AJ & PA
McBRIDE
LTD

2021 Regional Telecommunications Review Secretariat
Department of Infrastructure, Transport, Regional Development and Communications
GPO Box 594
CANBERRA ACT 2601

By email: secretariat@rtirc.gov.au.

30 September 2021

Dear Secretary,

RE: Regional telecommunications review

Please find attached AJ & PA McBride's submission into the telecommunications review.

If there are any questions in relation to this document, please contact the Secretary.

This submission is not confidential.

Yours faithfully,

Nathan Wessling
Chief Financial Officer / Company Secretary
AJ & PA McBride Ltd

1. Company Profile

AJ & PA McBride Ltd and its subsidiaries (the *Group*) are a family-owned business of Pastoralists and Graziers formed in 1920. The company is one of the country's largest wool producers, shearing more than 300,000 merino sheep annually across ten properties in South Australia and Western Victoria covering more than 1.4m hectares. Whilst predominantly sheep and wool focused, the company produces beef cattle and has investments in the regionally located Bleasdale Winery.

2. Executive Summary

In many ways regional and remote businesses and populations are at a detriment to their urban counterparts. Communications is one of the starkest examples of this urban/rural divide. Due to lower services and increased distances the need for good communications is higher, but the services provided are slower, poorer, more restricted, and more expensive. The recommendations of the Group are:

1. That the government either resumes the copper network or provides funding for preventative maintenance to be completed.
2. That the communications network maintained for Australian Rail Track Corporation (ARTC) be considered a 'public good' and is shared with the community.
3. That blackspot funding is tied to performance of the solution.
4. Mobile phone towers being installed through the Mobile Black Spot Program (MBSP) need to be tall enough to service the radius effectively. It would be useful to review the service functionality in districts where this program has been implemented, to ensure the success of the installations.
5. That the government considers amending legislation to allow for privately funded (but regulated) mobile voice repeaters.
6. That the government provides a satellite solution that allows for additional data to be purchased; or for data to be shared amongst several accounts; or that an unlimited service can be provided.
7. That remote area internet is exempt from FBT in recognition of the higher costs to provide the service.
8. That the government consider constructing a series of 'open networks' to provide coverage which networks can piggy-back off to provide service to their subscribers.
9. That the grant application for communications services is simplified or assistance can be provided.

3. The current telecommunications environment

3.1 Fixed line network

There is still a requirement for the fixed line network in regional and remote areas. Four out of our ten properties have no mobile coverage at the homestead. The group maintains fixed line phones at all homesteads, not only for connectivity purposes, but in the event of bushfires (for example) other methods of communication are too unreliable and fixed lines are required for safety.

In some areas, mobile coverage is available, but the signal strength is not strong enough to use without signal boosting equipment which mostly require electricity to work. Power outages are frequent in rural and remote areas, resulting in failure of the signal boosting equipment and returning the user to reliance on fixed line networks.

However, given fixed lines are obsolete technology with declining subscribers, there is no motivation for the network to be maintained and increasingly it appears that any maintenance is reactive rather than preventative. This leads to frequent poor-quality lines – technicians have told the group that the lines are old and need to be replaced, but this does not occur. Due to these issues, the head office of the group needs to contact the provider multiple times a year to report outages. These typically consist of:

A. The operator not understanding the complexities of an outage, particularly in a remote area.
B. The telephonic equivalent of "have you tried turning it off and on again";
C. Requiring us to physically be near the non-working phone, despite there being no service or mobile coverage;
D. Due to the remote site, timeframes for a technician are generally in weeks rather than days.
E. Setting an extremely broad timeframe on the day for a technician to attend, requiring staff to work near the homestead rather than on the property;
F. Having the issue resolved with the telephonic equivalent of sticky tape, and the technician telling us it will fail again.

Despite the Universal Service Obligation, the fixed line network is an example of market failure.

> **Recommendation**: that the government either resumes the copper network or provides funding for preventative maintenance to be completed.

The alternative situation is also problematic. One of our sites has a fixed wireless NBN connection and was therefore transitioned off the copper network to a sip system. With limited bandwidth, remote working, cloud-based software and videoconferencing, the network frequently fails which leaves the business without a phone at all.

3.2 Mobile voice network and mobile data

The group has been more fortunate than other pastoral enterprises in that the majority of our properties' homesteads are located along the national train network (which uses the mobile network for communications), and/or major highways. However the initial benefit of these locations has eroded markedly with the properties located near the train line the hardest affected. We believe that the trains now use a private bandwidth, removing the demand from the network and consequently this has not been upgraded. The area north of Port Augusta is still on a 3G service, which slows with traffic. As soon as there are more than a handful of tourists in the area, the service is so slow that even web browsing is difficult. Furthermore, as the 3G service is decommissioned, the Group is concerned that 4G will have a smaller coverage area.

> **Recommendation**: that the communications network maintained for ARTC be considered a 'public good' and is shared with the community.

Following the Keilira bushfire in 2020, the black-spot in this area was identified and with government funding, a tower is being constructed which will allow for better coverage on the Group's properties. It is the expectation that the Keilira tower will reach the Blackford and Woolumbool areas, but until it is installed, there is no certainty of this. The government needs to ensure that funding black spots requires that the installation, actually fixes the black spot! The group recently had a black-spot funded tower installed in the middle of one of our properties, but the resulting coverage is not sufficient to even reach the boundary of the property in question! It is locally believed that the tower is not high enough to address the terrain, resulting in black spots within the service radius.

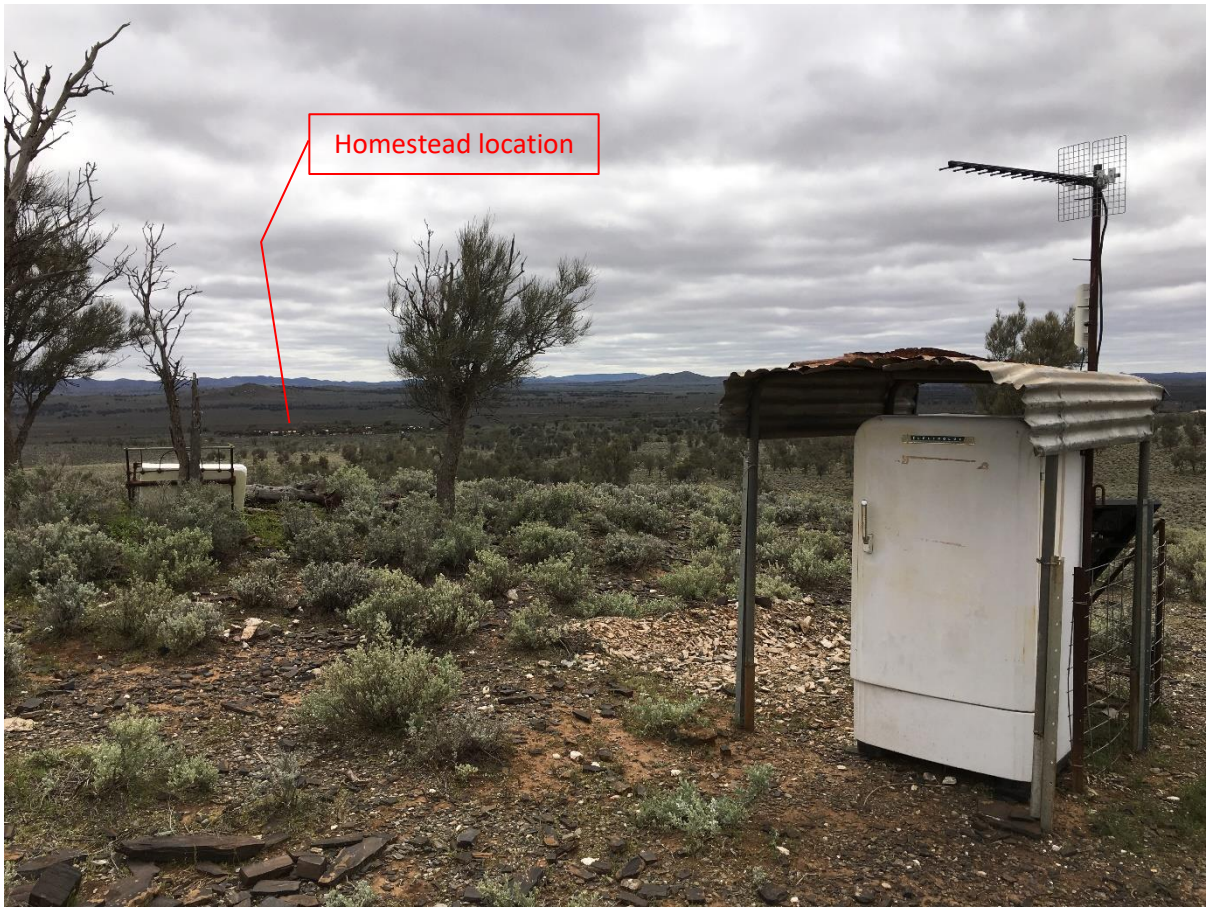
> **Recommendation**: that blackspot funding is tied to performance of the solution.

> **Recommendation**: Mobile phone towers being installed through the Mobile Black Spot Program (MBSP) need to be tall enough to service the radius effectively. It would be useful to review the service functionality in districts where this program has been implemented, to ensure the success of the installations.

On one of our sites, we have no mobile coverage at the homestead, but we do have good coverage on a nearby hill. We have set up a wireless point-to-point data network from the hill to the homestead and this property now enjoys the best connectivity of the group. Given that it is illegal to repeat mobile networks, staff are now utilising VoIP and wi-fi dialling rather than other unreliable networks.

> **Recommendation**: that the government considers amending legislation to allow for privately funded (but regulated) mobile voice repeaters.

Mobile data is the best form of internet that the group has access to on most of our properties. However there is just one site that has full coverage over the entire property. In an increasingly connected world, this is an impediment to business. The group has constructed internal wifi telemetry networks and utilises satellite technology to bridge the gap where possible.



3.3 NBN and Satellite network

Two of the group's properties utilise terrestrial NBN networks and their coverage is very good. On all other properties the group needs to fall back to the SkyMuster satellite network. The high level nature of this satellite means there are latency issues (affecting voice and video), but more frustrating is the fact that data is capped. We cannot purchase more data even if we wanted to. This means that we need to restrict usage and that creates an urban/rural divide. Additionally, the group has around 20 satellite services for houses on properties, but the data allowance is not shared as is with the mobile data networks. The satellite is overstretched, which results in slow speeds and a skew towards overnight 'off peak' data.

> **Recommendation**: that the government provides a satellite solution that allows for additional data to purchased; or for data to be shared amongst several accounts; or that an unlimited service can be provided.

Even the fixed wireless network does not provide ideal data for business requirements. The groups related party winery has a fixed wireless service, but not sufficient bandwidth for multiple videoconferences, let alone a provision to provide for open wifi networks for customers.

4. Regional / remote telecommunications needs

4.1 Business needs

As with all of society, agriculture is increasingly moving to technology solutions. The group has commenced using cloud-based paddock management software; IoT water monitoring systems; as well as many web-based tools for forecasting and human resources. The group is cognisant that there will never be full data coverage over entire properties (particularly in pastoral properties that are many hundreds of square kilometres in size), but this restricts our ability to provide tools to our staff. For example, we need to utilise apps with 'offline' capability, that syncs when the device re-enters coverage. These apps are few-and-far between.

4.2 Employer of choice

It is a stated goal of the group to strive to be an employer of choice. We want our employees to want to enjoy their work, but also enjoy their leisure. Some of our properties are very remote – more than 100km to the nearest sealed road. These people cannot go to the cinema; or shopping centre; or social club – their terrestrial television options are even curtailed. Therefore, a good internet connection is just as essential to our staff, if not more so, than urban consumers. However, due to data caps, we cannot allow our staff to utilise services that urban consumers take for granted in unlimited data plans, such as streaming services. This is even more poignant for remote sites that use the internet for School of the Air – an inadvertent overuse of *TikTok* means that the data for schooling is used up and children need to have shaped speeds for the rest of the month!

Therefore, to provide the services that people would take for granted in cities, the group would need to spend many multiples of the cost of an urban service, (if extra data can even be purchased) to provide a slower solution. Perversely, this increased cost would result in an increased Fringe Benefits Tax liability. So, we would need to pay the government money for a substandard result.

> **Recommendation**: that remote area internet is exempt from FBT in recognition of the higher costs to provide the service.

4.3 Society

The group strives to be good corporate citizen because we recognise the importance of local towns. A critical mass of people in the district attracts increased services to towns, which in turn will attract associated business, supporting agriculture. This then increases demand for utilities such as telecommunications. Governments too can assist with the viability of regional centres through the decentralisation of the public service. This will have the dual effect of highlighting the issues that regional areas face.

At the very least, the national and state highway network should have mandatory full 4/5G coverage. These areas are not profitable for networks but should be treated as a social good.

> **Recommendation**: that the government consider constructing a series of 'open networks' to provide coverage which networks can piggy-back off to provide service to their subscribers.

5. The Government's role

When considering the role government can play in regional telecommunications, they should 'seek first to understand, then be understood'. In the past, Telstra had a department "Telstra Country Wide" which had locals living in regional communities who understood the systems and could support consumers with local knowledge. The communications department should consider more funding and greater promotion of the regional tech hub. To provide solutions to rural consumers – similar to the role of Austrade to support exporters.

It is also an anomaly that the Adelaide-Melbourne broadband cable runs through towns on the highway (Kaniva), but people living in the district are unable to access it.

Much of the increased funding available to improve telecommunications in regional and remote areas involves the submission of grants. It would be helpful if there were people based in regional areas who could assist in grant writing.

Recommendation: that the grant application for communications services is simplified or assistance can be provided.