



Our Broadband Future

What consumers want

2014



High-speed broadband is a game changer

Broadband networks are being regarded as *general purpose technology enablers* like the steam engine, railways and electricity. Proposed investments in high-speed broadband are likely to enhance the quality of life and economic opportunities available to all Australians. Just as last century the electricity network led to numerous far-reaching social and economic changes, broadband networks may have ripple effects in our lives over the coming years in ways that cannot yet be imagined. Like energy, water and the telephone, broadband is increasingly an essential service.

We now have the opportunity to enable universally inclusive communications. ACCAN is therefore focused on ensuring that the consumer interest plays a central role in the development of broadband networks.

ACCAN's Four Principles for Our Broadband Future

- 1. Broadband for all.** Policies need to be developed to ensure high-quality, affordable broadband can be accessed by all Australians who want it. Industry and consumers should work together to address market shortcomings, particularly the needs of people with disabilities, and low-income and rural consumers.
- 2. No consumer should be worse off** during the transition and following the implementation of the National Broadband Network (NBN).
- 3. Robust consumer protections and consumer engagement** must be maintained. Industry codes and guidelines should be updated to provide consumer protections in a technology-neutral manner.
- 4. Sustaining a competitive and fair market.** Services need to be provided in a competitive and fair market. The Australian Competition and Consumer Commission (ACCC) must actively and pre-emptively intervene as required to prevent the development of market power or unfair practices. Where market failure occurs, measures should be adopted through consultation between government, industry and consumers.

1. Broadband for all

Broadband has become an everyday essential for people of all ages. It is now the gateway to the full benefits of the market economy.

Consider the lower prices and plethora of choice in products and services available only online, or the advantages of sites such as eBay. Similarly, the convenience of online banking is a productivity booster and time saver. Meanwhile social media has become a ubiquitous form of civic and social engagement.

In addition to all this, government services are now delivered in a way that assumes everyone has broadband. This includes basics such as transport information, payments for licences and permits, Medicare transactions, and forms for courts and tribunals.

As governments desire the cost savings and economic benefits of broadband, and as the practices of public and private sector organisations alike make broadband a practical necessity in daily life, it follows that there should be affordable broadband for all Australians who want it.

Indeed, around the world, governments are recognising that broadband access is essential to economic success and are setting achievable plans to attain their own defined universal service goals.

Availability

For those areas of Australia that fixed networks will not reach, other technologies should be deployed to give equivalent service to the maximum practicable extent. As fixed and wireless services are increasingly regarded as complementary, the National Broadband Network (NBN) should be used to boost mobile capabilities and

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address lack of mobile competition or coverage in less populated areas. This will enable improved mobile broadband service availability in rural and remote areas.

Affordability

Universal availability of broadband infrastructure does not automatically translate into universal affordability and accessibility of a service for consumers. The people who could benefit significantly from the internet are often those who have the most trouble affording a computer or a smartphone, let alone internet access.

The price of an essential service such as broadband should always be under close scrutiny. ACCAN believes every Australian should be able to find a broadband service they can afford. For disadvantaged groups who are missing out – and where there is market failure such as in rural and remote Australia – governments need to ensure targeted affordability and assistance measures are in place.

Governments and retailers should therefore work together to create services for low income, rural, remote and other classes of consumers for whom the market alone may not deliver an appropriate service.

The expense to the taxpayer of ensuring maximum inclusion will be recovered many times over in direct savings to the government through online service delivery – and indirectly through the increased productivity and economic opportunity that will become available to disadvantaged groups.

Accessibility

Around 20% of Australian households do not have an internet connection¹, and those with hearing or vision disabilities often cannot afford the additional equipment they require to take full advantage of the online world.

¹ ABS, 8146.0 - Household Use of Information Technology, Australia, 2010-11

An update to the Universal Service Obligation (USO) could include measures to provide devices and internet connectivity to those who need them. As with the current USO and disability equipment for the traditional telephone, a revised USO could include more up-to-date devices that meet the specific requirements of people with disabilities in getting online and taking full advantage of the benefits of broadband.

The most important force driving change among households will be the user benefits individuals will seek out.

A significant social benefit from improved communications is the increased opportunity for social inclusion.

Benefits of high-speed broadband for Australian households (Deloitte Access Economics, 2013)

Universal broadband as productivity booster

A firm commitment to universal broadband will help in maximising social participation and also open the door to the opportunities of the digital economy. Universal broadband and the associated network effect means improved productivity which leads to lower prices and better quality across the economy.²

Skill building is a key part in driving uptake of broadband. A decade ago South Korea launched extensive digital literacy education and adult training programs (free or highly subsidised) for senior citizens, military personnel, farmers, teachers and stay-at-home mothers. This investment in skill building has enabled a range of new 'information economy' industries to flourish. South Korea is now firmly established as one of the world's broadband leaders.³

In order for a large and sparsely populated country like Australia to fully benefit, there should be an emphasis on geographical equity in future public investment in broadband, allowing non-metropolitan areas to maximise the benefits. Priority should be given to the recommendations of the Regional Telecommunications Review.

² Ericsson, 'Measuring the impact of broadband on income'. Sept 2013
<http://www.ericsson.com/thecompany/press/releases/2013/09/1729555>

2. No consumer should be worse off

The onus must be on government and industry to ensure a seamless transition for consumers during the switch-over to the National Broadband Network (NBN) and other new high-speed broadband networks. The standard telephone service should not be interrupted or downgraded in quality. Emergency call capabilities must continue to be supported.

During broadband infrastructure roll-outs, decisions on connection arrangements and equipment installations in homes and businesses should be made in a consultative manner and should not shift costs or risks onto consumers. Service continuity for consumers must be a priority. Consideration should be given to assisting communities with special needs to adapt to services delivered over broadband.

3. Robust Consumer Protections and Consumer Engagement

To prevent current problems that make for a poor consumer experience being replicated on new high-speed networks, there must be clear quality of service guarantees for consumers regardless of the delivery technology.

Industry codes and guidelines should be updated to provide consumer protections in a technology-neutral manner.

Consumers must be provided with clearly defined lines of responsibility on faults and quality of service issues such as drop-outs, downtime and speed. There must be a clear, effective process for wholesalers and retailers to diagnose faults, and there must be a clear definition of whose responsibility it is to fix what and within what timeframe. There must be enforceability mechanisms and compensation to consumers for failure to comply with the rules.

Importantly, the Telecommunications Industry Ombudsman (TIO) should continue to be resourced appropriately.

Public Information and Community Liaison

The NBN roll-out will require millions of 'on the ground' interactions with home-owners and tenants, local councils and body corporates, shop owners and building managers.

The Digital TV Switchover Taskforce has shown the way on how to work with the community to inform and equip people to make sense of large scale changes. The Taskforce was set up early, was adequately funded, had a direct link to policy makers, and worked closely with community and industry stakeholders.

The Taskforce implemented a unique model of working closely with local communities by funding outreach services based within local councils. Its information service has considered the diverse needs of the community, resulting in information in Braille, easy English and other languages. Similar efforts should be made for implementing policies and liaising with communities and industry on the transition to the NBN.

4. Sustaining a Competitive and Fair Market

The challenge of open access and competitive networks

Markets often work in unpredictable ways, and this applies especially to communications – an increasingly complex service-based industry with a large number of direct contracts with consumers.

At the retail level, ACCAN believes that consumers should be able to count on high speed broadband being offered at affordable prices on an ongoing basis.

ACCAN therefore supports the laws that ensure open access wholesale networks. These rules promote competition between communication companies on an equal basis and are likely to encourage higher quality and more competitively priced services.

Given the difficulties and cost to the taxpayer involved in removing the market power of Telstra as a monopoly infrastructure owner, ACCAN wants to ensure that the laws governing NBN Co remain strong. NBN Co should continue to be limited to offering wholesale services and the



ACCC should be empowered and adequately funded to be a responsive and active regulator of both the wholesale and retail broadband markets.

The ACCC should be directed to monitor the broadband market and address anti-competitive conduct or market concentration bottlenecks at wholesale or retail level before they adversely affect consumer welfare and the Australian economy.

Key measures that need to be implemented include independent broadband performance monitoring and reporting that gives accurate information to consumers on the real-world performance of services in the market; and prohibiting practices which discourage or prevent consumers from switching providers. To this end industry should phase out the practice of excessive exit fees and lengthy lock-in contract terms.

Conclusion

Working together, consumers, industry and government can maximise the benefits of broadband for Australia irrespective of the delivery technologies deployed. Australia already stands out among developed countries in its far reaching commitment to public investment in broadband infrastructure. With our size and low population density, we are also the country that has the most to gain from ensuring that universal broadband becomes a reality.