

Australia's property industry

Creating for Generations

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To Whom It May Concern

Review of the Telecommunications in New Developments (TIND) Policy

Thank you for the opportunity to comment on the Review of the Telecommunications in New Developments (TIND) Policy [the Review]. The Property Council is the peak body representing the interests of owners and investors in Australia's \$670 billion plus property investment industry. Our industry employs 1.4 million Australians.

Our members are long-term shapers of, and investors in, Australia's cities. They understand that the provision of telecommunications infrastructure is essential for the productivity, sustainability and liveability of new communities.

Submission context

The impact of government taxes and charges levied on new dwellings in Australia is counterproductive to the supply of new housing. In states such as Victoria, property taxes supply some 48 per cent of government revenue. This Review takes place in that context.

Providing urban infrastructure requires significant investment, particularly in a time of increased community expectations about improved infrastructure services and higher community expectations (for instance, community facilities, safety and environmental protection). Much of this infrastructure is funded through up-front charges on developers. As a result, taxes and charges are a significant proportion of the cost of a new home.

Across Australian capital cities they represent between 17 per cent and 25 per cent of the acquisition costs of houses and between 17 per cent to 22 per cent of the acquisition costs of apartments. In greenfield developments, government taxes and charges are:

- more than three times the cost of land in Brisbane and Melbourne, more than double the cost of land in Perth and Darwin, and nearly \$85,000 more than the cost of land in Sydney.
- 3.9 - 7.3 times the maximum concessions available to first homeowners in capital cities if the eligibility requirements and relevant price thresholds are met.

Please find attached a detailed analysis of the taxes and charges on new housing prepared by ACIL Allen for more details.

2015 Telecommunications in New Developments Policy & ongoing approach

Developer responsibilities and charging

The Property Council supports the objective of the 2015 policy: to provide people moving into new developments with ready access to modern telecommunications and to foster competition in the supply of such infrastructure to drive efficiency, innovation and choice. Any update to the 2015 policy as a result of the Review must seek to increase competition in the market so consumers do not pay more than they need to for telecommunications infrastructure due to regulations.

Property Council members have noted that their experience with alternative providers has been largely positive and has allowed for the provision of innovative and more efficient delivery options – particularly when the developers are able to work with the alternative providers to co-develop innovative services for their customers.

Furthermore, Property Council members have observed that some alternative providers have a similar cost structure to NBN overall, however speed of infrastructure delivery and flexibility to work with through the design and construction phases to meet project delivery programs is considered superior. Members note that there appears to be a more collaborative approach undertaken by alternative providers.

The Property Council recommends that the Review should allow for the NBN to be more commercially competitive, leading to reduced in-estate charges.

The Property Council does not support any increases to the NBN infrastructure ceiling price and/or back haul price cap increases. Any flexibility should be accompanied by the current charge ceiling.

Most importantly, to improve the competitiveness of NBN, there is a need for NBN to improve the speed of infrastructure delivery to increase competition with alternative providers.

Developer compliance

The Property Council agrees with the Review's observation that corporate developers, such as those represented by the Property Council's Residential Development Council, do the right thing and have the right pit and pipe infrastructure installed and contract a carrier to service their project.

Historically, our members have observed that the NBN process for compliance was considered overly burdensome. Very minor defects and omissions at the end of the subdivision works (e.g. a cup of sand in the bottom of a pit) would hold up entire subdivisions as there was a lack of reasonableness applied in the NBN process to deal with minor defects / omissions to be rectified and promptly certified by NBN. As a result, the compliance approach often had to be integrated in the projects' critical path to plan registration, which ultimately adds costs to the home buyer.

Our members have, however, observed that the NBN compliance process has improved over the years to ensure that consumers do not face any additional costs due to delayed registration. As such, the Property Council would consider the introduction of legislation or regulations to address developer compliance as concerning and unwarranted.

The Property Council recommends that the Department of Communications and the Arts focus on raising awareness of any obligations under the policy with small unincorporated developers and smaller-scale, sometimes one-off 'mum and dad' developers with less experience of the development industry.

Other competition measures

Two additional areas identified by Property Council members:

- The inability for alternative carriers to use NBN Co backhaul (and vice versa) has caused great inefficiencies and additional service costs. This aspect should be reviewed to enable cross sharing of infrastructure provided by the various carriers.
- Customers of alternate carrier networks are being disadvantaged by the major RSPs (Telstra, Optus, VHA) not onboarding. The Review could do more to address level playing field where alternate carriers are motivated to meet technical and commercial overheads.

Network and service standards

The Property Council agrees that there may be justification to explore minimum performance standards new developments as a safeguard. However, it is imperative that flexibility in terms of design and technology to achieve the set standards should remain. Furthermore, minimum performance standards should not increase the cost of the telecommunication infrastructure.

Meeting with Industry

The timing of the consultation during the end of year break has made it challenging to undertake full consultation with our members. As such, we would be keen to work with the Department of Communications and the Arts to ensure that all issues with the current policy are explored and discuss any proposed changes to the policy through an industry roundtable discussion.

Yours sincerely and with thanks

Mike Zorbas

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