

The Hon Paul Caica MP
Member for Colton



**Government
of South Australia**

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Ms Patricia Scott
Chair, Expert Taskforce
Department of Communications, Information Technology and the Arts
GPO BOX 2154
CANBERRA ACT 2601

**Minister for Employment,
Training and Further
Education**

**Minister for Science and
Information Economy**

Minister for Youth

Minister for Gambling

Level 11 East Zurich House
50 Grenfell Street
Adelaide SA 5000

GPO Box 1838
Adelaide SA 5001
DX 838

Tel 08 8226 8520

Fax 08 8226 8444

ABN 43 266 201 237

minette@saugov.sa.gov.au

Dear Ms Scott

Thank you for the opportunity to review and provide comments on the draft guidelines for the Expert Taskforce.

The South Australian Government is committed to providing affordable access to broadband services for all South Australians. The Broadband SA program was developed to improve South Australia's broadband infrastructure capability and to date has supported broadband infrastructure projects in regional and metropolitan areas of South Australia.

The South Australian Government believes that Australia is at a critical juncture in determining the future of next generation broadband networks. As such, your Expert Taskforce is charged with a great responsibility to make recommendations to the Federal Government in order to ensure that the best outcome is achieved for all Australians.

The draft guidelines appear to be quite comprehensive, but I would like to provide you with the following additional comments:

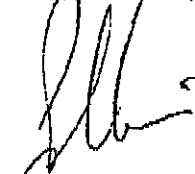
- The Taskforce should consider proposals that address access and equity issues. While broadband pricing has decreased significantly since its first introduction and the introduction of competition, it is essential that broadband services on a next generation broadband network are not priced out of reach of most people, simply for the sake of offering potentially higher speeds;
- Open and non-discriminatory access for a full range of services should be provided to all retailers (that is the network is to be a wholesale network);
- It is imperative that the next generation broadband network be made available to as many premises as possible and avoid the unacceptable current situation of ADSL 'blackspots'. For example, South Australia's Department of Further Education, Employment, Science and Technology estimates that more than 10% of Adelaide households are unable to access ADSL services, due to pair gain systems in the copper Customer Access Network;

- While there is little doubt that Australia will benefit economically from a next generation broadband network, as contemplated by the Expert Taskforce, faster speeds alone provides little justification for the substantial capital investment required, considering the lack of compelling content and applications that demand the broadband speeds that can be delivered by a next generation broadband network;
- Major application areas that will require the speeds available from a next generation network such as health, education, business and government services, typically require not only faster broadband speeds, but will also depend on: coverage beyond the footprint of the cities and large regional centres; symmetric speeds (equal speeds, in both directions for upload and download); and high quality business grade services with guaranteed quality of service specifications;
- It is also imperative that the most efficient infrastructure investments are made. For example, Australia must avoid the inefficient investment of the Pay-TV cable roll-out in 1990s, where duplicated cables were rolled out;
- From a policy perspective, the taskforce should also consider wider policy implications and the need to identify the long-term role for government (policy, regulation, funding) as part of the taskforce's recommendations. An example of this is the recently announced review of the telecommunications Universal Service Obligation (USO). In particular, there is merit in considering some form of broadband access as part of the USO and also how the USO is funded; and
- The draft guidelines appear to make the assumption that the next generation broadband network in Australia requires a single national provider and that a one size fits all approach, without considering local circumstances and requirements, is in the national interest. There is some argument, from others¹, and from this state's experience with the projects supported by the Broadband Development Fund, that the best means by which connectivity is achieved in the local access network, is likely to differ from location, and that the economies of scale involved in justifying investments are also local.

The South Australian Government would welcome the opportunity to meet with the Expert Taskforce, should the opportunity arise, to further expand on these and any other issues.

I hope you find the comments provided helpful and I wish you well in your important deliberations.

Yours sincerely



PAUL CAICA
MINISTER FOR SCIENCE AND INFORMATION ECONOMY

¹ Professor Joshua Gans, *The Local Broadband Imperative: Appropriate high-speed Internet access for Australia*, CEDA December 2006.