

NEWS

Call for broadband equity

Connection costs queried for new homes.



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CHARGE AHEAD: *New homeowners could pay more*

Land developers claim new home buyers in greenfield housing developments will be unfairly charged to have the same access to the National Broadband Network that existing homeowners will be given for free.

At a public hearing of the new Joint Committee on the NBN, Housing Industry Association chief executive Graham Wolfe questioned who should pay for the delivery of the infrastructure that will enable fibre optic cable roll-outs into new developments.

“Existing home buyers will be delivered infrastructure to their house. If you are a new home buyer, the situation is different,” Mr Wolfe said.

“The Housing Industry Association has a very fundamental premise that housing affordability is critical to the delivery of homes to the Australian population, and that the addition of extra costs, whether they be hundreds of dollars or thousands of dollars, inevitably impacts on affordability and

inevitably impacts on people’s capacity to buy.”

Mr Wolfe said the HIA position is based on fairness, with the government already funding broadband delivery to most existing homes.

“That same NBN facility is going to be provided to 9.1 million homes around Australia, or 93 per cent of them, but there will be a funding obligation on new home buyers to pay for that same infrastructure,” he said.

“So it is not a question of whether or not it is good value; it is a question of whether or not there is equity between a person who owns an existing home and a person who is looking to buy a new home. From HIA’s perspective it does still go to the point of inequity for the new home buyer and to the question of housing affordability. It is another cost on a new home.”

The joint committee has also been debating the merits and costs involved with NBN Co becoming the dominant player in delivering broadband.

A smaller network provider, TransACT, has rolled out fibre networks past 200,000 homes across the ACT, Queanbeyan, Geelong, Ballarat and Mildura. It wants to continue providing broadband services into new housing developments.

But TransACT chief executive Ivan Slavich told the committee while TransACT supports the government’s emphasis on the rollout of fibre optic cable in new developments, they fear the ramifications of NBN Co becoming such a dominant player.

“The impact of this bill, together with the government’s overarching NBN policy and supporting legislation and initiatives, significantly affects the competitive landscape for future fixed line infrastructure competition in Australia,” Mr Slavich said.

“TransACT believes that the committee needs to consider the potential impacts on how the government’s NBN legislation and policies on technical standards looks to enshrine the NBN Co. as a monopoly provider of fixed line services in Australia, potentially displacing the private sector from the market altogether.”

TransACT wants a number of amendments to the legislation to encourage greater competition, including a share of the government subsidy provided to NBN Co.

Mr Slavich said TransACT can compete on the roll-out of broadband services to new housing developments. He told the committee a ballpark cost per home would be between \$500 to \$1,000 for rolling out optic fibre along the street frontage, or about \$3,500 per home for fibre to the premise.

“What we ask for is a level playing field so that we can compete on like terms. As it is, it will be difficult for us, as a smaller operator and from an economies of scale perspective, to compete with NBN Co,” he said.

“Competition will drive prices down because if you know that someone else is also bidding for the work you are obviously going to be as keen as possible to provide the lowest cost that will win you the business.”

Paul Cross, chief executive of OptiComm, another fibre deployment business, shared TransACT’s concerns about being sidelined by NBN Co from future greenfield housing developments.

“OptiComm probably has the widest and most extensive experience within Australia of fibre-to-the-premise GPON deployments,” Mr Cross said.

“Many of our employees have been involved in fibre to the premise for more than 10 years, and we have had to compete with a virtual monopoly through all of that period – that is, Telstra.”

He said Telstra through its market power and control of key infrastructure had long dominated fibre-to-the-premise rollouts and services for the vast majority of current greenfield developers and their residents.

“We therefore hope that it is not the intent or the outcome of this legislation that we see the minister’s much heralded structural reform of the telecommunications industry result in even less competition in greenfields,” Mr Cross said.

“This, we fear, could be the outcome for greenfields should we see government policy resulting in NBN Co simply replacing Telstra as the incumbent monopoly and perhaps being even further out of reach of competition due to additional legislation.”

In response the chief executive of NBN Co Mike Quigley said they had looked at using a number of possible suppliers to rollout broadband for new housing developments but had opted for Fujitsu as their one major partner because of the complexity of dealing with numerous technologies and numerous systems.

“Trying to integrate all of that would have been quite a difficult job,” he told MPs, at the same time questioning whether the smaller suppliers would have had the capability. •

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JUMPING ON BOARD: *Commercial links with Asian giants examined*

Focus on North Asia trade

Australia’s productivity would benefit by further developing the trading relationship with Japan and South Korea, according to the chair of a new parliamentary trade inquiry.

“It is important for Australia’s productivity to ensure that we strengthen our trading partnerships with these two countries, investigate how companies can take advantage of this and look at what the Australian government can do to strengthen trade ties,” Janelle Saffin (Page, NSW) said when announcing the latest review by federal parliament’s Trade Committee.

The inquiry will focus on the nature of Australia’s existing trade relations and will track emerging and future trends. It will also identify barriers to trade and investment, and examine the role of government to assist Australian companies take advantage of opportunities in the region.

Two way trade between Australia and the north Asian giants is already worth more than \$89 billion annually, making Japan and South Korea Australia’s second and fourth largest trading partners respectively.

Last year trade with Japan reached \$61 billion, including \$43 billion in exports, largely consisting of minerals, metals and beef. Japan also invested more than \$117 billion in Australia in 2010.

South Korea imported \$20 billion worth of Australian goods and two way investment totalled more than \$16 billion.

The committee wants to hear from industry, peak associations, academics, government agencies and individuals. •

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