



INTERNET ASSOCIATION OF AUSTRALIA
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To:
Consumer Data Right Division
Department of the Treasury
By email: data@treasury.gov.au

Thank you for the opportunity to express the Internet Association of Australia (IAA) perspective on the *Consumer Data Right (CDR) Telecommunications Draft Designation Instrument*. Many of IAA's members are small to medium sized internet service providers (ISPs). This submission will focus on IAA's concerns regarding the draft Designation and areas which require further clarification within the rule-making stage.

In our submission to the *CDR Sectoral Assessment Telecommunications Consultation Paper*, we raised concerns about the limited cost-benefit analysis to justify the incorporation of the telecommunications sector into the CDR framework. From the Grant Thornton report on the regulatory impact of the CDR in Telecommunications, it seems the cost for smaller telcos to build and run the CDR is substantially high. Although we recognise the cost estimates provided are 'highly caveated' as they are based on assumptions, this will very likely significantly disadvantage the approximately 250 smaller telco providers present within the telecommunications market. Furthermore, it is likely the costs for smaller providers will increase as the CDR requirements increase. In contrast, the benefits of designating the telecommunications sector identified within the *Final Telecommunications Sectoral Assessment Report* are difficult to ascertain at this stage.

IAA would note that based on s1.51 and s.152 of the *Treasury Laws Amendment (CDR) Bill 2019 Explanatory Memorandum*, the Government needs to have prepared a Regulatory Impact Statement (RIS) reflecting the net benefits of a designation prior to designation. The RIS should also incorporate the costs to businesses and methods to reduce costs, especially for smaller businesses. As discussions of the benefits and costs have been high-level up until this stage, we believe more clarification is required going forward.

IAA appreciates that the Treasury has acknowledged the cost of compliance could discourage smaller entrants into the market and has flagged this as a matter that will be further consulted on at the rule-making stage. There is considerable benefit in marking out a clear threshold for the telecommunications providers CDR will apply to, as this can provide certainty for industry. Other aspects requiring further clarification are the instances under which carriage service providers (CSPs) who white-label their products will be captured by data-sharing obligations. The broad definition of product as "a good or service that is offered or supplied to a person in connection with supplying a carriage service" also may capture significantly more products and services than are beneficial for CDR.

We look forward to collaborating and engaging with the Treasury throughout the Telecommunications CDR rule-making process.

Please note that given the overlapping interests between Communications Alliance members and those of IAA, IAA also extends its support to the submission made by Communications Alliance.

Once again, I would like to thank you for providing us with the opportunity to contribute to the *CDR Telecommunications Draft Designation Instrument*.

About the Internet Association of Australia

The Internet Association of Australia (IAA) is a member-based association representing the Internet community. Founded in 1995, as the Western Australian Internet Association (WAIA), the Association changed its name in early 2016 to better reflect our national membership and growth.

Our members comprise industry professionals, corporations and affiliate organisations. IAA provides a range of services and resources for members and supports the development of the Internet industry both within Australia and internationally. Providing technical services as well as social and professional development events, IAA aims to provide services and resources that our members need.

IX-Australia is a service provided by the Internet Association of Australia to Corporate and Affiliate members. It is the longest running and lowest cost Internet Exchange in Australia. Spanning six states and territories, IAA operates over 30 points of presence and operates the New Zealand Internet Exchange on behalf of NZIX Inc in New Zealand.

IAA is also a licenced telecommunications carrier, and operates on a not-for-profit basis.

Yours faithfully,

Narelle Clark
Chief Executive Officer
Internet Association of Australia