



OFFICE OF KARL HAMPTON MLA  
MINISTER FOR INFORMATION, COMMUNICATIONS  
AND TECHNOLOGY POLICY

Parliament House  
State Square  
Darwin NT 0800  
minister.hampton@nt.gov.au

GPO Box 3146  
Darwin NT 0801  
Telephone: 08 8901 4053  
Facsimile: 08 8901 4060

Senator Mary Jo Fisher  
Committee Chair  
PO Box 6100,  
Parliament House,  
CANBERRA ACT 2600

Dear Senator Fisher

Thank you for your invitation to respond to the Senate Committee on the National Broadband Network.

The remoteness of many communities in the Northern Territory creates a critical demand for broadband as a communications tool to support both economic and social development for Territorians.

Market conditions in many communities in the Northern Territory will not support the competitive supply of broadband, and we welcome Australian Government funding intervention to ensure citizens are not disadvantaged.

The Northern Territory Government's response to your questions in your letter of 15 August is attached.

Yours sincerely

KARL HAMPTON



Northern Territory Government Submission  
to the  
Senate Select Committee  
on the  
National Broadband Network

The remoteness of many communities in the Northern Territory creates a critical demand for broadband as a communications tool to support both economic and social development.

Market conditions in many communities in the Northern Territory will not support the competitive supply of broadband, and we welcome Australian Government funding intervention to ensure citizens are not disadvantaged.

The NT Government is pleased to provide the following responses to the Senate Committee's request for comment on 10 specific issues:

*1. The availability, price, level of innovation and service characteristics of broadband products presently available, the extent to which those services are delivered by established and emerging providers, the likely future improvements in broadband services (including the prospects of private investment in fibre, wireless or other access networks) and the need for this Government intervention in the market.*

First generation broadband (typically 256 Kbps to 1 Mbps) is generally available in urban areas of the Northern Territory. Broadband availability in remote communities of the Northern Territory is generally poor, with many communities relying on satellite communications which is limited in its capacity to deliver important applications such as patient care systems in clinics. High

speed broadband envisaged by the National Broadband Network (NBN) at a minimum 12Mbps is not generally available anywhere in the Northern Territory except for a few fibre-connected corporate sites in Darwin & Alice Springs.

Pricing for basic consumer products relies on national pricing to ensure affordability. High backhaul costs limit innovation or the availability of more demanding broadband services typically sought by the business market. In addition, where competitive retail broadband exists in Darwin and Alice Springs, the high 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.

Legislative alternatives for the Northern Territory include setting wholesale pricing for backhaul fibre connections and / or establishing national retail pricing for a set of NBN provided services.

*2. The effects on the availability, price, choice, level of innovation and service characteristics of broadband products if the NBN proceeds.*

If the NBN proceeds inclusive of backhaul competitive fibre into the Northern Territory then competition will drive service / price / innovation, etc in urban centres. The NBN will not deliver competitive broadband services to remote Northern Territory communities; collaboration between Government carriers and other stakeholders is needed in these environments now and in the foreseeable future to make broadband services available to help create a market that may be sufficient to attract competition.

*3. The extent of demand for currently available broadband services, what factors influence consumer choice for broadband products and the effect on demand if the Government's fibre-to-the-node (FTTN) proposal proceeds.*

As with the rest of Australia, Telstra's move a few years ago to make first generation broadband widely available at an entry price of \$30 per month substantially boosted broadband demand in the Northern Territory. NBN delivering 12Mbps in the \$30 to \$50 per month price range will similarly experience a rapid take-up, particularly if new service opportunities using video become available.

*4. What technical, economic, commercial, regulatory and social barriers may impede the attainment of the Government's stated goal for broadband availability and performance.*

No comment.

*5. The appropriate public policy goals for communications in Australia and the nature of regulatory settings that are needed, if FTTN or fibre-to-the-premise (FTTP), continue to develop competitive market conditions, improved services, lower prices and innovation given the likely natural monopoly characteristics and longevity of the proposed network architecture; the possible implications for competition, consumer choice, prices, the need for public funding, private investment, national productivity, if the Government does not create appropriate regulatory settings for the NBN.*

Success in the longer term is for both infrastructure and service competition at a fibre-to-the-premises level. Any short-term initiatives that lock out this outcome need to be avoided. Customers must have choice of using simultaneous multiple retail service providers without being 'gate-keepered' by a single retail service provider who gains access to all wholesale capacity to a particular customer's premises.

Equivalent services in rural, regional and remote communities as those in metropolitan areas at the same price is needed within two years of the services becoming available in metropolitan areas.

*6. The role of Government and its relationship with the private sector and existing private investment in the telecommunications sector.*

Government has a role to intervene where the market has failed to deliver telecommunications services in line with policy.

A feature of the proposed network is that it will have monopoly characteristics and will be costly and inefficient to duplicate, with competition to the network unlikely to develop. There is likely to be an ongoing role for government to regulate access to other bottleneck infrastructure under part IIIA of the Trade Practices Act.

*7. The effect of the NBN proposal on existing property or contractual rights of competitors, suppliers and other industry participants, and the exposure to claims for compensation.*

Government investment is needed in the NBN, but Government retaining any long-term ownership / direct control over NBN assets would limit the action of market forces in situations where competition exists.

*8. The effect of the proposed NBN on the delivery of Universal Service Obligation (USO) services.*

The NBN provides the opportunity for enhancing USO capability to include broadband as well as more conventional telephony.

*9. Whether, and if so to what extent, the former Government's OPEL initiative would have assisted making higher speed and more affordable broadband services to areas under-serviced by the private sector.*

OPEL would have delivered services in the Northern Territory in areas that are already serviced by the incumbent. While this would have provided competition in the greater Darwin area, high backhaul costs would limit strong competition.

*10. The cost estimates on which the Government has based its policy settings for a NBN, how those cost estimates were derived, and whether they are robust and comprehensive.*

No comment.