



The Manager
Metropolitan Broadband Blackspots Program
Department of Communications, Information Technology and the Arts
GPO Box 2154
ACT 2601
Via email: MBC@dcita.gov.au

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Re: Metropolitan Broadband Blackspots Program Discussion Paper

Thank you for the opportunity to comment on the above discussion paper.

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 advocates policies for better access, quality of service and affordability of telecommunications facilities for all residential consumers.

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.

Introduction

CTN believes that universal access to affordable telecommunications products and services is a right, not a privilege. We were pleased that the government undertook the HiBIS initiative to try to address the lag of broadband roll out to regional Australians, and are equally pleased to see recognition by governments that broadband is still not being rolled out except in areas of low risk to suppliers. We have concerns about the approach and implementation strategy which are discussed below.

We are aware of many legitimate criticisms about the limitations of the HiBIS Scheme, and note that the DCITA website indicates a mid-term review of the Scheme is currently underway. Considering the similarities between the HiBIS and MBBP schemes, it is imperative that DCITA carefully consider the outcomes of this review before the MBBP begins. Planning to avoid replicating the problems of HiBIS is a sensible step.

Our comments are general in nature, and do not correspond particularly to the summary of questions provided by the Department. Outlined below are the 4 key concerns we have about the MBBP proposal, namely how viable and realistic it is to rely on the commercial plans of suppliers; our concern that what is essentially a piecemeal approach to ensuring infrastructure roll-out will not solve longer-term problems; the potential for technology dumping; and finally that the problem of sustainability will inhibit the long term effectiveness of the scheme.

Commercial Plans

We have concerns about how the program will function with regard to requiring service providers to submit details about their plans for commercial investment. Plans are hardly binding to carriers, and we are concerned that such a requirement may actually inhibit infrastructure roll out- or at least such plans may be reconsidered in light of the Program. Even if a service provider did submit a plan, what is to prevent them (or any other service provider) from withholding plans for their full 'commercial investment' in order to benefit from the MBBP subsidisation? Also, what will prevent dominant players from using this to their own commercial advantage- waiting until another key service provider shows their hand and garners demand in a particular area, and then suddenly announcing that a particular exchange area is going to get Telstra's ADSL service anyway?

A piecemeal approach to infrastructure roll-out

Perhaps our greatest concern is that programs like this one are, in reality, a band-aid approach that looks for short term localised fixes. It is our understanding that attempts to make serious business cases for real infrastructure roll out are frequently frustrated by ad hoc solutions delivered under HiBIS. They patch the problem for a few but weaken the bigger picture business case.

In our view, the MBBP will be a strategic failure as it promotes piecemeal infrastructure investment in relatively low speed 'broadband' technology, mainly ADSL, by a variety of service providers who will mainly be either resellers of Telstra's full service or utilising their own DSLAMS, data backbone connections but Telstra's CAN. Whilst the program will provide 'broadband' service to those so-called blackspot areas, the aggregate investment will most likely be inefficiently made when one considers that such monies could have been expended to create infrastructure that would be enduring in the long term (decades) for the provision of 'true broadband' services, ie. 10 Mb/s and well above that figure. In other words, the more the government funds relatively minor service providers to live off DSL services derived from Telstra's copper CAN, the longer it will take for Telstra to upgrade their CAN to full optical fibre. Hence, subscribers lose out in the long term but gain in the short term.

Technology Dumping

We also hold concerns about technology dumping. There appears to be no guarantee that the technologies employed will be upgradeable to future network changes or new technologies. Those residing in the less attractive metropolitan regions are probably less able to afford being stranded with obsolete technologies or the costs of expensive upgrades.



The installation costs or direct modem purchases are outside the control of consumers, so if it changes in 12 months they will get stung or stranded, the coming of WiMax serves as a specific example.

Sustainability

CTN has seen time and time again that whilst infrastructure roll out schemes offer benefits to consumers in the short term, their inherently unsustainable nature means they will ultimately only provide short term fixes rather than what consumers need- long term sustainable programs that meet the needs of those who use the services.

As these schemes are limited in time, what happens after the 12 month subsidy expires? Do prices rocket upwards or are services discontinued when they fall below an economic user threshold? Shouldn't there be a hard coded guarantee of service continuity and affordability beyond the subsidy period? Will providers be required to offer plans to consumers for only the length of time the subsidy lasts- and what will be the impact on prices?

Conclusion

We strongly support the principle that broadband access must be accessible in non-economic areas, whether they be regional or metropolitan areas. Our view is that the MBBP seems strong on managing suppliers, but is weak on protecting consumers. Furthermore, it exhibits some of the clear limitations of most infrastructure roll out schemes in this country, in that it is a band-aid solution. It is CTN's fear that a piecemeal to the promotion of broadband roll out may obstruct long term investments, which ultimately will limit the benefits for consumers.

We hope this comments are of use to you. Should you wish to discuss this response in more detail please contact myself or Sarah Wilson at Consumers' Telecommunications Network where we can be contacted on 02 9572 6007 or at ctn@ctn.org.au.

Yours sincerely,

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