

Market Clarity

Australia's Source for Telecommunications Intelligence

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Ms Alison Kelly
Secretary
Parliament of Australia (APH)
Department of the Senate
Select Committee on the National Broadband Network
SF61.1 Parliament House
Canberra ACT 2600

3 July 2009

Dear Ms Kelly:

Thank you for your invitation to make a submission to the Senate Select Committee on the National Broadband Network.

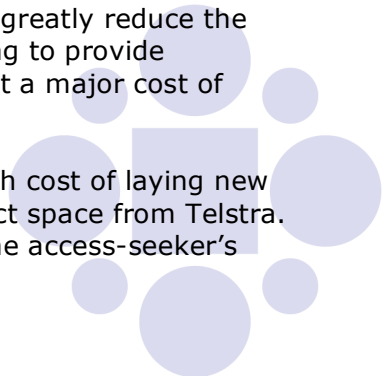
I am pleased to put forward considerations, which I believe would benefit the NBN decision-making process. As the CEO of a small company, Market Clarity, with many other calls on my time and resources, my submission is necessarily brief. However, I would be pleased to provide further information to the Committee during the course of its public hearings.

I strongly believe that in developing the policies under which the NBN will be deployed, this Committee should examine means by which NBN infrastructure deployment can be aligned with the rollout of other civil infrastructure.

Specifically, Market Clarity's research leads me to believe that the addition of ducting (conduits) suitable for telecommunications fibre would have a minimal cost impact on projects such as the building or upgrading of roads, highways, electricity, rail or water networks.

There are two reasons that this is important. First, it would greatly reduce the cost of fibre-laying for carriers (including the NBNco) seeking to provide connections in areas that are currently under-served, in that a major cost of laying fibre comes from the required civil works.

The second reason is related to the first: because of the high cost of laying new fibre, including ducting, many carriers default to renting duct space from Telstra. This, however, raises important competition issues, since the access-seeker's



ability to deploy its network is dependent upon the availability of adequate space within Telstra's ducts, as well as Telstra's co-operation and goodwill.

Current industry practice also raises the issue of physical redundancy, for instance, for disaster planning. Because the development of new fibre infrastructure paths is orders of magnitude more expensive than installing fibre into existing ducts, it discourages carriers from creating geographically diverse paths.

My belief, supported by Market Clarity's cost analysis which I have presented at conferences such as the recent Informa Broadband Conference (June 2009)¹, is that if fibre ducting were laid during civil works projects such as road-building, its impact on the total project cost would be far less than 1% of said road works. It would therefore be a justifiable requirement on the body responsible for developing the road to install ducts as the road is being built. Moreover, the cost may in fact be low enough that the NBNCo could fund this ducting directly, perhaps later recovering its own costs from access seekers using the ducts for their own fibre, or for accessing services provided across fibre owned by the NBNCo.

In my opinion, the fibre should therefore be laid and owned by the NBNCo (or an access seeker), rather than the road-builder, or other civil infrastructure project owner.

The above-mentioned conference presentation is available for purchase from Market Clarity, and I would be pleased to provide the Committee with a complimentary hard copy of this presentation, so long as it is used on a commercial-in-confidence basis.

Market Clarity is also the publisher of the *Australian Telecom Infrastructure Atlas*², which tracks all types of telecommunications infrastructure from 113 infrastructure owners, as well as cross-correlating this data with road, rail and electricity infrastructure, along with population and demographic data.

As a result of this project, I believe I am able to assist the Committee with the identification of geographies where telecommunications infrastructure is inadequate to provide the type of communications services required by all Australians. The *Atlas* is the culmination of over three years of work by Market Clarity, and as such, is only available on a commercial basis, although I would be pleased to show the *Atlas* to the Committee and discuss the implications of this research.

Market Clarity's infrastructure research has also given me an insight into the work undertaken by a large number of small regional owners of fixed wireless broadband (FWB) infrastructure, and a lesser number of regional providers who have deployed their own competitive DSLAM infrastructure — in the absence of interest in their markets from national broadband infrastructure owners.

As the NBN is rolled out, I believe it is vital that the interests and investments of these small infrastructure owners be considered. In planning the NBN, I believe government should consider how best to ensure that these existing investments are not invalidated by competition from the NBNCo.

¹ See: http://www.marketclarity.com.au/research/importance_backhaul.cfm

² See: <http://www.marketclarity.com.au/research/telecom-atlas-2009.cfm> and <http://www.marketclarity.com.au/telecoms/telecommaps.cfm>.

I would also be pleased to appear before the Committee to provide information with respect to market and infrastructure conditions that fall within Market Clarity's areas of expertise.

In respect of the Committee's terms of reference these areas include:

- 2(d) — any regulations or legislation pertaining to the NBN;
- 2(e) — 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, and the prospects for future improvements in broadband infrastructure and services (including through private investment);
- 2(f) — the effects of the NBN on the availability, price, choice, level of innovation and service characteristics of broadband products in metropolitan, outer-metropolitan, semi-rural and rural and regional areas and towns; and
- 2(l) — whether, and if so to what extent, the former Government's OPEL initiative would have assisted making higher speeds and more affordable broadband services available.

Sincerely yours,

Shara Evans
CEO
Market Clarity