



20 June 2007

Senator Helen Coonan
Minister for Communications, Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan,

Genuine Community Consultation for Sensible Broadband Planning

Thank you for providing CHOICE with a copy of the *BroadbandNow* information package.

We commend the government for its continued commitment to competition in the communications sector, and for its support for high speed broadband provision to metropolitan and non-metropolitan areas.

However, we are concerned that the rapid pace at which policy is being made may lead to decisions which are not in the long term interests of consumers. In particular, we urge the government to adopt a generous time frame to allow for adequate public consultation and the proper planning needed for such critical and long term infrastructure.

As we understand it, the proposed terms of reference and method of operation of the Expert Taskforce are not available, and nor is there much public information about the competitive bids process that you announced. We hope that this means that these matters have not yet been settled and that our concerns outlined in this letter will be able to be taken into consideration.

Of overriding concern is the prospect that the rush to be seen to be ahead of the game on Broadband will jeopardise the competitive advances of the past decade.

We applaud the government for introducing and fostering the competitive regime in communications which has to date delivered strong benefits to Australian businesses and Australian consumers. While we did not agree with the decision not to insist on structural separation for Telstra, we appreciate that the government is in principle committed to maximising the benefits of competition for Australian consumers.

It is crucial that whatever arrangements are adopted by government to support or enable a particular investment proposal, they ensure the maximum level possible of competition and the best prices for consumers in both the short and long term. Proposals by market participants, commentators or other political actors to reduce competition, for example by reducing the role of the ACCC in ensuring fair access to monopoly infrastructure, should continue to be resisted.

Much of the panic about Australia's alleged lagging in broadband speeds is questionable given that most consumers are currently choosing to use the slower levels of ADSL2+ contracts; they are not prepared to spend more than about \$40 per month to have a faster service. Current ADSL2+ speeds are more than adequate for almost all consumer uses. We note that some proposals suggest consumers would be required to make a much greater minimum monthly spend

57 Carrington Road Marrickville NSW 2204

Phone 02 9577 3333 Fax 02 9577 3377 Email ausconsumer@choice.com.au www.choice.com.au

The Australian Consumers' Association is a not-for-profit company limited by guarantee. ABN 72 000 281 925 ACN 000 281 925



in the relatively near future; this would seem to be out of alignment with consumers' expressed preferences.

Metropolitan cities have only recently received widespread ADSL2+ broadband upgrades. Depending on the network infrastructure created, an upgrade to fibre-to-the-node may result in many of the ADSL2+ broadband enabled DSLAMs being made redundant. CHOICE is concerned that if so, affected consumers may be forced to use more expensive services.

Also of utmost importance is that the eventual arrangements under which the next generation of broadband investment (for example fibre-to-the-node) is approved do not limit future upgrades or the introduction of additional or competing services such as fibre-to-the-premises and wireless options.

While current ADSL/2+ broadband is sufficient for normal consumer uses, it would be impossible to make any accurate forecast as to what technology or requirements may become standard in a decade let alone the two decades that this infrastructure might last. Already, fibre-to-the-premises (FTTP) broadband offering speeds of 100mbps is becoming standard in parts of Asia, yet the Australian proposals are limited to fibre-to-the-node (FTTN) and give no consideration as to how an FTTP upgrade will be implemented. In particular, it would be a mistake to create a protected monopoly which crowded out the possibility of alternative technologies gaining market foothold. Consumers should not be locked out of future essential technology because of agreements created now.

We would like to see more use made of current technology and extra time taken to sensibly plan a robust and future ready infrastructure for the long term telecommunication needs of Australians. Unrushed and sufficient thought must be given to building framework that will allow for changes in technology and growth over the next decade or longer.

CHOICE urges you to ensure that adequate and properly resourced community consultation is provided for at each relevant step of the decision making process. Not only should telecommunication users and their representatives be given the opportunity to make general submissions as to what are the requirements for any accepted proposal but there should also be adequate time allocated for the community to examine all proposals and comment on them.

CHOICE also suggests that the competitive bids process provides the Expert Taskforce advising government with the option that none of the infrastructure proposals should be chosen. The Expert Taskforce should not be under any pressure to recommend a proposal. If the current proposals submitted do not provide optimal public benefit, then no proposal should be recommended or chosen at this stage. Rather, other options should be considered. Australian consumers should not be forced to accept a bad bargain merely because there were no better offers currently available.

CHOICE would be very pleased to discuss these and other issues with the Expert Taskforce or your office. Please contact Catherine Raffaele (Senior Policy Officer - IT and Communications) on (02) 9577 3290, 0403 013 012 or email at crffaele@choice.com.au for more information.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter Kell". The signature is fluid and cursive, written in a professional style.

Peter Kell
Chief Executive