to be available 'over time'. Those receiving this will not have access to interactive streaming & real-time video and transactional Business Virtual Private Network Access is a significant disadvantage. NSW Farmers is concerned that the current use of the measure 'average busy hour throughput' gives us no guarantee of a usable internet service in the evening.

Will quality of service be covered under the Community Impact Statements that are to be prepared for all future policy decisions on technology, speed and/or price to assess impacts and opportunities on those unable to access fibre?

#### **Recommendation**

Enact a Quality of Service agreement between NBN Co and the Australian Government to cover the fixed wireless and satellite elements of the NBN. This agreement should cover all quality parameters (such as speed, ping times and jitter) and be continually updated to ensure these customers have access to all services offered to optic fibre customers.

### *Price*

In the likelihood that the introduction of the NBN decreases competition for other forms of internet provision, many rural customers will have no choice but to pay an increased price for a connection. The introduction of the NBN must not alter market dynamics so that prices paid for cheaper internet services increase or become unavailable.

### *Cost*

NSW Farmers has concerns for the potential of cost blow-outs to impact the NBN. Government must remain vigilant in efforts to ensure that this project comes in on time and on budget.

### *Roll-Out*

NSW Farmers agrees with the following recommendations made by the Joint Parliamentary Inquiry on 25 November 2011:

**Recommendation 3** - the committee recommends that, as a matter of urgency, the NBN Co formalise and publicise its policy for the provision of costing extensions to its planned National Broadband Network fibre footprint, especially for regional and remote Australia.

**Recommendation 4** - the committee recommends that NBN Co:

- finalise and publicise its plans for community consultation with regional and remote Australia
- in its report to the committee include:
  - details of the progress of its consultation plans
  - issues raised
  - numbers of participants.

### *Co Investment*

NBN Co has outlined that co-investment opportunities exist for communities and individuals, with a great deal of work already done with specific councils and communities. It would be beneficial if all these details could be published so that all interested parties could be aware of deadlines for agreements to be reached in specific communities. NSW Farmers encourages any actions taken to increase the roll-out of fibre.

#### **Recommendation**

Increase the roll-out of fibre beyond the current 93%.

## *Ownership*

There has been concern expressed at the risks of selling the NBN in the future. NSW Farmers feels that this significant investment should remain in Government hands, so that successive Government's can retain ownership and control of the assets.

The sell-off of Telstra has led to poor outcomes for those in rural Australia, and a significant regulatory burden for the Government. We cannot afford for this to happen again.

### **Recommendation**

Retain public ownership of the NBN indefinitely.

## **Federal Coalition's Broadband Policy**

NSW Farmers has concerns with the timeframe for the Coalition's broadband policy. Estimates put the total time of implementation at five years after the 2013 election, which puts the project completion three years further away than the 2015 date for the completion of the fixed wireless and satellite platforms of the NBN.

Other concerns include:

- The potential for sunk costs in the NBN to incur break penalties.
- Any situation in which the seven per cent is worse off than under the NBN.
- Service providers passing on increased wholesale costs to customers.
- The risk that subsidies to regional and rural areas proving to be insufficient, resulting in higher prices and poorer service.
- The fact that Fibre to the Node is not an upgrade path for Fibre to the Home.

# Digital Economy

Compared to previous reviews, the importance of digital economy policies is greatly increased. With the impending roll-out of physical infrastructure, NSW Farmers asks the Committee to provide recommendations to ensure that the Federal Government’s Digital Economy Strategy is adequate. NSW Farmers felt that details of the strategy were lacking, and goals were overly ambiguous. It was disappointing to read that the overarching goal for greater digital engagement in regional Australia was to ‘narrow the gap considerably’. It is essential that ambiguous aspirational targets such as these are replaced with measurable goals.

### 2011 Survey Feedback

“I believe that in order for rural businesses (not just farmers!) to prosper, fast, efficient and reliable communications are essential. The internet is one of the most important tools in today’s society. Social and economic capacity and potential in rural areas is, at present, largely restricted by current communications systems and infrastructure.”

## Current Market Conditions

Responses to the survey demonstrated a keen interest in IT training and demonstrations, outlined below.

### Interest in Local Area Demonstration

Definitely	49.1%
Probably	35.7%
No	7.3%
Unsure	7.9%

### Interest in Local Area Training

Definitely	32.5%
Probably	46.3%
No	12.2%
Unsure	9.0%

Whilst respondents had a preference for demonstrations of technology over training, the support for local initiatives was overwhelming. The geographic limitations to the ‘Digital Communities’ and ‘Digital Businesses’ would severely restrain achieving similar aims in the farming sector.

### Recommendation

Include a ‘Digital Farms’ program in the Digital Economy strategy.

## **NBN Co Discovery Centre**

Whilst it is yet to be seen how this mobile demonstration truck will be received, and how successful it will be in communicating and demonstrating the benefits of the NBN, it seems like to be a step in the right direction. Australian Government Mobile Offices, or 'Drought Buses', have proven to be very successful over the past five years in bringing services to those who are in need. A stigma around receiving support can exist, and the bus proved to be a good way to address this issue. Whilst technological knowledge is quite different to the need for drought support, rural residents would be more likely to attend training or demonstrations in their local areas. It is essential that the NBN, and its benefits are brought to the farmers of Australia, staffed by those with specific farming expertise, able to demonstrate agricultural-specific programs.

## **Examples of Technology Use in Agriculture**

The agricultural sector have been using cutting-edge technology as it has become available, with examples below demonstrating some of the latest advances.

- The status of dam levels, irrigation supplies, livestock stock and, pasture conditions and farm security can currently all be sensed remotely.
- This remote sensing of fields with, satellite tractor guidance is now used in the broad acre cropping industries to precisely vary amounts of inputs such as water, chemical, fertilizer, to sub meter accuracy. Information can be relayed directly to scientific advisors and consultants for an instant or rapid appraisal and response.
- Radio frequency identification for identifying monitoring and tracking farm animals.
- Telemetry used originally for management of truck fleets can now apply to tractors and remote machinery the field, monitoring engine performance and performing early troubleshooting diagnoses.
- Software systems record and monitor individual cows at milking time identifying milk flow and volume, and monitor for potential illness in individual cows. Farmers can then remotely and accurately identify the high performing animals for herd improvement, and send results to vets for health assessments.
- Online livestock auctions, for researching, evaluating and purchasing new machinery and other inputs, and the comparison of a range of valuable information to improve farm business.
- The internet is used by farmers as a training provider to ensure they are well acquainted with chemical handling, farm planning, business development, contract negotiation, all without leaving the farm office and travelling what can often be large distances.

- Farming organizations such as ours are using email, websites, online forums and meetings to rally and inform members of important developments in political and legal spheres and to get valuable feedback on the effectiveness of public policy.

## **Health**

All Australians have a right to be able to see a local doctor, no matter what other options are available. Health and other similar services must remain an option, and never an obligation. There will always be a market for General Practitioners (GPs) in suburban areas, even if a wide variety of online options are available. In small towns, which currently rely on Government support to ensure that there are local GPs, this may not always be the case. Under no circumstances would it be acceptable to force rural and remote residents to choose between ehealth and travelling to larger centres for their medical needs.

If anything, savings in the public health system due to the NBN should be used to add value to the under-resourced rural and regional health system. Shortfalls of funding for doctors, nurses, hospitals and ballooning waiting lists have long been growing problems in country Australia. If similar savings to those outlined above in the Scotland example can translate, these must be invested to bring health services up to a reasonable standard in rural and regional Australia.

Whilst we support an individual's right to choose to use ehealth services from their own home, NSW Farmers is concerned that any reduction in face-to-face human interaction will lead to an array of health and mental health issues. Furthermore, as online GP services become more common, the risk that illegitimate websites providing this service will increase. NSW Farmers calls for a transparent system of registration and authorisation.

The speeds that the wireless and satellite elements of the NBN will exclude users from many services offered on fibre. This could lead to a digital health divide. Those without fibre will not have access to interactive streaming and real-time video, essential elements of the digital health future.

## **Provision of Government Services**

As the growth of online Government continues, it is important that the NBN is not used as an excuse to reduce face-to-face services below those demanded. We are already seeing this with the movement towards computerised answering services. Whilst these save money, they lead to a great deal of frustration, wasted time, increased costs to the customer, and reduced benefits to citizens of Government services and programs. As broadband use increases, the right to speak one on one with humans in physical locations

must be retained, otherwise the Government risks isolating those lacking in computer skills, and discriminating against those who do not have access to the technology.

NSW Farmers policy that calls for an increase in the decentralisation of Government Departments. If the NBN can produce productivity increases, and reduce the Government expenses in cities, these savings should be used to bring rural and regional services up to the standard enjoyed in cities.

## **Education**

There is strong evidence showing how high speed broadband has significantly improved educational outcomes. The Association both recognises and welcomes the improvements already achieved, and looks forward to further progress in the future.

Included in the Rural Research and Development Council's terms of reference is the obligation to provide advice on improving communication and uptake of new knowledge and technology across all rural industries and at all scales of enterprises.

The potential for the NBN technology to improve the extension of rural research and development and contribute to this stated goal is significant. Through the use of video conferencing, mobile internet communication and online communities, a two way flow of information on new technology will allow further uptake than ever before.

Through video conferencing our Members will be able to view seminars on a range of farming and business topics in real-time, whilst being able to ask questions and provide feedback. The ability to set up online communities with other farmers anywhere in the world will increase the flow of information and ideas. Trials of new farming methods, technologies and equipment can be undertaken anywhere, with automatic feedback provided over the internet.

Unfortunately, there is no guarantee that all Australians will be able to use the technologies that have been mentioned above, even once the NBN has been rolled out.

## **Mobile Telephones and Mobile Internet**

Using mobile phones and tablet devices for mobile internet use is essential in business, and common place in the personal lives of many Australians. As the use the internet through 3G and similar networks increases, so does the disadvantage of those who live in areas which don't receive reception. This point is also relevant to the use of mobile internet in the form

of USB modems. This technology is currently taken for granted by many, although is currently not available in many areas of Australia.

The Australian Government defines the digital economy as: ‘the global network of economic and social activities that are enabled by information and communications technologies, such as the internet, mobile and sensor networks.’ Whilst the Government has guaranteed access for all Australian through the NBN, the digital divide that exists in wireless internet technology in Australia is a serious concern. As the two technologies will be used side by side, and the use of wireless networks its growing rapidly, this inequity is of grave concerns to the Association.

#### **Recommendation**

Expand the Government’s definition of the digital economy, it will need to ensure that it widens its view to include mobile internet accessed through mobile data plans and USB modems.

## Mobile Phones

The lack of mobile phone coverage is the single most pressing telecommunications issues for farmers in NSW. The lack of mobile phone coverage, call drop outs, missed calls and the poor data coverage are putting businesses and communities at a severe disadvantage. Currently large areas of NSW do not have mobile coverage. Whilst we recognise that the cost of providing ubiquitous Australia-wide coverage would be considerable, the cost of Government inaction in marginal areas is potentially much greater.

Rural consumers in Mobile phone Black spot areas or areas without adequate reliable coverage are at a substantial commercial, safety and social disadvantage to their competitors. We believe it is reasonable to assume that mobile phones can now considered an essential 'standard phone service', but that they are not reasonably accessible to all Australians.

### Recommendation

Ensure that both mobile and fixed line telephones phones are considered an essential 'standard phone service'.

### Current Market Conditions

Essential for business, family, social and emergency communications, mobile phones are:

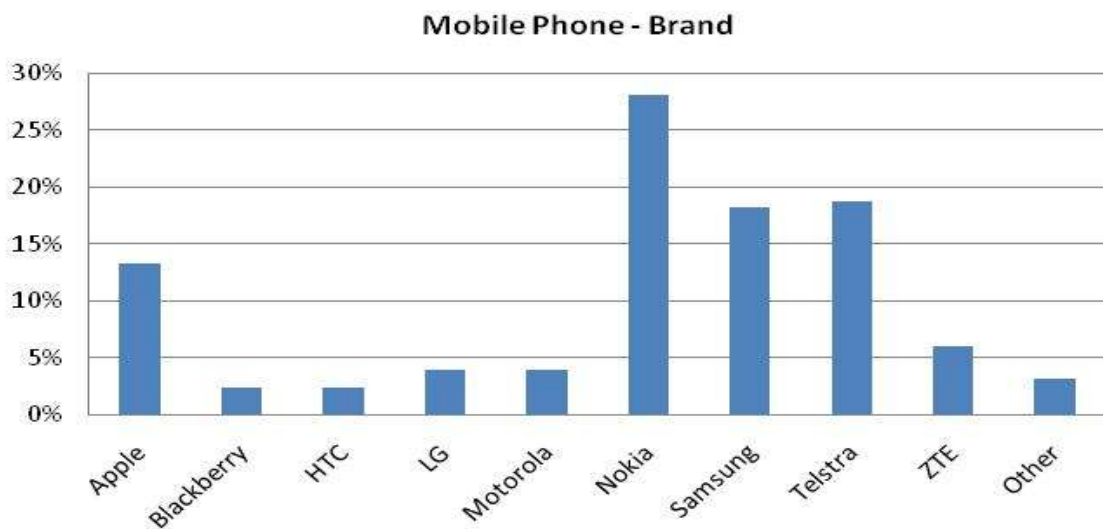
- A business tool to conduct commercial transactions and to enter supply contracts that open for a short window.
- An alternative to 2 way radio communications on farm to talk to and direct employees and contractors.
- A safety measure to stay in contact when working in dangerous, solitary or isolated conditions.
- An emergency services contact device for notifying authorities of event such as bushfires and floods.

### 2011 Survey Feedback

"The assumption is that mobile coverage is available 24/7 to all now, and businesses now expect rapid responses which are hard to give if you don't get service."

### *Use for Phone Calls*

86.7% of respondents to the 2011 NSW Farmers telecommunications survey were users of mobile phones.



From these responses it appears that a broader range of phones are making their way into the rural market. As Government invests in mobile phone footprint expansion, this diversification away from phones focused on reception, to phones focused on functions, should continue. Given the Smartphone revolution currently underway, mobile call and data coverage has newfound importance.

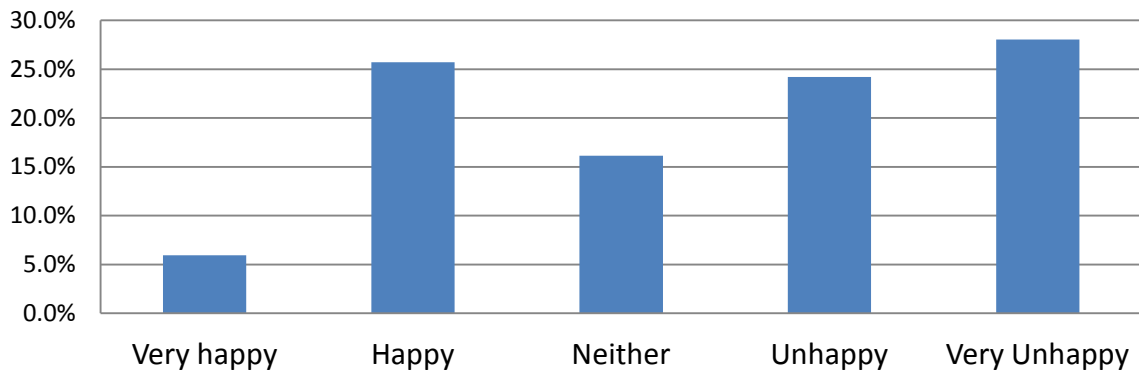
### *Service Providers*

95% of Members using Telstra, with Optus the next most popular at 4%. Around 4% of respondents had phone plans with two carriers. Telstra's dominance suggests that there is very limited competition available for those living in rural NSW. Significant monitoring and regulation of monopoly markets must continue.

### *Mobile Phone Coverage*

24% of respondents considered their on-farm call coverage to be adequate, 38% stated it was sometimes adequate and 37% stated outright that it wasn't. This is a long way from the coverage claims of service providers.

### Coverage Adequacy



As expected, low coverage corresponded to a low degree of satisfaction amongst survey respondents. Results paint an understandably bleak picture of what can be considered reasonable.

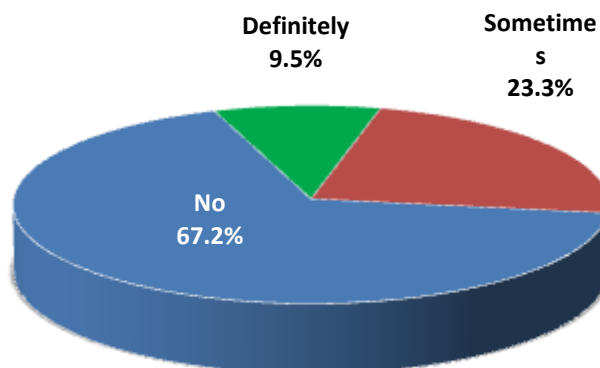
#### Recommendation

Systematically increase mobile phone coverage in rural NSW through new Federal Government funding streams and collaboration with relevant stakeholders.

#### Mobile Data Coverage

Less than 10% of survey respondents stated that on-farm coverage was definitely adequate for mobile phone data use. 23% of respondents stated that coverage was sometimes adequate with over 67% stating that it was not adequate to use internet and email on their mobile phone. Given the almost universal use amongst the business community within Australia’s cities, this data highlights the ability of the digital divide to permanently exist for new technologies.

#### On-Farm Mobile Data Coverage



In contrast, 45% of respondents have said that they use internet or email on their mobile phones. Comparing these two figures shows that there is a strong demand for this use, meaning that instalment of any infrastructure would reap immediate rewards.

#### **Recommendation**

Systematically increase mobile data coverage in rural NSW through new Federal Government funding streams and collaboration with relevant stakeholders.

## **Mobile Phone Coverage**

### *Mobile Blackspots*

Whilst the obvious problem is the lack of service, additional problems arise from mobile phone blackspots. For example, when calls are directed to a message bank service they are subject to a retrieval fee for the receiver of the call as well as a call connection fee to the originator of the call. Those rural consumers in mobile phone blackspot areas, or areas without adequate reliable coverage are at a substantial commercial disadvantage to their competitors.

### *Universal Service Obligation*

Under a charter of Universal Service, Telstra currently has the obligation of ensuring that all Australians have reasonable access to a standard phone service. On 1 July 2012 a new wholly Government-owned company USO Co will be launched. To deliver 100% mobile phone coverage (or as close to 100% as consumers or customers demand) a change is required to the way in which mobile phone coverage is regulated. NSW Farmers is calling for mobile phone coverage to be covered by USO Co.

### *Emergency Services*

NSW Farmers, in conjunction with the ACMA were successful in having mobile calls to triple zero modified. New rules require mobile carriers to provide emergency service organisations with the most precise mobile phone location information available for emergency calls made from mobile phones, in situations where a triple zero caller is unable to verbally report their location.

### *Mobile Phone Coverage Expansion Success*

In Yetman, NSW a new mobile telephone tower was officially commissioned in August 2008. It marked the end of a long fight by the local community, which was originally told by phone carriers it could not get mobile coverage because it was not financially viable. An agreement was reached between Emergency Services, Local Government and Police who will use the tower to help boost its own communications. At the time, Telstra regional manager Richard Bourne said there was little doubt the tower was community driven. With towers costing around \$500,000, there are few communities able to achieve this outcome. NSW Farmers are calling for increases in the mobile phone tower footprint for terrestrial mobile phone services.

### *Priority Upgrades*

Given the market-failure that currently exists, the only possible method to extend the mobile phone coverage footprint is through Government assistance. Given the Government's massive investment in ensuring that there is ubiquitous broadband coverage, surely it is reasonable to provide assistance for a form of communications which is more wide spread and important in emergency situations. NSW Farmers proposes the following pilot areas for as being the most in need of mobile phone coverage:

- Armidale and Glen Innes
- Yeoval and Peak Hill
- Berrigan
- Mangrove Mountain

### *Blue Tick*

'Blue tick' phones which feature directly coupled car kits and external aerial capability, rugged handset, giving many farmers a device that suits their needs. NSW Farmers welcomes this initiative, and looks forward to this technology increasing the availability of smart phones in rural NSW.

### *2008 Mobile Phone Survey*

In January 2008, the Association sought members' feedback via a survey on how many members had already made the switch to from the CDMA network to Next G; and of those, their experience to date with the Next G network, including access to appropriate handsets and accessories.

The most commonly occurring additional comments related to the following:

- Safety concerns were frequently reported regarding Next G reliability. This ranged from concerns about bushfire communications to on-farm safety, to limitations arising from car-kit dependence.

- Frequent in-call drop-outs when using Next G, and was often raised as the primary reason why respondents had not yet made the switch.
- Cost issues such as more expensive Next G pre-paid telephones (this issue is of particular concern to parents of isolated children or those at boarding school), outright losses relating to redundant CDMA phones and significant expenses relating to the need to purchase multiple handsets
- Many respondents reported calls going straight through to Message Bank despite the handset indicating full or half signal strength, even with a Telstra tower in sight. Many also reported that they did not receive a notification of messages stored in Message Bank for up to 36 hours after the message was left.

Survey results from 2011 demonstrate that price and reception are still issues for mobile phone coverage. Whilst responses did not refer explicitly to Next G, as the 95% of respondents were with Telstra, it is safe to conclude that there has not been a significant improvement in coverage.

## Landlines

Farmers are still reliant on the fixed phone lines and fax machines with some still on wireless local loop phones. Customer service guarantees and the USO in remote areas to provide and repaired fixed line phones in a timely matter is still a real requirement for these people. The maintenance of the fixed line copper network into the future, and the availability of service and repairs from a diminished local workforce must continue. When asked how important a landline service was, 95% of Members stated that it was either essential or important.

### 2011 Survey Feedback

“The phone service is essential, when our home phone is out our family has no way to get in contact with us.”

Considering the lack of mobile phone coverage, these findings not surprising. Another key contributing factor is the likelihood that farmers have lived in the same residence for a long period of time, unlike younger metropolitan users who are more likely to only require a mobile phone.

As the mobile phone becomes the primary phone for many, it is important that home phones continue to be considered an essential service.

# Customer Service

Farmers experience the same misfortune in complaints handling as the general public, albeit with the added complexity of agricultural-specific issues. Timely face-to-face encounters with the local telecommunications providers are seldom possible, leading to issues when in-depth explanations and hardware returns are required.

Understanding rural business and geographical problems that are absent in metropolitan areas can be a massive source of frustration along with the valuable time wasted spent on hold, or transferring between departments.

## Current Market Conditions

Responses to the survey provide a grim picture of the difficulties faced by rural telecommunications customers. NSW Farmers has communicated our positions to the review of the Telecommunications Consumer Protection Code, but feels that this review should outline regional-specific recommendations

### 2011 Survey Feedback

“Dealing with Telstra customer service takes on average 2 hours of being transferred around the world, when you finally get onto someone who understands your issue the problem is usually explained well.”

### Personal Experience of Issues

Bill shock	33%
Service outage	74%
Equipment failure	57%
Poor customer service	43%
Other	21%

### Issues Were Reported To

Service provider	90%
Product Manufacturer	2%
Ombudsman	7%
No One	8%
Other	1%

### 2011 Survey Feedback

“Staff have absolutely no idea about rural customers and offer insulting suggestions... after I explained that the only place in the house where we get reception was over the kitchen sink ... it was suggested I move my office there!”

## Addressing Issues

Feedback suggest that satisfactory outcomes were achieved around half the time, although often after a frustrating and long process. 14% of respondents provided a simple yes when

asked if their issues was addressed adequately, compared to 25% who responded no. Many responses stated that their issue was addressed 'eventually' or 'finally'.

### *Invest in Capacity-Building for Users*

NSW Farmers continues to highlight the unique nature of farmers' customers service through various other forums. As individual companies have not shown any interest in providing agricultural-specific for their customer service staff, it is essential that the Government steps in to address this market failure.

#### **Recommendation**

Establish a regional-specific telecommunications information service.

## **Conclusion**

NSW Farmers welcomes the opportunity to provide a submission to this review. We have outlined our key concerns, provided evidence from our 2011 telecommunications survey and put forward recommendations to address these issues. Should you require clarification or further information on any issue we will be happy to help.

NSW Farmers will continue to be actively involved in this review process and is keenly anticipating the final report.

## References

Australian Bureau of Statistics. (2009). *8146.0 - Household Use of Information Technology, Australia, 2008-09*. Australian Government, Canberra. Available at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8146.0>