

Submission - communications competition in Australia

To whom it may concern, ACCC,

The change of the NBN from a 93% Fibre to the Premises (FttP) network to a Multi Technology Mix (MTM) comprised mostly of Fibre to the Node (FttN) is having disastrous effects on competition and consumer choice in Australia.

The global average peak internet speed is **currently** 35Mbit/s. This is **higher** than NBNco guarantees on FttN connections (only 25Mbit/s, 12 in some circumstances - and they are frequently failing to meet this target), and higher than many consumers will have, even when the technology is newly installed to their house in 2019 or later.

Let's start by looking at the most obvious point: That consumers who receive different download and upload speeds, and different reliability levels, will pay the same amount. For example, a consumer who is on a FttP connection, or one who is on a FttN connection but happens to be close to the node, might receive 100Mbps download and 40Mbps upload (100/40). However, a consumer on FttN will only receive those speeds if they are lucky - if they are very close to the node and their copper is in good condition. However, they will be forced to pay the same amount as a user who gets full speed. Although different speed tiers are available, this is only appropriate when the connection speed is below a lower speed tier - meaning a user on FttN 60/30 will pay the same amount as a FttP user on 100/40.

The lower reliability of the copper and HFC portions of NBN will also affect the ability of small businesses and home businesses to compete with larger ones, and with those that happened to be in the 17% of premises covered by fibre. Medical records, scientific databases, video, VR (virtual reality) environments, and machine learning datasets are some examples of areas which are ripe for innovation by Australian researchers, students and businesses, and which require reliable, high speed upload and download.

There is another side to the MTM disaster - the ISPs.

The fact that the MTM NBN is not futureproof gives smaller ISPs less confidence and will prevent them from investing in their service.

The NBN was designed to solve a problem: that consumer choice and internet throughput in Australia was limited by poor physical connections, and due to the fact that internet service cannot have unlimited wholesale competition - it is not a product sold in a store that can make more shelf space - you cannot simply have multiple physical services run alongside each other. Instead, one regulated, publicly owned wholesale service was to be provided for the whole country, and ISPs could compete on a level playing field. The fibre NBN would have solved this problem, but the MTM NBN will only mitigate it slightly and temporarily.

For example, at my place of residence, I am currently limited to a 24Mbps maximum speed DSL service on Telstra wholesale copper wires. If the fibre NBN was installed, I would have the option of choosing

It's important to note that 100Mbit is not the limit of a fibre connection - 1Gbit per second is possible on the current fibre connections, and higher speed upgrades can be implemented without replacing the fibre. The FttN copper connections will never go significantly higher than 100Mbit due to limitations of the cable, and while the HFC ('cable') connections have somewhat higher capabilities, they are still fundamentally limited by the copper cabling itself.

Housing

The different bandwidth and reliability levels in different areas will also affect the housing market - the value of a property will change in the future depending on whether it is one of the 17% of properties with a viable, futureproof internet connection. This will place further pressure and hardship on those looking to rent or buy a home, and reduces legitimate competition in the market by unfairly disadvantaging many homes with an unnecessary restriction.

Points of Interconnect

The large number of Points of Interconnect has made it less practical for smaller ISPs to compete, while larger players like Telstra can afford the upfront investment.

The ACCC's decision to enforce 121 Pols has hurt competition, tipping the industry in favour of only large ISPs, and caused congestion issues that will affect Australia, competition, and consumers for decades.

Internet is a utility

Let's compare the NBN to power, water and gas. We would not find it acceptable if some houses only got 150 volts, but had to pay the same. We would not find it acceptable if some houses got water pressure too low to use a hose. We would not find it acceptable if gas was provided unreliably to some homes, preventing them from cooking or heating. Internet is a utility, an essential service. With power and gas, retailers use the same physical lines and all compete on a level playing field, and all but the most remote houses receive the same service level. This should also be the case for internet connections.

Conflict of Interest

NBNco's current chairman, Ziggy Switkowski, is the former CEO of Telstra, and this is a huge conflict of interest. Under his reign, NBNC Co has:

- Funnelled over 11 billion dollars directly to Telstra for a copper network and an HFC network, both of which were determined to be unusably neglected in parts, require substantial replacement, and in the case of the HFC network, not extendable at all
- Taken contracts with them with absurdly one sided conditions (such as paying Telstra for access to the copper network, while agreeing to maintain and repair it at NBNC Co's cost)
- Pushed customers into using more mobile data, which Telstra provides through their mobile network, but smaller ISPs do not.

And after all this, Telstra are still permitted to be a Retail Service Provider (RSP) on the NBN, while other RSPs have to compete with them.

NBNCo needs to immediately remove anybody with a history at, or any investment in, or connection to Telstra and Optus, as their positions as RSPs and the former owners of the HFC and copper networks create an immediate and unacceptable conflict of interest.

In short, it is essential that NBNCo's ties to Telstra be cut, and that the network returns to a fibre-to-the-home model.