

Submission to the Panel of Experts with regard to the National Broadband Network:

Dear Sir/Madam,

Australia has lagged the developed world in terms of broadband speeds and broadband costs. Most people in Australia do not have broadband at speeds faster than 1500kbps and this is due to a number of reasons: (1) The cost of domestic backhaul bandwidth from capital cities to regional areas; and (2) the lack of private investment into the regions.

The first point regarding backhaul is a major one, and is in fact a major contributor to point two. In most regional areas in Australia, the only backhaul provider is Telstra. This means Telstra have monopoly competition over backhaul routes to the capital cities and therefore inflate prices. It has been mentioned in the past that it costs more for bandwidth between Melbourne and Hobart than from Sydney to Japan or Sydney to the United States.

Why is this the case?

The proposed national broadband network needs to ensure competition, and therefore competition at a fair and reasonable price. If there is no competition, Australia will not move forward and will not reap the benefits of broadband.

I therefore support an open access network such as the one proposed by the G9 consortium. This way all players (at least all major players) have a stake in the network, and therefore a stake in providing cost effective services to consumers.

Australia has had monopoly control before, and we paid for it. Before Optus started offering consumer based services in Australia, long distance call costs were through the roof. These days we would not dream of paying the prices we did in the 1980's and early 1990's. Australians are now used to competition, and therefore going back to a situation where one company controls everything will be a bad move.

Australia cannot afford to lose competition. Any benefits gained by a world class broadband network will be lost and offset by a move back to the days of monopoly control.

In conclusion, perhaps part of the process of building the proposed Fibre-to-the-Node should also consider the role of Telstra. Perhaps Telstra itself should not only be structurally separated, but broken into two companies to enable broadband competition within the context of a new Fibre-to-the-Node network.

Regards,

Matthew Samson