



National Broadband Network Panel of Experts
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601

Via email: nationalbroadbandnetwork@dbcde.gov.au

March 2008

Re: National Broadband Network Proposals

Thank you for the opportunity to provide input to the development of the national broadband network request for proposals.

We are also providing input via a joint submission with Media Access Australia and the Australian Communications Exchange, the content of which is based on a joint project by our organisations on broadband accessibility. CTN fully supports the content of both submissions

About CTN

The Consumers' Telecommunications Network (CTN) is a national peak body of consumer and community organisations, and of individuals representing community interests, who participate in developing national telecommunications policy. CTN's members are national and state organisations representing consumers from non-English speaking backgrounds, deaf consumers, indigenous people, low income consumers, people with disabilities, young people including children, pensioners and superannuants, rural and remote consumers, women and consumers in general.

Key points that should underlie network development process

Very little guidance has been provided on what specifically this consultation intends to cover, which makes it difficult to provide the most pertinent information. As such, this submission offers a brief overview of the public policy considerations of how a national broadband network should be developed. CTN would be extremely happy to provide further comment on the issues raised herein or in an additional consultation.

- *Deal with the hardest issue of universal availability up front*

It is critical that sound policy decisions are made at this stage to encourage and facilitate access to high speed broadband for *all* Australians. A network that aims to only reach 98% of the population leaves around 420,000 people without access.

These are in all likelihood the same people who consistently miss out on access to services. It is critical that government policy aims for 100% coverage. We understand that network tenderers will have to provide a solution for the remaining 2% of the population, and seek assurance that a two-tiered technological solution will not disadvantage remote users.

Establishing a policy requirement of universal availability at the outset of all roll-outs will also avoid the need for ad-hoc funding programs that address gaps in economically inefficient ways, as has been the approach in recent years. The commercial realities of building a large network across long distances needs to be built into business plans and funding models - not avoided or divided into separate roll out programs. A preferential approach to infrastructure roll out would mean that those less commercially attractive areas would be discriminated against on their geographical location, rather than addressing their need and right to universal service.

The Long Term Interests of End Users will not be enhanced by a process that encourages infrastructure developers to consider only building the network in cities and major regional areas. There will need to be consideration of the technological feasibility aspects of delivering services to more remote areas, and we should also expect technology will continue to evolve. Aiming for only 98% of the population will mandate an unequitable roll out of services that differentiate between urban and non-urban areas – which is precisely the opposite of our existing public policy that seeks to ensure a ubiquitous network with equitable access to it, regardless of location.

- *Benefits of investment are beyond immediate financial considerations*

We are pleased that public investment will occur and that as such, some control over future developments will be maintained. Whilst the public debate has been about building a network so the Australian public can reap the benefits of a high-speed broadband network, if the network actually belonged only to a private entity it is unlikely that the necessary public interest considerations would be fully considered.

Lessons from recent history demonstrate that there is a need to make it clear that there are responsibilities attached to providing a natural monopoly service and that those responsibilities are in line with public expectations. It has become clear that since the final tranche of Telstra privatisation has occurred that Telstra's responsibilities have shifted to be entirely toward meeting the needs of shareholders, rather than all Australians, as was expected when it was a publicly owned monopoly providing an essential service.

No investments are risk free; and corporations have responsibilities to their investors. The investments risks associated with an infrastructure roll out must not be shifted onto consumers – as end users or as tax payers – without equivalent protections as are being offered by the tenderers, eg partial government ownership or control, and consumer protection mechanisms.

- *Regulatory and legislative change*

The network infrastructure proposal must not offer to adjust or remove elements of the regulatory regime to encourage investment without a thorough public consultation and consideration of the long-term interests of end users. It needs to be recognised it is not appropriate for business to decide its own regulatory framework, given the potential for any new network to be a natural monopoly. It is important that public scrutiny of any changes to the regulatory environment with a reasonable period of time to assess the consequences.

- *Consumer protections much be a fundamental part of the network proposals*

The consumer protection principles that underlie the standard telephone service must be adapted to reflect the fact broadband is providing essential services such as voice telephony or equivalent services. Competitive principles must be protected within the regulatory framework, so that consumers can have access to multiple services providers. Infrastructure providers must not be given regulatory exemptions that create effective monopolies; barriers to investment can be addressed in alternative ways. Regulation should be consistent industry wide, and will need to cover pricing arrangements if we are to ensure affordable and equitable access for all.

- *Pricing arrangements*

Retail pricing of services is a critical area that will heavily impact on the uptake of services when they become available. Given the contentious nature of pricing at the wholesale level, it would be sensible to ensure the ACCC had some role, at least initially, in ensuring prices were controlled under a regime similar to the current price controls regime that applies to a suite of Telstra services. We would like to see some regulatory arrangements that ensure that consumer access is not artificially constrained through service offerings, such as artificial download constraints or restrictive bundling contracts.

We look forward to providing more detail about affordability measures in the review flagged for later this year.

- *Responsibility for policy decisions*

We are pleased to see that the proposal assessment process will be undertaken by Departmental staff, with consultation with the Panel of Experts as well as other interested parties, to ensure that appropriate public accountability mechanisms are maintained. This commitment to consultation and transparency should be continued throughout the process.

- *Network capacity must reflect future usage*

We think that there is a need for the Panel and Department undertake a scoping exercise in order to understand to the best of our ability what kinds of services people are using now and are likely to use in the future over broadband, so that there is a direct linkage between the capacity of the network and consumer usage needs.

Should you wish to discuss this submission in more detail, please contact myself or Sarah Wilson at the Consumers' Telecommunications Network on 02 9572 6007 or at ctn@ctn.org.au.

Yours sincerely,

A handwritten signature in black ink that reads "Teresa Corbin". The signature is fluid and cursive, with a long horizontal flourish underneath the name.

Teresa Corbin
CTN Chief Executive Officer

This submission was prepared by Teresa Corbin, CTN Chief Executive Officer, and Sarah Wilson, CTN Policy Advisor. It has been approved out of session by the CTN Board.