

From: Dan McKenzie <dan@puddle.net.au>
Sent: Thursday, 13 November 2014 12:13 PM
To: Infrastructure And Access
Subject: Puddlenet - Submission on the draft proposed carrier licence condition

Hello,

Thank you for allowing me the opportunity to make a submission on the draft proposal for the changes to Carrier Licence Conditions.

In 2011 when the NBN was announced Puddlenet was just about to start laying fibre to residents in Springfield Lakes, Queensland. The lack of ADSL ports available in the area along with the unwillingness of Telstra to upgrade port number meant that the new technology city was void of broadband.

The new CLC in 2011 meant that it was unviable to start the rollout and so residents in the area missed out again.

Over the past 4 years the NBN has gained a presence in the area but connection times are severely limited and often not available to residents 6-12 months after they move in. Because of the new CLC we were unable to help again. This is very frustrating for a small carrier who focuses on small communities.

Forcing structural separation will further encourage other carriers to focus on high population areas to recover the extra costs incurred for running two separate companies. This will reduce the profitability of the NBN which already has overestimated the number of connections it would achieve.

Smaller carriers such as Puddlenet will not be able to run separate companies as the subscriber base is too small and our income is too low.

If there was a clause that required structural separation after a specific number of services was reached (say 25,000) , that would protect smaller carriers and allow them to grow as a single company with a limited ability to grow vertical markets while making sure that large vertically integrated companies with large numbers of customers compete at a wholesale level and, while not removing the possibility, will reduce the chance of monopolising the market. Smaller companies would also be able to plan for total separation in advance and systems could be built to allow a smooth and cost effective separation once the limit is reached.

As a quick example, I have just moved to Fernvale, Queensland where the NBN has rolled out a fibre network down the road. The whole estate consts of around 150 houses surrounded by a rural community. There are approximately 5-10 houses each end with fibre access while the 100 houses in the middle have Telstra copper because that part of the development was planned and started before 2011. Currently the residents have limited ADSL services (off-net services except for Telstra) and no ports available for a large number.

There would be little chance of a large carrier installing a high speed broadband carriage service network due to the low number of houses and the cost of backhaul to the nearest major city. This is the perfect opportunity for a small local carrier such as Puddlenet to focus on delivering 100Mbps and up to 1Gbps or more to the local residents and businesses.

I have the ability and drive to roll out a fibre network to these houses but the proposed laws will not allow me to retail the service. The only reason I would hesitate doing the rollout is the issue of not getting the retail profit. If I was able to roll this network out and not worry about the wholesale/retail issues that the current CLC imposes I would have already began. Having a user limit before structural separation in necessary would allow me to roll the network out and then separate in the future when the income from

existing clients would support the cost of running two companies. This would only benefit the customers which is the main aim of the CLC.

I hope this feedback is of some help and I would be interested in talking further about the best way to move forward with the broadband rollout in Australia.

Have a great day.

Regards,
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On 14 Oct 2014, at 3:19 pm, Infrastructure And Access
<InfrastructureAndAccess@communications.gov.au> wrote:

Dear Sir/Madam

Please find **attached** important correspondence from the Minister for Communications, the Hon Malcolm Turnbull MP, about a proposed class carrier licence condition.

The material is provided on a confidential basis until such time as it is otherwise published by the Minister.

The Department of Communications, on behalf of the Minister, is writing to you in your capacity as the contact person nominated with the ACMA for one or more carriers.

I would be grateful if you could confirm receipt of this correspondence and advise any alternative contact details if you are not the appropriate contact person.

Yours sincerely

Infrastructure and Access Team
Market Structure Branch
infrastructureandaccess@communications.gov.au
www.communications.gov.au

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