

7 May 2010

Mr Stephen Palethorpe
Secretary
Senate Standing Committee on the Environment,
Communications and the Arts
PO Box 6100, Parliament House
CANBERRA ACT 2600

By e-mail: eca.sen@aph.gov.au

Dear Mr Palethorpe

**Re: Supplementary Submission to the Senate Standing Committee on the Environment,
Communications and the Arts inquiry into the Telecommunications Legislation Amendment (Fibre
Deployment) Bill 2010**

The Urban Taskforce is a non-profit organisation representing Australia's most prominent property developers and equity financiers. We provide a forum for people involved in the development and planning of the urban environment, to engage in constructive dialogue with government and the community.

This is a supplementary submission following on from our substantive submission dated 6 April 2010. This supplementary submission has been prompted by the release of the NBN Network Implementation Study by the Federal Government yesterday.

The National Broadband Network Implementation Study seriously undermines government plans to require new urban development projects to help cover the costs of the broadband network.

The report makes it clear that NBN Co should act as a network provider of "last resort" in development areas and should bear all costs of the roll-out, other than trenches, ducts, pits and pipes on a developer's site.¹ This is exactly what we've been saying since the Federal Government announced the NBN network 12 months ago.

There has been a year-long debate about whether or not development projects should be forced to carry the cost of fibre and network infrastructure. Under the original proposal existing residents and existing businesses will benefit from a taxpayer funded rollout of a national broadband network while occupants of new business premises and new home buyers had to pay twice. They would pay once through their general taxes and again through embedded costs in the price of their newly developed properties.

The NBN Implementation Study offers absolutely no support to the government's proposal for developers to cover the costs of 'backhaul'. The study proposes that developers should only be liable for trenches, ducts, pits and pipes when NBN Co has deployed its network in an area. Recommendation 13 states that "NBN Co [should] cover the costs of installing all other FTTP network infrastructure up to the premises".

¹ Exhibits 2-15 and 2-16 of the study, pages 92-93.

In areas where the NBN network has not been deployed, the Implementation Study makes it clear that a development proposal may only require fibre-ready duct, pit and pipe to facilitate a later re-fit.²

The study echoes concerns consistently advanced by the Urban Taskforce when it says that:

Greenfield estates which are not adjacent to an existing network can be expensive to serve. A new fibre exchange may be required, and connecting the exchange to a competitively provided backhaul network may require a long and expensive link to reach existing backhaul links.³

We're pleased that the Implementation Study has taken a commonsense approach to this issue.

The report has been described by the government as a "landmark study". We ask the Inquiry to take note of these findings and request the government to modify the proposal it released last month.⁴ Last month's proposal would have required up to \$3,000 in network costs to be embedded in the cost of each new home and newly developed business premises would be exposed to uncapped requirements to contribute to network infrastructure. This proposal should now be significantly revised in the light of the NBN Implementation Study.

Developers have always been willing to play their part in supporting high-speed internet access for Australia. But this role has to be limited to trenches, ducts, pits and pipes on a development site – anything more will impact on the supply of new homes and business premises.

We look forward to continued dialogue between government and the development industry on this matter.

Yours sincerely
Urban Taskforce Australia

Aarón Gadiel
Chief Executive Officer

² Page 92.

³ Page 90.

⁴ Paper issued 16 April 2010: "Proposed subordinate legislation to give effect to fibre in new developments".