



Joint Standing Committee on the NBN into the business case and experiences of small business

August 21, 2020 – Commpete

Opening Statement by Michelle Lim, Chair Commpete

Commpete is an industry alliance for competition in digital communications representing non dominant and smaller challenger providers.

Founded in 2001, we were formerly known as the Competitive Carriers Coalition and our members include niche regional providers, mobile providers, data centres and wholesalers servicing the 500+ small telco businesses located across metro and regional Australia.

Our submissions to the Joint Standing Committee represent the consensus position among our members. As a result, there may be some questions during this hearing which we will ask to take on notice if there is no consensus view. Our representatives here today each have specific focus areas so this may determine who will respond to questions raised.

Dating back to early 2000's, our predecessor organisation, the Competitive Carriers Coalition, strongly advocated for a wholesale only, open access national broadband network to resolve structural issues that were impeding competition in Australia.

Today, Commpete remains firmly supportive of nbn Co's role in delivering a pro-competitive industry structure, nbn Co's obligations to deliver services on a non-discriminatory basis and nbn Co's role of providing better access to a broader customer base for our members as we continue to innovate in the next era of digital communications.

An era in which basic connectivity is an essential utility, one that should be ensured for ALL Australians, and in which a growing plethora of new communication applications such as video and collaborative communications, IF supported by an affordable, fit-for-purpose NBN will bring economic benefits, and support significant changes in;

- 'how' we do things;
- 'what' we can do;
- and of strategic criticality for the NBN - 'where' they are done from.

The NBN can augment daily lives.

However, there is a way to go before nbn strategy delivers on its original intention. The policy rationale behind NBN's inception was to end, once and for all, the core competition problem of essential bottleneck facilities being controlled by a vertically integrated incumbent. The challengers (outside the big 4 vertically integrated operators) occupy only 8.8% market share (according to the latest nbn market indicators). At three key points in time: 2013 (pre-NBN build), 2018 (midpoint of rollout) and latest June 2020 nbn market indicators report, Telstra's market share was 50% (2013), 50% (2018) and 46.4% (2020) respectively.



Our collective experience out of COVID-19 confirms there is an important co-dependency on interconnection with all other independent voice and mobile networks and that the 'whole of the industry' – that is, both big AND small providers – all play a valuable part to support the Australian population.

It also confirms our concerns about nbn Co's ability to meet future network capacity requirements at affordable levels.

If NBN's success during COVID was largely pinned to the 40% CVC uplift at zero charge, we take that as a clear sign that NBN Co's pricing approach is not adequate for RSP's to continue to serve a permanently changed demand profile after the 40% CVC charge waiver is withdrawn.

Finally, Commpete acknowledges the significant advancements NBN has made in past 2 years. Nbn's entry into the enterprise market is overwhelmingly positive for competition and must remain.

To sum up, Commpete submits:

- Nbn's target activations out to 2023 are not ambitious enough for regional Australia. Nbn Co needs to increase transparency around how it is filling coverage gaps with complex connections and difficult to serve premises, and to convert premises passed into service activations.
- The additional 40% CVC pricing should be made permanent.
- There needs to be sustained, economic merit for RSPs to sell NBN services while catalysing new products that are fit for purpose to embrace consumer experience demands for voice, streaming services, video and collaboration communications well into the future.
- Wholesale Service Standards need to be regulated by the ACCC's Final Access Determination (FAD). With this in place as a regulatory backstop, nbn Co should do more to make its 700+ paged Wholesale Broadband Agreement accessible and workable for challenger providers.
- A privatised nbn Co should continue to have its investment and ownership strategies restricted so anti-competitive incentives do not arise for nbn Co to discriminate in favour of a particular group of RSP's, or participants in an adjacent market, or in favour of itself in competition with its RSP customer base.
- And finally, NBN's 5G strategy should be proactive and not reactive. NBN should throw its support (and its spectrum holdings) behind open access, neutral host technology.

Many of these issues point to the fact that it is not yet time to start the ball rolling on nbn privatisation, nor declare the network built and fully operational at the end of this year. If this process is commenced prematurely, without first resolving key issues, there is risk of an even further departure from the original competition goals.

This brings me to the end of Commpete's opening statement. We thank the Committee for the invitation today and welcome any questions.