

19th June 2015

Superfast Broadband Inquiry
Australian Competition and Consumer Commission
Superfastbroadbandinquiry@acc.gov.au
Cc Nicole.Ross@acc.gov.au
cc. Robert.wright@acc.gov.au

ACCAN thanks the ACCC for the opportunity to contribute to its Superfast Broadband Access Service Declaration Inquiry. ACCAN does not intend to address each question posed by the discussion paper; rather we would like to set out our observations on the subject.

ACCAN is supportive of the proposal to declare Superfast Broadband Access Services (SBAS). Doing so, ACCAN believes, would support the long term interest of end users (LTIE). The declaration of fixed line services to date has significantly benefited LTIE, through increased competition, achieving any-to-any connectivity and encouraging the efficient use of and investment in infrastructure.

The Very-high-bit-rate Digital Subscriber Line (VDSL) technologies should be considered for declaration in this inquiry, as came out of the Vertigan Committees review. VDSL displays bottleneck characteristics; in order to achieve the best performance of the technology no more than one provider can offer vectored services within each cable sheath.¹ By having multiple providers, end users will experience service disruptions such as dropouts. VDSL therefore displays natural monopoly characteristics. Submissions made to the Vertigan Committee by RSPs outlined a number of other areas which should be regulated.² There may be other markets that could be included in the SBAS but ACCAN is not aware of these.

ACCAN is of the view that by declaring markets, such as VDSL, it is likely that higher quality products could be delivered to end users. By not declaring these consumers will be restricted to the providers from which they can choose or have reduced quality products. This is particularly true of end users in multi-dwelling units who may be limited in their ability to have any provider due to the arrangements in the building. Therefore allocative efficiencies, where resources are employed to produce services that are preferred by consumers, would result. Declaring VDSL services in particular would promote the long term interest of end users.

However, ACCAN agrees that the SBAS should not be defined by the characteristics of one technology and that flexibility is required. Infrastructure based competition to develop or to use alternative technologies should be encouraged.

ACCAN is supportive of the principles which the ACCC proposes to apply³, namely:

¹ http://www.commsalliance.com.au/data/assets/pdf_file/0004/43618/CA-Vertigan-Panel-Submission-final.pdf

² Section 3.3.1 of the consultation document outlines the submissions.

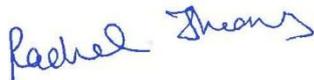
³ Section 4.1.1 of the consultation document

- While some degree of technical specification will be required, the ACCC's preference is to make the service description in terms which give the access provider flexibility to determine the most efficient way of supplying the services
- The eligible service should be described in a manner which provides sufficient clarity for application of the SAOs in the CCA
- The service should be technically feasible to supply and charge for. Additionally, the service should be one which potential access providers are supplying to themselves and others
- Terms and conditions of access should not be included in the services description
- It must be broad enough to ensure that access providers cannot avoid the scope of the declaration by changing their network configuration or specifications.

Given that these services are natural monopolies, end users serviced by these networks are unlikely to be serviced by any other network; ACCAN would be concerned if the SBAS did not contain some standards. Such as to ensure that voice telephony service which meets the standard telephone services and provides broadband equivalent services to NBN applied. It would not be in their long term interest of consumers if they were unable to receive services below par.

If you have any queries on our submission, please contact me on Rachel.thomas@accan.org.au or 02 9288 4012.

Sincerely

A handwritten signature in blue ink that reads "Rachel Thomas". The signature is written in a cursive style.

Rachel Thomas
Policy Officer