

Sent: Monday, 23 June 2008 2:39 PM  
To: Regulatory  
Subject: Submission Regarding NBN proposal

I have four points I wish to make regarding the NBN proposal

1) There is no shortage of speed in metropolitan Australia today.

I am living in a Melbourne inner city apartment with an ADSL2+ service from South Australia based ISP Internode. My ADSL2+ synch speed is 12mbps and I'm about 2.5kms from the South Melbourne exchange (where Internode's DSLAM is installed). I've been using ADSL2+ since my exchange was ADSL2+ enabled by the West Australia based ISP iiNet in August 2005 (iiNet did it years before Telstra made the same capability available at a much higher price, despite Telstra having the technology deployed around the same time, but refusing to turn it on because Telstra prefers playing regulatory games with the government and the ACCC to delivering affordable high speed broadband services to consumers).

So what exactly is the problem the NBN is supposed to solve? There is no shortage of speed.

All Australian ISPs impose caps on the amount of data you can download in a billing period. My current Internode plan allows me to download 25GB a month for \$60. Used to it's full capacity, my 12mbps ADSL2+ connection has the capability of downloading 4,000 Gigabytes a month, but I'm only allowed to download 20 before being shaped back to dialup speed. I understand the reason for this is because most Internet content is not hosted in Australia, and our ISPs have to pay for expensive international bandwidth, in order to deliver overseas content to local users. An NBN in Australia is not going to change this commercial reality.

So I am currently allowed to use less than 1% of my current download capacity at a price point of \$60 a month. (\$80 including the compulsory Telstra line rental)

How is spending \$15 billion of public/private money going to deliver me a higher download quota at a lower monthly cost? I already have more speed than I can use, as there are no content providers that can deliver content to me at 12mbps. My fear is that the proposed massively expensive and unnecessary NBN will see me left with an even smaller data allowance, at the same speed, for a much higher monthly cost.

Speed is not the issue in metropolitan Australia today, quota is the issue. The NBN does not address increasing download quotas in any way, if anything they are likely to become even smaller, as the NBN provider will need to charge a lot more than ADSL2+/LSS ISPs to recover the FTTN infrastructure investment. I am questioning the motivation for NBN, and I would like to see some real information presented to current ADSL2+/LSS customers like myself, as to how I would be better off with the proposed NBN.

2) Australian consumers already have high speed ADSL internet services available, but they are not choosing them because they are price sensitive.

There are millions of ADSL2+ capable DSLAM ports deployed around Australia today. How many of these ports are being used to their full speed capability? The vast majority of Australian ADSL internet subscribers are using artificially restricted ADSL services (1.5mbps and below) despite widespread availability of 8mbps unrestricted ADSL1, and substantial availability of 24mbps unrestricted ADSL2+.

High speed fixed line broadband is already available to Australia's millions of ADSL subscribers – but the vast majority will not pay extra for it today, so again – why do we need an NBN? The market is clearly telling the industry that it does not want to pay extra for more speed.

3) If there must be an NBN, please do not even consider giving it to Telstra in their current vertically integrated monopoly format.

Telstra is a private company whose only obligation is to their shareholders. Private monopolies choke innovation, drive up prices to the maximum the consumer will bear without forgoing the service, and will strive to deliver the worst possible service for the highest possible price in order to maximise returns for their shareholders. That is exactly what I believe Telstra will do to consumer broadband if they are awarded the NBN tender and allowed to remain as a vertically integrated monopoly.

Telstra's appalling track record over the last decade in the fixed line broadband market has been characterised by anti-competitive behaviour, belligerence, intransigence and bullying of their competitors, the government, the regulator and even their own shareholders (whose majority vote against a proposed executive compensation package was ignored recently). Telstra's track record speaks for itself, I would encourage the NBN tender award decision makers to review Telstra's record and judge that organisation accordingly.

Telstra has an excellent PR/marketing machine. I have no doubt as to their technical competence or capacity to deliver a functioning NBN on time, within budget etc, but at what cost to consumers and to technical innovation? Would we have consumer VoIP services in Australia today if we were relying on Telstra? No. Would we have reasonably priced unrestricted ADSL2+ services in Australia today if we were relying on Telstra? Almost certainly not. Would we have ADSL2+ Annex M available to consumers today if we were relying on Telstra? No.

At a bare minimum, full structural separation of the NBN owner/operator from being a retail operator should be a requirement of this tender. Private monopolies are bad for consumers and bad for innovation. We should all know this by now.

4) Do not strand existing exchange based competitive infrastructure in an NBN deployment

I am not an expert in the matter, but I have read that the technology is available to allow the co-existence of FTTN and exchange based connectivity

without the requirement for a technician to visit the pillar to patch copper lines between the two. There is a lot of competitive infrastructure installed in exchanges around Australia today, and this infrastructure is currently delivering an excellent service to hundreds of thousands of consumers like myself. I would not even consider moving to NBN unless I could get more than 25GB a month downloads, with unlimited uploads and fully functional PSTN service or VoIP equivalent for less than the \$80 a month I am paying today. I think that is a highly unlikely proposition.

If it is technically feasible to allow both exchange based and FTTN connectivity to co-exist as part of an FTTN deployment, inclusion of this capability should be a requirement of the NBN deployment strategy in my opinion.

Allowing both exchange connectivity and FTTN connectivity gives increased choice to consumers. It will also save the government and the taxpayer from potentially years of costly, unproductive compensation litigation by all the companies who have already made substantial investments into providing exchange based competitive infrastructure.

#### Summary

I think the proposed NBN is a very expensive solution to a problem that doesn't really exist (perception of a speed bottleneck between the exchange and the CPE). We shouldn't do this just to tick a box on an election manifesto. We definitely should not undo all the hard fought progress that has been made over the last few years in delivering infrastructure based competition to Telstra. Creating a Telstra monopoly over fixed line broadband would be the worst imaginable outcome for Australian consumers of this proposal in my opinion. The fact that the government has not unequivocally ruled this nightmare scenario out as a possible outcome of the tender process is deeply worrying to me. There is a once in a lifetime opportunity here to break Telstra's stranglehold over fixed line broadband in Australia, and I think it would be a terrible shame if that opportunity was not taken up in the interests of Australian consumers.

Regards, James McCarthy.