

S u b m i s s i o n

Senate Inquiry
Australian Telecommunications Network

Bunbury Western Australia
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Commission



1. BACKGROUND

The South West Region

The South West Region of Western Australia is located in the beautiful South West corner of the State. Facing the Indian and Southern Oceans, the region covers an area of 23,970 square kilometres. The rugged coastline, world class surfing, and caves and wineries, are some of the attractions for visitors which have credited the region as the most popular tourist destination outside Perth.



The region's activities include: agriculture and horticulture; timber and forest products; mineral extraction, processing and manufacturing; retailing; tourism; construction; other manufacturing; service industries; and fishing and aquaculture. With the ongoing development of these activities and associated infrastructure there will be increasing employment opportunities for the people of the South West.

The region consists of 12 local government areas including Bunbury (City), Harvey, Collie, Dardanup, Capel, Busselton, Augusta-Margaret River, Nannup, Manjimup, Bridgetown-Greenbushes, Boyup Brook and Donnybrook-Balingup. In recent times, rapid growth has been experienced around Greater Bunbury and the Shires of Busselton and Augusta-Margaret River.

▪ **Role of SWDC**

The South West Development Commission is one of nine regional development commissions in Western Australia. A Western Australian State government agency, it is responsible for the economic and social development of the South West Region.

The Commission considers effective telecommunications vital in developing a South West region that is both economically competitive and socially connected.

▪ ***The South West Telecommunications Infrastructure and Opportunity Study (Copy tabled)***

In 1998, the South West Development Commission undertook the South West Telecommunications Infrastructure Audit and Opportunity Study. The study made a number of recommendations, many of which have since been implemented by government and/or the telecommunications carriers. Examples of projects implemented by the Commission (with Networking the Nation assistance) include mobile phone services at Boyup Brook, Walpole and Pemberton and the South West IT Advisory Service program, which brought basic internet training to regional communities.

Given nearly five years have passed since this report was prepared, it was necessary to re-examine regional telecommunications services in the South West in light of the objectives of South West Online, a series of policy commitments of the WA Government aimed at developing a smart community in the South West region.

The 2003 South West Telecommunications Infrastructure and Opportunity Study (SWTIOS):

- Comprehensively details available telecommunications infrastructure and services in the South West.
- Identify where deficiencies exist in the region.
- Develops solutions and strategies to overcome deficiencies in infrastructure and service provision and promote utilisation of the technology.

A copy of the full report will be tabled with the committee along with copies of the *Connecting the South West* summary brochure. The information and

recommendations delivered in the SWTIOS report provide the basis for this submission.

2. CAPACITY OF THE EXISTING NETWORK (TERMS OF REFERENCE A)

- The PSTN Phone network is adequate for voice, but marginal for other applications. However, we agree with Government of Western Australia submission to this inquiry regarding problems of poor line quality, slow response time, onerous service charges and inadequate exchanges.
- Mobile phone coverage with CDMA is approaching adequate levels, and has been developed on the basis of State and communities building relationships with NTN. However, there are still many gaps in the network, such as Muir Highway (Manjimup to Mt Barker), and substantial areas of the Shires of Nannup, Bridgetown-Greenbushes, Manjimup.
- SWTIOS recommended the need for more effective consumer information regarding phone coverage and systems, the relative advantages of using in-car kits as against hand-held systems, particularly for CDMA.
- Compared with metropolitan consumers there is a lack of equity for regional communities with respect to large per head contributions expected as part of Commonwealth funding agreements to roll out new services. Consideration need to be given to either allow communities to stagger payments over an extended period or preferably, provide for a Commonwealth community fund, which would be replenished by Telstra dividends.
- GSM mobile phone coverage is restricted to major communities, with little coverage outside those communities. There is an expectation (especially by international visitors) that GSM mobiles will work throughout the region, and this creates a bad impression of the capacity of the region for investment.
- Mobile coverage is lacking in a number tourism attractions, such as the Treetop walk, which has more than 300,000 visitors per year.
- An appropriate solution to some of these problems would be the acceleration of research into dual use handset across the CDMA and GSM standards.
- Dial-up internet services reach current Commonwealth prescribed minimum download standards of 19.2 kbps in major population centres in the region, but are often inadequate outside these centres. Download speeds can be as low as 4.8kbps, with implications for core internet services such as e-banking and e-mail. SWTIOS estimates that some 3000-4000 households in the South West region (which is WA's most populous region) cannot achieve the minimum national standard.
- There is a need for a more detailed study into dialup data speeds. This could be undertaken using reconfigured laptops to give a benchmark evaluation of bandwidth available based on random sample from electoral roll.
- Web designers need to be encouraged to provide low graphics websites to allow access to those in the South West with very low bandwidth capability.

- Promote internet assistance programme (Telstra) to help with local configuration issues.

3. CAPACITY OF THE EXISTING NETWORK TO DELIVER BROADBAND (TERMS OF REFERENCE B)

- Broadband service provision is not equitable across the region, again with best provision being in major population centres. It is interesting to note that Bridgetown (pop. 2094) has ADSL installed as a result of the WA Government STEP Program.
- During public consultations for SWTIOS, smaller communities expressed their frustration at not having access to broadband (ADSL) at an equitable price.
- We note a Curtin University study that has shown that demand for broadband take-up increases the further away consumers live from major regional centres, and an increase in the amount of preparedness to pay.
- ADSL distribution restricted in its rollout across the South West by some 25% of consumers whose exchanges blocked substantially from delivering ADSL and ISDN technologies due to paired gain systems (SWTIOS).
- Complexity of charging structures for broadband is unnecessary and impedes consumer take-up. Our specialist telecommunications consultants found making comparisons in pricing and services extremely complex, even more difficult for the average consumer. For example, we are unable to decide whether there is, in fact, a monopoly pricing occurring. We recommend that the ACCC works with the industry to establish benchmark parameters, as currently the consumer cannot make an informed choice as to which product to buy.
- Language of technology frequently used to place the consumer at a disadvantage. A problem of monopoly of information, marketing of service and products should be addressed by the usage of plain language
- Information regarding take-up of broadband in the region is difficult to obtain and limits the capacity of regional communities to plan for their futures
- A framework is required to assist business and consumers manage downloading to avoid unbudgeted cost blowouts and resultant negative perceptions of broadband.
- We need a public analysis of costs of delivering ADSL to a community to establish if the impediment to take-up is an infrastructure cost or people factor.
- We applaud Telstra for providing ISDN at domestic rates at 30c per hour which is similar to the cost of ADSL (or having two fixed PSTN lines). However, ISDN as a product has not been marketed strongly enough as an alternative where ADSL is not available.

- Telstra should consider extending reduced charge ISDN to regional businesses in small communities outside existing and proposed ADSL coverage areas.
- We recommend a demonstration equity project using ISDN for more remote communities such as Boyup Brook which are unlikely ever to access to ADSL
- Telstra has provided subsidized satellite services for extended zone for those regional consumers with less than 19.2kbps. There is a consumer equity issue as to why a pastoral station in the Murchison can access this subsidy but a user in small regional town in South West cannot despite similar poor download access speeds and no access to other broadband services. The extended zone is limited to pastoral areas in the country, and must be expanded to cover all regional areas that cannot reach benchmark speeds of 19.2k. This area should not include those areas that may be covered by planned rollout of wide band services either through ADSL or ISDN.

4. CURRENT INVESTMENT PATTERNS, AND FUTURE INVESTMENT REQUIREMENTS (TERMS OF REFERENCE C)

- Our infrastructure report indicated that there is a reluctance of most carriers to provide new infrastructure without sound business cases or solid prospective clients. Network expansion will not occur by market forces alone in this region, and requires significant Commonwealth Government incentives.
- We are reliant on Telstra to provide infrastructure to other competitive carriers, which has restricted significant non-Telstra owned infrastructure investment in the South West (SWTIOS).
- Forward investment strategies by carriers are speculative due to concerns about market growth and uncertain regulatory environment (infrastructure report).

5. REGULATORY OR OTHER MEASURES (TERMS OF REFERENCE D)

- The Commonwealth must take a more strategic approach to telecommunications infrastructure rather than leaving to market forces as there are significant community requirements. Telecommunications should be treated similarly to other hard infrastructure, such as transport networks, to deliver a comprehensive strategic approach to regional service delivery. An example of this at a Commonwealth level can be found the Austlink national transport strategy which uses demand and growth parameters to identify priorities.
- Such an approach is essential in the South West of Western Australia, to respond to the growing telecommunications needs of one of the fastest growing regions in Australia.
- Need for more open, and equitable access to the Telstra infrastructure network for community-owned telecommunications initiatives. This is an opportunity for the Commonwealth to address many of the issues in regional communities by providing regulatory controls that assist the establishment of

community-owned telcos. In addition, there is an opportunity to review incentives such as reduced taxation or direct subsidy for community telcos.

6. OTHER MATTERS (TERMS OF REFERENCE E)

- The Commission recognises the outstanding service that Telstra Countrywide managers are providing at a regional level., but Telstra corporate objectives limit the ability of regional managers to engage in effective regional development,

End of Submission