

Submission to Draft Legislation NBN Co

For the

**SELECT COMMITTEE ON THE NATIONAL
BROADBAND NETWORK**

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It is crucial that in the NBN Co legislation the focus is kept on why we are building this infrastructure in the first place, and why we are spending taxpayer dollars on it.

From the outset BuddeComm clearly identified that a trans-sector approach was required. The NBN infrastructure should be used for the delivery of a range of services such as healthcare, education, public safety applications, and energy and environmental apps such as smart grids. If the NBN were to be built only for commercial services like high-speed Internet delivery costs would be an exorbitant \$200-plus per month per user. So from an economic point of view also it is essential that we ensure the infrastructure is used trans-sectorally.

I remain concerned that the NBN plans will be unable to realise the opportunity for the delivery of trans-sector service in an effective and efficient (that is, affordable) way to these sectors.

In Australia the work done with the government by the Wholesale and Digital Economy Special Interest Group work in the last three years suggests that the government has clearly accepted that the NBN should be used for such applications.

In order to deliver e-health, smart grids and public safety it is essential that the NBN be nationally integrated – an infrastructure that is capable of supporting end-to-end trans-sector QoS. If support for the end-to-end QoS levels required by these sectors is not part of the basic NBN infrastructure then it will be very difficult for these sectors to use that network.

What we have seen so far is a consumer-based NBN which will consist of 200 local loops and a variety of backhaul options. The question is: will such a network be of sufficient quality to be used for health records, MRIs, mission-critical energy and environmental information, etc?

The OECD has identified the delivery of health, energy and transport services over high-speed networks as key benefits to support the accelerated deployment of high-speed broadband networks by governments. This concept is now receiving such widespread support that I am currently working with the UN to move this trans-sector concept up into international telecoms policies.

The Australian government has been an international leader. From the beginning it clearly stated that the NBN should also be used for non-commercial applications. And if the NBN is not made available to these sectors on a utilities basis the cost of using the NBN for such purposes will be too high. This would result in a continuation of the private networks that are currently used within these sectors and the opportunity for an important revenue stream for NBN would be lost.

The scant international evidence we have indicates that incumbents are the entities most likely to be effective at value-adding a basic access offering to an NBN such that high quality and functional business and government services are delivered.

The competitive advantages that are said to flow from an NBN that is constructed to as basic a formula as possible have been claimed but not proved. However these commercial advantages stand in stark contrast to the difficulties that will arise due to the fact that very few trans-sectoral services can afford to run over an NBN, which would potentially force these sectors to use services that can only be provided by one national wholesale player.

We certainly need to ask the question: what gets priority here – competition policy subtleties or the national interest? I would like to stress that the issue is the creation of an infrastructure such that competition may be maximised at the services level.

This concern seems to be addressed to a certain extent in the proposed NBN Co legislation, which will give the government the possibility of allowing sectors to buy infrastructure capacity directly from NBN Co.

Could it have been done another way? Yes, certainly. But NBN Co is adamant about constructing a basic infrastructure service, and that view is shared by the government and by the industry.

Nevertheless, it could be argued that if the NBN is so basic that it can't deliver the level of QoS needed for these trans-sector services then parallel networks will be built by others, due to the difficulty and expense of using the NBN for that purpose.

So far we have not seen any guarantees from the government, or from NBN Co, that the proposed NBN will indeed provide the best possible design and architecture for the delivery of trans-sector services. So far the total focus seems to be on those competitive subtleties.

It would be a real tragedy if, as a result of an oversight in the proposed legislation, the NBN will render trans-sector use either technically impossible or economically unaffordable.

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