



**Submission to the Expert Taskforce on the Draft
Guidelines for High Speed Broadband Network
Infrastructure Proposals**

29 August 2007



CHOICE appreciates the opportunity to comment on the Draft Guidelines for High Speed Broadband Network Infrastructure Proposals.

CHOICE (previously known as the Australian Consumers' Association) is a not-for-profit, non-government, non-party-political organisation established in 1959. We work to improve the lives of consumers by taking on the issues that matter to them. We arm consumers with unbiased, expert information to make confident choices and campaign to make consumers' lives safer, fairer and better.

We have a number of concerns about the proposed metropolitan broadband upgrade. We have outlined these in our letter to Senator Helen Coonan dated 20 June 2007, a copy of which is attached.

To ensure the welfare of consumers, it is imperative that the guidelines for the assessment process guarantee:

- genuine public consultation at all stages in the decision making;
- that properly assessed consumer and end-user benefit will be of primary consideration;
- the requirement that future technology options and growth will not be limited;
- the option not to recommend any proposal if none provides optimal consumer benefit; and
- generous timeframes for public consultation and sound decision-making.

Genuine public consultation at every stage

We are pleased to see that the public will be given the opportunity to comment publicly on the proposals received by the Expert Taskforce. However, this is not sufficient. There needs to be genuine public consultation at every stage of this assessment process. The Australian public must be given the opportunity to have real input into the decisions that are being made for its benefit.

The Draft Guidelines fail to allow the public to view and comment on the Expert Taskforce's report to the Minister. Instead, *we recommend that the public are allowed to view and make written comments on the draft final report to the Minister, with these comments taken into account in the final report.*

Furthermore, in order for the Australian public to make informed comments on the proposals, there needs to be disclosure, where relevant, that removal from the public view of confidential information has occurred if this information remains part of the proposal to be assessed. There also needs to be a requirement that the Expert Taskforce will not allow information in proposals to be kept confidential if that information is likely to have any material impact on the public including consumers and other end-users.

We recommend that Section 6 (Information and Confidentiality) be amended to require disclosure, where relevant, that removal from the public view of confidential information has occurred if this information remains part of the proposal; and provide a guarantee that the Expert Taskforce will not sanction the confidentiality of any information that is likely to have any material impact on the public.



Properly assessed consumer and end-user benefit must be of primary consideration

There is no justification to upgrade our metropolitan telecommunications network unless it results in increased benefits for telecommunications end-users. This must not only be in the short term but over the expected life of the infrastructure.

The assessment of consumer benefits in the broadband debate has concentrated around comparisons of maximum potential data speeds. This is of particular concern as the short term demand for faster broadband has been misrepresented by the telecommunications industry, media interests and some commentators. While greater speeds will no doubt be needed in the future, ADSL2+ provides adequate speeds for current general consumer uses. Many metropolitan areas have only recently been upgraded to fast ADSL2+ broadband and plenty more suburbs and towns are still waiting. Indeed, most consumers with access to broadband do not elect to pay for the fastest, more expensive plans.

The issue with data speeds is not that we urgently need faster than ADSL2+ broadband speeds but, instead, that many households do not have access to competitive ADSL2+ services. Urgent demands for broadband would be better served by improved consumer access to competitive plans from multiple providers using technology such as ADSL2+ that optimises the current network infrastructure.

When assessing the consumer benefit from improved speeds, there must also be an assessment of what speeds are actually required both in the short term and how that might change in the future. There is no point doubling speeds now if the extra capacity will not be used until some time in the more distant future. Conversely, an underestimation of future consumer needs could result in consumers being locked into using below-standards infrastructure in the longer term. *We recommend that both the Guidelines and the Proposal Form be amended to specifically require applicants to provide an assessment of short term and long term consumer needs when reporting consumer benefits.*

Furthermore, the Draft Guidelines focus the Expert Taskforce on comparing the potential benefits from new infrastructure proposals with services currently available to consumers. *We recommend that the Guidelines require the Expert Taskforce to compare the benefits from any proposed infrastructure with the benefits that might arise from better utilisation of the current infrastructure. The Proposal Form should be amended to require applicants to state what benefits would result beyond those that would be available under a fully utilised network and why the current network cannot be optimised to deliver these benefits.*

Future technology options and growth should not be limited

It is 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 and speeds measured in the Gbps have even begun to be implemented in some parts of the world. Despite this, the Australian proposals made available prior to the establishment of the Expert Taskforce, were limited to fibre-to-the-node (FTTN) and gave no consideration as to how an FTTP upgrade will be implemented nor its costs.



We are pleased to see that the Expert Taskforce has not “formed a preference for [FTTN] or any other particular technological approach and encourages proponents to put forward proposals based on the technologies they consider appropriate.” However, more emphasis needs to be placed on ensuring that any chosen infrastructure build is future-proof.

Seeing how dramatically technology has changed in the past twenty years, it is most probable that technologies and needs that can’t be imagined today will, over the life of this proposed infrastructure build, become essential. It is of prime importance that consumers are not lumbered with infrastructure that can’t keep up with future needs.

We recommend that the requirement to specify how the network infrastructure design and technical specifications are “future proof” (3.1) in the Proposal Form is made into a separate assessment question and its importance modified in the Guidelines to reflect this.

It is also not only technology that needs to be future-proof, but regulations. If, in a decade, new technologies are developed that are adopted internationally, will we be able to implement them or will this be left up to the discretion of the company or companies involved in building and maintaining this crucial telecommunications infrastructure due to binding commitments?

It would be a mistake to allow the creation of a protected monopoly which crowded out the possibility of better alternative technologies gaining market foothold. Consumers should not be locked out of future essential technology because of agreements created now.

We recommend that the Guidelines be amended to recognise that the requirement for future-proofing should apply not only to technology but to regulatory changes and binding commitments. The Proposal Form should require applicants to assess how any requested regulatory changes and binding commitments effect future technology options and growth.

The option to not recommend any proposals

If the proposals submitted do not provide optimal public benefit, then no proposal should be recommended or chosen at this stage. Australian consumers should not be forced to accept a bad bargain merely because there were no better offers currently available.

We are pleased to see that the provision to recommend no proposals (5.16) exists. However, we are concerned about other provisions that may prejudice the outcome. For example, Section 3.10 in the Draft Guidelines states that an objective of the Expert Taskforce is to look “for an early start to, and expeditious roll-out of new high speed broadband network infrastructure and the commencement of new services to consumers.”

We recommend that the Guidelines be amended to make such provisions conditional on a proposal being accepted.

Generous timeframes for consultation and sound decision-making

We are concerned that the rapid pace at which broadband policy is being made may lead to decisions which are not in the long term interests of consumers. Planning our broadband future should not be rushed. With such critical and expensive infrastructure,



any bad policy decisions made now could still have consequences for Australians two decades from now.

We are glad to see that the Draft Assessment Guidelines factor in time to comment on proposals, however *we recommend that at least 4 weeks be added to the schedule to allow comments on a draft final report to the Minister.* If this is incorporated, then sufficient time will also be required for the Expert Taskforce to assess these comments properly and make amendments to the final report to the Minister.

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



About CHOICE

CHOICE is independent: we do not receive ongoing funding or advertising revenue from any commercial, government or other organisation. With over 200,000 subscribers to our information products, we are the largest consumer organisation in Australia. We earn the money to buy all the products we test and support our campaigns through the sale of our own products and services.

Our policy voice is widely recognised. We campaign without fear or favour on key consumer issues based on research into consumers' experiences and opinions and the benefit or detriment they face. Our current campaigns cover food, health, financial services, product safety, communications and consumer protection law.

CHOICE conducts research, publishes policy reports and online information, gives presentations and keeps the media informed of our policy views. We provide representatives for many industry and government committees and independent bodies considering matters of concern to consumers.

To find out more about CHOICE's campaign work visit www.choice.com.au/campaigns and subscribe to CHOICE Campaigns Update at www.choice.com.au/ccu.