



TELSTRA CORPORATION LIMITED

Response to the ACCC's Wholesale ADSL declaration inquiry

Public version

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[CIC begins] = information not to be released without a confidentiality undertaking

[CIC begins] = information not to be released even with a confidentiality undertaking



EXECUTIVE SUMMARY

Telstra welcomes the opportunity to provide comment on the ACCC's Wholesale ADSL redeclaration inquiry consultation and position paper. Telstra's principled position is that there is no need for the Wholesale ADSL service to remain declared after February 2022. There are only [c-i-c] wholesale services remaining in operation, a range of alternatives for customers (including nbn), and no incentives for Telstra to significantly vary access terms for WADSL as the ADSL network approaches end of life.

However, we recognise there are parts of the country that are not subject to mandatory migration to the nbn, and that stability for customers in these areas is important.

We also recognise the declarations of the other fixed line services expire in June 2024, and consider this to be the ideal time to holistically assess the need for ongoing access regulation of the copper network, with a view to rolling back this legacy regulation. As such, Telstra accepts the ACCC's proposal to extend the WADSL declaration in its current form to align to the expiration dates of the other fixed line services.

This short submission will highlight the current state of the market for ADSL services and alternatives, and will outline the shift that has led to inefficient and competing regulatory regimes. This will set the scene for the anticipated roll back of regulation on legacy copper services from June 2024 onwards.

Demand for Wholesale ADSL services has declined significantly

Demand for ADSL services nationally has been in significant decline for some time. As at June 2021, there were only ~278k ADSL services in operation (SIOs) nationally. The vast majority of these are delivered via Telstra retail, with only [c-i-c] delivered via the wholesale channel. Of these, only approximately [c-i-c] are outside the nbn fixed line footprint, meaning they will not be mandatorily disconnected in accordance with the Migration Plan.

This contrasts with the state of the ADSL market when the service was first declared in 2012 – approximately 3 million ADSL services in operation (excluding ULLS and SSS based ADSL), with around 1 million of these being delivered via the wholesale channel.

Further, RSPs have shifted their focus away from supplying ADSL services. Optus ceased supplying new ADSL plans in 2020,¹ and TPG appears to have removed ADSL-based products from their website.

ADSL is not a bottleneck service outside the nbn fixed line footprint

Outside the nbn fixed line footprint there is a range of alternative solutions for customers wanting a broadband service. These include:

1. Limited ADSL – either Telstra retail or via one of the remaining WADSL access seekers / resellers.
2. Mobile broadband – up to 3 providers depending on location.
3. nbn fixed wireless or satellite – via a nbn reseller (numerous for fixed wireless, 11 satellite resellers are listed on the nbn website).
4. 3rd party wireless broadband providers.
5. Emerging LEOSAT operators – Starlink initially with others expected to come on board.

All of these options have trade-offs that will influence a customer's choice, including speeds, latency, availability, price, and reliability, however we note that ADSL typically provides among the lowest speeds of the options. As shown in the figure below, the Better Internet for Rural, Regional and Remote Australia

¹ See <https://www.gizmodo.com.au/2020/09/rip-adsl-and-cable-optus-has-scrapped-these-older-internet-plans/>



(BIRRR) have produced a useful guide to the relative merits of different technology choices (noting LEOSATs are not yet included).

Figure 1: Better Internet for Rural, Regional and Remote Australia (BIRRR)’s guide to the relative merits of different technology choices

 <h2 style="text-align: center;">Regional Technology Comparison</h2> <p style="text-align: center; font-size: small;">A comparison chart is a helpful tool in helping you decide what technology will suit your needs. Many components of a connection are dependant on what is available at your location & the plan you order e.g. what speed tier, what data package, what type of contract, what is included. When choosing a plan please consult your providers' CRITICAL INFORMATION SUMMARY (CIS) for terms & conditions.</p>								
TECHNOLOGY TYPE	FREE INSTALL	CHOICE OF PROVIDERS	DOWNLOAD SPEEDS	CONGESTION	DATA	CONTRACT	WORKS IN A POWER OUTAGE	EXTRA EQUIPMENT
 NBN FIXED WIRELESS	YES*	YES	FAST#	Possible provider and / or tower congestion.	UNLIMITED PLANS AVAILABLE	Contract free with many providers	With a UPS/Generator - until batteries at tower fail	NO
 NBN SATELLITE PLUS	YES*	YES	FAST, with HIGH LATENCY	Possible provider and / or beam congestion	UNLIMITED, (except for VPN & Video Streaming)	Contract free with many providers	With a UPS/Generator	NO
 NBN SATELLITE	YES*	YES	AVERAGE, with HIGH LATENCY	Possible beam congestion	LIMITED^	Contract free with many providers	With a UPS/Generator	NO
 MOBILE BROADBAND 5G <small>Very limited availability in RRR areas</small>	+Cost of Modem †	Very limited in Regional Areas	FAST#	Can be congested in high use areas	LIMITED^	Contract & prepaid usually available	With a UPS/Generator - until batteries at tower fail	May need boosters/antennas to achieve a good signal
 MOBILE BROADBAND 4G	+Cost of Modem †	Limited in Regional Areas	FAST#	Can be congested in high use areas	LIMITED^	Contract & prepaid usually available	With a UPS/Generator - until batteries at tower fail	May need boosters/antennas to achieve a good signal
 MOBILE BROADBAND 3G <small>Scheduled to be switched off in 2024</small>	+Cost of Modem †	Limited in Regional Areas	VERY SLOW #	Often congested	LIMITED^	Contract & prepaid usually available	With a UPS/Generator - until batteries at tower fail	May need boosters/antennas to achieve a good signal
 WISP <small>Wireless Internet Service Providers</small>	Check with provider, most charge an installation fee	NO	FAST#	Not congested with a good provider	UNLIMITED PLANS AVAILABLE	USUALLY CONTRACTED	With a UPS/Generator - until batteries at tower fail	NO
 ADSL *	Activation Fee / Modem required	Limited	VERY SLOW - AVERAGE #	Can be congested in areas with insufficient backhaul	UNLIMITED PLANS AVAILABLE	USUALLY CONTRACTED	With a UPS/Generator - until power at exchange fails	NO

* If you require wifi, you will need a router at an additional cost, some providers offer free routers if you sign a contract.
 # depending on distance from tower/exchange and number of users
 ^ depending on provider & available plans
 † some areas have a lack of ports available
 ‡ refers to dedicated mobile broadband service using a modem and not hotspotting phones/using data on a phone/device, modems vary in cost depending on provider

Download Speed Key

- VERY SLOW - UNDER 5MBPS
- SLOW 5-12MBPS
- AVERAGE 12-25MBPS
- FAST 25+ MBPS



A technology-based declaration is inappropriate in a Statutory Infrastructure Provider rule world

The Australian government has long recognised the importance of access to high speed broadband for all Australians, including as a driver for the nbn rollout:

NBN Co will reliably and affordably meet the current and future broadband needs of households and businesses, including in regional and remote Australia, foster productivity and innovation, and support our goal for Australia to be a leading digital economy and society by 2030.²

The development of the Statutory Infrastructure Provider regime is designed to support access to high speed broadband across Australia:

² NBN Statement of expectations 2021, <https://www.communications.gov.au/publications/nbnstatementofexpectations>



The Government is committed to ensuring people in Australia have access to reliable high speed broadband, regardless of where they live.

The Statutory Infrastructure Provider (SIP) obligations ensure that all Australian premises are able to access superfast broadband services (25 Megabits per second (Mbps) or better). There will be a requirement on NBN Co Limited (NBN Co) to connect premises and supply wholesale broadband services on reasonable request. NBN Co will become the SIP for areas as it rolls out its network and it will be the default SIP for all of Australia after the NBN is declared built and fully operational.³

The nbn was declared built and fully operational in December 2020, meaning that nbn co is now the default SIP throughout Australia and is required to connect premises to its fixed-line, fixed wireless or satellite networks, and to supply wholesale broadband services, on reasonable request.

Against this backdrop, it is hard to understand the rationale for a technology specific access regulation, for an inferior service (ADSL cannot meet the superfast broadband definition).

³ See <https://www.communications.gov.au/what-we-do/internet/telecommunication-reform-package#statutory-infrastructure-providers>.

Further, the Explanatory Memorandum for the Telecommunication Legislation Amendment (Competition and consumer) Bill 2019 also notes that "After the NBN rollout is completed, NBN Co will be the default SIP for all of Australia". See https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6451_ems_a15641ad-f2d4-4511-bb12-811c6073e6f7/upload_pdf/723135.pdf;fileType=application%2Fpdf



01 Responses to specific questions

The ACCC's position is that the WADSL service description in the ACCC's 2017 final decision on declaration remains current and appropriate. Do you agree?

Yes. If the ACCC is minded to maintain the declaration until June 2024 (as outlined in the ACCC's position paper), Telstra considers there is no merit in changing the service description.

The ACCC's position is that allowing the WADSL declaration to expire would be detrimental to competition for high-speed fixed-line broadband services. Do you agree?

No, as stated above there remains a very small number of wholesale ADSL services and virtually no demand for new services, a wide range of alternatives for consumers, and there are SIP obligations that support the provision of superfast broadband services to all Australians.

The ACCC's position is that extending the WADSL declaration in all Exchange Service Areas will promote competition in the relevant markets. Do you agree?

Given the Competition and Consumer Act s152AR(4) effectively removes the SAOs in line with the nbn fixed line rollout, there is little to be gained by considering the appropriateness of limiting the applicability of the declaration to a sub-set of exchanges.

The ACCC's position is that extending the WADSL service declaration will promote efficient use of relevant infrastructure. Do you agree?

No. Whilst Telstra has not yet determined an end of life date for the ADSL platform, we are likely to do so within the next couple of years. This is because it is not economically efficient to continue operating the network indefinitely.

The ACCC's position is to extend the WADSL declaration at least until 30 June 2024. Do you support this decision?

As we have submitted, Telstra believes that if the ACCC proposes to extend the declaration, then Telstra agrees that 30 June 2024 is an appropriate extension period. At this time industry will be able to look holistically at the need for access regulation on legacy copper networks with a view to rolling it back.