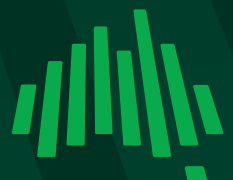


**National
Farmers
Federation**

Submission – Better delivery of universal services: discussion paper

March 2024



National
Farmers
Federation



NFF Members



About the NFF

The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

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Covering Letter

6 March 2024

Universal Services Branch
Department of Infrastructure, Transport,
Regional Development, Communications and the Arts
GPO Box 594
CANBERRA ACT 2601

Dear Universal Services Branch,

Re: NFF submission to the Better delivery of Universal Services discussion paper

The National Farmers' Federation welcomes the opportunity to provide a submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' (the Department) Better delivery of Universal Services discussion paper (Discussion Paper).

Regional, rural and remote Australians place the utmost importance on accessible, reliable, affordable and quality connectivity services. Such services are fundamental to their everyday economic, social, health and educational outcomes, with this importance heightened when living outside of metropolitan areas.

While significant advances have been made in recent years, many regional Australians continue to face connectivity challenges. Service quality, reliability and accessibility issues remain, presenting ongoing primary connectivity barriers for regional Australians, farm businesses and workers. As economic activity and service delivery continue to migrate online, such accessibility challenges must be addressed.

The NFF welcomed the Minister's announcement in October 2023 of the release of the Discussion Paper and the Government's broader desire to ensure that the Universal Services Framework (USF) is fit for the future.

Connectivity universal services, including the Universal Service Obligation (USO) and Universal Services Guarantee (USG), provide an important safeguard for

Australian farmers, ensuring they will have access to vital connectivity services no matter where they live.

The NFF has long supported the provision of a USF and continues to do so. We do however recognise the need to consider what reforms may be required to ensure it remains fit for purpose and relevant in an ever-changing communications landscape.

The NFF has worked with its membership to develop this submission. It provides commentary on the following key areas:

- Existing NFF policy with regards to USO and USG provision;
- The importance of universal service access for Australian farmers;
- The need to consider Universal Services Framework reform; and
- Key reform issues including USF capability, delivery means, institutional settings and governance arrangements.

The NFF has developed this submission via its Telecommunications and Social Policy Committee, which comprises farmer and policy staff representatives from NFF member organisations. To ensure the committee had the most fulsome and contemporary information available to it, it engaged with a range of organisations to help inform its view. These included the Department, the Australian Communications Consumer Action Network, Telstra and NBN Co.

Given the experiences and nature of the USF will vary for users depending on a range of factors, we strongly encourage the Department to consider the submissions of NFF state/territory and commodity organisations alongside that of the NFF's.

The NFF again thanks the Department for the opportunity to provide a submission to the Discussion Paper. The NFF recognises that the Discussion Paper is the first of likely a series of consultations to occur with respect to any USF reform, and looks forward to ongoing engagement on this important matter.

Should you seek any further information on this submission, please do not hesitate to contact [REDACTED]

Kind regards,

[REDACTED]

[REDACTED]

[REDACTED]

Existing NFF Policy

At the 40th NFF Members Council held in October 2023, the NFF's Connectivity and Digital Agriculture Policy was passed. This policy outlined the sector's overall policy positions and priority actions on matters related to connectivity and digital agriculture matters.

The overarching policy position is as follows:

Connectivity is an essential service underpinning the economic, social, health and educational outcomes and opportunities of all Australians. This essential nature does not change with location, with all Australians entitled to accessible, reliable, quality and affordable connectivity services.

Advancements in connectivity play a central role in enabling the adoption of digital agricultural practices. Advancements in areas such as AgTech, digital intelligence and farm data must support positive outcomes for Australian producers.

The full policy can be accessed [here](#).

The specific principles contained in the NFF's policy which relate to the USF are:

- **Principle 1:** All Australians must have accessible, reliable, cost-effective, resilient and quality connectivity outcomes;
- **Principle 3:** Appropriate regulatory intervention and public investment remains required to ensure the delivery of connectivity outcomes to all Australians in the absence of any market-led solutions; and
- **Principle 9:** The rapidly and ever-changing nature of the regional connectivity environment necessitates ongoing review of contemporary policy, market and technology settings.

The specific priority initiatives to deliver on the principles above are:

- **Priority initiative Universal Service Obligation (USO) reform:** The NFF in principle supports reform of the USO to address ageing infrastructure, with consideration of a technology-agnostic approach to USO delivery, providing it exceeds existing reliability standards. Recognition however must remain of the role of USO elements such as the Copper Continuity Obligation in delivering USO services to some consumers; and
- **Priority initiative Universal Service Guarantee:** The NFF supports updated telecommunication service guarantees, with adequate service performance reflecting the needs of consumers and businesses.

The importance of universal service access for Australian farmers

Regional, rural and remote Australians place the utmost importance on accessible, reliable, affordable and quality connectivity services. Such services are fundamental to their everyday economic, social, health and educational outcomes, the importance of which is often heightened when living outside of metropolitan areas.

The NFF has long held that universal service requirements are a critical element of the connectivity legislative and regulatory landscape. The NFF has stated in its submission to every Regional Telecommunications Independent Review Committee Review (RTIRC) that a USO must remain in place. In more recent years this has extended to the Universal Service Guarantee for broadband provision.

Recent years have seen an acceleration in the importance of connectivity services. The 2021 RTIRC identified a ‘step change in the demand for telecommunications’ with a new paradigm in the essential nature of connectivity to everyday lives as well as it being essential to underpinning the opportunities that exist in the ever-digitising economy, now more than ever.

Further, a number of material developments within the regional connectivity landscape have occurred. Publicly funded investment schemes have experienced a period of sustained bi-partisan support. Regional telecommunication infrastructure markets have undergone significant ownership changes, with historically integrated models of ownership being replaced by third party infrastructure owners.

Following the completion of its national rollout, the NBN is undergoing a number of significant changes, with direct impacts on regional consumers. The expansion of the fixed wireless network has supported greater broadband access for both consumers serviced by the wireless network as well as those remaining on satellite.

Finally, and perhaps most significantly, the ongoing advancement of technological solutions, such as satellite-delivered connectivity, has resulted in potential material changes to how connectivity services may be delivered, particularly to those in Australia in more rural and remote areas.

However, while these advances and changes have occurred, many regional Australians continue to face connectivity challenges. Service quality, reliability and accessibility issues remain, presenting ongoing primary connectivity barriers for regional Australians, farm businesses and workers.

While most telecommunications services are supplied by the market to Australians, it remains evident that many areas continue to lack the market size and depth to attract commercial offerings. These areas are nearly exclusively in regional, rural and remote Australia.

For instance, the mobile market has required sustained periods of public funding to encourage ongoing network expansion through programs such as the mobile

blackspots program. However, even these programs now face a lack of appetite for co-investment from the private sector.

The broadband market continues to rely principally on publicly funded networks and cross subsidisation to deliver what would otherwise be loss making access to regional and remote areas. Private offerings such as privately-owned geostationary satellite delivery of broadband remains in its infancy.

The NFF is pleased to see that the Discussion Paper is clear about this enduring market failure. As noted on page 3:

‘In Australia, most telecommunications services are supplied on a commercial basis in a competitive market. However, it has long been recognised that industry may lack sufficient incentives to service non-commercial areas, particularly in more remote and less-populated areas, given the relatively high costs of providing and supporting those services and the limited revenue available.

As a result, safeguards such as the USO for voice and SIP laws for broadband are in place so that people across Australia, including in non-commercial areas, can choose to access baseline fixed services at their premises.’

This is reiterated in the 2021 RTIRC review:

‘[t]he role of the USO often focuses on rural and remote areas where Telstra still needs to provide its own infrastructure if required, and where the provision of telephone services remains generally uncommercial.’

Given the combination of the ever-increasing importance of connectivity services, as well as the continuing market failure to provide baseline universal service in the absence of appropriate regulatory intervention, the NFF sees it as essential to maintain a USF for both voice and broadband to ensure everyone continues to have access to baseline connectivity services.

Summary of key points:

- *The USF, in particular the Universal Service Obligation, has been a critical element of the connectivity landscape for those in regional Australia for decades;*
- *While the regional telecommunications market has undergone significant changes in recent years, there remains a cohort of Australians for whom the market would otherwise not provide baseline services to in the absence of regulatory intervention; and*
- *Given this, the NFF believes it is critical that a USF is maintained to provide a baseline level of connectivity to all Australians.*

The need to consider Universal Service Framework reform

For many regional users, their USO voice services are provided by the Telstra copper network. As noted in the Discussion Paper, nearly 300,000 USO-delivered services occur via this network. In the absence of mobile service or voice over internet protocols via either fixed wireless or satellite broadband, copper landlines have long provided an assured level of connectivity for regional Australians.

Moreover, these services have typically had relatively high levels of reliability, allowing for calls to be made largely uninterrupted by weather conditions, and often with a lower reliance on uninterrupted power supply. Such qualities make these services important for people in regional locations and in particular during times of emergency.

It is for these reasons that the NFF policy contained on page 9 of this submission includes the need to for policy makers to recognise the important role that elements of the USO such as the Copper Continuity Obligation have historically played for some members of regional communities.

However, despite the above, the NFF frequently receives commentary from producers who have reported issues with their USO-provided services. The NFF has heard evidence that when services do go down, there can be extended wait times for repairs and maintenance to restore connectivity. This appears to be both for consumers on the copper network as well as those in more remote locations who are serviced by High Capacity Radio Concentrator (HCRC) infrastructure.

Telecommunications companies have long stated that issues such as increased maintenance costs and the increasingly difficult ability to access materials are putting strain on legacy infrastructure networks. As Telstra noted in their submission to the 2021 RTIRC Issues Paper:

‘The challenge with the copper network is that is an ageing technology and it will inevitably be prone to more and more failings over time.’

Such a premise appears accepted by in the Discussion Paper, with page 7 noting:

‘With Telstra subject to the copper continuity obligation, significant costs are involved in maintaining copper infrastructure to deliver basic voice services in regional and remote areas. While copper is a known and well established technology, it is also prone to deterioration, particularly in harsh climatic conditions. There are also questions about the practical ability to maintain and service Telstra’s copper network in the long term, including if equipment is available to continue to maintain and repair the network.’

Further, as noted in the 2021 RTIRC Review:

‘[C]opper landlines in regional, rural and remote areas are deteriorating and their reliability has been impacted. While voice and broadband services generally

experience high levels of availability, low fault rates and are connected and repaired in regulated timeframes, there remains a small cohort of users that experience unacceptable issues in getting their services repaired. It is also becoming more and more difficult to source parts to undertake repair and maintenance on legacy systems like High Capacity Radio Concentrator.'

Given the range of voices raising concerns with legacy networks, the NFF in principle supports reform of the USO to address ageing infrastructure issues that are impacting on USO delivery. More details on this, and caveats to reform such as the need to ensure any new arrangements exceed existing reliability standards, are discussed later in this submission.

Summary of key points:

- *The copper network has provided a historically reliable mode of USO delivery for many Australians in regional areas;*
- *However, user experience indicates that for a cohort of customers on legacy networks, including the copper network and HCRC, they experience ongoing issues with service reliability, down time and repair waits;*
- *This issues, most often associated with the ageing of the networks, has been stated publicly by telecommunications companies and affirmed by independent reviews; and*
- *Given this, the NFF supports efforts to consider sensible USF reform.*

Key areas for consideration

A capability/outcomes approach to a modern USF and guiding principles

The NFF is of the view that when considering what a future USF should look like, a sound starting point is to consider what the outcomes consumers are seeking with respect to guaranteed services, both now and into the future. From there, decisions around how to deliver the USF, such as by whom and with what technology mix, can be best made.

The NFF understands the Australian Communications Consumer Action Network has suggested the adoption of a capabilities framework which aims to support social inclusion, improved economic livelihoods, and an increase in participation in social life, along with improved security and safety. Such an approach has merit and would be worth further consideration.

A capability and outcomes focused USF must however continue to be informed by key principles. NFF member Agforce Queensland have developed a list of principles which the NFF thinks are excellent guidance for any future USF arrangements. The NFF has adopted a number of these principles as outlined below, though this is not an exhaustive list and we would encourage the Department to consider all of those outlined in AgForce's submission to the Discussion Paper.

- **Universal Access:** Ensure that all consumers, regardless of their geographical location, socioeconomic status, or other demographics, have access to quality, reliable, resilient and affordable voice and broadband services.

A USF should specifically address the challenges of providing telecommunications services in rural and remote areas, ensuring that residents in these regions have access to the same level of baseline services as their urban counterparts.

- **Reliability and Quality of Service:** Voice and broadband services must meet a minimum standard of reliability, with voice and broadband services having robust quality minimum metrics of delivery.
- **Affordability:** Ensure that the cost of accessing baseline fixed voice and broadband services is affordable for all.
- **Resilient:** It is essential that voice and broadband services are as resilient as possible during natural disasters, extreme weather events and power outages. Unreliable electricity supply is very common in rural and remote areas with outages taking days and sometimes weeks to fix.
- **Flexible and adjustable to keep up with growing demand:** There is a need within the framework to encourage the adoption of hybrid systems via different technologies. Telecommunications is never going to be an all or nothing option for vast geographical distances like Australia. We need to aim for continuity of service.

Summary of key points:

- Future USF reform should be driven by a clear understanding of what capabilities and outcomes are needed by users from universal services both now and into the future; and
- Clear principles such as universal access, service reliability and quality, affordability, resilience and flexibility should inform any reform agenda.

Key delivery considerations

The NFF understands that a central element of reform consideration is the current requirement to maintain a defined technology to deliver USO services, with this being principally the copper landline network. As noted in the Discussion Paper in reference to the Telstra Universal Service Obligation Performance Agreement:

‘The contract also contains the copper continuity obligation, which requires Telstra to maintain copper services to supply voice services outside the fixed line footprint of the NBN that were in operation on 1 July 2012.’

As noted earlier in this submission, there appears to be consensus that ageing infrastructure such as the copper network is causing delivery challenges for universal services. Further, the ongoing advancement of improved connectivity technology offers the opportunity to reconsider delivery.

Given this, the NFF supports the consideration of a technology neutral/agnostic approach to future USO delivery. As noted in our policy:

“The NFF in principle supports reform of the USO to address ageing infrastructure, with consideration of a technology-agnostic approach to USO delivery, providing it exceeds existing reliability standards”.

The NFF understands that ACCAN shares a similar position.

It is however very important to clearly understand the caveat to such reform being that it must result in the exceeding of current reliability standards. The NFF believes that a significant body of work is required to meet this threshold to provide assurances that such a material change to the current USO framework will not negatively impact service provision.

A robust evidence base must be established to, among a range of factors, support the assertions about the challenges of the ageing network, the viability of alternate technologies and the impacts any transition or loss of copper continuity would have on regional users.

Given the importance of the copper network in supporting reliable USO provision, proceeding with any reform too quickly, and in the absence of the required

evidence base, risks leading to poor policy and USF outcomes. It will also likely cause undue concerns for people living in the regions.

Finally, the Discussion Paper seeks stakeholder input on the extent to which mobile services are important to complement fixed services supported under the existing framework.

For the avoidance of doubt, the NFF does not believe it is realistic to expect ubiquitous mobile services to be included as a guaranteed service in the short to medium term.

With respect to its role in complementing complement fixed services, it is important to considering the limitations and challenges associated with mobile services, especially in RRR areas. Existing mobile coverage is not available to all consumers, particularly those in more remote and rural areas. Coverage inside a home or business can be dependent on a range of factors including the device used, terrain at the location, load on the tower, power availability and weather conditions at the time.

Given these realities of mobile coverage in regional and remote areas, it becomes clear that while mobile services are an important complement to fixed services. services, they may not fully replace the need for a robust fixed infrastructure.

Summary of key points:

- Given the apparent consensus of the impact of ageing infrastructure on the ability to deliver the USO, the NFF supports consideration of a technology neutral/agnostic approach to future USO delivery;
- However, a significant body of work is required to build the evidence base for such a change to ensure regional users are not left worse off under any reform arrangements; and
- Mobile services should not be mandated as a service to be provided under the USF, but ongoing effort should be given to network expansion to compliment complement fixed services and build system redundancy.

Institutional design and governance

As noted earlier in this submission, a guiding principle of a modern USF should be that it is flexible and dynamic to ensure it keeps up with growing demand for connectivity services and technological change that will inevitably be features of the decades to come.

The current USO needs to be updated because it is static in nature and with primarily focuses on voices service availability, which was crucial when the current USO was established in the 1990s.

A modern universal service framework should be dynamic to ensure its delivery can respond to changes in technology and consumer expectations. This should

allow for appropriate periodic review and service settings to calibrate the USO when appropriate, ensuring the uplifting of service levels and standards over the USO's lifecycle.

Finally, the NFF is aware of some stakeholders raising the possibility that the USF, and in particular the USO, potentially moving to a provider agnostic setting. The NFF would encourage caution with such a change given it may diminish the ability of regulators to assess, manage and enforce compliance and reliability standards. Additionally, a clearly defined service provider, who have a known and understood contractual obligation to deliver the service, supports consumer understanding of their rights under the USF.

Summary of key points:

- The NFF believes a modern USF should be dynamic, rather than static as is the case with the existing arrangements;
- Given the pace of technological change and the ever growing importance of connectivity to provide a great number of baseline services, institutional settings should allow for appropriate periodic review of outcomes and delivery means; and
- Caution should be applied to moving towards a provider agnostic approach to USF delivery given it may diminish the ability of regulators to assess, manage and enforce compliance and reliability standards, as well as reduce consumer understanding of their USF rights.

Conclusion

The NFF commends the Government for commencing consultation on the future of universal services. As outlined throughout this submission, accessible, reliable, affordable and quality connectivity services are fundamental to the lives of regional Australians.

The NFF strongly supports the ongoing role of the USF to ensure everyone, no matter where they live have access to baseline connectivity services.

There is scope however for sensible reform to ensure that the USF is fit for purpose and continues to serve consumers in the decades to come. It is incumbent on Government to ensure that any changes to the operation of the USF or the means by which services are provided are informed by a sound evidence base. Doing so is critical to ensure those Australians who rely on USF services have the confidence that their vital connectivity services will not recede.

The NFF looks forward to continuing to engage with the Government in this important issue.



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