



15 June 2009

The Manager  
Fibre in Greenfields  
Networks Policy and Regulation Division  
Department of Broadband,  
Communications and the Digital Economy

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**INTERIM RESPONSE – NATIONAL BROADBAND NETWORK:  
FIBRE-TO-THE-PREMISES IN GREENFIELD ESTATES  
CONSULTATION PAPER**

Dear Sir/Madam

Thank you for the opportunity to provide comment on the National Broadband Network (NBN) Fibre to the Premise (FttP) in Greenfield Estates Consultation Paper. The Urban Development Institute of Australia (UDIA) is the peak body representing the urban development industry in Australia.

UDIA represents more than 4000 companies directly employing more than 400,000 Australians including developers and a range of professionals involved in the development industry including lawyers, engineers, town planners and contractors. UDIA has five state offices around Australia.

As you are aware, UDIA has assisted the Government in the development of this legislation by organising consultative forums with the key representatives of the development industry in the five mainland state capitals.

UDIA is currently preparing a comprehensive response to the Consultation Paper which it will provide to the Department as a matter of urgency, however as an interim, this paper will outline the key messages and issues for the industry in relation to the National Broadband Network (NBN) Fibre to the Premise (FttP) in Greenfield Estates.

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## Overview

In general the development industry is very supportive of improved communications arrangements for new development areas and is keen for the improvements to be rolled out as soon as possible. In fact, a number of developers have already acted to put in place optical fibre or other enhanced communication arrangements in a number of their developments.

There are however a number of issues which need to be addressed in relation to the implementation of the National Broadband Network FttP in Greenfield Estates.

## Issues

### **§ Equity**

UDIA strongly believes that there should be no difference in relation to the treatment of new estates and retrofitting. It is simply inequitable for there to be an upfront capital charge for Greenfield estates but a cost recovery approach for elsewhere.

UDIA believes that if developers are required to deliver the FttP in Greenfield estates, then some type of rebate scheme needs to apply to the connection.

### **§ Definition of Greenfield**

UDIA believes that the definition of 'what is Greenfield' needs to be determined. This is a key issue and directly related to the issue of equity outlined above.

For example, what about land release in an infill context – does this constitute a new estate or retrofitting?

### **§ Open Access**

It is unlikely that more than one fibre provider will enter Greenfield developments and therefore UDIA supports the development of an open access wholesale model at the 'bit stream' level.

NBN Co could deliver and own the pit and pipe structure to ensure open access. Access may be easy in new Greenfields estates but not when they start moving into infill areas where a network provider already owns the pipes and may demand significant annuities for access by other providers.

### **§ Transitional Arrangements**

Developments that have entered into contracts for provision of telecommunications and for which construction of the telecommunications infrastructure has commenced prior to the commencement date (including previous stages) must be exempt to the requirements for FttP networks in Greenfields estates.

## **§ Regulation**

Regulation for delivering FttP technology needs to be created at Commonwealth level and supported by state governments. In some states Local Government is not in a position to manage the FttP approvals system and in some cases are not responsible for the clearance of subdivision clearances.

## **§ Skills**

A major issue for development will be delays in the provision of telecommunications due to capacity constraints caused by a lack of suitably qualified FttP personnel which would be exacerbated by probable high demand at commencement date.

## **§ Commencement Date**

Decisions in relation to the provision of FttP are usually made a number of years in advance of subdivision works. The current commencement date will not allow adequate time for the planning to be undertaken.

The UDIA is keen to see the roll out of optical fibre in Greenfields at an early stage. However, in practice it perceives a number of issues in the number of skilled operators available to put in place the facilities, undertake the necessary planning, and put in place the appropriate governmental mechanisms at the various levels of government.

Consequently, some delay beyond the proposed 1 July 2010 starting date is strongly recommended. UDIA believes that it is necessary for the NBN, or the NBN company to address in more detail the roll out of the network and resources required for the development of the network over a given period and to prepare the elements of the network for competitive market operation.

## **§ Mechanisms for ensuring consistent delivery approach**

There should be a minimum Australian Standard to ensure that the current framework is catered for but does not exclude innovation in the future.

## **§ Provider of last resort**

In relation to electricity provision, in some jurisdictions there is a provider of last resort if the developer cannot or chooses not to negotiate a commercial outcome with another provider. There should be a provider of last resort for the NBN.

## **§ Essential Service**

FttP needs to be classified as an essential service to ensure that it is delivered, and is carried on Development Approval (DA) consents. This is similar to what currently is the case with electricity.

## § **Integrated Network/Headend and back-haul capacity.**

The consultation paper assumes that every estate will provide backhaul, network, head end and lead in, with the home owner doing the house wiring. This will result in every estate having its own exchange (head end) and its own back haul (with multiple cables in individual trenches all going in the same direction). UDIA considers that all of this should at least be part of the general infrastructure and should be owned by the NBN company like all the retrofit works it will do. We see little sense in these fragmented works being owned by different parties.

It is essential that the new NBN Company takes a high level planning role in infrastructure delivery to ensure the most effective rollout. The NBN company should also be responsible for providing the back-haul capacity and the “head-end”. The planning for the backhaul capacity and the head-end locations must occur before the Commencement Date in order to limit wasteful duplication and provide certainty around planning for the developments.

A possible model for the delivery of some head-ends would be for the cost of provision of the head-end to be recouped by the NBN company by charging a “headworks” charge to the developer as lots released are connected to that head-end. There are many similar models for the provision of services that work successfully. If the telecommunications contractor for a certain development has the capacity to create the head-end where the NBN company does not, the NBN company could pay the telecommunications contractor to provide the head-end and recoup the costs as proposed.

The upgrade of existing backhaul infrastructure needs to occur at the time of the development of a new estate to enable the benefits of high speed broadband to the incoming residents, as proposed by the NBN.

New development will also often need access to trunk networks through other property or other developments. This distribution trunk network also needs to be facilitated by the NBN to ensure the trunk can be put in place across other property and undertaken in a timely way. Relevant powers of entry for requirement of other property need to be made available to the organisation putting in the fibre.

- **Maintenance**

Provision also needs to be made for certainty for ongoing maintenance of the reticulated fibre and broadband service even where carriers may no longer be viable. In effect a default or USO carrier if required which could be the NBN Company.

- **Regulation of Cost**

The cost of build should not need to be regulated as developers should have access to multiple constructors to ensure competitive pressure on costs.

Yours sincerely



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Chief Executive Officer

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