

**Submission to Senate Standing Committee
on the Environment, Communications and
the Arts**

on

**Telecommunications Legislation
Amendment (Fibre Deployment) Bill 2010**

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Fibre Deployment Bill 2010 needs a rethink

The topic of broadband in greenfield housing developments has been discussed on many occasions over the past few years and a special group within the Digital Economy Industry Work Group (DEIWG) has been supplying input in the debate, this group included representatives from the developers, telcos, suppliers and others in the industry. Through its submissions this group has also offered advice to government.

Key issues that were discussed included:

- The problem of backhaul from the site to the local exchange
- The high costs associated with Telstra services and its unwillingness (at that time) to cooperate in the debate
- The opportunity to align rollouts with brownfield upgrades

Given the spirit of government-industry cooperation that existed in the period running up to the launch of the NBN there is genuine disappointment that this same level of cooperation has not been brought over into the actual deployment phase of the project as reflected in the Fibre Deployment Bill.

Telstra disrupts the policy

Perhaps the most disruptive development has been not the Bill itself but the subsequent announcement from Telstra that it will no longer deploy its copper-based infrastructure in greenfield developments.

This action, of course, makes the government's proposition in the legislation to be 'fibre-ready' a non-issue. There is no longer an alternative. And this, then, places a large question mark on how the developers will enable the provisioning of a telephone service. In most situations they will simply not get planning approval unless they can prove that such a fibre based service will be made available.

At the same time customers will not expect just a telephone connection – they will demand broadband – but, legally at least, nobody will be required to provide such a service since broadband is not a declared telecommunications service.

So due to the lack of proper telecoms regulation this has become a developers' problem. They suddenly need to become telecoms providers, which, of course, is not reasonable. Therefore, since a solution of some sort must be found, a rethink of the Fibre Deployment Plan will need to take place.

The reality remains – as it always has been – that Telstra is the only organisation capable of dealing with the smaller sites (1-500 dwellings), as it is uneconomical to provide site space, backhaul and a FttH network for these small sites, since the end cost of all this has to be recovered from the sale price of the product (a house or piece of land).

For these small sites a developer would have to rely on a solution that goes back to Telstra's exchange, as this is the only location they can physically connect back to without massive backhaul costs. And so as a result of this policy Telstra, by default, wins that entire segment of the market, which is significant in terms of the overall number of sites.

Where is NBN Co?

One of the key elements of the initial discussions the industry group had with the government was the idea of working in with the government's NBN plans. However, to the surprise and dismay of the industry, NBN Co is totally absent from the proposed Bill.

How does the government intend to come to the party? Surely they see the greenfield sites as a part of the overall NBN. How is this all going to fit together?

Furthermore, the problematic issue of backhaul was addressed many times with the government in the lead-up to the policy. It could have been proposed that NBN Co would look after the backhaul to these sites, but there is no indication of their intent here – not even an offer of some cooperation.

Greenfield islands

The absence of NBN Co could be a recipe for disaster.

With a stroke of the pen the government will create a large (~100-150,000 homes per year) market for FttP solutions, and without NBN Co's involvement this will also attract 'cowboys' into the industry – similar to what happened with the insulation scheme. Those cowboys will be selling their solutions to (the smaller) developers, many of whom will be totally unfamiliar with advanced broadband infrastructure and the concept of the provision trans-sector services (healthcare, education, smart grids). And the adequacy of the plans that the developers will include as part of development applications will be assessed by councils, many of whom will also have no experience or understanding of the issues.

This is a recipe for a patchwork outcome – different cabling topologies, different technologies, different construction standards, different services and service pricing, different ownership and operation models. Now that NBN Co is operational there is an obvious role for it to play in this; but, in the current documentation at least, there is no indication as to whether it is to play a role or what its role will be.

No doubt some estates will, on their own, be able to obtain quality solutions from reputable providers. But others will encounter nasty problems when the first customer takes up occupancy and expects to get services. In the absence of serious attention to these issues at the outset the foundation has been laid for a botched implementation.

NBN Co doesn't have to take over all of this work, it could also, of course, work very closely with existing bona fide greenfield operators and work out a plan with them. A positive industry policy could see these companies working together with NBN Co to achieve a truly national outcome, whereby the greenfield operators can concentrate on new innovative services.

Integrating into the NBN

There is also no clear path to the long-term integration of greenfield estates into the NBN. Certainly some open access obligations can be imposed – but much more than legislation is needed to facilitate the smooth integration of areas. From being among the technologically best-served communities in the Australian telecommunications landscape some greenfield estates are now doomed to become tomorrow's broadband blackspots.

To exacerbate the situation, the cost of FttP solutions in greenfield estates will be funded by the end-users, while their brownfield neighbours will get it all for nothing! Having paid for their own infrastructure, residents are expected to pay the same, nationally homogenised service prices that are offered by NBN-based providers and insult will be added to injury if they find out that this is not the case.

More cooperation needed

BuddeComm believes that it would be in the interest of all parties for efforts to be made to align the NBN rollout for brownfield sites with that of the greenfield rollouts.

As was argued at the time, the use of greenfield sites could be a catalyst for NBN brownfields. For example, these could be used as a physical site to place a fibre access network (FAN) head-end that could service not only the estate but the surrounding brownfield. This arrangement could then also help offset the cost of deploying fibre for developers and it would be a win-win.

Other issues

There are other issues that need to be fleshed out more. Both the proposed dollar cap and size threshold models have issues – for example, the potential deliberate cost-avoidance by claiming exemption due to manipulated cost or size interpretations.

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