

Submission to

DCITA

on

Clever Networks Discussion Paper

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Overview

Clever Networks

- 1.1 Clever Networks is a \$113 million program designed to support the rollout of new broadband infrastructure networks through sustainable competition delivering innovative applications to improve the delivery of health, education and other essential services in regional, rural and remote areas.
- 1.2 The objective of the Clever Networks program is to
 - Increase access to, and effectively use competitive broadband networks in regional, rural and remote communities;
 - Focus on the delivery of Government services such as, but not limited to, health, education and emergency services;
 - Build additional infrastructure to support Broadband Connect in extending the reach of competitive broadband in rural, regional and remote communities; and
 - Facilitate sustainable competition.
- 1.3 The funding for Clever Networks will be available over four years from 1 July 2006 to 30 June 2010.

Optus' partnerships with State/Territory Governments

- 1.4 Optus has been working with State and Territory Governments delivering health and education services over new broadband infrastructure for many regional, rural and remote communities. Based on our experience, Optus is in a position to provide useful insights about how funding programs can be structured to leverage additional investment in competitive broadband infrastructure for regional, rural and remote communities.

Queensland

- 1.5 Under an agreement with the Queensland Government, called SmartNet, Optus has installed an optical fibre network in Cairns, Townsville and Rockhampton in addition to expanding the Optus network to deliver broadband services to more than 30 Queensland regional towns. Broadband was delivered to these 30 towns at no additional cost to the Queensland Government.
- 1.6 The SmartNet project follows on from a previous partnership between Optus and the Queensland Government to construct the Reef Network. Since 2000 the Reef Network has delivered competitive broadband services to centres from Brisbane to Cairns.

Victoria

- 1.7 In Victoria, the State Government's Telecommunications Purchasing and Management Strategy (TPAMS), has provided Optus with incentives to make new investments in infrastructure. The Victorian Government awarded Optus a whole-of-government voice services contract as part of TPAMS – which was based on Optus investing approximately \$20 million in new infrastructure.
- 1.8 When awarding the contract to Optus, the Victorian Government noted that Optus' investment was significant because it would deliver competition in regional Victoria at the infrastructure level. It also said that Optus' commitment would pave the way for more investment, and more competitive pricing and service levels.

Federal Government

- 1.9 For remote Australians, Optus has been leading the way in investing in broadband to deliver distance education. In partnership with the Federal Government and the Northern Territory and New South Wales Governments, Optus has launched Interactive Distance Learning to approximately 3,700 users in 547 remote sites across the Northern Territory and New South Wales as part of the National Communications Fund (NCF).
- 1.10 The initiative has created:
 - enhanced learning opportunities where students can now see and hear their teachers for the first time, and are able to see pictures to aid in the learning process.
 - opportunities for TAFE outreach students to attend small business courses online; and
 - access to computer technology for indigenous children with tangible visual aids.
- 1.11 Under the 'Cooperative Communications Infrastructure Fund' (CCIF) this project has been extended to a further 200 isolated homes, 211 remote schools and 15 rural Indigenous communities. Rural and remote communities in NSW are benefiting from enhanced access to Vocational Education and Training. The further investment allowed for the establishment of a core hub for NSW TAFE in Tamworth with a remote lesson delivery point in Dubbo.

Western Australia

- 1.12 In a similar project in Western Australia, working with the Department of Education and Training, Optus established a comprehensive solution for teachers and students of Western Australia's School of the Air and School of Isolated and Distance Education. Under this project, Optus is delivering distance learning via satellite. For the first time, over 500 remote school children and their families are receiving on-line, interactive computer and teacher-based education as well as quality two-way voice, data and internet.

2. Executive summary

- 2.1 The Clever Networks program is a significant opportunity to improve the roll out of competitive broadband infrastructure for health, education and emergency service applications.
- 2.2 The program funding should be viewed as a catalyst to drive additional investment in competitive broadband infrastructure through co-contributions from State and Territory Governments and the private sector.
- 2.3 While Optus agrees with the broad policy objectives outlined in the Clever Networks Discussion Paper, the program design should draw on the success of the previous programs that have encouraged partnerships between Governments and industry. Of particular note is the National Communications Fund (NCF) and the Co-operative Communications Infrastructure Fund (CCIF).
- 2.4 The Government should adopt as the primary objective for Clever Networks the construction of sustainable communications infrastructure in rural, regional and remote Australia. Infrastructure competition is the best means for improving innovation, service standards and reducing cost to consumers.
- 2.5 Optus has delivered programs in partnership with Federal, State and Territory Governments. In our experience, several factors will determine the likelihood of success of a program beyond the delivery of infrastructure competition, namely:
 - (a) How well the solution will address the business need. This will assist evaluating whether the infrastructure and the service will be effectively used and supported by the users;
 - (b) Whether the partners have the track record and scale to deliver the solution on time and within budget;
 - (c) How robust is the business case; for example, does it include realistic cost and revenue projections;
 - (d) Whether the service has achievable service delivery targets so that milestones for receiving funding can be met;
 - (e) Whether the project can be delivered in a phased approach, making sure each phase is successfully completed before moving on to the next phase;
 - (f) What is the potential for the project to attract additional sources of funding, by, for example, opening up the infrastructure to other user groups; and
 - (g) The extent to which the project will generate cost savings for users.
- 2.6 For Clever Networks, Optus would recommend that the Government adopt a similar assessment approach as is adopted for examining funding proposals.

- 2.7 Where proposals can demonstrate they achieve good results against such a set of criteria, the proposal will be more likely to be successful and sustainable into the future.
- 2.8 In relation to the Demand Aggregation Brokers (DAB) Program, Optus considers that there has been mixed success.
- 2.9 Optus has found that DABs have been more successful where they have:
- (a) Effectively engaged with members of the community by not assuming they know what a user needs, approaching discussions with an open mind and been prepared to fully understand a user's needs;
 - (b) Been flexible in considering different broadband solutions. Aggregators that have entered the program without a technology bias have been more successful; and
 - (c) Endeavouring to ensure that a customer's needs drives the solution, rather than letting the technology dictate what the customer has to receive.

Please note: This is an edited version of Optus' submission to the Clever Networks Discussion Paper. To discuss the contents of the full submission please contact General Manager Government Affairs, Dean Smith on (02) 9342 8005 or Manager Regulatory Policy, Judy Anderson on (02) 6222 3885