

27th February, 2009

Veronica Gover
Senior Research Officer
Senate Select Committee on the National Broadband Network
PO Box 6100
Parliament House
Canberra ACT

Dear Veronica,

Enclosed is our organisations' response to the following question on notice:

Fisher **CHAIR**—The points that you have made thus far are not unreasonable. However, given the likely interest in whether we should focus on those areas that are currently underserved, if your organisation seriously makes that claim you might want to think about providing the committee with the basis on which you claim exhaustively that Tasmania is underserved and that, therefore, it deserves priority if there were to be a focus on underserved areas.

We take the view that being underserved is a combination of lack of access and lack of suitable pricing. That is to say, a service may be available in Tasmania, but the pricing is significantly more than a similar service available elsewhere in Australia, or the service is available at a suitable price but coverage is inadequate.

Access and pricing

Whilst Tasmania has 136 of its 205 exchanges enabled for ADSL, only 44 have ADSL2+ infrastructure and only 2 of these have non-Telstra infrastructure. This equates to fast (ADSL2+) and costly access for a minority of areas (44) and very small minority (2) with fast access and pricing comparable to other states.

To illustrate this, we compare the price of services made available via exchanges enabled with Telstra ADSL2+ infrastructure, versus those enabled with infrastructure of another company. Since the previous committee hearing, Internode has launched a product where it is reselling services on Telstra's ADSL2+ infrastructure. This brings some competition to fast (ADSL2+) products to Tasmania, however the price differential between plans offered over Telstra ADSL2+ infrastructure and equivalent plans serviced from Internode's own infrastructure is astounding.

Internode ADSL2+ plans:

- | | | | |
|-----------------------------|----------------------|-----------------|----------------|
| • Telstra infrastructure: | Home-TwoPlus-10 | 10 Gbytes/month | \$79.95 |
| • Internode infrastructure: | Home-Extreme-Starter | 10 Gbytes/month | \$49.95 |

Whilst the residents served by these 44 exchanges do now have a choice of ISP for ADSL2+, their choices are at least \$30 per month more than if alternate ADSL infrastructure was installed.

ISP's have identified the high cost of backhaul into Tasmania as a major reason why more exchanges have not been enabled with their infrastructure. This lack of competition at the exchange level, as well as backhaul costs leads to less value-for-money internet access. We believe these are contributors to Tasmania being the worst performing State or Territory in Australia in regard to household broadband penetration and business use of broadband. ABS data on "Household Use of Information Technology, Australia, 2007-08" released in December 2008 identifies that Tasmania had a household broadband penetration of 39% of homes, compared to the national average of 52%. In addition, household internet penetration showed no increase over the previous year's figure of 56% whilst nationally this figure grew at 3%.

Tasmania's geography is also a contributing factor to the lack of broadband access. It is separated from mainland Australia by several hundred kilometres of water which contributes to the backhaul issue, and its geography is mountainous, which impacts the effectiveness of mobile infrastructure, and rocky, which impacts the economics of building underground infrastructure.

Business sector

The industry group TasICT commissioned and recently released a report titled "Tasmanian ICT Industry Sector Assessment Report 2008", it observed:

Most Companies indicated that they suffer from infrastructure deficiencies like lack of broadband capacity and comparably higher broadband prices than on the mainland. They all believe that improvement in this area would be a strong enabler for business development and retention.

According to ABS data Between 2005 and 2006 (most recent period) business connections to the Internet actually fell from 86% to 79% (ABS Cat. 8129.0).

Tasmanian Government NBN proposal

Our organisation is supportive of this proposal. The NBN a once-only opportunity to lift Tasmania to a level of equity with metropolitan Australia when it comes to telecommunications services.

Having a network owned and/or operated by a Tasmanian entity will ensure the best outcomes in terms of servicing areas of need in a timely fashion, utilisation of existing resources owned by the state as well as providing a financial and social return to the Tasmanian community where others may not.

Tasmania can also build on the experiences gained from the TasCOLT FTTP live trial currently underway involving up to 1000 premises. This jump from copper based services to FTTP can give Tasmanian the digital revolution necessary to go from trailing the country to being a leader.

I hope this response presents a solid basis for our assertion that Tasmania is currently underserved and deserves priority in the NBN project.

I am eager to expand on this response during the next committee hearing.

Yours Sincerely,

Andrew Connor
Spokesperson

TasICT - Tasmanian ICT Industry Sector Assessment Report 2008 – p31
http://www.tasict.com.au/uploaded/258/13305115_48tasmanianictsectorasses.pdf

TasCOLT
<http://www.tascolt.com.au/>