



Broadband Today Alliance (Broadband Alliance Inc.)
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Cc: The Hon Malcolm Turnbull Minister for Communications. malcolm.turnbull.mp@aph.gov.au
The Hon Paul Fletcher, Parliamentary Secretary for Communications. Paul.Fletcher.MP@aph.gov.au

RE: DOMESTIC TRANSMISSION CAPACITY SERVICE PRICING

The cost of Transmission is a roadblock to mobile coverage expansion.

The 2008 Glasson Regional Telecommunications Review found that,

“The availability of adequate backhaul, and its price, impacts on the availability, type and price of telecommunications services, such as terrestrial mobile services and broadband, that can be delivered to a community.”ⁱ

The Broadband Today Alliance believes a lower price for backhaul, one that is more reflective of the incremental costs of providing backhaul service as well as access to the service, would mean the economics of fixed and mobile coverage expansion will improve and in turn incentivize investment in broadband services in regional Australia. Without affordable pricing of backhaul services, the economics of coverage expansion will remain unviable and regional economies will suffer.

Regional consumers are denied competition and choice because the high cost of monopoly backhaul transmission makes expanding fixed broadband and mobile coverage too expensive.



The prices charged for backhaul/transmission have been identified as one of the most significant roadblocks to the expansion of high-speed fixed broadband and mobile coverage and competition to regional Australia.

The Broadband Today Alliance is concerned that regional consumers are missing out on the benefits of competition because transmission pricing in many parts of Australia is simply too high.

Telecommunications, and increasingly, access to high-speed broadband services are the bedrock to many types of economic activity. The National Digital Economy Strategy noted that a 10% increase in internet connectivity would raise regional output by 0.53 per cent. Mobile connectivity and access to fixed broadband services has a key role to play in improving the outputs of the regional economy.

It is predicted that from 2011-2025 mobile technologies will deliver a productivity benefit of \$11.8 billion to the Australian economy.ⁱⁱ We don't want regional communities to miss out.

The 2009 Access Economics report commissioned by IBM predicted that the widespread adoption of smart technologies in the key sectors of electricity, irrigation, health, transport and broadband communications would increase the net present value of Australia's GDP by \$35-\$80 billion over the first 10 years of their deployment.ⁱⁱⁱ Many of these sectors are key to the growth and sustainability of regional communities.

If regional consumers do not have competition to drive price, service and product innovation they will be left behind. Reducing the cost of expansion for competing mobile networks and other broadband services improves the opportunities for greater coverage and increased competition.

The ACCC should set a price for monopoly transmission services that is an accurate reflection of the cost to provide those services. At present, the price of backhaul is multiples above cost, making expanding access to competitive high-speed broadband cost prohibitive.

The ACCC must develop a more effective pricing model that accurately reflects the costs of accessing existing backhaul infrastructure. This will lead to greater investment in regional coverage, increased competition and a more productive regional economy across Australia

The ACCC should institute a pricing regime for declared transmission services which will deliver true cost-based prices.

The Broadband Today Alliance believes a lower price for backhaul would improve the economics of broadband coverage expansion and assist in delivering higher quality mobile and fixed broadband services to regional Australia.

Yours sincerely,

A handwritten signature in black ink that reads "Michael Whereat".

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ⁱ http://www.archive.dbcde.gov.au/2013/august/regional_telecommunications_review

ⁱⁱ http://www.amta.org.au/articles/The.mobile.nation.driving.productivity.jobs.and.social_change

ⁱⁱⁱ <http://ict-industry-reports.com/2009/05/24/economic-benefits-of-intelligent-technologies-ibm-access-economics/>

About the Broadband Today Alliance:

The Broadband Today Alliance (BTA) is a collaborative alliance of local government, RDA and Regional Organisations of Councils' (ROCs) built on the premise of sharing information and advocating for the resources to assist the localised transition to a digital economy. Over 135 local governments are represented with over 8 million Australians represented across all states and Territories.

The BTA is an officer level organisation and, in its current form, has been in existence for over two years and prior to that for a further 2 years as the South East Queensland Broadband and Digital Economy Working Group aligned under the Council of Mayors SEQ. In response to interest from other local governments and regional organisations such as RDA's, the group has grown to become a national organisation with members from all states and territories.