

9 February 2017

Department of Communications and the Arts

### **Re: Telecommunications Reform Package**

The National Farmers Federation (NFF) thanks the Australian Government for the opportunity to comment on the Telecommunications Reform Package. The NFF is supportive of the Bill, given its intention to fund connectivity that would otherwise be uncommercial. However, the NFF would urge that Minister exercise their power to develop standards rules and benchmarks as soon as possible.

The National Farmers Federation (NFF) believes that connectivity represents the next frontier for agricultural productivity in Australia. Telecommunication services have evolved to the extent that it is now reasonable for baseline broadband to be considered a right for all users. The NFF has expressed this view to the current Productivity Commission's Inquiry into the Universal Service Obligation (USO).

However, farmers by their nature are pragmatic and we acknowledge that provision of a baseline broadband would be commercially viable for providers. To this end the NFF is cognisant that in order to facilitate this minimum level of connectivity, financial intervention by the Australian Government is some capacity will be needed. It is important to consider that a lack of short-term commercial viability leading to market failure does not necessarily preclude long-term return on investment and economic benefit.

The NFF seeks to temper any concerns that investment in the USO, or uncommercial telecommunications infrastructure, is potentially distortionary to competition. To simplify the rationale for investment to this extent is short-sighted and fails to consider long term economic benefit to the country – even from agricultural productivity alone.

The NFF believes that both government and industry can collaboratively play a significant role in funding uncommercial infrastructure provided the framework is holistic and encompasses the suite of processes that are presently occurring in the telecommunication field. A levy is, in many ways, the most logical and equitable means of seeking an industry contribution. An industry levy-funded revenue stream potentially 'free up' government funding to address gaps and areas of need in the telecommunications space.

We note that there is a distinguishable difference between the Telecommunications Industry Levy which funds aspects of the USO, a function predominantly retail in nature, and the Regional Broadband Scheme contained in the Bill, which levies at the wholesale infrastructure level.

However, while we express our general support we are of the view in that consumers must continue to be protected by guarantees and safeguards and that these must be part of any new regime. The current consumer safeguards should be reviewed as a matter of priority. In addition, the legislative provision contained in the reform package for the creation of consumer safeguards in the form of standards, rules and benchmarks is welcome. These standards rules and benchmarks must be developed as soon as possible before systemic issues can develop. Failure to meet these standards should also be met with repercussions.

For a truly congruous framework to be developed it is critical that the Statutory Infrastructure Provider regime and consumer safeguards are aligned as much as possible.

One other critical factor that must be considered by the Australian Government is aligning existing processes. Some of the processes that will have a practical influence on the Regional Broadband Scheme include:

- Consumer safeguards review
- Productivity Commission Inquiry into the USO
- Joint Parliamentary Committee Inquiry into the National Broadband Network
- ACCC Telecommunication Market Study
- ACCC Wholesale Mobile Roaming

Indeed, the NFF is concerned that continuing to consider key issues through a range of inquiries and forums will not only lead to a patchwork approach to policy consideration, but will also result in a patchwork of outcomes that will continue to perpetuate the rural/urban divide in telecommunications.

Yours sincerely



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**Chief Executive Officer**