

Chapter Three

Progress on the Mainland

Introduction

3.1 Since the committee's *Third Report* there has been some progress in rolling out the NBN in mainland Australia. The key developments have been:

- the selection, in March this year, of five 'pilot' first release sites for the deployment of Fibre to the Premises (FTTP) on the mainland;
- the announcement, in December last year, of the Government's \$250 million NBN Regional Backbone Blackspots Program; and
- NBN Co's consultations with industry on product design and network architecture.

3.2 While the committee welcomes these developments, it remains concerned about the lack of a publicly available business plan for the roll-out of the network across Australia. Progress on the NBN seems to be ad-hoc and dictated by a desire for conveniently timed ministerial press releases.

3.3 The committee is concerned that there is not a coherent, comprehensive, publicly available and accessible roll-out plan which indicates to future investors, stakeholders, and the public generally how, when and where the NBN will be rolled out across Australia, and what the product offering will be. It is the committee's view that such detail is necessary to enable businesses and consumers in Australia to make informed choices about their own future plans. It is also necessary to enable proper assessment of whether the Government's NBN policy is good policy, or whether it is better described as an extraordinary waste of a massive amount of taxpayer's money.

3.4 The committee also notes at the outset its disappointment that it did not receive as much assistance from NBN Co as it would have hoped. Although NBN Co provided very helpful and willing assistance to the committee at its hearing in Canberra on Thursday 15 April 2010, the committee only received answers to questions on notice the day before it was due to report, making it very difficult to incorporate those responses into this report.

Five mainland 'first release sites'

3.5 In a joint press conference with the minister on 2 March 2010, NBN Co's Chief Executive Officer, Mr Michael Quigley, announced the selection of five 'first release sites' for the roll-out of the NBN's fibre to the premises in mainland Australia.¹

3.6 The sites selected were:

- a part of the suburb of Brunswick in Melbourne, Victoria;
- an area of Townsville covering parts of the suburbs of Aitkenvale and Mundingburra, Queensland;
- the coastal communities of Minnamurra and Kiama Downs south of Wollongong, New South Wales;
- an area of West Armidale, including the University of New England, New South Wales; and
- the rural town of Willunga, South Australia.

3.7 These sites were announced as having been selected:

...to test the impact on the roll-out of different terrain, housing type and density, demographics, climate, existing infrastructure and other local factors. The sites also allow NBN Co to trial the technology, and how NBN Co will interact with retail service providers.²

3.8 An accompanying press release indicated NBN Co's planned timeframe for making the first release sites operational. Following a design phase of 'several months' in which NBN Co plans to partner with companies to develop the local design specifics for the sites, actual construction work 'is expected to start early in the second half of the year'.³ Three stages were foreshadowed:

Stage one will see the deployment of the passive components of the network including the fibre optic cable.

In stage two NBN Co will deploy some of the active network equipment in the Fibre Access Nodes. This is the equipment that allows NBN Co to "light up" the fibre in readiness for service delivery.

1 NBN Co Ltd, 'NBN Co announces "first release" sites for high-speed network', Press release, 2 March 2010.

2 NBN Co Ltd, 'NBN Co announces "first release" sites for high-speed network', Press release, 2 March 2010.

3 NBN Co Ltd, 'NBN Co announces "first release" sites for high-speed network', Press release, 2 March 2010.

Stage three involves working with retail service providers to give them access to the network and, via the network, to end-users so RSPs can test their retail services.⁴

3.9 NBN Co indicated that it would consult with the community about its plans during the design phase, and that the first two construction stages were planned for completion by early 2011.⁵

Evidence from local councils

3.10 The committee was interested to hear about progress on the NBN from the respective local government associations responsible for these first release sites.

3.11 The Councils represented at the committee's public hearing were:

- Armidale Dumaresq Council (responsible for the area of West Armidale);
- Municipality of Kiama (responsible for the communities of Minnamurra and Kiama Downs);
- Townsville Council (responsible for the suburbs of Aitkenvale and Mundingburra); and
- the City of Onkaparinga (responsible for the town of Willunga).

Selection of the first release sites

3.12 All of the Councils indicated that they were surprised but pleased to hear of their selection as a trial site for the NBN roll-out. Mr David Lynch, Executive Manager, Economic Development and Strategic Projects for Townsville Council, expressed the sentiment in Townsville by saying:

The area that has been picked by NBN Co is the area of Mundingburra and Aitkenvale, and about 3,100 households are being connected there. I understand the reason it was selected is that it is fundamentally a typical suburban area and that is one of the areas they wish to test.

We have had some involvement with NBN Co in recent times. We made approaches to them early on in the piece to ascertain what could be done to encourage NBN Co. to consider Townsville and what we could do to prepare for that opportunity. There had been limited liaison back with regard to that, as I suspect things were all a bit loose with regard to NBN Co.

We were reasonably surprised, but pleased, to hear the announcement that Mundingburra and Aitkenvale were part of the early developments with regard to the NBN Co. arrangements.⁶

4 NBN Co Ltd, 'NBN Co announces "first release" sites for high-speed network', Press release, 2 March 2010.

5 NBN Co Ltd, 'NBN Co announces "first release" sites for high-speed network', Press release, 2 March 2010.

3.13 Mr Brian Hales, Group Manager for Economic Development in the City of Onkaparinga in South Australia, indicated the City was 'thrilled with the announcement that Willunga was one of the first cabs off the rank for NBN Co', particularly given the region's recent history of losing goods and manufacturing plants:

The City of Onkaparinga has about 160,000 people. We have been very active in economic development for a number of reasons. It is part of the amalgamation that happened about 12 years ago. We lost the Mitsubishi engine plant. We lost the Mobil refinery and the like, which opens up a whole new realm of possibilities and has the whole region thinking about its future. The plan has been settled. We have got an economic development board and we have actually placed broadband infrastructure near the top of the list of urgent priorities. The reason is that we believe the trade in ideas and services will probably be more important for us in the future than the trade in goods given our relatively poor transport infrastructure. So we were thrilled with the announcement that Willunga was one of the first cabs off the rank for NBN Co.⁷

3.14 The committee was surprised at the lack of notice the Councils had of the selection of areas within their locality as first release sites for the NBN. All of the Council representatives indicated that the first their Council knew of their selection by the NBN Co was either from a telephone call from NBN Co on the day of the public announcement, or from press alerting them to the media release itself.

3.15 When questioned by the committee, Mr Quigley confirmed that NBN Co only attempted to contact the mayor or local government representative of each of the Councils 'just before [NBN Co] publicly announced' its decision.⁸ Further answers to a related question on notice confirmed that contact was only attempted to be made with each council's Mayor on the day of the announcement.⁹

3.16 Mr Quigley indicated that the reason NBN Co did not consider it necessary to contact the Councils earlier was that the sites were chosen by NBN Co's engineers, in consultation with him personally, solely on the basis of engineering criteria as a means of testing the NBN architecture and product offering:

It would be nice to go to councils and ask, 'Where would you like us to go?' but the whole exercise is aimed at proving out the architecture and the build method. So if in fact we had gone to each of the five councils and they had said, 'We really want you to build in CBDs,' we would have

6 Mr David Lynch, Manager, Economic Development and Strategic Projects, Townsville City Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 3.

7 Mr Brian Hales, Group Manager, Economic Development, City of Onkaparinga, *Committee Hansard*, Melbourne, 14 April 2010, p. 4.

8 Mr Michael Quigley, CEO, NBN Co Ltd, *Committee Hansard*, Canberra, 15 April 2010, p. 45.

9 NBN Co, answer to question on notice, 15 April 2010 (received 11 May 2010), p. 1.

ended up building five sets of CBD infrastructure. That is not what we were trying to do.¹⁰

3.17 He was emphatic that whether the sites were located in marginal electorates had nothing to do with their selection:

...what I can tell you is that the question of marginal seats had no bearing at all on the choice. It was not even a factor that we even thought about.¹¹

3.18 While the committee – and, it would appear, the affected Councils – understand that it suited NBN Co not to consult with the Councils as to the selection of the first release sites, the committee believes significant potential synergies, cost-savings, and benefits to local residents and businesses were lost in the process.

3.19 Mr Bryan Whittaker, Engineering Director for the Municipality of Kiama, indicated that, although supportive of assisting NBN Co test its product, there could have been greater benefit to the Municipality of Kiama if a different area within the municipality had been selected:

At Kiama they have chosen a small residential area. Obviously we would have liked to see a roll-out closer to our city centre, but as we understand it the objective of the trial is to try to select some areas which provide different problems and the opportunity to look at different solutions for them. That is why we have some spots more in our rural areas that probably will not be improved by this trial. We understand the approach of NBN and are still delighted to be included in the trial.¹²

3.20 Similarly, additional benefits to Townsville were lost because the NBN Co test area is adjacent to, but not inclusive of, Townsville's 'knowledge precincts':

There was no consultation in relation to [the area included in the first-release trial site]. I might add that our particular criteria with regard to where we might want things to occur would be substantially different to what NBN Co needs are at this point in time with regard to these particular pilots. Having said that, we have knowledge precincts with tertiary education facilities, tertiary hospitals and so on that would greatly benefit. I might add that they are in proximity to the area we are talking about, but it is not connected with this process.¹³

3.21 Equally, the City of Onkaparinga, although clearly delighted to have been picked for a first release site, indicated it could have realised additional benefits from the broadband test project if another area in the region had been chosen. In response to

10 Mr Michael Quigley, CEO, NBN Co Ltd, *Committee Hansard*, Canberra, 15 April 2010, p. 46.

11 Mr Michael Quigley, CEO, NBN Co Ltd, *Committee Hansard*, Canberra, 15 April 2010, p. 54.

12 Mr Bryan Whittaker, Director, Engineering and Works and Assistant General Manager, Kiama Municipal Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 11.

13 Mr David Lynch, Economic Development and Strategic Projects, Townsville City Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 7.

a question as to whether the City would have chosen Willunga 'over and above all other areas' in its local council area, the City's representative, Mr Brian Hales, responded:

No, probably McLaren Vale or an area where there is a much greater concentration of businesses—the wine region, food businesses—but Willunga is close enough. If Willunga becomes the first to point and it extends from there, it will be a matter of time.¹⁴

Ongoing consultation

3.22 The committee heard evidence of the significant steps that have been taken by NBN Co and the Councils themselves to co-ordinate their activities since the announcements. The committee was impressed at the evident effort that has been made by NBN Co's senior management to engage the local government authorities, and by the Councils themselves to maximise the benefits of the trial process for their local areas. Mr David Lynch of Townsville Council gave a fairly representative summary when he said that, since the announcement of the first release sites:

...a number of meetings have occurred within the council here with people right the way down from the CEO of NBN Co., Michael Quigley, and our own CEO and councillors through to people more on the technical side of things. We have subsequently established a number of points of contact as far as council is concerned—a working group within council, if you like. It is being coordinated by the economic development and strategic projects unit of council, but it involves our planners, our construction people—who also are the custodians of the road reserves and so on that they need to have access to—as well as some of our environmental and heritage people and our community services areas with regard to communications and so on.¹⁵

3.23 Similarly, Mr Brian Hales of the City of Onkaparinga described the impressive steps being taken by that City to capitalise on the potential of the NBN for the area:

We are keen to make sure that we make the path as easy as possible for NBN Co. to roll-out the cabling. Also, we are pretty active at the moment in building demand for broadband services through programs that we have run through our Business Enterprise Centre, Exporters Club and the like. We have got 40,000 new residents coming in the next 15 to 20 years and we want to make sure that the developers and the Land Management Corporation, which is our state government landholder for urban development, are right on the ball with specifying the infrastructure, the pits

14 Mr Brian Hales, Group Manager, Economic Development, City of Onkaparinga, *Committee Hansard*, Melbourne, 14 April 2010, p. 10.

15 Mr David Lynch, Economic Development and Strategic Projects, Townsville City Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 3.

and the pipes that are required for NBN Co. to run out the fibre to the premises.¹⁶

3.24 At the same time, it is also clear that a number of matters remain unresolved.

Unresolved matters of concern

Availability of sufficient human resources

3.25 One particular concern raised by the Councils related to resourcing: the effect that servicing NBN Co's significant number of work teams will have on a Council's ability to continue to adequately service other utility and infrastructure organisations. As Mr David Steller, Director of Engineering and Works at Armidale Dumaresq Council put it:

We regularly get asked to locate our infrastructure for other telecommunication companies as well as gas companies and Country Energy, who are the power authority up here. So that is something that we need to set up some protocols about so that we get enough notice to provide that information [to NBN Co]. The other issues are helping [NBN Co] with their design plans, and traffic management and traffic control is something that we want to make sure the subcontractors are well aware of, and we want to do sufficient planning in respect of undertaking the works.¹⁷

Infrastructure deployment

3.26 Various concerns relating to infrastructure deployment were voiced by the Councils.

3.27 For the municipality of Kiama, a critical issue is the lack of an agreement by NBN Co for the sharing of infrastructure with utilities providers:

I guess one of council's concerns—and I understand the reason for this, but we believe it is somewhat unfortunate—is that there will be no sharing of infrastructure, or there has been no resolution about the sharing of infrastructure, with other service authorities, particularly for underground, so there will be new open trenching, road openings and so forth that will have to be performed by the trial.¹⁸

3.28 The contentious matter of whether fibre is deployed aerially or underground remains a matter of acute significance. The committee heard from Townsville Council

16 Mr Brian Hales, Group Manager, Economic Development, City of Onkaparinga, *Committee Hansard*, Melbourne, 14 April 2010, p. 4.

17 Mr David Steller, Director, Engineering and Works, Armidale Dumaresq Council, *Committee Hansard*, Melbourne 14 April 2010, p. 2. See also, Mr Bryan Whittaker, Kiama Municipal Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 2.

18 Mr Bryan Whittaker, Director, Engineering and Works and Assistant General Manager, Kiama Municipal Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 3.

that NBN Co have 'made it pretty clear'¹⁹ that its policy is to deploy fibre aerially where there is existing aerial infrastructure, regardless of whether aerial (as opposed to underground) deployment is in the long-term interests of the community. In Townsville much of the pre-existing telephone and power infrastructure is aerial. However, due to climatic conditions such as cyclones, the Council's strong preference is that fibre be deployed underground.²⁰

3.29 The committee's *Third Report* contained significant analysis of the issue of underground versus aerial deployment. In that report the committee voiced its concern that 'the perceived short term benefits of aerial deployment will over-ride sound business practices'.²¹ The committee went on to 'strongly caution...against expediency' and highlighted that 'aerial deployment of the NBN merely provides a quick-fix, bandaidd solution that is not worthy of an infrastructure project of [the NBN's] magnitude'.²²

3.30 Written submissions to the committee received since the publication of the committee's *Third Report* have again emphasised community concern and outrage over any aerial deployment of the NBN infrastructure. Repeating concerns they had stated to the committee previously, Dr Ross Kelso and Mr Peter Downey wrote:

Since the serious problems arising from aerial construction of the National Broadband Network were first raised towards the latter part of 2009, NBN Tasmania and NBN Co have shown a wilful disregard of the adverse impact on broadband service reliability and visual amenity throughout Australia. Such an approach is totally incompatible with any pretence of constituting a nation-building investment.

A truly nation-building alternative would be to underground all aerial utility construction, bundling the NBN along with undergrounded electricity distribution lines.²³

3.31 Despite the evident community outrage over aerial cabling, as well as the strong justification for deploying the NBN using underground infrastructure from the outset, it appears that Townsville's experience is likely to be repeated throughout the country. NBN Co's General Manager of design and planning, Mr Peter Ferris, reportedly stated at an NBN Co industry information session in Sydney in late March that:

19 Mr David Lynch, Economic Development and Strategic Projects, Townsville City Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 6.

20 Mr David Lynch, Economic Development and Strategic Projects, Townsville City Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 6.

21 *Third Report*, p. 51, [4.42].

22 *Third Report*, pp 51–52, [4.42]–[4.45].

23 Dr Ross Kelso and Mr Peter Downey, Chair, Sydney Cables Downunder, *Submission 124*, p. 1.

...if the power's underground, we're underground. If there is an aerial power distribution, we may have an aerial local fibre distribution. We will evaluate those on an individual, module-by-module basis.²⁴

3.32 The committee repeats its position that the Government favour underground cabling in the remainder of the 90 per cent Fibre to the Premises footprint, ensuring long-term, future proof benefits for the network, its investors and its consumers.²⁵

Recommendation 4

3.33 That NBN Co consult with local councils at the earliest possible stage as to the most appropriate local roll-out plan and local planning requirements.

3.34 That each local roll-out plan seek to coordinate the roll-out of the NBN with other activities occurring in the local government area so as to best realise potential synergies, cost savings, and benefits to local residents and businesses.

3.35 That the Government favour underground cabling in the remainder of the 90 per cent Fibre to the Premises footprint, ensuring long-term, future proof benefits for the network, its investors and its consumers.

Development and landowner consent requirements: potential hurdles?

3.36 Evidence to the committee indicated that there is significant confusion amongst the local councils as to whether, under current legislative and planning policy arrangements, NBN Co will require development consent from landowners to deploy its fibre network.

3.37 If NBN Co (or any alternate fibre installer) does require such consent, significant delays and disruptions could be caused to the timetable for, and success of, the network's roll-out. The committee is concerned that such matters have not yet been adequately addressed.

3.38 Clause 67 of the exposure draft legislation for the National Broadband Network Companies Bill 2010 explicitly provides that NBN Co is taken not to have been incorporated or established for a public purpose, or to be a public authority, or to be entitled to any immunity or privilege of the Commonwealth 'except so far as express provision is made by this Act or any other law or the Commonwealth, or by a law of a State or of a Territory'.²⁶

3.39 During the committee's hearings, it emerged that the effect of the NBN Co not being a 'public authority' is that it may not be entitled to exemption from development consent requirements unless amendments to Commonwealth and/or State and

24 Mr Petroc Wilton, 'NBN Co plans to use power companies' access infrastructure: no need for Telstra ducts?', *Communications Day*, 26 March 2010, p. 1.

25 *Third Report*, p. 52, [4.46].

26 National Broadband Network Companies Bill 2010, cl 67.

Territory legislation and/or State and local government planning policies are made. As Mr David Gow of Armidale Dumaresq Council explained:

If they are a public authority, then the [New South Wales] state policy simply says that development for the purposes of telecommunications facilities, which includes [broadband fibre infrastructure], may be carried out by a public authority without consent on any land... They have pretty broad powers if they are a public authority.²⁷

3.40 The committee believes immediate clarification is required as to whether NBN Co is, or will be, exempted from development consent requirements in all States and Territories, and the nature of that exemption.

3.41 Further, given that NBN Co's network only goes to the premises, but not inside the premises, consideration also needs to be given to whether retail service providers installing fibre inside the premises are or will also be entitled to a similar exemption.

3.42 A further issue is landowner consent requirements. Evidence given to the committee by the network service provider iiNet indicated that landowner consent requirements may present significant obstacles to the NBN becoming operational unless exemptions are given to retail service providers as well. It appears that in Tasmania at least, exemptions which enabled carriers to enter premises and cross property without permission of the landowner were subject to a sunset clause and have now ceased. As Mr Stephen Dalby of iiNet explained, iiNet is:

...concerned that, if we have to provide a service to Mr and Mrs Smith living in a premises that they do not own, or they do not own the land that the premises are on, in addition to negotiating with Mr and Mrs Smith for appointment times to come and install the modem and connect up the service, we will also have to get permission off the landowner. I think that is a bit of a weak point in the current legislation as it stands. The power was there [in Tasmania] in the past and it appears that it is no longer there—it has expired.²⁸

3.43 The committee did not receive evidence from any other witness as to whether similar concerns exist in other States or Territories, and whether NBN Co might be exempted from development consent under alternate legislative, regulatory or planning exemptions. Nor did the committee receive evidence from any of the State or Territory Governments indicating the extent to which State and Territory environmental planning laws may present a future obstacle for the roll-out of the NBN.

27 Mr Stephen Gow, Director, Planning and Environmental Services, Armidale Dumaresq Council, *Committee Hansard*, Melbourne, 14 April 2010, p. 13.

28 Mr Stephen Dalby, Chief Regulatory Officer, iiNet Ltd, *Committee Hansard*, Melbourne, 14 April 2010, p. 25.

3.44 As discussed in chapter two, the Implementation Study also raises the possibility that consent requirements could cause significant disruption to the roll-out of the NBN across the nation. The Implementation Study states:

Where possible, it is desirable that NBN Co carries out its network roll-out on a co-operative basis with state and local government. However, given the large range of local authorities within the fibre footprint, it would not be surprising if disputes arose in some areas. In the absence of voluntary agreement, NBN Co would need to rely upon the regime contained in Schedule 3 of the *Telecommunications Act 1997*.

The cost implications of delay or prevention of network roll-out in various areas could be substantial. Enhancing the powers and immunities regime in Schedule 3 could be achieved without the delays and uncertainty implicit in the legislative process by amending of the Telecommunications (Low-impact Facilities) Determination 1997 (the Determination) to add additional Low Impact Facilities, being facilities that NBN Co could more easily roll-out without obtaining state and local government approval.

...

Recommendation 55. That Government, in consultation with NBN Co, expand the definition of Low Impact Facility in the Telecommunications (Low-impact Facilities) Determination 1997 to include facilities likely to be included in NBN Co's roll-out; that Government consult NBN Co to determine the appropriate items for inclusion in the revised definition.²⁹

3.45 Schedule 3 of the *Telecommunications Act 1997* enables a carrier to, in certain circumstances, enter land in order to install or maintain a facility on that land. In the absence of having a facility-installation permit for each specific facility, and as long as notice is given to the relevant land-owners, a carrier can install and maintain facilities without requiring consent of land-owners if the facilities are 'low-impact facilities'.³⁰ By written instrument, the Minister may determine what is a low-impact facility.³¹ The relevant instrument is the Telecommunications (Low-impact Facilities) Determination 1997.

3.46 The committee calls for immediate clarification from the Government as to what the position is across Australia, and what (if any) action it proposes to take to facilitate the roll-out. The committee also recommends that Commonwealth, State and Territory legislation and State and local government planning policies concerning development consent requirements and environmental planning laws be reviewed to ensure that fibre and related infrastructure can be effectively and efficiently deployed both to the premises, and within premises.

29 McKinsey-KPMG, *Implementation Study for the National Broadband Network*, 5 March 2010, pp 362–363.

30 See *Telecommunications Act 1997*, Schedule 3, cl 1.

31 *Telecommunications Act 1997*, Schedule 3, cl 6(3).

Recommendation 5

3.47 That the Government clarify whether NBN Co (and its subcontractors) will be exempt from development consent and landowner consent requirements in all States and Territories.

Recommendation 6

3.48 That Commonwealth, State and Territory environmental and planning legislation, and State and local government planning policies concerning development and landowner consent requirements, be reviewed to ensure that fibre and related infrastructure can be effectively and efficiently deployed both to the premises and within premises.

Regional Backbone Blackspots Program

3.49 On 4 December 2009, the Government announced an 'NBN Regional Backbone Blackspots Program'.³² Under this program, 6,000km of regional fibre broadband backbone links are to be constructed to six locations: Geraldton (WA), Darwin (NT), Emerald and Longreach (QLD), Broken Hill (NSW), Victor Harbor (SA) and South West Gippsland (VIC). A public consultation process preceded selection of the placement and reach of the backbone links.

3.50 Leighton Holdings-owned Nextgen Networks will build, operate and maintain the infrastructure for five years after its completion. Nextgen Networks secured the contract following a competitive tender process.

3.51 At the launch of the program, the minister described the program as constituting 'the first building blocks of the National Broadband Network on mainland Australia' and claimed the '\$250 million investment will directly benefit more than 395,000 people in 100 regional locations and create new jobs across five states and the Northern Territory'.³³ It was reported that Nextgen Networks expects the project will create more than 1,000 full-time equivalent jobs.

3.52 Few submitters addressed these developments in the roll-out of the NBN. Nextgen Networks did not respond to the committee's invitation to appear.

3.53 The Northern Territory Government, however, described in detail how the provision of backhaul fibre capability to Darwin under this program is 'a significant

32 Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, '6,000km regional broadband backbone for National Broadband Network', Press Release, 4 December 2009, www.minister.dbcde.gov.au/media/media_releases/2009/109, accessed 19 April 2010.

33 Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, '6,000km regional broadband backbone for National Broadband Network', Press Release, 4 December 2009.

step forward in meeting [the Northern Territory Government's] communications goals for the future':³⁴

- High speed broadband envisaged by the NBN (minimum 100 megabits per second) is not generally available anywhere in the Northern Territory except for a few fibre connected corporate sites in Darwin and Alice Springs.
- Pricing for basic consumer products relies on national pricing to ensure affordability. High backhaul costs currently limit innovation or the availability of more demanding broadband services typically sought by the business market.
- The current backhaul cost component encourages higher customer/backhaul ratios for competitive service provider offerings, thus limiting the service quality that is generally available in other Australian cities.
- Greater competition afforded by competitive fibre provided under NBN should reduce prices and increase competition. By way of comparison, the number of DSLAM (devices that enable multiple internet access points) installed by internet providers other than Telstra in the North Sydney exchange is 138, in Ryde, the figure is 153. The corresponding number for the whole of the Northern Territory is two.
- Equivalent wholesale access is essential to promote competition in the retail market place. This, when combined with national pricing for core services, will create a level playing field and promote keener pricing for business and private consumers.³⁵

3.54 In a similar vein, Dr William Glasson AO, Chair of the Regional Telecommunications Independent Review (RTIRC), said that the RTIRC was:

...extremely heartened by the Government's December 2009 \$250 million investment in competitive regional backhaul. Enhancing backbone competition will encourage broadband and telephony providers to improve the range, quality and prices of the services they offer in regional areas.³⁶

3.55 The provision of regional backhaul is consistent with a number of recommendations made by the RTIRC in Chapter 2.5, 'Backhaul', of its influential report, *Regional Telecommunications Independent Review Committee Report 2008: Framework for the future*.³⁷ For example, the Government's program is consistent with Recommendation 2.5.6 which recommended the Government 'develop suitable

34 Northern Territory Government, *Submission 123*, Attachment A, p. 1.

35 Northern Territory Government, *Submission 123*, Attachment A, p. 1.

36 Dr William Glasson AO, Chair, Regional Telecommunications Independent Review, *Submission 120*, p. 3.

37 Regional Telecommunications Independent Review Committee, *Regional Telecommunications Independent Review Committee Report 2008: Framework for the future*, September 2008, Chapter 2.5.

policies or programs to facilitate investment in new or enhanced open access backhaul infrastructure'. The committee did not receive information which illuminated the extent to which the Government's program is consistent with, or has addressed, other recommendations made by the RTIRC in relation to backhaul, specifically those concerning arrangements for third-party access to Nextgen Networks' regional backhaul infrastructure once it is constructed:

Recommendation 2.5.1: The Australian Government should ensure effective open access arrangements to backhaul services, including to backhaul services rolled out as part of Government funding programs.

Recommendation 2.5.2: In ensuring open access to backhaul services funded through Government programs, the Australian Government require the provision of undertakings on the terms and conditions for third party access to backhaul, rather than solely relying upon commercial negotiation and dispute resolution.³⁸

Committee view

3.56 The committee welcomes the decision to improve communications infrastructure in regional and remote areas.

3.57 The provision of regional backhaul links is consistent with the committee's previous recommendation³⁹ (and that of the RTIRC)⁴⁰, that the NBN be 'rolled in' to urban areas from under-serviced regional and remote areas, as opposed to 'rolled out' from them.

3.58 However, as the Regional Backbone Blackspots Program is being managed by DBCDE and is separate from the broader NBN Co process, the committee is concerned that this represents only an isolated instance of a 'roll in' strategy and that the NBN itself may still be rolled out from urban and metropolitan centres first.

3.59 Until NBN Co releases a detailed business plan indicating where and when it plans to deploy the network, it is not possible to comment further, except to indicate that the failure to publicly disclose such information is not only preventing a fully-informed analysis of the policy merits of the Government's NBN proposal (and NBN Co's strategy) and the associated enormous expenditure of public moneys, but also inhibiting desirable coordination and planning between State, Territory, local Government, and community entities. Such coordination is necessary to better

38 Regional Telecommunications Independent Review Committee, *Regional Telecommunications Independent Review Committee Report 2008: Framework for the future*, September 2008, p. 225.

39 *Third Report*, p. 17, Recommendation 1.

40 Dr William Glasson AO, Chair, Regional Telecommunications Independent Review, *Submission 120*, p. 4.

facilitate the availability of adequate communications technology in specific local communities.⁴¹

Mainland product design and architecture

3.60 Decisions on network architecture and NBN Co's product offering are matters which have largely been left to NBN Co to develop itself in consultation with industry. Given the significance of the matter, it is addressed separately in the following chapter of this report.

41 See also Recommendations 1.2.1–1.9.1 and 2.4.2–2.5.6 of the *Regional Telecommunications Independent Review Committee Report 2008: Framework for the future*, September 2008, pp XV–XVIII, which all recommend coordination to better enhance the delivery of communications infrastructure to regional and remote areas.

