



14 March 2014

NBN Regulatory Review
Department of Communications
GPO BOX 2154
CANBERRA
ACT 2601

Dear Sir/Madam,

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association setup solely to serve councils and their individual needs. The LGAQ does this by connecting councils to people and places that count; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

The LGAQ welcomes the opportunity to comment on the Panel conducting a Cost-Benefit Analysis and Review of Regulatory Arrangements for the National Broadband Network. The issue under discussion is complex and involves an understanding of the current regulatory arrangement, which in its own right is very complex.

At the same time an appreciation of the current technologies, future industry trends and the National Broadband Network (NBN) suite of services, some of which have yet to be made publicly available, for example NBN Co long-term Satellite, add to the challenge in providing a detailed response and as such the LGAQ seeks to make general comment on matters that align with the policy of our Association.

The LGAQ also recognises that the existing NBN structures cannot be un-done, and hence the need is to move forward and ensure areas of concern are brought to the attention of the Panel for their consideration.

General Observations

The NBN aims to deliver a range of broadband services. It does this through a range of technologies – fibre, wireless and satellite. The NBN Co-charter is to be a commercial entity and Parliament passed a broad range of regulatory amendments that aimed to create a market place that was advantageous to the NBN achieving that goal.

The LGAQ is a believer in the free enterprise system where companies make business decisions to invest in areas that are commercially viable to provide a return on share-holders capital. In areas where it is commercially unviable, alternative delivery models are required and it is our position that Commonwealth Government has a role to step in to ensure services can still be delivered.

Telecommunications is a critical service as it underpins all government, business and social interactions. Participation in today's society requires access to information and data which is carried through a combination of telecommunication infrastructures.

The way the NBN was created, and its charter to ensure it is a commercial entity, meant that those areas that were perceived to be commercially unviable, that is the 7% of the population identified by the NBN, will receive wireless or satellite services.

Herein lies the first issue. The LGAQ has a view that those areas that were considered commercially unviable by the NBN Co, are also considered commercial unviable by other carriers. In Queensland, there are a number of towns, including two local government areas, that do not have the fundamental backbone to participate in the digital economy.

Our concern is that there is no foreseeable solution to resolve this issue. The two shires, Diamantina and Barcoo, have raised approximately \$5m themselves and the Queensland State Government has also contributed another \$5m to deliver core and access infrastructure at a cost of \$20m for the project. The LGAQ is supporting the two councils and has been lobbying Canberra to contribute the \$10m balance of the project.

For decades we have heard various Commonwealth Governments expressing the benefits of improved telecommunications to overcome the tyranny of distance. It is still the tyrant because of the great distances of optic fibre infrastructure required and the small population of those towns.

These areas would benefit the most from improved telecommunications, largely through the improved delivery of Government services, health and education in particular.

The LGAQ does recognise there is a role for satellite but it is in providing point-to-point communications for remote properties. The infrastructure needs for a small number of our towns are still a priority and need to be addressed.

Our second key point relates to many Queensland towns, such as Richmond or Julia Creek. They currently have exchanges connected with optic fibre and a range of access services – mobiles, ADSL and a suite of enterprise and government broadband products.

One of the fundamentals of the NBN process was the gradual de-commissioning of the copper network. It is recognised that services to the seven percent of the population had a longer transition time and that this issue is scheduled for review in 2018.

The LGAQ is particularly concerned that the towns that are scheduled for NBN Co long-term satellite services should have safeguards in place to ensure that the copper is not de-commissioned. Ensuring that voice services are delivered terrestrially is critical as it overcomes the latency that is experienced with satellite communications. This latency issue is compounded if both parties are making satellite voice calls.

There are also some concerns around the next generation satellite as it may be prone to rain attenuation which would affect performance.

Technology selection

The NBN Co long term satellite, or Next Generation satellite, is able to deliver a good solution for the delivery of broadband services in the bush. The issue arises if it has to be used for the delivery of voice services. Because of the type of satellite being used, latency will occur which will become apparent in voice calls, as indicated above.

Greenfield

Many local governments in Queensland are investigating or have already introduced specific development conditions that support the Commonwealth Government legislation for *Fibre in New Developments*, particularly installation of telecommunications pit and pipe infrastructure.

The LGAQ prepared and distributed a local government advisory in November 2012 to our members about the benefits of, and how to appropriately condition development for telecommunications purposes in accordance with the relevant legislation. However, many Queensland local governments

continue to struggle with coordinating and/or conditioning telecommunications in developments, particularly where proposed with less than 100 premises.

There has also been concern raised by local government in relation to communication with NBN Co and timing of the NBN rollout.

The LGAQ sees a need for further guidance, communication and coordination amongst all three spheres of government in order to ensure council-wide uniformity and consistency in relation to telecommunications pit and pipe infrastructure in all new developments for either immediate fibre deployment by NBN Co, another fibre provider, or for use by Telstra to deploy interim copper services pending a future fibre rollout.

Additionally, the LGAQ seeks mandatory provisions for all government infrastructure projects to include appropriate telecommunications conduits and the ability, through Queensland State legislation, to appropriately enforce Commonwealth infrastructure requirements for fibre and fibre-ready infrastructure in new developments.

Competing technologies

A key characteristic of a free market economy is competition. The current regulations have restricted competition against the NBN in order to assist the NBN Co to be commercial. Telecommunications is a very dynamic industry that is constantly changing as new technologies are developed, and existing technologies enhanced.

The market place that has been created could actually result in a lack of investment in innovation which could have long-term negative ramifications.

It is extremely fortunate that the policy makers at the time did not include mobile phone networks as part of the NBN vision. It is in the mobile industry that we are seeing capital investments being made in innovative new technologies. Recently the Commonwealth auctioned a range of radio spectrum, including bandwidth in the 700Mhz frequency range which resulted in Optus, Telstra and TPG investing nearly \$2 billion as part of ongoing investment in the Long Term Evolution (LTE) of mobile broadband speeds.

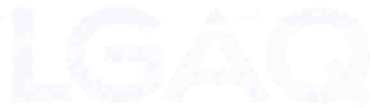
It is expected that the carriers will be developing value-rich solutions to entice customers to take-up those new services in order to make the return required for the investment of shareholder funds. We are seeing and will continue to see a robust marketplace where innovation and competition between the mobile carriers will deliver benefits to consumers. The search for innovation and the introduction of new technologies in the fixed broadband space may actually be restricted because of the monopoly nature of the NBN Co.

It should be noted that while the NBN is looking to develop superfast broadband services to 93% of the population, all of the mobile carriers have larger consumer footprints – with some boasting coverage to 98% of the population.

Consumer safeguards

The LGAQ is aware of recent events, which usually occur during the summer months where prolonged outages affect some rural communities and individual properties. One of the points that this submission aims to make is that services in the bush take on greater significance because of the existing physical isolation in terms of small populations and distances between properties.

Hence ensuring a strong system exists whether it is through the Universal Service Obligation or some other mechanism that allows those rural areas to be recognised, the role of Telecommunication Universal Service Management Authority is important, but the services for the bush need to be recognised separately.



The view is that currently service and performance data are collated on a national basis which distorts the actual delivery of services in rural and regional areas.

Conclusion

The LGAQ does accept the existing structure. It is recognised that some areas need improvements which will help the long term viability of those communities. The LGAQ argues the retention of copper in towns that are identified as NBN Satellite is crucial. The exclusion of the mobile services from the NBN is also important as this is allowing innovation and commercial investment to occur in this technology. The LGAQ is also interested to ensure that services standards are protected in the bush and that there should be greater controls around greenfield sites.

If you have any queries in relation to this submission, please do not hesitate to contact Mr Lou Boyle, LGAQ's Innovation Executive, on (07) 3000 2256 or at Lou_Boyle@lgaq.asn.au.

Kind regards

A handwritten signature in blue ink, appearing to read 'Greg Hoffman', is positioned below the 'Kind regards' text.

GREG HOFFMAN PSM
GENERAL MANAGER – ADVOCACY