To whom it may concern,

I’m deeply concerned with the current state of the market for communications access, both in terms of fixed internet to my home and mobile internet to my phone. As someone with a technical background and an interest in the topic I’ve tried to keep up to date on how the market is doing here in Australia, as well as internationally, and I can say that overall we have considerable work to do to make our country a competitive place for commerce.

The NBN is the biggest concern. Having gone from an innovative and forward looking project focused on embracing the current standards for fiber and fixed wireless technology, to a complete financial failure that seems to be designed to prop up the large corporations that already dominate the telecommunications infrastructure of Australia. Rather than building a network that will provide long term growth for Australia, we buying outdated infrastructure from large telcos, much of which was originally paid for by the Australian taxpayers. To add insult to injury this infrastructure has largely been neglected over the past decade, to the point where large sections of the network will need expensive repairs to even be adequate, let alone competitive into the future.

Relying on ageing technology to deliver high speed broadband is not a sustainable option, as it is outages are a common thing for many people when it rains, and that’s with relatively reliable ADSL. Pushing the speeds higher only makes it less reliable in adverse conditions, which brings into question if the network will even be suitable for purpose. Will businesses be willing to risk a service outage during the winter months? Will smaller ISPs be willing to risk the costs of offering a business class SLAs if there’s a high risk of a protracted outage? Add to that the problem of inequality of service, where areas that received the original FTTP service not only have a higher chance of continuity of service, but have better download and upload speeds (uploads are especially critical for businesses). This will lead to technology dependent companies (which are only growing in number) having to move to specific areas in order to remain competitive. We are currently creating a multi-class infrastructure, where some regions have high quality telecommunications and other don’t. How long before this becomes a serious influence on where businesses and people chose to locate themselves?

Whilst the previous NBN plan was technically and economically superior, it wasn’t without fault (though such faults remain with the current system). My biggest concern with the previous FTTP system was the large number of interconnects which had been mandated, in a move that seemed to be designed to placate large multinational corporations rather than for solid technical or financial reasons. By having so many points where an ISP has to purchase into the network it drives up the costs for smaller businesses, in many cases to the point where it isn’t economical for them to compete with larger corporations that have deeper pockets. This in turn reduces the size of the market for customers to purchase internet access, leading to monopolies or oligarchies rather than competitive markets. We need only look to the United States to see what happens where large ISPs are allowed monopoly control over geographic regions, service degrades and prices skyrocket without competitive pressure.

Moving onto the mobile market, we’re again left with a situation where large corporations are at a huge advantage, being able to buy sections of spectrum for their exclusive use. This has led to the situation where mobile data is prohibitively expensive for day to day use, with small caps (relative to even moderately developed nations around the world) and high prices for going over them the norm. It begs the question of whether it’d be better for mobile infrastructure to be folded into the NBN, that way the government can provide a single heavily regulated corporation to handle the technical details, whilst allowing private corporations to compete on price and service. Telecommunication are only going to become more critical to the day-to-day lives of Australians, especially if we hope to remain a competitive market for technology and services internationally.

In all these cases it seems the main problem is that a natural monopoly exists, but isn’t firmly regulated by the government. Infrastructure is a poor candidate for competition, by its very nature it favours high capital investment and long times to receive a return, areas which are perfectly suited for a government working in the best interests of its constituents. The current state of the NBN, and mobile broadband, are quite woeful, from both a technical and financial standpoint. If Australia is to remain a strong player in the world economy then we need to take the necessary steps to ensure we have all the infrastructure needed.

Kind regards,

A concerned citizen.