



# REGIONAL TELECOMMUNICATIONS REVIEW

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Mr Ian Holland  
Committee Secretary  
Select Committee on the National Broadband Network  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Mr Holland

Thank you for the opportunity to provide a further submission to the Select Committee on the National Broadband Network (NBN) in light of the NBN Implementation Study. The following is the Regional Telecommunications Independent Review Committee's (the Committee) submission.

#### The Regional Telecommunications Independent Review Committee

The Committee was established by the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (the Act) to review the adequacy of telecommunications services in regional, rural and remote parts of Australia.

The Committee comprises Dr William Glasson AO as Chair; Ms Alexandra Gartmann; Mr Mark Needham; Councillor Bruce Scott; and Mrs Josephine Stone AM. In 2008, the Committee conducted an extensive public meetings program throughout regional Australia. During this process the Committee consulted consumers, industry and all levels of government on issues relevant to telecommunications in regional areas. The Committee's report, titled *Framework for the Future*, was tabled in Parliament on 15 October 2008. A copy of the Report is enclosed and a copy of the Government's March 2009 response is at Attachment A.

#### Key Messages of the Review

The Committee received over 220 submissions to a discussion paper and held 20 public meetings across Australia.

The Review found that there were a number of areas which the Commonwealth could focus its future efforts to improve telecommunications in rural and remote Australia.

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As outlined in our previous submission, the Review made a number of recommendations in respect of:

- Collaboration between jurisdictions;
- Use of telecommunications services to improve education, health and emergency services;
- Promotion of competition;
- Improving consumer protections; and
- The National Broadband Network.

The most pertinent to this submission are the promotion of competition and the National Broadband Network.

The Committee notes that the Government is still to respond to the Implementation Study and hopes that this submission will provide useful insights when considering the impact of the recommendations on regional, rural and remote Australians.

#### *Adequacy and use of telecommunications services*

The Review identified the importance of telecommunications in their own right, and the contribution that telecommunications make to social, economic and quality of life outcomes. These include support for education, health and emergency services provided through telecommunications, which enhance the wellbeing of regional Australians. The Review identified the need to ensure that consumers in rural, regional and remote Australia should not be unduly disadvantaged, in relation to telecommunications services, because of their location.

The Committee appreciates that the proposals put forward by the Implementation Study would make greatly improved telecommunications services available to all Australians. In turn this will allow new methods for, and improved delivery of, other services.

The benefits of high-speed broadband and the services it makes available may be of great benefit to those who are unable to readily access traditional services because of their location. It is the Committee's view that the Government should consider the implications for regional and remote Australia in responding to the recommendations of the Study.

#### *Promotion of competition*

The Review identified the importance of telecommunications competition in providing a better range of more affordable services to regional consumers. If competition cannot be extended to regional Australia then there needs to be a mechanism that conveys the benefits of competition in metropolitan Australia to rural and regional Australia.

#### *Market structure*

The Committee had particular concerns regarding the dominance of the incumbent operator, Telstra, in regional Australia. The Committee was also concerned about the current market structure, including Telstra's level of horizontal and vertical integration, restricting the development competition in regional areas.

The Committee therefore welcomes the prospect of a new wholesale-only operator in rural, regional and remote Australia in both the access network and backhaul markets. It believes that this will fundamentally alter the structure of the market making the development of competition in retail services more likely.

In line with this view, the Committee supports restricting the operations of NBN Co to wholesale services only and imposing ownership restrictions on retail-level telecommunications and content providers following any privatisation of NBN Co.

#### *Access arrangements*

The Committee also had concerns about the access arrangements for wholesale services, particularly backhaul, in regional Australia. It welcomes the proposal that requirements for open-access and equivalence be included in the access regime for NBN Co's services. These arrangements would complement the contractual open-access arrangements that have been put in place for backhaul links built under the *Regional Backbone Blackspots Program*.

#### *Privatisation*

Given the importance of developing competition in regional, rural and remote Australia, the Committee agrees that an independent review into market structure and competition safeguards prior to any privatisation of NBN Co is vital. The review should include consideration of impacts in rural, regional and remote Australia as part of its terms of reference.

#### *General comments*

In general the Committee welcomes the recommendations of the Implementation Study and broadly supports the recommendations. In particular, the Committee supports the principle of deploying fibre-to-the-premises to as many premises as possible.

However, in the Committee's view, the potential implications of some recommendations for regional Australians warrants further consideration. Notably, the Committee questions the proposal for a tender to construct and operate a wireless network with top speeds of 12Mbps for the 94<sup>th</sup> to 97<sup>th</sup> percentiles. According to the Committee's understanding of existing infrastructure, this proposal duplicates a number of fixed and mobile wireless platforms that already offer similar, or greater, top speeds. Given that the Study recommends the wireless network should not be required to operate as a wholesale-only network the benefits to regional Australians of this proposal requires further explanation.

The Committee considers that the objective of equality in the availability of telecommunications services for all Australians, regardless of where they live or work, is paramount. While recognising that the geographic size and population density of regional Australia means that it is not viable to deploy identical technologies to all Australians, any differences should be minimised. Accordingly, the Committee would like to better understand the potential implications of recommendations relating to

differences in services and pricing structures between the NBN platforms.

### Conclusion

Telecommunications can play a key role in regional Australians' social, cultural and economic wellbeing by facilitating greater social inclusion and participation. As a result the decisions the Government takes on the operating arrangements for NBN Co have the potential to affect many aspects of the lives of Australians. The Committee believes that importance of the technical design of the NBN and the structure of Australia's telecommunications market should not be understated.

The Committee is broadly supportive of the recommendations of the Implementation Study. However, in considering the recommendations the Government should recognise the importance of telecommunications in rural, regional and remote Australia and equality in service accessibility with urban Australia.

Dr William Glasson AO

27 May 2010