



27th October 2011

Mr Peter Stephens
Secretary
Joint Committee on the National Broadband Network
Department of the House of Representatives
PO Box 6021 Parliament House
Canberra ACT 2600

Dear Mr Stephens,

Following my appearance at the Joint Committee on the National Broadband Network there was one question to follow up.

Follow up question

Senator Macdonald: *What percentage of the Australian population actually would need or would use 100 megabits per second, as opposed to the rest of us mugs who will be happy with 12 ?*

Insights from a fast broadband market

South Korea has one of the highest broadband speeds of any country, and also offers competitively priced access plans to the market. Examples of use of this capability include:

Consumers

- Gaming applications, particularly interactive multiplayer games
- Triple play home package with bundled interactive TV, broadband connection and telephony
- High definition videoconferencing

Business

- Enhanced engineering capability in biotechnology, aerospace, electronics, etc.
- Development of 4G telephony and 3D television solutions
- Additional sales and service applications in retailing, electronics, music, film, etc.

Government

- Education with a plan to transition from textbooks to interactive e-books
- Development of purpose built and retrofitted smart grid cities
- Enhanced access to government services online to reduce costs and improve experience

What about Australia ?

Australia has a strong record of technology adoption, including ATM, video cassette, CD, DVD, personal computer, internet banking, social media, iPod.

The high adoption rates have been driven by the strong benefit of each innovation in terms of quality, time, speed, and an attractive price point.

Having said this, we do not always use each of these innovations to their full potential, eg.

- ATM's have very low usage as a deposit channel
- Personal computers often have excess capacity in terms of processor speed and memory
- Internet has yet to be used to its full capacity

Conclusion

Our conclusion references the 'household income by quartile' definition from the original submission to the Committee, dated 15th October 2011.

The top quartile of Australian households would be interested in 100 Mbps and could afford to pay for the cost of access. However, only a minority of this group is likely to regularly use the full bandwidth.

The second quartile of households would be interested in faster bandwidth, however, they may see 30-50 Mbps as satisfactory, and affordable.

The bottom two household quartiles do not need, nor could they afford, 100 Mbps. They are likely to be satisfied with inclusion at current speeds, at lower price points.

We will further develop the issue of speed, price, inclusion and productivity over the coming months, and submit papers for consideration at the next round of inquiry.

Thank you for the opportunity to present to the Committee.

Yours sincerely,

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