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Mr Stephen Palethorpe
Committee Secretary
Senate Select Committee on the National Broadband Network
Parliament House
CANBERRA ACT 2601

Dear Mr Palethorpe

I refer to your letter to the Hon Paul Henderson MLA, Chief Minister of the Northern Territory dated 11 March 2010 inviting a submission to the Select Committee on the National Broadband Network. The Chief Minister has asked me to reply in my capacity as Minister for Information Communications and Technology Policy.

Please find the Northern Territory Government's response on National Broadband Network at Attachment A.

I welcome the opportunity to respond on these matters and should you require any further information, please do not hesitate to contact Mr Les Hodgson, Executive Director, Information and Communication Technology, Department of Business and Employment on (08) 8999 1613.

Yours sincerely

KARL HAMPTON

26/03/10

Northern Territory's Response

The Senate Select Committee on the National Broadband Network

Key issues for the Northern Territory in response relation to the National Broadband Network:

1. The provision of backhaul fibre capability to Darwin under National Broadband Network is a significant step forward in meeting our communications goals for the future.
 - High speed broadband envisaged by the National Broadband Network (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 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.
 - 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 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.

2. The Universal Service Obligation (USO) remains unaddressed.
 - The Northern Territory relies heavily upon the USO for the provision of even the most basic telecommunications facilities.
 - 40 per cent of the population of the Northern Territory would find it prohibitively expensive to obtain basic telephony if not for the cross subsidisation provided by the USO.
 - The NBN provides the opportunity for enhancing USO capability to include broadband as well as telephony.
 - There is no clarity in the application of the USO in the soon to be mandated fibre to the premises in all Greenfield estates.

3. The effects on the availability, price, choice, level of innovation and service characteristics of broadband products under NBN.
 - The implementation of NBN along with backhaul competitive fibre into the Northern Territory will drive competition resulting in service/price innovation etc in urban centres.
 - Terrestrial based high speed broadband is the preferred delivery mechanism for the Northern Territory. It offers superior speeds, greater reliability and no chance of rain fade which has proven to be a significant issue with wireless technologies during the monsoon season.
 - 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 at some stage may be sufficient to attract competition.
4. The exposure draft of the legislation establishing ownership, operation access and services of Select Committee on the National Broadband Network does not present significant problems for the Northern Territory Government.
5. The exposure draft of the legislation establishing Select Committee on the National Broadband Network as a 'Carrier under the proposed amendments to the *Telecommunications Act*' does not present significant problems for the Northern Territory Government.
6. The mandating of fibre to the premises (FTTP) in all Greenfield estates after 1 July 2010 under the developer driven model creates a cost inequity with householders in existing Brownfield sites. In the latter case the telecommunications provider (usually Telstra) recoup their installation costs over time through the line rental. In Greenfield estates the estimated cost of \$2 500 to \$3 000 per home is paid by the developer who will pass it onto the consumer.