

4 March 2011

Mr A McGowan
Committee Secretary
House of Representatives Standing Committee on
Infrastructure and Communications
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr McGowan

Inquiry into the role and potential of the National Broadband Network

I refer to the above mentioned Inquiry and am pleased to present the submission from the Sunshine Coast Council (see attached) to assist the Standing Committee in its deliberations.

The Sunshine Coast is one of the fastest growing regions in Australia with a population of over 300,000 people and expected to grow by up to 60% by 2031. Maintaining the region's sustainability is strongly dependent on building the resilience of the economy and attracting job creating investment. Council's efforts to build a more robust economy are however, hampered by the lack of competition in the provision of broadband and telecommunications infrastructure and services in this region.

Council urges the Committee to recognise the significance of the National Broadband Network in delivering transformational change and enabling stronger economic development outcomes for regional Australia. Council is positioned to support an early roll out of the National Broadband Network in this region and through its leadership role in the Broadband Today Alliance, is working to increase uptake of National Broadband Network services.

The digital divide that separates regions like the Sunshine Coast from world class high speed broadband must be narrowed. Council's submission identifies real world practical ways that the Sunshine Coast community will benefit from this significant investment.

Council would welcome the opportunity to discuss its submission with the Committee. In this context, should you require any further information, please do not hesitate to contact Michael Whereat, Economic Programs Manager of Council and Co-Chair of the Broadband Today Alliance on

Yours sincerely

Greg Laverty
A/Chief Executive Officer

Encl.

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Submission to House of Representatives Standing Committee on Infrastructure and Communications

Inquiry into the role and potential of the National Broadband Network (NBN)

1. Introduction

- 1.1 This submission is made by the Sunshine Coast Council ("SCC"), which is the fourth largest local government in Australia. The Sunshine Coast is located less than 100 kilometres north of Brisbane and has a population exceeding 300,000 people – which is projected to grow to nearly 500,000 people by 2031. The Sunshine Coast is one of the fastest growing regions in Australia
- 1.2 Notwithstanding its size, population projections and proximity to a state capital city, the region suffers a significant economic and social disadvantage in the absence of real competition in the broadband telecommunications services market. This presents as a major impediment in efforts to successfully diversify the region's economy, to build its resilience to market fluctuations and - importantly – to attract job creating investment.
- 1.3 Primarily for these reasons, SCC is strongly supportive of the expeditious rollout of the NBN and is anxious to achieve its early delivery to this region as a means to improve access to competitively priced services and enhance the attractiveness of the region as a business investment location. Securing sustainable business investment is fundamental to maintaining the quality of life and achieving the environment aspirations of the Sunshine Coast community.

2. The need for the National Broadband Network on the Sunshine Coast

- 2.1 The Sunshine Coast has experienced significant population growth over the last forty years and is projected to grow by up to 60% by 2031. The development of telecommunications infrastructure in the region has not however, kept pace with population growth. Competitive service provision is almost non-existent and substantially below that of most Australian capital cities and indeed, many regional centres of similar size and/or capacity (eg. Gold Coast and Ipswich).
- 2.2 The size of the region and the lack of a multi-faceted telecommunications investment strategy have resulted in many technological limitations for residents and local businesses - who need to access competitively priced broadband services in order to operate successfully in the global market place.
- 2.3 In essence, the Sunshine Coast needs the NBN - and to be an early roll-out location - in order to be better positioned to address the following:
 - (a) The current and projected population levels of the region and the corresponding demand for high speed broadband at an affordable price.
 - (b) The critical need for diversification of the regional economy. The three largest sectors in this region (tourism, construction and retail) are significantly exposed to the effects of market fluctuations and the flow on impacts of natural disasters in other areas.
 - (c) Unemployment levels on the Sunshine Coast are higher than State and National averages - the Commonwealth has itself recognised this (through its Keep

Australia Working initiative), having identified the area as one of the top 20 regions nationally most vulnerable in this regard.

- (d) In responding to (b) and (c) above, the region needs to actively pursue job creating investment in other sectors of the economy - particularly value adding and service industries which support the sustainability aspirations of the region. These sectors are highly dependent on world class, competitively priced broadband and telecommunications services. Due to the absence of real competition, there is no commercial imperative for the major carriers to review their pricing regimes. As a result, the region finds it difficult to compete on a level playing field with other regional destinations - like the Gold Coast, Logan and Ipswich - for new business investment.
- (e) The Queensland Government has committed in excess of \$2 billion to develop a public and private hospital complex for the region. This presents as a once in a lifetime opportunity for the region and SCC needs to leverage this investment to stimulate the development of an associated, world class health sciences precinct. The development of such a precinct – and the high value jobs that come with it – is less likely to occur without the prospect high speed, competitively priced broadband in the region.
- (f) The current state of the wired telecommunications infrastructure of the Sunshine Coast fails to support broadband and competition in many locations due to exchange capability, age of the copper network or other limitations within the network impacts on connectivity for businesses and the community.

3. The delivery of government services and programs

- 3.1 The ability of Council and other spheres of Government to deliver end to end solutions to the customer on the Sunshine Coast is hampered by the inconsistency of broadband across the region. The NBN provides the opportunity to significantly enhance the customer service experience.
- 3.2 The roll out of the NBN in this region will enable government agencies to transform their service offering in response to customer demand by achieving:
 - (a) real time delivery of services
 - (b) efficiencies in the customer interface with council
 - (c) a decrease in the need to access specialist services at major service centres (ie. Brisbane) and
 - (d) an enabled customer who can access information and services at the time of their choosing and in a way that is more convenient

4. Achieving health outcomes

- 4.1 As identified above, the construction and operation of the NBN will deliver significant health benefits to Sunshine Coast residents in parallel with the delivery of the \$2 billion Sunshine Coast University Hospital. In this context, the NBN roll out in this region will:
 - (a) enable more localised diagnostic, treatment and post hospitalisation services;
 - (b) faster response times and
 - (c) facilitate investment in research and development as part of the development of a world class health sciences precinct, which will generate further investment and lead to growth in high value employment opportunities.

- 4.2 Health is one of the key areas where developments in telecommunications have demonstrably driven improvements in all aspects of service delivery. Across this sector, demand for secure bandwidth already significantly exceeds supply. It follows that the installation of ubiquitous high speed broadband over fibre and wireless networks will further enhance the capability of our health system and its ability to deliver improved patient care. The NBN will be crucial to optimise the benefits of potentially the largest single investment in health infrastructure in the history of this region.

5. Improving the educational resources and training available for teachers and students

- 5.1 All levels of the education continuum are being revolutionised by the opportunities presented through access to broadband. With demand for data growing exponentially, new optic fibre infrastructure is critical to delivering the volume needed to educate our children and young people today, to deliver a highly competitive workforce for tomorrow.
- 5.2 All of the Sunshine Coast private colleges are reporting rapid growth in data consumption and rapid increases in the numbers of devices deemed essential for teaching and learning within the educational environment. Where these institutions have access to optic fibre (or dedicated wireless microwave connectivity) and carrier competition, data and access appear to be reducing in cost. Those colleges which do not, continue to face limitations in the technology and data access options available.
- 5.3 Access to high-speed broadband is becoming increasingly a key differentiator in the ability of an education provider and a community to produce an educated, highly skilled workforce. Again, the NBN is crucial to enabling this region to provide opportunities for children and young people to be better positioned to compete for jobs locally, in the value adding and service sectors which need to grow to strengthen the economic resilience of the region.

6. Regional economic growth and employment opportunities

- 6.1 As outlined above, the current telecommunications environment on the Sunshine Coast is hindering the economic growth of the region in terms of investment attraction and growing sustainable employment opportunities.
- 6.2 Prospective Sunshine Coast investors have repeatedly advised SCC that one of the key differentiators to other regions is the pricing regime of the major carriers. After comparing commercial office space costs, staff costs and other key criteria, it is the cost of equivalent telecommunications services that is the determining factor in the decision not to move their operations to the Sunshine Coast. This one point of difference is disadvantaging the region in its economic diversification and investment attraction efforts.
- 6.3 This is reinforced by local commercial property agents who report that until 2005, most commercial real estate inquiries did not stipulate high quality telephony and broadband in their top 10 requirements. Moving ahead to 2011, the commercial property agents confirm that access to high quality telecommunications and broadband feature in the top five business requirements for commercial investors.

- 6.4 By way of demonstration of the implications for this region, below are two very recent case studies of businesses that have chosen not to invest in this region or have been prevented from increasing their investment due to the local telecommunications environment:

Company A – a Sydney based data services firm which holds and manages data for numerous government agencies and Australian companies. In 2010 the company made the decision to move the back office and core service offerings to a regional centre. Locations considered were Newcastle, Wollongong, the Gold Coast and the Sunshine Coast. The cost of leasing commercial office space, floor space capacity and staff costs were equivalent across all four locations. However, given their telecommunications requirements (dedicated optic fibre from alternative carriers for redundancy), the pricing regime posed by the two major carriers for the same services were considerably higher on the Sunshine Coast. The company subsequently decided to locate their operations on the Gold Coast, representing the loss of 30-50 new jobs that could have been created in this region.

Company B – a Melbourne headquartered financial services firm. This company originally established a small presence on the Sunshine Coast in Maroochydore City Centre as part of a contractual obligation for a Sunshine Coast based tender. After 4 months, with improvements in work performance and staff feedback around work life balance, the company made the decision to move a further 50 staff to the region from their Melbourne headquarters. Availability of office space and access to trained local staff was not an issue. While their telecommunications infrastructure requirements could be met (given the availability of optic fibre in the Maroochydore Central Business District), the company was unable to source service at a competitive price in comparison with other locations. After eight months, this company has not been able to complete its proposed business expansion in the region due to one significant barrier - access to business grade broadband and telecommunications services at a competitive price.

- 6.5 As noted above, in the absence of genuine competition, there is little commercial imperative for carriers such as Telstra or Optus to align their pricing strategy to that which exists in other major regional areas.
- 6.6 There is no doubt the early roll out of the NBN to the Sunshine Coast would significantly strengthen the region's telecommunications market, introduce viable competition and drive more investment friendly pricing regimes.
- 6.7 In the interim, given the criticality of state of the art telecommunications and broadband services to developing a more robust economy, the SCC has been leading a number of efforts to effect better competition in the region. These include:
- (a) the Connecting the Coast Project – Council lead two Clever Networks funded public-private partnerships to introduce in defined areas, business grade competition with a combination of fibre and wireless technologies.
 - (b) developing and implementing independent 3G broadband wireless testing to monitor the scope and reliability of stated services of existing carriers. This initiative alone has resulted in the decision by one carrier to increase its infrastructure investment in the region.

- (c) incorporating fibre to the premises (FttP) requirements into the structure plans of three major development areas (which will accommodate almost 100,000 people over the next 15 years).
- (d) driving the establishment of the Broadband Today Alliance, which has over 40 local governments across Australia working in collaboration to share ideas and harness potential, including through the establishment of an online resource for business and residents on accessing broadband today – www.broadbandtoday.com.au

7. Interaction with research and development and related innovation investments

- 7.1 Australia's Research and Development (R&D) sector has evolved over the last 30 years from the establishment of the Australian Academic and Research Network. Today this "carrier" provides dedicated network capacity for high end institutions focused on building Australia's research and development capability. The NBN provides Australia with the opportunity to imagine, plan and capitalise on a network providing all Australian R&D premises with the same level of connectivity. This sort of investment will be a game changer for the Australian economy and those regions that maximise the advantage which it offers. Australia is however, playing catch-up. This is what other leading economies such as Japan, Korea and Singapore have been implementing for upwards of ten years.
- 7.2 A number of businesses from the emerging cleantech, digital and creative sectors of the Sunshine Coast are successfully commercialising their R&D. Many of these businesses have expressed grave concerns to Council regarding the inconsistency of high speed broadband across the region and the need for this to be addressed as a priority in order to enable them to continue competing nationally and globally. The early delivery of the NBN will be crucial to retaining these leading edge employers in this region.

8. Impacting business efficiencies and revenues, particularly for small and medium business, and Australia's export market

- 8.1 According to the Australian Bureau of Statistics, a significant proportion (85%) of businesses in Australia employ less than 5 people. In the Sunshine Coast region, micro and small to medium enterprises (SME's) make up the majority of businesses by number and are core to this region's economy. The paucity of current telecommunications infrastructure and the lack of a competitively priced service is inhibiting the efficiency and investment potential of these businesses every day, through lack of speed, lack of access options and inconsistency of availability.
- 8.2 Reliable and affordable telecommunications has become – like electricity, water and sewerage infrastructure - essential to the economic and social fabric of communities. SCC and many regional businesses regard the NBN as essential utility infrastructure necessary to growing economic resilience and facilitating business growth and employment generation.
- 8.3 Beyond the NBN build, the crucial next steps are awareness raising, skilling and adoption. The micro, small and medium scale businesses in the region will need to become aware of the network, the access regime, the applications available and then become skilled in their use. The SCC is prepared to be a major partner in supporting the early roll out of the NBN in this region, by assisting with

obtaining the relevant development approvals and driving uptake across the region.

- 8.4 Further, the Broadband Today Alliance (referred to in section 6.7 above) through the www.broadbandtoday.com.au has already begun the process of introducing awareness around use of the NBN to maximise efficiencies, productivity gains and employment generation through the use of business applications.
- 8.5 The use of cloud computing and secure data management as a result of the NBN build will enable other efficiencies to be realised by Australian businesses, in particular software licence cost reductions for mobile and stationary workforces across multiple locations.

9. The optimal capacity and technological requirements of a network to deliver these outcomes.

- 9.1 SCC welcomes the commitment of the Australian Government to create a Government Owned Enterprise and deliver ubiquitous FttP/Wireless and Satellite services to the nation. As articulated above, this is an essential ingredient in enabling Council to build resilience in its regional economy – which is essential if we are to maintain and preserve the lifestyle and environment that it so highly prized by this community.
- 9.2 As with every major technological change/advance, beyond the high-level media grabs, it is the detail of how it will work that is at the heart of whether it will be a success or failure.
- 9.3 SCC is one of a few Australian councils that has contributed to designing and building contemporary high speed broadband wireless and fibre networks and working to build a truly digital economy. As a result, we are well placed to inform the development of the core specifications to achieve the optimal capacity and technical requirements of the NBN, commensurate with the needs of this region.
- 9.4 The following key requirements are – in the view of the SCC – relevant to achieving a successful NBN build and optimising take up of the services and applications which it offers:
 - (a) Build the NBN to the current National Broadband Network Company high level specifications or better - FttP to the maximum number of premises, high speed wireless and satellite.
 - (b) Ability for Wireless and Satellite designated service areas to be upgraded to fibre, dependent on cost
 - (c) Provision of “As Constructed” digital information of the NBN build to Councils for internal usage within Geographic Information Systems
 - (d) Introduce relevant legislation changes (Commonwealth and/or States) requiring Opt-out rather than Opt-in for NBN services
 - (e) Achieve clarity over who signs off on the fibre network infrastructure – NBN Co or the Fibre Network contractor (Under the new arrangements for Greenfield Developments)
 - (f) Requirement for urgent release of NBN Volume rollout schedule and detailed (local level) footprint maps for Greenfields and Brownfields, wireless and satellite
 - (g) Clarity and certainty around:
 - legislation, policy and regulation (need for the build standards to be accepted as the “industry” standard for adoption in state planning

- legislation (including impact of NBN infrastructure elements in Heritage zoned / listed areas)
- the location and number of NBN Points of Interconnect
 - the requirements for cabling within existing and new buildings, including a review of the Building Code of Australia to facilitate the use of optic fibre and other high-speed broadband infrastructure in buildings
 - the framework for the implementation of smart grid and clever Internet Protocol (IP) devices to increase energy efficiency (e.g. dish washers and washing machines that can be set to operate on cheaper tariffs after a specific time at night etc)
 - the transitional arrangements for Greenfield builds (from 1 January 2011). There is growing evidence of new developments where copper is no longer being deployed and FttP is not yet ready or covering developments of that size
- (h) NBN robustness - especially during times of extreme events (floods, cyclones and storms) - in terms of:
- design (levels of redundancy, fail-over operation, location of plant etc)
 - construction (waterproofing and sealing etc)
 - operation (staffing levels and location, spares network management and preventative maintenance etc)
- (i) Clarity and certainty around the Universal Service Obligations (USO's):
- how the transition will occur and final arrangements
 - need to know how will the NBN deliver the equivalent of an existing standard telephone service and how will it be guaranteed?
 - extension of Universal Service Obligation (USO) provisions to also include a standard broadband service with a suggested minimum actual speed of 6Mbps by 2015 and 12Mbps by 2020
- (j) Introduction of community funding provisions for areas slated by NBN Co for aerial fibre deployment to be transferred to new underground facilities
- (k) Requirement for concurrent commercial investment in Mobile Phone / Data networks operated by Telecommunications Carriers (e.g. Telstra, Optus and Vodafone)
- (l) Provisions and arrangements for Councils to utilise the NBN for non-premises connectivity purposes - traffic lights, CCTV cameras etc