



Australian Government

**Department of Broadband,
Communications and the Digital Economy**

Fibre in new developments: policy update

22 June 2011

When the Australian Government announced its National Broadband Network (NBN) policy in April 2009, it recognised that it was essential to ensure new developments across Australia were given ready access to fibre technology as they were being built. While the NBN is being constructed, an estimated 1.9 million new premises will be built. Connecting these premises to fibre will provide occupants with ready access to next generation broadband and reduce rollout costs by avoiding costly retrofitting.

Following extensive consultation with stakeholders and consideration of the NBN Implementation Study, the government announced on 20 June 2010 that from 1 January 2011:

- NBN Co Limited would be the wholesale provider of last resort in new developments¹ within or adjacent to its long term fibre footprint and meet the cost of doing so
- developers—and on their properties, property owners—would be responsible for trenching and ducting
- Telstra would not have infrastructure responsibilities but would be retail provider of last resort
- developers could use any fibre provider they want, providing they met NBN specifications and open access requirements.

¹ For the sake of clarity, references in this statement to new developments should be understood to refer to all types of developments and constructions, regardless of the number of lots, premises or units involved; whether they are broadacre greenfield or brownfield infill; and regardless of whether they are residential, commercial, industrial, government or of some other type. References to lots, units and premises should generally be taken to have the same meaning and be interchangeable.

These are very significant changes to the way telecommunications infrastructure and services are provided in new developments. But, as the government has demonstrated, it is prepared to tackle the challenges in telecommunications to deliver better long-term outcomes for Australia.

On 9 December 2010 details of operational arrangements to implement this policy were announced. Those arrangements have now been refined in the light of experience since then. These refined arrangements are intended to provide stakeholders with additional certainty in relation to all developments.

In all instances, this policy relates to who is responsible for the provision of infrastructure and services in new developments as a provider of last resort. Nothing prevents a developer from requesting any provider (whether it be NBN Co, Telstra or some other provider) to supply infrastructure in, or to service, their estate. Any such provider is free to comply with such a request, but is not required to do so, other than NBN Co and Telstra as providers of last resort as described below.

The government will make regulatory changes to give effect to the arrangements described below, including in relation to clarifying responsibilities under the existing universal service regime. The Australian Government will also continue to work with state and territory governments to ensure a nationally-consistent approach is adopted in all planning regimes.

The role of NBN Co in new developments

From 1 January 2011, NBN Co is responsible for the installation of fibre at the development stage for all premises in NBN Co's fibre footprint² in:

- new developments of 100 or more premises³, whether broadacre or infill, which receive Stage 5 (civil works) planning approval after 1 January 2011
- developments, irrespective of size or type, in areas where NBN Co has already rolled out fibre and the fibre is ready and capable of connection
- developments in areas where NBN Co has publicly identified the area as a rollout region—this is on the basis rollout regions will be announced 12 months prior to the ready-for-service date.

NBN Co may also provide infrastructure in smaller developments where it is practical for it to do so.

NBN Co requires developers to provide it with three month's notice that the developer requires infrastructure for their development.

In developments for which it is responsible, NBN Co will install the fibre infrastructure in the development including backhaul to a point of interconnect. Other costs to be met by developers are discussed below.

² All new developments will be assumed to be in NBN Co's long-term fibre footprint. However, NBN Co will promptly notify the government, developers and Telstra (as Universal Service Obligation provider outside the footprint) of new developments that are outside of the long-term fibre footprint.

³ Developments of 100 or more premises are those approved for 100 or more premises over a three-year period at the time of development approval.

NBN Co may use whatever operational arrangements it chooses to service new developments. NBN Co will use such arrangements to make infrastructure available in a time frame which will enable occupiers of lots to access fibre-based voice telephony and other services.

Role of Telstra

For developments of less than 100 premises, whether broadacre or infill, Telstra will be responsible for delivering infrastructure and services, pending NBN Co being ready to provide a fibre service in that area that is capable of connection to the premises.

Telstra will be responsible for delivering infrastructure and services in developments which received planning approval before 1 January 2011 other than developments which are 'landbanked'—that is, developments that have been approved but which have not proceeded.

Telstra has agreed that it will generally provide copper infrastructure. However, Telstra can choose to provide fibre and in some limited circumstances—for example, because of the short time frame between construction and the rollout of fibre—Telstra may provide high quality wireless services as an interim solution. Telstra will work to determine which interim solutions will be appropriate in specific circumstances. It will take into account considerations including the time frame for which the interim solution is required, the infrastructure solution that delivers the best service quality, the customer's location and requirements for voice or broadband.

Like other fibre providers, Telstra will also be able to enter into commercial arrangements with NBN Co relating to fibre solutions.

Consistent with the 20 June 2010 announcement, Telstra will be required to provide standard telephone services to end users in all new developments in which retail services are not offered by another service provider (retail provider of last resort).

Landbanked developments will be provided with infrastructure in accordance with the rules described above and developers will need to relodge their requests with NBN Co or Telstra as appropriate.

Telstra will advise developers if their developments are being treated as landbanked and need to be resubmitted.

The arrangements outlined in this statement do not in any way override existing contractual arrangements developers may have in place.

Expectations on developers

From 1 January 2011, in all types of new developments, developers will ensure that pit and pipe—including trenching and ducting, design and third-party certification for development approval purposes—are installed and are fibre-ready.

In new developments of 100 premises or more, developers will meet the cost of installing fibre-ready pit and pipe infrastructure and transfer ownership of such infrastructure to NBN Co in exchange for the provision of fibre within that pit and pipe.

In new developments of less than 100 premises, developers will meet the cost of installing pit and pipe infrastructure and transfer ownership of such infrastructure to Telstra in exchange for Telstra's provision of fixed-line infrastructure within that pit and pipe.

In the event that Telstra is paid by a developer to install the pit and pipe infrastructure into a new development where NBN Co has an agreement with the developer to provide fibre, Telstra will transfer the pit and pipe to NBN Co before NBN Co installs the fibre as the first infrastructure.

Any other provider whom a developer approaches to provide infrastructure will need to decide what arrangements it requires in relation to pit and pipe infrastructure.

Consistent with past discussions with the development industry, the government has introduced legislation, the Fibre Deployment Bill, to have developers install fibre-ready pit and pipe.

Pit and pipe specifications

These arrangements require clarity on the nature of the pit and pipe that is appropriate. NBN Co has provided specifications for use where a developer wishes to use NBN Co. These specifications have also been provided to the Communications Alliance with a view to having them negotiated as appropriate for general use by industry and then endorsed as soon as possible. This is a matter for established industry and Australian Communications and Media Authority (ACMA) processes.

Pit and pipe can be provided by third party providers for use by NBN Co and Telstra but must be to NBN Co specifications until fibre-ready specifications are otherwise agreed by industry through a Communications Alliance process or determined by the ACMA. Any pit and pipe infrastructure that has been, or is, installed in accordance with NBN Co's guidelines will be taken to be fibre-ready.

NBN Co and Telstra will use such pit and pipe where it is to specification and ownership is validly transferred to them respectively.

Telstra will interconnect pit and pipe built by third parties with its pit and pipe network where the new pit and pipe meets relevant specifications. The interconnection is to be done either by Telstra on behalf of third parties or by a third party (including a contractor) who has entered into a Duct Access Agreement with Telstra. The third party must meet the cost of the interconnection work.

NBN Co and Telstra will support the establishment of efficient, low-cost processes to meet the reasonable certification and approval needs of councils and/or planning authorities in relation to pit and pipe and fixed-line infrastructure work. Other providers and stakeholders are welcome to participate in this process.

Role of competing fibre providers

It has been a consistent feature of the government's policy in new developments that there should be room for competing providers. This continues to be the case.

Developers can source fibre from competing fibre providers if they wish. Providers can compete to provide infrastructure in new developments—for example, by offering more tailored solutions to developers or more expeditious delivery.

Where the installed infrastructure meets NBN Co specifications, NBN Co may seek to acquire the infrastructure, but this is a commercial decision for NBN Co.

Those providers should, however, build to the specifications for the NBN and offer a Layer 2 service on an open-access basis. Provisions in the NBN Access Act recently passed by Parliament require this. This is intended to ensure consumers in such developments have access to the same service outcomes as are available in new developments serviced by NBN Co. Providers who fail to do this will otherwise risk being overbuilt when NBN Co rolls out the network in their area.

There is strong stakeholder support for NBN Co operating as the wholesale provider of last resort in new developments and meeting the cost of providing fibre. The government's policy reflects this. This approach will also support a consistent national approach into the future. If alternative providers want to compete with NBN Co they are welcome to do so, but it is on the understanding that they have the resources and ability to do so.