



October 18, 2007

Standing Committee on Broadband in Rural and Regional Communities
Parliament House
Macquarie St
Sydney, Australia
New South Wales 2000

Dear Standing Committee Members:

RE: Broadband in Rural and Regional Communities

The purpose of this letter is to provide you with Axia's perspective regarding the inquiry posed by the Standing Committee on Broadband in Rural and Regional Communities in New South Wales.

Next generation broadband networks have become critical infrastructure for a state no different than roads, power and water. At Axia we believe we have a value proposition in our Open Access Network model that delivers this broadband infrastructure in such a way that allows New South Wales to both address its own ICT needs and serve its larger policy goals of broadband availability and adoption.

Axia NetMedia Corporation

Axia acts both as a technology integrator and market optimiser. We plan, design, develop and operate ultra-high-performance, Real Broadband Open Access Networks that provide uncompromised connectivity in and between both large and small markets.

We have a proven track record, having created the Alberta SuperNet, which we believe is the world's best regional IP broadband network. We are now exporting our solution, with 13 networks in France and pursuing other opportunities around the world.

Axia, a specialty enterprise company is one of the first companies in the world to create and operate a ubiquitous, jurisdiction-wide truly open access fibre optic network. The SuperNet concept gives all citizens of a jurisdiction competitive and equal access to Real Broadband regardless of whether they live in an urban or rural community.

Broadband - A Critical Infrastructure

Forward thinking governments recognize the necessity for broadband connectivity throughout their jurisdiction as a critical infrastructure. These next generation networks not only provide communications services to your retail and commercial sectors, but they act as a catalyst and conduit for the State's policy initiatives around economic development and diversity, provision of e-government services and leading-edge education and healthcare services. To enable and foster these solutions, **broadband must be available on an Open Access basis** – equally accessible by every sector – residential, business and industry; metropolitan and rural; wealthy and low-income.

New South Wales

The current level of connectivity in the rural areas of New South Wales is neither adequate, nor affordable and is unable to meet the needs of the end consumers. Traditional telecom business models with prohibitively priced backhaul are effectively stifling the competition. The bandwidth levels and pricing structure necessary to bridge the Digital Divide requires a "Fibre-to-the-community" solution on a state-wide Open Access level.

Axia is well aware of, and has been actively participating in, the initiatives to date throughout Australia that aim to bridge the Digital Divide. It is our belief that initiatives to date are either limited in their geographical reach or fail in supporting high quality connectivity services and choice for end customers. There is no need to accept these compromises.

High quality and capacity infrastructure – with the capability to deliver from a few megabits up to gigabit service to each end user throughout New South Wales– is required to meet existing application demands, and is the only way to ensure a future-proof technology for a modern economy.

The disincentives and barriers to provision of broadband services to rural and regional communities are clear given the current state of services in New South Wales. The incumbent telecom provider has a legacy infrastructure and cost structure that makes it unwilling to invest in providing service to communities where there is not a clear return for their investment.

Axia is not burdened by the same cost structures and utilizes next generation technologies that allow it to create an extensive network as possible with wholesale bandwidth rates, a fraction of those currently available in the Australia market. The other large disincentive to services in rural and regional communities is the lack of truly open access infrastructure and competition at the services layer. With out these elements it will never be cost effective for new service providers to enter these markets. Axia creates the open access infrastructure that makes it viable to services providers to enter and thrive in the rural and regional markets.

Broadband, like other critical infrastructures, is expensive to deploy. The holistic view of state-wide access will prove to be more cost-effective than on a per-community basis. Axia's solution will help tailor the government's purchase decision of broadband connectivity to be efficient and effective in meeting the goals of the government, businesses and residents within New South Wales.

Axia's No-Conflict Open Access Network

In order to address the current situation in New South Wales, Axia believes that there should be an Open Access Network providing Real Broadband that connects the vast majority of the State - including all rural areas.

Axia's Real Broadband is distinguished by our provision of fully symmetrical and duplex bandwidth services at low incremental rates. Our approach is to push the fibre as far as feasible on the network and utilize an MPLS core to deliver next generation services. Axia's networks are capable of provisioning from a few megabits to gigabits of service per customer end-point.

While the technical capabilities of the network are important, the ultimate goal is a competitive services layer driving adoption and penetration. Vibrant competition in the retail service and application sectors stimulates economic development and diversity and drives investment in rural business thereby leading to increased standards of living and fuelling the advancement of knowledge economies. Axia's experience in Alberta demonstrates that expanding the network throughout the province and enabling competition at the services layer does indeed increase broadband penetration.

In our model, an Open Access Network recognises the need for structural separation between the network operator and retail suppliers. Such an approach ensures no conflict in the value chain and provides the best competition, choice and prices for the end customer.

Policy Makers that compromise on the "No-Conflict" part of the Open Access solution end up with, at best, modest improvements in speed and very limited evolution in the critical Application Services sector. The only way to enable true competition at the Application Services layer is to provide equal and unfettered access to broadband services provided by a **No-Conflict Open Access Next Generation Network operator**. Axia achieves this goal by precluding itself from participating in the provision of retail services in the first/last mile. Therefore, Axia is motivated to encourage competition amongst Service and Application Providers and assist them in being successful as their uptake volume will generate increased bandwidth demands of the network and serve the policy goals of New South Wales.

Axia's No-Conflict Open Access Network model is flexible and can be tailored to New South Wales's specific requirements. We would be pleased to further discuss with the Standing Committee on Broadband in Rural and Regional Communities our experience in implementing the no-conflict approach described.

Sincerely,

AXIA NETMEDIA CORPORATION



Art Price
Chief Executive Officer

Please find that we have addressed your questions in the body of this letter however, if you find that you require more information or would like to further discuss Axia's solutions, please contact:

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