



National Broadband Network: Fibre-to-the-premises in Greenfield Estates

**Consultation paper response by
Abigroup Telecommunications**
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1.0 Introduction

Abigroup is an enthusiastic supporter of the recently announced National Broadband Network ("NBN"). The NBN network will bring incredible benefits to Australia and improve the quality of life of most Australians.

The NBN will create a new digital economy, drive market efficiencies and productivity, helping to create jobs through its creation and provide jobs for the future.

The NBN will be an enabler that will facilitate major reductions in carbon emissions. For example, smart grid management will allow power generators to make power distribution more efficient and reliable

The NBN will benefit most sectors of the economy including aged and health care, education, transport and smart infrastructure and will provide the community with huge benefits by driving productivity through emerging services and technologies

It is imperative to start the process of providing fibre into Greenfield estates so that these areas have an opportunity to enjoy world class services. Not implementing this strategy will mean that these Greenfield estates could become the 'blackspots' of tomorrow.

1.1 Initiative Appreciation

Abigroup is aware of the importance of this paper and the outcomes and policies that will be influenced by a number of key respondents. Abigroup applaud the Government's consultative approach and look forward to viewing the published results.

Greenfield estates are a logical starting point for the NBN as the cost of retrofitting these estates, which will soon be under construction, is far more than the cost of providing fibre during the installation of other utilities. To negate the need for this retrofitting work in new estates, a regulatory framework is required to facilitate a best in class industry specification that will allow fibre to be run instead.

There are many FTTP networks being installed in Greenfield estates across Australia. These are being installed as both wholesale (open networks) and wholesale/retail networks. The Government requires a timely agreement of the commercial framework for the NBN so that all companies currently installing these FTTP networks do not discontinue their programs due to commercial uncertainty.

All good things come at a cost and most state Governments over the past 5 years have introduced compulsory water tank installations, increased thermal ratings and guidelines for improved building design to help with energy and water conservation. All of these sustainability measures ultimately benefit the home owner and the wider community through a more efficient use of resources. Similarly, the benefits of installing FTTP in a Greenfield estate, as opposed to copper, far outweigh the slight differential cost. FTTP will benefit the homeowner and the wider community through its new services.

2.0 Abigroup

2.1 Introduction

Abigroup Limited is one of Australia's largest and most successful construction contractors. We have earned our reputation as a leading construction company through our commitment to excellence, our years of experience and our dedicated team who are leaders in their respective fields.

Abigroup is a wholly owned subsidiary of Bilfinger Berger Australia Pty Ltd, a subsidiary of Bilfinger Berger AG of Germany - a leading international multi-services organisation and one of the world's top ten construction companies. Our global group has annual revenues in excess of €11B.

Abigroup's vast national experience encompasses the building, civil engineering mining, water and telecommunication sectors. Abigroup understand the challenges presented by large scale projects having participated in complex projects ranging in diversity from Sydney's M7 Westlink Motorway to Telecommunication network deployments across Australia, New Zealand and PNG, to the Partnerships Victoria Schools PPP currently underway.

2.2 Experience

Abigroup have the program and project management expertise to deliver on the planning, construction and commissioning of backhaul infrastructure in line with the objectives of the FTTP Greenfield Estates initiative.

Our people have delivered projects across the length and breadth of Australia, the technical specialists of our Telecommunications division, combined with our overarching commitment to design and construction excellence; make Abigroup the optimum delivery partner.

Abigroup Telecommunications is able to offer a diverse range of services managed with a high degree of professional competence and has undertaken works for most major carriers and equipment vendors including: Optus Mobile Network Deployment (MND), Optus Access Networks, Nokia-Siemens Networks, Vodafone Australia, Telstra Advanced Services and Telstra (Land and Buildings), Unwired, Crown Castle Australia.

2.3 Locations

Abigroup Telecommunications has a truly national presence with project offices and logistics facilities located across Australia

2.4 Regional Economic Growth

Abigroup is committed to train and employ local staff in regional areas to create a local economic benefit to these areas. It is imperative that rural & regional communities have local staff responsible for the operations and maintenance of the NBN infrastructure.

3.0 Response to Consultation Paper Questions

3.1 What are the relative merits of the models outlined? Which is the preferable approach? Why?

As outlined there are two potential models to ensure that FTTP infrastructure is installed in new Greenfield estates that receive planning approval from July 2010. The Australian Government could legislate directly or they could work with state, territory and local governments. The optimum solution should be a mix of both. In other words, federal legislation would provide uniformity across all states and create surety of standards and installations. However, local government would provide & control the approvals process and inspection authority to allow the subdivision approval and/or construction / occupation certificate.

3.2 Is any action required by the Australian Government to facilitate local councils and planning authorities requiring the installation of FTTP facilities?

The Australian Government will need to engage with Local Councils and planning authorities to obtain information that may highlight non standard sensitive planning issues that may need to be treated outside of the proposed federal legislation. It will of course be difficult to gain a collective consensus, and many differences of opinion will arise. Generally allowing "buy in" creates discussion and will ultimately improve the outcome.

3.3 Would the preparation of model laws, templates and / or national specifications or guidelines assist local councils and planning authorities with implementation?

Abigroup support the notion that legislation should be enacted at the Federal level; this will assist the local councils and allow them to concentrate on the practical aspects of the implementation. If the Australian Government provides templates, guidelines and specifications this will save the local government, constructors and ultimately tax payer's time and money through consistent processes and technical specifications.

3.4 Would the development of educational tools for industry assist? If so, what?

Education tools are critical to informing a broader range of the population on the merits and possibilities inherent in a national broadband infrastructure. Undertaking a market segmentation and targeting exercise is crucial to ensuring that targeted messages are communicated to appropriate community sectors.

3.5 Would the introduction of a certification system for the installation and performance of FTTP networks be beneficial?

Yes, there must be a minimum level of performance for any FTTP networks deployed under the NBN structure to protect consumers. In a Greenfield site local government (or whoever has control of the approval) will need to be trained and armed with the tools to ensure that the installation complies with the required key performance indicators (live) and minimum installation requirements (if the fibre is not connected to a premise).

3.6 To what extent is a nationally co-ordinated approach preferable to one where state and territory or local governments take the lead?

A state based procurement approach could work if all the guidelines, legislation and all criteria required for the NBN rollout are produced and enacted by the Australian Government. Leaving the guidelines, legislation and specifications etc to the State or Local Governments will create confusion, cost / time increases, interoperability issues and could result in the failure in the delivery of any NBN in a reasonable timeframe.

3.7. If the Australian Government were to place obligations on developers and builders, at what stage of development should obligations be placed and on whom?

In order not to over complicate things Abigroup suggest looking to the existing utility model as the basis for the Greenfield sites FTTH model. The installation of fibre to the boundary should be installed at the same time as other utilities are installed and the cost will be borne directly by the developer of the subdivision. When the homes are built the home builder should be responsible for the connection to the home at the same time as other utilities are connected and the home owner will bear the cost. The homeowner could then receive a rebate from the Australian Government for the cost of installation of FTTP.

3.8. Is there scope for the provision of lead-ins in greenfields to be made contestable?

If the question of provision of "lead ins" is regarding constructing by other parties for and on behalf of the NBN / Australian Government then the answer is yes. If, however the question of provision of "lead ins" relates to other parties that may be retailers and will have control of the FTTP then under this model Abigroup that the view that all "lead ins" should be owned by a wholesale entity with no retail facility.

3.9. What is the appropriate number of lots or premises required for a development to qualify as a greenfield requiring FTTP? What other issues or factors should inform the definition?

All Greenfield estates either zoned residential, including urban fill in projects, business, commercial, industrial or mixed use regardless of the number of lots need to be included in FTTP to avoid developers exploiting the legislation and therefore avoiding the inevitable gap in the network that would occur. There is always a need for exceptions and these exceptions would be looked at in the context of current exceptions for utility

installations. Utility exceptions can include such things as distance from the grid (eg 1.5km's) or mains and/or where the cost exceeds a pre-determined figure.

3.10. What mechanisms could be used to achieve a consistent approach across large developments involving multiple developers and/or over an extended period of time? For example, what provisions should be made in relation to estates in which lots are released over a number of years?

Once again, by looking to the utility model as the exemplar, and running FTTP or fibre to the curb at lot subdivision stage at the same stage as all other utilities are installed. When the next stage is developed, the FTTP or fibre to the curb would then be installed as the other utilities were extended.

3.11. Are there any special requirements for multi-dwelling units or office blocks?

In relation to multi unit dwellings and office blocks there should be no exceptions to FTTP. Retrofitting such buildings would be very difficult and expensive and all proposed future exceptions should be scrutinised as the eventual owners and tenants will be disadvantaged. The same performance criteria of 100Mbps should also apply.

3.12. Should the threshold for the connection of FTTP for new multi-dwelling units be lower than other estates or should all new multi-dwelling units be connected with FTTP? What threshold, if any, should apply?

All new multi-dwelling units should be connected with FTTP with no exceptions.

3.13. What specified characteristics should be considered for the purposes of defining FTTP for greenfields?

A "first in" opportunity exists to install optical fibre cable and associated equipment in to Greenfield situations. Pending shire, council and service utilities (power, gas, water, sewer and telecommunications) installation specifications the opportunity exists to create a Single Services or Smart Corridor where all services / utilities exist in a clearly marked, defined corridor. The strategic placement of pits, service points etc during the installation phase ensures the corridor will not be interfered or damaged during future installation of services or utilities.

3.14. Are there particular issues in relation to backhaul between the Greenfield estate and point of interconnection to a national network that need to be considered?

The available technology for connection of a Green Field Development to the core NBN network include: High capacity microwave (up to 1.25Gbps at a range of 5km) and Optical Fibre.

Microwave

1.25Gbps at a distance of 5km. The benefits are cost and flexibility. However, the limitation is the number of services and connections that can be achieved. Assuming zero contention ratio, then this link may service over 1000 individual users. In the last 5 years, microwave has progressed from ATM/SDH/PDH to IP/Ethernet based radio's offering 20 times capacity, smaller foot-prints and 50% reduction in costs.

The additional limitation is cost associated with town planning and sites acquisition for towers/poles at the closest ONT and POP.

Fibre

The most significant limitation is cost and route to ONT/POP.

3.15. What exemption arrangements, if any, would be appropriate and how should they be administered?

The fibre footprint could be extended beyond the proposed NBN timeframe/network and well into the future as new areas of housing open up or new towns are built. The practice of retrofitting is often very time consuming and expensive and can lead to a resistance to install. Installing FTTP and future proofing now when a fibre footprint is not available to a particular Greenfield may encourage an extension to the fibre network. Abigroup support the notion that exemptions are to be avoided and at the very least (in exceptional circumstances) spare conduit & pits should be installed to ensure an easy FTTP installation at a later stage.

3.16. Are there any particular circumstances under which developments should be exempt from the Australian Government's requirements for FTTP in greenfields (for example, for large area subdivisions in rural and remote Australia)?

There should not be exemptions granted, especially in any large subdivision. If large subdivisions exist they will require, healthcare, education and SME's which will all require FTTP in order to operate effectively in a global economy. The state healthcare and education departments should form the underlying financial strength of the NBN and allow the fibre footprint to be extended to rural and regional areas.

3.17. Are there any factors that the Australian Government should be aware of in relation to the commencement of FTTP requirements?

In most cases around Australia, Land Access / Site Acquisition (Powers and Immunities Governance) is one of the most critical issues in relation to the rolling out of any telecommunications infrastructure particularly in relation to time frame and cost. Secondly, the Australian government is aware that Cultural Heritage, Heritage, Land Owner / Occupier, Property Manager, National and State Parks Associations, Water boards etc all have constraints that have the ability to severely hamper the predetermined time frame of this massive FTTP project.

There are other Government/ semi Government and private projects and initiatives which will go hand in hand with the NBN/ FTTP rollout. These are as diverse as the VicFibre links initiative, Smart Grid, Smart Cities, Retirement Villages Networks, Regional Community Networks, Regional Wireless Networks (such as the Tasmanian Wireless Waterfront), the BlackSpots program, underground power and utility projects, Catholic and Independent schools fibre projects and water reticulation works where telemetry and other monitoring including telecommunications solutions are required.

3.18 Under what circumstances, if any, should transitional arrangements allow for the installation of copper – based infrastructure?

If there are interoperability issues then it obviously makes sense to run an existing technology to allow connectivity to the PSTN if that is the only network connection point. However, in all cases fiber should be run for future proofing and to encourage the increase in the footprint of the NBN network so that FTTP can be implemented.

3.19 Should the FTTP requirement apply to developments approved before 1 July 2010 but for which telecommunications infrastructure has not yet been contracted or provided? What transitional arrangements may be appropriate in these circumstances?

The NBN initiative addresses 90% of the population's connection via fibre or copper within the scheme. The development sites that have not deployed fibre will have copper or equivalent passed. Those sites may be considered for roll-back and retrofit with fibre based on the following considerations:

- Set a date they are happy to roll back to for new sites
- Undertake a cost analysis for the deployment of fibre and other related technologies.
- The Government will need to engage with existing carriers for wholesale access under the NBN model
- In the event the developer is still engaged (further properties in the area not yet complete) in the Greenfield site, they could undertake a Recoverable Works task
- In the event the developer has vacated, then the site becomes by definition a Brown field deployment – reference back to points 1 and 2 above.

3.20. Is the Australian Government's intention that the NBN company not overbuild existing FTTP developments in Greenfield estates appropriate?

In principle this is an appropriate intention. However, should owners of existing assets elect to take inappropriate advantage of this intention, the NBN company should be prepared to overbuild.

3.21 Are there any specific issues that should be considered in relation to the role of the NBN company in Greenfield estates?

The NBN could investigate maintaining ownership of the pit and pipe to allow free or very low cost access for other wholesalers to provide FTTP. At present the cost of accessing Telstra duct for new fibre to be run is excessive and in many cases leads to new trenching as the leasing cost is too high. However, this engagement and sharing of available infrastructure should translate holistically and transparently to green field deployments. The NBN is the mechanism for engagement and negotiation between the Government and carriers that have Fibre in place and the deployment where fibre is not available.

3.22. What measures could the Australian Government introduce to facilitate competition for the provision of FTTP infrastructure in Greenfield developments?

Low or free cost to pit and pipe to induce wholesalers to install FTTP.

The Government could also have a pre-qualification panel of FTTP providers as part of a Government database of certified service providers that could be contacted to "bid" for an opportunity if it were to become an open opportunity.

3.23. Could the competitive provision of FTTP in greenfields be facilitated by a national online database of proposed developments accessible either publicly or to licensed carriers? Could this also assist with the planning of telecommunications infrastructure in such estates?

Any online database allowing organisations to plan and budget would be of benefit to the industry and consumers. Early notification to organisations that may be interested in providing FTTP to a Greenfield estate would be of benefit to all parties.

3.24. Is it sufficient for access to wholesale FTTP services in Greenfield estates to be delivered through the telecommunications-specific access regime in Part XIC of the Trade Practices Act?

The Act, as it stands, needs to be strengthened and brought into line with the guiding principals surrounding the new NBN model. For example the ACCC as the commission that handles disputes with respect to access may require special powers that are specific to NBN access and its ideals.

3.25. Should the ACCC conduct a Part XIC inquiry into the specification/definition of the access service to be supplied over FTTP networks, with particular reference to Greenfield estates?

Yes, the ACCC should conduct a review/inquiry into this part of the Act once the NBN framework and guiding principals are established. The review will determine whether the Act contains the necessary provisions to enable the Government to execute on the NBN strategy.

3.26. Should an alternative approach to providing access such as mandatory access to FTTP networks in Greenfield?

A mandatory access structure for greenfield estates should be considered just as other services such as water, gas and electricity are a mandatory service in some states and regions for new greenfield developments. The FTTP fibre installation for Greenfield asset could be legislated to transfer to the NBN company after a completed installation.

3.27. Should it be mandated that new FTTP networks in Greenfield estates after 1 July 2010 be wholesale – only networks? If introduced, should there be exemptions to this type of rule and if so how should they be administered?

This type of model should be given serious consideration to allow an open access network not controlled by retailers that have a vested interest in stifling competition by slow approvals processes and commercial terms that limit a competitor's likelihood to succeed. Many other countries have mandated the FTTP networks to be wholesale only.

3.28. What are the minimum equivalence arrangements that should be put in place to ensure wholesale services are provided on equivalent price and non-price terms and conditions in greenfields?

It is difficult to assess appropriate equivalence arrangements in isolation. However, in principle, existing Greenfield assets should be able to be offered as either an equivalence wholesale service or as part of a retail access service.

3.29. Would it be appropriate and workable to have different access and equivalence arrangements for Greenfield FTTP networks depending on whether or not they were operating before 1 July 2010?

Please refer to 3.28.

3.30. Should Telstra continue to be the universal service provider in Greenfield estates where FTTP is deployed by an alternative provider and retail providers are able to use these networks to supply voice services?

The NBN Company should hold the universal service obligation and alternative service providers can overbuild to provide alternative access arrangements.

3.31 If Telstra should continue as the universal service provider in Greenfield estates, would it continue to be appropriate for Telstra to determine the technology it uses to fulfil its USO in those areas?

If Telstra remains the USO, the technology should be determined by NBN so that there are no connectivity and interoperability issues with the broader NBN network. It may be a more desirable solution if NBN took on the USO.

3.32 If Telstra were not to continue as the universal service provider, what, if any, obligations should be imposed on whom to ensure that consumers continue to have access to basic telephony services in Greenfield estates?

The USO should rightly fall to the NBN company

3.33. Will the proposed Greenfields model deliver satisfactory retail pricing outcomes? If not, would new mechanisms to regulate prices in greenfields be necessary and workable? What form might such mechanisms take? What would be the implications for such mechanisms on the broader market?

An open access model will deliver competition and drive competitive pricing. If however, retailers are allowed to control FTTP Greenfield estates pricing control mechanisms will need to be implemented to control pricing.

3.34. How would progress in delivering FTTP in Greenfield estates be best monitored and reported?

The local council should have final sign off for the completeness of the installation. It should be part of the check sheet and evidenced prior to sign off by Council that the company responsible for installation has completed the installation and lodged the information required by the Government through a web portal.

3.35. What further steps should be undertaken to support this initiative?

An education program for State Government and Local Councils should be instigated so that they can better understand the role and benefits that their states and communities will receive from NBN as a whole. A supportive & educated state and local government will allow for a smoother NBN rollout.

3.36. Would the establishment of a stakeholder group assist with the implementation? If so, how many members would be appropriate, and who should be represented? What should be its terms of reference?

Yes, stakeholder groups are an important way of achieving industry communication. The stakeholder group should be represented by Government, independent technical specialists, NBN shareholders and representation by retailers. The terms of reference may need to be determined once the final FTTP Greenfield Estates model has been agreed.

4.0 Experience in Large Scale Project Delivery

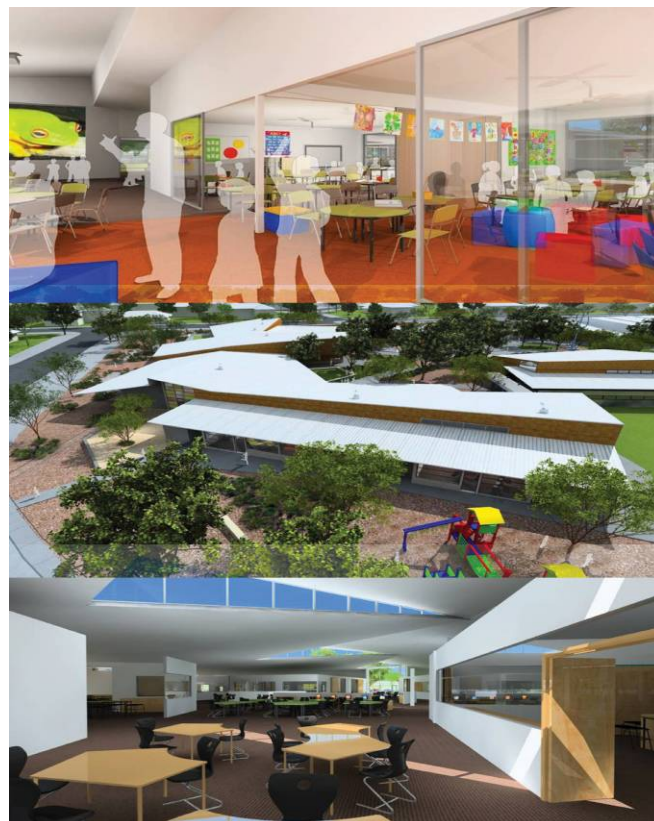
Westlink M7 (Sydney, NSW)	
Description	A 40km two lane dual carriageway motorway linking the M5 to the M4, the M2 and delivered under a PPP model.
Role	Construction was undertaken by Abigroup in a JV with another contractor. Abigroup committed 10% of equity to the project with works completed to a contract value of \$1,564m.
Performance	Contract Duration February 2003 - August 2006 (42 months). Actual Duration February 2003 - Dec 2005 (34 months).
Client reference	Henry Larrea RTA Ph: 0411 258 806 , Greg Humphrey RTA Ph: (02) 8814 2006, Flan Cleary, Westlink Ph: (02) 8882 1613



Mater Calvary Hospital Newcastle (Newcastle NSW)	
Description	\$175m Public Private Partnership project with the private sector responsible for design, construction, financing, maintenance and provision of selected services relating to the redevelopment of the Mater Calvary Hospital Newcastle, a new 96-bed acute mental health facility on site and two extra radiation therapy bunkers and linear accelerators with a concession period of 28 years.
Role	Abigroup was a Consortium Sponsor and the Design and Construction Contractor. The project was delivered under PPP model with Abigroup accepting all risks.
Performance	Construction is well underway having commenced in 2005 with progressive handovers taking place up to August 2009. Feedback to date has been positive with the site being awarded the MBA NSW Site Safety – Commercial Projects \$50,000,001 and over as a joint winner.
Client reference	Colin Osborne, General Manager, Calvary Mater Hospital Newcastle. Phone: (02) 4921 1348



Partnerships Victoria in Schools PPP (Metropolitan Melbourne, VIC)	
Description	<p>The project consists of 11 new schools at Point Cook North, Truganina South, Derrimut, Kororoit Creek, Taylors Hill, Craigieburn West, Mernda Central, Lyndhurst, Casey, Cranbourne North East and Cranbourne East. Comprising eight primary schools, one secondary school, one prep to year 12 school and one prep to year 9 school, under the state's partnerships Victoria policy.</p> <p>Abigroup's objective is to deliver the 11 new schools (on separate greenfield sites) that will provide high quality, flexible, world-class teaching and learning environments to support excellence in educational outcomes. Wherever possible the school sites are co-located within Public Open Space and Community Activity Centres to provide the opportunity for the sharing and enhancement of social infrastructure.</p> <p>The sites comprise, but are not limited to, the construction of teaching buildings incorporating learning centres, administration buildings, amenities; gymnasiums including amenities, food preparation and service and learning centres; external works including site services, car parking, circulation paths including covered ways, hard and soft sporting fields including equipment, facilities stores, outdoor learning areas, decks, seating and landscaping.</p> <p>Construction will be to Green Start 5 Star Education PILOT, with wetlands on all schools. Five schools to be completed in the first year, and six in the second year.</p>
Role	Abigroup is the D&C Contractor for the PPP.
Performance	Works have commenced on this flag ship project and are due for completion by 1 Jan 2011.
Client reference	Anthony Lubofsky, Project Director, Department of Education and Early Childhood Development, (03) 9651 0217 or lubofsky.anthony.d@edumail.vic.gov.au .



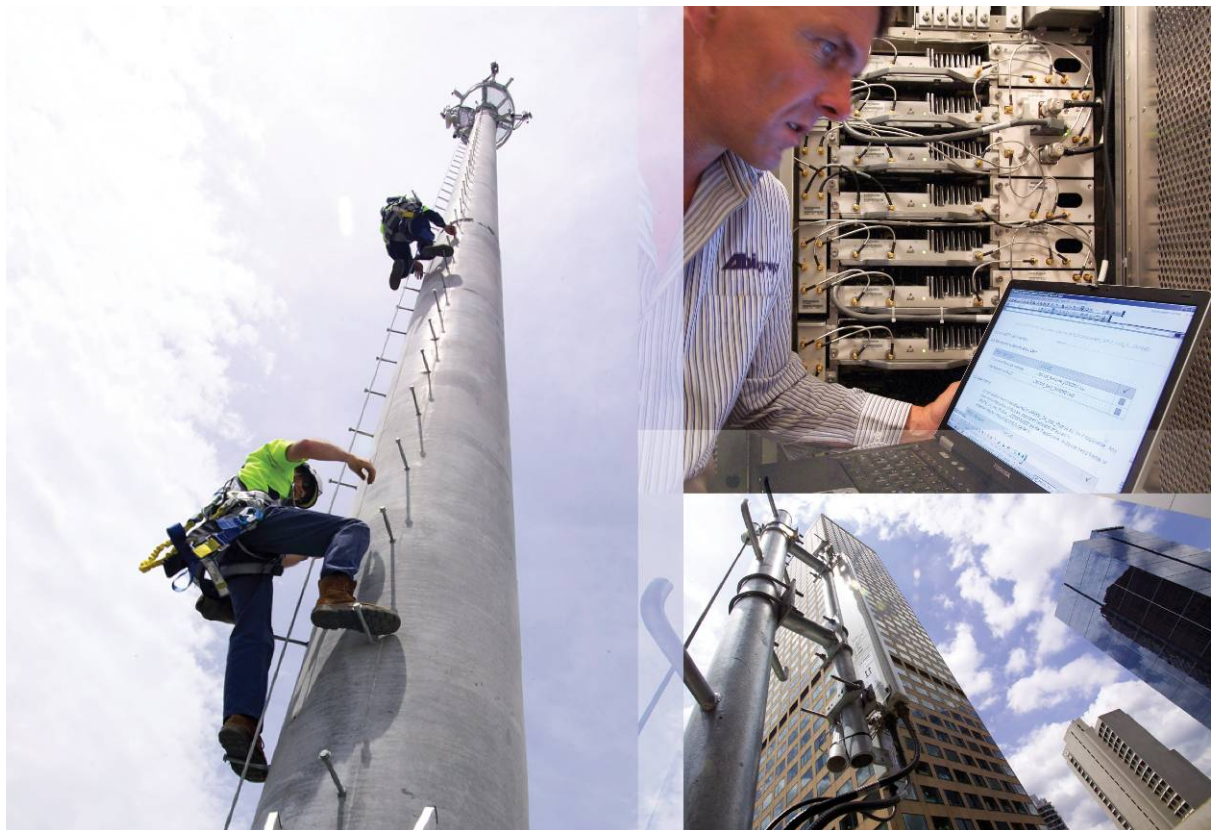
TELSTRA 3G 850 BACKHAUL LINK PROJECT

Description	<p>Abigroup was awarded the I&C contract to upgrade Telstra's existing 'Backhaul' network using Longreach and SIAE Digital Radio PDH Technology HSB and SD+HSB. This was to assist Telstra with their new 3G 850 network rollout by expanding the number of 2 Meg tribs to each 3G site. This work was spread over approximately 50 links most involving multiple hops.</p> <p>Abigroup's scope involved the installation of new antenna mount steelwork, Solid 1.8m Andrew Antennas, up to 3.6m GridPak Antennas, all the internal equipment which included new alarm systems, the removal of redundant antennas and mounts after the new link was operational and the traffic had been cutover to the new link. Also, when required, measured the tension on the guy wires on the guyed masts and re-tensioned them to the correct values.</p>
Role	Installation and Commissioning Contractors for Backhaul upgrades in Rural NSW.
Performance	All work was carried out without the loss of any traffic on all links worked on.
Client reference	Kevin Ryan Project Delivery Manager Wireless Phone 02 88512899, Fax 02 88512399



Nokia Optus JV 3G Deployment

Description	<p>The Nokia 3G Phase 1 & 2 Project for the Optus and Vodafone's joint venture saw Abigroup provide turnkey activities with Nokia's partners, including site acquisition, planning and design though to construction.. Our solid project management skills and initiative deployment methodology was the key to delivering high quality and timely milestones over three states during the project, in line with the Joint Venture rollout forecasts.</p> <p>The majority of sites were equipment upgrades from 2G to 3G (447 sites), although there were also 56 Outer Metro Greenfield sites included in the mix across the three regions. Sites ranged from Rooftops to Guyed Masts, Monopoles to High voltage Towers.</p>
Role	Site Acquisition, Environmental Planning and Design and Construction
Performance	Delivered all key elements of the turn key project
Client reference	John Stefanac – (formerly) Nokia VP South East Asia (now President Sth East Asia, Qualcomm) jmstefanac@qualcomm.com + 852 2537 5000



Optus Fibre Works Nationally

Description	<p>Abigroup Telecommunications is currently engaged in ongoing works with Optus Access Network Engineering installing Fibre Optic Transmission Links to Optus Mobile Base Stations and Customer premises. The works performed to date cover both metropolitan and rural regions of Victoria, South Australia, Queensland and Western Australia.</p> <p>Abigroup is on a panel of preferred suppliers to provide Optical Fibre Construction works to Optus across Australia. Entry to this select panel was via successful tender and is a testament to the strong relationship Abigroup has built with Optus through years of quality and timely work in the wireless space.</p> <p>Our specialist team is in the process of completing 43 sites with positive feedback on the 23 completed to date, and the anticipation of more sites to follow.</p> <p>Scope of works includes:</p> <ul style="list-style-type: none"> Boring, Plough and Trenching Hauling and Overhauling Cable preparation, Enclosure preparation and Splicing Fault Finding, Testing and Commissioning <p>Update to 'as-built' status of design documentation, Handover of commissioned Optical Fibre cable test results.</p>
Role	Design of Optical Fibre cables to both GSM, Hub and Customer sites and Construction of Optical Fibre cables to GSM, Hubs and Customer sites
Performance	Positive feedback to date
Client reference	Brett Pack, Manager – Business and Project Management, Optus Access Networks Ph: 02 8082 3049



Adelaide Desalination plant	
Description	\$1.347 billion Desalination plant to be constructed at Port Stanvac, South Australia has recently announced the preferred bidder status of the Adelaide Aqua consortium of which Abigroup a member. The multi-national consortium also includes Spanish firm Acciona Agua, United Utilities, and McConnell Dowell
Role	D&C
Other	As this project has not commenced yet, it is cited here only as an example of Abigroup's ability to engage with Government to deliver Major infrastructure projects.

5.0 Expertise

5.1 Regional Coverage

Abigroup's ability to mobilise staff across Australia is core strength. Our offices in major capital cities are supplemented by project offices and workshops scattered across the country.

Whether sending technicians across Rural NSW to upgrade Telstra's Backhaul or staffing our plant yard in Wodonga, we understand that speed of delivery is crucial and our pre-project planning ensures the most efficient and speedy deployment of experienced resources.

Our status as a Registered Training Organisation (RTO) has proven immensely beneficial when moving into more remote sites. In Geelong, our Engineering team were able to employ local residents, providing new skills and benefitting the local economy.

5.2 Plant and Equipment

Abigroup has one of the largest contractor fleets of earthmoving and construction equipment in Australia. Our plant fleet is accessible and available for Major Projects such as the NBN and can be easily mobilised right throughout the country to make a significant impact on any large scale project in a short period of time.

5.3 Proven systems and procedures

Abigroup's Integrated Management System has guided the delivery of numerous projects across Australia. Its underlying systems and procedures represent a proven and certified methodology to deliver quality works within a framework that is safe and minimises impact on the environment.

Abigroup endeavours to maintain a superior level of customer satisfaction, a highly trained and skilled workforce and a safe and secure work environment for all its employees.

Our management systems are certified to the following Australian and International standards and we hold accreditation from the Federal Safety Commissioner:

- **AS/NZS ISO14001:2004** – Environmental management systems – Requirements with guidance for use.

- **AS/NZS 4801:2001** – Occupational health and safety management systems
- **AS/NZS ISO9001:2000** – Quality management systems – Requirements

6.0 Structured Finance

Abigroup has also been involved in many major Government Projects and is keen to explore, along with our structured financing partners arrangements for the funding of the links and the delivery of the services under an agreed funding structure. The various structured finance options include Public Private Partnerships (“PPP”), Build Own Transfer (“BOT”) and Build Own Operate Transfer (“BOOT”). We have concentrated on the PPP model as it has been favoured by the State Governments as a low risk delivery model for high value projects; however we are open to dialogue on all financing structures

6.1 Benefit of PPPs

The introduction of private finance generates a better value outcome for the public sector by creating efficiencies that are not available through traditional procurement and also generates greater certainty of the financial outcome. Efficiencies are driven by incentives and ensuring greater accountability, in turn ensuring services are provided as soon as possible, rather than further down the track when public finance dictates.

Allen Consulting and the University of Melbourne research published during November 2007 (See Submission Attachment 1) shows that PPPs have superior cost efficiency over traditional procurement. Further traditional projects are more likely to have time over-runs compared with PPPs and over-runs are more substantial for large, complex projects. PPPs provide timing certainty and often through incentive schemes, projects are delivered early, which brings forward the value to the community.

Using private finance also overcomes any short term public sector recurrent budget constraints that may exist, by deferring payments over the longer term. This allows the public sector to use available funds for other projects. Private sector financing generates an optimal capital structure by accessing cost effective financing, as well as minimising, where possible, the use of the public sector’s balance sheet.

Further, private finance facilitates better life cycle planning by transparently recognising the costs and risks associated with the whole life of the required service. Private finance also allows access to skills, both finance and project skills which will provide economic and social benefits to the community.

Private finance facilitates innovation by promoting a competitive tendering process, which also ensures that a rigorous financiers’ due diligence process is also undertaken, this ensures that the best financing solution is provided to the State. This also includes ensuring efficient project delivery.

With the private financier driving the optimal outcome for the public sector, it will focus the D&C contractor and operator on providing the lowest fixed cost.

Last, private finance achieves the optimal allocation of risks by allocating risks to those most capable of managing them. This allows the public sector to focus on its core functions.

Other Advantages include:

- Fast, efficient and cost effective delivery of projects;
- Value for money for the taxpayer through optimal risk transfer and risk management;
- Efficiencies from integrating design and construction with financing, operation and maintenance;
- Creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross transfer of public and private sector skills, knowledge and expertise;
- Alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in the delivery of projects;
- Competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements);
- Accountability for the provision and delivery of quality public services through an incentivised performance management/regulatory regime; and
- Encourages innovation and diversity in delivery.

6.2 The Commonwealth and PPP

The Commonwealth Department of Finance and Deregulation has a comprehensive PPP policy and delivery framework including a specialist Public Private Partnerships Unit whose primary role is to:

- Provide advice to the Australian Government and government agencies on the use of PPP arrangements;
- Assess specific PPP proposals; and
- Oversee, on behalf of the Australian Government, the application and development of PPP policy.

To date, the three Commonwealth PPPs have been limited to the Defence sector – HQJOC, Single LEAP 1 and Single LEAP 2 (bidding in progress).

More recently at the Commonwealth level Infrastructure Australia has embraced PPPs as a procurement method and has published National Public Private Partnership Policy and Guidelines and Draft Commercial Principles for Economic Infrastructure.

6.3 Current Market Conditions

Whilst there has been a lot of press about the changed landscape for private sector financing due to the global financial crisis, there remains considerable private sector financing available. In addition, the strength of the Commonwealth cashflows to this project, mean that additional funding sources will be available in addition to bank debt, including capital markets and hybrids that are not always available for State projects.

7.0 Issues for Consultation

7.1 Operational and Ownership arrangements

Abigroup and its structured financing partners are interested in a Public Private Partnership funding structure for substantial parts of the NBN network. These network project components would need to be around \$100M or greater to provide the required framework, scale and the risk / reward profile for all interested parties to make this type of structured finance proposal viable. We welcome any further opportunity to engage with you to discuss our proposal and to look at the detail of how we might structure such an acceptable outcome for all parties

8.0 Conclusion

Abigroup is extremely interested in being involved in the FTTP Greenfield Estates program and initiative regardless of your finalised structure. We however think that we can bring considerable benefit to the NBN as a whole by integrating a Public-Private Partnership model, BOOT or BOT financing structure together with the strength of Abigroup to offer a project model with the delivery risk to us and our partners and considerable upside for the Government and the taxpayers of Australia.

We look further to further engagement with you to discuss our proposal in more detail.

9.0 Key Abigroup Contacts

For further discussion regarding any of the content of this submission, please contact, in the first instance:

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