

Multimedia Victoria

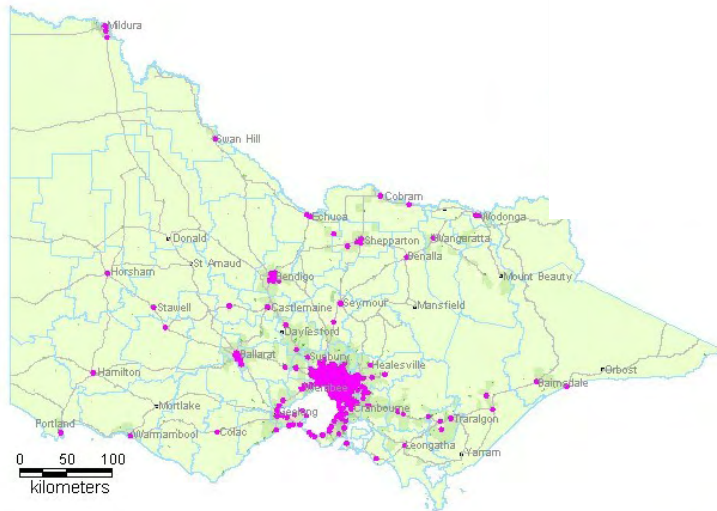
Broadband: The next utility 17 August 2006

Andrew Skewes
Director – Policy, Multimedia Victoria

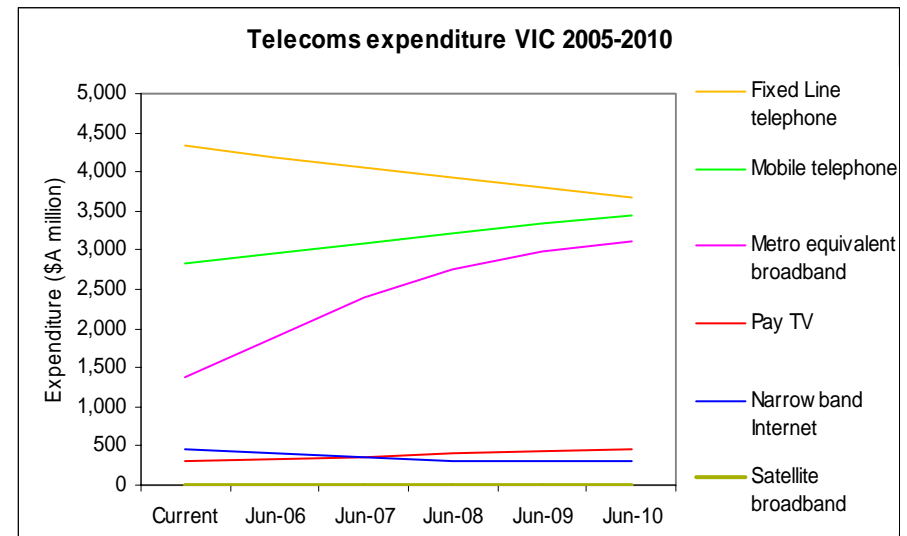


Broadband state of play

Access to ADSL/cable Broadband



Telecoms Expenditure VIC 2005-2010



Source: ACIL Tasman, 2006

91.3% access to terrestrial ADSL or cable/wireless equivalent broadband (72.3% regionally)
Department of Infrastructure

Broadband expenditure is predicted to increase almost 100% from 2005-2010

Broadband state of play ctd...

- Broadband customers estimated to have increased by over 325% from June 2003 (135,712) to June 2005 (578,879); and in March 2006 the estimate is 831,900
- Entry level broadband access available to the vast majority
 - Competition in metro areas will drive lower prices and innovative services for consumers
 - Still some gaps in regional areas, but this has improved
- The focus is now on next generation networks (NGN) and its applications

What are NGNs and why are we interested?

- NGNs are converged, packet based broadband networks characterised by significantly improved bandwidth (multi megabits per second), separation of the service and carriage layers, and open service provider access...
- In terms of infrastructure, possible NGNs include FTTH, VDSL (with FTTN), 3G and WiMAX technologies...
- NGNs moves beyond the public Internet to provide a complete interactive experience. It makes applications such as videoconferencing, VoIP, telemedicine, security etc. possible
- We estimate broadband could produce benefits of \$12 to \$15 billion per annum to the Vic economy (70/2015) and BAG estimated NGNs could add up to \$30 billion to the national economy.

The NGN policy challenges

- Governments, the research/education sector, large corporations, are embracing NGNs and what they enable
- Despite strong residential broadband uptake for <512 kbps and widespread availability for services <1.5 mbps, we are lagging international peers in service offerings >2 mbps
- The problems in our broadband marketplace:
 - Lack of competition/industry structures
 - Capital accumulation around new infrastructure (eg FTTH, broadband wireless)
 - Regulation focussed on PSTN, not NGN
 - Infrastructure gaps in regional areas

The challenges for NGN infrastructure

- Incumbents dominance, vertical integration and inadequate core network – causing constraints on infrastructure investment, competition and service innovation
- Current government current actions on privatisation (T3), competition policy (ULL and FTTN) and regional infrastructure funding (\$3.1 billion Connect Aus) – causing a temporary investment strike
- How to accumulate capital for NGNs that is potentially incumbent competing infrastructure; and how to facilitate beyond Internet NGN services

Accumulating capital in regional areas; the Shepparton example...

- As part of the CANDP MMV funded the joint partnership between the City of Greater Shepparton, GMTel and the carrier Comindico. The consortium would offer alternate broadband services in the area.
- A MMDS fixed wireless network to provide bundled voice and data services under apparatus licence in the 3.4Ghz bands.
- McPherson Media, one of Australia's largest regional ISPs became the retail arm.
- Currently MacPherson Media have over 1000 subscribers connected to their Shepparton CAN.
- Success of the project is attributed to the local point of presence, McPherson Media's existing business ties and their media business' own demand for broadband services.

http://www.mmv.vic.gov.au/broadband/Extendingbroadbandcoverageinregionalareascases_tudySheppartonCANDP

The challenges for NGN infrastructure

Eg. Why isn't FTTH being deployed in new estates today?

- The case for: It costs approx \$800 more than copper, but its half the opex, and with far greater service potential
- The issues against:
 - For the incumbent: PSTN is legislated USO requirement, risk of competitors' access terms, core network constraints on delivering higher bandwidth to end users, current sharing of triple play capital costs (eg. Satellite dish), one size fits all service offerings...
 - For competitors: Incumbent's competitive response, access to backhaul, etc

Meeting the NGN challenges for fixed networks...Aurora FTTH project.

- VicUrban will deliver FTTH offering triple play, among other services, to 8,000+ Aurora estate in northern Melbourne
- The model:
 - Developer supplies conduit (under council policy);
 - Developer contracts and funds supplier for the FTTH network and initial services package. Other service providers have network access (after exclusive period for initial services provider);
 - Builder construct wired homes – and pay a network levy to developer.
- MMV hopes that the project will reveal a viable FTTH business model for investors, developers and communities to consider in new estates
- VicUrban will be delivering the same FTTH model in the Valley Lake estate

<http://www.mmv.vic.gov.au/broadband/AuroraFTTHproject>

Meeting the NGN challenge for wireless networks...Wodonga CANDP

- With support from local government, an ICT committee was established.
- After failure to attract alternate carriers to invest in the area, the ICT committee decided to establish its own telecommunications company.
- The business model is based on community partnership and is a not for profit organisation.
- The company is now in operation with a wireless network that delivers broadband, VoIP and CDMA services across the region.
- Is an example of municipal wireless mesh network operating in Victoria.

<http://www.mmv.vic.gov.au/broadband/formingacommunitytelecocasestudywodongacandp>

Next steps...

- Need a strategic vision, regulatory reform and investment facilitation for investment in NGN
- Need to help the market move from adoption of NGN applications to absorption
- The Commonwealth Government should reassess the current regulatory environment and introduce mechanisms that is conducive to NGN deployment
- State governments can assist by supporting the rollout of broadband infrastructure and encouraging the effective use of these services
- Local governments can assist by considering broadband infrastructure in local planning policies, forming ICT committees to encourage the rollout of NGNs and establishing buying groups to attract investment