

Response from the Great Southern Development Commission to the ACCC Discussion Paper on points of interconnect to the National Broadband Network.

Please direct any queries in relation to this response to Russell Pritchard, Regional Manager Industry and Infrastructure on 08 9842 4888.

Comments for each 'Issue for Discussion' as presented in section 7 of the Discussion Paper are presented in the following pages.

EFFECT ON RELEVANT MARKETS

1. To what extent will the number and location of POIs impact competition in the backhaul market in the short term and in the long term?

the consolidated options for POIs.(high and low) would probably limit the scope for increased competition.

A FSA without a POI will not be able to attract market competition as competitors will not be able to connect new backhaul routes to the exchanges.

Installing POIs at locations where there are existing options for backhaul maintains existing levels of market competition.

2. To what extent (if any) do you anticipate that any of your transmission assets (or other relevant assets) will become stranded under any of the proposed approaches to POIs on the NBN? What is the value of and location of those assets?

The existing fibre network connects more towns and industries than is proposed under the NBN Co model.

Consolidating POIs and reducing connectivity may isolate existing resources and restrict the potential for new industries to link into the NBN.

3. What is the current state of competition in the relevant backhaul markets? To what extent are backhaul services priced competitively in CBD, metro, regional and remote areas?

The majority of the Great Southern is restricted to a sole provider (Telstra) for backhaul services.

Under the current setting, only Katanning, has the potential to access three (including Telstra) backhaul services.

NBN Co's composite option will replicate this limited competitive situation and restrict growth options by reducing the potential for the installation of alternative backhaul services in locations other than Katanning.

The pricing of existing backhaul markets is not known by the Great Southern Development Commission.

4. How would investment in backhaul infrastructure used for other networks, such as mobile and non-NBN fixed networks, be affected by the number and location of NBN POIs?

Reduction in the POI locations will compromise the ability to attract investors into the IT market in regional locations.

5. To what extent will the number and location of NBN POIs impact competition at the retail level in the short term and in the long term?

Retail Service Providers currently have the option of only one backhaul provider for the majority of the Great Southern. Including POIs at each FSA presents opportunities for increased retail competition in the longer term.

6. Is the emergence of a Layer 3 wholesale sector likely under the NBN? If so, how will the location of NBN Co's POIs affect this market in the short and long term?

The emergence of a Layer 3 wholesale sector is unlikely under the NBN in the Great Southern.

LOCATION OF POIS ON THE NBN AND PROVISION OF RELATED SERVICES

7. What is the preferred number and location of initial NBN POIs and why? How would this be different in the short term and the long term?

The preferred number of Initial NBN POIs is at least Option 1 of 718-950.

8. What are the strengths and weaknesses of NBN Co's preferred 'composite model' outlined in its Public Position Paper?

The strength in the 'composite model' is that installation costs would be reduced for 14 POIs and 195 CSAs in comparison to the installation cost for 718-950 POIs.

The weakness in the 'composite model' is the decrease in opportunity for potential backhaul routes and competition as compared to the 'no consolidation' option. In addition, the existing monopoly of the majority of backhaul routes will be replicated in this limited installation of POIs.

9. Where a composite or low-medium consolidation approach is adopted for NBN Co's POI location, what factors should be taken into account in determining the location of the distributed POIs? For example, is the number of available backhaul routes relevant? If so, what should be the threshold?

In considering a composite or low-medium consolidation approach for POI locations, NBN Co would only install where a number of backhaul routes already exist and this may limit retail competition.

POI backhaul routes can only be built to POI locations. If a POI is not installed then alternate backhaul routes cannot interface with the NBN. Locations that only have one backhaul route currently in place will be disadvantaged if a POI is not installed.

10. On what terms should NBN Co supply backhaul from the small number of centralised aggregation POIs to the decentralised disaggregated POIs if its 'composite model' is adopted?

Access to NBN Co POIs for RSPs should be unimpeded. That is providing full access to the available bandwidth to ensure all RSPs can provide a competitive level of service to the end user.

11. If NBN Co supplies backhaul, should this be on a Layer 2 Ethernet basis or in the form of dark fibre (or both)?

The current backhaul bandwidth for the Great Southern is limited. Without further information it is unknown if this relates to the available fibre or technology of the connecting hardware.

TIMING AND BUSINESS RULES FOR INTERCONNECTION UNDER NBN CO'S COMPOSITE APPROACH

12. Under NBN Co's 'composite model', what "business rules" should govern when NBN Co will allow interconnection at the distributed POIs?

One possible 'business rule' for interconnection at distributed POIs would be to only grant connection to licensed service providers. On establishing 'business rules' it is recommended that they do not restrict the potential for industry growth and diversification within the region.

13. What should be the process to coordinate the addition of interconnection at the disaggregated POIs?

The process for the coordination of the addition of interconnection at disaggregated POIs should take into account the potential for industry growth and diversification within the region.

CHANGES TO THE INITIAL POIS

14. What factors should trigger a review of the location of NBN Co's initial POIs?

A review could be triggered on the basis of specialised demand e.g prospect of additional major industry or significant planned expansion of existing industry, and be held on a regular basis after the initial implementation.

15. What mechanisms should be used to effect a change to the location of NBN Co's POIs? (i.e. consultation requirements and notification periods)

If NBN Co considers alteration of the location of POIs they should be required to have a public consultation period with a notification period of three months. It is not sufficient for alteration to POIs to be only a decision of NBN Co. Industry and government stakeholders should be involved in the decision to ensure the opportunity for competitive markets is maintained.

Layer 1 Unbundling

16. What are the implications of the number and location of POIs for potential Layer 1 unbundling and home-run network topology for the NBN?

The NBN Co information indicates that POIs would be located on the other side of the exchange to any Layer 1 unbundling. It is unclear what the implication of this location would be on home-run network topology.

UNIFORM NATIONAL WHOLESALE PRICING (UNWP)

17. To what extent can UNWP be achieved independently of decisions about the number and location of POIs?

If the location of POIs is too closely linked to UNWP it may mean that lower populated areas will not be considered appropriate for POIs. This will have the effect of further widening the digital divide between metropolitan and country locations.

18. Is NBN Co's definition of UNWP "...that Access Seekers should face the same total wholesale cost from any premises to a designated state capital city point of presence" an appropriate one? If not, what alternative definition would you propose?

The NBN Co's definition of UNWP seems an adequate description of a flat rate.

19. To what extent can it be ensured that Access Seekers face the same total wholesale cost in supplying services to end-users across regions independently of decisions about the number and location of POIs? That is, are there alternative ways to the approach proposed by NBN Co of ensuring that Access Seekers face the same total wholesale cost in supplying services to end-users across regions?

No Comment.

20. If NBN Co's preferred composite model were to have no price differentiation between interconnecting at designated capital cities or at CSA locations, what impact would this proposal have, particularly on regional retail markets and regional backhaul transmission markets?

If interconnection at all POI locations was the same, the incentive to install additional backhaul services to distant locations would be reduced. Lower rates for connection at regional locations could add incentive to wholesale service providers to install backhaul services and increase market competition.

WIRELESS SERVICES

21. Should the same approach for the number and location of POIs for NBN Co's fibre services be adopted for wireless and satellite services? Why and/or why not?

Wireless services under the NBN are to use the same fibre backhaul routes as the FSAs. The implication of POI locations for wireless services should be considered at the same time as fibre services.

The interface locations for satellite services need to be cost effective for RSPs as this technology is to service the larger geographic region of Australia. Although this population is lower, the impact of poor service provision to these areas would be significant for rural Australia.