



# **Inquiry into the rollout of NBN in rural and regional areas**

**Submission by the Australian Communications Consumer  
Action Network to the Joint Standing Committee on the  
National Broadband Network**

13 April 2018



## About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards availability, accessibility and affordability of communications services for all Australians.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will represent the views of its broad and diverse membership base to policy makers, government and industry to get better outcomes for all communications consumers.

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# 1. List of recommendations

**Recommendation 1:** Reduce and strictly limit the number of premises included in the satellite footprint to those premises who must rely on Sky Muster to stay connected..

**Recommendation 2:** Notwithstanding the previous recommendation, nbn co's approach of allowing multiple connections at the same premises should be recognised.

**Recommendation 3:** There should be recognition that currently available broadband and phone services may be preferable to some consumers than Sky Muster satellite services.

**Recommendation 4:** ACCAN recommends increased awareness campaigns targeted, through direct mail, at rural consumers about the options that are available to them.

**Recommendation 5:** There should be further updates to the nbn website that include information on nbn local activities to allow consumers to engage with nbn representatives.

**Recommendation 6:** Affected fixed wireless tower consumers should be contacted and informed of nbn congestion issues. These consumers should be refunded and offered reduced monthly subscription costs until the performance issues are resolved.

**Recommendation 7:** The nbn Sky Muster fair usage policy should be removed from customer contracts and consumers should not be restricted by fair usage policies that are unfair or where their data usage is untrackable.

**Recommendation 8:** Data allowances over Sky Muster should increase as average data usage increases.

**Recommendation 9:** The launch of vital business plans over Sky Muster should be expedited.

**Recommendation 10:** Fixed wireless and satellite capacity should be monitored. The Minister for Communications and the Arts should use his powers in the Statutory Infrastructure Provider (SIP) legislation to create service level standards to ensure that all consumers can receive a minimum level of service, and to protect services into the future.

**Recommendation 11:** An ADSL Future Service Strategy which factors in implications by and for the nbn rollout should be formulated by government in consultation with consumers. This ADSL future service plan should be clearly explained to affected customers.

**Recommendation 12:** The upcoming auction of the 3.6GHz spectrum should have at its centre the community use of services. Spectrum sharing and other actions which support the continuation of these services should be supported.

**Recommendation 13:** A director with regional, rural and remote experience or expertise should always be on the board of nbn co.

## Introduction

The Australian Communications Consumer Action Network (ACCAN) thanks the Joint Standing Committee on the National Broadband Network (nbn) for the opportunity to respond to the inquiry into the rollout of nbn in rural and regional areas. We note the inquiry is specifically focused on the capacity and reliability of the satellite, fixed wireless and fixed line networks, in particular the:

- a. planning, mapping and eligibility for satellite, fixed wireless and fixed line services;
- b. adequacy of plans and service reliability of satellite, fixed wireless and fixed line services;
- c. issues in relation to the future capacity of satellite, fixed wireless and fixed line services;
- d. provision of service by alternative providers of satellite, fixed wireless and fixed line services; and
- e. any other related matters.

ACCAN is pleased to present our views on the major concerns of rural, regional and remote consumers and small businesses. We would also welcome the opportunity to meet with the Joint Standing Committee and discuss the issues raised in this submission.

## 2. Responses to Inquiry Terms of Reference

### 2.1. Planning, mapping and eligibility for satellite, fixed wireless and fixed line services

#### a) Satellite: over mapped

The Sky Muster satellite service was supposed to provide NBN access for the last 3% of remote premises in Australia. Often the figure provided of the total number of premises to be serviced by Sky Muster 1 and 2 was 400,000. However, this projected number is increasing at a concerning rate, raising alarm with consumers that they may be flagged for satellite internet delivery rather than other technologies. In addition nbn has revised downwards the total number of premises that it will serve. Combined, this means that a larger percentage of premises in Australia will be relying on satellite services.

| Year | Total number of premises in Australia | Premises in satellite footprint | Percentage of satellite served premises |
|------|---------------------------------------|---------------------------------|---|
| 2015 | 12 million                            | 400,000                         | 3%                                      |
| 2018 | 11.6 million                          | 427,658                         | 4%                                      |

*Recommendation 1: reduce and strictly limit the number of premises included in the satellite footprint to those premises that must rely on Sky Muster to stay connected.*

#### b) Satellite: low demand and over optimistic take up rates

Figures from nbn put the current take up of satellite at 86,920 premises or about a 20% take up rate.<sup>1</sup> This number is growing very slowly, by a few hundred premises a week, a much slower rate than the 10,000 new connections every month that was expected.

In addition, nbn are allowing multiple services to be connected if there are multiple buildings at an address. A large number of these new premises we expect are additional services for a location with multiple buildings, rather than new locations switching to nbn satellite services. ACCAN strongly supports nbn taking this approach and allowing this flexibility to meet the needs of these consumers.

*Recommendation 2: Notwithstanding the previous recommendation, nbn's approach of allowing multiple connections at the same premises should be recognised*

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<sup>1</sup> 15th March 2018, nbn weekly progress report.

It is expected that the take up rate of Sky Muster services will likely be about 40% of the potential number of premises within in the 4% to be served by satellite<sup>2</sup>. This totals 200,000 premises across Australia. This still seems overly optimistic due to the fact that before Sky Muster was available the number of satellite subscriptions was 76,000.<sup>3</sup> While the eligibility criteria has been stricter in the past for satellite services, it is likely that other service options such as extended mobile coverage, ADSL and alternative fixed wireless services may be meeting some of the needs in regional, rural and remote areas. These services are likely to have higher data limits at a comparative price which would retain their appeal to these consumers. This indicates that premises in the areas mapped for satellite may not need or wish to move to Sky Muster.

*Recommendation 3: There should be recognition that currently available broadband and phone services may be preferable to some consumers than Sky Muster satellite services.*

### **c) Lack of awareness of available service**

ACCAN believes many rural and remote consumers lack awareness of services that are available to them through nbn, or other providers for that matter. This, we believe, stems from four reasons:

1. Satellite and fixed wireless do not have a mandatory disconnection date so the level of engagement from providers is not to the same extent as in fixed line areas. Fixed line consumers are contacted by multiple providers through a number of mediums throughout the migration process.
2. Satellite products are not being sold by Telstra and many consumers in these Satellite mapped areas are currently buying products from Telstra. Many are not aware that there are other providers or options available to them. When contacting Telstra many are advised that there are no NBN products available to them.
3. Reduced advertising to these consumers, particularly in satellite areas, by nbn due to the extensive area and lack of a defined list of serviceable addresses. Satellite premises cover the whole of Australia. While some areas will be exclusively mapped for satellite, there are mapped satellite users everywhere including in major cities. As far as we are aware, unlike fixed technology area consumers, these consumers have not received direct mail communication.
4. Previous satellite schemes were limited to consumers who had no access to other services (fixed or mobile). A number of consumers still believe that this could be the selection criteria for nbn satellite. ACCAN believes that a number of consumers are self-excluding themselves from nbn services as a result.

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<sup>2</sup> See 2.3, nbn Corporate Plan 2018-2021: <https://www.nbnco.com.au/content/dam/nbnco2/documents/Corporate-Plan-2018-2021.pdf>

<sup>3</sup> ABS, 2017, Internet Activity, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8153.0>

*Recommendation 4: ACCAN recommends increased awareness campaigns targeted, through direct mail, at rural consumers about the options that are available to them.*

**d) nbn website and nbn local**

The nbn online mapping tool regularly provides incorrect information and the following observations have been made by ACCAN

1. The footprint for fixed wireless and satellite and the fixed line boundary is still fluid. A premises may change technology or be in limbo until a later stage of the construction process. ACCAN has found that this is not always accurate. Some consumers have been advised one thing through the nbn website but when contacting a Retail Service Provider (RSP) they have been told a different technology is available.
2. The nbn website presents technology information as a clear cut decision. However, there are many grey areas between the fixed wireless and satellite footprint. The online map is based on computer analysis. On the ground, the technology may not be suitable and need to be changed.
3. Satellite to fixed wireless upgrades - a consumer may have their premises and technology checked and changed to a different technology. While it can be a difficult process to get a premises re-allocated from NBN satellite to fixed wireless, the hardest part is knowing that it is an option.
4. Fixed wireless to NBN satellite - the reverse situation, where a consumer believed they would be connected to NBN fixed wireless but then receive satellite can be disappointing for consumers due to the plan and service limitations.
5. Some addresses are not on the nbn website. In these circumstances consumers need to contact an RSP to have their address added.

ACCAN has welcomed and been very supportive of the 'nbn local' initiative. This is likely to greatly assist consumers and overcome some of these issues and information gaps. 'Nbn local' should be fully supported and be available to all consumers, not just consumer groups. This includes advertising where the nbn Satellite "Sky Musta" truck will be so consumers can inform themselves and have an opportunity to ask nbn local representatives questions directly.

*Recommendation 5: There should be further updates to the nbn website that include information on nbn local activities to allow consumers to engage with nbn representatives.*

## 2.2. Adequacy of plans and service reliability of satellite, fixed wireless and fixed line services

**a) Fixed Wireless congestion**

Many fixed wireless towers are congested at an nbn network level. ACCAN has heard from many consumers experiencing very slow peak hour speeds. Information regarding nbn congestion and delayed upgrades is not being passed onto consumers. A number of consumers have tried switching providers, sometimes at a cost, only to realise that there is no benefit to doing so. Other consumers have paid hundreds of dollars to have technicians visit their house only to be advised that there is nothing they can do.

This is not a fair outcome for these consumers because they are entitled to be informed about network performance issues, refunded for previous periods when the service did not perform, and bills should be adjusted to reflect the reduced service that has been provided. In addition, no further consumers should be added to congested towers until the root cause is fixed. Adding more services only increases the problem and reduces consumer trust in nbn reliability.

*Recommendation 6: Affected fixed wireless tower consumers should be contacted and informed of nbn congestion issues. These consumers should be refunded and offered reduced monthly subscription costs until the performance issues are resolved.*

#### **b) Recent improvement to data limitations**

We note that the increase in data limitations over Sky Muster at the end of last year were very welcome. This has brought the data allowances available in line with the average household use.

#### **c) Fair use policy**

The nbn Sky Muster fair use policy is very complex. Its intention is to ensure that for a retail service provider their average consumer, or any individual consumers, does not exceed a set amount of data in a 4 week rolling period. However, RSPs are passing this restriction on to consumers. ACCAN contends that these are examples of unfair terms and conditions:

- Data usage on Sky Muster plans is not provided on a 4 week rolling basis to consumers, instead it is provided on a monthly billing period. As a result it is impossible for any consumer to track their cumulative data usage on an 'any 4 week rolling period' basis.
- The maximum data amount that cannot be exceeded on a Sky Muster plan depends on the 'CVC' class that the customer is placed into by their RSP. The consumer will never know how the RSP is balancing its customers. ACCAN also understands that an RSP can switch consumers between CVC classes frequently. Therefore it is unclear which maximum data allowance is applicable for any individual consumer.

Below is an extract from IPSTAR website stating the nbn co fair usage policy. This shows the two elements of the fair usage policy, neither of which a consumer could actively ensure they did not breach.

#### **nbn™ co's Fair Use Policy as at 1 October 2017**

- 150GB / 200GB / 300GB or more data usage in 4 week rolling period during peak hours constitutes a breach of the nbn™ Fair Use Policy.
- 300GB or more of total data usage both peak and off-peak in 4 week rolling period

constituted a breach of the nbn™ Fair Use Policy.

ACCAN believes that a handful of consumers have been penalised due to this fair usage policy. This is not fair for consumers. In the anecdotal case that ACCAN has heard of, the consumer did not breach their monthly data allowance but had their service restricted. They were not warned about this and the data usage tools that were available to them did not assist them.

*Recommendation 7: nbn fair usage policy for Sky Muster plans should be removed from customer contracts and consumers should not be restricted by fair usage policies that are unfair or where their data usage is untrackable.*

#### **d) Future data inclusions**

As data usage continues to grow at a significant rate it is likely that the data allowances available will not meet consumer needs into the future.

*Recommendation 8: Data allowances over Sky Muster should increase as average data usage increases.*

#### **e) Sky Muster business plans**

At the time of writing, rural consumers are still waiting for badly needed business plans to be available over Sky Muster. We understand that nbn co is due to make an announcement about these plans shortly.

*Recommendation 9: The launch of vital business plans over Sky Muster should be expedited.*

### **2.3. Issues in relation to the future capacity of satellite, fixed wireless and fixed line services**

ACCAN has serious concerns about the ability for both the fixed wireless and satellite technologies to serve as the network Statutory Infrastructure Provider (SIP) to all consumers in these areas. The current design is for fixed wireless to serve about 60% of the households in these areas and satellite about 40% of households. This means that other consumers would continue to use ADSL, and mobile, connections for their broadband services. In a situation where fixed wireless and satellite may be the only option for a large number of these consumers we remain very concerned that consumers will not receive a satisfactory service. Without investment and reconfiguration it is unlikely that either could meet universal consumer needs now or into the future, because they would not perform adequately if there was a higher take up rate.

The draft SIP legislation gives the Minister for Communications and the Arts the authority to create standards on the provision of superfast broadband services. ACCAN believes these standards are needed to ensure that services meet the future needs of consumers.

*Recommendation 10: Fixed wireless and satellite service capacity should be monitored. The Minister for Communications and the Arts should use his powers in the Statutory Infrastructure*

*Provider (SIP) legislation to create service level standards to ensure that all consumers can receive a minimum level of service, and to protect services into the future.*

## 2.4. Provision of service by alternative providers of satellite, fixed wireless and fixed line services

### a) ADSL and copper services

ADSL and copper services are very important for regional, rural and remote consumers. The future of these services is uncertain. ACCAN believes that the current situation is very dangerous because consumers are falling through gaps between the current USO arrangements and Telstra's commercial interests. It appears that Telstra is slowly removing the option of ADSL services, and also copper voice services in fixed wireless areas.

1. **Withdrawal of ADSL services following move to nbn.** We have concerns that consumers currently served by ADSL and copper phone services will find these services are no longer available after they move to nbn fixed wireless or satellite. Consumers using nbn services have contacted us who find that they wanted to revert or add a copper phone service for the security for an elderly relative who is now living with them, only to find these services are no longer available to them.
2. **New household occupants.** We are also concerned that consumers moving into premises that previously had ADSL and copper phone services, may not be able to connect to these services. Instead they are advised that fixed wireless or satellite is the only option for them.

There is no requirement for Telstra to re-connect consumers or offer ADSL services. The future of ADSL services is not currently being discussed, however, many consumers are reliant on them. While the future of copper is still being considered in the context of the Universal Service Obligation (USO) transition to a Universal Service Guarantee (USG), we believe that Telstra may be proceeding and implementing the removal of ADSL broadband services. This is not in the long term interests of end-users and may lead to very detrimental outcomes for them.

The current configuration of nbn fixed wireless and satellite relies on ADSL services to provide the main broadband service to those who are not taking up nbn services. If nbn technology is unable to meet the needs of all these consumers, and Telstra removes the availability of ADSL, then there could be hundreds of thousands of households who lose services or have to rely on expensive mobile alternatives.

*Recommendation 11: An ADSL Future Service Strategy which factors in implications by and for the nbn rollout should be formulated by government in consultation with consumers. This ADSL future service plan should be clearly explained to affected customers.*

## **b) Alternative fixed wireless providers**

Many consumers rely on alternative fixed wireless providers who have been able to meet their needs in a quicker way and often at a better price. This provides consumers with another choice in markets that are often very limited. There should be a competitive environment that supports these services well into the future.

*Recommendation 12: The upcoming auction of the 3.6GHz spectrum should have at its centre the community use of services. Spectrum sharing and other actions which support the continuation of these services should be supported.*

## **2.5. Any other related matters**

Ensuring that the board of nbn co has a good understanding of the needs of rural, regional and remote nbn users is vitally important. As the government moves towards nbn being the broadband statutory infrastructure provider, it will be very important that the nbn board understands that this is a business not driven by profit alone. This is particularly true because remote nbn services are unlikely to be commercially attractive to potential buyers. As a result the nbn co directors will need to navigate the transition from a government enterprise to a private company carefully. In order to do this effectively the nbn co board will need to have a comprehensive understanding of the requirements of rural, regional and remote end users.

*Recommendation 13: A director with regional, rural and remote experience or expertise should be always be on the board of nbn co.*