



The Central Coast

Community Union Alliance

Submission to the Federal Government

60 Day NBN Strategic Review
& Cost Benefit Analysis Process

The Central Coast - Full Roll Out NBN

“A Pilot Scheme”

A Cost Benefit Analysis in the interest of the Nation.

The Future of NBN

Central Coast Community Union Alliance Submission

The Options

- A World Class system of fibre to each premise (FTTP) cost free
- A system of fibre to the node (FTTN) with aging copper wire from the node to each premise.
- Fibre to the premise for those who can afford to pay the difference between (FTTN) and (FTTP)

Turnbull Review

We note the Communication Minister Malcolm Turnbull decision to conduct a strategic review, cost benefit analysis and an independent audit of the existing NBN Scheme.

We welcome his statement “I am not interested in being given information or advice that is tailored to conform with what may be assumed to be my political agenda”. (Source: SMH 25 September 2013)

In the spirit of Turnbull’s statement we express the following views on the fibre to premise NBN system (FTTP) and its future.

Community Union Alliance Statement

We believe that a universal roll-out of the NBN Scheme of fibre to the premise (FTTP) is inevitable over time (with the probable exception of remote areas) because fibre is the technology of the future and fibre will become increasingly cheaper than copper over time. Need, necessity and fairness will ensure this outcome.

People's Power

The lack of fairness has generated widespread public hostility and will over time force political parties to correct this injustice and provide free FTTP if they want to win Government in the future.

When this happens there will be a cost blow out that will be in excess of implementing the original FTTP now.

Cost efficiency of the NBN Scheme

The FTTP scheme will be cost efficient.

It will improve the quality and increase the range of services available to the community, business, health, education, training and research and for welfare and other important service providers. Maintenance costs will be greatly reduced, the system will be long-lasting and all people will be treated equally in respect of the NBN (FTTP) scheme.

Under the FTTN Scheme extension of fibre to the premise will only take place where a business or home owner makes an application and agrees to meet the cost involved.

Only some businesses/home owners will take up this option and they will do so over a period of time.

As a result the installation costs will blow out because the installations can only be carried out in a piece-meal way.

We believe it would be more cost efficient roll- out of the FTTP scheme in a planned and systematic way.

There is no cost savings achieved where a business or home owner meets the cost of fibre from the node to the premise. Rather there is a transfer of the costs from the Government to business and home owners and that costs will increase because of the piece - meal method of installation.

The copper cable will have to be replaced at an early stage because of its limited life style whereas the fibre scheme will last, we are told, for over 50 years. So the FTTN scheme which may reduce costs in the short term will be more costly in the long term.

Wasted potential

Installing the fibre cable from the point of interconnection (POI) or super exchange (one located CBD Gosford and the other at Berkeley Vale) to hundreds of nodes scattered throughout the region will be a very major cost incurred whichever of the two systems are adopted.

We believe if the Government adopts the fibre to the premise (FTTP) everyone will receive the high quality benefits of the fibre system. But if the Government adopts the fibre to the node (FTTN) only about 30% of the community will receive the full benefits of the fibre system.

The Government will pay out billions of dollars to install fibre from the POI or super exchange to the nodes but 70% of the community will not receive the full potential benefits from that expenditure.

The FTTN system is akin to building a multi billion dollar super highway with poor exit roads with the result that the time saved is lost because of limited capacity of exit roads.

We support the fibre system from the POI to the premise for everyone.

Some of our reasons are that such a system will be long lasting, provide a quality communications system for all, greatly reduce maintenance costs, trigger economic development, make business more efficient, increase productivity, increase employment and provide better and more effective health, education and other services.

Asbestos problem

The asbestos problems encountered in the NBN installation should not be attributed to the NBN fibre to the premise roll-out. This problem was created when the copper scheme was installed using asbestos piping.

Had James Hardie withdrawn their life- threatening asbestos products this problem would never arisen.

Whether the cable is fibre or copper, the asbestos problem will still have to be dealt with.

Central Coast Appeal – Pilot Scheme

We support the Central Coast NBN Appeal.

The Appeal declares:

“Use the Central Coast as a Pilot Region for the complete roll-out of fibre to the premise thereby providing a living cost-benefit analysis of the value of a predominantly fibre optic broadband roll out”.

The Central Coast Community Union Alliance supports the above proposal for various reasons.

The Central Coast, according to Dave Abraham*, has at present Australia’s largest NBN published investment commitment with 80% of premises on the current schedule. Most areas are scheduled for completion by financial year 2016/17. The remaining 70% to the west and north will be serviced by a combination of fibre, fixed wireless and satellite. The west will be available by 2015/16, the north by 2016/17. As a result the roll- out is more advanced on the Central Coast than in other regions.

Dave Abrahams also has said that local and national businesses, NGOs, education institutions, local, state and federal agencies have further commitments totally tens

of millions of dollars in additional projects and investment plans on the back of current Central Coast NBN plans.

The Pilot Scheme would consolidate these investments and reward those making the investments.

A complete roll out would further stimulate investment in the region, encourage the creation of new businesses and the relocation of other businesses to the Central Coast.

The region is very diverse and ranges from city to rural lifestyles. It has important institutions in the area such as University and two major public and two major private hospitals as well as businesses ranging from small home-based to large enterprises as well as rural enterprises.

The Central Coast has a rapidly expanding population but at the same time it has a high unemployment level particularly in respect of youth unemployment which brings with it a range of social problems including increasingly high levels of homelessness.

The Central Coast stands as an important junction in its development. The major telecommunication upgrade that is well underway by NBN Co. and is risked being severely compromised for the FTTN replaces the NBN scheme (FTTP).

If this happens some of the problems that will be created are:

- Potential direct infrastructure de – investment (loss) of between \$175 - \$220 million dollars
- A thousand new sizeable street cabinets will be needed to support the alternate technology
- The region will be divided in $\frac{1}{4}$ will be haves and $\frac{3}{4}$ will be have-nots. The latter includes key areas such as Erina, Tuggerah, Woy Woy and Wyong.

- A potential loss to Central Coast – based businesses of between \$75 - \$150 million dollars in forward contracts;
- The alternate plan will not technically work as planned, because it relies on a quality copper network, something much of the Central Coast does not have.

Social/Business Benefits

A surge of investments have begun to emerge on the Central Coast which demonstrate the social importance of the FTTP scheme according to a report written by Dave Abrahams, September 2, 2013.*

Undoubtedly there would be a further surge in investment and business initiatives if the Government adopts the proposal contained in our appeal.

The Pilot Scheme would secure existing jobs and create new jobs.

The Report points out:-

“The Committee of Economic Development in Australia (CEDA) featured the Central Coast as an emerging area for business on the back of the NBN Investment schedule. Gosford has experienced small company set-ups in the part of the CBD that has live fibre to the premises. Another major communication provider Commander System has appointed a new area manager to handle the many inquiries and orders for the NBN service and to deal with new NBN business opportunities.

The NBN Business prospectus has focused on the early NBN roll-out as a distinct advantage for the area labeling it “The Australia’s Future Digital Region”.

Medicare Local in conjunction with private aged care facilities is investing in systems to enable tele – health initiatives, improving GP, nurse and specialist access to residence.

Central Coast campuses of TAFE have won a major national tender to create and deliver a series of NBN leveraged on-line certification modules and is building a new tele-work centre in Gosford on this basis.

Several other groups are planning NBN leveraged smart work hubs in Gosford, Erina and Wyong.

Youth Connections, a large youth employment training organization has already completed building a NBN enabled new media training and broadcasting at Kariong on the back of the NBN construction intent.

The organisation is working with partners in delivering NBN installation and construction training for youth.

Gosford Council has been awarded successful RDAF funds to refurbish the market town building dubbed 'Kibbleplex' The successful funding was awarded in the new NBN footprint to provide super fast broad band enabled business for a university hub, regional library, a tele working centre and a dozen NBN leveraged businesses.”

The Department of Broadband has awarded the RDA a contract to deliver NBN enabled digital enterprise training to a large number of SMEs in conjunction with local Chamber of Commerce, TAFE, CC Tourism and Innov8 central.

Innov8 Central, RDACC, Newcastle University, NSW Trade and Investment, Premiers Department, CC Regional Development Corporation and industry partners are delivering a raft of projects focused on allowing people to reduce their commute. The initiatives have attracted local and national attention and have directly resulted in investment and construction plans of such centres locally.

The creation of a Central Coast Pilot scheme that completely rolls out the NBN (FTTP) is a positive way of providing an accurate evaluation of the cost and social benefits of the scheme and we believe this proposal should be implemented.

** Mr. Abrahams is one of regional Australia's most respected business men and digital industry advisors. He led the business case campaign for the advanced roll out of the*

NBN on the central coast and was Chair of the Regional Development Australia Central Coast and Co-chair of the CC Broadband Infrastructure Group.

In conclusion, the Central Coast Community Union Alliance calls for the complete roll out of FTTP NBN in accordance with the original specifications and plans. We call for this with the intention that whatever the strategic review findings are that the Pilot Scheme can be used to make accurate and complete comparisons to the outcomes of the revised project. This is in-line with the call made by The Hon Malcolm Turnbull MP, The Member for Wentworth NSW, The Minister for Communications for a Cost Benefit Analysis.

Submitted in good faith by Jeff Sundstrom for and on behalf of the Central Coast Community Union Alliance.