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Ms Jessica Wicks  
Australian Competition and Consumer Commission  
Level 35, The Tower  
360 Elizabeth Street  
MELBOURNE VIC 3000

Dear Ms Wicks

**Wholesale ADSL Final Draft Access Determination Submission  
City of Whittlesea April 2013**

The City of Whittlesea commends the ACCC on examining the wholesale ADSL marketplace and specifically regulating the pricing of wholesale ADSL for access seekers.

The City of Whittlesea is a growth area on the northern urban fringe of Melbourne approximately 25 kilometres from the CBD. The municipality has experienced massive urban growth for the last decade and is the second fastest growing municipality in Australia.

Urban growth is exposing some key issues in telecommunications pricing and Council has been approached by residents complaining that in many of Melbourne's new suburbs, they are paying a premium for having fixed line ADSL broadband access in comparison to residents in neighbouring suburbs. (This is consistent for all urban growth areas nationally.)

Mernda, for example, the fastest growth suburb in Australia, located 30 kilometres from Melbourne CBD, is designated as a Melbourne charging zone for local telephone calls but Zone 3 for ADSL wholesale access, even though both services are provided on the same copper line using line sharing. This zone discrepancy adds \$5.80 per month for ISPs utilising a Telstra wholesale ADSL service and translates to approximately \$10 per month extra for a retail broadband service, compared to adjoining suburbs that are designated as Zone 1 for ADSL wholesale access.

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Another example is Fawkner, a long established suburb of Melbourne located 12 kilometres from the CBD, which is designated as a Melbourne charging zone for local telephone calls but Zone 2 for ADSL wholesale access. Once again, this zone discrepancy adds \$5.80 per month for ISPs utilising a Telstra wholesale ADSL service and translates to approximately \$10 per month extra for a retail broadband service compared to those of neighbouring suburbs that are Zone 1 for ADSL wholesale access.

The above examples highlight two problems that need to be addressed.

1. The zones for ADSL wholesale access were historically established and there is no fair mechanism for reviewing zones.

Zones remain constant despite land on the urban fringe being urbanised from population growth and additional infrastructure, including telecommunications.

It seems that only Telstra can determine whether to review zones or not and do so without applying any set criteria or providing any transparency to the process.

2. The wholesale ADSL zones are independent of local call telephone zoning in terms of allocation of metro or rural pricing, resulting in a premium for broadband access pricing for some outer metropolitan suburbs compared to local call telephony pricing which is based on the Melbourne charging zone. Hence the same residence is charged a "regional" rate for ADSL access but a "metro" rate for local telephony.

The City of Whittlesea therefore advocates for two additional changes to the regulation of the Wholesale ADSL final draft access determination.

1. Establishment of a review mechanism for wholesale ADSL zones with ACCC oversight.

This will guard against Telstra using the existing wholesale ADSL zones established historically to obtain additional revenue despite changes in land use.

2. Establishment of a consistent relationship between broadband and telephony zone pricing in each suburb to fairly allocate the costs of service provision.

As the primary difference in cost base for the copper that provides both telephony and ADSL broadband services is distance from the head-end and hence length of the backhaul, then the zones established for pricing should be consistent for both local call telephony and broadband.

Therefore, if the telephone zone is rural or regional then the ADSL broadband wholesale access should be Zone 2 or 3. If the telephone charging zone is metro then the ADSL broadband wholesale access should be Zone 1. Ideally, in cities the zones should be reflective of the urban growth boundary which is established to delineate where urban development finishes.



The City of Whittlesea welcomes this review and hopes it will reflect fairness in terms of wholesale pricing which will impact on retail pricing to our citizens. As the submission outlines, the review should also cover the rationale and review of charging zones which underpin the mechanism for establishing wholesale pricing.

If any clarification is required or further details sought then please Council's Manager Organisation Improvement, Brad Wynter on 03 9217 2170 for assistance.

Yours faithfully



**David Turnbull**  
**Chief Executive Officer**