

# Tasmanian Government submission in response to the Regional Telecommunications Independent Review Committee's Issues Paper

December 2011



The Tasmanian Government welcomes the 2011-12 Regional Telecommunications Review and would like to make the following points in response to the Regional Telecommunications Independent Review Committee's Issues Paper.

## **1) BASS STRAIT REMAINS A BLACKSPOT**

Bass Strait remains a major transmission black spot affecting Tasmania. The Basslink cable provides valuable competition to the Telstra cables but:

- is not a dedicated telecommunications cable; and
- is a single crossing with no redundancy.

This has long been identified by the Tasmanian Government as a significant issue for Tasmania, but is greatly more serious under the planned National Broadband Network (NBN) Points of Interconnect (POI) model, which benefits Tasmania only if competitive backhaul exists into and around the State. The Australian Competition and Consumer Commission (ACCC) made this point when it delivered its report on the NBN POI model.

The Tasmanian Government believes that the most efficient, practical, sustainable, and certain way of delivering cost-effective capacity across Bass Strait would be the construction of a second robust and dedicated undersea crossing not owned by Telstra. However, Bass Strait cabling did not receive funding under the Commonwealth Government's Regional Broadband Blackspot Program.

In 2009, the Tasmanian Government commissioned a study into the cost and design of a fourth cable across Bass Strait. A copy of the resulting study can be made available to the Regional Telecommunications Independent Review Committee on request. Additional information was also outlined in the Tasmanian Government's submission to the Australia Competition and Consumer Commission (ACCC) regarding the planned Domestic Transmission Capacity Service Final Access Determination (August 2011). A copy of that submission is attached.

## **2) INVESTMENT IN CULTURAL CHANGE NEEDS TO ACCOMPANY INVESTMENT IN INFRASTRUCTURE**

Compared with metropolitan areas, regional Australia has both lower uptake of broadband technologies, and more to gain if uptake increases.

To develop and exploit the digital economy, people and institutions need to do things differently. Teachers, health practitioners, and others who lead service delivery, must use the new tools to create and deliver better services, regardless of location. Small and medium enterprises must use the technology to access information and wider markets, producers must use it to increase sustainable production, and community organisations must use it to connect people with each other. Inside the home, there are challenges around cyber safety, technical support, and lawful use, as well as simply understanding the opportunities which a better broadband service offers.

Investment is needed to drive these cultural changes in regional Australia, since a large proportion of our teachers and health practitioners were trained before the Internet existed, our small and medium enterprises have lower rates of Internet usage, and our general population has lower incomes and education levels than those in metropolitan Australia.

The Tasmanian Government would like to see investment from the Commonwealth Government in broad-scale training and development programs around the use of broadband, rather than investing in pilots and introductory workshops. In particular, training is needed across the education and health sectors.

### **3) COMPETING TECHNOLOGIES AND SERVICES WILL BE NEEDED ALONGSIDE THE NBN**

NBN-based services will not meet all of Australia's telecommunications needs, either in the short or long term.

So far, NBN Co only offers domestic-grade services, with no service guarantees. However, business-grade services are expected to be available in the volume rollout areas from mid-2012. Notwithstanding this, there are many existing government and business services which are unlikely to shift to the NBN. This includes many point-to-point Ethernet, Multiprotocol Label Switching (MPLS), and very high bandwidth services (10 gigabits per second and higher).

As the digital economy expands, more services will also be required in locations that are not premises, such as traffic lights, dams, machines, environment sensors, and mobile and other wireless services. Some of these services will be essential for the delivery of competing access technologies, including mobile and wireless. As one example of the limitations of the NBN, it is understood that NBN Co will not be providing services suitable for smart meters in the medium term, so any national or local smart grid rollout will require that electricity utilities install competing infrastructure.

Even if NBN Co becomes active in all business product niches, if there is a loss of competition in telecommunications transmission markets in Australia, that loss will inevitably reduce innovation and cost competitiveness in the market. It is therefore important that policy settings around NBN support and encourage investment in competing infrastructure, especially in regional Australia where competitive transmission markets have historically been very limited.

Additional information on this point was outlined in the Tasmanian Government's submission to the ACCC on Points of Interconnect to the NBN (November 2010). A copy of that submission is attached.

### **4) THE NBN ROLLOUT PROCESS SHOULD BE ADAPTED TO LOCAL CIRCUMSTANCES**

The initial NBN fibre-to-the-premises rollout will take at least ten years and cost billions of dollars. On a per capita basis the rollout will cost more in regional Australia than in metropolitan areas. It is therefore particularly important that the rollout in regional Australia be undertaken as efficiently as possible, so that coverage can be maximised.

An efficient rollout process will require taking into account the local culture, environment, and conditions, rather than attempting to conduct the rollout process in the same way in all areas. In Tasmania, optimal rollout effectiveness and breadth is likely to be achieved by:

**(i) Using a higher than usual proportion of aerial infrastructure**

This is due to the existence of good power pole infrastructure, the high incidence of rock substrate, and the likely low quality of much of Telstra's older infrastructure. Despite this, NBN Co has indicated it will not use the aerial backhaul it built as part of Stage One.

**(ii) Using the opt-out legislation passed by the Tasmanian Government**

The purpose of the legislation is to assist NBN Co to maximise the number of premises which connect to the NBN fibre infrastructure during the initial construction period. This would both maximise construction efficiency and encourage uptake of services.

An alternative model would be for NBN Co to install connections on demand, potentially well after the rollout is completed in an area, for an additional charge. As well as impacting on uptake, this would shift cost from NBN Co either to the future premises owner (who may not have been the owner at the time that the NBN rollout occurred) or to the Commonwealth Government (where Universal Service Obligation measures apply).

**(iii) Working cooperatively with the State's electricity companies**

Like other utilities across regional Australia, Tasmania's electricity companies have infrastructure, information and capabilities which could be of use in the NBN rollout. However, neither the electricity regulator nor good public policy will permit those companies to use their regulated assets and activities to subsidise the rollout of NBN. There are also occupational health and safety requirements which override other considerations.

NBN Co needs to have regard to these restrictions when engaging with Tasmania's utilities.

Another important issue for regional Australia is the difference between the services that will be available over the NBN fibre and the services that will be available over the NBN wireless service. The current NBN wireless offering of 12 megabits per second (Mbps)/1Mbps compares poorly with the fibre-based offerings (eg 50 Mbps/20Mbps, 100Mbps/40Mbps, and 12Mbps/5Mbps) in relation to both bandwidth and asymmetry. An uplink speed of only 1 Mbps will severely limit capability, eliminating all possibility of delivering high-definition videoconferencing or access to quality imaging and video. This would be a particular problem for regional schools and medical centres.

The Tasmanian Government would therefore like to see NBN Co review its wireless offering, increasing peak rates and reducing asymmetry.

Attachments:

- 1 Tasmanian Government submission (August 2011) to the ACCC
- 2 Tasmanian Government submission (November 2010) to the ACCC