
SUBMISSION TO THE PANEL
CONDUCTING A
COST-BENEFIT ANALYSIS AND
REVIEW OF REGULATORY
ARRANGEMENTS FOR THE
NATIONAL BROADBAND NETWORK

Submission from ICAA



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On behalf of the International Copper Association Australia

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EXECUTIVE SUMMARY

It is a most laudable objective the government has set, the delivery of a universal broadband service with a minimum download data rate of 25Mbps. This will allow for the transformation of our connected world as we know it. In fact this will probably transform the world to a state we can only imagine. A state where seamless communication systems provide a range of services from entertainment through to digital home health and age & assisted living are an expectation, an economic necessity not a luxury. This is only possible when the investment being made in the public infrastructure is met by the investment in private infrastructure and this opportunity has a finite window for the consumer.

Given Australia builds some 210,000 new dwellings every year, and undertake some 2 million renovations every year there is an opportunity to have the consumer very economically install the infrastructure needed to take advantage of the coming higher speeds today and well into the future. On the other hand if consumers fail to install the infrastructure at the time of renovation or new build, the cost penalty can be considerable both for the installation of the infrastructure and the loss of productivity as more and more people work from home.

It is critical that any recommendations include a clear statement to homeowners and prospective homeowners that to maximise the economic benefit of the public infrastructure investment being made on the NBN there has to be an investment made by the homeowner at the time they renovate or build new as at this stage it can be done in a cost effective manner.

This is not to say to homeowners “you must” but rather “please consider” based on factual information provided by government and industry.

SUBMITTING ORGANISATION

This is a submission from the International Copper Association Australia.

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ABOUT ICAA

ICAA is a member of the Copper Alliance, who has a mission to defend and grow markets for copper based on its superior technical performance and its contributions to a higher quality of life worldwide.

ISSUES FOR THE PANEL'S CONSIDERATION

The purpose of this submission is to have the panel consider the difficulty the consumer will have in taking advantage of the proposed service offering over the NBN Co or similar wholesale network given the lack of clarity as to what, if anything, the consumer must undertake to realise the potential of the service offerings today and well into the future.

The context in which this submission is made is the lack of end user information being made available to homeowners and prospective homeowners so they can make an informed decision as to what proactive action they can take to prepare their dwelling to realise the full potential of the service offerings today and well into the future. Preparations that are most cost effectively achieved at the time of construction or renovation and ones which will not be able to be made at all after such activities have been completed.

In addition to this there is a lack of clarity as to what is meant by 25Mbps download data rates and the upgrade path homeowners will have toward higher and higher download rates.

It is clear that the panel is aware of the need to ensure the assumptions and questions asked are relevant so as to assist in making informed decision and recommendations.

It is also clear that the panel is accepting the starting point for data rates downloads will be around 50Mbps with an upwards trend based on the assumptions and part of the questions being considered.

broadband services providing defined minimum upload and download data rates should be generally available to all end-users, along with such other broadband products as market participants (including NBN Co, in the case of wholesale products) choose to provide. The Government has expressed a policy objective of ensuring universal access to

***minimum download data rates of 25 Mbps** (assuming the NBN Co fixed wireless and satellite programs are delivered as promised). The NBN Co Strategic Review has proposed an approach that would provide **50 Mbps** to around 90 per cent of the fixed line footprint by the end of 2019*

*vi) credible, transparent and predictable upgrade paths to **higher speeds***

Given this understanding what must also be included in any recommendations to government that will ultimately influence the entities charged with the deployment of a high speed broadband service is clear communications to the homeowners as to what options they should consider within their premises particularly when building and or renovating.

It is clear that there are a range of technologies that can be used to reticulate the broadband services within a home just like the strategic review is considering a range of technologies for the roll out of the NBN. What is interesting in the case of the NBN is the consideration of a range of technologies which only apply to Brownfield areas not new developments where the consensus, both technically and given long term economic analysis, is that there is only one solution: fibre to the premises.

The same should be said for new premises where the optimum technology is a structured cabling system composed of fibre and copper. Fibre forms the backbone and copper the reticulation within each individual premise. Unfortunately this is not always happening as homeowners are not fully informed.

Currently based on HIA research only 32%ⁱ of new dwellings are having some form of structured cabling installed which is commonly referred to a Smart Wiring. This means that some 65% or some 143,000ⁱⁱ dwellings are not having appropriate infrastructure installed, meaning they will potentially be ill-equipped to fully utilise the higher and higher download rates on offer. In addition to these ill-equipped new dwellings, there is also a significant quantity of renovated homes that will end up in

the same position. Australia renovates and redecorates around 6,000,000 homes annually, with around 2,000,000 plus having work done with a value greater than \$5,000ⁱⁱⁱ. Clearly homeowners spending some \$5,000 in home renovations would most probably not consider upgrading their infrastructure such as cabling, but if one assumes at least 10% of these renovations are major renovations this equates to some 200,000 homes that have an opportunity to very cost effectively install a structure cabling system. Based on the current HIA research^{iv} only 28% of renovated homes install a structured cabling system, which means some 144,000 will be ill-equipped to fully utilise the higher and higher download rates on offer.

This equates to almost 300,000 homes built or renovated that will not have the infrastructure in place to fully utilise the benefits the NBN will bring. Given the NBN will probably take some 10 years to build this equates to some 3 million homes that could have cost effectively installed the required infrastructure at the time of renovations of construction from new.

Industry has been working tirelessly since the earlier days of NBN Co to assist in addressing this and providing a source of trusted information so homeowners can make an informed decision and not be at risk of marketing information which gives the impression that what happens in the dwelling is simple. Please see the industry based information portal at www.registeredcable.com.au.

RECOMMENDATIONS

Recommendations 1

Ensure the relevant government department and other entities charged with the rollout of the NBN provide accurate and factual information regarding the options a homeowner should consider either as an inclusion within their own communications mediums or by referencing industry sponsored sites such as www.registeredcableers.com.au.

Whilst there are some sources of information targeted to the new development areas these are limited and not industry based and backed by the Government.

Recommendation 2

Explain to consumers what is the difference between the maximum download speed on provide for by the access technology and the actual download data rate they will experience at any given point in time.

ⁱ HIA Economic Group – August 2012 Attitudes to an uptake of Smart Wiring in New Homes research.

ⁱⁱ Based on an extrapolation of the ABS “Total dwelling units approved” statistics for January 2014.

ⁱⁱⁱ Roy Morgan Ready Made Research <http://www.roymorganonlinestore.com/News/More-than-8-million-Australians-renovated-or-redec.aspx>.

^{iv} HIA Economic Group – August 2012 Attitudes to an uptake of Smart Wiring in New Homes research